CAYMAN ISLANDS GOVERNMENT

2013/14 BUDGET

OWNERSHIP AGREEMENTS

FOR THE YEAR ENDING 30 JUNE 2014

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PREFACE

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

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

Like any owner, the Government expects the organisations it owns to perform within agreed boundaries. The purpose of the Ownership Agreement is to specify the ownership performance that the Cabinet and the Board of each Statutory Authority or Government Company have agreed the Authority or Company will seek to achieve during the 2011/12 financial year.

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

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

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

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

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

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

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

AUDITORS OVERSIGHT AUTHORITY

FOR THE FINANCIAL YEAR

ENDING 30 JUNE 2014

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

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Auditors Oversight Authority* have agreed the *Auditors Oversight Authority* will seek to achieve during the 2013/14 financial year.

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

2. NATURE AND SCOPE OF ACTIVITIES

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

GENERAL NATURE OF ACTIVITIES

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

SCOPE OF ACTIVITIES

The scope of the *Auditors Oversight Authority* activities is as follows:

- Maintaining a Register of Recognised Auditors pursuant to the Auditors Oversight Law, 2011; and
- Monitoring compliance by Recognised Auditors with the Rules of the Authority.

CUSTOMERS AND LOCATION OF ACTIVITIES

The services provided by the *Auditors Oversight Authority* are provided to Recognised Auditors and the public.

The Authority is located in Grand Cayman and serves the Cayman Islands.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Auditors Oversight Authority* for the 2013/14 financial year are as follows:

- Establish the Rules governing Recognised Auditors;
- Develop the oversight system for Recognised Auditors and conduct, or arrange to have conducted on the Authority's behalf, inspections of Recognized Auditors;
- Become a member of the International Forum of Independent Audit Regulators; and
- Pursue third country equivalency status with the European Union and the Financial Services Agency/Certified Public Accountants and Auditor Oversight Board, Japan.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2012 Revision) for the *Auditors Oversight Authority* for the 2013/14 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2013/14 BUDGET $ 000's	2012/13 FORECAST $ 000's
REVENUE FROM CABINET	340,000	340,000
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	0	0
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	10,000	0
SURPLUS/DEFICIT FROM OUTPUTS	350,000	0
OTHER EXPENSES	315,817	0
NET SURPLUS DEFICIT	34,183	0
TOTAL ASSETS	302,157	135,000
TOTAL LIABILTIES	0	35,000
NET WORTH	302,157	100,000
CASH FLOWS FROM OPERATING ACTIVIITES	10,521	38,625
CASH FLOWS FROM INVESTING ACTIVIITES	0	(25,000)
CASH FLOWS FROM FINANCING ACTIVIITES	0	100,000
CHANGE IN CASH BALANCES	10,521	113,625

FINANCIAL PERFORMANCE RATIO	2013/14 BUDGET %	2012/13 FORECAST %

CURRENT ASSETS : CURRENT LIABILITIES		3.25:1
TOTAL ASSETS : TOTAL LIABILITIES		3.86:1

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2013/14 BUDGET	2012/13 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	2	3
STAFF TURNOVER (%)		
SENIOR MANAGER	1	1
PROFESSIONAL AND TECHNICAL STAFF	1	1
ADMINISTRATIVE STAFF		1

PHYSICAL CAPITAL MEASURES	2013/14 BUDGET $	2012/13 FORECAST $
VALUE OF TOTAL ASSETS	302,157	135,000
ASSET REPLACEMENTS : TOTAL ASSETS		
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS		
DEPRECIATION : CASH FLOW ON ASSET PURCHASES		
CHANGES TO ASSET MANAGEMENT POLICES	None	

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2012/13	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Failure to identify Violations (as defined in the Rules) when such Violations exist in audits conducted by Recognized Auditors whose work has been inspected by, or on behalf of, the *Auditors Oversight Authority*.		Adopt a robust system of oversight over the inspections of Recognized Auditors.	

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

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

OPERATING STATEMENT	2013/14 TARGET $ 000's	2012/13 FORECAST $ 000's
REVENUE	325,000	340,000
OPERATING EXPENSES	315,817	340,000
NET SURPLUS/DEFICIT	9,183	0

BALANCE SHEET	AS AT JUNE 2014 $ 000's	AS AT JUNE 2013 $ 000's
ASSETS	277,157	135,000
LIABILITIES		35,000
NET WORTH	77,157	100,000

STATEMENT OF CASH FLOW	2013/14 TARGET $ 000's	2012/13 FORECAST $ 000's
CASH FLOWS FROM OPERATING ACTIVIITES	9,183	38,625
CASH FLOWS FROM INVESTING ACTIVIITES	0	(25,000)
CASH FLOWS FROM FINANCING ACTIVIITES	9,183	100,000

6. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2012 Revision).

TRANSACTION	AMOUNT FOR 2013/14 $
Equity Investments into *Auditors Oversight Authority*	0
Capital Withdrawals from *Auditors Oversight Authority.*	0
Dividend or Profit Distributions to be made by *Auditors Oversight Authority.*	0
Government Loans to be made to *Auditors Oversight Authority.*	0
Government Guarantees to be issued in relation to *Auditors Oversight Authority.*	0
Related Party Payments (Non Remuneration) made to Key Management Personnel# Key Management Personnel as defined by International Public Accounting Standards No 20, eg Minister, Board Member and Senior Management Team#	0
Remuneration# Remuneration as defined by International Public Accounting Standards No 20 Par 34(a) Number of ppayments made to Key Management Personnel (Board)	108,000
Remuneration Payments made to Senior Management (MD)	101,667

DESCRIPTION	NUMBERS FOR 2013/14 $
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	5

NUMBER OF KEY SENIOR MANAGEMENT (MD)	1

AGREEMENT

Scope of this Agreement

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

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

Procedures for Changing this Ownership Agreement

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

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

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Auditors Oversight Authority will seek to achieve for the 2013/14 financial year and that the Cabinet will monitor performance against.

_____

Honourable Wayne Panton

Minister of Financial Services, Commerce and Environment

On behalf of Cabinet

_____

Chairman of the Board
Auditors Oversight Authority

4th October 2013



AUDITORS OVERSIGHT AUTHORITY

STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS FOR THE YEAR ENDING 30TH JUNE 2014

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2012 Revision).

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

To the best of our knowledge the statements are:

a. Complete and reliable;
b. Fairly reflect the forecast financial position as at 30th June 2014 and performance for the Auditors Oversight Authority for the year ending 30th June 2014; and
c. Comply with generally accepted accounting practice.

_____

Chairman of the Board
Auditor Oversight Authority

4th October 2013

APPENDIX

FORECAST FINANCIAL STATEMENTS

AUDITORS OVERSIGHT AUTHORITY

FORECAST STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2014

	NOTES	2013/14 TARGET
Current Assets		
Cash and cash equivalents	**2**	277,157
Trade receivables	**3**	
Other receivables	**3**	
Total Current Assets		
Non-Current Assets		
Property, plant and equipment	**4**	
Total Non-Current Assets		
Total Assets		277,157
Current Liabilities		
Trade payables	**5**	
Other payables and accruals	**5**	
Total Current Liabilities		
Total Liabilities		
Net Assets		277,157
NET WORTH		
Contributed capital		100,000
Accumulated surpluses/(deficits)		177,157
Total Net Worth		277,157

AUDITORS OVERSIGHT AUTHORITY

FORECAST STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDING 30TH JUNE 2014

	NOTES	BUDGET 2013/14
Revenue		
Sale of goods and services	**6**	325,000
Total Revenue		325,000
Expenses		
Personnel costs	**7**	209,667
Supplies and consumables	**8**	106,150
Depreciation	**4**	
Total Expenses		**315,817**
Surplus or (Deficit) for the period		**9,183**

AUDITORS OVERSIGHT AUTHORITY

FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30TH JUNE 2014

	Contributed Capital	Accumulated Surplus	Total
Balance at 30 June 2012	0	0	0
Changes in net worth for 2012/13			
Net revenue / expenses recognised directly in net worth	0	0	0
Surplus/(deficit)for the period 2012/13		167,974	0
Total recognised revenues and expenses for the period	0	167,974	0
Balance at 30 June 2013 carried forward	100,000	167,974	267,974

	Contributed Capital	Accumulated Surplus	Total
Balance at 30 June 2013 brought forward	100,000	167,974	267,974
Changes in net worth for 2013/14			
Changes in accounting policy			0
Prior Year Adjustments			0
Restated balance	0	0	0
Changes in net worth for 2013/14			
Exchange differences on translating foreign operations			0
Equity Investment from Cabinet			0
Capital withdrawals by Cabinet			0
Repayment of surplus/Dividends to Cabinet			0
Net revenue / expenses recognised directly in net worth	100,000	0	100,000
Surplus/(deficit) for the period 2013/14		9,183	
Total recognised revenues and expenses for the period	100,000	9,183	

Balance at 30 June 2014	100,000	177,157	

AUDITORS OVERSIGHT AUTHORITY

FORECAST STATEMENT OF CASH FLOW
FOR THE YEAR ENDING 30TH JUNE 2014

	NOTES	BUDGET 2013/14
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Sale of goods and services to Cabinet		315,000
Other receipts		10,000
Payments		
Personnel costs		(227,668)
Supplies and consumables		(111,812)
Other payments		
Net cash flows from operating activities		**-14479**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment		
Net cash flows from investing activities		**0**
CASH FLOWS FROM FINANCING ACTIVITIES		
Equity Investment from Cabinet		
Capital withdrawal		
Net cash flows from financing activities		**0**
Net increase/(decrease) in cash and cash equivalents		**-14,479**
Cash and cash equivalents at beginning of period		291,637
Cash and cash equivalents at end of period	**2**	**277,158**

AUDITORS OVERSIGHT AUTHORITY
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDING 30TH JUNE 2014

Incorporation and principal functions:

The Auditors Oversight Authority (AOA) was established under The Auditors Oversight Authority Law, 2011

The principal function of AOA is to regulate and supervise auditors who audit the accounts of market traded companies.

Basis of preparation:

The forecast financial statements have been prepared in accordance with International Accounting Standards (IASs) using the accrual basis of accounting. The measurement base applied is historical cost adjusted for revaluations of certain assets.

The forecast financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently.

Reporting Period:

The reporting period is the period ending 30 June, 2014.

Significant accounting policies:

Revenue

Output revenue, including revenue resulting from user charges or fees, is recognised when it is earned.

Expenses

Expenses are recognised when incurred.

Depreciation

Depreciation of non-financial physical assets is provided on a straight-line basis at rates based on the expected useful lives of those assets.

Furniture & Fittings	5 years
Computer Equipment	3 years

Assets

Cash and cash equivalents

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

Receivables and advances

Receivables and advances are recorded at the amounts expected to be ultimately collected in cash.

Property, Plant and Equipment (including Infrastructure Assets)

Buildings are recorded at historical cost (or fair value as at time of first recognition) or valuation.

Other plant and equipment, which includes motor vehicles and office equipment, is recorded at cost less accumulated depreciation.

Computer Hardware and Software

Computer hardware and software are recorded at cost, and depreciated in accordance with the policy on depreciation.

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

CAYMAN AIRWAYS LIMITED

FOR THE FINANCIAL YEAR

ENDING 30 JUNE 2014

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APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Cayman Airways Limited* have agreed the *Cayman Airways Limited* will seek to achieve during the 2013/14 financial year.

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

2. NATURE AND SCOPE OF ACTIVITIES

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

GENERAL NATURE OF ACTIVITIES

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

SCOPE OF ACTIVITIES

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

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

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

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

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

Airlift Framework Category	Definition
CORE	Routes/Flights/Operations that CAL dominates and knows the market well Routes/Flights/Operations that provide good economic return or at least break-even
STRATEGIC DOMESTIC	Domestic Routes/Flights that are purchased by, and operated on behalf of, the Government
STRATEGIC TOURISM	International Routes/Flights that have national tourism importance which are purchased by, and operated on behalf of, the Government

SURPLUS	Assumes prior 3 categories are being adequately serviced (without displacement and not affecting required redundancy to maintain reliability of service). Includes operations which must provide good economic return.

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

CUSTOMERS AND LOCATION OF ACTIVITIES

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

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

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Cayman Airways Limited* for the 2013/14 financial year are as follows:

- The mission of Cayman Airways is to be the premier choice of safe, reliable, and enjoyable air transportation to all markets we serve, in the best interests of the Cayman Islands. A national airline of which we can all be immensely proud of, one which reflects a top quality airline, delivering top quality service; an organization which is attracting the best and brightest Caymanian talent and developing its people and the airline to reach their full potential.

- The Airline is major employer within the Cayman Islands and must strive to attract and develop the best and brightest Caymanian talent. The Airline offers several unique employment opportunities in specialised fields and will continue to create an environment of opportunity for Caymanians. This role has an immeasurable socio-economic impact on the Cayman Islands and is crucial to continued national development and growth. The Airline will therefore, as it continues to target cost reductions, do so in a manner that places emphasis on the retention and provision of services and employment locally, versus overseas when possible.

- The Airline will continue the process of restructuring and operational reform in order to drive revenue, reduce costs, and achieve the maximum levels of efficiency where possible.

- Utilizing the Airlift Framework as a funding model, the Airline and Government shall have a common objective to ensure that the Airline is adequately funded to undertake the core and strategic roles defined in the Airlift Framework. Adequate levels of Government funding and the Airline's continued efforts to operate at maximum efficiency are necessary to ensure that no deficit between revenue and expenses arises.

- After years of historical losses, the Airline is faced with a severe deficiency of working capital. The Government and the Airline must together strive to create adequate levels of working capital in order to ensure that Airline has the ability to invest where necessary to improve efficiency and viability. This working capital deficiency may from time to time require external borrowings or equity injections from the Government in order to ensure the Airline's continued viability. The Airline therefore aims to have its historical debt (formal and informal), refinanced in a manner that improves cash flow and provides adequate levels of working capital to be realised, in order to increase the viability and efficiency of the Airlines of the operations.

- Should a deficit (revenue) arise due to unbudgeted situations during the course of the year, which are beyond the Airline's control, the Government may be asked to provide supplementary funding in order to ensure that the Airline maintains an ability to meet its operating obligations

and fulfil the government's strategic objectives for the Airline. The Airline will do all possible to avoid this scenario and will keep the Government promptly educated on all situations that may lead to a need for additional funding within the budget year.

- The Airline is a major contributor to the Cayman Islands economy both directly and indirectly through employment and the purchase of goods and services within the Cayman Islands. The Airline is also a strategic tool used by the Government to drive economic activity, particularly in the tourism industry by providing guaranteed airlift and competitive market environment. This includes providing direct air service to the leading tourist source markets, targeted by the Cayman Islands Department of Tourism. The Airline will therefore continue to work with the Cayman Islands Department of Tourism to realise the maximum benefit from the Department of Tourism's marketing efforts by aligning capacity with the demand generated from the Department of Tourism's efforts .

- The total economic impact or contribution to the Cayman Islands by Cayman Airways (from studies going back more than ten years), is over CI$150M per annum. The Airline must therefore continue to balance its efforts to operate at peak efficiency with its efforts to create the maximum economic impact possible. The Airline's value on a macroeconomic level outweighs the Governments annual investment through this purchase agreement. Whilst this is an overriding value and an excellent return on investment, the Airline's economic contribution must continue to be provided in the most efficient manner. The Airline and the Government must therefore maintain alignment through consultation in the budget year to ensure the correct balance between the Airline's performance and the Airline's contribution to the local economy.

- Whilst the Airline is equipped with the full infrastructure of a typical Airline, the Airline is challenged to cover all its fixed costs from operating revenues, because of its relatively small size and the relatively small markets served (economies of scale). The Airline must therefore seek out opportunities within the surplus category of the Airlift Framework that increases passenger and cargo throughput, in order to maximise efficiency and reduce dependence on Government funding. This should include the exploration of strategic partnerships with other airlines and potential industry partners, to reduce costs and enhance revenue potential, but in a manner that does not degrade the Airline's strategic value to the Cayman Islands. The Airline expects to continue working with the public sector as well as to embark on joint initiatives with the private sector to coordinate marketing and advertising efforts. A key objective of the Airline is to stimulate incremental visitation through increased visitor arrivals and incremental room nights.

- Fuel is the most volatile and unpredictable cost facing the Airline. The company intends to continue to monitor and aggressively pursue alternatives to minimize the costs of fuel. Cayman Airways however expects to continue to be faced with high fuel prices and extreme volatility for the budget year. The Airline optimistically expects fuel prices to be between US$85 and US$100 per barrel for the budget year and has budget fuel expense and associated revenue from airfares

accordingly. It must be noted that the Airline is not always able to pass on increases in fuel, without negatively affecting demand and overall revenues. The Airline will therefore strive to recoup fuel increases from the consumer to the maximum extent possible, but will be limited in its efforts so as to not negatively impact the Airline's overall revenue performance nor the Airline's strategic value the local economy and tourism industry.

- The Airline has historically been operating with several outdated or manual systems to manage and control some of its commercial and operating functions. The Airline will continue to strive to implement technological advances that will improve the Airlines operating and financial performance.

- The National Flag Carrier will continue to explore commercial agreements with select international carriers where deemed beneficial to the Cayman Islands. The commercial agreements may range from connected websites to full code share agreements. Cayman Airways is committed to working closely with foreign carriers flying into the Cayman Islands, provided that the foreign carrier provides direct economic benefit to the country or serves to provide additional visitation opportunities.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2012 Revision) for the *Cayman Airways Limited* for the 2013/14 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2013/14 BUDGET $ 000's	2012/13 FORECAST $ 000's
REVENUE FROM CABINET	17,805,800	18,169,183
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	1,200,000	1,200,000
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	53,508,178	49,319,566
SURPLUS/DEFICIT FROM OUTPUTS	72,513,978	68,688,749
OTHER EXPENSES	72,496,231	74,735,661
NET SURPLUS DEFICIT	17,746	(6,046,912)
TOTAL ASSETS	22,089,210	21,043,145
TOTAL LIABILTIES	75,632,858	79,704,539
NET WORTH	(53,543,648)	(58,661,394)
CASH FLOWS FROM OPERATING ACTIVIITES	2,158,860	4,166,945
CASH FLOWS FROM INVESTING ACTIVIITES	(3,766,140)	(2,494,293)
CASH FLOWS FROM FINANCING ACTIVIITES	1,262,988	5,825,480
CHANGE IN CASH BALANCES	(344,293)	7,498,132

FINANCIAL PERFORMANCE RATIO	2013/14 BUDGET %	2012/13 FORECAST %

CURRENT ASSETS : CURRENT LIABILITIES	1:18.9	1:15
TOTAL ASSETS : TOTAL LIABILITIES	1:3.4	1:3.8

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	**2013/14 BUDGET**	**2012/13 FORECAST**
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	379	377
STAFF TURNOVER (%)	5%	5%
MANAGERS	12 Years	
PROFESSIONAL AND TECHNICAL STAFF		
CLERICAL AND LABOURER STAFF		
CHANGES TO PERSONNEL MANAGEMENT SYSTEM	None	

PHYSICAL CAPITAL MEASURES	**2013/14 BUDGET %**	**2012/13 FORECAST %**
VALUE OF TOTAL ASSETS	22,089,210	21,043,145
ASSET REPLACEMENTS : TOTAL ASSETS	0.28:1	0.30:1
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	0.42:1	0.45:1
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	1.35:1	1.41:1
CHANGES TO ASSET MANAGEMENT POLICES	None	None

MAJOR NEW ENTITY CAPTIAL EXPENDITURE FOR THE YEAR	2013/14 BUDGET $ 000's
Technology	100,000
Aircraft/Engines	5,863,620

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2012/13	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Fuel Prices	Risk profile increased due to volatility in fuel prices	Given difficulty in hedging this is managed primarily through price negotiating and operations.	+/- CI$2,000,000
Capital Structure	Improvement over prior year	Better cash management and improved financial performance targeted	

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

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

OPERATING STATEMENT	2013/14 TARGET $ 000's	2012/13 FORECAST $ 000's
REVENUE	72,513,978	68,688,749
OPERATING EXPENSES	72,496,231	74,740,237
NET SURPLUS/DEFICIT	17,746	-6,046,912

BALANCE SHEET	AS AT JUNE 2014 $ 000's	AS AT JUNE 2013 $ 000's
ASSETS	22,089,210	21,043,145
LIABILITIES	75,632,858	79,704,539
NET WORTH	-53,543,648	-58,661,394

STATEMENT OF CASH FLOW	2013/14 TARGET $ 000's	2012/13 FORECAST $ 000's
CASH FLOWS FROM OPERATING ACTIVIITES	2,158,860	4,166,945
CASH FLOWS FROM INVESTING ACTIVIITES	-3,766,140	-2,494,293
CASH FLOWS FROM FINANCING ACTIVIITES	1,262,988	5,825,480

6. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2012 Revision).

TRANSACTION	AMOUNT FOR 2013/14 $
Equity Investments into *Cayman Airways Limited*	1,600,000
Capital Withdrawals from *Cayman Airways Limited.*	0
Dividend or Profit Distributions to be made by *Cayman Airways Limited.*	0
Government Loans to be made to *Cayman Airways Limited.*	0
Government Guarantees to be issued in relation to *Cayman Airways Limited.*	Up to CI$19M for CIG approved borrowing to address informal debt *(possible)*
Related Party Payments (Non Remuneration) made to Key Management Personnel	0
Remuneration payments made to key Management Personnel	728,000
Remuneration Payments made to Senior Management	1,280,000

	NUMBER FOR 2013/14
Number of Key Management Personnel	9
Number of Senior Management	14

AGREEMENT

Scope of this Agreement

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

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

Procedures for Changing this Ownership Agreement

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

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

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Cayman Airways Limited will seek to achieve for the 2013/14 financial year and that the Cabinet will monitor performance against.

_____

Honourable Moses Kirkconnell, JP

Minister of District Administration, Tourism and Transport

On behalf of Cabinet

_____

Chairman of the Board
Cayman Airways Limited

4th October 2013

CAYMAN ISLANDS GOVERNMENT

CAYMAN AIRWAYS LIMITED

STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS FOR THE YEAR ENDING 30TH JUNE 2014

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2012 Revision).

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

To the best of our knowledge the statements are:

d. Complete and reliable;
e. Fairly reflect the forecast financial position as at 30th June 2014 and performance for the Cayman Airways Limited for the year ending 30th June 2014; and
f. Comply with generally accepted accounting practice.

_____

Chairman of the Board
Cayman Airways Limited

4th October 2013

APPENDIX

FORECAST FINANCIAL STATEMENTS

CAYMAN AIRWAYS LIMITED
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDING 30TH JUNE 2014

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

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

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

Aircraft maintenance:

(a) Routine maintenance and annual periodic maintenance
All routine aircraft maintenance expenses are expensed as incurred. These estimated costs are recorded as maintenance, materials and repairs in the statement of loss.

(b) Periodic major maintenance and overhauls

Liability for overhauls and periodic major maintenance is recognised at the time the Company becomes obligated for such costs. The actual cost of periodic major maintenance and overhauls is capitalized and depreciated over the estimated useful life (which will normally be the expected interval to the next scheduled major maintenance or overhaul).

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

Property, plant and equipment and other long lived, non-current assets, are reviewed annually at each balance sheet date for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets whose carrying values exceed their recoverable amount

are written down to the recoverable amount, being the higher of market value or value in use (on a discounted cash flow basis), and the resulting impairment loss recorded in the statement of operations. To the extent that a previously recognised impairment loss no longer exists or decreases, the carrying amount of the asset will be increased to the lower of recoverable amount or depreciated cost and the resulting reversal of impairment loss will be recorded in the statement of operations.

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

Type of Property, plant and equipment	Estimated useful life
Aircraft airframe and related overhauls	
Airframe and related components	113 - 162 months
D checks and landing gear	21,000 flight hours or 105 months
Aircraft engines and related overhauls	
Engine shop visit 1	9,000 flight hours
Engine shop visit 2	4,500 flight hours
Limited life parts	20,000 cycles
Other property, plant and equipment:	
Buildings	20 - 50 years
Flight equipment	10 years
Other property, plant and equipment	3 - 5 years

The estimated residual value for the airframes is US$250,000 per aircraft. The residual value for the aircraft engines is US$50,000 per engine. The residual value for flight equipment is 5%. All other property, plant and equipment have no salvage value.

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

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

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

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

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

CAYMAN AIRWAYS LIMITED

OPERATING STATEMENT

FOR THE YEAR ENDING 30TH JUNE 2014

	2013/14 BUDGET	2012/13 ACTUAL
OPERATING REVENUES		
PASSENGER (SCHED)	48,329,230	44,609,821
CARGO (SCHED)	2,709,050	2,350,825
CARGO (CHARTER)	-	-
PASSENGER (CHARTER)	534,367	375,154
HANDLING & MAINTENANCE	1,879,731	1,757,909
OTHER	1,255,800	1,425,857
TOTAL REVENUE	**54,708,178**	**50,519,566**
OPERATING EXPENSES		
SALARIES	16,965,577	16,964,642
BENEFITS & OTHER STAFF COSTS	4,145,205	4,200,497
FUEL AND OIL	18,209,763	18,240,318
MAINTENANCE RESERVES	2,186,395	1,967,996
LANDING AND PARKING	1,925,772	1,773,067
AIRCRAFT SERVICES	7,207,736	7,193,609
MEALS & BEVERAGE	1,150,220	1,210,055
COMMISSION & CC	2,974,143	3,157,931
NAVIGATION AND OVERFLY	744,190	672,067
OTHER MAINTENANCE	1,817,392	2,180,838
MAINTENANCE COSTS "C" CHECKS	1,722,000	1,716,179
AIRCRAFT RENTAL	4,357,416	6,002,364
FACILITIES RENTAL	633,571	563,185
COMMUNICATIONS	538,020	617,625
DEPRECIATION	1,947,191	1,706,747
GENERAL AND ADMINISTRATIVE	1,691,969	1,996,793
ADVERTISING AND SALES PROMOTIONS'	301,067	213,764
CUSTOMS	373,159	372,942
OTHER	2,395,847	2,541,940
TOTAL OPERATING EXPENSES	**71,286,631**	**73,292,559**
OPERATING INCOME/(LOSS)	**(16,578,453)**	**(22,772,993)**
NON-OPERATING EXPENSES:		
INTEREST EXPENSE	(1,209,600)	(1,447,678)
OTHER	-	4,576
LEASE CO ADJUSTMENT		

INCOME/(LOSS) BEFORE GOVT. PAYMENT	**(17,788,053)**	**(24,216,095)**
CI GOVT. OUTPUT PAYMENTS	17,805,800	18,169,183
NET INCOME/(LOSS)	**17,746**	**(6,046,912)**

CAYMAN AIRWAYS LIMITED

FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30TH JUNE 2014

	2013/14 BUDGET	**2012/13 ACTUAL**
Opening balance net worth	(58,661,394)	(57,714,481.92)
Net Surplus	17,746	(6,046,912)
Property Revaluation		
Equity Injection	5,100,000	5,100,000
Closing balance net worth	**(53,543,648)**	**(58,661,394)**

CAYMAN AIRWAYS LIMITED
FORECAST BALANCE SHEET
AS AT 30TH JUNE 2014

		2013/14 BUDGET	2012/13 ACTUAL
ASSETS			
Non-current assets			
Security deposits		1,765,877	1,765,877
Property, plant and equipment		17,418,294	15,599,344
Total non-current assets		19,184,170	17,365,221
Current assets			
Cash on hand and at bank		(136,899)	207,394
Accounts receivable		2,592,354	3,042,354
Prepayments and other assets		449,585	428,176
Total current assets		2,905,039	3,677,924
TOTAL ASSETS		**22,089,210**	**21,043,145**
LIABILITIES AND SHAREHOLDER'S DEFICIT			
Current liabilities			
Accounts payable and accrued expenses		34,349,437	35,050,446
Loans payable		9,364,904	9,222,943
Unearned transportation liability		9,115,317	8,681,254
Deferred revenue		2,083,976	2,193,659
Total current liabilities		54,913,634	55,148,302
Long-term liabilities			
Loans payable		20,719,224	24,556,237
Total long-term liabilities		20,719,224	24,556,237
Total liabilities		**75,632,858**	**79,704,539**
Shareholder's deficit			
Share capital		32,236,021	32,236,021
Share subscriptions		40,425,736	35,325,736
Accumulated deficit		(126,205,405)	(126,223,151)
Total shareholder's deficit		**(53,543,648)**	**(58,661,394)**

TOTAL LIABILITIES AND SHAREHOLDER'S DEFICIT		**22,089,210**	**21,043,145**

CAYMAN AIRWAYS LIMITED

FORECAST STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30TH JUNE 2014

	2013/14 BUDGET	2012/13 ACTUAL
Cash flows from operating activities		
Net loss for the year	17,746	-6,046,912
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	1,947,191	1,706,746
(Increase) /Decrease in accounts receivable	450,000	-675,431
(Increase) /Decrease in prepayments, security deposits and other assets	-21,409	-93,232
Increase / (Decrease) in accounts payable and accrued expenses	-701,009	8,123,699
Increase / (Decrease) in unearned transportation liability	324,380	1,010,114
Loan amortisation	141,961	141,961
Net cash used in operating activities	**2,158,860**	**4,166,945**
Cash flows from investing activities		
Purchase of property, plant and equipment	-3,766,140	-2,494,293
Proceeds from sale of aircraft and flight equipment held for sale		0
Net cash used in investing activities	**-3,766,140**	**-2,494,293**
Cash flows from financing activities		
Loan Advance	0	4,200,000
Share Subscriptions	5,100,000	5,100,000
Repayment of loans	-3,837,012	-3,474,520
Net cash provided by financing activities	**1,262,988**	**5,825,480**
Net decrease in cash and cash equivalents	-344,293	7,498,132
Cash and cash equivalents - beginning of year	207,394	-7,290,738
Cash and cash equivalents - end of year	-136,899	207,394

CAYMAN AIRWAYS LIMITED

NOTES TO THE FORECAST FINANCIALS STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2014

Note 1 – General

The Budget represents the expected results for the year ending June 30, 2014. The estimations are based upon the strategic plan for the airline and management's best estimates of the future events. Actual results will differ from estimates and the differences could be significant.

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

All amounts are CI Dollars ('000) unless otherwise noted.

Note 2 - Flights and Block Hours

The total number of flights for 2013-14 is projected at 5,314 (2012-13 actual: 4,890) for the jet service and 6,931 (2012-13 actual: 6,567) for the express service.
The total number of block hours for 2013-14 is projected at 7,770 (2012-13 actual: 7,101) for the jet service and 3,466 (2012-13 actual: 3,652) for the express service.

Note 3 – Passenger Revenue

Passenger Revenue is expected to be **$48,329K**. Budget assumes an 8% growth (3.7M) in passenger ticket revenue against the last 12 months.

Note 4 – Cargo Revenue

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

Cargo Revenue for the year ending June 30, 2014 is expected to be **$2,709K**.

Note 5 – Charter Passenger Revenue

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

Note 6 – Handling Revenue

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

Handling Revenue for the year ending June 30th, 2014 is expected to be **$1,880K**.

Note 7 - Other Income

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

Other Income for the year ending June 30th, 2014 is expected to be **$1,256K.**

Note 8 – Salaries

Salaries and Wages for the year ending June 30, 2014 are expected to be **$16,965**, no significant change from prior year.

Note 9 – Other Staff Costs

Other Staff Costs include overtime, work permits, travel, pension, uniforms, training and health insurance. Other Staff Costs for the year ending June 30, 2014 is expected to be **$4,145K**, no significant change from prior year.

