



# **National Housing Development Trust**

## **Financial Statements**

**June 30, 2010**

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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 (2005 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 (2005 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.

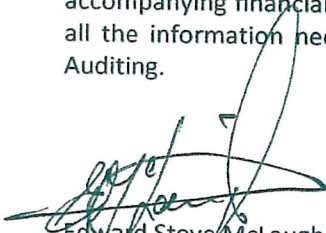
As Chairman and General Manager we are responsible for the preparation of the National Housing Development Trust financial statements and for the judgements made in them.

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 2010.

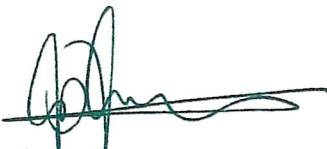
To the best of our knowledge we represent that these financial statements:

- (a) completely and reliably reflect the financial transactions of National Housing Development Trust for the year ended 30 June 2010;
- (b) fairly reflect the financial position as at 30th June 2010 and performance for the year ended 30th June 2010;
- (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.

  
Edward Steve McLaughlin  
Chairman  
National Housing Development Trust

Date- JULY 29<sup>th</sup>, 2011

  
Janet James  
General Manager  
National Housing Development Trust

Date- JULY 29<sup>th</sup>, 2011.

**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 2010, 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 27 in accordance with the provisions of Section 52(3) of the *Public Management and Finance Law (2005 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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**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 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 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, these financial statements present fairly, in all material respects, the financial position of the National Housing Development Trust as at 30 June 2010 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 Note 4 in the Financial Statements which refers to a legal opinion that 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 a substantial portion of the impairment loss resulting from this assessment, and has deferred the remainder to subsequent periods.

My opinion is not qualified in respect to this matter.



Alastair Swarbrick, MA (Hons), CPFA  
Auditor General

Cayman Islands  
29 July 2011

**NATIONAL HOUSING DEVELOPMENT TRUST**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2010**  
**(Expressed in Cayman Islands Dollars)**

| Prior Year<br>Actual |                                      | Note | Current Year<br>Actual | Final/Original<br>Budget | Variance<br>(Budget vs<br>Actual) |
|----------------------|--------------------------------------|------|------------------------|--------------------------|-----------------------------------|
|                      | <b>Current Assets</b>                |      |                        |                          |                                   |
| 781,195              | Cash and cash equivalents            | 2    | 2,930,129              | 1,566,000                | (1,364,129)                       |
| 433,906              | Trade receivables                    | 3    | 557,907                | 245,000                  | (312,907)                         |
| 49,239               | Prepayments                          |      | 49,575                 | 57,000                   | 7,425                             |
| <b>1,264,340</b>     | <b>Total Current Assets</b>          |      | <b>3,537,611</b>       | <b>1,868,000</b>         | <b>(1,669,611)</b>                |
|                      | <b>Non-Current Assets</b>            |      |                        |                          |                                   |
| -                    | Accounts receivable                  | 3    | -                      | 16,000                   | 16,000                            |
| 8,403,496            | Property, plant and equipment        | 4    | 6,763,426              | 9,805,000                | 3,041,574                         |
| <b>8,403,496</b>     | <b>Total Non-Current Assets</b>      |      | <b>6,763,426</b>       | <b>9,821,000</b>         | <b>3,057,574</b>                  |
| <b>9,667,836</b>     | <b>Total Assets</b>                  |      | <b>10,301,037</b>      | <b>11,689,000</b>        | <b>1,387,963</b>                  |
|                      | <b>Current Liabilities</b>           |      |                        |                          |                                   |
| 135,218              | Payables and accruals                | 5    | 155,039                | 1,552,000                | 1,396,961                         |
| 15,419               | Employee entitlements                | 6    | 22,340                 | 5,000                    | (17,340)                          |
| 452,527              | Current portion – Bonds Payable      | 7    | 476,541                | -                        | (476,541)                         |
| <b>603,164</b>       | <b>Total Current Liabilities</b>     |      | <b>653,920</b>         | <b>1,557,000</b>         | <b>903,080</b>                    |
|                      | <b>Non-Current Liabilities</b>       |      |                        |                          |                                   |
| 10,025,807           | Long term – Bonds Payable            | 7    | 13,549,265             | 9,571,000                | (3,978,265)                       |
| 284,570              | Payables                             | 1(m) | 381,435                | -                        | (381,435)                         |
| <b>10,310,377</b>    | <b>Total Non-Current Liabilities</b> |      | <b>13,930,700</b>      | <b>9,571,000</b>         | <b>(4,359,700)</b>                |
| <b>10,913,541</b>    | <b>Total Liabilities</b>             |      | <b>14,584,620</b>      | <b>11,128,000</b>        | <b>(3,456,620)</b>                |
| <b>(1,245,705)</b>   | <b>Net Assets</b>                    |      | <b>(4,283,583)</b>     | <b>561,000</b>           | <b>4,844,583</b>                  |
|                      | <b>Net Worth</b>                     |      |                        |                          |                                   |
| 5,408,006            | Contributed capital                  |      | 6,553,723              | 1,929,000                | (4,624,723)                       |
| (6,653,711)          | Accumulated surpluses/(deficits)     |      | (10,837,306)           | (1,368,000)              | 9,469,306                         |
| <b>(1,245,705)</b>   | <b>Total Net Worth</b>               |      | <b>(4,283,583)</b>     | <b>561,000</b>           | <b>4,844,583</b>                  |

