University College

Of the

Cayman Islands

FINANCIAL STATEMENTS

For The Year Ended 30 June, 2009

UNIVERSITY COLLEGE OF THE CAYMAN ISLANDS

Table of Contents

UNIVERSITY COLLEGE OF THE CAYMAN ISLANDS

Member of the Association of Caribbean Tertiary Institutions

These financial statements have been prepared by the University College of the Cayman Islands in accordance with the provisions of the Public Management and Finance law (*2005 Revision*) , and International Financial Reporting Standards.

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*), and International Financial Reporting Standards.

As the President, I am responsible for establishing; and have established and maintained a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorised by law, and properly record the financial transactions of the University College of the Cayman Islands.

As President and Chief Financial Officer, we are responsible for the preparation of the University College of the Cayman Islands financial statements and for the judgements made in them.

The financial statements fairly present the financial position, financial performance and cash flows of the University College of the Cayman Islands for the financial year ended 30 June 2009.

To the best of our knowledge we represent that these financial statements, except for the matters relating to note 17:

(a) Completely and reliably reflect the financial transactions of the University College of the Cayman Islands for the year ended 30 June 2009;

(b) Fairly reflect the financial position as at 30th June 2009 and performance for the year ended 30th June 2009;

(c) Comply with the provisions of the Public Management and Finance law (*2005 Revision*) and International Financial Reporting Standards.

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.

Roy Bodden

President

Date- 21/2/12

Ansel Tempral

Chief Financial Officer

Date- 21|2|12

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Auditor General's Report

To the Board of Directors of the University College of the Cayman Islands

I have audited the accompanying financial statements of the University College of the Cayman Islands, which comprise of the statement of financial position as at 30 June 2009, the statement of comprehensive income, the statement of changes in equity, and the 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 20 in accordance with the provisions of Section 11(3) of the *University College law (2005 Revision),* and Section 52(3) of the *Public Management and Finance Law (2010 Revision).*

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting 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 we have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the University College of the Cayman Islands as at 30 June 2009, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the University College Law (2005 Revision).

Emphasis of Matter

Without qualifying my opinion, I draw attention to note 4 to the financial statements which describes the ownership of the buildings and lands presented on the statement of financial position as being that of the crown, and not yet vested in the name of the University College of the Cayman Islands.

Alastair Swarbrick, MA (Hons) CPFA

Auditor General

Cayman Islands

February 21, 2012

UNIVERSITY COLLEGE OF THE CAYMAN ISLANDS
STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2009
(Stated in Cayman Islands Dollars)

	NOTE	2009	2008
ASSETS			
Fixed Assets	2b,3,4		
Land		$ 273,090	$273,090
Buildings		5,953,845	6,186,309
Furniture and Equipment		290,705	346,106
Motor Vehicle		2,321	4,643
Computers		118,712	280,398
Library Books		41,078	55,404
Total fixed assets		**6,679,751**	**7,145,950**
Current Assets			
Inventory	2c	144,915	191,414
Accounts Receivable	5	535,274	164,568
Receivable from Endowment Fund		2,819	2,822
Prepayments		64,543	34,842
Bank Balance	6	1,364,624	1,367,835
Total current assets		**2,112,175**	**1,761,481**
TOTAL ASSETS		**8,791,926**	**8,907,431**
EQUITY AND LIABILITIES			
Capital and reserves			
Donated Capital	8	$4,249,942	$4,249,942
Capital Fund	9	994,346	1,037,864
Accumulated Deficit		(926,215)	(464,186)
		4,318,073	**4,823,620**
Long-term Liabilities	10	**2,840,080**	**3,056,252**
Current Liabilities			
Accounts Payable	7	1,434,315	913,555
Current Maturities of Long Term Liabilities	10	152,131	107,979
Prepaid Course Fees	11	47,327	6,025
Total Current Liabilities		**1,633,773**	**1,027,559**
TOTAL EQUITY AND LIABILITES		**8,791,926**	**8,907,431**