Note 10 – Fuel

Fuel costs for year 2013/14 is budgeted at $18,210, being no significant change over prior year's actual of $18,240k

Note 11 – Maintenance Reserves

The company will have to pay monthly reserves for scheduled maintenance items in addition to the annual airframe (engines, disks, landing gear, etc) for the leased aircraft as "additional rent."

The budget amount for 2013/14 of **$2,186K** is driven by the schedule.

Note 12 – Landing and Parking

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

Landing and Parking projected for the year ending June 30th, 2014 is **$1,926K**. It is driven largely by schedule.

Note 13– Aircraft Services

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

Projected Aircraft Services for the year ending June 30th, 2014 is **$7,207K**.

Note 14 – Meal and Beverage

Projected Meal and Beverage expense for the year ending June 30, 2014 is **$1,150K**. Elimination of most meals on flights less than 2 hours (except for business class) has resulted in savings.

Note 15 – Commissions and Credit Card Expense

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

Actual Commission and Credit Card expense for the year ending June 30th, 2013 is $3,157K. The 2013/14 budget calls for the expense to remain fairly steady at **$2,974K**.

Note 16 – Navigation and Overfly

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

Navigation and Overfly expense for the year ending June 30th, 2014 is budgeted at **$744K**.

Note 17 - Other Maintenance

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

Budgeted Other Maintenance expense for the year ending June 30th, 2014 is **$1,817K**.

Note 18 – Aircraft Rental

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

Budgeted expectations are for 2013/14 to have an expense of **$4,357K**.

Note 19 – Facilities Rental

Actual Facilities Rental for the year ending June 30, 2013 is $563K. Budgeted expenses for 2013/14 call for an insignificant increase to **$633K**.

Note 20 – Communications

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

Actual Communication costs for the year ending June 30, 2013 are $617K. A slight decrease is expected in 2013/14 to **$538K**.

Note 21 – Depreciation

The primary component of depreciation during the budget year will be the amortization of engine overhauls, to the extent not reimbursed by the lessor. These costs are amortized over the remaining lease term so the impact can be quite material.

Actual Depreciation Expense for the year ending June 30, 2013 is $1,706K. The 2013/14 budget calls for depreciation in the amount of **$1,947K**.

Note 22 – General and Administration

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

The 2013/14 budget calls for $**1,691K** in this cost.

Note 23 – Advertising and Promotion

Projected Advertising and Promotion expense for the year ending June 30th, 2014 is **$301K**.

Note 24 – Customs Overtime

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

Actual Customs Overtime expense for the year ending June 30th, 2013 is $372K. For the 2013/14 budget year, this amount is essentially unchanged at **$373K**.

Note 25 – Other

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

Actual Other Expenses for the year ending June 30th, 2013 are $2,541K. The budget for 2013/14 expects these costs to decrease to **$2,395K**.

Note 26 – Interest Expense

Projected Interest Expense for the year ending June 30th, 2013 is $1,447K. The 2013/14 budget allows for an expense in the area of **$1,209K**.

Interest rates are assumed to remain stable during the budget year 2013/14 for the repayment of the loans.

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

CAYMAN ISLANDS AIRPORTS AUTHORITY

FOR THE FINANCIAL YEAR

ENDING 30 JUNE 2014

CONTENTS

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

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Cayman Islands Airport Authority* have agreed the *Cayman Islands Airport Authority* will seek to achieve during the 2013/14 financial year.

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

2. NATURE AND SCOPE OF ACTIVITIES

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

GENERAL NATURE OF ACTIVITIES

The *Cayman Islands Airports Authority* activities involve providing a safe and efficient environment for the movement of aircraft and people in accordance with international and national practices**.**

SCOPE OF ACTIVITIES

The scope of *Cayman Islands Airports Authority* activities is as follows:

- Operations including safety, security, rentals, advertising and maintenance of two international airports to international standards
- Provision of air traffic services including aeronautical services

CUSTOMERS AND LOCATION OF ACTIVITIES

The services provided by *Cayman Islands Airports Authority* are provided in various locations.

The operation of the airports and air traffic services are provided in two locations – at Owen Roberts International Airport, Grand Cayman and at Charles Kirkconnell (*formerly* Gerrard-Smith) International Airport, Cayman Brac. These services are provided to a variety of customers which includes eight international airlines, Cayman Airways, local and international charter aircraft, private aircraft, local businesses, various government departments, and the general public

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives (from an ownership perspective) for The CIAA for the 2013/14 financial year are as follows:

PROVIDING AN EXCEPTIONAL CUSTOMER EXPERIENCE

- Develop standards of performance in customer service
- Improve and enhance facilities of the airports
- Creating and maintaining a culture of service excellence

GROWING THE BUSINESS

- Enhance revenue opportunities
- Improve efficiency of processes so as to reduce costs
- Utilize benchmarking and surveying processes so as to maintain competitiveness

CREATING A SAFE AND SECURE ENVIRONMENT

- Maintaining and exceeding compliance with international regulations
- Develop more cost-effective and efficient provision of security services
- Develop the cultures of safety and security

DEVELOPING QUALITY TALENT MANAGEMENT

- Develop a comprehensive training program
- Develop a talent management program
- Develop a reward and recognition program

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2012 Revision) for the *Cayman Islands Airport Authority* for the 2013/14 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2013/14 BUDGET $ 000's	2012/13 FORECAST $ 000's
REVENUE FROM CABINET	0	0
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	6,998,155	10,357,240
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	15,712,429	15,712,429
SURPLUS/DEFICIT FROM OUTPUTS	5,068,051	5,045,642
OTHER EXPENSES	110,000	110,000
NET SURPLUS DEFICIT	4,958,051	4,935,642
TOTAL ASSETS	76,165,580	73,993,935
TOTAL LIABILTIES	11,511,947	10,152,724
NET WORTH	64,653,633	63,841,211
CASH FLOWS FROM OPERATING ACTIVIITES	9,197,627	9,434,929
CASH FLOWS FROM INVESTING ACTIVIITES	(4,287,550)	(8,834,000)
CASH FLOWS FROM FINANCING ACTIVIITES	0	0
CHANGE IN CASH BALANCES	4,910,077	600,929

FINANCIAL PERFORMANCE RATIO	2013/14 BUDGET %	2012/13 FORECAST %

CURRENT ASSETS : CURRENT LIABILITIES	15	11.29
TOTAL ASSETS : TOTAL LIABILITIES	7	7.29

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2013/14 BUDGET	2012/13 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	180	180
STAFF TURNOVER (%)	1%	1%
SIGNIFICANT CHANGES FOR PERSONNEL MANAGEMENT SYSTEM	New performance management system	New performance management system

PHYSICAL CAPITAL MEASURES	2013/14 BUDGET $	2012/13 FORECAST $
VALUE OF TOTAL ASSETS	36,965,516	43,352,722
ASSET REPLACEMENTS : TOTAL ASSETS	1%	1%
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	65%	65%
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	40%	40%
CHANGES TO ASSET MANAGEMENT POLICES	None	None

PHYSICAL CAPITAL MEASURES	2013/14 BUDGET $

TERMINAL EXPANSION CYB	1,000,000

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2012/13	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Lack of war and terrorism insurance	No change as it is cost-prohibitive	May be able to obtain property insurance for this but liability remains cost restrictive	Unknown but likely in the millions of dollars

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

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

OPERATING STATEMENT	2013/14 TARGET $ 000's	2012/13 FORECAST $ 000's
REVENUE	26,934,463	26,081,669
OPERATING EXPENSES	21,976413	21,036,027
NET SURPLUS/DEFICIT	4,958,051	5,045,642

BALANCE SHEET	AS AT JUNE 2014 $ 000's	AS AT JUNE 2013 $ 000's
ASSETS	76,165,580	73,993,935
LIABILITIES	11,511,947	10,152,724
NET WORTH	64,653,633	63,841,211

STATEMENT OF CASH FLOW	2013/14 TARGET $ 000's	2012/13 FORECAST $ 000's
CASH FLOWS FROM OPERATING ACTIVIITES	76,165,580	73,993,935
CASH FLOWS FROM INVESTING ACTIVIITES	11,511,947	10,152,724
CASH FLOWS FROM FINANCING ACTIVIITES	64,653,633	63,841,211

6. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2012 Revision).

TRANSACTION	AMOUNT FOR 2013/14 $
Equity Investments into CIAA	$0
Capital Withdrawals from CIAA	$0
Dividend or Profit Distributions to be made by CIAA.	$0
Government Loans to be made to CIAA.	$0
Government Guarantees to be issued in relation to CIAA	$0
Related Party Payments (Non Remuneration) made to Key Management Personnel1	$0
Remuneration2 Payments made to Key Management Personnel	$1,047,152
Remuneration Payments made to Senior Management	$1,032,872

DESCRIPTION	NUMBERS FOR 2013/14
NUMBER OF KEY MANAGEMENT PERSONNEL	20
NUMBER OF KEY SENIOR MANAGEMENT	9

[1] Key Management Personnel as defined by International Public Accounting Standards No 20, eg Minister, Board Member and Senior Management Team

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

AGREEMENT

Scope of this Agreement

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

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

Procedures for Changing this Ownership Agreement

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

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

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Cayman Islands Airport Authority will seek to achieve for the 2013/14 financial year and that the Cabinet will monitor performance against.

_____

Honourable Moses Kirkconnell, JP
Minister of District Administration, Tourism and Transport
On behalf of Cabinet

_____

Chairman of the Board

Cayman Islands Airport Authority

4th October 2013

CAYMAN ISLANDS GOVERNMENT

CAYMAN ISLANDS AIRPORT AUTHORITY

STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS FOR THE YEAR ENDING 30TH JUNE 2014

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2012 Revision).

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

To the best of our knowledge the statements are:

a. Complete and reliable;
b. Fairly reflect the forecast financial position as at 30th June 2014 and performance for the Cayman Islands Airport Authority for the year ending 30th June 2014; and
c. Comply with generally accepted accounting practice.

_____

Chairman of the Board
Cayman Islands Airport Authority

4th October 2013

APPENDIX

FORECAST FINANCIAL STATEMENTS

CAYMAN ISLANDS AIRPORT AUTHORITY
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDING 30TH JUNE 2014

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

a) Basis of accounting

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

b) Depreciation

Fixed assets, other than land, are depreciated by the straight-line method at the following rates estimated to write off the cost of the assets over their expected useful lives:

Buildings, Runways, Apron, Car Parks	20 – 40 years
Other Assets	4 – 10 years

c) Foreign currency translation

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

d) Provision for doubtful debts

The provision for doubtful debts is provided through a provision charged to expenses. Accounts receivable are written off against the provision when management believes that the collectibility of the account is unlikely. The provision is an amount that management believes will be adequate to cover any bad debts, based on an evaluation of collectibility and prior bad debts experience.

e) Use of estimates

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

f) Cash and cash equivalents

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

g) Revenue Recognition

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

h) Financial Instruments

(i) Classification

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

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

(ii) Recognition

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

(iii) Derecognition

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

(iv) Measurement

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

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

CAYMAN ISLANDS AIRPORT AUTHORITY
FORECAST OPERATING STATEMENT
FOR THE YEAR ENDING 30TH JUNE 2014

		2013-14 Budget	2012-13 Estimated Actual
Revenue			
Operations	1	26,921,288	26,069,669
Interest		13,175	12,000
Total Operating Revenue		**26,934,463**	**26,081,669**
Operating Expenses			
Personnel		9,919,721	9,354,522
Depreciation	4	3,250,000	3,500,000
Supplies & consumables		8,583,692	8,181,505
Total Operating Expenses		21**,753,413**	**21,036,027**
Surplus/Deficit from Operating Activities		**5,181,320**	**5,045,642**
Gain/(Losses) on foreign exchange		25,000	90,000
Financing Expense		**36,500**	20,000
Total Non-Operating Revenue & Expenses		**61,500**	**110,000**
Surplus/Deficit from Ordinary Activities		**5,119,820**	**4,935,642**
Extraordinary Items		161,500-	-
Net Surplus/Deficit after Extraordinary Items		**4,958,051**	**4,935,642**

CAYMAN ISLANDS AIRPORT AUTHORITY

FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30TH JUNE 2014

	2013-14 Budget	2012-13 Estimated Actual
Opening balance net worth	**59,695,582**	**58,905,569**
Surplus	4,958,051	4,635,642
Net revaluations during the period	-	-
Total recognised revenues and expenses	**4,935,642**	**4,935,642**
Distribution of surplus	-	-
Capital withdrawal	-	-
Closing balance net worth	**64,653,633**	**63,841,211**

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CAYMAN ISLANDS AIRPORT AUTHORITY

FORECAST BALANCE SHEET
AS AT 30TH JUNE 2014

	Note	2013-14 Budget	2012-13 Estimated Actual
Current Assets			
Cash and cash equivalents	2	21,053,763	18,081,459
Accounts receivable		7,639,013	11,779,754
Other Current assets		25,848	0
Total Current Assets		**30,641,213**	**30,641,213**
Long-term Assets			
Fixed Assets	4	3,965,516	43,352,722
TOTAL ASSETS		76,165,580	**73,993,935**
		==========	
Current Liabilities			
Accounts payable and accruals		1,675,418	1,346,418
Other Current liabilities		212,534	480,000
Total Current Liabilities		**1,887,952**	**1,826,418**
Long-term Liabilities			
Long-term debt		3,756,995	3,485,306
Unfunded Pension Obligation		5867,000	4,841,000
Total Long-term Liabilities		**9,623,995**	**8,326,306**
Shareholder's Equity			
Contributed capital		32,285,399	32,285,399
Retained earnings		32,368,234	31,555,812
Total Shareholder's Equity		**64,653,633**	**63841,211**
TOTAL LIABILITIES AND EQUITY		**76,165,580**	**73,993,935**

CAYMAN ISLANDS AIRPORT AUTHORITY
FORECAST STATEMENT OF CASH FLOW
FOR THE YEAR ENDING 30TH JUNE 2014

	2013-14 Budget	2012-13 Estimated Actual
Cash Flows from Operating	**9,197,627**	**9,434,929**
Cash Flows from Investing		
Purchase of fixed assets	(4,287,550)	(8,834,000)
Proceeds from sale of fixed asset	0	0
Net Cash Flows from Investing	**(4,287,550)**	**(8,834,000)**
Cash Flows from Financing		
Distribution of surplus	-	-
Capital Injections	-	-
Proceeds from Long-term debt	-	-
Payment of Long-term debt	0	-
Proceeds from Bond debt	-	-
Net Cash Flows from Financing	**0**	**0**
Opening Balance Cash and Cash Equivalents	**16,143,686**	**17,480,530**
Net change in cash and cash equivalent	4,910,077	600,929
Closing Balance Cash and Cash Equivalents	21,053,763	**18,081,459**
	==========	

	2013-14 Budget	2012-13 Estimated Actual
Aircraft Movement	3,130,517	3,761,902
Passenger Movement	15,426,940	17,298,270
Concessions	380,678	2,271,448
Advertising	300,000	300,000
Parking/Fuel	679,984	1,202,380,
Other Goods and Services Revenue General Sales	7,016,344	
Misc Income		40,000
Total Operating Revenue	26,934,463	23,741,039

NOTE 2. CASH AND CASH EQUIVALENTS

	2013-14 Budget	2012-13 Estimated Actual
Cash register floats	12,863	15,400
Current accounts	5,579,747	6,432,529
Short-Term fixed deposits	15,461,153	11,633,530
Total Cash and Cash Equivalents	**21,053,763**	**18,081,459**

	2013-14 Budget	2012-13 Estimated Actual
Land		
Opening Book Value/Cost	8,963,900	8,963,900
Additions	-	-
Accumulated Depreciation	-	-
Closing Book Value	**8,963,900**	**8,963,900**
Buildings		
Opening Book Value/Cost	35,407,192	35,128,496
Additions	2,085,018	6,020,000
Depreciation	(20,915,955)	(18,827,764)
Closing Book Value	**16,576,256**	**22,320,732**
Plant & Equipment		
Opening Book Value/Cost	7,617,888	8,071,733
Additions	2,390,800	2,261,000
Accumulated Depreciation	(5,404,153)	(5,056,906)
Closing Book Value	**4,604,535**	**5,275,827**
Motor Vehicles		
Opening Book Value/Cost	862,629	816,896
Additions	27,000	319,500
Accumulated Depreciation	(569,289)	(558,056)
Closing Book Value	**320,340**	**578,340**
Furniture & Office Equipment		
Opening Book Value/Cost	1,211,419	924,500
Additions	11,250	45,000
Accumulated Depreciation	(980,034)	(937,934)
Closing Book Value	**242,635**	**31,566**
Other Assets Under Construction		
Opening Book Value/Cost	5,847,746	5,629,460
Additions		0
Accumulated Depreciation	0	0
Closing Book Value	**5,847,746**	**5,999,460**

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

CAYMAN ISLANDS DEVELOPMENT BANK

FOR THE FINANCIAL YEAR

ENDING 30 JUNE 2014

CONTENTS

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

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Cayman Islands Development Bank* have agreed the *Cayman Islands Development Bank* will seek to achieve during the 2013/14 financial year.

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

2. NATURE AND SCOPE OF ACTIVITIES

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

GENERAL NATURE OF ACTIVITIES

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

SCOPE OF ACTIVITIES

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

1. Provide finance in order to promote and facilitate development in the Islands, with particular reference to Small Businesses especially in construction, electronics, commerce and tourism, and housing and human resource development.

2. Provide an advisory service to give advice and disseminate Information about matters relating to:
    a) Housing, mortgage finance and the maintenance of dwellings
    b) Advice in education and counselling in education
    c) Agricultural, industrial and tourism development.

- Promote agricultural, tourism and industrial development in the Islands.

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

CUSTOMERS AND LOCATION OF ACTIVITIES

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

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Cayman Islands Development Bank* for the 2013/14 financial year are as follows:

Strategic Goals

- To continue to operate as a prudently managed, efficiently operated and highly respected development financial institution while producing sound financial and operating results.

- To focus on the development of the Islands by identifying, funding and implementing programmes, projects and services that will assist Caymanians in improving themselves and their communities especially those with bankable propositions who do not have ready access to conventional financing.

Objectives

The Objectives of the Cayman Islands Development Bank during the fiscal year 2013/14 are to:

- Enlarge the lending portfolio by adding new quality loans especially in the areas of tertiary education and housing, such that its investment will be sound and that the income generated contribute significantly to meeting the Bank's operating costs.

- Through joint collaboration with the University College of the Cayman Islands, institute entrepreneurship programmes.

- Approach local financial institutions with the aim of obtaining debt restructuring and long-term financing of the Bank's existing external loan facilities. Such restructuring to include obtaining additional funding for on-lending to our customers. This additional funding will be drawn down in tranches to address the Bank's short to mid-term borrowing needs.

- Ensure that the programmes administered on behalf of the Cayman Islands Government and other agencies are also managed in an efficient and effective manner.

- Assist in the development of the Sister Islands by providing increased financing for housing and human resources training.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2012 Revision) for the *Cayman Islands Development Bank* for the 2013/14 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2013/14 BUDGET $ 000's	2012/13 FORECAST $ 000's
REVENUE FROM CABINET	5,74768	566,768
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES		-
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	2,630,963	2,504,128
SURPLUS/DEFICIT FROM OUTPUTS	-	-
OTHER EXPENSES	3,315,751	3,635,424
NET SURPLUS DEFICIT	(110,020)	(564,528)
TOTAL ASSETS	43,288,800	42,124,964
TOTAL LIABILTIES	38,127,958	38,354,102
NET WORTH	5,160,842	3,770,862
CASH FLOWS FROM OPERATING ACTIVIITES	1,118,827	3,770,862
CASH FLOWS FROM INVESTING ACTIVIITES	(546)	3,770,862
CASH FLOWS FROM FINANCING ACTIVIITES	1,110,541	3,770,862
CHANGE IN CASH BALANCES	7,427,299	3,770,862

FINANCIAL PERFORMANCE RATIO	2013/14 BUDGET %	2012/13 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	7:1	5:1
TOTAL ASSETS : TOTAL LIABILITIES	1:1	1:1

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2013/14 BUDGET	2012/13 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	14	14
STAFF TURNOVER (%)	Nil	Nil
SENIOR MANAGER	5	4
PROFESSIONAL AND TECHNICAL STAFF	9	8
ADMINISTRATIVE STAFF	6	5
Significant changes to personnel management system	None	None

PHYSICAL CAPITAL MEASURES	2013/14 BUDGET $	2012/13 FORECAST $
VALUE OF TOTAL ASSETS	43,288,800	42,124,964
ASSET REPLACEMENTS : TOTAL ASSETS	Nil	4,653:42,124,964
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	534,354:1,296,653	580,688:1,296,653
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	Nil	Nil
CHANGES TO ASSET MANAGEMENT POLICES	Nil	Nil

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2012/13	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Default on loan payments	Planned focus on reducing loan delinquency levels and improving collections	Increased focus on approving loans that are beneficial to the portfolio and an increased focus on collections	Reduced Loan Interest Income

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

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

OPERATING STATEMENT	2013/14 TARGET $ 000's	2012/13 FORECAST $ 000's
REVENUE	3,205,731	3,070,896
OPERATING EXPENSES	3,315,751	3,635,424
NET SURPLUS/DEFICIT	(110,020)	(564,528)

BALANCE SHEET	AS AT JUNE 2014 $ 000's	AS AT JUNE 2013 $ 000's
ASSETS	43,288,800	42,124,964
LIABILITIES	38,127,958	38,354,102
NET WORTH	5,160,842	3,770,862

STATEMENT OF CASH FLOW	2013/14 TARGET $ 000's	2012/13 FORECAST $ 000's
CASH FLOWS FROM OPERATING ACTIVIITES	1,118,826	2,066,311
CASH FLOWS FROM INVESTING ACTIVIITES	(546)	(1,698)
CASH FLOWS FROM FINANCING ACTIVIITES	1,110,541	640,487

6. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2012 Revision).

TRANSACTION	AMOUNT FOR 2013/14 $
Equity Investments into the Cayman Islands Development Bank	1,500,000
Capital Withdrawals from the Cayman Islands Development Bank	-
Dividend or Profit Distributions to be made by the Cayman Islands Development Bank	-
Government Loans to be made to the Cayman Islands Development Bank.	-
Government Guarantees to be issued in relation to the Cayman Islands Development Bank.	-
Related Party Payments (Non Remuneration) made to Key Management Personnel[3]	-
Remuneration[4] Payments made to Key Management Personnel	435,600
Remuneration Payments made to Senior Management (MD)	372,000

DESCRIPTION	NUMBERS FOR 2013/14 $

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

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

NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	5
NUMBER OF KEY SENIOR MANAGEMENT (MD)	4

AGREEMENT

Scope of this Agreement

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

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

Procedures for Changing this Ownership Agreement

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

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

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Cayman Islands Development Bank will seek to achieve for the 2013/14 financial year and that the Cabinet will monitor performance against.

_____

Honourable Wayne Panton

Minister of Financial Services, Commerce and Environment

On behalf of Cabinet

_____

Mr. Noel Williams
Chairman of the Board
Cayman Islands Development Bank

4th October 2013

CAYMAN ISLANDS GOVERNMENT

CAYMAN ISLANDS DEVELOPMENT BANK
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2014

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2012 Revision).

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

To the best of our knowledge the statements are:

a. Complete and reliable;
b. Fairly reflect the forecast financial position as at 30th June 2014 and performance for the Cayman Islands Development Bank for the year ending 30th June 2014; and
c. Comply with generally accepted accounting practice.

_____

Chairman of the Board
Cayman Islands Development Bank

4th October 2013

APPENDIX

FORECAST FINANCIAL STATEMENTS

CAYMAN ISLANDS DEVELOPMENT BANK
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDING 30TH JUNE 2014

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

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

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

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

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

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

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

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

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

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

CAYMAN ISLANDS DEVELOPMENT BANK
FORECAST STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDING 30TH JUNE 2014

	NOTE	2013/14 Target $	2012/13 Forecast (Restated) $
Revenue			
Outputs Funded by Cabinet		526,317	566,768
Services provided to the Ministry of Education		48,451	-
Operations		2,630,963	2,504,128
Total Operating Revenue		**3,205,731**	**3,070,896**
Operating Expenses			
Personnel		1,055,601	1,130,863
Accommodation Costs		179,743	143,522
Office Expenses		40,778	75,299
Directors Fees		4,200	4,250
Computer Maintenance and Licensing Fees		60,800	68,842
Marketing, Advertising and Promotions		8,226	9,918
Depreciation		46,335	54,571
Professional Fees/Consultancy		110,775	141,733
Provision for Loan Losses		600,000	875,966
Loss on Foreign Exchange Conversion		2,000	10,837
Interest Expense		1,207,293	1,119,623
Total Operating Expenses		**3,315,751**	**3,635,424**
Net Income (loss) from Operations		**-110,020**	**-564,528**

CAYMAN ISLANDS DEVELOPMENT BANK

FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30TH JUNE 2014

	NOTE	2013/14 Target $	2012/13 Forecast (Restated) $
Opening Balance Retained Earnings (Accumulated Losses)		-566,832	927,556
Net Income (Loss) for the Year		-110,020	- 564,528
Transfer to Reserves		-	-
Prior Year Adjustment		-	- 929,860
Closing Balance Retained Earnings (Accumulated Losses)		-676,852	-566,832
Opening Balance Reserves		48,509	48,509
Transfer from Operations		-	-
Closing Balance Reserves		48,509	48,509
Opening Balance Contributed Capital		4,289,185	3,289,185
Movement in Contributed Capital		1,500,000	1,000,000
Closing Balance Contributed Capital		5,789,185	4,289,185
Total		**5,160,842**	**3,770,862**

CAYMAN ISLANDS DEVELOPMENT BANK
FORECAST STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2014

	NOTE	2013/14 Target $	2012/13 Forecast (Restated) $
Assets			
Cash and Cash Equivalents	2	9,656,121	7,427,299
Deposit Accounts		172,415	171,869
Prepayments		18,000	16,958
Loans, Deposit Interest and Other Receivable		199,945	249,947
Loans and advances to customers, net of allowance for credit losses	3	32,707,965	33,678,202
Property and equipment	4	534,354	580,689
TOTAL ASSETS		**43,288,800**	**42,124,964**
Liabilities			
Bank Overdraft	2	-	-
Accounts Payable and Accruals		240,003	246,339
Due to Related Parties		645,877	545,877
Interest payable – loans and bonds		300,670	231,018
Current Portion of Long -Term Debt		311,566	389,459
Post Retirement Benefit Pension Obligations		33,000	33,000
Loans from CDB	5	1,869,402	2,180,969
Note Payable - Bonds	6	34,727,440	34,727,440
Total Liabilities		**38,127,958**	**38,354,102**
Equity			
Contributed Capital	7	5,789,185	4,289,185
Reserve Fund	8	48,509	48,509
Retained Earnings (Accumulated Losses)		- 676,852	- 566,832
Total Equity		5,160,842	3,770,862
TOTAL LIABILITIES AND EQUITY		**43,288,800**	**42,124,964**

CAYMAN ISLANDS DEVELOPMENT BANK

FORECAST STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30TH JUNE 2014

	2013/14 Target		2012/13 Forecast (Restated)
	$		$
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income (loss) for the Year	- 110,020		- 564,528
Items not Affecting Cash:			
Depreciation	46,335		54,571
Loan loss expense	600,000		878,746
Gain on sale of property and equipment	-		- 3,500
Transfer to reserve fund	-		-
	536,315		365,289
Changes in Non-Cash Working Capital Balances Relating to Operations			
Decrease/(increase) in prepayments	- 1,040		582
Decrease/ (Increase) in Loans, Deposit Interest and Other Receivable	50,000		314
Increase (Decrease) in due to related parties	100,000		258,396
(Increase) Decrease in loans and advances to customers	370,237		1,561,654
Increase (Decrease) in post retirement pension obligation	-		-
Increase (Decrease) in Accounts Payable & Accruals	- 6,337		- 94,638
Increase (Decrease) in interest payable – loans and bonds	69,652		- 25,286
Net Cash Provided by (Used in) Operating Activities	1,118,827		2,066,311
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase)/decrease in Fixed deposits	- 546		- 545
Purchase of property and equipment	-		- 4,653
Proceeds from disposal of property and equipment	-		3,500
Net Cash Provided by (Used in) Investing Activities	- 546		- 1,698
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from debt issued and other borrowed funds	-		-
Repayments of debt issued and other borrowed funds	- 389,459		- 359,513
Bonds (repaid) raised	-		-
Capital injection	1,500,000		1,000,000
Net Cash Provided by (Used in) Financing Activities	1,110,541		640,487
Net Increase (Decrease) in Cash and Cash Equivalents	2,228,822		2,705,100
Cash and Cash Equivalents at Beginning of the Period	7,427,299		4,722,199
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	**9,656,121**		**7,427,299**

	2013/14	2012/13
	Target	Forecast (Restated)
	$	$
Interest Income	2,619,763	2,489,821
Outputs funded by Cabinet	526,317	566,768
Services provided to the Ministry of Education	48,451	-
Other Income	11,200	14,307
Total	**3,205,731**	**3,070,896**

NOTE 2 – CASH AND CASH EQUIVALENTS

	2013/14	2012/13
	Target	Forecast (Restated)
	$	$
Current and call accounts	9,656,121	7,427,299
Bank overdraft	-	-
Total	**9,656,121**	**7,427,299**

NOTE 3 – LOANS AND ADVANCES TO CUSTOMERS

	2013/14	2012/13
	Target	Forecast (Restated)
	$	$
Principal amounts owed by customers	38,275,448	38,645,685
Less: Provision for loan losses	- 5,567,483	- 4,967,483
Total	**32,707,965**	**33,678,202**

	2013/14		2012/13
	Target		Forecast (Restated)
Office Furniture and Equipment			
Opening Book Value/Cost	104,782		118,176
Additions	-		319
Disposal			- 13,713
Depreciation	- 103,601		- 101,992
Closing Book Value	1,181		2,790
Computer Hardware and Software			
Opening Book Value/Cost	354,506		350,172
Additions	-		4,334
Disposal	-		-
Depreciation	- 351,930		- 348,006
Closing Book Value	2,576		6,500
Motor Vehicle			
Opening Book Value/Cost	21,300		21,300
Additions	-		-
Disposal	-		-
Depreciation	- 21,300		- 21,300
Closing Book Value	-		-
Real Property – Office Space			
Opening Book Value/Cost	816,065		816,065
Additions	-		-
Disposal	-		-
Depreciation	- 285,468		- 244,666
Closing Book Value	530,597		571,399
Total Net Book Value	**534,354**		**580,689**

NOTE 5 – LOANS FROM CARIBBEAN DEVELOPMENT BANK

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

	2013/14	2012/13
	Target	Forecast (Restated)
	$	$
Opening balance	2,570,428	2,929,941
Drawdowns	-	-
Repayments	- 389,459	- 359,513
Closing balance	**2,180,969**	**2,570,428**

NOTE 6 – OTHER LONG-TERM LIABILITIES

On June 30, 2005, the CIDB issued two (2) Variable Rate Development Bonds totaling US$12 million (CI$10 million). The offering was fully subscribed. Additional funding of CI$16.6 million was secured in the fiscal year 2007/2008 for on-lending; this bond was later refinanced in April 2010 with a local financial institution. One of the bonds issued in June 2005 matured in June 2010; the Management of the Bank successfully negotiated with over 95% (US$5.8 Million) of the bondholders to extend the bond for another 5 years to June 30, 2015. In July 2010 and January 2011 the Bank obtained proceeds under two US$5 Million bonds with a local financial institution. There is no planned borrowing for year ending June 30, 2013.

