



NATIONAL HOUSING DEVELOPMENT TRUST

FINANCIAL STATEMENTS

For the Year Ended June 30, 2011

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NATIONAL HOUSING DEVELOPMENT TRUST

STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by the National Housing Development Trust in accordance with the provisions of the *Public Management and Finance Law (2010 Revision)*.

We accept responsibility for the accuracy and integrity of the financial information in these financial statements and their compliance with the *Public Management and Finance Law (2010 Revision)*.

As Chairman and General Manager, we are responsible for establishing; and have established and maintain a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorised by law, and properly record the financial transactions of the National Housing Development Trust.

As Chairman and General Manager we are responsible for the preparation of the National Housing Development Trust financial statements and for the judgements made in them.

The financial statements fairly present the statement of financial position, statement of financial performance, cash flow statement and statement of changes in net assets/equity for the financial year ended 30 June 2011.

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

- (a) completely and reliably reflect the financial transactions of National Housing Development Trust for the year ended 30 June 2011;
- (b) fairly reflect the financial position as at 30th June 2011 and performance for the year ended 30th June 2011;
- (c) comply with International Public Sector Accounting Standards under the responsibility of the 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 of Auditing.

A blue ink signature of Rayal Bodden.

Rayal Bodden
Chairman
National Housing Development Trust

A blue ink signature of Julio Ramos.

Julio Ramos
General Manager (Acting)
National Housing Development Trust

Date: June 28, 2012

Date: June 28, 2012

To the Board of Directors of the National Housing Development Trust

I have audited the accompanying financial statements of the National Housing Development Trust (the "Trust"), which comprise of the statement of financial position as at 30 June 2011, the statement of changes in net assets, the statement of comprehensive income and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes as set out on pages 4 to 28 in accordance with the provisions of Section 52(3) of the *Public Management and Finance Law (2010 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 Financial Reporting 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 our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 upon the auditor's judgement, 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 controls 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 we have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, these financial statements present fairly, in all material respects, the financial position of the National Housing Development Trust as at 30 June 2011 and the results of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

Emphasis of Matter

I draw attention to the following:

1. Note 4 in the Financial Statements which refers to a legal opinion, has determined the housing units held by the Trust do not comply with the Land Registration Legislation, and as a result led to the sale and rental of unregistered properties which are incapable of transfer of title and which are deemed unfit for habitation. This has necessitated the evacuation and demolition of these housing units, and an assessment of the impairment of these assets.

The net book value of these properties was assessed and compared with the value in use as required by the International Public Sector Accounting Standards (IPSAS 26). The Trust has recognized in previous year a substantial portion of the impairment loss resulting from this assessment, and has recognized the remainder in the current year.

2. Note 4 further disclosed that a total of 41 houses were constructed for East End and West Bay at a cost of \$4.2 million. The Trust issued 41 individual contracts with the work being shared between 25 different contractors. Section 41 (2) of the *Financial Regulation (2010 Revision)* prescribes that any contract with a value of two hundred and fifty thousand dollars or more shall be evaluated by a Central Tenders Committee. These construction projects were not submitted to the Central Tenders Committee for evaluation as breaking the project into multiple contracts resulted in the individual cost of each contract falling below the two hundred and fifty thousand dollars threshold.

My opinion is not qualified in respect to these matters.



Alastair Swarbrick, MA (Hons), CPFA
Auditor General

Cayman Islands
28 June 2012

NATIONAL HOUSING DEVELOPMENT TRUST
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011
(Expressed in Cayman Islands Dollars)

Prior Year Actual		Note	Current Year Actual	Final/Original Budget	Variance (Original vs Actual)
	Current Assets				
2,930,129	Cash and cash equivalents	2	5,140,783	2,845,835	(2,294,948)
557,907	Trade receivables	3	499,316	1,711,990	1,212,673
49,575	Prepayments		71,903	-	(71,903)
3,537,611	Total Current Assets		5,712,002	4,557,825	(1,154,177)
	Non-Current Assets				
4,640,568	Property, plant and equipment	4	3,732,023	6,747,947	3,015,923
-	Inventory – New Proj Dev	4	2,684,617	-	(2,684,617)
2,122,858	Work In Process – New Proj Dev	4	5,680,758	12,138,000	6,457,242
6,763,426	Total Non-Current Assets		12,097,398	18,885,947	6,788,549
10,301,037	Total Assets		17,808,939	23,443,772	5,634,372
	Current Liabilities				
155,039	Payables and accruals	5	278,384	134,407	(143,977)
22,340	Employee entitlements	6	37,643	-	(37,643)
476,541	Current Portion – Bonds Payable	7	1,121,829	829,266	(292,563)
653,920	Total Current Liabilities		1,437,857	963,673	(474,183)
	Non-Current Liabilities				
13,549,265	Long Term – Bonds Payable	7	20,510,437	22,108,807	1,598,370
381,435	Payables	1 (m)	419,229	297,070	(122,159)
13,930,700	Total Non-Current Liabilities		20,929,666	22,405,877	1,476,211
14,584,620	Total Liabilities		22,367,522	23,369,550	1,002,028
(4,283,583)	Net Assets		(4,558,122)	74,222	4,632,344
	NET WORTH				
6,553,723	Contributed capital		7,740,877	9,190,506	1,449,629
(10,837,306)	Accumulated surpluses/(deficits)		(12,299,000)	(9,116,284)	3,182,716
(4,283,583)	Total Net Worth		(4,558,122)	74,222	4,632,344

The accounting policies and notes on pages 8-28 form part of these financial statements.