Approved on behalf of the Board of Governors

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PRESIDENT **CHIEF FINANCIAL OFFICER**

DATE: 21/2/12

The accompanying notes form an integral part of these financial statements

UNIVERSITY COLLEGE OF THE CAYMAN ISLANDS
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2009
(Stated in Cayman Islands Dollars)

	NOTE	2009	2008
INCOME			
Government Grant	12	3,925,000	3,803,004
Tuition Fees		2,056,182	2,409,996
Book Sales		273,619	296,935
Other Income	13	884,045	1,264,607
Total Income		**7,138,846**	**7,774,542**
EXPENSES			
Salaries and Wages		4,574,302	4,312,546
Depreciation	2b,3	593,218	595,803
Operating Expenses		560,338	1,351,373
Supplies and Materials		526,571	457,242
Utilities		408,792	423,768
Pension Expense	14	320,415	794,454
Bad Debts		266,415	346,901
Brac Campus Expenses		229,730	180,499
Insurance		160,832	150,943
Health Insurance		98,885	108,945
Travel and Subsistence		38,011	226,938
Loan Interest and Bank Charges		23,408	17,411
Foreign Exchange (Gain) / Loss	2d	(146,831)	200,969
Total Expenses		**7,654,086**	**9,167,792**
Net Deficit for the Year		(515,240)	(1,393,250)
Post Hurricane Ivan Repairs		1,789	14,266
Net Deficit for the Year after Ivan Related Expenses		(517,029)	(1,407,516)
Deficit at Beginning of the Year		(464,186)	863,330
Transfer from Plant fund	9	55,000	80,000
Accumulated Deficit at end of the Year		**(926,215)**	**(464,186)**

The accompanying notes form an integral part of these financial statements

UNIVERSITY COLLEGE OF THE CAYMAN ISLANDS
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2009
(Stated in Cayman Islands Dollars)

	Capital Fund	Donated Capital	Accumulated Surplus	Total
Balance as at June 30, 2007	$1,074,806	$3,749,942	$863,330	$5,688,078
Interest earned on capital fund balance	43,058	-	-	43,058
Transfer from Capital During the Year	(80,000)	-	80,000	-
Government Capital Injection	-	500,000	-	500,000
Net Deficit for the year	-	-	(874,758)	(874,758)
Balance as at June 30, 2008 (as previously stated)	$1,037,864	$4,249,942	$68,572	$5,356,378
Prior year adjustment for Past Service Costs under Defined Contribution Plan	-	-	(514,000)	(514,000)
Prior year audit fees adjustment	-	-	(18,758)	(18,758)
Balance as at June 30, 2008 (Restated)	$1,037,864	$4,249,942	(464,186)	4,823,620
Interest earned on capital fund balance	11,482	-	-	11,482
Transfer From Capital During the Year	(55,000)	-	55,000	-
Government Capital Injection	-	-	-	-
Net Deficit for the year	-	-	(517,029)	(517,029)
Balance as at June 30, 2009	$994,346	$4,249,942	($926,215)	$4,318,073

The accompanying notes form an integral part of these financial statements

UNIVERSITY COLLEGE OF THE CAYMAN ISLANDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2009
(Stated in Cayman Islands Dollars)