The accounting policies and notes on pages 8 - 27 form part of these financial statements.

**NATIONAL HOUSING DEVELOPMENT TRUST**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 30 JUNE 2010**  
**(Expressed in Cayman Islands Dollars)**

| <b>Prior Year<br/>Actual</b> |                                                        |           | <b>Current<br/>Year Actual</b> | <b>Final/Original<br/>Budget</b> | <b>Variance<br/>(Budget vs<br/>Actual)</b> |
|------------------------------|--------------------------------------------------------|-----------|--------------------------------|----------------------------------|--------------------------------------------|
|                              | <b>Revenue</b>                                         | <b>8</b>  |                                |                                  |                                            |
| 611,234                      | Outputs to Cabinet                                     |           | 589,696                        | 611,000                          | 21,304                                     |
| 859,644                      | Sale of goods and services                             |           | 863,832                        | 843,000                          | (20,832)                                   |
| <b>1,470,878</b>             | <b>Total Revenue</b>                                   |           | <b>1,453,528</b>               | <b>1,454,000</b>                 | <b>472</b>                                 |
|                              | <b>Expenses</b>                                        |           |                                |                                  |                                            |
| 572,677                      | Personnel costs                                        | <b>9</b>  | 649,721                        | 592,000                          | (57,721)                                   |
| 650,734                      | Supplies and consumables                               |           | 596,345                        | 8,000                            | (588,345)                                  |
| 822,861                      | Depreciation                                           |           | 809,427                        | 897,000                          | 87,573                                     |
| 591,488                      | Finance costs (overdraft interest)                     | <b>11</b> | 664,188                        | -                                | (664,188)                                  |
| 9,758                        | Losses on disposal of property, plant<br>and equipment | <b>13</b> | 2,732,347                      | -                                | (2,732,347)                                |
| 73,825                       | Other expenses                                         |           | 105,409                        | 799,000                          | 693,591                                    |
| <b>2,721,993</b>             | <b>Total Expenses</b>                                  |           | <b>5,557,437</b>               | <b>2,296,000</b>                 | <b>(3,261,437)</b>                         |
| <b>(1,251,115)</b>           | <b>Surplus or (Deficit) for the period</b>             |           | <b>(4,103,909)</b>             | <b>(842,000)</b>                 | <b>(3,261,909)</b>                         |

The accounting policies and notes on pages 8 - 27 form part of these financial statements.

**NATIONAL HOUSING DEVELOPMENT TRUST**  
**STATEMENT OF CHANGES IN NET WORTH**  
**FOR THE YEAR ENDED 30 JUNE 2010**  
**(Expressed in Cayman Islands Dollars)**

|                                    | <b>Contributed Capital</b> | <b>Accumulate<br/>Surplus/(deficit)</b> |
|------------------------------------|----------------------------|-----------------------------------------|
| <b>Balance at 30 June 2008</b>     |                            |                                         |
| Opening Net worth                  | 4,017,506                  | (5,420,27                               |
| Capital injection                  | 300,000                    |                                         |
| Capital Contribution               | 1,090,500                  |                                         |
| Prior period adjustment            | -                          | 17,6                                    |
| (Deficit) for the year (2008/09)   | -                          | (1,251,11                               |
| <b>Balance at 30 June 2009</b>     | <b>5,408,006</b>           | <b>(6,653,71</b>                        |
| Capital Injection                  | 1,145,716                  |                                         |
| (Deficit) for the (year 2009/10)   | -                          | (4,103,90                               |
| Prior Period Adjustments (note 14) |                            | (79,68                                  |
| <b>Balance at 30 June 2010</b>     | <b>6,553,722</b>           | <b>(10,837,30</b>                       |