**NATIONAL HOUSING DEVELOPMENT TRUST
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2011
(Expressed in Cayman Islands Dollars)**

Prior Year Actual			Current Year Actual	Final/Original Budget	Variance (Original vs Actual)
	Revenue	8			
589,696	Outputs to Cabinet		550,111	550,111	-
863,832	Sale of goods and services		793,986	801,203	7,217
1,453,528	Total Revenue		1,344,097	1,351,314	7,217
	Expenses				
649,721	Personnel costs	9	677,812	785,280	107,468
596,345	Supplies and consumables	10	640,185	566,034	(74,151)
809,427	Depreciation	4	220,901	781,703	560,802
664,188	Finance costs (overdraft interest)	11	770,308	1,139,266	368,958
2,732,347	Losses on disposal/revaluation of property, plant and equipment	13	496,585	-	(496,585)
105,409	Other expenses		-	-	-
5,557,437	Total Expenses		2,805,791	3,272,283	466,492
(4,103,909)	Surplus or (Deficit) for the period		(1,461,694)	(1,920,969)	(459,275)

The accounting policies and notes on pages 8-28 form part of these financial statements.

NATIONAL HOUSING DEVELOPMENT TRUST
STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDED 30 JUNE 2011
(Expressed in Cayman Islands Dollars)

	Contributed Capital	Accumulated Surplus/(deficits)	Total Net worth	Final/Original Budget	Variance (Original vs Actual)
Balance at 30 June 2009					
Opening Net worth					
Capital Injection	5,408,006	(6,653,712)	(1,245,705)	(526,000)	719,706
Prior Period Adjustment	1,145,717	-	1,145,717	1,929,000	783,283
Surplus/(deficit) for the period (2009/10)	-	(79,685)	(79,685)	-	79,685
Balance at 30 June 2010	6,553,723	(4,103,909)	(4,103,909)	(842,000)	3,261,909
		(10,837,306)	(4,283,582)	561,000	4,844,583
Capital Injection					
Surplus/(deficit) for the (period 2010/11)	1,187,154	-	1,187,154	1,939,000	751,846
Balance at 30 June 2011	-	(1,461,694)	(1,461,694)	(1,920,969)	(459,275)
	7,740,877	(12,299,000)	(4,558,122)	579,031	5,137,154

The accounting policies and notes on pages 8-28 form part of these financial statements.

NATIONAL HOUSING DEVELOPMENT TRUST
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2011
(Expressed in Cayman Islands Dollars)

Prior Year Actual	CASH FLOWS FROM OPERATING ACTIVITIES	Note	Current Year Actual	Final/ Original Budget	Variance (Budget vs Actual)
	<i>Receipts</i>				
589,696	Outputs to Cabinet		310,398	550,111	239,713
863,832	Sale of goods and services - third party		1,621,260	851,203	(770,057)
-	Interest received		2,342	-	(2,342)
	<i>Payments</i>				
(649,720)	Personnel costs		(545,719)	(785,280)	(239,561)
(408,861)	Suppliers		(1,296,419)	(566,034)	730,385
(664,187)	Interest paid		(575,685)	(1,139,266)	(563,581)
(372,825)	Other payments		(12,380)	(2,320)	10,060
(642,065)	Net cash flows from operating activities	13	(496,203)	(1,091,586)	(595,383)
	CASH FLOWS FROM INVESTING ACTIVITIES				
(54,691)	Purchase of property, plant and equipment		(17,369)	(1,827)	(15,542)
(1,846,397)	Investment – Low Income Housing Properties		(5,532,021)	(9,083,000)	(3,550,979)
(1,901,088)	Net cash flows from investing activities		(5,549,390)	(9,084,827)	(3,535,437)
	CASH FLOWS FROM FINANCING ACTIVITIES				
4,000,000	Proceeds from Bonds		8,083,000	8,936,280	853,280
(476,541)	Payments on Bonds Payable		(1,013,909)	(476,541)	537,368
1,145,716	Equity Investment		1,187,154	1,939,000	751,846
22,913	Other Payables		-	-	-
4,692,088	Net cash flows from financing activities		8,256,246	10,398,739	2,142,493
2,148,935	Net increase/(decrease) in cash and cash equivalents		2,210,653	222,326	(1,988,327)
781,195	Cash and cash equivalents at beginning of period		2,930,130	2,322,955	(607,175)
2,930,130	Cash and cash equivalents at end of period		5,140,783	2,545,281	(2,595,502)

The accounting policies and notes on pages 8-28 form part of these financial statements.

**NATIONAL HOUSING DEVELOPMENT TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

Description and principal activities

The National Housing Development Trust (the "Trust") was incorporated on September 29, 2003 as a not for profit company by guarantee without share capital. The Trust provides affordable housing to Caymanian citizens.

National Housing Development Trust offers several programs:

- a) The Government Guaranteed Home Mortgage Assistance (GGHAM) - The Cayman Islands Government (CIG), working along with local banks, provide mortgage funding to persons who cannot qualify for a traditional mortgage from a commercial bank and who are unable to accumulate the required 5-20% required for acquiring a mortgage. As of June 30, 2011 there were 122 loans processed of which 91 were approved.
- b) The build on your own property ("BYOP") is an option for a person owning their own home if they have their own land. The National Housing Development Trust assists Caymanian/Status Holders to construct affordable homes on their own property. As of June 30, 2010 there were 4, registered clients under the Build on Your Own Property Program.
- c) The Affordable Housing Initiative ("AHI") is designed to assist low income families to have home ownership. As of June 30, 2010 there were 122, registered clients under the Affordable Housing Initiative.