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Surplus / (Deficit) for the Year	**(517,029)**	**(1,407,516)**
Adjustment to reconcile Net (Deficit) / Surplus for the year to Net Cash Provided by Operating Activities		
Depreciation	593,218	595,803
Unrealised loss (gain) on foreign currency translation	(146,831)	201,210
Interest Income	(939)	(16,565)
Loan Interest	15,186	14,092
Gain / Loss on disposal of Fixed Assets	--	--
Adjustments to prior year reserves	(18,758)	--
Operating Profit before Working Capital Changes	**(75,153)**	**(612,976)**
Net Changes in Non-Cash Working Capital Balances Related to Operations		
(Increase) / Decrease in Accounts Receivable	(370,706)	(85,569)
(Increase) / Decrease in Prepayments	(29,701)	31,602
(Increase) / Decrease in Inventory	46,500	40,063
Increase / (Decrease) in Accounts Payable	532,599	701,269
Increase / (Decrease) in payable to Endowment Fund	--	--
Increase / (Decrease) in Prepaid Course Fees	41,302	(34,915)
Cash Generated from Operations	**144,841**	**39,474**
Interest Received	1,252	17,704
Interest Paid	(6,460)	(14,092)
Net Cash Provided by Operating Activities	**139,633**	**43,086**
CASH FLOWS FROM INVESTING ACTIVITY		
Purchase of Fixed Assets	(127,019)	(778,288)
Proceeds from Sale of Fixed Assets	--	--
Net Cash Used In Investing Activity	**(127,019)**	**(778,288)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Donated Capital (CIG)	--	500,000
Repayment of Long Term Loans	(27,307)	(106,149)
Interest Received on Capital Fund Balance	11,482	43,058
Net Cash (Used in) Financing Activities	**(15,825)**	**436,909**
Net (decrease)/increase in cash and cash equivalents during the year	(3,211)	(298,293)
Cash and cash equivalents at beginning of year	1,367,835	1,666,128
Cash and cash equivalents at end of year	**$1,364,624**	**$1,367,835**

The accompanying notes form an integral part of these financial statements

UNIVERSITY COLLEGE OF THE CAYMAN ISLANDS
STATEMENT OF POSITION FOR THE PERIOD ENDED 30 JUNE 2009 – ENDOWMENT FUND
(Stated in Cayman Islands Dollars)

	NOTE	2009	2008
CURRENT FUNDS			
Cash at Bank		$152,323	$151,686
$US Fixed Deposit		66,587	66,084
Receivable from General Fund		-	-
Payable to General Fund		(3,500)	(2,000)
Total Funds	6c	**$215,410**	**$215,770**
Represented by:			
FUND BALANCE		**$215,410**	**$215,770**

Approved on behalf of the Board of Governors

PRESIDENT

CHIEF FINANCIAL OFFICER

DATE: 21/2/12

The accompanying notes form an integral part of these financial statements

UNIVERSITY COLLEGE OF THE CAYMAN ISLANDS
STATEMENT OF COMPREHENSIVE INVOME – ENDOWMENT FUND
FOR THE YEAR ENDED 30 JUNE 2009

(Stated in Cayman Islands Dollars)

	NOTE	2009	2008
INCOME			
Donations		-	98,400
Interest on Savings Account		655	-
Interest on Fixed Deposit Account		503	1,376
Total Income		**1,158**	**99,776**
EXPENSES			
Funds Utilized: Scholarships Awarded		1,500	-
Bank Charges		18	-
Total Expenses		**1,518**	**-**
Net Increase / (Decrease) in Fund Balance		(360)	99,776
Fund Balance at end of the Prior Year		215,770	115,994
Fund Balance at end of the Year	**6c**	215,410	215,770

1. ESTABLISHMENT AND PRINCIPAL ACTIVITY

The University College of the Cayman Islands (University College is a corporate body established under the Community College (Amendment) Law 2004 (Law 17 of 2004). Its principal activity is to provide full and part-time education, training, and education services, including teaching and research relevant to the needs of the Islands.