	2013/14	2012/13
	Target	Forecast (Restated)
	$	$
US$ 5.8 million bond 2015 Variable Rate at 6 month US$ LIBOR plus 2.75%	4,818,640	4,818,640
US$ 6 million bond 2015 Variable Rate at 6 month US$ LIBOR plus 1%	4,984,800	4,984,800
US$ 5 million bond 2015 Variable Rate U.S. LIBOR, plus 2.75%	4,154,000	4,154,000
US$ 5 million bond 2016 Variable Rate U.S. LIBOR, plus 2.75%	4,154,000	4,154,000
US$ 20 million bond 2015 Variable Rate U.S. LIBOR, plus 2.35%	16,616,000	16,616,000
Closing balance	**34,727,440**	**34,727,440**

NOTE 7 – EQUITY CAPITAL

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

	2013/14	2012/13
	Target	Forecast (Restated)
	$	$
Opening balance	4,289,185	3,289,185
Capital contributed	1,500,000	1,000,000
Closing balance	**5,789,185**	**4,289,185**

NOTE 8 – RESERVE FUND

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

The Reserve Fund is comprised as follows:

	2013/14	2012/13
	Target	Forecast (Restated)
	$	$
Opening balance	48,509	48,509
Transfer from net income	-	-
Closing balance	**48,509**	**48,509**

There are no transfers to reserve fund for both years as the Bank made a loss for year ended June 30,

2013 and is projected to make a loss for year ending June 30, 2014.

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

CAYMAN ISLANDS MONETARY AUTHORITY

FOR THE FINANCIAL YEAR

ENDING 30 JUNE 2014

CONTENTS

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

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Cayman Islands Monetary Authority* have agreed the *Cayman Islands Monetary Authority* will seek to achieve during the 2013/14 financial year.

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

2. NATURE AND SCOPE OF ACTIVITIES

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

GENERAL NATURE OF ACTIVITIES

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

SCOPE OF ACTIVITIES

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

CUSTOMERS AND LOCATION OF ACTIVITIES

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

The services provided by the Cayman Islands Monetary Authority are provided mainly in the Cayman Islands to both local and foreign and companies operating within the financial services industry. In order to effectively regulate some of the licensees, some services must be performed at overseas locations. CIMA attends and participates in conferences worldwide. CIMA customers also include other International Regulatory Bodies, and other Financial Associations both local and overseas.

In its Currency function, CIMA customers include the Banks and local residents and visitors.

There are a number of Government Departments to whom CIMA provides services, the main one being the collection of fees from the financial services industry on behalf of the Government.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Cayman Islands Monetary Authority* for the 2013/14 financial year are as follows:

1. to further **modernise regulation and enhance supervision** in order to ensure that Cayman keeps on par with the evolving international regulatory standards and best practices that are relevant to our business;

2. to **intensify CIMA's international cooperation and involvement** so as to: ensure that the Authority does its part in maintaining the safety and sound regulation of the international financial system; enable Cayman to continue to contribute to the development of international rules and standards that affect this jurisdiction, and to enhance the jurisdiction's reputation;

3. to further **modernise regulation and enhance supervision** in order to ensure that Cayman keeps on par with the evolving international regulatory standards and best practices that are relevant to our business;

4. to facilitate the Government and private sector's efforts to **further develop the Cayman Islands as an international financial centre**, and

5. to **increase CIMA's effectiveness and cost-efficiency**.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2012 Revision) for the *Cayman Islands Monetary Authority* for the 2013/14 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2013/14 BUDGET $ 000's	2012/13 FORECAST $ 000's
REVENUE FROM CABINET	9,865,000	14,865,000
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	0	0
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	10,326,000	3,828,212
SURPLUS/DEFICIT FROM OUTPUTS	0	0
OTHER EXPENSES	500,000	0
NET SURPLUS DEFICIT	0	664,749
TOTAL ASSETS	112,199,486	111,600,541
TOTAL LIABILTIES	88,259,000	88,160,055
NET WORTH	23,940,486	23,440,486
CASH FLOWS FROM OPERATING ACTIVIITES	2,084,135	848,735
CASH FLOWS FROM INVESTING ACTIVIITES	(2,749,368)	(190,294)
CASH FLOWS FROM FINANCING ACTIVIITES	(0)	0
CHANGE IN CASH BALANCES	(665,233)	658,441

FINANCIAL PERFORMANCE RATIO	2013/14 BUDGET %	2012/13 FORECAST %

CURRENT ASSETS : CURRENT LIABILITIES	0.83 : 1	0.82 : 1
TOTAL ASSETS : TOTAL LIABILITIES	1.27 : 1	1.27 : 1

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	**2013/14 BUDGET**	**2012/13 FORECAST**
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	184	168
STAFF TURNOVER (%)	10%	2%
SENIOR MANAGER	8.0	7.0
PROFESSIONAL AND TECHNICAL STAFF	3.5	5.1
ADMINISTRATIVE STAFF	7.5	3.7

PHYSICAL CAPITAL MEASURES	**2013/14 BUDGET $**	**2012/13 FORECAST $**
VALUE OF TOTAL ASSETS	3,496,330	1,501,628
ASSET REPLACEMENTS : TOTAL ASSETS	79%	13%
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	39%	24%
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	27%	341%
CHANGES TO ASSET MANAGEMENT POLICES	None	

MAJOR CAPITAL EXPENDITURE PROJECTS	**2013/14 BUDGET $**

Various IT Projects including :- Electronic filing and reporting systems, Network Topology and Security, Communications and associated hardware.	2,749,368

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

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2012/13	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Continuing negative impact of the economic downturn	On-going	Regular monitoring of the performance and composition of the Investment Portfolio. Implementing cost savings measures	unquantifiable; Poorer performance on the Investment Portfolio.
Loss and absence of Critical staff	On-going	Regular training, succession planning, regular performance assessments and recognition	Unquantifiable
Failure to exercise due diligence or employ informed business judgments. Failure to achieve and stay current with Industry developments, requirements, and standards.	On-going	Support the development and continuing education of staff. Attendance at conferences and seminars. CIMA continues to work along with Government and the Private Sector	Unquantifiable

Loss of important data, documents	On-going	Document Management and electronic filing procedures and systems are being implemented / enhanced in order to expand existing business continuity measures. The Authority has 2 offsite disaster recovery centres.	Unquantifiable

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

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

OPERATING STATEMENT	2013/14 TARGET $ 000's	2012/13 FORECAST $ 000's
REVENUE	20,191,000	18,693,212
OPERATING EXPENSES	19,691,000	18,028,463
NET SURPLUS/DEFICIT	500,000	664,749

BALANCE SHEET	AS AT JUNE 2014 $ 000's	AS AT JUNE 2013 $ 000's
ASSETS	112,199,486	111,600,541
LIABILITIES	88,259,000	88,160,055
NET WORTH	23,940,486	23,440,486

STATEMENT OF CASH FLOW	2013/14 TARGET $ 000's	2012/13 FORECAST $ 000's
CASH FLOWS FROM OPERATING ACTIVIITES	2,084,135	848,736
CASH FLOWS FROM INVESTING ACTIVIITES	(2,749,368)	(190,294)
CASH FLOWS FROM FINANCING ACTIVIITES	0	0

6. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2012 Revision).

TRANSACTION	AMOUNT FOR 2013/14 $
Equity Investments into the Cayman Islands Monetary Authority	0
Capital Withdrawals from the Cayman Islands Monetary Authority	0
Dividend or Profit Distributions to be made by the Cayman Islands Monetary Authority	0
Government Loans to be made to the Cayman Islands Monetary Authority	0
Government Guarantees to be issued in relation the Cayman Islands Monetary Authority	0
Related Party Payments (Non Remuneration) made to Key Management Personnel[5]	0
Remuneration[6] Payments made to Key Management Personnel	144,000
Remuneration Payments made to Senior Management	1,994,965

DESCRIPTION	NUMBERS FOR 2013/14 $
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	6

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

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

NUMBER OF KEY SENIOR MANAGEMENT (MD)	1

AGREEMENT

Scope of this Agreement

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

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

Procedures for Changing this Ownership Agreement

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

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

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Cayman Islands Monetary Authority will seek to achieve for the 2013/14 financial year and that the Cabinet will monitor performance against.

_____

Honourable Wayne Panton
Minister of Financial Services, Commerce and Environment
On behalf of Cabinet

_____

George McCarthy, OBE, JP
Chairman of the Board
Cayman Islands Monetary Authority

4th October 2013

CAYMAN ISLANDS GOVERNMENT

CAYMAN ISLANDS MONETARY AUTHORITY
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2014

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2012 Revision).

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

To the best of our knowledge the statements are:

a. Complete and reliable;
b. Fairly reflect the forecast financial position as at 30th June 2014 and performance for the Cayman Islands Monetary Authority for the year ending 30th June 2014; and
c. Comply with generally accepted accounting practice.

_____

George McCarthy, OBE, JP

Chairman of the Board
Auditor Oversight Authority

4th October 2013

APPENDIX

FORECAST FINANCIAL STATEMENTS

CAYMAN ISLANDS AIRPORT AUTHORITY
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDING 30TH JUNE 2014

Organization and Objectives: The Cayman Islands Monetary Authority (the "Authority") was established under The Monetary Authority Law, 1996 (the "Law") on 1 January 1997. Under the Monetary Authority Law (2011 Revision) (the "Law (2011 revision)"), the primary objectives of the Authority are (a) to issue and redeem currency notes and coins and to manage the Currency Reserve, (b) to regulate and supervise the financial services business (c) to provide assistance to overseas regulatory authorities, and (d) to advise the Cayman Islands Government on regulatory matters.

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

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

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

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

Financial Instruments

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

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

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

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

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

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

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

CAYMAN ISLANDS MONETARY AUTHORITY
STATEMENT OF ACCOUTING POLICIES
FOR THE YEAR ENDING 30 JUNE 2014

Investments
The principal investment objectives of the Authority are security, liquidity and income. The investment portfolio is managed by independent fund managers in accordance with investment guidelines established by the Board of Directors, in accordance with the Law (2011 Revision).

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

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

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

Numismatic Coins in Circulation

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

Fixed Assets

Fixed Assets are stated at historical cost less accumulated depreciation. Additions or improvements to assets during the year, which significantly add to the value of, or extend the useful life of such assets, are capitalised as part of the cost. Depreciation is calculated on the straight-line method of 20% per annum for Furniture & Fixtures, Leasehold Improvements, Motor Vehicle and Office Equipment (with the exception of Bank Note Sorting Machine calculated at 15% and DRC Equipment calculated at 33.33%); and 25% to 33.33% per annum for Computer Hardware and Software.

Employee Benefits:

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

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

A defined benefit plan is one that defines an amount of benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation. The asset or liability in respect of defined benefit plans is the difference between the present value of the defined benefit obligation at the Statement of Financial Position date and the fair value of plan assets, adjusted for unrecognised actuarial gains/losses and past service cost. Where a pension asset arises, the amount recognised is limited to the net total of any cumulative unrecognised net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reduction in future contributions to the plan. The pension costs are assessed using the Projected Unit Credit Method. Under this method the cost of providing pensions is charged in the Operating Statement so as to spread the regular cost over the service lives of employees in accordance with advice of the actuary, (who is due to carry out a full valuation of the plans every year). The pension obligation is measured at the present value of the estimated future cash outflows using discount estimated rates based on market yields on high quality corporate Obligations for contributions to defined contribution and defined benefits pension plans are recognized as salary and other benefits expense in the Operating Statement as incurred.

(employee benefits continued)

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

Demand Liabilities: Demand Liabilities represents the value of notes and coins in circulation. These liabilities are fully funded by the Currency Reserve Assets. Under the Law (2011 Revision), the Currency Reserve Assets represent external and local assets that: shall only be used to satisfy demand liabilities; shall be segregated from all other assets of the Authority; and shall not be chargeable with any liability arising from any other business of the Authority.

Allocation of profits
Under Section 9 and 10 of the Law (2011 revision), the net profits of the Authority, after provision for all expenditure and reserves, shall be allocated such that the Currency Reserve Assets represent at least 100% of Demand Liabilities and the General Reserve represents at least 15% of Demand Liabilities. Any surplus not allocated in accordance with the above shall be transferred to the General Revenue of the Cayman Islands Government.

General Reserve
The Authority maintains a General Reserve in accordance with Section 8 of the Law (2011 revision), to provide additional funding if necessary for Demand Liabilities and obligations arising from other business of the Authority. In accordance with section 8 of the Law (2011 revision) the General Reserve shall represent at least 15% of Demand liabilities.

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

Capital and Operational Expenditures Reserves
Under Section 9 of the Law (2011 revision), the net profits of the Authority for any financial year shall include, but shall not be limited to, the income from the investments of the Authority, and the profit from the sales of investments belonging to the Authority, and shall be determined by the Authority after meeting or providing for all expenditure for that year and making such provisions for contingencies and the establishment of such additional reserves as it may consider desirable. The Capital Expenditures Reserve has been established for the implementation and acquisition of key capital projects, in particular IT Projects.

Contributed Capital
The authorised capital of the Authority is $100 million; with The Cayman Islands Government being the

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

Revenue recognition

The Authority's main source of income is derived from the services it provides to the Government of the Cayman Islands. ***Commencing in 2012/13, Output funding to CIMA was reduced; this reduction was supplemented by reclassifying as Entity revenue, charges for Administrative services provided by the Authority to a licensees. In 2013/14 Output funding is being reduced by a further $5m, as Government has made the decision that the new revenue measure of Licensing/Registration Hedge Fund Directors Fees will be CIMA's Entity revenue***. In addition, the Authority's other sources of income are generated from its investments, bank balances, and other currency transactions. The Authority recognises revenue in the period in which it is earned.

CAYMAN ISLANDS MONETARY AUTHORITY
STATEMENT OF ACCOUTING POLICIES
FOR THE YEAR ENDING 30 JUNE 2014

Leases

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

CAYMAN ISLANDS MONETARY AUTHORITY
FORECAST OPERATING STATEMENT
FOR THE YEAR ENDING 30TH JUNE 2014

CAYMAN ISLANDS MONETARY AUTHORITY
FORECAST OPERATING STATEMENT
FOR THE YEAR ENDING 30 JUNE 2013

	Note	2013/14 Budget $	2012/13 Forecast $	2011/12 Actual $
REVENUE				
Outputs		9,865,000	14,865,000	17,350,000
Licensing/Registration Hedge Funds Directors		5,500,000		
CIMA Transaction Fees		4,000,000	3,008,217	0
Investment/Interest Income		450,000	444,718	587,067
Operations		376,000	375,277	473,297
Total Operating Revenue		**20,191,000**	**18,693,212**	**18,410,364**
OPERATING EXPENSES				
Personnel	1	14,113,419	12,711,392	12,419,920
Supplies & Consumables	2	4,822,915	4,668,578	5,206,939
Depreciation	3	754,666	648,493	669,874
Total Operating Expenses		**19,691,000**	**18,028,463**	**18,296,733**
Surplus from Operating Activities		**500,000**	**664,749**	**113,631**

CAYMAN ISLANDS MONETARY AUTHORITY

FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30TH JUNE 2014

CAYMAN ISLANDS MONETARY AUTHORITY
FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30 JUNE 2013

	Note	2013/14 Budget $	2012/13 Forecast $	2011/12 Actual $
Opening balance net worth		**23,440,486**	**22,775,737**	**22,662,106**
Surplus		500,000	664,749	113,631
Capital contribution		0	0	
Distribution of Surplus		0	0	0
Capital withdrawal		0	0	0
Currency Issue Reserve		0	0	0
Closing balance net worth		**23,940,486**	**23,440,486**	**22,775,737**

CAYMAN ISLANDS MONETARY AUTHORITY

FORECAST BALANCE SHEET
AS AT 30TH JUNE 2014

CAYMAN ISLANDS MONETARY AUTHORITY
FORECAST BALANCE SHEET
AS AT 30 JUNE 2013

	Note	2013/14 Budget $	2012/13 Forecast $	2011/12 Actual $
Currency Reserve Assets				
Current Assets				
Call Deposits	4	4,992,941	4,617,941	3,737,482

CAYMAN ISLANDS MONETARY AUTHORITY
FORECAST STATEMENT OF CASH FLOW
FOR THE YEAR ENDING 30TH JUNE 2014

CAYMAN ISLANDS MONETARY AUTHORITY
FORECAST STATEMENT OF CASH FLOWS
AS AT 30 JUNE 2013

	2013/14 Budget	2012/13 Forecast	2011/12 Actual
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Outputs to Cabinet	9,865,000	15,279,167	14,651,283
Licensing/Registration Hedge Funds Directors	5,500,000		
CIMA Transaction Fees and Other Income	5,362,889	1,775,314	425,020
Investment Income	451,893	414,239	560,650
Payments			
Personnel Costs	(14,113,418)	(12,648,392)	(12,323,920)
Suppliers	(4,753,242)	(4,272,259)	(4,513,214)
Net change of Investments	(250,000)	1,767,877	(3,298,213)
Net change in Demand Liabilities	21,013	(1,467,182)	3,775,850
Change in DBA and Other Assets	0	(29)	49,292
Net cash flow from Operating activities	2,084,135	848,735	(673,252)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current assets	(2,749,368)	(190,294)	(423,183)
Proceeds on Disposal of Fixed Assets	0	0	0
Cash flows from investing activities	(2,749,368)	(190,294)	(423,183)
CASH FLOWS FROM FINANCING ACTIVITIES			
Contribution received from CI Government	0	0	0
Capital Withdrawal by CI Government	0	0	0
Repayment of Surplus	0	0	(425,000)
Cash flow from Financing Activities	0	0	(425,000)
Opening Balance - Cash and Cash Equivalents	14,068,612	13,410,171	14,931,606
Net Change in cash	(665,233)	658,441	(1,521,435)
Closing Balance - Cash and Cash Equivalents	13,403,379	14,068,612	13,410,171

	2013/14 Budget $	2012/13 Forecast $	2011/12 Actual $
NOTE 1. PERSONNEL COSTS			
Salaries, wages, allowances	12,290,349	11,001,957	10,684,690
Pension expense	927,814	821,238	819,275
Movement on Defined Benefit Pension	0	63,000	144,000
Other personnel related expenses	895,256	825,197	771,955
Total Personnel Costs	**14,113,419**	**12,711,392**	**12,419,920**
NOTE 2. SUPPLIES AND CONSUMABLES			
Supplies and Consumables	2,770,214	2,647,977	2,893,704
Purchase of services	837,562	908,031	953,530
Operating lease rentals	989,107	890,617	916,196
Other Supplies and Consumables	226,032	221,953	443,509
Total Supplies and Consumables	**4,822,915**	**4,668,578**	**5,206,939**
NOTE 3. DEPRECIATION			
Vehicles	0	3,480	4,532
Furniture and fittings	5,453	4,638	1,741
Computer hardware and software	690,235	579,860	621,350
Office equipment	58,978	60,515	42,251
Total Depreciation	**754,666**	**648,493**	**669,874**

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

	2013/14 Budget $	2012/13 Forecast $	2011/12 Actual $
NOTE 4. CASH AND CASH EQUIVALENTS			
Operating Current and Call Accounts, and Cash on hand	11,856,745	12,527,990	11,875,535
Short Term Deposits including call accounts	1,546,634	1,540,622	1,534,636
Total Cash and Cash Equivalents	**13,403,379**	**14,068,612**	**13,410,171**

NOTE 5. ACCOUNTS RECEIVABLE			
Outputs to Cabinet	2,477,500	2,477,500	2,891,667
Outputs to other government agencies	0	0	0
Outputs to Others	0	0	0
Asset sales	0	0	0
Other Accounts Receivable	819,224	1,806,114	198,353
Total Gross	**3,296,724**	**4,283,614**	**3,090,020**
Less provision for doubtful debts	(14,058)	(25,026)	(19,924)
Total Net Accounts Receivable	**3,282,666**	**4,258,588**	**3,070,096**

NOTE 6. INVENTORIES			
Raw Materials (including Consumable Stores)	2,250,700	2,253,408	2,889,455
Work in Progress	0	0	0
Total Inventories	**2,250,700**	**2,253,408**	**2,889,455**

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

	Opening Balance	Addition	Disposals	Revaluation	Depreciation	Closing Balance 30-Jun-14 Book Value Actual
	$	$	$	$	$	$
Vehicles	0	0	0	0	0	0
Furniture & Fittings	20,861	0	0	0	(5,453)	15,408
Computer Hardware & Software	1,181,517	2,791,063	0	0	(690,235)	3,282,345
Office equipment	196,390	61,165	0	0	(58,978)	198,577
Other Assets – Leasehold Improvements	0		0	0	0	0
WIP	102,860	(102,860)				
Total	**1,501,628**	**2,749,368**	**0**	**0**	**(754,666)**	**3,496,330**

	Cost or Revalued Amount	Accumulated Depreciation	30-Jun-14 Book Value Actual	30-Jun-13 Book Value Actual
	$	$	$	$
Vehicles	22,600	(22,600)	0	0
Furniture & Fittings	723,162	(707,754)	15,408	20,861
Computer Hardware & Software	6,683,080	(3,400,734)	3,282,346	1,181,517
Office equipment	752,710	(554,133)	198,577	196,390
Other Assets – Leasehold Improvements	870,839	(870,839)	0	0
Work in Progress	0	0	0	102,860
Total	**9,052,391**	**(5,556,060)**	**3,496,331**	**1,501,628**

	2013/14 Budget $	2012/13 Forecast $	2011/12 Actual $
NOTE 8. PAYABLES			
Trade Creditors	50,000	38,497	173,075
Other Current Liabilities	800,000	733,571	843,853
Total Other Liabilities and Payables	**850,000**	**772,068**	**1,016,928**

	2013/14 Budget $	2012/13 Forecast $	2011/12 Actual $
NOTE 9. EMPLOYEE ENTITLEMENTS (CURRENT)			
Defined Benefit Pension Liability	159,000	159,000	96000
	0	0	0
Total Employee Entitlements	**159,000**	**159,000**	**96,000**

	2013/14 Budget $	2012/13 Forecast $	2011/12 Actual $
NOTE 10. RECONCILIATION OF OPERATING SURPLUS TO CASH FLOWS FROM OPERATING ACTIVITIES			
Operating surplus	500,000	664,749	113,631
Adjustments for:-			
Depreciation	754,666	648,493	669,874
Disposal of Fixed Assets	0	0	1,261
Net change in :-			
Defined Benefit Assets and other Assets	0	63,000	144,000
Interest Receivable	1,893	(30,899)	(26,416)
Accounts Receivable	972,383	(1,189,262)	(2,729,146)
Other Receivables and Prepayments	3,540	771	(20,548)
Stocks	2,708	636,047	396,529
Other liabilities and payables	77,932	(244,860)	299,926
Investments	(250,000)	1,767,877	(3,298,213)
Demand Liabilities	21,013	(1,467,182)	3,775,850
Net cash flows from operating activities	**2,084,135**	**848,735**	**(673,252)**

Note 11- General Reserve	2013/14 Budget $	2012/13 Forecast $	2011/12 Actual $
General Reserve			
Opening Balance:	17,451,290	17,217,850	16,743,070
Transfers in:			
Transfer from Capital Expenditures Reserve	2,749,368	190,294	423,182
Transfer from Operational Expenditures Reserve	58,729	43,146	51,598
Closing Balance	**20,259,387**	**17,451,290**	**17,217,850**
Demand Liabilities (closing balance)	87,250,000	87,228,987	88,696,169
15% of Demand Liabilities	**13,087,500**	**13,084,348**	**13,304,425**

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

CAYMAN ISLANDS NATIONAL INSURANCE COMPANY LIMITED (CINICO)

FOR THE FINANCIAL YEAR

ENDING 30 JUNE 2014

CONTENTS

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

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Cayman Islands National Insurance Company Limited* have agreed the *Cayman Islands National Insurance Company Limited* will seek to achieve during the 2013/14 financial year.

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

2. NATURE AND SCOPE OF ACTIVITIES

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

GENERAL NATURE OF ACTIVITIES

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

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

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

SCOPE OF ACTIVITIES

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

- Provision of health insurance to civil servants, pensioners, other government entities, seamen and veterans.
- Provision of health insurance under the Standard Health Insurance contract (March 2013), for third party individuals and their dependants
- Administration on behalf of the Ministry of Health, Sports, Youth, and Culture, for local and overseas health benefits of indigents since February 1, 2004.
- Administration on behalf of the Ministry of Health, Sports, Youth, and Culture, for overseas health benefits of seamen and veterans since July 1, 2007.
- Administration on behalf of the Ministry of Finance and Economic Development (if required) for health benefits of Advance Patients since February 1, 2004.
- Government is charged a premium for the provision of health insurance and a fee for administration of health benefits.

CUSTOMERS AND LOCATION OF ACTIVITIES

The services provided by CINICO are provided to civil servants, pensioners, other government entities,

seamen and veterans, indigents, advance patients and third party individuals subscribing to the Standard Health Insurance Contract. The services are provided from offices at the Cayman Centre, George Town.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Cayman Islands National Insurance Company Limited* for the 2013/14 financial year are as follows:

Strategic Goals

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

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

Objectives/Projects

In respect to each strategic goal, the following projects would be completed or commenced in 2013/14 which will better facilitate the achievement of the strategic goals above.

Strategic Goal #1:

- Project 1 - Software System Enhancement: Complete implementation of the successful bidder (ABS) in the 2013 RFP for third party administration services.

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

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

- Project 4 – Development of No-US Preferred Provider Networks locally and internationally:

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

Strategic Goal #2:

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

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

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

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

Strategic Goal #3:

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

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

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

Strategic Goal #4:

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

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

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

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2012 Revision) for the *Cayman Islands National Insurance Company Limited* for the 2013/14 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2013/14 BUDGET $ 000's	2012/13 FORECAST $ 000's
REVENUE FROM CABINET	27,039,000	27,222,005
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	35,841,778	35,466,485
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	2,999,465	1,323,453
SURPLUS/DEFICIT FROM OUTPUTS		
OTHER EXPENSES	65,866,061	60,541,185
NET SURPLUS DEFICIT	46,382	3,470,758
TOTAL ASSETS	20,284,952	25,206,753
TOTAL LIABILTIES	7,283,708	14,909,302
NET WORTH	13,001,244	10,297,451
CASH FLOWS FROM OPERATING ACTIVIITES	943,186	4,331,301
CASH FLOWS FROM INVESTING ACTIVIITES	(280,137)	(25,278)
CASH FLOWS FROM FINANCING ACTIVIITES	2,657,411	0
CHANGE IN CASH BALANCES	3,320,460	4,306,023

FINANCIAL PERFORMANCE RATIO	2013/14 BUDGET %	2012/13 FORECAST %

CURRENT ASSETS : CURRENT LIABILITIES	270%	165%
TOTAL ASSETS : TOTAL LIABILITIES	278%	169%

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2013/14 BUDGET	2012/13 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	14	12
STAFF TURNOVER (%)	0	0
SENIOR MANAGER	4.6	3.6
PROFESSIONAL AND TECHNICAL STAFF	4.6	4.6
ADMINISTRATIVE STAFF	4.9	4.8

PHYSICAL CAPITAL MEASURES	2013/14 BUDGET $	2012/13 FORECAST $
VALUE OF TOTAL ASSETS	20,284,952	25,206,753
ASSET REPLACEMENTS : TOTAL ASSETS	47%	5%
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	47%	54%
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	79%	641%
CHANGES TO ASSET MANAGEMENT POLICES	None	None

MAJOR NEW ENTITY CAPTIAL EXPENDITURE FOR THE YEAR	2013/14 BUDGET $ 000's
Third party administration transition costs, computers and data warehousing, Leasehold improvements.	280,137

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2012/13	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK

	Claim losses higher than what can be supported by revenues	Local case manager Transition to a new third party administrator ("TPA") and system infrastructure 1. Medecision – medical utilization management 2. Veririsk – claims analytics Pro-active management of members with chronic disease. Improved control and follow up of local and overseas referrals Improved overseas network access and discounts Introduction of a Wellness program	• Care Management Company engaged to manage & control overseas cases. • CINICO direct provider contracts. • Improved overseas discounts as a result of completion of an RFP in 2013. • Employment of a local case manager • Improved control and follow-up of local and overseas referrals. • Reinsurance arrangement in place to limit the Company's risk to large claims. • Weekly meetings with case management company. • Capital preservation policy • Transition to a new TPA and system infrastructure ("see change in status from previous year" column)	Not quantifiable.

Transition to a new TPA and overseas network provider	New TPA – ABS (previously Simplifi) New overseas network provider – United Healthcare (previously CMN)	Thorough contracting phase to limit any potential future risks and disagreements. Clearly mapped out transition and implementation plan. Working with all stakeholders to understand processes and risks. Testing of claim payment output compared with plan design. Weekly transition meetings.	Not quantifiable
Risk that our reinsurance company will be unable to pay its liabilities		Reinsurance reviewed every year. As part of the review creditworthiness is looked at. Our current reinsurer has an AM Best rating of A.	Approximately $500k- $1m based on historical amounts.
Risk that government would not honour its liabilities under the ASO agreement (Output NGS 55)		Creation of an ASO agreement between CINICO and Government	$4 million to $8 million

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

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

OPERATING STATEMENT	2013/14 TARGET $ 000's	2012/13 FORECAST $ 000's
REVENUE	65,912,443	64,011,943
OPERATING EXPENSES	65,866,061	60,541,185
NET SURPLUS/DEFICIT	46,382	(3,470,758)

BALANCE SHEET	AS AT JUNE 2014 $ 000's	AS AT JUNE 2013 $ 000's
ASSETS	20,284,952	25,206,753
LIABILITIES	7,283,708	14,909,302
NET WORTH	13,001,244	10,297,451

STATEMENT OF CASH FLOW	2013/14 TARGET $ 000's	2012/13 FORECAST $ 000's
CASH FLOWS FROM OPERATING ACTIVIITES	943,186	4,331,301
CASH FLOWS FROM INVESTING ACTIVIITES	(280,137)	(25,278)
CASH FLOWS FROM FINANCING ACTIVIITES	2,657,411	0

6. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2012 Revision).

TRANSACTION	AMOUNT FOR 2013/14 $
Equity Investments into *CINICO*	$2,657,411
*Capital Withdrawals from *CINICO*	$0
Dividend or Profit Distributions to be made by CINICO.	
Government Loans to be made to CINICO.	
Government Guarantees to be issued in relation to *CINICO.*	
Related Party Payments (Non Remuneration) made to Key Management Personnel[7]	
Remuneration[8] Payments made to Key Management Personnel	
Remuneration Payments made to Senior Management (including benefits)	$408,393

DESCRIPTION	NUMBERS FOR 2013/14 $
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	
NUMBER OF KEY SENIOR MANAGEMENT (MD)	3

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

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

AGREEMENT

Scope of this Agreement

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

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

Procedures for Changing this Ownership Agreement

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

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

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Cayman Islands National Insurance Company Limited will seek to achieve for the 2013/14 financial year and that the Cabinet will monitor performance against.

_____

Honourable Marco Archer
Minister of Finance and Economic Development
On behalf of Cabinet

_____

Chairman of the Board
Cayman Islands National Insurance Company Limited

4th October 2013

CAYMAN ISLANDS GOVERNMENT

CAYMAN ISLANDS NATIONAL INSURANCE COMPANY LIMITED

STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS FOR THE YEAR ENDING 30TH JUNE 2014

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2012 Revision).

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

To the best of our knowledge the statements are:

a. Complete and reliable;
b. Fairly reflect the forecast financial position as at 30th June 2014 and performance for the Cayman Islands National Insurance Company Limited for the year ending 30th June 2014; and
c. Comply with generally accepted accounting practice.