The Trust is a government owned company with its registered office situated at the Government Administration Building on Elgin Avenue, George Town, Grand Cayman and its office operation located at Cayman Centre, Bldg E Unit 4, Dorcy Drive, Grand Cayman.

Note 1: Significant Accounting Policies

These financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants and its International Public Sector Accounting Standards Board using the accrual basis of accounting. Where additional guidance is required, International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board are used.

There are no known accounting standards that have been adopted by the IPSAS Board for use in future years that will impact these financial statements.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

**NATIONAL HOUSING DEVELOPMENT TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

Note 1: Significant Accounting Policies (continued)

(a) Basis of preparation

The financial statements are presented in Cayman Islands dollars and are prepared on the accrual basis of accounting, unless otherwise stated. The measurement base applied to these financial statements is the historical cost basis.

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.

The presentation of the prior year financial statements has been changed to include a comparison of actual amounts with amounts in the original and final budget as required by IPSAS 24 including explanations of material difference between original budget and actual amounts.

The details and presentation of the Statement of Changes in Net Worth has been changed to show greater detail and to reflect changes in accounting policies and corrections of errors and omissions.

Segment reporting has been included in accordance with IPSAS 18.

(b) Budget amounts

The original budget amounts for the financial year are as presented in the 2010/2011 Annual Budget Statement and approved by the Legislative Assembly on 24 June 2011. The Final Budget is those budget amounts approved in Supplementary Budget.

(c) Reporting Period

The reporting period is the year ended 30 June 2011.

(d) Judgments and Estimates

The preparation of financial statements is in conformity with International Public Sector Accounting Standards that requires judgments, estimates, and assumptions affecting the application of policies and reported amounts of assets and liabilities, revenue and expenses. 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 may 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.

(e) Revenue

Revenue is recognised in the accounting period in which it is earned. Revenue received but not yet earned at the end of the reporting period is recognised as a liability (unearned revenue).

The Trust derives its revenue from mortgage interest, strata fees and rental of houses to the Caymanian public. Revenue is recognised at fair value of services provided.

**NATIONAL HOUSING DEVELOPMENT TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

Note 1: Significant Accounting Policies (continued)

(f) Expenses

Expenses are recognised 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.

(g) Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, where this is representative of the pattern of benefits to be derived from the leased property. Lease payments under operating lease, net of lease incentives received, are recognised as expenses on a straight-line basis over the lease term. Lease incentives received are recognised evenly over the term of the lease as a reduction in rental expense.

(h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash in-transit and bank accounts with a maturity of no more than three months from the date of acquisition.

(i) Prepayments

The portion of recognised expenditure paid in advance of receiving services has been recognised as a prepayment and is classified as accounts receivable in these financial statements.

(j) Capital assets and Low income housing properties

Fixed assets and low-income housing properties are stated at cost less accumulated depreciation and any recognized impairment loss. Leasehold Improvements are depreciated over the life of the office lease of 5 years ending Oct 28, 2012. 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
Low-income housing properties	10
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.

Disposals

Gains and losses on disposals of property, plant and equipment are determined by comparing the sale proceeds with the carrying amount of the asset. Gains and losses on disposals during the year are included in the Statement of Financial Performance.

**NATIONAL HOUSING DEVELOPMENT TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

Note 1: Significant Accounting Policies (continued)

(k) Work in progress

This account consists of costs incurred attributable to bringing the asset 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 affordable housing initiative (AHI) houses are completed, the infrastructure cost will be allocated by parcel. The NHDT objective is to complete projects within approximately an eighteen (18) month period.

(l) Inventory Assets

This account consists of completed AHI Houses, for which have been allocated by parcels, issued Certificate of Occupancy and now ready for Sale.

(m) Land

Land is acquired from the government at no cost and is recorded at fair market value at the date of acquisition.

(n) Deferred liabilities

Payments made by purchasers on their mortgages are recorded as deferred liabilities.

(o) Employee Benefits

Employee entitlements to salaries and wages, annual leave, long service leave, retiring leave and other similar benefits are recognised 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 the Trust are paid to the Silver Thatch Pension Fund and administered by the Silver Thatch Pension Board (the "Board").

Silver Thatch Pensions is governed by a board of trustees who appoint agents to handle administration, management and investment functions. Intertrust are the plan administrators, Saxon Pensions are the Client Services Agent and Coutts Cayman are the Investment Managers.

(p) Financial Instruments

The Trust is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short term deposits, trade and accounts receivables and trade and accounts payable, all of which are recognised in the Statement of Financial Position.

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. Financial assets comprise of cash and cash equivalents and prepayments.

**NATIONAL HOUSING DEVELOPMENT TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

Note 1: Significant Accounting Policies (continued)

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 instruments comprise of accounts payable and accrued expenses.

Recognition

The Trust 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 and liabilities are recognised in the statements of financial performance.

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.

Financial liabilities are subsequently measured at amortised cost, being the amount at which the liability was initially recognised less any payment plus any accrued interest of the difference between that initial amount and the maturity amount.

(p) Contingent Liabilities and Assets (including guarantees)

Contingent liabilities and assets are reported at the point the contingency becomes evident. 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 disclosed if it is probable that the benefits will be realised.

De-recognition

A financial asset is de-recognized when the entity 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.

(q) Foreign Currency

Foreign currency transactions are recorded in Cayman Islands dollars using the exchange rate in effect at the date of the transaction. Foreign currency gains or losses resulting from settlement of such transactions are recognised in the Statement of Financial Performance.