The University College is located at 168 Olympic Way, P.O. Box 702 GT, Grand Cayman, Cayman Islands, B.W.I.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Committee (IASC), and interpretations issued by the Standing Interpretations Committee of the IASC. The significant accounting policies adopted by the University College are as follows:

a. Basis of Accounting

The financial statements of the University College are prepared on the accruals basis under the historical cost convention.

b. Depreciation

Fixed assets are recorded at cost and with the exception of freehold land, are depreciated using the straight line method estimated to write-off the cost of the assets over their expected useful lives as follows:

Item	Useful Life	
Buildings	40	
Furniture and Equipment	5 – 10	years
Computers	3	years
Vehicles	4	years
Library Books	2 – 8	years

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Inventory

Inventory represents textbooks on hand and in-transit, at 30 June 2009, which is purchased by the University College for resale to students. They are valued at the lower of cost and net realizable value on a first-in, first-out basis.

d. Foreign Currency Translation

Assets and liabilities denominated in currencies other than Cayman Islands Dollars are translated at exchange rates in effect at the balance sheet date. Revenue and expense transactions denominated in currencies other than Cayman Islands Dollars are translated at exchange rates ruling at the time of these transactions. Gains and losses on exchange are included in the Statement of Comprehensive Income.

e. Borrowing Cost

Borrowing cost is recognized as an expense in the period in which they are incurred, regardless of how the borrowings are applied.

f. Revenue Recognition

Income from contracts and for services rendered is included to the extent of the completion of the contract or service concerned. All income from short-term deposits is credited to the Statement of Comprehensive Income in the period in which it is earned.

3. FIXED ASSETS

Description	Freehold Land	Buildings	Furniture & Equipment	Vehicles	Computers	Library Books	Total
Cost:							
At 01 July 2008	273,090	9,298,551	743,543	9,285	711,045	408,540	11,444,054
Additions	-	-	65,112	-	59,358	2,549	127,019
Disposals							
At 30 June 2009	273,090	9,298,551	808,655	9,285	770,403	411,089	11,571,073
Accumulated Depreciation:							
At 01 July 2008	-	3,112,242	397,437	4,642	430,647	353,136	4,298,104
Depr. Charge	-	232,464	120,513	2,322	221,044	16,875	593,218
Depr. Charge on Disposals	-	-				-	
At 30 June 2009	-	3,344,706	517,950	6,964	651,691	370,011	4,891,322
Net Book value:							
At 30 June 2009	273,090	5,953,845	290,705	2,321	118,712	41,078	6,679,751
At 30 June 2008	273,090	6,186,309	346,106	4,643	280,398	55,404	7,145,950

4. FREEHOLD LAND

The Government acquired 15.8 acres of land for the construction of the University College through compulsory acquisition in 1988 and 1995. The property, consisting of land and buildings, has not yet been vested with the University College of the Cayman Islands and is registered in the name of the Crown. The cost of land has been classified as Donated Capital (See Note 8).

5. ACCOUNTS RECEIVABLE

	30.06.09	30.06.08
Trade Receivable		
Tuition	$416,032	$166,849
Government Bodies	382,061	-
Staff Advances	143,370	137,345
Unsubstantiated Expenditure	211,390	211,390
	1,152,853	515,584
Less: Provision for Bad Debts	(617,579)	(351,329)
	535,274	**164,255**
Insurance Claim	-	-
Interest Receivable	-	313
Total	**$535,274**	**$164,568**

6. BANK BALANCES

a) This represents the College's current accounts and fixed deposit balances.

Account Type	30.06.09	30.06.08
Current Account - $C.I.	367,655	65,556
Current Account - $U.S	1,823	18,017
Cashier's Float	800	500
Total Current Accounts and Cash	**370,278**	**84,073**
Fixed Deposits - $C.I.	-	245,898
Capital Fund – Fixed Deposit Account	604,891	652,662
Insurance Fund – Fixed Deposit Account	309,455	305,202
Donated Capital – Fixed Deposit Account	80,000	80,000
Total Fixed Deposit Balances	**994,346**	**1,283,762**
Total Cash & Cash Equivalents	**$1,364,624**	**$1,367,835**

b) The bank balances were reorganised in the notes and the Statement of Financial Position to reflect the discretion of the Board of Directors over the use of the funds.

c) Endowment Fund: This balance comprises donations from the Board of Governors and the private sector plus interest thereon, which are dedicated to be used for the purpose of providing local scholarships or other resources net of amount payable to the College.