_____

Chairman of the Board
Cayman Islands National Insurance Company Limited

4th October 2013

APPENDIX

FORECAST FINANCIAL STATEMENTS

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

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

Critical accounting estimates and judgements

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

The ultimate liability arising from claims made under insurance contracts

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

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

Insurance and reinsurance contracts - classification

Insurance and reinsurance contracts are those contracts that transfer significant insurance

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

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

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

Insurance/reinsurance assets and liabilities

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

Claims

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

Cash and cash equivalents

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

Premiums

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

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

Leases

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

Disclosures about fair value of financial instruments

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

Depreciation

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

Office Equipment	5 years
Computer and Telecommunications Equipment	3 years
Leasehold Improvements	Over the term of the lease
System Development Costs	5 years (over the licence term)

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

Income taxes

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

Administrative Services Only Fees

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

Investment and other income are accrued as earned.

Foreign currency translation

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

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

Liability adequacy test

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

CAYMAN ISLANDS NATIONAL INSURANCE COMPANY LIMITED

FORECAST OPERATING STATEMENT
FOR THE YEAR ENDING 30TH JUNE 2014

	Notes	Budget 2013/14	Forecast 2012/13
Revenue			
Revenue from Civil Servants & Dependents		35,091,089	34,982,965
Revenue from Ministry of Health – Seamen & Veterans		8,815,480	8,828,704
Revenue from Portfolio of Civil Service - Pensioners		18,445,441	18,393,301
Revenue from Other	1	3,528,234	1,600,033
Total Revenue		65,880,244	63,805,003
Incurred Claims	2	58,781,615	54,669,320
Claims administration Fees	3	4,212,302	3,331,833
Indigent Fund Fees	4	734,670	889,940
Administration expenses	5	2,137,475	1,650,093
Total Expenses		65,866,062	60,541,185
Underwriting Income		14,182	3,263,818
Investment Income		32,200	206,940

Net Income		46,382	3,470,758

CAYMAN ISLANDS NATIONAL INSURANCE COMPANY LIMITED

FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30TH JUNE 2014

	Budget 2013/14	Forecast 2012/13
Net Income	46,382	3,470,758
Equity - Beginning of Year	10,297,451	6,826,693
Equity received/ (Capital withdrawal)	2,657,411	-
Equity – End of Year	13,001,244	10,297,451
Required minimum capital	3,000,000	3,000,000
Accumulated Deficit	(13,092,007)	(13,138,389)
Additional Paid-in-Capital	23,093,251	20,435,840
Equity - End of Year	13,001,244	10,297,451
Off Balance Sheet Equity		-
Equity - End of Year for Statutory purposes	13,001,244	10,297,451

CAYMAN ISLANDS NATIONAL INSURANCE COMPANY LIMITED

FORECAST BALANCE SHEET
FOR THE YEAR ENDING 30TH JUNE 2014

	Notes	Budget 2013/14	Forecast 2012/13
Assets			
Cash		11,105,845	7,785,386
Receivables/Prepaids		8,577,416	16,877,415
Fixed assets	6	601,691	543,952
Total Assets		20,284,952	25,206,753
Liabilities			
Accounts payable		20,000	15,000
Premiums received in advance		128,977	95,538
Accruals and other liabilities		1,640,000	8,700,000
Provision for claims incurred		5,494,731	6,098,764
Total Liabilities		7,283,708	14,909,302
Equity			
Initial Paid-in-Capital		3,000,000	3,000,000
Additional Paid-in-Capital		23,093,251	20,435,840
Retained Earnings		(13,092,007)	(13,138,389)
Total Equity		13,001,244	10,297,451
Total Liabilities & Equity		20,284,952	25,206,753

CAYMAN ISLANDS NATIONAL INSURANCE COMPANY LIMITED

FORECAST STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30TH JUNE 2014

	Budget 2013/14	Forecast 2012/13
Operating activities:		
Net Income/(Loss)	46,382	3,470,758
Non Cash adjustments	896,803	860,543
Cash flows from operating activities	943,186	4,331,301
Investing activities:		
Purchase on fixed assets	(280,137)	(25,278)
Cash flows from investing activities	(280,137)	(25,278)
Financing activities:		
Equity investment	-	-
Additional paid-in capital	2,657,411	-
Cash flows from financing activities	2,657,411	-
Net cash inflow	3,220,460	4,306,023
Opening cash balances	7,785,386	3,479,363
Closing cash balances	11,105,846	7,785,386

1 Revenue from Other	2013/14	2012/13 - Forecast
Premium from Standard Health Insurance contracts	4,642,335	2,761,288
ASO fees	528,768	483,520
Reinsurance premium	(1,643,229)	(1,644,775)
	3,527,874	1,600,033

Benefits for the Standard Health Insurance contracts have increase in 2013/14 resulting in an increase in premium.
ASO fees ("Administrative Services Only) are earned for the administration of the overseas Indigent claims on behalf of the Ministry of Health, Sports, Youth and Culture and are assessed based on $36 per Indigent member per month ($32 for 2012/13).

CINICO has contracted with Presidio, an underwriting agent of Lloyds of London to provide specific excess loss reinsurance coverage on a per covered person basis.

2 Incurred Claims	2013/14	2012/13 - Forecast
Claims - HSA	36,264,600	35,788,076
Claims paid - Cayman Airways	552,313	553,081
Claims - Non - HSA	21,763,389	23,466,058
Repricing fees	2,119,930	51,301
Reinsured Claims	(1,314,583)	(1,224,098)
Claims paid	59,385,649	58,634,418
Movement in reserves	(604,033)	(3,965,098)
Total Incurred claims	58,781,616	54,669,320

Claims administration fees are payable to various third parties and comprise of the following: Claims
3 adjudication fees are assessed
based on a percentage of claims and also based on the number of CINICO members. Case management and network access fees
(2012/13 only) are based on the number of CINICO members. For 2013/14 network access fees based on a percentage of savings and classified with incurred claims under Repricing fees.

Segregated Fund fees are payable to the Health Insurance Commission. Fees are assessed on a monthly basis - $10 for every
couple/family insurance contract and $5 for every single insurance contract

5 Administration expenses	**2013/14**	**2012/13 - Forecast**
Salaries	932,185	580,437
Other Employee Exp.	254,862	233,490
Rent /Utilities/Maintenance	200,196	149,890
Depreciation	222,397	161,921
Office Equip / Supplies	21,000	20,000
Legal costs	10,000	10,000
Class A licence fees/other	75,000	62,500
Director fees	17,835	30,255
Marketing/Sales/Promotion	65,000	60,000
Actuarial consulting	70,000	95,000
Audit fees	147,600	143,200
Currency exchange losses	(40,000)	(60,000)
Bad debt expense	60,000	70,000
Training expenses	18,000	12,000
Bank charges	30,000	25,000
Other	53,400	56,400
Total	2,137,475	1,650,093

6 Fixed assets

	System Development & Other Costs	Leasehold Improvements	Office Equipment	Computer & Telecoms Equipment	Total
Cost at July 1, 2012	568,741	93,400	70,185	249,624	981,950
Additions	12,592		4,300	9,478	26,370
Disposals					
Cost at June 30, 2013	581,333	93,400	74,485	259,102	1,008,320
Accumulated depreciation at July 1, 2012	18,958	82,273	30,961	170,255	302,447
Depreciation for period	114,096	5,838	9,432	32,555	161,921
Disposals					
Accumulated depreciation at June 30, 2013	133,054	88,111	40,393	202,810	464,368
Carrying value at June 30, 2013	448,279	5,289	34,092	56,292	543,952
Cost at July 1, 2013	581,333	93,400	74,485	259,102	1,008,320
Additions	139,637	32,000	14,500	94,000	280,137
Disposals					
Cost at June 30, 2014	720,970	125,400	88,985	353,102	1,288,457
Accumulated depreciation at July 1, 2013	133,054	88,111	40,393	202,810	464,368
Depreciation for period	152,834	10,686	11,465	47,412	222,397
Disposals					
Accumulated depreciation at June 30, 2014	285,888	98,797	51,858	250,222	686,765
Carrying value at June 30, 2014	322,286	26,602	37,126	102,880	601,691

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

CAYMAN ISLANDS NATIONAL MUSEUM

FOR THE FINANCIAL YEAR

ENDING 30 JUNE 2014

CONTENTS

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

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Cayman Islands National Museum* have agreed the *Cayman Islands National Museum* will seek to achieve during the 2013/14 financial year.

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

2. NATURE AND SCOPE OF ACTIVITIES

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

GENERAL NATURE OF ACTIVITIES

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

SCOPE OF ACTIVITIES

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

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

CUSTOMERS AND LOCATION OF ACTIVITIES

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

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Cayman Islands National Museum* for the 2013/14 financial year are as follows:

- Establish a new organizational structure, review current staff roles/responsibilities, fill new/vacant posts and implement appropriate decision-making structures, etc. in support of the Museum's vision, mission, and core values;
- Facilitate planning for the construction of a purpose built facility.
- Continue to collect material evidence of artistic, historic, or scientific significance to the Cayman Islands, both terrestrial and underwater;
- Provide exhibitions and displays and general public access to them;
- Incorporate research findings on collections, terrestrial and underwater archaeological sites into public exhibitions, programmes and publications when possible;
- Continue to provide with our partners a land-based Maritime Heritage Trail;
- Provide a cafe, shop and other facilities for the use of the public;
- Continue to partner with CNCF, National Trust, National Archive and National Gallery to promote our Islands' cultural heritage.
- Liaise with local and international groups having similar objectives, for loan or exchange of artefacts and exhibits, and the exchange of knowledge and information;
- Provide a Traditional Arts Programme (including Traditional Thatch Work Apprenticeship Programme) for Caymanian masters and apprentices;
- Coordinate the following special events: Looky Ya (monthly), International Museums Day (May), Museum Anniversary (Nov.), Museum Friends Christmas Party (Dec.), Kitchen Dance, (Dec.)
- Assist the Sister Islands and the districts in Grand Cayman with Museum related issues and activities as needed;
- Continue to partner with National Archive, National Trust and the Department of Environment on maritime related issues and programmes;
- Continue to partner with various organizations in the protection, research, legislation, and educational activities relating to islands maritime heritage e.g. shipwrecks;
- Assist the Dept. of Tourism and other related organizations/institutions in marketing the cultural product of these Islands;
- Continue to prepare and support government's requests for information to further the cultural well-being of the Cayman Islands;
- Assist the Ministry in creating national cultural policies and plans; and any necessary legislation;
- Provide reports and other documents requested by the Ministry;

Enhance the effectiveness of the Board in support of the vision, mission and goals.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2012 Revision) for the *Cayman Islands National Museum* for the 2013/14 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2013/14 BUDGET $ 000's	2012/13 FORECAST $ 000's
REVENUE FROM CABINET	887,173	620,527
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	91,000	72,000
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	166,120	249,001
SURPLUS/DEFICIT FROM OUTPUTS	0	0
OTHER EXPENSES	0	0
NET SURPLUS DEFICIT	0	0
TOTAL ASSETS	3,286,237	2,891,180
TOTAL LIABILTIES	227,286	171,775
NET WORTH	3,058,951	2,719,405
CASH FLOWS FROM OPERATING ACTIVIITES	304,090	27,430
CASH FLOWS FROM INVESTING ACTIVIITES	(240,000)	0
CASH FLOWS FROM FINANCING ACTIVIITES	240,000	0
CHANGE IN CASH BALANCES	304,090	27,430

FINANCIAL PERFORMANCE RATIO	2013/14 BUDGET %	2012/13 FORECAST %

CURRENT ASSETS : CURRENT LIABILITIES	714%	1494%
TOTAL ASSETS : TOTAL LIABILITIES	1446%	1683%

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	**2013/14 BUDGET**	**2012/13 FORECAST**
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	10	11
STAFF TURNOVER (%)	10%	10%
Average length of service (years) SENIOR MANAGER	12 years	12 years
PROFESSIONAL AND TECHNICAL STAFF	9 years	9 years
ADMINISTRATIVE STAFF	3 years	3 years

PHYSICAL CAPITAL MEASURES	**2013/14 BUDGET $**	**2012/13 FORECAST $**
VALUE OF TOTAL ASSETS	2,545,931	2,891,180
ASSET REPLACEMENTS : TOTAL ASSETS	0	0
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	0	0
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	0	0
CHANGES TO ASSET MANAGEMENT POLICES	See notes to risk management	See notes to risk management

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2012/13	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
1. Loss or damage to the non-renewable National Collection by:			N.B. see note (h) on accounting policies regarding the Collection
a) Fire	No	Sufficient fire extinguishers that are regularly serviced. Hired security during after-hours events i.e. street dances Determine the feasibility of installing fire sprinklers in the Museum and any purpose built facilities.	Replacement or restoration cost of items lost or damaged as a result of the event

b) Hurricane or Severe Storm Due to the close proximity to the water the National Collection is at risk throughout the year	Yes	Annual hurricane preparedness exercises and updating of the plan and supplies Removal and/or safe storage of artifacts when a hurricane is approaching Continuous internal and external building maintenance	Replacement or restoration cost of items lost or damaged as a result of the event
c) Pest infestation The building's materials and construction increase its vulnerability	No	Regular pest control management	Replacement or restoration cost of items lost or damaged as a result of the event
d) Insurance	No	Basic insurance coverage is in place for the buildings and their contents. Need to review and revise as needed Seek the expertise of a certified art appraiser to establish the replacement values of the Museum's National Art Collection for insurance purposes	Financial loss of the replacement value of the Museum's art collection and other measurable items

2. Inadequate shelving and storage facilities and inactive conservation programme result in gradual deterioration of the National Collection	No	The collection is in new rental storage post Ivan Plan and build a purpose-built facility to accommodate the current and future needs of the National Collection	Replacement or restoration cost of items lost or damaged as a result of the event

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

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

OPERATING STATEMENT	2013/14 TARGET $ 000's	2012/13 FORECAST $ 000's
REVENUE	1,103,293	941,528
OPERATING EXPENSES	1,103,293	941,528
NET SURPLUS/DEFICIT	0	(44,521)

BALANCE SHEET	AS AT JUNE 2014 $ 000's	AS AT JUNE 2013 $ 000's
ASSETS	3,536,237	2,954,140
LIABILITIES	227,286	140,037
NET WORTH	3,308,951	2,954,140

STATEMENT OF CASH FLOW	2013/14 TARGET $ 000's	2012/13 FORECAST $ 000's
NET CASH FLOWS FROM OPERATING ACTIVIITES	304,090	27,430
NET CASH FLOWS FROM INVESTING ACTIVIITES	(240,000)	
NET CASH FLOWS FROM FINANCING ACTIVIITES	240,000	

6. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2012 Revision).

TRANSACTION	AMOUNT FOR 2013/14 $
Equity Investments into *Cayman Islands National Museum*	240,000
Capital Withdrawals from *Cayman Islands National Museum.*	0
Dividend or Profit Distributions to be made by *Cayman Islands National Museum.*	0
Government Loans to be made to *Cayman Islands National Museum.*	0
Government Guarantees to be issued in relation to *Cayman Islands National Museum.*	0
Related Party Payments (Non Remuneration) made to Key Management Personnel# Key Management Personnel as defined by International Public Accounting Standards No 20, eg Minister, Board Member and Senior Management Team#	0
Remuneration# Remuneration as defined by International Public Accounting Standards No 20 Par 34(a) Number of ppayments made to Key Management Personnel (Board)	
Remuneration Payments made to Senior Management (MD)	

DESCRIPTION	NUMBERS FOR 2013/14 $
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	2

NUMBER OF KEY SENIOR MANAGEMENT (MD)	3

AGREEMENT

Scope of this Agreement

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

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

Procedures for Changing this Ownership Agreement

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

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

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Cayman Islands National Museum will seek to achieve for the 2013/14 financial year and that the Cabinet will monitor performance against.

_____

Honourable Osbourne Bodden

Minister of Health, Sports, Youth and Culture

On behalf of Cabinet

_____

Chairman of the Board
Cayman Islands National Museum

4th October 2013

CAYMAN ISLANDS GOVERNMENT

CAYMAN ISLANDS NATIONAL MUSEUM

STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS FOR THE YEAR ENDING 30TH JUNE 2014

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2012 Revision).

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

To the best of our knowledge the statements are:

a. Complete and reliable;
b. Fairly reflect the forecast financial position as at 30th June 2014 and performance for the Cayman Islands National Museum for the year ending 30th June 2014; and
c. Comply with generally accepted accounting practice.

_____

Chairman of the Board
Cayman Islands National Museum

4th October 2013

APPENDIX

FORECAST FINANCIAL STATEMENTS

CAYMAN ISLANDS NATIONAL MUSEUM
STATEMENT OF ACCOUNTING POLICIES
AS AT 30TH JUNE 2014

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

(a) Use of estimates

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

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

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

(c) Government grants

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

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

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

(e) Inventories

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

(f) Fixed assets

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

(g) Cash and cash equivalents

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

(h) Collections, exhibits and artifacts

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

(i) Donated services

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

(j) Foreign exchange

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

CAYMAN ISLANDS NATIONAL MUSEUM
FORECAST OPERATING STATEMENT
FOR THE YEAR ENDING 30TH JUNE 2014

STATEMENT OF FINANCIAL PERFORMANCE	Notes	Budget 2013/14
FOR THE YEAR ENDED 30 JUNE 2014		
Revenue		
Sale of goods and services	14	1,046,173
Investment revenue	15	120
Donations	16	57,000
Other revenue		0
Total Revenue		**1,103,293**
Expenses		
Personnel costs	17	456,350
Supplies and consumables	18	440,657
Depreciation	7	206,286
Impairment of property, plant and equipment	7	0
Impairment of inventory	3	0
Finance costs & overdraft interest	19	0
Litigation costs	20	0
(Gains)/losses on foreign exchange transactions	21	0
Gains/(losses) on disposal/revaluation of property, plant and equipment		0
Extraordinary items		0
Other Operating expenses		0
Total Expenses		**1,103,293**

CAYMAN ISLANDS NATIONAL MUSEUM

FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30TH JUNE 2014

	Contributed Capital	Reserves	Revaluation Reserve	Accumulated Surplus/ (deficits)	Total
Balance at 30 June 2012	1,119,120	200,000	(46,740)	1,786,571	3,058,950
Changes in accounting policy					0
Prior Year Adjustments					0
Restated balance	1,119,120	200,000	(46,740)	1,786,571	3,058,950
Changes in net worth for 2012/13					
Gain/(loss) on property revaluation	0	0	0	0	0
Gain/(loss) on revaluation of investments	0	0	0	0	0
Exchange differences on translating foreign operations	0	0	0	0	0
Equity Investment from Cabinet	0	0	0	0	0
Capital withdrawals by Cabinet	0	0	0	0	0
Repayment of surplus/Dividends to Cabinet	0	0	0	0	0
Net revenue / expenses recognised directly in net worth	0	0	0	0	0
Surplus/(deficit)for the period 2012/13				0	0
Total recognised revenues and expenses for the period	0	0	0	0	0
Balance at 30 June 2013 carried forward	1,119,120	200,000	(46,740)	1,786,571	3,058,950
Balance at 30 June 2013 b/f	1,119,120	200,000	(46,740)	1,786,571	3,058,950
Changes in net worth for 2013/14					
Changes in accounting policy					0
Prior Year Adjustments					0
Restated balance	1,119,120	200,000	(46,740)	1,786,571	3,058,950
Changes in net worth for 2013/14					
Gain/(loss) on property revaluation	0	0	0	0	0
Gain/(loss) on revaluation of investments	0	0	0	0	0

Exchange differences on translating foreign operations	0	0	0	0	0
Equity Investment from Cabinet	240,000	0	0	0	240,000
Capital withdrawals by Cabinet	0	0	0	0	0
Repayment of surplus/Dividends to Cabinet	0	0	0	0	0
Net revenue / expenses recognised directly in net worth	0	0	0	0	0
Surplus/(deficit)for the period 2013/14				0	0
Total recognised revenues and expenses for the period	0	0	0	0	0
Balance at 30 June 2014	1,359,120	200,000	(46,740)	1,786,571	3,298,950

CAYMAN ISLANDS NATIONAL MUSEUM

FORECAST BALANCE SHEET

FOR THE YEAR ENDING 30TH JUNE 2014

STATEMENT OF FINANCIAL POSITION	Notes	Budget 2013/14
Current Assets		
Cash and cash equivalents	**1**	620,063
Marketable securities and deposits		0
Trade receivables	**2**	244,592
Other receivables	**2**	0
Inventories	**3**	104,324
Investments	**4**	0
Prepayments	**5**	21,327
Loans	**6**	0
Total Current Assets		**990,306**
Non-Current Assets		
Trade receivables	**2**	210,753
Other receivables	**2**	184,533
Inventories	**3**	0
Investments	**4**	0
Prepayments	**5**	19,225
Loans	**6**	0
Pension Plan Surplus	**12**	0
Property, plant and equipment	**7**	**2,535,931**
Total Non-Current Assets		**2,535,931**
Total Assets		**3,526,237**
Current Liabilities		
Trade payables	**8**	**64,909**
Other payables and accruals	**8**	**73,856**
Bank Overdraft	**1**	**0**
Unearned revenue	**9**	**0**
Employee entitlements	**10**	**3,800**
Dividends/Surplus Payable		**0**
Current Portion of Borrowings	**11**	**0**
Total Current Liabilities		**138,765**
Non-Current Liabilities		
Trade payables	**8**	**0**
Other payables and accruals	**8**	**88,521**
Unearned revenue	**9**	**0**
Employee entitlements	**10**	**0**

Unfunded pension liability	**12**	**0**
Unfunded post retirement health care	**13**	**0**
Currency Issued		**0**
Long Term portion of Borrowings	**11**	**0**
Total Non-Current Liabilities		**88,521**

Total Liabilities		**227,286**
Net Assets		**3,298,951**
NET WORTH		
Contributed capital		**1,359,120**
Other Reserves		**200,000**
Revaluation reserve		**(46,740)**
Accumulated surpluses/(deficits)		**1,786,571**
Total Net Worth		**3,298,951**

CAYMAN ISLANDS NATIONAL MUSEUM
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30TH JUNE 2014

	Note	Forecast 2013/14
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Sale of goods and services to Cabinet		887,173
Sale of goods and services to other government agencies		0
Sale of goods and services - third party		91,000
Interest received		0
Donations / Grants		57,000
Other receipts		68,120
Payments		
Personnel costs		(456,350)
Supplies and consumables		(342,853)
Interest paid		0
Other payments		0
Net cash flows from operating activities	22	**304,090**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment		(240,000)
Proceeds from sale of property, plant and equipment		0
Purchase of investments		0
Proceeds from sale of investments		0
Net cash flows from investing activities		**0**
CASH FLOWS FROM FINANCING ACTIVITIES		
Equity Investment from Cabinet		(240,000)
Repayment of Surplus/Dividends or Capital withdrawal		0
Borrowings		0
Repayment of Borrowings		0
Currency Issues		0
Capital withdrawal		0
Net cash flows from financing activities		**0**

Net increase/(decrease) in cash and cash equivalents		**304,090**
Cash and cash equivalents at beginning of period		315,973
Cash and cash equivalents at end of period		**620,063**

CAYMAN ISLANDS NATIONAL MUSEUM

NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2014

Note 1: Cash and Cash Equivalent

Description change as applicable- Enter overdraft as negative	**Currency Amount**	**Exchange Rate to $CI**	**Budget 2013/14**
Cash on hand	988	1.0000	988
Cash in transit	0		0
CI$ Account	399,141	1.0000	399,141
US$ Account	12,752	0.8200	10,585
Payroll Current Account	0		0
Bank Accounts held at other financial institutions	0		0
Short-Term Fixed Deposits	209,349	1.0000	209,349
TOTAL			**620,063**

Note 2: Trade and Other Receivables

Trade Receivables	**Budget 2013/14**
Sale of goods and services to Cabinet	244,592
Sale of goods and services to other government agencies	0
Sale of goods and services - third party	0
Other	
Less: provision for doubtful debts	
Total trade receivables	**244,592**

Other Receivables	**Budget 2013/14**
Advances (Salary, Official Travel, etc.)	0
Dishonored cheques	0
Interest receivable	0
Other	0
Less: provision for doubtful debts	0

Total other receivables	0

Current	Trade Receivables	Other Receivables	Budget 2013/14
Past due 1-30 days	234,293	0	234,293
Past due 31-60 days	10,299	0	10,299
Past due 61-90 days	0	0	0
Past due 90 and above	0	0	0
Non-Current			
Past due 1 year and above	0	0	0
Total	**244,592**	**0**	**244,592**

Change in the Provision of doubtful debts

Description	Budget 2013/14
Balance at 1 July	0
Additional provisions made during the year	0
Receivables written off during the period	0
Balance at 30 June	0

Note 3: Inventories

Description	Current	Non-Current	Budget 2013/14
Inventory held for use in the provision of goods and services	0		0
Inventory held for sale	104,324		104,324
Impairment of Inventory b/f			0
Impairment of Inventory 2013/14	0		0
TOTAL INVENTORIES	**104,324**	**0**	**104,324**

CAYMAN ISLANDS NATIONAL MUSEUM
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUE)
FOR THE YEAR ENDING 30 JUNE 2014

Note 5: Prepayments

Description	Current	Non-Current	Budget 2013/14
Prepaid Property Insurance	16,151		16,151
Refundable Deposits	5,176		5,176
			0
			0

Total	**21,327**	**0**	**21,327**

Note 7: Property, Plant & Equipment

	Land	***Plant and equipment***	***Buildings***	***Furniture and Fittings***	***Computers***	***Office Equip.***	***Motor Vehicles***	***Marine Vessels***	***Leasehold Improve.***	***Other assets***	***Total***
Balance as at 1 July 2012				323,327	125,916	64,635	24,900		2,204,591	442,804	3,186,174
Additions	0										0
Disposals	0										0
Transfers	0										0
Balance as at 30 June 2013	0			323,327	125,916	64,635	24,900	0	2,204,591	442,804	3,186,174

	Land	***Plant and equipment***	***Buildings***	***Furniture and Fittings***	***Computers***	***Office Equip.***	***Motor Vehicles***	***Marine Vessels***	***Leasehold Improve.***	***Other assets***	***Total***
Balance as at 1 July 2012				323,327	125,916	64,635	24,900		2,204,591	442,804	3,186,174
Additions	0		240,000								240,000
Disposals	0										0
Transfers	0										0
Balance as at 30 June 2014	0	0	240,000	323,327	125,916	64,635	24,900	0	2,204,591	442,804	3,436,174

Accumulated Depreciation and Impairment Loss

	Land	***Plant and equipment***	***Buildings***	***Furniture and Fittings***	***Computers***	***Office Equip.***	***Motor Vehicles***	***Marine Vessels***	***Leasehold Improve.***	***Other assets***	***Total***
Balance as at 1 July 2012				70,714	65,159	77,945	24,900		2,204,591	442,804	3,186,174
Impairment Loss 2012/13	0										0

Depreciation Expense 2012/13	0			22,079	34,087				95,283	54,837	206,286
Eliminate on Disposal 2012/13	0										0
Balance as at 30 June 2013	0			70,714	87,238	112,032	24,900	0	304,634	84,439	683,957

	Land	***Plant and equipment***	***Buildings***	***Furniture and Fittings***	***Computers***	***Office Equip.***	***Motor Vehicles***	***Marine Vessels***	***Leasehold Improve.***	***Other assets***	***Total***
Balance as at 1 July 2012				70,714	87,238	112,032	24,900	0	304,634	84,439	683,957
Impairment Loss 2012/14	0										0
Depreciation Expense 2012/14	0				22,079	34,087			95,283	54,837	206,286
Eliminate on Disposal 2012/14	0										0
Balance as at 30 June 2014	0			70,714	109,316	146,120	24,900	0	399,917	139,276	890,243

Net Book Value 30 June 2013	0	0	0	252,613	38,679	(47,397)	0	0	1,899,957	358,365	2,502,217

Net Book Value 30 June 2014	0	0	240,000	252,613	16,600	(81,485)	0	0	1,804,674	303,528	2,535,930

Note 8: trade Payables & Accruals

	Current	**Budget 2013/14**
Creditors Third party	64,909	64,909
Creditors Ministries/Portfolios	0	0
Creditors other government agencies	0	0
Payroll Deductions	1,855	1,855
Operating Lease	0	0

Accrued Expenses	0	0
Other payables	72,001	72,001
Total trade payables other payables and accruals	**138,765**	**138,765**

Note 14: Sales of Goods & Services

	Budget 2013/14
Fees and Charges	**50,000**
General Sales	**91,000**
Rentals	**18,000**
Other Goods & Services Revenue	**0**
Sale of goods and services to Cabinet	**887,173**
Sale of goods and services to Other Ministries and Portfolios	**0**
Total sales of goods and services	**1,046,173**

Fees and Charges	**Budget 2013/14**
(e.g.,xxxxxx yyyyyy)	
Admissions	50,000
Total Fees and Charges	**50,000**

General Sales	**Budget 2013/14**
(e.g.,xxxxxx yyyyyy)	
Merchandise Sales	91,000
Total General Sales	**91,000**

Rentals	**Budget 2013/14**
(e.g.,xxxxxx yyyyyy)	
Café Rental	18,000
Total Rentals	**18,000**

	Budget 2013/14
Sales of Outputs to Cabinet	887,173
Sales of Outputs to Cabinet	887,173
Total Sales of Outputs to Cabinet	
Other Interdepartmental Revenue	
Revenue from Ministries/Portfolios & Public Authorities	0
Total Other Interdepartmental Revenue	**0**
Total Goods and Services	**1,046,173**

Note 15: Investment Revenue

	Budget 2013/14
Interest on deposits	0
Interest on cash balances	0
Royalties	0
Other	0
Total Investment Revenue	**180**

Note 16: Donations

	Budget 2013/14
Donations, sponsorship & Fundraising	57,000
Total Donations	**57,000**

Note 17: Personnel Cost

Description	**Budget 2013/14**
Salaries, wages and allowances	387,350
Health care	50,000
Pension	19,000

Leave	0
Other personnel related costs	0
Total Personnel Costs	**456,350**

Note 18: Supplies and Consumables

Description	**Budget 2013/14**
Supplies and Materials	0
Purchase of services	103,675
Lease of Property and Equipment	98,852
Utilities	82,000
General Insurance	40,000
Interdepartmental expenses	0
Travel and Subsistence	0
Recruitment and Training	700
Other	115,430
Total Supplies & consumables	**440,657**

Description	**Budget 2013/14**
Surplus/(deficit) from ordinary activities	0
Non-cash movements	
Depreciation expense	206,286
Impairment	0
(Gain)/losses on sale of property plant and equipment	0
Changes in current assets and liabilities:	
(Increase)/decrease in other current assets	**97,804**
(Increase)/decrease in receivables - Cabinet	
Increase/(decrease) in current liabilities	**0**
Net cash flows from operating activities	**304,090**

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

CAYMAN ISLANDS STOCK EXCHANGE

FOR THE FINANCIAL YEAR

ENDING 30 JUNE 2014

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

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Cayman Islands Stock Exchange* have agreed the *Cayman Islands Stock Exchange* will seek to achieve during the 2013/14 financial year.

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

2. NATURE AND SCOPE OF ACTIVITIES

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

GENERAL NATURE OF ACTIVITIES

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

SCOPE OF ACTIVITIES

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

- To operate the Exchange for the trading of securities, including the operation of an electronic trading platform and related trading and clearance tracking processes and the operation of a crossing market.
- To admit persons (brokers) as Exchange members.
- To list securities on the Exchange and to appoint Listing Agents.
- To regulate listed issuers and broker members through the establishment and monitoring of Listing Rules and Membership Rules.
- To promote listing, membership and use of the Exchange.