At the end of the reporting period the following exchange rates are to be used to translate foreign currency balances:-

- Foreign currency monetary items are to be reported in Cayman Islands dollars using the closing rate;
- Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported in Cayman Islands dollars using the exchange rate at the date of the transaction; and
- Non-monetary items that are carried at fair value denominated in a foreign currency are reported using the exchange rates that existed when the fair values were determined.

**NATIONAL HOUSING DEVELOPMENT TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

Note 1: Significant Accounting Policies (continued)

(r) Comparative Figures

The presentation of the prior year financial statements has been changed to include a comparison of actual amounts with amounts in the original and final budget. Comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.

Note 2: Cash and cash equivalents

Actual Prior Year	Description	Currency	Exchange Rate	Actual Current Year
700	Cash on hand (Petty Cash)	CI \$	1.00	700
2,652,329	Bank Accounts held at other financial institutions [<i>Bank of Nova Scotia and Bank of Butterfield</i>]	CI \$	1.00	4,855,674
277,100	Fixed Deposits held with Bank of Fidelity Bank (less than 90 days)	US \$	0.82	-
-	Fixed Deposit held with Bank of Nova Scotia (Six Months)	US \$	0.82	284,409
2,930,129	TOTAL	CI \$	1.00	5,140,783

Cash and cash equivalents include cash on hand; bank accounts in the name of Trust maintained at Bank of Nova Scotia; and fixed deposit maintained at Bank of Butterfield. No restricted cash balances were held by the Trust at 30 June 2011.

Note 3: Trade receivables and other receivables

At year end all overdue receivables have been assessed and appropriate provisions made. The provision for doubtful debts has been calculated based on expected losses for the Trust and review of specific debtors. Expected losses have been determined based on an analysis of the Trust's losses in previous periods.

Actual Prior Year		Actual Current Year	Original / Final Budget	Variance
880,553	Debtors	1,106,419	1,767,384	660,965
(322,646)	Less: provision for doubtful debts	(607,103)	(55,394)	551,709
557,907	Total trade & other receivables	499,316	1,711,990	1,212,674

**NATIONAL HOUSING DEVELOPMENT TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

Note 3: Trade receivables and other receivables (continued)

	Gross Amount	Prior Year Impairment	Net	Gross amount	Current Year
Current	77,174	-	77,174	-	77,174
Past due 1-30 days	63,076	-	63,076	-	63,076
Past due 31-60 days	97,767	-	97,767	-	97,767
Past due 61-90 days	45,746	-	45,746	-	45,746
Past due 90 and above	215,553	-	215,553	-	215,553
Total	499,316	-	499,316	-	499,316

Changes in the provision for doubtful debts.

Actual Prior Year	Description	Actual Current Year
(402,878)	Balance at 1 July	(322,646)
(217,678)	Additional provisions made during the year	(284,457)
297,910	Receivables written off during the period	-
(322,646)	Balance at 30 June	(607,103)

For the 2010-11 there have been no bad debt write offs, as there has been improvements on the recovery of debt from clients.

NATIONAL HOUSING DEVELOPMENT TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Note 4: Property, plant and equipment

	Land	Buildings	Leasehold Improvement	Furniture & Fixtures	Computer Equipment	Office & Tel Equipment	Vehicle	Total
Balance as at 1 July 09	3,817,077	7,827,112	130,670	38,654	25,444	23,078	37,127	11,899,162
Additions	-	-	4,465	-	-	3,918	-	8,383
Impairment loss 2009/10	-	(5,808,704)	-	-	-	-	-	(5,808,704)
Disposals	-	(421,848)	-	-	(1,357)	-	-	(423,205)
Transfers	-	-	-	-	-	-	-	-
Balance as at 30 June 10	3,817,077	1,596,560	135,135	38,654	24,087	26,996	37,127	5,675,637

	Land	Buildings	Leasehold Improvement	Furniture & Fixtures	Computer Equipment	Office & Tel Equipment	Vehicle	Total
Balance as at 1 July 10	3,817,077	1,596,560	135,135	38,654	24,087	26,996	37,127	5,675,637
Additions	-	-	-	710	1,870	3,061	12,000	17,641
Impairment loss 2009/10	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers	-(208,700)	(1,596,560)	-	-	-	-	-	-
Balance as at 30 June 11	3,608,377	-	135,135	39,364	25,957	30,057	49,127	3,888,018

Accumulated Depreciation and impairment losses:

	Land	Buildings	Leasehold Improvement	Furniture & Fixtures	Computer Equipment	Office & Tel Equipment	Vehicle	Total
Balance as at 1 July 2009	-	3,696,866	21,779	8,003	17,330	8,419	19,731	3,772,128
Depreciation Expense 10	-	759,860	33,842	3,221	4,147	3,595	4,760	809,425
Impairment loss 10	-	(3,316,629)	-	-	-	-	-	(3,316,629)
Eliminate on Disposal 10	-	(228,501)	-	-	1,357	-	-	(228,501)
Balance as at 30 June 10	-	911,597	55,621	11,223	20,120	12,014	24,491	1,035,069

**NATIONAL HOUSING DEVELOPMENT TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

Note 4: Property, plant and equipment (continued)

Accumulated Depreciation and impairment losses (continued)

	Land	Buildings	Leasehold Improvement	Furniture & Fixtures	Computer Equipment	Office & Tel Equipment	Vehicle	Total
Balance as at 1 July 2010	-	911,597	55,621	11,223	20,120	12,014	24,491	1,035,069
Depreciation Expense 11	-	188,378	15,711	3,261	2,961	4,430	6,160	220,901
Impairment loss 11	-	-	-	-	-	-	-	-
Eliminate on Disposal 11	-	(1,099,975)	-	-	-	-	-	-
Balance as at 30 June 11	-	-	71,332	14,484	23,081	16,444	30,651	(1,099,975)
Net Book value 30 June 10	3,817,077	684,963	79,514	27,431	3,967	14,982	12,636	4,640,568
Net Book value 30 June 11	3,608,377	-	63,803	24,880	2,876	13,613	18,476	3,732,026

The Buildings pertain to affordable low income property houses that are located in West Bay, Eastern Avenue and Windsor Park.