	30.06.09	30.06.08
Fund Balance	$215,410	$215,770

7. Accounts Payable

Description	30.06.09	30.06.08
Trade Payables	243,118	210,969
Accrued Employee Benefits	512,235	506,972
Interest Payable	8,726	-
Scholarship Clearing	121,931	121,931
Other Current Liabilities	548,305	73,683
Total	**$1,434,315**	**$913,555**

8. DONATED CAPITAL

The Cayman Islands Government has provided Capital for the following purposes:

	30.06.09	30.06.08
Capital Injection	1,132,609	1,132,609
Equity Injection to Fund Post Ivan Recovery	200,000	200,000
For the continuation of the College's Building programme	1,250,990	1,250,990
For the purchase of land	264,585	264,585
For the Capital works programme carried out by PWD during 1994	24,904	24,904
For the development of a playfield for the College	80,000	80,000
For the construction of the multi-purpose Hall/Hurricane Shelter	1,250,000	1,250,000
	4,203,088	4,203,088
Private sector donations	46,854	46,854
Total	$4,249,942	$4,249,942

9. CAPITAL FUND

This represents the balance of funds to be used for future capital projects of the College. Transfers from this fund during the year amounted to $ 55,000.00 Interest of $11,482 was received on these funds.

	30.06.09	30.06.08
Fund Balance	$994,346	$1,037,864

10. LONG TERM LIABILITIES

	30.06.09	30.06.08
Cayman Islands Government:		
a. Assets Vested	$1,220,441	$1,220,441
b. European Development Fund	1,224,771	1,429,790
	2,445,212	**2,650,231**
c. Public Service Pensions Board (Past Service Liability)	547,000	514,000
TOTAL LIABILITIES	**2,992,212**	**3,164,231**
Less Current Maturities		
a. Assets Vested	96,452	48,225
b. European Development Fund	55,680	59,754
TOTAL CURRENT LIABILITIES	**152,132**	**107,979**
TOTAL LONG TERM LIABILITIES	**$2,840,080**	**$3,056,252**

LONG TERM LIABILITIES (Continued)

The loans from the Cayman Islands Government comprise the following:

Loans	Current	1-2 yrs	3-5yrs	5+yrs	2009	2008
a) Assets Vested	96,452	96,452	144,678	882,859	1,220,441	1,220,441
c) European Dev Fund	55,680	114,100	171,150	883,841	1,224,771	1,429,790

	2009	2008
Total Long Term Liabilities	2,445,212	2,650,231
Less Current Maturities	152,132	107,979
Due Beyond 1 year	**2,293,080**	**2,542,252**

Included in operating expenses for the year ended June 30, 2009 is interest expense of CI$15,186 (2008 CI$14,092) relating to these loans.

If interest rates increase by 1% the interest expense in the financial statements will increase by approximately CI$24,727.

a. The loan of CI$1,316,893 is unsecured, interest free and repayable in yearly instalments until the year 2033. Loan repayments commenced in 1993. It relates to the cost of land, buildings, furniture and equipment financed by the Cayman Islands Government prior to the University College becoming a Statutory Authority. The formal vesting of these assets has not yet been finalised.

b. The CIBC Capital Projects Loan of CI$12,833,333 (US$15,480,000) was repaid in full; with the final instalment being paid in March 2007. Loan repayments commenced February 1992 at an annual interest rate of New York prime plus 0.5%. The loan was in the name of the Cayman Islands Government and lent to the University College with no collateral security requirements.

c. The Loan from the European Development Fund of CI$1,286,504. (ECU 1,134,783) commenced in October 1999 and is repayable in 60 semi-annual instalments until the year 2029. The loan attracts an interest rate of 1% per annum on the principal amount outstanding and has been guaranteed by the Cayman Islands Government. No collateral security has been provided by the University College

d. Refer to Note 13 for explanation of the Public Service Pensions Fund's Past Service Liability.