The accounting policies and notes on pages 8 - 27 form part of these financial

|                |                                                   |                  |                  |                    |
|----------------|---------------------------------------------------|------------------|------------------|--------------------|
| 1,832,295      | Cash and cash equivalents at beginning of period  | 781,195          | 526,000          | (255,195)          |
| <u>781,195</u> | <b>Cash and cash equivalents at end of period</b> | <u>2,930,128</u> | <u>1,613,000</u> | <u>(1,317,128)</u> |

The accounting policies and notes on pages 8 - 27 form part of these financial statements.



**NATIONAL HOUSING DEVELOPMENT TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

**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, 2010 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 2010**

**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 2009/2010 Annual Budget Statement and approved by the Legislative Assembly on the 14 October 2009. The Final Budget is those budget amounts approved in Supplementary Budget.

**(c) Reporting Period**

The reporting period is the year ended 30 June 2010.

**(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 2010**

**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 2010**

**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) Land**

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

**(m) Deferred liabilities**

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

**(n) 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 Public Service Pension Fund and administered by the Public Service Pension Board (the "Board").

Obligations for contributions to defined contribution pension plans are recognized as an expense in the statement of revenues and expenses as incurred. All pension contributions for eligible employees are paid by the Trust to the Public Service Pensions Fund (the "Fund") on behalf of the Trust employees. The Fund is administered by the Public Service Pensions Board.

**(o) 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.

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.



**NATIONAL HOUSING DEVELOPMENT TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

**Note 1: Significant Accounting Policies (continued)**

**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-recognition when the [Ministry/Portfolio] 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.

**(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.

**NATIONAL HOUSING DEVELOPMENT TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

**Note 2: Cash and cash equivalents**

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. As at 30 June 2009 and 30 June 2010, the Trust unrestricted cash balances were as presented on the next page. No restricted cash balances were held by the Trust at 30 June 2010.

| Actual Prior Year | Description                                                                                             | Currency     | Exchange Rate | Actual Current Year |
|-------------------|---------------------------------------------------------------------------------------------------------|--------------|---------------|---------------------|
| 600               | Cash on hand (Petty Cash)                                                                               | CI \$        | 1.00          | 700                 |
| 195,578           | Bank Accounts held at other financial institutions <u>[Bank of Nova Scotia and Bank of Butterfield]</u> | CI \$        | 1.00          | 2,652,329           |
| 585,017           | Fixed Deposits held with Bank of Butterfield (less than 90 days)                                        |              |               | 277,100             |
| <b>781,195</b>    | <b>TOTAL</b>                                                                                            | <b>CI \$</b> | <b>1.00</b>   | <b>2,930,129</b>    |

**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         |
|-------------------|--------------------------------------------|---------------------|-------------------------|------------------|
| 836,783           | Debtors                                    | 880,553             | 245,000                 | (635,553)        |
| (402,877)         | Less: provision for doubtful debts         | (322,646)           | -                       | 322,646          |
| <b>433,906</b>    | <b>Total trade &amp; other receivables</b> | <b>557,907</b>      | <b>245,000</b>          | <b>(312,907)</b> |

**NATIONAL HOUSING DEVELOPMENT TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**Note 3: Trade receivables and other receivables (continued)**

|                       | Gross Amount | Prior Year<br>Impairment | Net      | Gross<br>amount | Current Year |
|-----------------------|--------------|--------------------------|----------|-----------------|--------------|
| Current               | (14,288)     | -                        | (14,288) | -               | (14,288)     |
| Past due 1-30 days    | 67,185       | -                        | 67,185   | -               | 67,185       |
| Past due 31-60 days   | 16,718       | -                        | 16,718   | -               | 16,718       |
| Past due 61-90 days   | 56,369       | -                        | 56,369   | -               | 56,369       |
| Past due 90 and above | 431,923      | -                        | 431,923  | -               | 431,923      |
| Total                 | 557,907      | -                        | 557,907  | -               | 557,907      |