CUSTOMERS AND LOCATION OF ACTIVITIES

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

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Cayman Islands Stock Exchange* for the 2013/14 financial year are as follows:

- Continue the development and implementation of a strategy for maintaining a sustainable growth in CSX listings, including a strategy for marketing existing products.

- Continue the diversification of the range of products that can be listed and traded on the CSX.

- Examine eligibility and suitability of applications for admission to listing within the targeted turnaround times and approve those applications that comply with the requirements of the listing rules.

- Examine eligibility and suitability of applications made to the CSX for authorisation of listing agents and broker members and grant such authorisation to listing agents and broker members who meet the eligibility criteria set out in the listing and membership rules.

- Monitor compliance of listed issuers with continuing obligations of the CSX and regulate conduct of broker members and listing agents.

- Continue the review of the listing rules to ensure they remain responsive to market developments and continue meeting international standards and recommend introduction of new or revised listing rules as considered necessary.

- Monitor all price movements in CSX listed securities in accordance with its membership rules.

- Examine feasibility of establishing a Central Securities Depository in the Cayman Islands to provide local clearing for products admitted to trading on the CSX.

- Progress as far as possible in the field of achieving recognitions by international regulatory bodies.

- Expand the CUSIP numbering agency services for issuing CUSIP/ISIN numbers in cooperation with Standards & Poor's.

- Continue encouraging Caymanian employees' progression through sponsorship and training

programmes.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2012 Revision) for the *Cayman Islands Stock Exchange* for the 2013/14 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2013/14 BUDGET $ 000's	2012/13 FORECAST $ 000's
REVENUE FROM CABINET	0	0
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	0	0
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	1,438,590	1,445,750
SURPLUS/DEFICIT FROM OUTPUTS	0	0
OTHER EXPENSES	1,407,710	1,292,730
NET SURPLUS DEFICIT	30,880	153,020
TOTAL ASSETS	1,937,901	1,783,302
TOTAL LIABILTIES	167,866	153,096
NET WORTH	1,770,035	1,630,206
CASH FLOWS FROM OPERATING ACTIVIITES	236,166	78,071
CASH FLOWS FROM INVESTING ACTIVIITES	(5,000)	(210,000)
CASH FLOWS FROM FINANCING ACTIVIITES	0	(160,444)
CHANGE IN CASH BALANCES	231,166	(292,373)

FINANCIAL PERFORMANCE RATIO	2013/14 BUDGET %	2012/13 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	10:1	9:1
TOTAL ASSETS : TOTAL LIABILITIES	12:1	12:1

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2013/14 BUDGET	2012/13 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	6	7
STAFF TURNOVER (%)	Nil	12.5% (equal to one person)
SENIOR MANAGER	12.49	8.74
PROFESSIONAL AND TECHNICAL STAFF	12.21	8.22
ADMINISTRATIVE STAFF	8.52	10.79

PHYSICAL CAPITAL MEASURES	2013/14 BUDGET $	2012/13 FORECAST $
VALUE OF TOTAL ASSETS	223,697	383,339
ASSET REPLACEMENTS : TOTAL ASSETS	0	0
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	0.12:1	0.03:1
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	15:1	0.2:1
CHANGES TO ASSET MANAGEMENT POLICES	None	

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2012/13	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Loss of key personnel	Risk unchanged	Creating incentives to retain such personnel	unquantifiable
Loss of international reputation	Risk unchanged	Active programme to maintain reputation including management of suitability of applications for listing and broker membership, monitoring of ongoing compliance with listing and membership rules and gaining and maintaining international recognitions	Potentially equal to the total assets of the Exchange
Loss of listed issuers	Risk unchanged	Establishment and maintenance of relationships with issuers and listing agents and a programme of diversification into different types of products	Loss of turnover

Inability to obtain international recognitions	Risk unchanged	Active programme to persuade international regulatory bodies to grant recognitions and diversification into different geographical markets	Unquantifiable
Loss of CUSIP agency	Risk unchanged	Programme of diversification into different business activities and growth of the core listing business	Loss of turnover
Loss of key personnel	Risk unchanged	Creating incentives to retain such personnel	unquantifiable

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

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

OPERATING STATEMENT	2013/14 TARGET $ 000's	2012/13 FORECAST $ 000's
REVENUE	1,438,590	1,445,750
OPERATING EXPENSES	1,407,710	1,292,730
NET SURPLUS/DEFICIT	*30,880*	*153,020*

BALANCE SHEET	AS AT JUNE 2014 $ 000's	AS AT JUNE 2013 $ 000's
ASSETS	1,937,901	1,783,302
LIABILITIES	167,866	153,096
NET WORTH	*1,770,035*	*1,630,206*

STATEMENT OF CASH FLOW	2013/14 TARGET $ 000's	2012/13 FORECAST $ 000's
CASH FLOWS FROM OPERATING ACTIVIITES	236,166	78,071
CASH FLOWS FROM INVESTING ACTIVIITES	(5,000)	(210,000)
CASH FLOWS FROM FINANCING ACTIVIITES	0	160,444

6. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2012 Revision).

TRANSACTION	AMOUNT FOR 2013/14 $
Equity Investments into *Cayman Islands Stock Exchange*	0
Capital Withdrawals from *Cayman Islands Stock Exchange.*	0
Dividend or Profit Distributions to be made by *Cayman Islands Stock Exchange.*	0
Government Loans to be made to *Cayman Islands Stock Exchange.*	0
Government Guarantees to be issued in relation to *Cayman Islands Stock Exchange.*	0
Related Party Payments (Non Remuneration) made to Key Management Personnel# Key Management Personnel as defined by International Public Accounting Standards No 20, eg Minister, Board Member and Senior Management Team#	0
Remuneration# Remuneration as defined by International Public Accounting Standards No 20 Par 34(a) Number of ppayments made to Key Management Personnel (Board)	490,532.77
Remuneration Payments made to Senior Management (MD)	490,532.77

DESCRIPTION	NUMBERS FOR 2013/14 $
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	3

NUMBER OF KEY SENIOR MANAGEMENT (MD)	3

AGREEMENT

Scope of this Agreement

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

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

Procedures for Changing this Ownership Agreement

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

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

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Cayman Islands Stock Exchange will seek to achieve for the 2013/14 financial year and that the Cabinet will monitor performance against.

_____

Honourable Wayne Panton

Minister of Financial Services, Commerce and Environment

On behalf of Cabinet

_____

Chairman of the Board

Cayman Islands Stock Exchange

4th October 2013

CAYMAN ISLANDS GOVERNMENT

CAYMAN ISLANDS STOCK EXCHANGE

STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS FOR THE YEAR ENDING 30TH JUNE 2014

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2012 Revision).

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

To the best of our knowledge the statements are:

d. Complete and reliable;
e. Fairly reflect the forecast financial position as at 30th June 2014 and performance for the Cayman Islands Stock Exchange for the year ending 30th June 2014; and
f. Comply with generally accepted accounting practice.

_____

Chairman of the Board
Auditor Oversight Authority

4th October 2013

APPENDIX

FORECAST FINANCIAL STATEMENTS

CAYMAN ISLANDS STOCK EXCHANGE
STATEMENT OF ACCOUNTING POLICIES
AS AT 30TH JUNE 2014

SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

Cash and cash equivalents

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

Revenue recognition

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

Accounts receivable

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

Translation of foreign currencies

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

Depreciation

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

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

Fair value of financial instruments

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

New accounting pronouncements

At the date of authorisation of these financial statements, a number of standards and interpretations were in issue but not yet effective. The Standards and Interpretations that are likely to have an impact on the accounting policies and financial statements of the Company are as follows:

IFRS 9 *Financial Instruments* ("IFRS 9") introduces new requirements for the classification and measurement of financial assets. The standard is effective for annual periods beginning on or after January 1, 2015 with earlier application permitted. IFRS 9 requires all recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* to be measured at amortised cost or fair value, with the determination to be made at initial recognition based on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

The standard is not expected to have a significant impact on the financial statements since the Company's financial assets approximate fair value.

IFRS 13 *Fair Value Measurement* ("IFRS 13") establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. IFRS 13 defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of

IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 *Financial Instruments: Disclosures* will be extended by IFRS 13 to cover all assets and liabilities within its scope.

IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. The Company is currently assessing the impact of IFRS 13 on the financial statements.

There are no other standards or interpretations that are not yet effective that would be expected to have a material impact on the financial statements of the Company.

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

CAYMAN NATIONAL CULTURE FOUNDATION

FOR THE FINANCIAL YEAR

ENDING 30 JUNE 2014

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APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Cayman National Culture Foundation* have agreed the *Cayman National Culture Foundation* will seek to achieve during the 2013/14 financial year.

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

2. NATURE AND SCOPE OF ACTIVITIES

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

GENERAL NATURE OF ACTIVITIES

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

SCOPE OF ACTIVITIES

The scope of the *Cayman National Culture Foundation* activities is as follows:

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

CUSTOMERS AND LOCATION OF ACTIVITIES

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

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Cayman National Culture Foundation* for the 2013/14 financial year are as follows:

- Raise the profile and standards of CNCF's contributions to cultural development and the arts, and increase opportunities for participation in its work and programmes by the general populace and visitors.

- Actively participate in and support regional and international initiatives that promote and respect cultural diversity so as to significantly raise the regional and international profile of the arts and culture of the Cayman Islands.

- Develop a disaster response and recovery plan to ensure adequate protection is provided for CNCF relevant documents, products, collections and physical plant.

- Advocate for and facilitate the development of effective partnerships with other cultural groups and Government, to pool information and resources and identify national priorities for culture and the arts.

- Promote and defend the artist's right to create and express freely, within the boundaries of the laws of the country.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2012 Revision) for the *Cayman National Culture Foundation* for the 2013/14 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2013/14 BUDGET $ 000's	2012/13 FORECAST $ 000's
REVENUE FROM CABINET	679,394	567,231
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES		
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	462,542	184,511
SURPLUS/DEFICIT FROM OUTPUTS		
OTHER EXPENSES	1,141,936	751,742
NET SURPLUS DEFICIT		
TOTAL ASSETS	4,826,610	4,906,303
TOTAL LIABILTIES	518,513	488,174
NET WORTH	4,323,699	4,418,129
CASH FLOWS FROM OPERATING ACTIVIITES	0	(201,497)
CASH FLOWS FROM INVESTING ACTIVIITES		
CASH FLOWS FROM FINANCING ACTIVIITES		
CHANGE IN CASH BALANCES		

FINANCIAL PERFORMANCE RATIO	2013/14 BUDGET %	2012/13 FORECAST %

CURRENT ASSETS : CURRENT LIABILITIES	3:1	1:1
TOTAL ASSETS : TOTAL LIABILITIES	10:1	10:1

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2013/14 BUDGET	2012/13 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	6	7
STAFF TURNOVER (%)	0%	20%
SENIOR MANAGER	23	22
PROFESSIONAL AND TECHNICAL STAFF	5	6
ADMINISTRATIVE STAFF	4	4

PHYSICAL CAPITAL MEASURES	2013/14 BUDGET $	2012/13 FORECAST $
VALUE OF TOTAL ASSETS	4,826,610	4,906,303
ASSET REPLACEMENTS : TOTAL ASSETS		
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS		
DEPRECIATION : CASH FLOW ON ASSET PURCHASES		
CHANGES TO ASSET MANAGEMENT POLICES		

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2012/13	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Loss or damage to the FJ Harquail Theatre Buildings, Contents, Computers and Technical Equipment and/or to *Mind's Eye* (Gladwyn Bush Cultural Heritage Site, South Sound) Buildings and Contents		Emergency Management Plan in place	7,112,676

a) Fire b) Hurricane or Severe Storm		Annual fire safety inspections Sufficient fire extinguishers that are regularly serviced Annual hurricane preparedness exercises Removal and safe storage of portable equipment/contents when a hurricane is imminent On-going internal and external building maintenance Regulate pest control management	

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

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

OPERATING STATEMENT	2013/14 TARGET $ 000's	2012/13 FORECAST $ 000's
REVENUE	1,141,935	751,742
OPERATING EXPENSES	1,141,935	953,239
NET SURPLUS/DEFICIT	*0*	*(201,497)*

BALANCE SHEET	AS AT JUNE 2014 $ 000's	AS AT JUNE 2013 $ 000's
ASSETS	4,826,601	4,906,303
LIABILITIES	502,911	488,174
NET WORTH	4,323,690	4,418,129

STATEMENT OF CASH FLOW	2013/14 TARGET $ 000's	2012/13 FORECAST $ 000's
CASH FLOWS FROM OPERATING ACTIVIITES		*(201,497)*
CASH FLOWS FROM INVESTING ACTIVIITES		
CASH FLOWS FROM FINANCING ACTIVIITES		

6. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2012 Revision).

TRANSACTION	AMOUNT FOR 2013/14 $
Equity Investments into *Cayman National Culture Foundation*	0
Capital Withdrawals from *Cayman National Culture Foundation.*	0
Dividend or Profit Distributions to be made by *Cayman National Culture Foundation.*	0
Government Loans to be made to *Cayman National Culture Foundation.*	0
Government Guarantees to be issued in relation to *Cayman National Culture Foundation.*	0
Related Party Payments (Non Remuneration) made to Key Management Personnel# Key Management Personnel as defined by International Public Accounting Standards No 20, eg Minister, Board Member and Senior Management Team#	0
Remuneration# Remuneration as defined by International Public Accounting Standards No 20 Par 34(a) Number of ppayments made to Key Management Personnel (Board)	164,294
Remuneration Payments made to Senior Management (MD)	164,294

DESCRIPTION	NUMBERS FOR 2013/14

NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	9
NUMBER OF KEY SENIOR MANAGEMENT (MD)	2

AGREEMENT

Scope of this Agreement

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

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

Procedures for Changing this Ownership Agreement

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

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

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Cayman National Culture Foundation will seek to achieve for the 2013/14 financial year and that the Cabinet will monitor performance against.

_____

Honourable Osbourne Bodden

Minister of Health, Sports, Youth and Culture

On behalf of Cabinet

_____

Chairman of the Board

Cayman National Culture Foundation

4th October 2013

CAYMAN ISLANDS GOVERNMENT

CAYMAN NATIONAL CULTURE FOUNDATION

STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS FOR THE YEAR ENDING 30TH JUNE 2014

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2012 Revision).

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

To the best of our knowledge the statements are:

a. Complete and reliable;
b. Fairly reflect the forecast financial position as at 30th June 2014 and performance for the Cayman National Culture Foundation for the year ending 30th June 2014; and
c. Comply with generally accepted accounting practice.

_____

Chairman of the Board

Cayman National Culture Foundation

4th October 2013

APPENDIX

FORECAST FINANCIAL STATEMENTS

CAYMAN NATIONAL CULTURE FOUNDATION

STATEMENT OF ACCOUNTING POLICIES
AS AT 30TH JUNE 2014

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

(a) Basis of preparation

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

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

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

(b) Use of estimates

The preparation of financial statements in accordance with International Financial Reporting

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

Actual results could differ from those estimates.

(c) Recognition of revenue

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

(d) Government grants

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

(e) Property, plant and equipment

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

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

(f) Works of art

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

(g) Foreign exchange

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

(h) Cash and cash equivalents

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

(i) Financial instruments

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

(j) De-recognition

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

CAYMAN NATIONAL CULTURE FOUNDATION

FORECAST OPERATING STATEMENT
FOR THE YEAR ENDING 30TH JUNE 2014

	Note	2013/14 Budget	2012/13 Forecast
Non-Coercive Revenue			
Sale of Outputs to Cabinet		679,394	567,231
Sale of Outputs to Others		161,800	182,928
Donations		300,742	227,297
Total Operating Revenue		1,141,935	977,456
Operating Expenses			
Personnel costs		459,747	426,411
Supplies and consumables		587,755	466,479
Depreciation		94,433	84,566
Total Operating Expenses		1,141,935	977,456
Surplus from Operating Activities		0	0
Net Surplus/(Deficit)		0	0

CAYMAN NATIONAL CULTURE FOUNDATION

FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30TH JUNE 2014

Opening balance net worth	1,774,181
Net Surplus	0
Property revaluations	0
Net revaluations during the period	0
Total recognised revenues and expenses	0
Equity Contributions	2,549,518
Capital Withdrawal/Repayment of Surplus	0
Closing balance net worth	**4,323,699**

CAYMAN NATIONAL CULTURE FOUNDATION

FORECAST BALANCE SHEET

FOR THE YEAR ENDING 30TH JUNE 2014

Current Assets	
Cash and cash equivalents	114,928
Marketable securities and deposits	
Accounts receivable	174,849
Inventories	0
Other current assets	23,431
Total Current Assets	**313,207**
Non-Current Assets	
Loans	0
Other investments	0
Property, plant and equipment	4,228,750
Other non-current assets	300,225
Total Non-Current Assets	**4,529,005**
Total Assets	**4,842,212**
Current Liabilities	
Accounts payable	119,602
Unearned revenue	0
Employee entitlements	10,000
Other current liabilities	0
Borrowings	0
Total Current Liabilities	**129,602**
Non-Current Liabilities	
Employee entitlements	0
Unfunded Pension liability	0
Borrowings	0
Currency issued	0
Other non-current liabilities	388,911
Total Non-Current Liabilities	**388,911**
Total Liabilities	**518,513**
TOTAL ASSETS LESS TOTAL LIABILITIES	**4,323,699**
NET WORTH	
Contributed Capital	1,774,181

Asset revaluation reserve	2,549,518
Accumulated surpluses	0
Total Net Worth	**4,323,699**

AYMAN NATIONAL CULTURE FOUNDATION

FORECAST OF CASH FLOWS
FOR THE YEAR ENDING 30TH JUNE 2014

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts	
Sale of Outputs to Cabinet	679,394
Sale of Outputs (Goods & Services) to Ministries/Portfolios, Public Authorities	0
Sale of Outputs (goods and services) to Others	462,541
Interest received	0
Other receipts	
Payments	
Personnel costs	(459,747)
Suppliers	(587,755)
Interest paid	0
Other payments	(94,433)
Net cash flows from operating activities	**0**
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of non-current assets	0
Purchase of investments	0
Proceeds from sale of non-current assets	0
CASH FLOWS FROM FINANCING ACTIVITIES	**0**
Equity Contributions	
Repayment of Surplus	
Proceeds from borrowings	0
Repayment of borrowings	0
Currency Issues	0
Net cash flows from financing activities	0
Net increase/(decrease) in cash and cash equivalents	0
Cash and cash equivalents at beginning of period	114,928
Cash and cash equivalents at end of period	114,928

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

CAYMAN TURTLE FARM (1983) LIMITED

FOR THE FINANCIAL YEAR

ENDING 30 JUNE 2014

CONTENTS

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

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Cayman Turtle Farm (1983) Limited* have agreed the *Cayman Turtle Farm (1983) Limited* will seek to achieve during the 2013/14 financial year.

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

2. NATURE AND SCOPE OF ACTIVITIES

This section outlines the nature and scope of activities within which the *Cayman Turtle Farm (1983) Limited* is to operate during the year.

GENERAL NATURE OF ACTIVITIES

The Cayman Turtle Farm (1983) Ltd activities involve the rearing of marine turtles both for conservation reasons, as well as the supply of turtle meat to the resident population. From its early days, the farm also doubled as a tourist attraction, including a gift shop. Commencing in fiscal year 2004, the "Boatswains Beach" project increased the scope of operations to that of a theme park, boasting artificial saltwater and freshwater lagoons, a free-flight Caribbean aviary, a nature trail, and a bar & restaurant. The major portion of the company's revenues is derived from the tourist attraction components of the business. In August 2010 the company changed its trading name back to "Cayman Turtle Farm" with the tagline "Island Wildlife Encounter" to portray the primary activity of the company. It now trades as "Cayman Turtle Farm: Island Wildlife Encounter".

SCOPE OF ACTIVITIES

The scope of the *Cayman Turtle Farm (1983) Limited* activities are as follows:

The scope of Cayman Turtle Farm (1983) Ltd activities is as follows:

- Operation of a theme-park-styled tourist attraction, providing island wildlife encounters with marine and terrestrial animal species endemic to Cayman, and bird species endemic to the Caribbean;
- Operation of a gift-shop;
- Operation of a bar & restaurant;
- Hosting of events;
- Conservation of sea turtles (and occasional assistance in conservation and rehabilitation of other wildlife);
- Research and education on sea turtles and other related animals;
- Sale of farmed green sea turtle meat to the local population;
- Leasing of space to retail businesses and another marine park facility offering dolphin encounters.

CUSTOMERS AND LOCATION OF ACTIVITIES

The services provided by Cayman Turtle Farm (1983) Ltd. are provided mainly to tourists, as well as residents. All services are provided in Grand Cayman, the main site being at 786 North West Point Road, West Bay, Grand Cayman. Turtle meat sales take place at the company's site across the street, 825 North West Point Road, West Bay, Grand Cayman.

The largest portion of revenues of Cayman Turtle Farm (1983) Ltd. are derived from sale of admission to the park, typically as the main feature of a tour, the primary customers of which are day-visitors arriving on cruise ships. Other important customer segments for park admissions are stay-over visitors, and

residents.

Some of the tourist attraction service packages are sold wholesale to cruise lines, which in turn sell to their passengers online and on-board, at a mark-up. Those packages include bus transportation from and to the cruise ship terminal, and some packages also include a boat trip to Stingray Sandbar. The bus and boat transportation is provided to Cayman Turtle Farm (1983) Ltd. by industry partners under wholesale pricing arrangements.

Cayman Turtle Farm (1983) Ltd. also sells admissions wholesale to independent tour operators who typically offer tours of the western part of the island, on buses that pick up and drop off passengers at the cruise terminals. In most cases those independent tour operators have also sold the tour packages wholesale to the cruise lines, which in turn sell to their passengers online and on-board, at a mark-up.

Customer segments for the bar & restaurant and the gift-shop are the same segments as for admissions.

Whole polished turtle shells are sold through the gift-shop to local individuals.

Customer segments for turtle meat products are local restaurants, individuals, and businesses.

In keeping with the CITES conventions and related regulations, the turtle meat products and turtle shells cannot be exported.

Tenants for the retail spaces that are in the courtyard at the main entrance to the park, are typically small businesses offering products and services aimed primarily at the visitor market. The tenant for the dolphinarium which is on the company's property adjacent to the car park across the street from the main site is Dolphin Discovery Cayman Ltd.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Cayman Turtle Farm (1983) Limited* for the 2013/14 financial year are as follows:

Turtle Conservation

- Release (approx.) 100 quarantined turtles in each of the following months: November 2013, February 2014, and May 2014.

Turtle Meat production

- For Sep.2013-Feb.2014: production not to exceed average 33 turtles per week.
- For Feb.2014-Jun.2014: production not to exceed average 55 turtles per week.

Revenue Centers

- Tours:
  - Increase admissions revenue sold to "stay-over" guests by 10%
- Gift Shop:
  - Increase Retail Contribution by 10%
- Food & Beverage:
  - Increase F&B Contribution by 10%

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2012 Revision) for the *Cayman Turtle Farm (1983) Limited* for the 2013/14 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2013/14 BUDGET $ 000's	2012/13 FORECAST $ 000's
REVENUE FROM CABINET	0	0
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	0	0
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	6,226,266	6,356,000
SURPLUS/DEFICIT FROM OUTPUTS	(5,791,708)	(5,908,962)
OTHER EXPENSES	(1,344,000)	(1,647,873)
NET SURPLUS DEFICIT	(7,135,708)	(7,556,835)
TOTAL ASSETS	34,380,613	37,161,706
TOTAL LIABILTIES	31,868,973	37,804,358
NET WORTH	2,511,640	(642,652)
CASH FLOWS FROM OPERATING ACTIVIITES	(5,731,356	(4,278,939)
CASH FLOWS FROM INVESTING ACTIVIITES	(812,000)	(543,046)
CASH FLOWS FROM FINANCING ACTIVIITES	5,873,362	6,437,320
CHANGE IN CASH BALANCES	(669,994)	1,615,335

FINANCIAL PERFORMANCE RATIO	2013/14 BUDGET %	2012/13 FORECAST %

CURRENT ASSETS : CURRENT LIABILITIES	0.24:1	0.29:1
TOTAL ASSETS : TOTAL LIABILITIES	1.08:1	0.98:1

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	**2013/14 BUDGET**	**2012/13 FORECAST**
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	90	85
STAFF TURNOVER (%)	5%	6%
SENIOR MANAGER	7.1	6.1
PROFESSIONAL AND TECHNICAL STAFF	6.6	7.3
ADMINISTRATIVE STAFF	9.1	8.1
Significant changes to personnel management system	**No further changes**	Performance Incentive Scheme

PHYSICAL CAPITAL MEASURES	**2013/14 BUDGET $**	**2012/13 FORECAST $**
VALUE OF TOTAL ASSETS	31,296,248	33,088,248
ASSET REPLACEMENTS : TOTAL ASSETS	2.6%	1.6%
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	57%	61%
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	3.4:1	5:1
CHANGES TO ASSET MANAGEMENT POLICES	No Changes	No Changes

MAJOR CAPITAL EXPENDITURE PROJECTS Capex Project from prior year Budget not finished, to be finished in 2013/14)	**2013/14 BUDGET $**
Buildings	475,000
Plant and Equipment	36,000

Main Generator	265,000
Computer	10,000
Saltwater Lagoon	16,000
Terrestrial Education	10,000

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2012/13	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Insufficient cash flows to service debt.	Not changed	Obtained equity injection from Cabinet to ensure bond payments made; Aggressive sales & marketing strategies to increase cash flows.	Undefined. Places going concern risk on operations
Insufficient operational cash flows.	Not changed	Continue to evaluate viability of different business segments and cash generating options and will make recommendations to shareholder on such suitable options.	Undefined. Places going concern risk on operations
Not securing regulatory permits for discharge of effluents into the natural environment.	Not changed	Obtained temporary marine discharge permit, continuing frequent scheduled measurements on effluent in conjunction with Water Authority, researching technical solutions to reduce waste material content of marine discharge. Substantial capital and operational spending would be required to implement this project to further reduce the nutrient levels.	Undefined; presents a going concern risk.

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

A full set of forecast financial statements for *Cayman Turtle Farm (1983) Limited* is provided in the Appendix to this Ownership Agreement.

OPERATING STATEMENT	2013/14 TARGET $ 000's	2012/13 FORECAST $ 000's
REVENUE	6,394,266	6,356,000
OPERATING EXPENSES	(13,529,974)	(13,912,835)
NET SURPLUS/DEFICIT	(7,135,708)	(7,556,835)

BALANCE SHEET	AS AT JUNE 2014 $ 000's	AS AT JUNE 2013 $ 000's
ASSETS	34,380,613	37,161,706
LIABILITIES	31,868,973	37,804,358
NET WORTH	2,511,640	(642,652)

STATEMENT OF CASH FLOW	2013/14 TARGET $ 000's	2012/13 FORECAST $ 000's
CASH FLOWS FROM OPERATING ACTIVIITES	(5,731,356)	(4,278,939)
CASH FLOWS FROM INVESTING ACTIVIITES	(812,000)	(543,046)
CASH FLOWS FROM FINANCING ACTIVIITES	5,873,362	6,437,320

6. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2012 Revision).

TRANSACTION	AMOUNT FOR 2013/14 $
Equity Investments into Cayman Turtle Farm (1983) Ltd	10,290,000
Capital Withdrawals from Cayman Turtle Farm (1983) Ltd	0
Dividend or Profit Distributions to be made by Cayman Turtle Farm (1983) Ltd	0
Government Loans to be made to Cayman Turtle Farm (1983) Ltd	0
Government Guarantees to be issued in relation to Cayman Turtle Farm (1983) Ltd	0
Related Party Payments (Non Remuneration) made to Key Management Personnel[9]	0
Remuneration[10] Payments made to Key Management Personnel	533,915
Remuneration Payments made to Senior Management	512,915

DESCRIPTION	NUMBERS FOR 2013/14
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	15

[9] Key Management Personnel as defined by International Public Accounting Standards No 20, eg Minister, Board Member and Senior Management Team

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

NUMBER OF KEY SENIOR MANAGEMENT (MD)	6

AGREEMENT

Scope of this Agreement

In signing this document the Cayman Turtle Farm (1983) Limited undertakes to seek to achieve the performance specified in sections 2 to 6 to the best of its ability; and

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

Procedures for Changing this Ownership Agreement

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

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

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Cayman Turtle Farm (1983) Limited will seek to achieve for the 2013/14 financial year and that the Cabinet will monitor performance against.

_____

Honourable Moses Kirkconnell, JP
Minister of District Administration, Tourism and Transport
On behalf of Cabinet

_____

Mr. Ken Hydes
Chairman of the Board
Cayman Turtle Farm (1983) Limited

4th October 2013

CAYMAN ISLANDS GOVERNMENT

CAYMAN TURTLE FARM (1983) LIMITED

STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS FOR THE YEAR ENDING 30TH JUNE 2014

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2012 Revision).

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

To the best of our knowledge the statements are:

a. Complete and reliable;
b. Fairly reflect the forecast financial position as at 30th June 2014 and performance for the Cayman Turtle Farm (1983) Limited for the year ending 30th June 2014; and
c. Comply with generally accepted accounting practice.

_____

Chairman of the Board
Cayman Turtle Farm (1983) Limited

4th October 2013

APPENDIX

FORECAST FINANCIAL STATEMENTS

CAYMAN TURTLE FARM (1983) LIMITED

STATEMENT OF ACCOUNTING POLICIES
AS AT 30TH JUNE 2014
Accounting policies

Basis of preparation

These financial statements are prepared under the historical cost convention, modified by the valuation of biological assets at fair value, and in accordance with International Financial Reporting Standards ("IFRS"). The continued existence of the Company is contingent on the ongoing support from the Company's shareholder and the maintenance of the credit facilities provided by the Company's bankers. As management consider that this support will be ongoing and there are no indications which suggest otherwise, management consider the preparation of the forecast financial statements under the going concern assumption to be appropriate.

The preparation of forecast financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to these forecast financial statements, relate to management's assessment of whether an impairment provision is required in respect of property, plant, equipment and exhibits, the valuation of biological assets and the provisions for pensions payable and severance payable. Unless otherwise disclosed, these forecasts financial statements are presented in Cayman Islands dollars ("CI$").

The significant accounting policies adopted in the preparation of these financial statements are:

Cash and cash equivalents
For the purposes of the statement of cash flows, cash and cash equivalents consists of cash on hand, balances with banks (including overdrafts) on demand and at short notice, and short-term highly liquid investments with original maturity dates of less than 90 days.

Accounts receivable
Accounts receivable comprise receivables from customers and are reduced by any allowance for doubtful accounts where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Biological assets - Secondary herd
The secondary herd, which is reared for slaughter, is valued at fair value, calculated using market prices and expected yields of each type of product based on historical data. Changes in the carrying amount attributable to physical change in such biological assets and changes attributable to price change are recognised as income or expense in the statement of comprehensive loss.

Biological assets - Breeder herd

It is management's policy to differentiate between turtles which were acquired from the wild and will be released at the end of their breeding lives, and farm bred turtles which may be slaughtered at the end of their breeding lives. Mature turtles (i.e. those that have reached breeding age) acquired from the wild have been fully depreciated over their useful lives of 20 years and have a zero carrying value. Mature farm-bred turtles have an estimated net realisable value that exceeds cost and are not depreciated.

The direct costs of maintaining the farm-bred turtles are allocated between the mature turtles and those that have not yet reached maturity.