The Legal Opinion issued in April 2011, concluded that structures completed between 2004 and 2005 were constructed in the absence of any building control regulation. This culminated in the inability to obtain the Certificates of Fitness for Occupancy required before any occupation of a completed new building can take place. The inability to comply with the Land Registration Legislation led to the purported sale of unregistered properties which are incapable of transfer of title and registration and which are, by normal Cayman Islands Building Codes, unfit for habitation. As a result these houses have been categorized as Impaired Assets, however a full write off will not be made. Reason being these houses still have economic benefit to the Trust and are still being occupied by clients.

A write off will be made in stages of the redevelopment of these properties. For the Year 2009-10 a total of \$5.8M has been reported as impaired loss for the old AHI houses located Windsor Park, Eastern Avenue and West Bay. Note that 100% impairment has been made for Windsor Park for which are currently being redeveloped, and 70% impairment made for Eastern Avenue and West Bay.

For the Year 2010-11 the remaining 30% impairment for the Eastern Avenue and West Bay has been recognized.

**NATIONAL HOUSING DEVELOPMENT TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

Note 4: Property, plant and equipment (continued)

Work In Process and Inventory – New Project Development

Work in process – New Project Development

Prior year	Description	Current year
762,603	Project Development - New Housing Project in East End	-
1,270,255	Project Development - New Housing Project in West Bay	5,514,983
	Project Development - New Housing Project in Windsor Park	45,589
32,694	Project Development - Eastern Ave	34,135
6,257	Project Development - Fair Banks & Bodden Town	6,256
51,048	Project Development - New Housing Project - Overhead Cost	79,795
2,122,857	Total	5,680,758

A total of 41 houses were constructed for East End and West Bay at a cost of \$4.2 million. The Trust issued 41 individual contracts with the work being shared between 25 different contractors. A local professional Independent Quantity Surveyor was consulted to prepare a budget to determine the average competitive market cost price for the construction of these houses. Pre Qualified Contractors then bid on the houses. The Trust then averaged the Contractor's bids and the Quantity Surveyor's budget to arrive at the competitive fair market cost of \$75,000 for a 1 Bedroom; \$97,500 for a 2 Bedroom and \$112,000 for a 3 Bedroom.

Inventory – New Project Development in East End

Prior Year		Current Year
-	Land	208,700
-	Infrastructure	1,038,037
-	House Construction	1,226,500
-	Project Overheads Cost	211,380
-	Total Project Development Cost for East End	2,684,617

The first phase of the construction of 12 houses in East End was completed and approved by the Department of Planning on by June 2011.

NATIONAL HOUSING DEVELOPMENT TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Note 5: Trade payables, accruals and other payables

Prior Year		Current Year
95,608	Trade Payables	218,954
22,898	Housing Rental Deposits	22,897
30,800	Special Purpose Fund	36,533
5,733	Accounts payable - special	-
155,039	Total trade payables, accruals and other payables	278,384

Trade and other payables are non-interest bearing and are normally settled on 30-day terms.

Note 6: Employee entitlements

Prior Year		Current Year
	Current employee entitlements are represented by:	
5,340	Annual Leave	20,643
17,000	Pension Liability	17,000
22,340	Total current portion	37,643
	Non-current employee entitlements are represented by:	
-	Retirement and long service leave	-
22,340	Total employee entitlements	37,643

The retirement and long-service leave entitlements are calculated based on current salary paid to those employees who are eligible for this benefit.

Note 7: Bonds Payable

Scotiabank Bond

In October 2004, the Trust secured funding in the form of a bond issuance from Scotia Capital in the amount of US\$14.5 million at a fixed interest rate of 5.238%. Bi-annual payments of US \$607,032 commenced April 28, 2006 and the loan will be paid in full by October 2024. The bond issue has been guaranteed by the Cayman Islands Government. The bond payable balance was translated at 0.82 at June 30, 2011. As per wire instruction on the bond, payments are made to Sun Life Financial, Waterloo, Ontario, Canada.

Particulars	USD		CI at (0.82)	
	2011	2010	2011	2010
Amount borrowed	12,226,594	12,778,456	10,025,807	10,478,334
Principal repayments	(581,148)	(551,863)	(476,541)	(452,527)
Bond balance	<u>11,645,446</u>	<u>12,226,593</u>	<u>9,549,266</u>	<u>10,025,807</u>
Current portion	<u>611,987</u>	<u>581,148</u>	<u>501,829</u>	<u>476,541</u>
Long term portion	<u>11,033,460</u>	<u>11,645,445</u>	<u>9,047,437</u>	<u>9,549,266</u>

**NATIONAL HOUSING DEVELOPMENT TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

Note 7: Bonds Payable (continued)

Butterfield Bond

In August 2009, the Trust secured a bond issuance from Butterfield Bank (Cayman) Ltd. in the amount of KYD\$12,083,000 at the Applicable Margin per annum above the Butterfield Bank Cayman Islands Dollar Base Rate (currently 3.25%). This bond issuance is to provide long term financing to finance the soft and hard costs of constructing homes to low-income Caymanians. Repayment for the first two years (2) years interest only paid monthly, followed by a nine (9) year equal amortizing term loan in equal bi-annual principal payments of KYD 310,000 amortized over nineteen (19) years (the "Amortization Period"), plus accrued interest, payable monthly in arrears. Unless extended by the Bank in writing, the Term Loan together with all accrued interest and other amounts payable by the Borrower to the Bank hereunder, is repayable in full on the eleventh (11th) anniversary date of acceptance of this Facility Letter (the "Maturity Date").