11. PREPAID COURSE FEES

Prepaid Course Fees represent amounts received in advance from students, for courses to be undertaken during the 2009/2010 school term. Funds received from the Government departments and corporate sponsors will be used for the benefit of specific scholarship holders.

12. GOVERNMENT GRANT

During the year the Cayman Islands Government's grant to the University College of the Cayman Islands was $3,925,000. (2008: $3,803,004). To continue as a going concern the University College will require annual assistance from the Government for the foreseeable future. This grant is based on expected performance of the University College during the current year.

13. OTHER INCOME

Description	**30.06.09**	**30.06.08**
Civil Service College	473,181	932,683
Dept. of Tourism TATP	197,705	133,000
Miscellaneous Receipts	143,569	114,833
Rental Income	54,750	55,685
Examination Fees	13,901	14,314
Interest Income	939	14,092
Total	**$884,045**	**$1,264,607**

14. PENSIONS

The University College carried three separate classes of pension contributions for an average of sixty (60) employees during the year ended 30 June 2009.

Public Service Pensions Fund – Defined Benefits

The Public Service Pensions Law, 1999 (Law 6 of 1999) re-organised existing public service pension provisions into separate defined benefit and defined contribution schemes with effect from January 1, 2000. Only employees who were enrolled in the former public service pension scheme at that date were permitted to join the revised defined benefit scheme. The cut-off date for admission to the defined benefit scheme was extended to 31 December 1999. One employee was on this plan during the Financial Year ended 30 June 2009.

Contributions towards benefits accruing in respect of the current service (i.e. for the period since the employee was enrolled in the plan) are funded at rates periodically advised to University College by the Pensions Board and are recognised as an expense in the period incurred. The University College is also required to make payments to the plan to fund benefits accruing in respect of past service (the "past service funding liability"). This past service funding liability, which is generally equivalent to the actuarially determined present value of the defined benefit obligations less the value of the assets available to meet such obligations, is calculated periodically by the Plan actuaries and advised to the University College by the Pensions Board.

14. PENSIONS (continued)

The University College recognizes changes in the past service funding liability, adjusted for funding payments made, as an expense or gain in the period in which such changes are incurred. In the absence of formal notification from the Pensions Board, the University College has no reliable way to quantify its liability to the Plan in respect of unfunded past service benefits.

The most recent actuarial valuation was performed as of June 30, 2009 and the result, which was advised to the University College by the Public Service Pension Board ("PSPB") in December 2010, indicated a plan deficit attributable to the University College of CI$547,000 (2008: CI$514,000). In 2008 the plan deficit was omitted from the financial statements therefore resulting in a prior year adjustment and restatement of those financial statements, consistent with IAS 8. The plan deficit for 2008 was included in the revised financial statements as additional pension expense, increasing the expense to $794,454, and the Long term liability by $514,000.

	2009 CI$(000)	2008 CI$(000)
Provision at the beginning of the year	514	-
Prior year adjustment for pre 2007/2008 Pension Liability	-	480
Pension expense for the year	33	34
Provision at end of year	**547**	**514**
Reconciliation of Funded status:		
Company's share of Defined Benefit obligation	17	5
Fair Value of Plan Assets	485	478
Funded Status	502	483
Unrecognized past service costs	-	-
Unrecognized actuarial (loss)/gain	45	31
Defined benefit liability	**547**	**514**
Components of the Pension expense for the year:		
Interest Cost	-	-
Expected return on assets net of expense	33	34
Recognition of net(Gain)/Loss	-	-
Pension Expense for the year	33	34

14. PENSIONS (continued)

Public Service Pensions Fund – Defined Contributions

Caymanian employees who are not participating in the defined benefit plan shall be enrolled in the defined contribution scheme. No employee was on this plan during the Financial Year ended 30 June 2009.