CAYMAN TURTLE FARM (1983) LTD
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDING 30 JUNE 2014

Accounting policies (continues)

Property, plant, equipment and exhibits
Property, plant, equipment and exhibits are recorded at cost and, with the exception of land which is not depreciated, are depreciated using the straight line method over their estimated useful lives as follows:

Buildings and lagoons 10 - 20 years
Plant and equipment 4 - 10 years
Motor vehicles 3 - 4 years
Furniture and office equipment 4 - 5 years
Exhibits 6 years
Computer hardware and software 3 years

The estimated useful lives, residual values and depreciation method are reviewed at year-end and the effect of any changes in the estimate is accounted for on a prospective basis.

Cost comprises the purchase price of an asset plus any directly attributable costs of bringing the asset to working condition for its intended use such as import duties, site preparation, initial delivery and handling cost, installation cost and professional fees (e.g. architects and engineers). Certain borrowing costs are also included in the cost basis of the related asset; see “borrowing costs” below. Costs of improvements are included in the cost of the applicable asset.

New and redeveloped assets are not depreciated until the assets are placed into service. Capitalized cost includes direct labour and benefits for employees specifically identified with the project. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable.

Repairs and maintenance are charged to production or overhead expenses in the statement of comprehensive loss as incurred.

Donated assets are recorded at their estimated fair value at the date of receipt.

Exhibits represent the cost of various marine life, including acquisition costs, contained within the salt water lagoons at the park. Management estimate that the total life of these marine life to be approximately 10-12 years. As the Company has acquired these marine life at a mature status in their life cycle, management have assumed that the remaining useful life for the exhibits from the date of acquisition to be approximately 6 years.

CAYMAN TURTLE FARM (1983) LTD
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDING 30 JUNE 2014

Accounting policies (continues)

Financial assets and liabilities

(i) Classification

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset, or to exchange financial instruments with another enterprise under conditions that are potentially favourable or an equity instrument of another enterprise. A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

(ii) Recognition

The Company recognises financial assets and liabilities on the date it becomes a party to the contractual provisions of the instrument. From this date, any gains and losses arising from changes in financial liabilities measured at amortised cost are recognised in the statement of comprehensive loss.

Financial assets comprise cash and cash equivalents, accounts receivable and prepayments and accrued interest. Financial liabilities comprise as bank overdraft, accounts payable, guaranteed senior notes, long term bank debt and the provisions for pensions payable and severance payable. Management determines the classification of its financial assets and liabilities at initial recognition.

(iii) Measurement

Financial instruments are measured initially at cost, including transaction costs. For financial assets acquired, cost is the fair value of the consideration given, while for financial liabilities cost is the fair value of consideration received. Financial assets classified as loans and receivables and financial liabilities measured at amortised cost are carried at amortised cost using the effective interest rate method, less impairment losses, if any, for financial assets.

(iv) De-recognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Company has transferred all the risks and rewards of ownership. A financial liability is derecognised when it is discharged, cancelled or expires.

(v) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Company has a legally enforceable right to set off the recognized amounts and the transactions are intended to be settled on a net basis.

(vi) Impairment

A financial asset is impaired if there is objective evidence indicating that one or more events have had a negative effect on the estimated future cash flows of that asset. The amount of the impairment loss for assets carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the financial instrument's original effective interest rate. All impairment losses are recognised in the statement of comprehensive loss.

Accounting policies (continues)

Borrowing costs

Borrowing costs that are directly attributable to the acquisition or development of an asset which takes a substantial period of time to ready it for its intended use are capitalised and included as part of the cost of the asset. Such costs include interest, the amortisation of discounts or premiums on issue, and amortisation of transaction costs associated with the arrangement of the borrowings. To the extent funds borrowed for the acquisition or development of a specific asset are invested on a temporary basis, the interest income is netted with the related borrowing costs to determine the amount of borrowing costs eligible for capitalisation. Capitalisation ceases when the related asset, or completed part thereof, is effectively ready for use. All other borrowing costs are expensed in the statement of comprehensive loss during the period in which they are incurred.

Employee benefits

(a) Defined contribution pension plan

The Company's contributions are charged to the statement of comprehensive loss in the period to which the contributions relate.

(b) Defined benefit plan

Pension costs are recognised based upon the results of periodic actuarial assessments conducted in respect of the Cayman Islands Public Service Pension Plan. The cost of providing pensions is charged to the statement of comprehensive loss so as to spread the regular cost over the service lives of employees. The pension obligation is measured as the present value of the estimated future cash outflows using interest rates of government securities which have terms to maturity approximating the terms of the related liability. Actuarial gains and losses are recognised over the average remaining service lives of employees. Changes in the estimate of the amount required to fund past

service pension benefits are recognised immediately when advised to the Company.

(c) Severance benefits for long-serving retired employees

Employees with over 25 years of service at retirement are entitled to an additional benefits package comprising a cash payment and payment of medical insurance premiums for a specified period. The costs of the benefits are accrued over the period of employment based on estimated valuations of these obligations determined by the Board of Directors.

Foreign currencies

The Company's transactions occur in United States dollars ("US$") and Cayman Islands dollars ("CI$"). The Company translates US$ transactions into CI$ using a rate of US$1.00 to CI$0.84.

Notes issued

The Guaranteed Senior Notes (the "Notes") were initially recognised at "cost", being the issue proceeds net of transaction costs incurred. The liability is subsequently stated at amortised cost and the difference between the net proceeds of the issue of the Notes and the principal amount of the Notes is amortised over the term to the maturity of the Notes using the effective yield method and accounted for in accordance with the accounting policy described under "borrowing costs".

Transaction costs include those incremental fees, commissions and payments to agents and advisors that are directly attributable to the Notes issuance.

Inventories of marketable products

Farm produced marketable products are valued at net realisable value. Products purchased for resale and food and beverage are valued at the lower of cost on the first in, first out basis, and estimated net realisable value.

Inventories of feeds and other supplies

Feed and other supplies are valued using the weighted average cost basis.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of returns, rebates and discounts. The Company sells merchandise and turtle meat and charges admission fees to customers for entry to the farm. Sales of goods or services are recognised when the Company sells a product to the customer or the customer is admitted to the farm. Retail sales are usually in cash or by credit card.

Comparative figures

Certain of the prior year's figures have been reclassified to conform to the current year's presentation.

Fair value of financial instruments

Fair value amounts represent estimates of the consideration that would be agreed upon between knowledgeable willing parties who are under no compulsion to act and is best evidenced by a quoted market price if one exists. The carrying value reflected in the financial statements for cash and cash equivalents, accounts receivable, prepayments and accrued interest, bank overdraft and accounts payable are assumed to approximate to their fair values due to their short-term nature. Long-term liabilities are carried at their contracted settlement value. Additionally, the cost of all monetary assets and liabilities has been appropriately adjusted to reflect estimated losses on realisation or discounts on settlement.

CAYMAN TURTLE FARM (1983) LIMITED
FORECAST OPERATING STATEMENT
FOR THE YEAR ENDING 30TH JUNE 2014

	Note	2013/14 Budget		2012/13
Non-Coercive Revenue				
Sale of Outputs (goods and services) to Others	2	**6,226,266**		5,924,993
Total Non-Coercive Revenue		**6,226,266**		5,924,993
Total Operating Revenue		**6,226,266**		5,924,993
Operating Expenses				
Personnel costs	4	**(3,697,903)**		(3,695,113)
Supplies and consumables	5	**(5,884,071)**		(5,853,284)
Depreciation	6	**(2,604,000)**		(2,716,565)
Total Operating Expenses		**(12,185,974)**		(12,264,962)
Surplus from Operating Activities		**(5,959,708)**		(6,339,969)
Financing expense	7	**(1,344,000)**		(1,647,873)
Net Change in defined benefit liability		**-**		52,000
Change in fair value of biological assets		**168,000**		379,007
Total Non-Operating Revenue and Expenses		**(1,226,400)**		(1,216,866)
Net Surplus/(Deficit)		**(7,135,708)**		(7,556,835)

		2013/14 Budget		2012/13
Opening balance net worth		**(642,652)**		(3,764,588)
Net Surplus		**(7,135,708)**		(7,556,835)
Total recognised revenues and expenses		**(7,778,360)**		(11,321,423)
Equity Contributions		**10,290,000**		10,678,771

Capital Withdrawal/Repayment of Surplus		**0**		0
Closing balance net worth		**2,511,640**		(642,652)

CAYMAN TURTLE FARM (1983) LIMITED

FORECAST BALANCE SHEET
AS AT 30TH JUNE 2014

		2013/14 Budget		2012/13
Current Assets				
Cash and cash equivalents	9	**532,824**		2,122,004
Accounts receivable	10	**765,241**		349,087
Inventories	11	**1,786,300**		1,602,367
Total Current Assets		**3,084,365**		4,073,458
Non-Current Assets				
Property, plant and equipment	12	**31,296,248**		33,088,248
Total Non-Current Assets		**31,296,248**		33,088,248
Total Assets		**34,380,613**		37,161,706
Current Liabilities				
Bank overdraft	9	**2,698,359**		3,617,546
Accounts payable	13	**5,512,296**		6,111,856
Borrowings	15	**4,489,325**		4,480,079
Total Current Liabilities		**12,699,980**		14,209,481
Non-Current Liabilities				
Other non-current liabilities	14	**1,225,771**		1,225,771
Borrowings	15	**17,943,222**		22,369,106
Total Non-Current Liabilities		**19,168,993**		23,594,877
Total Liabilities		**31,868,973**		37,804,358
TOTAL ASSETS LESS TOTAL LIABILITIES		**2,511,640**		(642,652)
NET WORTH				
Contributed Capital		**9,647,348**		6,914,183
Accumulated surpluses	16	**(7,135,708)**		(7,556,835)
Total Net Worth		**2,511,640**		(642,652)

CAYMAN TURTLE FARM (1983) LIMITED
FORECAST STATEMENT OF CASH FLOW
FOR THE YEAR ENDING 30TH JUNE 2014

		2013/14 Budget		2012/13
CASH FLOWS FROM OPERATING ACTIVITIES				
Sale of Outputs (goods and services) to Others		**6,226,266**		5,924,993
Change in fair value of biological assets		**168,000**		379,007
Change in fair value of defined benefit liability		**-**		52,000
Payments				
Personnel costs		**(3,697,903)**		(3,695,113)
Suppliers		**(5,884,071)**		(5,853,284)
Interest paid		**(1,344,000)**		(1,647,873)
Increase/(Decrease) in defined benefit liability		**-**		52,000
(Increase)/Decrease in accounts receivable		**(403,555)**		475,568
(Increase)/Decrease in inventories		**(15,933)**		31,018
(Increase)/Decrease in prepayments		**(12,600)**		23,161
Decrease in interest payable		**(11,175)**		(10,592)
Increase/(Decrease) in accounts payable and accruals		**(588,385)**		84,501
(Increase)/Decrease in biological assets		**(168,000)**		(94,325)
Net cash flows from operating activities	**17**	**(5,731,356)**		(4,278,939)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of non-current assets		**(812,000)**		(543,046)
Net cash flows from investing activities		**(812,000)**		(543,046)
CASH FLOWS FROM FINANCING ACTIVITIES				
Equity Contributions		**10,290,000**		10,678,771
Repayment of borrowings		**(4,416,638)**		(4,241,451)
Net cash flows from financing activities		**5,873,362**		6,437,320
Net increase/(decrease) in cash and cash equivalents		**(669,994)**		1,615,335
Cash and cash equivalents at beginning of period		**(1,495,541)**		(3,110,876)
Cash and cash equivalents at end of period	**9**	**(2,165,535)**		(1,495,541)

CAYMAN TURTLE FARM (1983) LIMITED

STATEMENT OF COMMITMENTS
FOR THE YEAR ENDING 30TH JUNE 2014

STATEMENT OF ACTUAL COMMITMENTS		2013/14 Budget		2012/13
AS AT 3 September 2013				
Type				
One year or less		-		-
One to five Years		-		-
Over five Years		-		-
Total		**-**		-
Capital Commitments				
Land and buildings		**-**		-
Other fixed assets		**-**		-
Other commitments (list separately if material)		**-**		-
Total Capital Commitments		**-**		-
Operating Commitments				
Non-cancellable accommodation leases		**-**		-
Other non-cancellable leases		**-**		-
Non-cancellable contracts for the supply of goods and services		**-**		-
Other operating commitments		**-**		-
Total Operating Commitments		**-**		-
				-
Total Commitments		**-**		-
STATEMENT OF ACTUAL CONTINGENT LIABILITIES				
AS AT 3 September 2013				
Guarantees				
Item 1 heading		**-**		-
Item 1 description		**-**		-
Item 2 heading		**-**		-
Item 2 description		**-**		-
Total Quantifiable Guarantees		**-**		-
Legal Proceedings and Disputes				
Construction contract dispute with Bushcatt		**308,956**		308,956
Total Legal Proceedings and Disputes		**308,956**		308,956
Other Contingent Liabilities				

Item 1 heading				
Item 1 description				
Item 2 heading		-		-
Item 2 description		-		-
Total Other Contingent Liabilities		-		-

NOTE 2. GOODS AND SERVICES (INCLUDING FEES AND CHARGES)		**2013/14 Budget**		**2012/13**
General Sales				
Other Sales		**5,986,866**		5,687,273
Total Sales of Goods		**5,986,866**		5,687,273
Rentals				
Rentals - Other Properties		**239,400**		237,720
Total Rentals		**239,400**		237,720
Total Goods and Services		**6,226,266**		5,924,993
NOTE 3. OPERATING EXPENSES BY FUNCTION				
Operating Expenses				
General government services		-		-
Public order and safety		-		-
Education		-		-
Environmental protection		-		-
Health		-		-
Fuel and energy		-		-
Social security and welfare		-		-
Housing and community amenities		-		-
Recreational, cultural and religious		-		-
Transportation and communication		-		-
Other economic affairs		**12,185,974**		12,264,962
Total Operating Expenses		**12,185,974**		12,264,962

NOTE 4. PERSONNEL COSTS		2013/14 Budget		2012/13
Personnel Costs				
Salaries, wages, allowances & employee pension contribution		3,357,094		3,354,415
Employer pension expense		200,747		203,385
Other personnel related expenses		140,062		137,313
Total Personnel Costs		3,697,903		3,695,113
NOTE 5. SUPPLIES AND CONSUMABLES				
Supplies and Consumables		2,052,931		1,769,504
Purchase of services		3,699,641		3,567,080
Other Supplies and Consumables		131,499		213,205
Total Supplies and Consumables		5,884,071		5,853,284
NOTE 6. DEPRECIATION				
Buildings		2,377,312		2,433,765
Furniture and fittings		8,201		12,298
Plant and equipment		135,574		158,313
Computers		65,095		41,547
Motor vehicles		8,601		6,142
Other assets		9,217		64,501
Total		2,604,000		2,716,566
Assets are depreciated on a straight line basis as follows:				
Buildings		10-20 years		
Furniture and fittings		4-5 years		
Plant and equipment		4-10 years		
Computers		3 years		
Motor vehicles		3-4 years		
Other assets		6 years		

NOTE 7. FINANCING EXPENSE		2013/14 Budget		2012/13
Interest on Borrowing		**1,192,800**		1,465,286
Interest on Bank Overdraft and other interest		**151,200**		182,587
Total Financing Expense		**1,344,000**		1,647,873
NOTE 8. GAINS/LOSSES ON FOREIGN EXCHANGE TRANSACTIONS				
Gains/Losses on Foreign Exchange Transactions		**-**		(5,540)
List separately if material				
Total Gains/Losses on Foreign Exchange Transactions		**-**		(5,540)
NOTE 9. CASH AND CASH EQUIVALENTS				
Cash on hand (including petty cash)		**532,824**		2,122,004
Bank overdrafts		**(2,698,359)**		(3,617,546)
Total Cash and Cash Equivalents		**(2,165,535)**		(1,495,541)
NOTE 10. ACCOUNTS RECEIVABLE				
Sale of Outputs (goods and services) to Others		**801,100**		359,146
Prepayments & Other receivables		**32,784**		20,184
Total Gross		**833,884**		379,330
Less provision for doubtful debts		**68,643**		60,243
Total Net Accounts Receivable		**765,241**		349,087
Accounts receivable maturity schedule				
Not later than one year		**765,241**		349,087
Later than one year and not later than 2 Years		**-**		-
Later than 2 Years and not later than 5 Years		**-**		-
Later than 5 Years		**-**		-
Total		**765,241**		349,087
NOTE 11. INVENTORIES				
Consumable Stores		**90,933**		75,000
Inventory – Live Stock		**1,695,367**		1,527,367

Total Inventories		**1,786,300**		1,602,367

NOTE 12. PROPERTY, PLANT AND EQUIPMENT	**2013/14**	2012/13
Cost or Opening Valuation		
Land	**1,251,349**	1,251,349
Buildings	**49,167,352**	48,692,352
Vehicles	**275,929**	275,929
Furniture & Fittings	**1,124,838**	1,124,838
Plant and equipment	**1,990,061**	1,673,061
Computers	**432,859**	422,859
Other assets	**682,787**	672,787
Total Cost or Valuation	**54,925,175**	54,113,175
Accumulated Depreciation		
Buildings	**19,928,893**	17,551,581
Vehicles	**261,362**	252,761
Furniture and fittings	**1,105,567**	1,097,366
Plant and equipment	**1,357,606**	1,222,032
Computers	**302,712**	237,617
Other assets	**672,787**	663,570
Total Depreciation	**23,628,927**	21,024,927
Net Book Value		
Land	**1,251,349**	1,251,349
Buildings	**29,238,459**	31,140,771
Vehicles	**14,567**	23,168
Furniture and fittings	**19,271**	27,472
Plant and equipment	**632,455**	451,029

Computers	**130,147**	185,242
Other assets	**10,000**	9,217
Total Net Book Value	**31,296,248**	33,088,248

NOTE 13 ACCOUNTS PAYABLE	**2013/14**	2012/13
Creditors	**4,740,053**	5,295,785
Operating lease rental	**-**	-
Accrued Expenses (short term portion)	**-**	-
Other Accounts Payable	**772,243**	816,070
Total Accounts Payable	**5,512,296**	6,111,855
Provisions	**-**	-
Unfunded Pension liability	**1,225,771**	1,225,771
Other	**-**	-
Total Other Current Liabilities	**1,225,771**	1,225,771

NOTE 15. BORROWINGS
Maturity profile as at 30 JUNE Year at Book Values
Outstanding Debt

Local Currency Debt

Not later than one year	**1,084,097**	1,247,685
Between one and two years	**-**	1,084,097
Between two and five years	**-**	-
Later than five Years	**-**	-
Total Local Currency Debt	**1,084,097**	2,331,782

Foreign Currency Debt (state in $CI)

Not later than one year	**3,405,228**	3,232,394
Between one and two years	**3,587,317**	3,405,228
Between two and five years	**13,354,151**	10,517,869
Later than five years	**1,001,754**	7,361,913
Total Foreign Currency Debt	**21,348,450**	24,517,404
Total Outstanding Debt	**22,432,547**	26,849,186

NOTE 16. ACCUMULATED SURPLUS	**2013/14**	2012/13
General Reserve	**(7,554,895)**	(7,556,835)
Total Accumulated Surplus	**(7,554,895)**	(7,556,835)

NOTE 17. RECONCILIATION OF OPERATING SURPLUS TO CASH FLOWS FROM OPERATING ACTIVITIES		
Operating surplus/(deficit)	**(7,135,708)**	(7,556,835)
Non-cash movements		
Depreciation	**2,604,000**	2,716,565
Increase in biological assets	**(168,000)**	(94,325)
(Increase)/Decrease in accounts receivable	**(403,555)**	475,568
(Increase)/Decrease in inventories	**(15,933)**	31,018
(Increase)/Decrease in prepayments	**(12,600)**	23,161
Decrease in interest payable	**(11,175)**	(10,592)
Increase/(Decrease) in accounts payable and accruals	**(588,385)**	84,501
Increase/(Decrease) in defined benefit liability	**-**	52,000
Net cash flows from operating activities	**(5,731,356)**	(4,278,939)

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

CHILDREN AND YOUTH SERVICES (CAYS) FOUNDATION

FOR THE FINANCIAL YEAR

ENDING 30 JUNE 2014

CONTENTS

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

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Children and Youth Service (CAYS) Foundation* have agreed the *Children and Youth Service (CAYS) Foundation* will seek to achieve during the 2013/14 financial year.

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

2. NATURE AND SCOPE OF ACTIVITIES

This section outlines the nature and scope of activities within which the *Children and Youth Service (CAYS) Foundation* is to operate during the year.

GENERAL NATURE OF ACTIVITIES

The Children and Youth Services (CAYS) Foundation activities involve providing 24 hour residential care to youth who have been committed by the Courts in to residential treatment due to care and protection needs and/or offending behaviours. The programme adopts a strength-based approach to decision making and self-awareness.

SCOPE OF ACTIVITIES

The scope of the *Children and Youth Service (CAYS) Foundation* activities is as follows:

- Operate Bonaventure Boys Home and Frances Bodden Girls Home; twenty-four hour residential facilities for youth who require residential care due to being deemed in need of care and protection, as well as youth exhibiting offending behaviours that have been Court ordered.

- Provide administration and supervision of the programmes offered.

- Provide policy advice to the Minister of Community Affairs, Gender and Housing on the direction of youth rehabilitation and effective interventions to assist in their integration back into society. The therapeutic process will utilise a strength based approach and positive youth development to foster change in the lives of its participants. The programme will also seek to engage families and community in the rehabilitative process.

- Develop and deliver specific programmes to address the behaviour problems (including drug and alcohol misuse, promiscuity and other risky behaviours) and the educational needs of the youth. This will include individual and group counselling.

- Prepare residents for independent living including pre-employment preparation, and life skills training.

- Maintain the government owned residential facilities, namely the Frances Bodden Girls Home (FBGH) and Bonaventure Boys Home (BBH), to facilitate programmes and treatment principles of the highest standards.

CUSTOMERS AND LOCATION OF ACTIVITIES

The customers of the Foundation are youth who have been committed by the Courts into the residential facility.

The services provided by Children and Youth Services (CAYS) Foundation are primarily to the Ministry of Community Affairs, Gender and Housing. The services are also to provide a selected group of members of the society, namely, the youth and their parents/families; and other Government Departments and agencies, i.e., Department of Children and Family Services (DCFS), the Court, the Family Support Unit (FSU) Department of Counselling Services (DCS), and the Department of Education Services to facilitate care and reintegration into society.

The location of the activities is in the Cayman Islands, with the physical location of the residential Homes being in Grand Cayman.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Children and Youth Service (CAYS) Foundation* for the 2013/14 financial year are as follows:

- CAYS implements programmes that address the care needs and the anti-social attitudes, beliefs and behaviours of its residents in a safe nurturing therapeutic environment. They will focus on changing resident's attitudes and behaviours by working to build trusting relationships between them and their peers and a trusting relationship with their parents. This will assist residents to develop appropriate behaviours and coping skills that will assist with their reintegration into their family, school and community.

- CAYS implements programmes that promote the principles of individual growth, personal development and peer accountability. The programmes will assist residents in setting and meeting educational and vocational goals.

- CAYS assists residents with reintegration into the mainstream education system. This is accomplished by a treatment team meeting to develop a comprehensive plan. This team will consist of key stakeholders.

- CAYS addresses the vocational issues for residents and partners with the public and private sector to afford the residents every opportunity to participate in some form of vocational training.

- CAYS develops comprehensive treatment plans to address core issues, issues relating to drug and alcohol use, also education and vocational issues, family issues and aftercare plans.

- CAYS provides on-going training to staff to facilitate the delivery of strength-based, individualized treatment in order to ensure that the best practices are maintained.

- CAYS provides training to staff on treatment planning, to include emphasis on family treatment and aftercare planning.

- CAYS will enhance services to families by providing family education groups to help improve family dynamics and create more supportive and productive relationships.

- CAYS will continue to enhance relationships with private sector entities for fundraising and programme support.

Roles and Responsibilities

Government Obligations

- Nominate one of its officers to be the primary contact for the Government with the Foundation for the purpose of the programmes.

- Provide the Foundation with any policies, operational guidelines and documents held by the Government, which may be reasonably required by the Foundation to perform the services.

- Pay to the Foundation throughout the term of the agreement (so long as the Foundation shall continue to perform the services) the operational budget specified in the Budget.

- Evaluate and monitor the programmes provided by the Foundation.

CAYS Obligations

- Shall perform the services agreed with the Government.

- Nominate a member of the Board who will be the primary contact with the Government for the Foundation.

- Provide the Government with any policies, operational guidelines and documents held by the Foundation which may be reasonably required by the Government to evaluate the services.

- Provide such appropriate trained staff to meet the demands of the programmes.

- Inspect the facilities to ensure that it upholds therapeutic principles, structure, cleanliness and order.

- Staff with the necessary skills and expertise as may be required to perform the services in accordance with recognised professional standards.

- Cooperate fully in the performance of the services with the Government and with any other party, Foundation, consultant or agency identified by Government.

- Ensure that all supplies and materials required for the performance of the services are obtained at the lowest practical cost.

- Perform the services within the financial limits specified in the Budget.

- Not assign or sub-contract any part of the services without prior written approval of the Government.

- Not recruit or hire staff without the prior written approval of the Board and Government.

- Keep all books and records and other documents as may be necessary to evaluate the performance indicators set out in the Purchase Agreement.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2012 Revision) for the *Children and Youth Service (CAYS) Foundation* for the 2013/14 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2013/14 BUDGET $ 000's	2012/13 FORECAST $ 000's
REVENUE FROM CABINET	2,178,000	1,878,000
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	0	0
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	50,000	61,935
SURPLUS/DEFICIT FROM OUTPUTS	0	0
OTHER EXPENSES	2,040,000	2,088,535
NET SURPLUS DEFICIT	188,000	(148,384)
TOTAL ASSETS	973,717	1,064,977
TOTAL LIABILTIES	9,767	289,028
NET WORTH	963,950	775,950
CASH FLOWS FROM OPERATING ACTIVIITES	296,264	(62,433)
CASH FLOWS FROM INVESTING ACTIVIITES	(99,100)	0
CASH FLOWS FROM FINANCING ACTIVIITES	0	0
CHANGE IN CASH BALANCES	197,164	(82,988)

FINANCIAL PERFORMANCE RATIO	2013/14 BUDGET %	2012/13 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	1:1	4:1

TOTAL ASSETS : TOTAL LIABILITIES	2:1	4:1

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2013/14 BUDGET	2012/13 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	30	32
STAFF TURNOVER (%)	0	0
SENIOR MANAGER	6	
PROFESSIONAL AND TECHNICAL STAFF		
ADMINISTRATIVE STAFF		

PHYSICAL CAPITAL MEASURES	2013/14 BUDGET $	2012/13 FORECAST $
VALUE OF TOTAL ASSETS	973,717	41,932
ASSET REPLACEMENTS : TOTAL ASSETS	1:1	1:1
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	0.3:1	0.2:1
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	1:1	1:1
CHANGES TO ASSET MANAGEMENT POLICES	None	

MAJOR CAPITAL EXPENDITURE PROJECTS	2013/14 BUDGET $
FBGH Expansion	99,100

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

A full set of forecast financial statements for *Children and Youth Service (CAYS) Foundation* is provided in the Appendix to this Ownership Agreement.

OPERATING STATEMENT	2013/14 TARGET $ 000's	2012/13 FORECAST $ 000's
REVENUE	2,228,000	1,940,151
OPERATING EXPENSES	2,040,000	2,088,535
NET SURPLUS/DEFICIT	188,000	(148,384)

BALANCE SHEET	AS AT JUNE 2014 $ 000's	AS AT JUNE 2013 $ 000's
ASSETS	973,717	1,064,977
LIABILITIES	9,767	289,028
NET WORTH	963,950	775,950

STATEMENT OF CASH FLOW	2013/14 TARGET $ 000's	2012/13 FORECAST $ 000's
CASH FLOWS FROM OPERATING ACTIVIITES	296,264	(62,433)
CASH FLOWS FROM INVESTING ACTIVIITES	(99,100)	(20,555)
CASH FLOWS FROM FINANCING ACTIVIITES	-	-

6. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2012 Revision).

TRANSACTION	AMOUNT FOR 2013/14 $
Equity Investments into *Children and Youth Services (CAYS) Foundation*	N/A
Capital Withdrawals from *Children and Youth Services (CAYS) Foundation.*	N/A
Dividend or Profit Distributions to be made by *Children and Youth Services (CAYS) Foundation.*	N/A
Government Loans to be made to *Children and Youth Services (CAYS) Foundation.*	N/A
Government Guarantees to be issued in relation to *Children and Youth Services (CAYS) Foundation.*	N/A
Related Party Payments (Non Remuneration) made to Key Management Personnel[11] ***(Includes GM's Pension, Health and Mileage)***	N/A
Remuneration[12] Payments made to Key Management Personnel ***(GM salary)***	N/A
Remuneration Payments made to Senior Management	N/A

[11] Key Management Personnel as defined by International Public Accounting Standards No 20, eg Minister, Board Member and Senior Management Team

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

AGREEMENT

Scope of this Agreement

In signing this document the Children and Youth Service (CAYS) Foundation undertakes to seek to achieve the performance specified in sections 2 to 6 to the best of its ability; and

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

Procedures for Changing this Ownership Agreement

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

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

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Children and Youth Service (CAYS) Foundation will seek to achieve for the 2013/14 financial year and that the Cabinet will monitor performance against.

_____

Honourable Alden McLaughlin, MBE, JP
Premier, Minister of Community and Home Affairs
On behalf of Cabinet

_____

Garth Arch
Chairman of the Board
Children and Youth Service (CAYS) Foundation

4th October 2013

CAYMAN ISLANDS GOVERNMENT

CHILDREN AND YOUTH SERVICE (CAYS) FOUNDATION
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2014

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2012 Revision).

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

To the best of our knowledge the statements are:

a. Complete and reliable;
b. Fairly reflect the forecast financial position as at 30th June 2014 and performance for the Children and Youth Service (CAYS) Foundation for the year ending 30th June 2014; and
c. Comply with generally accepted accounting practice.

_____

Garth Arch
Chairman of the Board
Children and Youth Service (CAYS) Foundation

4th October 2013

APPENDIX

FORECAST FINANCIAL STATEMENTS

CHILDREN AND YOUTH SERVICE (CAYS) FOUNDATION

STATEMENT OF ACCOUNTING POLICIES
AS AT 30TH JUNE 2014

Cash and cash equivalents – For the purpose of the cash flow statement, cash and cash equivalents comprise deposits held at call with banks, net of overdrafts.

Income recognition – Income and expenses are recorded on the accrual basis.

Government grants – Grants relating to income are presented as a credit in the income statements. Grants relating to assets are presented as a credit in the income statement and an increase in assets.