The Cayman Islands Government agreed to execute a Guaranty Agreement for the full amount of the Bond in order to induce Butterfield Bank to make the loan to National Housing Development Trust and thereby benefit providing funds to finance the development of housing under the Affordable Housing Initiative of the Government. This Guaranty Agreement was signed by the Premier and dated January 2nd, 2010.

The initial Guaranty Agreement also included the first requested Draw-down of KYD\$2,000,000 with funds received by National Housing Development Trust on February 10, 2010. The second requested Draw-down dated June 2nd, 2010 for an additional KYD\$2,000,000 was received on June 10th, 2010. The third and fourth draw-down was for KYD\$4,000,000, received on December 6th, 2011 and the fourth and final draw-down for KYD\$4,083,000, was received on June 17th, 2011.

Particulars	USD		CI at (0.83)	
	2011	2010	2011	2010
Amount borrowed	14,500,000	14,500,000	12,083,000	12,083,000
Amount drawn	14,500,000	4,797,750	12,083,000	4,000,000
Undrawn amount	-	9,702,250	-	8,083,000
Principal repayments	-	-	-	-
Bond balance	<u>14,500,000</u>	<u>4,797,750</u>	<u>12,083,000</u>	<u>4,000,000</u>
Current portion	<u>743,651</u>	=	<u>620,000</u>	=
Long term portion	<u>13,756,349</u>	<u>4,797,750</u>	<u>11,463,000</u>	<u>4,000,000</u>

**NATIONAL HOUSING DEVELOPMENT TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

Note 8: Revenue

Prior Year	Revenue Description	Current Year	Final/Original Budget	Variance (Budget vs Actual)
589,696	Outputs Sold to EXCO -	550,111	550,111	-
404,939	Income from Rental Property	417,749	801,203	383,454
268,111	Income from Mortgage Property	233,265		(233,265)
63,239	Strata Fees - Charges on Mortgage Property	57,794		(57,794)
103,927	Commitment Fee - GGHAM	72,476		(72,476)
9,402	Interest on Cash Balances & Late Fees	7,596		(7,956)
14,214	Miscellaneous Income	4,768		(4,768)
1,453,528	Total Revenue	1,344,097	1,351,314	7,217

The Budget of \$801,203 relates to all sales of goods and services other than output sold to EXCO.

Note 9: Personnel costs

Prior Year	Description	Current Year
471,732	Salaries, wages and allowances	549,926
87,840	Health care	80,532
65,688	Pension	44,158
1,381	Leave	-
23,080	Other personnel related costs	3,196
649,721	Total Personnel Costs	677,812

Note 10: Supplies and consumables

Prior year	Description	Current Year
217,371	Doubtful debt expense	284,537
147,596	Repairs and maintenance	82,103
117,673	Insurance	109,560
47,401	Lease of buildings	51,517
39,429	Other Supplies and Consumables	82,523
26,875	Utilities	30,024
596,345	Total Supplies and consumables	640,185

**NATIONAL HOUSING DEVELOPMENT TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

Note 11: Finance Costs

Prior Year	Description	Current Year
20,186	Bank charges	22,413
644,002	Interest on bonds payable	747,895
664,188	Total Finance Costs	770,308

Note 12: Gains / (Losses)

During the period the Trust demolished 6 housing units located at Eastern Avenue for the purpose of revaluing the property. Note that these houses were damaged by Hurricane Ivan in September of 2004. The net loss on disposal for these properties amounted to \$240,272. Approval was obtained to dispose these assets.

On May 2010, the Trust requested legal counsel to provide guidance to Trust and thus determine the commitment to our existing clients that occupy the AHI Houses that were constructed in 2004 & 2005. The legal Opinion was issued on April 2011, which stated that the inability to comply with the Land Registration Legislation led to the purported sale of unregistered properties which are incapable of transfer of title and registration and which are, by normal Cayman Islands Building Codes, unfit for habitation. As a result these houses have been categorized as Impaired Assets. A write off is made in stages of redevelopment of these properties.

For the Year 2009-10 a total of \$2,732,347 has been reported as impairment loss on the old AHI Houses. Note that 100% impairment loss has been made for Windsor Park for which is currently being redeveloped and 70% impairment loss made for Eastern Avenue and West Bay, as these sites will be redeveloped within 2012-2014.