Expatriate Officers – Defined Contributions

In order to standardise employment practices, with effect from March 1999 the Board agreed that the 15% Contracted Officers Supplement payable to expatriate officers of the College would be replaced by an employer's contribution equivalent to 10% of salary to a private pension plan. The remaining 5% of salary is now paid as a gratuity upon completion of employment. Forty-four (44) employees were on this plan during the year ended 30 June 2009.

The total amount recognised, as a pension expense during 2008/9 was $320,415 (2007/8:$794,454)

15. COMMITMENTS

As at 30 June 2009 the College had the following commitments relating to a 3-year commercial lease entered into with Caybrac Limited in December 2007 for the housing of the Cayman Brac campus of the University College:

Lease Obligations for the next 12 months	171,402
Lease Obligations for 2-5 years	242,820

16. RELATED PARTY TRANSACTIONS

a) The Auditor General has statutory responsibility for the audit of the University College's financial statements. The fee for 2008/9 was $40,000 (2007/8: $56,758).

   As disclosed in Note 11, the University College is dependent on an annual grant from the Cayman Islands Government. The University College also relies on the Cayman Islands Government to provide or arrange long-term finance for capital development projects.

b) The University allows full time members of staff to be paid additional compensation for lecturing duties done outside of normal working hours or above the required base teaching load. Payments are made based on contact hours at a predetermined rate.

c) Emoluments Paid to Key Management Personnel during the year amounted to $237,200.

17. FINANCIAL INSTRUMENTS

i. Fair values

At 30 June 2009 the following methods and assumptions were used by management to estimate the fair value of each financial instrument:

a) Bank Balances

The carrying amount approximates fair value.

b) Accounts Receivable, Other Receivables, Accounts Payable, and Other Payables

The above items are substantially short term and do not bear interest. As such, their carrying amount approximates their fair value.

c) Current and Long Term Debt

The Cayman Islands Government Loan for Assets Vested does not attract interest. The carrying amount of this loan represents the principal balance owing.

The loan from the European Development Fund attracts an annual interest rate of 1% on the principal amount outstanding. The anticipated future principal repayments have not been discounted, as it would not provide any additional relevant information.

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

ii. Credit Risk

Financial assets that potentially subject the University to credit risk consist principally of current and fixed deposits, accounts and interest receivable, and other receivables and prepayments. The University's current and fixed deposits are placed with high credit quality institutions. Credit risk with respect to accounts and interest receivable and other receivables and prepayments is limited because the University only transacts business with counterparts it believes to be reputable and capable of performing their contractual obligations. Accordingly, the University has no significant concentrations of credit risk.

iii. Interest rate risk

The University deposits are at fixed interest rates. The ranges of interest rates and period of maturity are 0.04% to 0.25% and 30 to 32 days respectively.

d) UNSUBSTANTIATED TRANSACTIONS

A review of the accounts for the year ended June 30, 2008 uncovered unsubstantiated expenditures of between CI$220,000 and CI$550,000. The nature of these transactions appears to bear no relation to the operational activities of the University College of the Cayman Islands and that the College received no benefit from these expenditures. These expenditures were incurred by UCCI personnel and are reflected in the expenditure ledger, from which these financial statement were prepared. These matters are now subject to ongoing probe by the Royal Cayman Islands Police Service. There were no such expenditures occurring in the year ended June 30, 2009.

Consequently, the expenditure shown in the financial statements for the year ended June 30, 2008, includes amounts between $220,000 and $550,000 that may be outside the normal operations of the College. The Board of Governors has indicated that it is unlikely that this amount will be recovered.

e) SUBSEQUENT EVENTS

i. The matters relating to the unsubstantiated transactions are now subject to an ongoing probe by the Royal Cayman Islands Police Service. The Board of Governors has indicated that it is unlikely that this amount will be recovered.

ii. In April 2009 a suit was filed against the University College by a former employee, with respect to the termination of his employment. A settlement was reached in November 2010 and subsequently paid by the University. This payment represents full and final settlement of all and any claims that may be brought against the College or its officers, present of former, in respect of the former employee's termination.