Changes in the provision for doubtful debts.

| Actual Prior Year | Description                                | Actual Current Year |
|-------------------|--------------------------------------------|---------------------|
| (147,904)         | Balance at 1 July                          | (402,878)           |
| (254,974)         | Additional provisions made during the year | (217,678)           |
| -                 | Receivables written off during the period  | 297,910             |
| (402,878)         | Balance at 30 June                         | (322,646)           |

The bad debts written off in the amount of \$297,910 have been made for clients that moved out and for which have incurred balances prior to 30<sup>th</sup> June 2010. Additional writes offs have been made for the Windsor Park Clients who have been relocated to temporary homes to make way for the re-development project that commenced in May 2011.



**NATIONAL HOUSING DEVELOPMENT TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**Note 4: Property, plant and equipment**

|                                 | <i>Land</i> | <i>Buildings</i> | <i>Leasehold<br/>Improvement</i> |
|---------------------------------|-------------|------------------|----------------------------------|
| <b>Balance as at 1 July 08</b>  | 2,726,577   | 7,827,112        | -                                |
| Additions                       | 1,090,500   | -                | 130,670                          |
| Disposals                       | -           | -                | -                                |
| <b>Balance as at 30 June 09</b> | 3,817,077   | 7,827,112        | 130,670                          |

|                                 | <i>Land</i> | <i>Buildings</i> | <i>Leasehold<br/>Improvement</i> |
|---------------------------------|-------------|------------------|----------------------------------|
| <b>Balance as at 1 July 09</b>  | 3,817,077   | 7,827,112        | 130,670                          |
| Additions                       | -           | -                | 4,465                            |
| Impairment loss 2009/10         | -           | (5,808,704)      | -                                |
| Disposals                       | -           | (421,848)        | -                                |
| Transfers                       | -           | -                | -                                |
| <b>Balance as at 30 June 10</b> | 3,817,077   | 1,596,560        | 135,135                          |

Accumulated Depreciation and impairment losses:

|                                 | <i>Land</i> | <i>Buildings</i> | <i>Leasehold<br/>Improvement</i> |
|---------------------------------|-------------|------------------|----------------------------------|
| <b>Balance as at 1 July 08</b>  | -           | 2,914,154        | -                                |
| Impairment loss 2008/09         | -           | -                | -                                |
| Depreciation Expense 09         | -           | 782,712          | 21,770                           |
| Eliminate on Disposal 09        | -           | -                | -                                |
| <b>Balance as at 30 June 09</b> | -           | 3,696,866        | 21,770                           |

|               | <b>Non-current employee entitlements are represented by:</b> |               |
|---------------|--------------------------------------------------------------|---------------|
| -             | Retirement and long service leave                            | -             |
| <b>15,419</b> | <b>Total employee entitlements</b>                           | <b>22,340</b> |

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

**NATIONAL HOUSING DEVELOPMENT TRUST  
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**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, 2010. As per wire instruction on the bond, payments are made to Sun Life Financial, Waterloo, Ontario, Canada.

| Particulars          | USD        |            | CI at (0.82) |            |
|----------------------|------------|------------|--------------|------------|
|                      | 2010       | 2009       | 2010         | 2009       |
| Amount borrowed      | 12,778,456 | 13,302,509 | 10,478,334   | 10,908,057 |
| Principal repayments | (551,863)  | (524,053)  | (452,527)    | (429,723)  |
| Bond balance         | 12,226,593 | 12,778,456 | 10,025,807   | 10,478,334 |
| Current portion      | 581,148    | 551,863    | 476,541      | 452,527    |
| Long term portion    | 11,645,445 | 12,226,593 | 9,549,266    | 10,025,807 |

**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 (11<sup>th</sup>) 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 2<sup>nd</sup>, 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 2<sup>nd</sup>, 2010 for an additional KYD\$2,000,000 was received on June 10<sup>th</sup>, 2010.