Prior Year		Current Year	Original Final Budget /	Variance (Budget vs Actual
240,272	Loss on disposal of property, plant and equipment – Eastern Avenue	-	-	-
2,492,075	Loss on impairment of buildings	496,585	-	(496,585)
2,732,347	Total losses	496,585	-	(496,585)

**NATIONAL HOUSING DEVELOPMENT TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

Note 13: Reconciliation of net cash flows from operating activities to surplus/ (deficit)

Prior year	Description	Current year
(2,505,662)	Surplus/(deficit) from ordinary activities	(1,461,694)
	Non-cash movements	
809,427	Depreciation expense	220,901
50,756	Increase in payables	123,345
6,921	Increase in provisions relating to employee costs	15,303
1,351,470	(Gain)/losses on sale of property plant and equipment	496,585
(173,661)	Increase in receivables – Cabinet	(240,873)
(181,317)	Increase in receivables (net of provision for doubtful debts	350,230
(642,066)	Net cash flows from operating activities	(496,203)

Note 15: Commitment

Prior Year Actual	Type	1 year or less	1-5 Years	Over 5 Years	Total
64,053	Operating Commitments				
-	Non-cancellable accommodation leases	-	47,402	-	-
-	Other operating commitments	-	-	-	-
64,053	Total Commitments	-	47,402	-	47,402

The Trust has signed a lease agreement with Bodwin Investments Ltd. for the rental of National Housing Development Trust operating premises in the amount of \$41,250 (US dollar) annually, effective 1st October 2007 for a period of five (5) years. This contract will expire on the 1st October 2012 with an option to renew for an additional five (5) years.

**NATIONAL HOUSING DEVELOPMENT TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

Note 16: Contingencies

	Beginning Balance	Additions	Disbursements	Adjustments	Ending Balance,
Guarantees					
Item 1 heading	-	-	-	-	-
Total Quantifiable Guarantees	-	-	-	-	-
Legal Proceedings and Disputes					
Item 1 heading	-	-	-	-	-
Total Legal Proceedings and Disputes	-	-	-	-	-
Other Contingent Liabilities					
Item 1 heading	13,000	-	-	-	13,000
Item 1 description					
Total Other Contingent Liabilities	13,000	-	-	-	13,000
Total contingent liabilities	<u>13,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,000</u>
Contingent Assets	-	-	-	-	-
Item 1 heading	-	-	-	-	-
Total Other Contingent Assets	-	-	-	-	-

There was a legal action against the Trust by the Security Centre Limited in the amount \$13,000 for breach of contract for work performed in August, 2005. The case is currently inactive.

NOTE 17: Explanation of major variances against budget

Explanations for major variances for the Trust's performance against the original / final budget are as follows:

Statement of financial performance

Other Revenue

Revenue from other sources was \$7K below budget mainly due to interest earned in cash.

Personnel Costs

Personnel costs were \$107K below budget due to restructure within personnel.

Supplies and consumable & Other Expenses

Supplies and consumables & Other Expenses were \$74K above budget due doubtful debt expense.

Depreciation

Depreciation expenses were \$561K below budget mainly due to asset revaluation of the AHI Houses.

**NATIONAL HOUSING DEVELOPMENT TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 17: Explanation of major variances against budget (continued)

Finance costs

Finance costs were \$369K below budget due interest on the new bond overstatement in budget.

Losses on disposal/revaluation of property, plant and equipment

Losses on disposal/revaluation of property, plant and equipment were \$497K above budget due to impairment recognition of the old AHI Houses located at Eastern Avenue and West Bay.

Statement of financial position

Cash and cash equivalents

The actual year-end cash balances were approximately \$5.1 million mainly attributed to Bond Proceeds which are to be used in financing the New Affordable Housing Project.

Debtors and other receivables

The actual year-end debtors and other receivables balances were \$1.2 million lower than the original budget due restatement of bad debt write offs.

Property, Plant and Equipment

Property, plant and equipment were \$3.0M lower than the original budget due to the impairment recognition of the Affordable House located off Eastern Avenue (now 100% impaired) and West Bay (now 100% impaired) for which will be redeveloped. Note that the redevelopment of Windsor Park commenced in June 2011 and it is anticipated that it will be completed in May 2012. Redevelopment for Eastern Avenue and West Bay will be made between 2012 and 2014.

Inventory – New Project Development

Inventory – New Project Development were \$2.7m for the 12 New Affordable Houses located at the New East End Housing Site.

Creditors and other payables

Creditors, accruals and other payables were \$144K higher than the original budget due to retention on Project Development Contractors.

Statement of cash flows

Cash from operating activities

The decrease of \$595K cash on budget from operating activities is mainly attributed due higher budgeted finance charges for the current bonds. Also there is a decrease attributed to lower maintenance cost on the old AHI houses.

Cash from investing activities

The decrease of \$3.5M cash on budget from investing activities is mainly attributed to higher budgeted cost for Project Development. The project development is ongoing at both the West Bay and the Windsor Park Sites.

**NATIONAL HOUSING DEVELOPMENT TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 17: Explanation of major variances against budget (continued)

Cash from financing activities

The decrease of \$2.1M cash from financing activities is due higher budget inflow from Bond proceeds and also remaining equity refund for infrastructure works from the West Bay New Housing Site.

NOTE 18: Related party and key management personnel disclosures

Related party disclosure

The Trust is a government company from which it derives a major source of its revenue from Cabinet through Output funding. The Trust and its key management personnel transact with other government entities on a regular basis.

These transactions were provided free of cost during the financial year ended June 30, 2011 and were consistent with normal operating relationships between entities and were undertaken on terms and conditions that are normal for such transactions.

Due to its uniqueness and set up of the Trust, the operation of the Trust relies on the Board of Directors. The Directors offer their services through Board and Committee Meetings, for which they earn directors fees. The total Board and Directors Fees and Committees fees paid out for 2010-11 was \$120k (2009-10: \$58k)

During the year, The Trust also has business transactions with registered companies in which members of the Board of Directors or their close family members have an interest. The total of such related party transactions for 2010-11 was \$429k (2009-10: \$116k).