Fixed assets – Fixed assets are recorded at cost. Depreciation, which is based on the cost of the asset, is computed using the straight-line method at the following annual rates:

Office equipment	25%
Computer equipment	33.3%
Motor vehicles	25%
Leasehold improvements	25%

CHILDREN AND YOUTH SERVICE (CAYS) FOUNDATION

FORECAST OPERATING STATEMENT
FOR THE YEAR ENDING 30TH JUNE 2014

	2013/14	2012/13
Grant income	2,178,000	1,878,000
Other income	50,000	62,151
Total income	2,228,000	1,940,151
Operating expenses	2,040,000	2,088,535
Surplus/(deficit) for year	188,000	(148,384)

CHILDREN AND YOUTH SERVICE (CAYS) FOUNDATION

FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30TH JUNE 2014

	2013/14	2012/13
Net worth, beginning of year	775,950	924,334
Surplus/(deficit) for year	188,000	(148,384)
Net worth, end of year	963,950	775,950

CHILDREN AND YOUTH SERVICE (CAYS) FOUNDATION

FORECAST BALANCE SHEET
AS AT 30TH JUNE 2014

	30 June 2014	30 June 2013
Cash	671,184	474,020
Grant receivable	181,500	544,000
Other assets	0	4,526
Fixed assets, net	121,033	41,932
Total Assets	973,717	1,064,977
Liabilities	9,767	289,028
Net worth	963,950	775,950

CHILDREN AND YOUTH SERVICE (CAYS) FOUNDATION

FORECAST STATEMENT OF CASH FLOWS
AS AT 30TH JUNE 2014

	2013/14	2012/13
Cash, beginning of year	474,020	557,008
Cash used operating activities	296,264	(62,433)
Cash used in investing activities	(99,100)	(20,555)
Cash, end of year	671,184	474,020

Children and youth services (CAYS) Foundation

Budget Items	Anticipated Operating Expenses 2013/14	Budgeted Amount 2012/13
Basic Salary	1,292,637	1,466,520
Group Health Insurance Premiums	148,176	159,510
Pension Contribution	146,018	177,129
Food & Kitchen	37,000	33,000
Programmes	20,000	20,000
Electricity	50,000	33,000
Water	9,800	12,000

Telephone	21,900	20,000
Other Operating Expenses	314,470	474,659

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

CIVIL AVIATION AUTHORITY

FOR THE FINANCIAL YEAR

ENDING 30 JUNE 2014

CONTENTS

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

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Civil Aviation Authority* have agreed the *Civil Aviation Authority* will seek to achieve during the 2013/14 financial year.

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

2. NATURE AND SCOPE OF ACTIVITIES

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

GENERAL NATURE OF ACTIVITIES

The *Civil Aviation Authority* activities involve the regulation and supervision of auditors who audit in accordance with The Auditors Oversight Law, 2011 the accounts of market traded companies.

SCOPE OF ACTIVITIES

The scope of The Civil Aviation Authority activities is as follows:

- Certification, licensing and regulation of airports, air navigation facilities and air traffic control services
- Certification, licensing and regulation of Air Operator Certificate holders and aircraft maintenance facilities
- Personnel licensing for pilot, air traffic control and aircraft maintenance engineer
- Registration and airworthiness certification of aircraft
- Economic regulation of services provided by airports and airlines

CUSTOMERS AND LOCATION OF ACTIVITIES

The services provided by the *Civil Aviation Authority* are provided to Recognised Auditors and the public.

- The Cayman Islands Airports Authority with respect to Owen Roberts International and Charles Kirkconnell Airports

- The Cayman Islands Government in respect of Edward Bodden Airfield, Little Cayman

- The Cayman Islands Government in respect of the RCIPS Police Air Support Unit and Mosquito Research Control Unit aerial spraying operations

- The Cayman Islands Government in respect of economic regulatory services for airports and airlines

- Cayman Airways Ltd., Cayman Express Ltd. , and Cayman Islands Helicopters

- Various Cayman Islands registered aircraft that are operated worldwide.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Civil Aviation Authority* for the 2013/14 financial year are as follows:

- Revise and amend local aviation regulations:
    i) Air Navigation (Fees) Regulations – 2 sections only
    ii) Air Transport (Licensing of Air Services) Regulations
    iii) Mortgaging of Aircraft Regulations

- Implement new UK Overseas Territories Aviation Regulations – new OTARs and amendments

- Promote the development of Little Cayman's aviation infrastructure to ensure safe air transport operations on that island.

- Issue equivalent aerodrome safety certification for Edward Bodden Airfield, Little Cayman

- Continue managed growth of the number of aircraft on the CI Aircraft Registry by 5%.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2012 Revision) for the *Civil Aviation Authority* for the 2013/14 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2013/14 BUDGET $ 000's	2012/13 FORECAST $ 000's
REVENUE FROM CABINET	0	0
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	1,272,000	1,255,000
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	4,985,000	4,213,897
SURPLUS/DEFICIT FROM OUTPUTS	2,118,078	1,867,183
OTHER EXPENSES	32,779	20,000
NET SURPLUS DEFICIT	2,151,078	1,887,183
TOTAL ASSETS	6,762,696	9,500,610
TOTAL LIABILTIES	1,117,946	2,651,590
NET WORTH	5,644,750	6,849,020
CASH FLOWS FROM OPERATING ACTIVIITES	2,233,057	1,942,183
CASH FLOWS FROM INVESTING ACTIVIITES	(419,653)	(59,000)
CASH FLOWS FROM FINANCING ACTIVIITES	(4,068,127)	(1,198,264)
CHANGE IN CASH BALANCES	(2,254,723)	684,919

FINANCIAL PERFORMANCE RATIO	2013/14 BUDGET %	2012/13 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	10.63	4.81
TOTAL ASSETS : TOTAL LIABILITIES	6.05	3.58

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2013/14 BUDGET	2012/13 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	21	22
STAFF TURNOVER (%)	5%	5%
SENIOR MANAGER	7	7
PROFESSIONAL AND TECHNICAL STAFF	5	5
ADMINISTRATIVE STAFF	9	10

PHYSICAL CAPITAL MEASURES	2013/14 BUDGET $	2012/13 FORECAST $
VALUE OF TOTAL ASSETS	390,196	77,289
ASSET REPLACEMENTS : TOTAL ASSETS	8%	4%
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	48%	17%
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	390,196	77,289
CHANGES TO ASSET MANAGEMENT POLICES	None	None

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2012/13	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Refer to CAA Risk Management Assessment	None	Various and Professional Indemnity Insurance Coverage to US$12,125,000	Varied

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

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

OPERATING STATEMENT	2013/14 TARGET $ 000's	2012/13 FORECAST $ 000's
REVENUE	6,289,779	5,488,897
OPERATING EXPENSES	4,138,701	3,601,714
NET SURPLUS/DEFICIT	2,151,078	1,887,183

BALANCE SHEET	AS AT JUNE 2014 $ 000's	AS AT JUNE 2013 $ 000's
ASSETS	6,762,696	9,500,610
LIABILITIES	1,117,946	2,651,590
NET WORTH	5,644,750	6,849,020

STATEMENT OF CASH FLOW	2013/14 TARGET $ 000's	2012/13 FORECAST $ 000's
CASH FLOWS FROM OPERATING ACTIVIITES	2,233,059	1,942,183
CASH FLOWS FROM INVESTING ACTIVIITES	(419,653)	(59,000)
CASH FLOWS FROM FINANCING ACTIVIITES	(4,068,127)	(1,198,264)

6. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2012 Revision).

TRANSACTION	AMOUNT FOR 2013/14 $
Equity Investments into Civil Aviation Authority	0
Capital Withdrawals from Civil Aviation Authority	0
Dividend or Profit Distributions to be made by Civil Aviation Authority	5,681,436
Government Loans to be made to Civil Aviation Authority.	0
Government Guarantees to be issued in relation to Civil Aviation Authority	None
Related Party Payments (Non Remuneration) made to Key Management Personnel13	None
Remuneration14 Payments made to Key Management Personnel	868,491
Remuneration Payments made to Senior Management	263,863

DESCRIPTION	NUMBERS FOR 2013/14 $
NUMBER OF KEY MANAGEMENT PERSONNEL	5

[13] Key Management Personnel as defined by International Public Accounting Standards No 20, eg Minister, Board Member and Senior Management Team

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

NUMBER OF KEY SENIOR MANAGEMENT	2

AGREEMENT

Scope of this Agreement

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

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

Procedures for Changing this Ownership Agreement

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

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

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Civil Aviation Authority will seek to achieve for the 2013/14 financial year and that the Cabinet will monitor performance against.

_____

Honourable Franz Manderson, Cert Hon., JP

Deputy Governor

On behalf of Cabinet

_____

Chairman of the Board
Civil Aviation Authority

4th October 2013

CAYMAN ISLANDS GOVERNMENT

AUDITORS OVERSIGHT AUTHORITY

STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS FOR THE YEAR ENDING 30TH JUNE 2014

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2012 Revision).

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

To the best of our knowledge the statements are:

a. Complete and reliable;
b. Fairly reflect the forecast financial position as at 30th June 2014 and performance for the Civil Aviation Authority for the year ending 30th June 2014; and
c. Comply with generally accepted accounting practice.

_____

Chairman of the Board
Civil Aviation Authority

4th October 2013

APPENDIX

FORECAST FINANCIAL STATEMENTS

CIVIL AVIATION AUTHORITY
STATEMENT OF ACCOUNTING POLICIES
AS AT 30TH JUNE 2014

Significant accounting policies

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

Basis of accounting: The financial statements of the Authority are prepared on the accrual basis under the historic cost convention in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Committee (IASC) and interpretations issued by the Standing Interpretation Committee of the IASC.

Depreciation: Fixed assets are stated at historical cost less accumulated depreciation. Depreciation is calculated using the straight-line method at the following rates estimated to write off the cost of the assets over their expected useful lives:

Computer Equipment	3 years
Office Equipment, Vehicles and	5 years
Leasehold Improvements	10 year
Furniture and Fixtures	4-6 years
Amortisation of developed software	4 and 6 years

Foreign currency translation: Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transactions. Gains and losses on exchange are credited or charged in the statement of income. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities are recognized in the income statement.

Assets and liabilities denominated in currencies other than Cayman Islands dollars are translated at exchange rates in effect at the balance sheet dates.

Cash and cash equivalents: Cash and cash equivalents include cash held on demand and at short notice and all deposits with an original maturity of three months or less.

Revenue Recognition: The Authority recognizes revenues in the period in which they are earned. All income from short term deposits is credited to the Income and Expense Statement in the period in which it is earned.

Lease of premises: The Authority leases office space from Cayman Grand Harbour, Grand Cayman and the Cayman Islands Government Offices in London, England. Any fit-out costs are classified as a Leasehold Improvement and are depreciated over the life of the leases. The lease of the Grand Cayman office is for three years beginning August 2010. The Authority terminated the lease of London office in December 2010.

The future obligations of lease payments, based on prior lease agreements, for the office leases are as follows:

	Jul 2013 to 15 August 2014 (12 months)
Cayman Grand Harbour, Cayman Islands	CI$159,514

CIVIL AVIATION AUTHORITY
FORECAST OPERATING STATEMENT
FOR THE YEAR ENDING 30TH JUNE 2014

	Note	2013/14 Budget $000
Revenue		
Outputs to others		6,257,000
Investment revenue		32,779
Total Operating Revenue		**6,289,779**
Operating Expenses		
Personnel costs	1	2,363,424
Supplies and consumables	2	1,693,298
Depreciation		44,894
Amortisation of Intangible Assets		43,585
Other (Gains) / Losses		(6,500)
Total Operating Expenses		**4,138,701**
Surplus from Operating Activities and before Financing and Extraordinary items		**2,151,078**
Extraordinary items		0
Net Surplus/(Deficit) after extraordinary items		**2,151,078**

CIVIL AVIATION AUTHORITY

FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30TH JUNE 2014

	Total
Balance at 30 June 2013 brought forward	5,106,980
Changes in net worth for 2013/14	
Restated balance	5,106,980
Changes in net worth for 2013/14	
Repayment of Surplus / Dividends to Cabinet	(1,613,309)
Net revenue / expenses recognised directly in net worth	(1,613,309)
Surplus/(deficit)for the period 2013/14	2,151,078
Total recognised revenues and expenses for the period	537,770
Balance at 30 June 2014	5,644,750

CIVIL AVIATION AUTHORITY
FORECAST BALANCE SHEET
AS AT 30TH JUNE 2014

Current Assets		
Cash and cash equivalents	**2**	4,503,383
Trade receivables	**5**	1,702,217
Other receivables	**5**	55,216
Prepayments	**5**	-
Total Current Assets		**6,260,816**
Non-Current Assets		
Property, plant and equipment	**6**	390,196
Intangible Assets		111,684
Total Non-Current Assets		**501,880**
Total Assets		**6,762,696**
Current Liabilities		
Trade payables	**7**	124,562
Other payables and accruals	**7**	126,689
Unearned revenue		239,569
Employee entitlements Dividend/Surplus Payable	**8**	98,126 -
Total Current Liabilities		**588,946**
Non-Current Liabilities		
Unfunded pension liability	**12**	529,000
Total Non-Current Liabilities		**529,000**
Total Liabilities		**1,117,946**
Net Assets		**5,644,750**
NET WORTH		
Accumulated surpluses/(deficits)		5,644,750

Total Net Worth		**5,644,750**

CIVIL AVIATION AUTHORITY

FORECAST STATEMENT OF CASH FLOWS SHEET
AS AT 30TH JUNE 2014

	Note	2013/14 Budget $
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Output to others		6,257,000
Interest received		32,779
Payments		
Personnel costs		(2,363,422)
Suppliers		(1,693,298)
Other payments		
Net cash flows from operating activities		**2,233,059**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment		(426,153)
Proceeds from sale of non-current assets and investments		6,500
Net cash flows from investing activities		**(419,653)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Equity investment		0
Capital Withdrawal		0
Repayment of surplus		(4,068,127)
Proceeds from borrowings		0
Repayment of borrowings		0
Net cash flows from financing activities		**(4,068,127)**
Net increase/(decrease) in cash and cash equivalents		(2,254,721)
Cash and cash equivalents at beginning of period		8,371,413
Cash and cash equivalents at end of period		**6,116,692**

NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2014

NOTE 1 - PERSONNEL COSTS	**2013/14 Forecast $000**
Salaries, wages, contracted officers (including employee pension contributions)	1,766,284
Health care	316,195
Employer pension expense	119,950
Other personnel related costs	160,995
Total Personnel Costs	**2,363,424**

NOTE 2 - SUPPLIES AND CONSUMABLES	**2013/14 Forecast $000**
Supply of goods and services	
Travel and Subsistence	133,150
Supplies and materials	88,175
Operating lease rentals	171,638
Recruitment and training	89,000
Utilities	74,000
General Insurance	105,000
Other	1,032,335
Total Supplies and Consumables	**1,693,298**

NOTE 3 - DEPRECIATION	**2013/14 Forecast $000**
Computer hardware	11,534
Furniture and fittings	11,971
Other plant and equipment	7,389
Motor Vehicles	9,000
Leasehold Improvements	5,000
Total Depreciation	**44,894**

NOTE 4 - CASH AND CASH EQUIVALENTS	**2013/14 Forecast $000**
Cash on hand	481
Bank accounts	698,782

Short Term Deposits	3,804,120
Total Cash and Cash Equivalents	**4,503,383**

NOTE 5 - ACCOUNTS RECEIVABLE	2013/14 Forecast $000
Outputs to other government agencies	197,584
Outputs to others	1,512,800
Other Receivables	55,216
Total gross	**1,765,600**
Less provision for doubtful debts	(8,167)
Total Net	**1,757,433**

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

ELECTRICITY REGULATORY AUTHORITY

FOR THE FINANCIAL YEAR

ENDING 30 JUNE 2014

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

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Electricity Regulatory Authority* have agreed the *Electricity Regulatory Authority* will seek to achieve during the 2013/14 financial year.

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

2. NATURE AND SCOPE OF ACTIVITIES

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

GENERAL NATURE OF ACTIVITIES

The *Electricity Regulatory Authority* (ERA) became operational in May 2005 under the Electricity Regulatory Authority Law 2005. The ERA Law was amended in 2008 and again in 2010. The ERA activities to date have been mainly involved in the negotiating and subsequent issue in April 2008 of Licenses granted to Caribbean Utilities Company Ltd (CUC). It also continues to monitor the Cayman Brac Power & Light (CBPL) licence granted in 2003. Primary goals will be to continue to monitor these licences during the financial year, promote renewable energy sources, and negotiate new licences with new entrants to the electricity industry within the Cayman Islands, to ensure the continued supply of dependable electricity in the Cayman Islands.

Scope of Activities

The scope of *Electricity Regulatory Authority* activities is as follows:

- Monitor licences granted to CUC and CBPL, and the reporting requirements under those licences.
- Encourage the introduction of competition within the electricity generation industry within the Cayman Islands, with new licence(s) to be issued to new entrants to the market, especially in the use of renewable resources.
- Ensure that all licence fees and regulatory fees (where applicable) are collected in a timely fashion.
- Ensure that all reports due under the ERA Law 2010 from licensees or as detailed under existing licences are received in a timely manner.
- Ensure that the ERA works closely with licensees and the Department of the Environment to ensure that all licensees comply with environmental laws.

CUSTOMERS AND LOCATION OF ACTIVITIES

The services provided by *Electricity Regulatory Authority* are within the Cayman Islands.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Electricity Regulatory Authority* for the 2013/14 financial year are as follows:

- The expansion of energy generated from renewable resources within the Cayman Islands.
- Managing the solicitation process for additional generating capacity while promoting competition of energy generated from new licensees within the Cayman Islands.
- Implement, monitor and enforce performance standards on Licensees in each of the islands. Continue to ensure that performance standards are met in order to ensure that consumers receive dependable power at the most reasonable cost.
- Use 5 year review period in existing licences to review, renegotiate and modify sections of those licences to better protect the interests of electricity consumers of the Cayman Islands.
  Continue to offer strategic advice to the Ministry of PLAHI in the continued development of a National Energy Policy.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2012 Revision) for the *Electricity Regulatory Authority*for the 2013/14 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2013/14 BUDGET $ 000's	2012/13 FORECAST $ 000's
REVENUE FROM CABINET	120,000	119,778
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	NIL	NIL
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	936,000	955,679
SURPLUS/DEFICIT FROM OUTPUTS	0	0
OTHER EXPENSES	777,500	697,501
NET SURPLUS DEFICIT	278,500	377,956
TOTAL ASSETS	1,553,646	1,454,046
TOTAL LIABILTIES	(33,746)	(62,646)
NET WORTH	393,906	268,785
CASH FLOWS FROM OPERATING ACTIVIITES	(15,000)	(3,306)
CASH FLOWS FROM INVESTING ACTIVIITES	(150,000)	(150,000)
CASH FLOWS FROM FINANCING ACTIVIITES	228,906	115,479
CHANGE IN CASH BALANCES	(15,000)	(3,306)

FINANCIAL PERFORMANCE RATIO	2013/14 BUDGET %	2012/13 FORECAST %

CURRENT ASSETS : CURRENT LIABILITIES	37/1	16/1
TOTAL ASSETS : TOTAL LIABILITIES	46/1	23/1

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	**2013/14 BUDGET**	**2012/13 FORECAST**
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	3	3
STAFF TURNOVER (%)	NIL	NIL
SENIOR MANAGER	3.0	2.5
PROFESSIONAL AND TECHNICAL STAFF	3.0	2.5
ADMINISTRATIVE STAFF	2.5	2.0

PHYSICAL CAPITAL MEASURES	**2013/14 BUDGET $**	**2012/13 FORECAST $**
VALUE OF TOTAL ASSETS	1,553,646	1,454,046
ASSET REPLACEMENTS : TOTAL ASSETS	NIL	NIL
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	22,142	9,615
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	N/A	N/A
CHANGES TO ASSET MANAGEMENT POLICES	NIL	NIL

MAJOR NEW ENTITY CAPTIAL EXPENDITURE FOR THE YEAR	**2013/14 BUDGET $ 000's**
Computers	12,000
Other Equipment	3,000

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2012/13	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
None	N/A	N/A	NIL

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

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

OPERATING STATEMENT	2013/14 TARGET $ 000's	2012/13 FORECAST $ 000's
REVENUE	1,056,000	1,075,457
OPERATING EXPENSES	777,500	697,679
NET SURPLUS/DEFICIT	278,500	377,778

BALANCE SHEET	AS AT JUNE 2014 $ 000's	AS AT JUNE 2013 $ 000's
ASSETS	1,553,646	1,454,046
LIABILITIES	33,746	62,646
NET WORTH	1,519,900	1,391,400

STATEMENT OF CASH FLOW	2013/14 TARGET $ 000's	2012/13 FORECAST $ 000's
CASH FLOWS FROM OPERATING ACTIVIITES	393,906	268,785
CASH FLOWS FROM INVESTING ACTIVIITES	(15,000)	(3,306)
CASH FLOWS FROM FINANCING ACTIVIITES	(150,000)	(150,000)

6. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2012 Revision).

TRANSACTION	AMOUNT FOR 2013/14 $
Equity Investments into *Electricity Regulatory Authority*	NIL
Equity Repayments from *Electricity Regulatory Authority to* CIG.	$
Dividend or Profit Distributions to be made by *Electricity Regulatory Authority* to Government	$ 150,000
Government Loans to be made to *Electricity Regulatory Authority*	NIL
Government Guarantees to be issued in relation to *Electricity Regulatory Authority*	NIL
Related Party Payments (Non Remuneration) made to Key Management Personnel[15]	NIL
Remuneration[16] Payments made to Key Management Personnel	$ NIL
Remuneration Payments made to Senior Management	$ 125,000

DESCRIPTION	NUMBERS FOR 2013/14 $
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	10
NUMBER OF KEY SENIOR MANAGEMENT (MD)	1

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

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

AGREEMENT

Scope of this Agreement

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

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

Procedures for Changing this Ownership Agreement

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

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

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Electricity Regulatory Authority will seek to achieve for the 2013/14 financial year and that the Cabinet will monitor performance against.

_____

Honourable Kurt Tibbetts, OBE, JP

Minister of Planning, Lands, Agriculture Housing and Infrastructure

On behalf of Cabinet

_____

Chairman of the Board

Electricity Regulatory Authority

4th October 2013

CAYMAN ISLANDS GOVERNMENT

AUDITORS OVERSIGHT AUTHORITY

STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS FOR THE YEAR ENDING 30TH JUNE 2014

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2012 Revision).

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

To the best of our knowledge the statements are:

a. Complete and reliable;
b. Fairly reflect the forecast financial position as at 30th June 2014 and performance for the Electricity Regulatory Authority for the year ending 30th June 2014; and
c. Comply with generally accepted accounting practice.

_____

Chairman of the Board
Electricity Regulatory Authority

4th October 2013

APPENDIX

FORECAST FINANCIAL STATEMENTS

ELECTRICITY REGULATORY AUTHORITY

STATEMENT OF ACCOUNTING POLICIES

AS AT 30TH JUNE 2014

The forecast financial statements are prepared in accordance with International Accounting Standards. The significant accounting policies adopted by the Authority are as follows.

(a) Revenues from billings to Cabinet are recognised when billed. Revenue from regulatory fees (received quarterly) is taken into account when received during the year, and an accrual is calculated of fees receivable at year end.

(b) Translation of Foreign currencies. There are no revenues or assets anticipated to be in any currency other than Cayman Islands Dollars.

(c) Depreciation. Fixed assets are depreciated using the straight line method over their estimated useful lives as follows:

Computer Hardware and Software	**5 years**
Other Equipment	**5 years**
Office Furniture and Equipment	**10 years**

(d) Leased assets. There are no leased assets

ELECTRICITY REGULATORY AUTHORITY
FORECAST OPERATING STATEMENT
FOR THE YEAR ENDING 30 JUNE 2014

	FY 2014	FY 2013
Revenue		
	Budget	Forecast
Outputs billed to Cabinet	120,000	119,778
Regulatory Fees	936,000	955,679
Interest Income	NIL	NIL
Total Revenue	1,056,000	1,075,457
Operating Expenses		
Personnel Costs	349,500	357,060
Supplies & Consumables	251,800	244,199
Other Operating Expenses	169,140	90,642
Depreciation	7,060	5,778
Total Operating Expenses	777,500	697,679
Surplus	278,500	377,778

ELECTRICITY REGULATORY AUTHORITY
FORECAST BALANCE SHEET
AS AT 30 JUNE 2014

	June 2014	June 2013
Current Assets		
Cash & Marketable Securities	1,210,004	981,467
Accounts Receivable	264,000	408,074
Fixed Assets	15,085	7,142
Reserve Account	41,500	41,131
Other Current Assets – Deposits & Prepaids	16,000	16,232
Total Assets	**1,546,589**	**1,454,046**
Total Liabilities	**(26,689)**	**(62,646)**
TOTAL ASSETS LESS LIABILITIES	**1,519,900**	**1,391,400**
TOTAL NET WORTH	**1,519,900**	**1,391,400**

ELECTRICITY REGULATORY AUTHORITY
FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30 JUNE 2014

	June 2014	June 2013
Balance of Net Worth B'Fwd	**1,391,400**	**1,013,444**
Operating Surplus	**278,500**	**377,956**
Dividend Paid to CIG	**(150,000)**	
Closing Balance of Net Worth	**1,519,900**	**1,391,400**

ELECTRICITY REGULATORY AUTHORITY
FORECAST STATEMENT CASH FLOWS
FOR THE YEAR ENDING 30TH JUNE 2014

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Sale of goods and services to Cabinet	209,778	29597
Sale of goods and services to other government agencies		
Sale of goods and services - third party	936,000	951,102
Interest received		178
Donations / Grants		
Other receipts		
Payments		
Personnel costs	(414,588)	(356,941)
Supplies and consumables	(5,400)	(2,419)
Interest paid		
Other payments	(331,883)	(352,732)
Net cash flows from operating activities	**393,906**	**268,785**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(15,000)	(3,306)
Proceeds from sale of property, plant and equipment		
Purchase of investments		
Proceeds from sale of investments		
Net cash flows from investing activities	**(15,000)**	**(3,306)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Equity Investment from Cabinet		
Repayment of Surplus/Dividends or Capital withdrawal	(150,000)	(150,000)
Borrowings		
Repayment of Borrowings		
Currency Issues		
Capital withdrawal		
Net cash flows from financing activities	**(150,000)**	**(150,000)**
Net increase/(decrease) in cash and cash equivalents	**228,906**	**115,479**

Cash and cash equivalents at beginning of period	1,022,598	907,119
Cash and cash equivalents at end of period	**1,251,504**	**1,022,598**

ELECTRICITY REGULATORY AUTHORITY

NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2014

The Electricity Regulatory Authority commenced operations in mid May 2005.

When new license(s) were issued to CUC in April 2008 regulatory fees of ½% of gross revenues become payable to the Electricity Regulatory Authority, quarterly in arrears on CUC's gross revenues. At year end an accrual is made of fees receivable, amounting to three months fees.

No Regulatory Fees are received from Cayman Brac Power & Light.

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

HEALTH SERVICES AUTHORITY

FOR THE FINANCIAL YEAR

ENDING 30 JUNE 2014

CONTENTS

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

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Health Services Authority* have agreed the *Health Services Authority* will seek to achieve during the 2013/14 financial year.

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

2. NATURE AND SCOPE OF ACTIVITIES

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

GENERAL NATURE OF ACTIVITIES

The Health Services Authority is responsible for the provision and administration of health care services in the Cayman Islands.

SCOPE OF ACTIVITIES

The scope of the *Health Services Authority* activities is as follows:

The Health Services Authority (HSA) provides primary and secondary levels of healthcare services, and public health functions for the residents of the Cayman Islands in accordance with the National Strategic Plan for Health as agreed with the Ministry of Health.

The Health Services Authority provides patient care through the 124-beds at the Cayman Islands Hospital, and the 18-beds at the Faith Hospital on Cayman Brac. Primary Health care is offered at district health centres in Grand Cayman and a health centre in Little Cayman. This care being supplemented with dental and eye care services on site at the Health Service Complex in Grand Cayman.

As the nation's principal health care facility, the Cayman Islands Hospital in George Town provides a full range of inpatient and outpatient medical and specialist services.

Specialist services are available in the fields of: surgery, gynaecology & obstetrics, paediatrics, internal medicine, dermatology, anaesthesiology, public health, orthopaedics, psychiatry, cardiology, gastroenterology, radiology, neurology, ophthalmology, ear, nose and throat, periodontology, reconstructive surgery, faciomaxillary surgery, and urology.

In the Sister Islands, residents and visitors can turn for their health care needs to the Faith Hospital in Cayman Brac and the Little Cayman Clinic. The 18-beds hospital serves both islands and provides primary, secondary and emergency care. It features a modern inpatient unit, as well as an operating theatre, maternity, accident and emergency department, outpatient clinics and a public health department. This service is rendered through a purchase agreement with the Ministry of Health Services.

The Health Services Authority also provides a full range of dental and ophthalmologic services.

The Little Cayman Clinic is a new purpose-built facility, complete with waiting and triage areas, a treatment room, doctors' office and a dental office. A resident registered nurse is on call around-the-clock.

The Health Services Authority through the Public Health Department is responsible for public health programmes through a purchase agreement with the Ministry of Health Services. A team of public health nurses, a public health surveillance officer, a health promotion officer, a genetics counsellor, a nutritionist and administrative staff provide this service under the direction of the Medical Officer of Health.

Public Health services include:

- Health advice and vaccines for international travellers;
- Health assessment, including vision and hearing tests for children;
- Nutrition and dietary counselling;
- Child growth and development monitoring;
- Health Promotion;
- Communicable disease screening; and

Disease prevention and control programmes, including immunization

CUSTOMERS AND LOCATION OF ACTIVITIES

The services provided by *Health Services Authority* are provided to all members of the community and visitors. It serves as the primary source of healthcare services to groups of people entitled to healthcare by the Cayman Islands' Government. This includes civil servants and their dependants, public office pensioners and their dependents, school age children, seamen and veterans, indigents and prisoners and mental ill patients.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Health Services Authority* for the 2013/14 financial year are as follows:

Overall Goal: To partner with patients and employees to improve the quality of care, patient safety, customer satisfaction and healthcare economics.