**NATIONAL HOUSING DEVELOPMENT TRUST  
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**Note 7: Bonds Payable (continued)**

| Particulars          | USD        |            | CI at (0.83) |            |
|----------------------|------------|------------|--------------|------------|
|                      | 2010       | 2009       | 2010         | 2009       |
| Amount borrowed      | 14,500,000 | 14,500,000 | 12,089,000   | 12,089,000 |
| Amount drawn         | 4,797,750  | -          | 4,000,000    | -          |
| Undrawn amount       | 9,702,250  | 14,500,000 | 8,089,000    | 12,089,000 |
| Principal repayments | -          | -          | -            | -          |
| Bond balance         | 4,797,750  | -          | 4,000,000    | -          |
| Current portion      | -          | -          | -            | -          |
| Long term portion    | 4,797,750  | -          | 4,000,000    | -          |

**Note 8: Revenue**

| Prior Year       | Revenue Description                        | Current Year     | Final/Original Budget | Variance (Budget vs Actual) |
|------------------|--------------------------------------------|------------------|-----------------------|-----------------------------|
| 611,235          | Outputs Sold to EXCO -                     | 589,696          | 611,000               | 21,304                      |
| 271,188          | Income from Rental Property                | 404,939          | 843,000               | (20,832)                    |
| 375,507          | Income from Mortgage Property              | 268,111          |                       |                             |
| 82,234           | Strata Fees - Charges on Mortgage Property | 63,239           |                       |                             |
| 74,040           | Commitment Fee - GGHAM                     | 103,927          |                       |                             |
| 39,468           | Interest on Cash Balances & Late Fees      | 9,402            |                       |                             |
| 17,206           | Miscellaneous Income                       | 14,214           |                       |                             |
| <b>1,470,878</b> | <b>Total Revenue</b>                       | <b>1,453,528</b> | <b>1,454,000</b>      | <b>471</b>                  |

The Budget of \$843,000 relates to all sales of goods and services other than output sold to EXCO.

**Note 9: Personnel costs**

| Prior Year     | Description                    | Current Year   |
|----------------|--------------------------------|----------------|
| 440,083        | Salaries, wages and allowances | 471,732        |
| 71,262         | Health care                    | 87,840         |
| 59,742         | Pension                        | 65,688         |
| -              | Leave                          | 1,381          |
| 1,590          | Other personnel related costs  | 23,080         |
| <b>572,677</b> | <b>Total Personnel Costs</b>   | <b>649,721</b> |



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**Note 10: Supplies and consumables**

| <b>Prior year</b> | <b>Description</b>                    | <b>Current Year</b> |
|-------------------|---------------------------------------|---------------------|
| 297,265           | Doubtful debt expense                 | 217,371             |
| 102,430           | Repairs and maintenance               | 147,596             |
| 118,437           | Insurance                             | 117,673             |
| 64,053            | Lease of buildings                    | 47,401              |
| 28,149            | Other Supplies and Consumables        | 39,429              |
| 40,402            | Utilities                             | 26,875              |
| <b>650,734</b>    | <b>Total Supplies and consumables</b> | <b>596,345</b>      |

**Note 11: Finance Costs**

| <b>Prior Year</b> | <b>Description</b>         | <b>Current Year</b> |
|-------------------|----------------------------|---------------------|
| 11,878            | Bank charges               | 20,186              |
| 579,610           | Interest on bonds payable  | 644,002             |
| <b>591,488</b>    | <b>Total Finance Costs</b> | <b>664,188</b>      |

**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.

**NATIONAL HOUSING DEVELOPMENT TRUST  
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**Note 12: Gains / (Losses) (continued)**

| Prior Year   |                                                                       | Current Year     | Original /<br>Final Budget | Variance (Budget<br>vs Actual) |
|--------------|-----------------------------------------------------------------------|------------------|----------------------------|--------------------------------|
| 9,758        | Loss on disposal of property, plant<br>and equipment – Eastern Avenue | 240,272          | -                          | (240,272)                      |
| -            | Loss on impairment of buildings                                       | 2,492,075        | -                          | (2,492,075)                    |
| <b>9,758</b> | <b>Total gains/ (losses)</b>                                          | <b>2,732,347</b> | -                          | <b>(2,732,347)</b>             |