Key management personnel

There is one full-time equivalent personnel considered at the senior management level. The total remuneration includes: regular salary, allowances, pension contributions and health insurance contributions. Total remuneration for senior management in 2010-11 was \$95k (2009-10: \$108k). There were loans made to key management personnel totalling \$7k in 2010-11 (2009-10: \$0).

**NATIONAL HOUSING DEVELOPMENT TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 19: Events occurring after reporting date

- a) On 1-February 2011 the Ministry provided confirmation that in light of NHDT's success in completing the construction of houses in East End, West Bay and Windsor Park. To encourage Housing for the Caymanian community the Ministry would refund NHDT for the Infrastructure works undertaken in the East End Housing Development Project. NHDT forwarded details of the Project which totaled CI\$1,323,057 and confirmation was given that the refund would be made within the 2010-11 reporting period and would be used for new housing development projects. The full refund was received on July 8, 2011.
- b) The Trust issued 29 contracts on November 27, 2010, valued at CI\$3,043,500 to 19 contractors for the construction of 29 Houses for the West Bay Affordable Housing Project. The project got started on December 6, 2010 and completed in July 2011.
- c) The Trust issued 26 contracts on August 2011, valued at CI\$2,848,000 to 18 contractors for the construction of 26 Houses for the Windsor Park Affordable Housing Redevelopment Project. As of May 2012, the houses are approximately 98% completed.
- d) An infrastructure contract for the Windsor Park Affordable Housing Redevelopment Project was awarded to ARCP on January 24, 2012 in the amount of CI\$520,545. The work commenced on January 16, 2012 and as at March 2012 it is approximately 70% completed. It is anticipated that the works will be completed by end of April 2012.
- e) The Trust issued a contract on March 9, 2012, valued at \$72,598 to Apex Industries to provide hurricane shutters for 26 houses located at the Windsor Park New Affordable Housing Site. The work commenced on March 9, 2012 and it is anticipated that it will be completed by the end of April 2012.
- f) On February 2012 a Board Resolution was passed for Bodden Town Affordable Housing Project to construct 20 houses. The civil engineering works and site layout works has now started and submissions of bids and plans to the relevant Authorities will be completed by May 2012.
- g) On February 2012 a Board Resolution was passed to construct 7 additional houses and to upgrade 1 house from a 1 Bedroom to a 2 Bedrooms at the West Bay New Affordable Housing Site.
- h) Supplementary agreements for government guaranteed loans were approved in August 2010 to increase Government Guaranteed Home Assistance Mortgage loans by \$5M for both First Caribbean International Bank and Butterfield Bank bringing the amount per bank to \$15M.
- i) The Government Guaranteed Home Assistance Mortgage Agreement with participating banks is up for renewal on November 2012.
- j) Cabinet appointed a new Board of Directors on October 25, 2011.

**NATIONAL HOUSING DEVELOPMENT TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 20: Financial instrument risks

National Housing Development Trust (NHDT) is exposed to a variety of financial risks including interest rate risk, credit risk and liquidity risk. NHDT'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 CIG Financial Regulations.

Interest Rate Risk

NHDT is subject to interest rate risk on the cash placed with a local bank which attracts interest. A late fee of \$15.00 is charged to tenants on late payments on accounts receivable and not late interest payments. The NHDT is not exposed to significant interest rate risk as the cash and cash equivalents are placed on call and short term fixed deposits which are available on demand. The total interest earned during the year ended 30 June 2011 was \$2k (2010: \$9K)

Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the NHDT. Financial assets which potentially expose NHDT to credit risk comprise development of property investments, house construction, cash equivalents and accounts receivable. NHDT is exposed to potential loss that would be incurred if the counterparty to the bank balances failed to discharge its obligation to repay. All bank balances are with three financial institutions located in the Cayman Islands which management and the Board considers being financially secure and well managed.

NHDT is also exposed to a significant concentration of credit risk in relation to accounts receivables, all of which are due from persons who have a lease or mortgage agreements with NHDT. The maximum amount of these accounts varies with a month to month payment of \$699 or \$579 for both the rental and mortgage accounts with the total cost of the homes being stated as \$69,900 and \$56,900 respectively for mortgages. There are a total of 106 homes that are included in this project. As at 30th June 2010 and 2011, provisions for doubtful debts have been made for these accounts.

The carrying amount of financial assets recorded in the financial statements represents NHDT's maximum exposure to credit risk. In the case of the mortgage accounts the collateral for these accounts is the house itself and for the rental no collateral is required from NHDT's debtors.

Liquidity Risk

Liquidity risk is the risk that NHDT is unable to meet its payment obligations associated with the financial liabilities when they fall due. The ability of NHDT to meet its debts and obligations is dependent upon its ability to collect the debts outstanding to NHDT in a timely basis and from proceeds of capital injection that are received from the Cayman Islands Government. In the event of being unable to collect its outstanding debt, it is expected that Government would fund any shortfalls.

**NATIONAL HOUSING DEVELOPMENT TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 21: Appropriations used

Appropriation Description (including Output number and name)	Amount Appropriated	Appropriation Used	Variance
NHT 4 Administration of the Affordable Housing Initiative	197,000	197,000	-
NHT 5 – Administration of Government Guaranteed Home Assisted Mortgage	142,000	142,000	-
NHT 6 – Administration of the Low Income Housing Scheme	186,111	186,111	-
NHT 7 – Administration of Build on Your Own Property Initiative	25,000	25,000	-
TOTAL	550,111	550,111	-

NOTE 22: Authorization Date

The 2011 Financial Statements for National Housing Development Trust is authorized for issue on June 28, 2012 by the Trust's Board of Directors.