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

| Prior year         | Description                                                  | Current year       |
|--------------------|--------------------------------------------------------------|--------------------|
| <b>(1,241,357)</b> | <b>Surplus/(deficit) from ordinary activities</b>            | <b>(2,505,662)</b> |
|                    | <b>Non-cash movements</b>                                    |                    |
| 822,860            | Depreciation expense                                         | 809,427            |
| 3,597              | Increase in payables                                         | 50,756             |
| 1,775              | Increase in provisions relating to employee costs            | 6,921              |
| 9758               | (Gain)/losses on sale of property plant and equipment        | 1,351,470          |
| 211,039            | Increase in receivables – Cabinet                            | (173,661)          |
| 351,244            | Increase in receivables (net of provision for doubtful debts | (181,317)          |
| <b>158,916</b>     | <b>Net cash flows from operating activities</b>              | <b>(642,066)</b>   |

**NOTE 14: Prior Period Adjustment**

This adjustment relates to reclassification of deferred liabilities in the amount of \$79K representing built up equity on mortgage payments which was recorded as revenues in the 2008-09 financial statements.

**Note 15: Commitment**

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



**NATIONAL HOUSING DEVELOPMENT TRUST  
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**Note 15: Commitment (continued)**

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 1<sup>st</sup> October 2007 for a period of five (5) years. This contract will expire on the 1<sup>st</sup> October 2012 with an option to renew for an additional five (5) years.

**Note 16: Contingencies**

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

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 performance against the original / final budget are as follows:

**Statement of financial performance**

**Cabinet revenue**

Revenue from cabinet was \$21,304 below budget due to budget cut back in one of the Trusts' programs.

**Other Revenue**

Revenue from other sources was \$20,832 above budget due to increase efficiency in our reporting.



**NATIONAL HOUSING DEVELOPMENT TRUST  
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**NOTE 17: Explanation of major variances against budget (continued)**

**Personnel Costs**

Personnel costs were \$57,721 above budget due to increase in head count in personnel.

**Supplies and consumable & Other Expenses**

Supplies and consumables & Other Expenses were \$292,729 below budget due to overestimation in budget.

**Depreciation**

Depreciation expenses were \$87,572 below budget due to asset revaluation and overestimation in budget.

**Statement of financial position**

**Cash and cash equivalents**

The actual year-end cash balances were approximately \$1.3 million 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 \$312K higher than the original budget due to asset revaluation and bad debt write offs.

**Property, Plant and Equipment**

Property, plant and equipment were \$3.0M lower than the original budget due to disposal of 6 Affordable Houses located in Eastern Avenue and the impairment recognition of the Affordable House located in Windsor Park (i.e. 100% impaired), Eastern Avenue (i.e. 70% impaired) and West Bay (i.e. 70% impaired) for which will be redeveloped. Note that the Windsor Park has commenced redevelopment in June 2011. Redevelopment for Eastern Avenue and West Bay will be made between 2012-2014.

**Creditors and other payables**

Creditors, accruals and other payables were \$638K lower than the original budget mainly due to overestimation of the original budget.

**Statement of cash flows**

**Cash from operating activities**

The negative increase of \$849,915 in cash from operating activities is mainly attributed due to increase in depreciation expense, asset disposal all for which were not taken into account in the original budget.

**Cash from investing activities**

The increase/decrease in cash from investing activities against budget cannot be assessed as this was not included in the budget. However year on year comparison shows approx \$1.5m increase due to the ongoing construction of the New Affordable Houses.

**Cash from financing activities**

The increase in cash from financing activities is due to Bond proceeds received for financing the construction of Affordable Housing project and decrease in Equity Investment. Both of which were resulted in an under estimation in the original budget.

**NATIONAL HOUSING DEVELOPMENT TRUST  
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**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, 2010 and were consistent with normal operating relationships between entities and were undertaken on terms and conditions that are normal for such transactions.

**Key management personnel**

Key management personnel, defined as Ministers of the Government, are also considered to be related parties.

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 2009-10 was \$108k (2008-09: \$93k). There were no loans made to key management personnel or their close family members in 2009-10 (2008-09: \$0).

**NOTE 19: Events occurring after reporting date**

- a) The Legal Opinion issued in April 2011, confirms that due to the lack of communication and compliance between NHDT and the Planning Department led to NHDT acquiring homes that were never eligible to comply with Land Registration Legislation. As a result the homes constructed between 2004 and 2005 were never issued Certificate of Fitness for Occupancy. The issue on hand was never addressed by Planning, as a result the law would only be forced to deal with administrative issues on behalf of Vendors and Purchasers and despite such errors the issue on hand needs to be rectified by "principles of justice, equity and good conscience".

In light of the legal opinion NHDT has had to take an approach in dealing with the ongoing issues, for which can be summarized as follows:

Commitment to Existing Lease Clients –

- 1) Continue to provide existing housing for our lease clients at the various locations.
- 2) For the Redevelopment of the existing houses at the various locations, the NHDT will provide temporary accommodations for six months. NHDT committing to provide housing for more than the required time frame as stipulated under the law.

Commitments to Mortgage Clients –

- 1) Continue to provide existing housing accommodation to our clients at various locations.



**NATIONAL HOUSING DEVELOPMENT TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 19: Events occurring after reporting date (continued)**

- 2) The Redevelopment of these Properties will be issued as a priority to these clients, whom will use their equity to offset the cost of these new Homes. New and proper agreements will be drafted, however; no Title can be passed on until the Client has fully repaid the trust. NHDT & Government have verbally agreed that the Government will refund the net difference of a Mortgage Client, Mortgage Balance against the Sale price of the New Home. Thus far Budget approval for 2011-12 Period of \$956,825 (Government Refund) has been allocated for the Windsor Park Mortgage Clients. Anticipation dates on refund for the other locations have not been established as yet.
- b) The Butterfield Bank (Cayman) Limited submitted tender proposal for Long Term Financing to NHDT on March 6, 2009. The NHDT Board accepted the proposal from Butterfield Bank for a bond issue of up to US\$14,500,000/CI\$12,083,000 to be drawn up to June, 2011. As of June 30, 2010 there were two draw-downs totaling US\$4,800,132 / CI\$4,000,000. The third requested draw-down dated 15-March 2011, for an additional CI\$4,000,000 was received on December 6<sup>th</sup> 2010. The fourth and final draw down of CI\$4,083,000 was received on June 17, 2011.
- c) An infrastructure contract for the West Bay Affordable Housing Project was awarded to ARCP in 18-October 2010 in the amount of CI\$714,814. The work commenced on February 15, 2011 and it is anticipated that it will be completed in July 2011.
- d) The Trust issued 12 contracts on the August 12 2010, valued at CI\$1,226,500 to 6 contractors for the construction of 12 Houses for the East end Affordable Housing Project. The 12 Houses were completed by mid November 2010.
- e) On 1-February 2011 the Ministry provided confirmation that in light of the NHDT success in completing the Projects on Hand and to encourage Housing for the Caymanian community they 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 came in on July 8, 2011.
- f) 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 as of June 2011; it was 90% completed. The anticipated date for completion will be end of July 2011.
- g) A re-development site plan contract for the Windsor Park Affordable Housing Project was awarded to Bolwin Construction on January 26, 2011 in the amount of \$27,750. The anticipated date of completion is end of July 2011.
- h) Supplementary agreements for government guaranteed loans were approved in August 2010 to increase Government Guaranteed Home Mortgage Assistance loans by \$5M for both First Caribbean International Bank and Butterfield Bank bringing the amount per bank to \$15M.



**NATIONAL HOUSING DEVELOPMENT TRUST  
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**NOTE 20: Financial instrument risks**

The National Housing Development Trust (NHDT) is exposed to a variety of financial risks including interest rate risk. Credit risk and liquidity risk. The 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**

The 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 2010 was \$9K (2009: \$32K)

**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 the NHDT to credit risk comprise development of property investments, house construction, cash and cash equivalents and accounts receivable. The 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.

The 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 agreement with the 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 30 June 2010 and 2009, provisions for doubtful debts has been made for these accounts are considered to impaired and Board consider these debts to be unrecoverable.

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

**Liquidity Risk**

Liquidity risk is the risk that the NHDT is unable to meet its payment obligations associated with the financial liabilities when they fall due. The ability of the NHDT to meet its debts and obligations is dependent upon its ability to collect the debts outstanding to the 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  
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**NOTE 21: Appropriations used**

| <b>Appropriation Description (including Output number and name)</b>    | <b>Amount Appropriated</b> | <b>Appropriation Used</b> | <b>Variance</b> |
|------------------------------------------------------------------------|----------------------------|---------------------------|-----------------|
| 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                | 222,234                    | 222,234                   | -               |
| NHT 7 – Administration of Build on Your Own Property Initiative        | 50,000                     | 28,462                    | 21,538          |
| <b>TOTAL</b>                                                           | <b>611,234</b>             | <b>589,696</b>            | <b>21,538</b>   |