Quality	
PSR	Install fire suppression system in Materials Management Building
PSR	Enhance the continuity of patient care and discharge planning by employing a Medical Social Worker
Strategy 3 Plan 6	Implement after-hours specialist clinic to enhance revenue, increase patient satisfaction, improve access, reduce waiting times and increase physician remuneration
Strategy 5 Plan 3	Use data generated to evaluate clinical services needs and resource allocation
People	
Strategy 6 Plan1	Implement "The Learning Center" concept at HSA to provide, manage, support & track training and development to increase the knowledge and skills of employees
Strategy 6 Plan 4	Design and implement programs to empower staff to make contributions to achieving mission and vision of the organization
Community	
PSR	Acquire a non-emergency medical transport to prevent the use of ambulances tor this purpose
Strategy 1 Plan 1	Create a chronic disease information kiosk to provide ease of access to information on prevention, risks, diagnosis, management and treatment of chronic conditions/disease
Strategy 1 Plan 4	Create a health/wellness after-school programme in each government primary school. This will be done on a phase-in basis
Strategy 1 Plan 7	Work collaboratively with the Education Department to integrate health education appropriately into the curriculum
Information	
PSR	Procure a digital imaging system for the Medical Records Department to reduce paper records and necessity for storage
Finance	
Strategy 3 Plan 1	Implement an automated inventory management system to improve operational efficiencies, and effective financials controls of inventory
Strategy 3 Plan 5	Increase collaboration with external partners to reduce overseas referrals, increase revenue and patient satisfaction

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2012 Revision) for the *Health Services Authority* for the 2013/14 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2013/14 BUDGET $ 000's	2012/13 FORECAST $ 000's
REVENUE FROM CABINET	28,861,555	29,399,555
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	42,593,370	38,375,370
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	28,125,678	26,306,876
SURPLUS/DEFICIT FROM OUTPUTS		
OTHER EXPENSES	(98,241,583)	(95,763,747)
NET SURPLUS DEFICIT	1,339,021	(1,681,946)
TOTAL ASSETS	95,750,740	97,007,234
TOTAL LIABILTIES	(15,063,834)	(16,509,349)
NET WORTH	82,686,906	80,497,885
CASH FLOWS FROM OPERATING ACTIVIITES	2,002,753	309,318
CASH FLOWS FROM INVESTING ACTIVIITES	(4,000,000)	(1,216,942)
CASH FLOWS FROM FINANCING ACTIVIITES	604,488	1,842,905
CHANGE IN CASH BALANCES	(1,392,759)	935,281

FINANCIAL PERFORMANCE RATIO	2013/14 BUDGET %	2012/13 FORECAST %

CURRENT ASSETS : CURRENT LIABILITIES	2.47	2.44
TOTAL ASSETS : TOTAL LIABILITIES	6.36	5.88

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	**2013/14 BUDGET**	**2012/13 FORECAST**
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	821	780
STAFF TURNOVER (%)	10%	10%
SENIOR MANAGER	10%	10%
PROFESSIONAL AND TECHNICAL STAFF	8.26	13.04
ADMINISTRATIVE STAFF	8.76	8.68

PHYSICAL CAPITAL MEASURES	**2013/14 BUDGET $**	**2012/13 FORECAST $**
VALUE OF TOTAL ASSETS	90,672,362	86,672,362
ASSET REPLACEMENTS : TOTAL ASSETS	4.5%	1.4%
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	70%	72%
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	83%	257%
CHANGES TO ASSET MANAGEMENT POLICES	None	None

Major Capital Expenditure Projects	2013/14 Target $
Funded by H.S.A	
Clinical Document Scanning	250,000
Building repairs	225,000
instruments	200,000
A/Cs Maternity +Forensics	150,000
C-Arm Fluoroscopic Unit	130,000
Ultrasound Unit	100,000
Diagnostic Work Station	80,000
Envoy 500 Chemistry Analyzer	72,420
PCA pumps x 15	60,000
Network, Storage, and Server Maintenance	50,000
Nurse Call System - Dialysis	50,000
Various Instruments	50,000
Renovate Front Parking Lot	40,000
Patient Room Fan Coil Unit	40,000
Desktop and Mobile Computing Maintenance	35,000
Radiology patient registration integration	30,000
Medication Order Entry	30,000
IT (Clinical) Mobile Web server	30,000
Relocate Kitchen Grease traps	25,000
Active Directory & Identity Management Modernization	25,000
Defibrilator	25,000
Operating Table	25,000
Windows 7 license upgrade for PCs	25,000
Various medical & surgical equipment	25,000
Colonoscope	25,000
Ice Machines	25,000
ENT - Dr Brown	20,000
Radiology Renovation Building	20,000
Radios X 8	17,600
Radios X 4	16,000
Upgrade morgue facilities & equipment	15,000
Printer Maintenance	15,000
Network Firewall Single Point of Failure to Clinics and Insurance	15,000
Replacement instruments OR	15,000
Generator - NS	40,000
Generator - EE	40,000
Generator - WB	40,000
Generator- BT	60,000
Hospital Generator	500,000
East End Door	26,084
Bodden Town Side walk	3,900
BT Gutter	1,583
Equip surgery – growing school population	18,000

Equip surgery – Frank sound	20,000
Patient portal software	100,000
Miscellaneous (various small items)	443,980
Total	**3,249,567**
Major Capital Expenditure Projects	**2013/14 Target $**
Funded by Cabinet	
Material Management Fire Protection 2nd Phase	**350,000**
High speed drills	**10,560**
Elipar light	**1,000**
4-Way parking Lot	**200,000**
Fleet vehicle replacement	**15,000**
Facilities Repairs	**50,000**
Dental Hand pieces	**15,000**
Misc	**108,874**
Total	**750,434**
GRAND TOTAL	**4,000,000**

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2012/13	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Key Staff Vacancies Director of Support Services		Duties are currently being covered by another Senior Manager	
Loss of key staff Clinical staff: Nurses, Physicians and Technicians due to retirement , resignation, lack of trained personnel on island and difficulty in recruiting and retaining professionals	Loss of staff in OR	Development and ongoing review of recruitment and retention strategies Recruitment of OR Manager	$2M 350,000
Security breach of IT system	Allocation of capital funds to conduct Audit of active directory	Review of Active Directory to ensure appropriate access and permissions Maintenance, servicing and protection of generator from flood waters Adequate document storage Establishment of down time procedures to be used in times of power/computer outages.	

Need for IT staff to have additional skills		Development and/or recruitment of IT skills Staff training to improve skill sets	
Loss of communication or decreased ability to communicate in a disaster		Maintenance of redundancies in telephone systems. Maintenance of radios and satellite phones Use and maintenance of text messaging system Mobile Connect	
Maintaining security of staff and facilities	Inability to fully implement security plan due to unavailability of funds Installation of a limited number of CCTV cameras	Completion and full implementation of master security plan addition of CCTV cameras in select locations. Improved security of facilities by restriction of access and maintenance of alarms on exits Installation of swipe card access to doors leading to operating theatre and maternity, for use after hours. Placement of security guard at A&E with the contingency plan to call additional off duty security officers and RCIP if required for crowd control	250,000

Business Interruption	Formulation of contingency plans to maintain operations Installation of Fire suppression system on hold due to budgetary constraint	Securing adequate insurance to compensate for unavoidable interruptions in business Installation of Fire Suppression System in Materials Management Department to prevent destruction of Medical, Surgical and Pharmaceutical Supplies by fire	
Potential exposure of Staff to Communicable Diseases and work related injuries	Potential outbreak of Influenza, Dengue, Cholera	Enhanced Ventilation for Pathology Laboratory. Identification of appropriate treatment area for infectious cases. Business interruption plan to include provision of personal protection equipment, flexible work times Accident and injury reporting process. Health and Safety inspections to ensure that work areas are free from hazards Securing of workman compensation insurance to cover employee injuries	

Potential for litigation due to adverse patient outcomes	Potential for further increased in costs for Physician Indemnity	Acquire adequate Medical Malpractice insurance coverage Examine market for alternative med mal insurance providers Provision of continuing education to reduce risk of adverse outcome	
Potential for property damage in natural disaster due to aging facilities and the need for additional workspace for daily operations	Facility master plan completed	Development of a preventative maintenance programme Secure adequate property insurance coverage Explore the possibility of some services operating remotely	
Potential exposure as a result of accident injury to visitors	N/A	Adequate Public Liability insurance coverage Ensure that public spaces are free from hazards Provision of adequate lighting and seating	
Potential exposure to accident injury to contractual workers on site	N/A	Ensure that contractual workers have adequate indemnity insurance	

Financial Sustainability Difficulty/inability to provide current level of services and outputs due to increasing input costs such as supplies, lack of or disrepair of facilities and human resources	Escalating costs of supplies, recruitment and facility maintenance with no corresponding increase of fees Upgrading of the SHIC plan to offer added benefits to basic card holders Implementation of RTA/EVS system	Updating of charge master to include additional and existing chargeable items at current market rate Aligning of charge master with standard health insurance fees Monitoring of expenditure and revenue collections on a monthly basis at departmental levels Re-evaluating entry point service to retain customer base and improve service delivery at all points along the treatment chain. This will minimize the risk of late cash collection and bad debt creation. Work with the Ministry to have the government change the law which will allow freedom of charge master amendments and removal of ambiguity and conflicts in the law.	$2.1M
Inadequate funding for the replacement of aging clinical equipment	Depreciation of clinical equipment	Listing and tracking of assets Scheduled preventive maintenance of clinical equipment Seek alternative funding/ donations to replace equipment	

Loss of patient information documented in paper records due to inadequate storage and deterioration of paper		Procure document imaging system Initiate electronic storage of patient records	
Possible change of electronic medical record as a result of the tendering process	RFP outlining organisation's needs issued Detailed analysis of proposals with on-site demonstration for end users is ongoing	Review of proposals to ensure corporate viability of vendors Establishment of a timeline for change management Training of staff Implementation of redundancies	
Introduction of Pharmacy RTA/EVS system		Testing and training to ensure a smooth roll out Phased implementation to ensure that system works correctly Establishment of downtime procedures	
Inadequate funding for the replacement of aging clinical equipment	Depreciation of clinical equipment	Listing and tracking of assets Scheduled preventive maintenance of clinical equipment Seek alternative funding/ donations to replace equipment	

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

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

OPERATING STATEMENT	2013/14 TARGET $ 000's	2012/13 FORECAST $ 000's
REVENUE	99,580,603	94,081,801
OPERATING EXPENSES	(98,241,583)	(95,763,747)
NET SURPLUS/DEFICIT	1,339,021	(1,681,946)

BALANCE SHEET	AS AT JUNE 2014 $ 000's	AS AT JUNE 2013 $ 000's
ASSETS	97,750,740	97,007,234
LIABILITIES	(15,063,835)	(16,509,349)
NET WORTH	82,686,906	80,497,885

STATEMENT OF CASH FLOW	2013/14 TARGET $ 000's	2012/13 FORECAST $ 000's
CASH FLOWS FROM OPERATING ACTIVIITES	2,002,753	309,318
CASH FLOWS FROM INVESTING ACTIVIITES	(4,000,000)	(1,216,942)
CASH FLOWS FROM FINANCING ACTIVIITES	604,488	1,842,905

6. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2012 Revision).

TRANSACTION	AMOUNT FOR 2013/14 $
Equity Investments into *Health Services Authority*	850,000
Capital Withdrawals from *Health Services Authority.*	0
Dividend or Profit Distributions to be made by *Health Services Authority.*	0
Government Loans to be made to *Health Services Authority.*	0
Government Guarantees to be issued in relation to *Health Services Authority.*	0
Related Party Payments (Non Remuneration) made to Key Management Personnel[17]	0
Remuneration[18] Payments made to Key Management Personnel	1,786,178
Remuneration Payments made to Senior Management	

DESCRIPTION	NUMBERS FOR 2013/14 $

[17] Key Management Personnel as defined by International Public Accounting Standards No 20, eg Minister, Board Member and Senior Management Team

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

NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	18
NUMBER OF KEY SENIOR MANAGEMENT	11

AGREEMENT

Scope of this Agreement

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

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

Procedures for Changing this Ownership Agreement

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

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

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Health Services Authority will seek to achieve for the 2013/14 financial year and that the Cabinet will monitor performance against.

_____

Honourable Osbourne Bodden
Minister of Health, Sports, Youth and Culture
On behalf of Cabinet

_____

Chairman of the Board
Health Services Authority

4th October 2013

CAYMAN ISLANDS GOVERNMENT

HEALTH SERVICES AUTHORITY

STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS FOR THE YEAR ENDING 30TH JUNE 2014

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2012 Revision).

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

To the best of our knowledge the statements are:

a. Complete and reliable;
b. Fairly reflect the forecast financial position as at 30th June 2014 and performance for the Health Services Authority for the year ending 30th June 2014; and
c. Comply with generally accepted accounting practice.

_____

Chairman of the Board
Health Services Authority

4th October 2013

APPENDIX

FORECAST FINANCIAL STATEMENTS

HEALTH SERVICES AUTHORITY

ASSUMPTIONS
FOR THE YEAR ENDING 30TH JUNE 2014

The Health Services Authority accounts are prepared in accordance with International Accounting Standards.

Assumptions:

The Health Services Authority accounts are prepared in accordance with International Accounting Standards.

Assumptions:

(1) H.S.A. deductions are for employees and dependents services, which are deducted from gross revenue because no billing occurs for these services approximately 6% of Patient Revenue.

(2) Government Outputs are based on approved amounts in the Purchase Agreement for the 2012/13 budget plus additional $1.6M on the indigent with the following assumptions:

- Enforcement of Health Insurance Law to ensure parents includes the care of their children on their insurance plan.
- Reduce the cost of other programs due to the continued implementation of the Real Time Adjudication/Eligibility Verification System.
-

(3) Personnel Cost is based on Staffing Plan which requires 821 (FTE).

(4) Bad Debt provision is computed based on a Bad Debts Policy where the reserve is an amount that management believes will be adequate to cover any bad debts based on an evaluation of collectability and prior bad debt experience. Further bases were considered such as the implementation of a Real Time Adjudication/Eligibility Verification System.and amendments to the law to increase penalty for employers who have no health insurance for their employee and the revision of the SHIC benefit should improve the collectability of funds. The continued enforcement of the payment policy throughout the organization should also yield improve collections.

(5) HSA Pension contribution is based on 7% (6% standard contribution plus 1% past service fee required by PSPB) for 12 months.

(6) Straight line is used in computing Depreciation on Fixed Assets.

(7) Provisions were provided for contingent liability and unfunded defined pension liability.

(8) Major capital expenditure projects to be funded by H.S.A amounts to $2.4 million.

(9) $850 thousand cabinet injection for capital expenditures was budgeted

(10) Collection of the $4.2 million approved supplement for 2010-11

(11) No new charge master to be implemented.

(12) Payout of pension contribution in arrears.

(13) Additional funding from Segregated insurance fund (SIF) in the amount of $4.5 million

(14) New duty exemption policy with an impact of $750T reduction on duty expense which will be used to fund capital projects in lieu of equity injection (EI)

(a) Basis of accounting

The financial statements of the Health Authority are prepared on an accruals basis under the historical cost convention.

(b) Use of estimates

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the year. Actual results could differ from these estimates.

(c) Financial instruments

(i) Classification

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

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

(ii) Recognition

The Health Authority recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

(iii) Measurement

Financial instruments are measured initially at cost, which is the fair value of the consideration given or received. Financial assets are carried at historical cost, which is considered to approximate fair value due to the short-term or immediate nature of these instruments.

Financial liabilities are carried at amortised cost, being the amount at which the liability was initially recognised less any principal repayments plus any amortisation (accrued interest) of the difference between that initial amount and the maturity amount.

(iv) Specific instruments

Cash and cash equivalents

For the purposes of the statement of cash flows, The Health Authority considers cash and current accounts to be cash and cash equivalents.

(c) Financial instruments (continued)

(v) De-recognition

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

(d) Fixed assets/depreciation

Fixed assets are stated at cost less accumulated depreciation and impairment losses.

Depreciation is charged to the statement of income on a straight-line basis at the following rates estimated to write off the cost of the assets over their expected useful lives:

Land	Nil
Buildings	50 years
Medical equipment	8-15 years
Ambulance	5 years
Other fixed assets	3-15 years

(e) Impairment

The carrying amount of the Health Authority's assets other than inventories (see note 2(h)) are reviewed at each balance sheet dates to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

(f) Foreign currency translation

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Cayman Islands dollars at the foreign currency exchange rate ruling at the balance sheet dates. Foreign exchange differences arising on translation are recognised in the statement of income. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated at the foreign currency exchange rate ruling at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are

measured at fair value are translated to the Cayman Islands dollars at the foreign exchange rates ruling at the dates that the values were determined.

(g) Allowance for bad debts

The allowance for bad debts is established through a provision for bad debts charged to expenses. Accounts receivable are written off against the allowance when management believes that the collectability of the account is unlikely. The allowance is an amount that management believes will be adequate to cover any bad debts, based on an evaluation of collectability and prior bad debts experience.

(h) Inventory

Inventory is valued at the lower of net realisable value or cost, on a weighted average basis. Inventory is recorded net of an allowance for obsolete and slow moving items. Any change in the allowance for obsolescence is reflected in the statement of income in the year of change.

(i) Revenue recognition

Patient revenue is recognized on the day services are provided.

(j) Employee benefits

The Health Authority employees and their dependants receive free medical benefits of which a portion is provided by the said institution (see statement of revenue & expenses). The portion provided by the institution is considered a contractual adjustment against gross revenue.

Contributions to defined contribution part of the Public Service Pensions Plan (the "Plan") are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit part of the plan, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses that exceed 10 per cent of the greater of the present value of the Health Authority's defined benefit obligation and the fair value of plan assets are amortised over the expected average remaining working lives of the participating employees. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The unfunded defined benefit liability recognized in the balance sheet represents the present value

of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognized actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

HEALTH SERVICES AUTHORITY

FORECAST OPERATING STATEMENT
FOR THE YEAR ENDING 30TH JUNE 2014

	Notes	Budget 2013/14	Forecast 2012/13
Revenue			
Sale of goods and services	10	99,422,129	93,297,568
Investment revenue	11	0	8,011
Donations	12	80,000	582,100
Other revenue		78,474	194,122
Total Revenue		**99,580,603**	**94,081,801**
Expenses			
Personnel costs	13	55,039,103	51,767,932
Supplies and consumables	14	19,581,662	18,233,670
Depreciation	5	3,436,687	3,137,743
Amortisation of Intangible Assets		0	0
Impairment of property, plant and equipment			
Impairment of inventory		0	0
Finance costs & overdraft interest	15	78,098	78,098
Litigation costs	16	800,000	175,631
Other Operating expenses		19,306,033	22,370,673
Total Expenses		**98,241,583**	**95,763,747**
Surplus or (Deficit) for the period		**1,339,021**	**-1,681,946**

HEALTH SERVICES AUTHORITY

FORECAST STATEMENT CHANGES IN NET WORTH
FOR THE YEAR ENDING 30TH JUNE 2014

	Contributed Capital	Other Reserves	Revaluation Reserve	Accumulated Surplus/ (deficits)	Total
Balance at 30 June 2013 brought forward	130,028,155	0	16,091,758	-65,622,028	80,497,885
Changes in net worth for 2012/13					
Changes in accounting policy					0
Prior Year Adjustments					0
Restated balance	130,028,155	0	16,091,758	-65,622,028	80,497,885
Changes in net worth for 2013/14					
Gain/(loss) on property revaluation					0
Gain/(loss) on revaluation of investments					0
Exchange differences on translating foreign operations					0
Equity Investment from Cabinet	850,000				850,000
Capital withdrawals by Cabinet					0
Repayment of surplus/Dividends to Cabinet					0
Net revenue / expenses recognised directly in net worth	850,000	0	0	0	850,000
Surplus/(deficit)for the period 2013/14				1,339,021	1,339,021
Total recognised revenues and expenses for the period	850,000	0	0	1,339,021	2,189,021
Balance at 30 June 2014	130,878,155	0	16,091,758	-64,283,007	82,686,906

HEALTH SERVICES AUTHORITY

FORECAST BALANCE SHEET
AS AT 30TH JUNE 2014

	Notes	Budget 2013/14	Forecast 2012/13
Current Assets			
Cash and cash equivalents	**1**	7,671,994	9,064,753
Trade receivables	**2**	8,445,557	7,721,998
Other receivables	**2**	191,952	191,953
Inventories	**3**	7,592,505	7,592,505
Prepayments	**4**	339,063	339,063
Total Current Assets		**24,241,070**	**24,910,272**
Non-Current Assets			
Trade receivables	**2**	18,359,907	16,786,952
Property, plant and equipment	**5**	63,595,321	63,032,008
Total Non-Current Assets		**73,549,670**	**72,096,962**
Total Assets		**97,750,741**	**97,007,234**
Current Liabilities			
Trade payables	**6**	4,556,133	5,881,866
Other payables and accruals	**6**	3,293,064	3,167,331
Employee entitlements	**7**	923,247	923,250
Current Portion of Borrowings	**8**	245,511	245,511
Total Current Liabilities		**9,017,955**	**10,217,958**
Non-Current Liabilities			
Unfunded pension liability	**9**	4,425,000	4,425,000
Long Term portion of Borrowings	**8**	1,620,880	1,866,391
Total Non-Current Liabilities		**6,045,880**	**6,291,391**
Total Liabilities		**15,063,835**	**16,509,349**
Net Assets		**82,686,906**	**80,497,885**
NET WORTH			
Contributed capital		130,878,155	130,028,155
Other Reserves		0	0
Revaluation reserve		16,091,758	16,091,758

Accumulated surpluses/(deficits)		-64,283,007	-65,622,028
Total Net Worth		**82,686,906**	**80,497,885**

HEALTH SERVICES AUTHORITY

FORECAST STATEMENT OF CASH FLOWS
AS AT 30TH JUNE 2014

CASH FLOW STATEMENT		**Budget 2013/14**	**Forecast 2012/13**
FOR THE YEAR ENDED 30 JUNE 2014			
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Sale of goods and services to Cabinet		30,561,085	29,767,896
Sale of goods and services to other government agencies		40,022,126	31,977,310
Sale of goods and services - third party		14,400,000	22,269,767
Interest received		606	9,717
Donations / Grants		80,000	434,058
Other receipts		136,954	223,134
Payments			
Personnel costs		-55,039,103	-51,767,932
Supplies and consumables		-10,762,423	-10,639,729
Interest paid		-30,000	-78,099
Other payments		-17,366,493	-21,886,804
Net cash flows from operating activities	17	**2,002,753**	**309,318**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-4,000,000	-1,216,942
Proceeds from sale of property, plant and equipment			
Purchase of investments			
Proceeds from sale of investments			
Net cash flows from investing activities		**-4,000,000**	**-1,216,942**
CASH FLOWS FROM FINANCING ACTIVITIES			
Equity Investment from Cabinet		850,000	2,061,470
Repayment of Surplus/Dividends or Capital withdrawal			
Borrowings			
Repayment of Borrowings		-245,512	-218,565
Currency Issues			
Net cash flows from financing activities		**604,488**	**1,842,905**

Net increase/(decrease) in cash and cash equivalents		**-1,392,759**	**935,281**
Cash and cash equivalents at beginning of period		9,064,753	8,129,472
Cash and cash equivalents at end of period		**7,671,994**	**9,064,753**

HEALTH SERVICES AUTHORITY

NOTES FOR THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2014

Note 1: Cash and cash equivalents

	Budget 2013/14	Forecast 2012/13
Cash on hand	8,700	8,700
Cash in transit	0	0
CI$ Account	795,923	795,923
US$ Account	412,225	412,226
Bank Overdraft	0	0
Payroll Current Account	5,450,519	6,843,277
Bank Accounts held at other financial institutions	0	0
Short-Term Fixed Deposits	1,004,626	1,004,626
TOTAL	**7,671,994**	**9,064,753**

Note 2: Trade and other receivables

Trade Receivables	**Budget 2013/14**	**Forecast 2012/13**
Sale of goods and services to Cabinet	10,789,335	12,308,237
Sale of goods and services to other government agencies	13,624,290	11,143,520
Sale of goods and services - third party	50,597,250	37,058,461
Other	1,978,581	2,099,405
Less: provision for doubtful debts	-58,629,550.00	-45,822,671.00
Total trade receivables	**18,359,906**	**16,786,952**
Other Receivables	**Budget 2013/14**	**Forecast 2012/13**
Advances (salary, Official Travel, etc)	56,483	56,483
Dishonoured cheques		
Interest receivable		
Other	135,469	135,469

Less: provision for doubtful debts	0	0
Total other receivables	**191,952**	**191,952**

	Budget 2013/14	Forecast 2012/13
Current		
Past due 1-30 days	1,652,392	1,510,826
Past due 31-60 days	1,835,991	1,678,695
Past due 61-90 days	1,101,594	1,007,217
Past due 90 and above	4,047,532	3,525,260
Non-Current		
Past due 1 year and above	9,914,349	9,064,954
Total	**18,551,858**	**16,786,952**

Changes in the provision of doubtful debts:

Description	Budget 2013/14	Forecast 2012/13
Balance at 1 July	(45,822,671.45)	(29,890,405.00)
Additional provisions made during the year	-12,806,878.55	-15,932,266.00
Receivables written off during the period		
Balance at 30 June	-58,629,550.00	-45,822,671.00

Note 3: Inventories

Description	Budget 2013/14	Forecast 2012/13
Inventory held for use in the provision of goods and services	3,686,779	3,686,779
Inventory held for sale	3,905,726	3,905,726
Impairment of Inventory b/f	0	0
Impairment of Inventory 2013/14	0	0
TOTAL INVENTORIES	**7,592,505**	**7,592,505**

Note 4: Prepayments

Description	Budget 2013/14	Forecast 2012/13
Advances to suppliers	339,063	339,063
Total	**339,063**	**339,063**

NOTES FOR THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2014
Note 4: Fixed Assets

	Land	*Plant and equipment*	*Buildings and Leasehold*	*Furniture and Office Equipment*	*Computer Hardware*	*Office Equipment*	*Other assets*	*Motor Vehicles*	*Assets under construction or development*	*Total*
Balance as at 1 July 2012	8,253,125	13,227,277	52,419,842	1,077,226	7,931,089	242,974	1,174,657	1,247,081	110,019	85,683,290
Additions	-	804,646	85,819	6,046	53,515	1,985	243,912	40,270	53,115	1,289,308
Disposals and Derognisation	-	(18,440)		(3,626)	(208,149)		-	-	(70,021)	-300,236
Transfers	-				-		-	-		0
Balance as at 30 June 2013	8,253,125	14,013,483	52,505,661	1,079,646	7,776,455	244,959	1,418,569	1,287,351	93,113	86,672,362

	Land	*Plant and equipment*	*Buildings and Leasehold*	*Furniture and Office Equipment*	*Computer Hardware*	*Office Equipment*	*Other assets*	*Motor Vehicles*	*Assets under construction or development*	*Total*
Balance as at 30 June 2013	8,253,125	14,013,483	52,505,661	1,079,646	7,776,455	244,959	1,418,569	1,287,351	93,113	86,672,362
Additions		1,020,491	1,231,566	2,000	691,500		1,007,943	46,500		4,000,000
Revaluations										0
Disposals anDerognisation										0
Transfers										0
Balance as at 30 June 2014	8,253,125	15,033,974	53,737,227	1,081,646	8,467,955	244,959	2,426,512	1,333,851	93,113	90,672,362

NOTES FOR THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2014

	Land	*Plant and equipment*	*Buildings and Leasehold*	*Furniture and Office Equipment*	*Computer Hardware*	*Office Equipment*	*Other assets*	*Ve*
Balance as at 1 July 2012		8,945,657	2,582,961	928,473	6,198,673	209,907	770,655	1,09
Transfers					0			
Eliminate on Disposal/Derecognition 2012/13		(16,455)	-	(3,301)	-208,113			
Depreciation Expense 2012/13		958,560	1,344,540	44,249	620,177	12,899	69,523	8
Balance as at 30 June 2013	0	9,887,762	3,927,501	969,421	6,610,737	222,806	840,178	1,18
	Land	*Plant and equipment*	*Buildings and Leasehold*	*Furniture and Office Equipment*	*Computer Hardware*	*Office Equipment*	*Other assets*	*Ve*
Balance as at 30 June 2013	0	9,887,762	3,927,501	969,421	6,610,737	222,806	840,178	1,18
Transfers								
Eliminate on Disposal/Derecognition 2013/14								
Depreciation Expense 2013/14		869,525	1,356,500	47,444	853,713	16,661	195,538	9
Balance as at 30 June 2014	0	10,757,287	5,284,001	1,016,865	7,464,450	239,467	1,035,716	1,27
Net Book value 30 June 2013	8,253,125	4,125,721	48,578,160	110,225	1,165,718	22,153	578,391	10
Net Book value 30 June 2014	8,253,125	4,276,687	48,453,226	64,781	1,003,505	5,492	1,390,796	5

Note 6: Trade payables, other payables & Accruals

	Budget 2013/14	Forecast 2012/13
Creditors Third party	2,424,169	2,424,169
Creditors Ministries/Portfolios	0	
Creditors other government agencies	2,131,964	3,331,964
Payroll Deductions	433,620	433,620
Operating Lease	0	
Accrued Expenses	2,859,444	2,859,444
Other payables	0	0
Total trade payables other payables and accruals	**7,849,197**	**9,049,197**

Note 7: Employee entitlements

	Budget 2013/14	Forecast 2012/13
Annual Leave/Comp-time	923,247	923,250
Retirement and long service leave		
Accrued salaries		
Travel		
Total current portion	**923,247**	**923,250**
Non-current employee entitlements are represented by:		
Retirement and long service leave		
Total employee entitlements	**923,247**	**923,250**

Note 8: Borrowings

Local Currency Debt	Budget 2013/14	Forecast 2012/13
Not later than one year	245,511	245,511
Between one and two years	245,511	245,511
Between two and five years	736,533	736,533
Later than five Years	638,836	884,347
Total Local Currency Debt	**1,866,391**	**2,111,902**
Foreign Currency Debt (state in $CI)		

Not later than one year		
Between one and two years		
Between two and five years		
Later than five years		
Total Foreign Currency Debt	**0**	**0**
Total Outstanding Debt	**1,866,391**	**2,111,902**

Note 9: Unfunded Pension Liability

Actuarial Valuations with an effective date of June 30, 2012 were conducted for the Plan. These Actuarial Valuation Reports were accepted by the Board of Directors.

Unfunded Pension Liability $4.4 million represents the Fund Deficiencies arising mainly as a result of participants having accrued considerable Defined Benefit entitlements prior to establishment of the Fund.

The actuarial valuation calculated a fund deficiency as at June 30, 2012.

Pensions Plan Actuarial Valuation

	Budget 2013/14	Forecast 2012/13
Value of pension fund allocated asstes		
Past service liability (Enter -No.)	(4,425,000)	(4,425,000)
Fund (deficiency)/Surplus	**(4,425,000)**	**(4,425,000)**

The principal assumptions (excluding the estimated retirement age which varied with each Plan) used in the computation of the actuarial estimate of the pension liability for each of the three named Pension Plans are as follows:

- annual salary increases of 4.00%
- long term inflation rate of 2.50% per annum
- valuation interest rate to discount future benefit payments of 5.75%
- expected long-term rate of return on the Fund's invested assets of 6.00%
- anticipated future pensions payments increases of 2.50% per annum

Note 10: Sales of Goods & Services

Revenue type	Budget 2013/14	Forecast 2012/13
Fees and Charges	0	0
General Sales	0	0
Rentals	54,900	45,983
Other Goods & Services Revenue	27,912,305	25,476,660
Sale of goods and services to Cabinet	28,861,555	29,399,555

Sale of goods and services to Other Ministries and Portfolios	42,593,370	38,375,370
Total sales of goods and services	**99,422,129**	**93,297,568**

NOTES FOR THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2014

Note 11: Investment revenue

Revenue type	Budget 2013/14	Forecast 2012/13
Interest on deposits		**8,011**
Interest on cash balances		
Royalties		
Other		
Total Investment revenue	**0**	**8,011**

Note 12: Donations

Source	Budget 2013/14	Forecast 2012/13
Donation	80,000	582,100
Total donations	**80,000**	**582,100**

Note 13: Personnel costs

Description	Budget 2013/14	Forecast 2012/13
Salaries, wages and allowances	47,686,681	45,285,655
Health care CINICO		
Health care other	2,834,150	2,771,602
Pension	3,504,532	3,103,523
Leave	500,000	147,407
Other personnel related costs	513,740	459,745
Total Personnel Costs	**55,039,103**	**51,767,932**

Note 14: Supplies and consumables

Description	Budget 2013/14	Forecast 2012/13
Supplies and Materials	10,762,423	10,542,020
Purchase of services	525,300	355,963
Lease of Property and Equipment	269,637	448,281

Utilities	3,577,517	3,229,383
General Insurance	3,720,000	3,309,725
Interdepartmental expenses		
Travel and Subsistence	408,585	274,831
Recruitment and Training	318,200	73,467
Other		
Total Supplies & consumables	**19,581,662**	**18,233,670**

NOTES FOR THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2014

Note 15: Finance costs

Descriptions	**Budget 2013/14**	**Forecast 2012/13**
Interest on borrowings	78,098	78,098
Other borrowing costs		
Interest on overdraft		
Total Finance cost	**78,098**	**78,098**

Note 16: Litigation cost

Descriptions	**Budget 2013/14**	**Forecast 2012/13**
Legal Fee - retainer and contigent	**800,000**	**175,631**
Description		
Total Litigation cost	**800,000**	**175,631**

Note 17: Reconciliation of net cash flows from operating activities to surplus/(deficit)

Description	**Budget 2013/14**	**Forecast 2012/13**
Surplus/(deficit) from ordinary activities	1,339,021	-1,681,946
Non-cash movements		
Depreciation & Amortisation	3,436,687	3,137,743
Impairment	0	0
(Gain)/losses on sale of property plant and equipment	0	0
(Gain) / loss on derecognition and revaluation of assets	0	0
Changes in current assets and liabilities:		
(Increase)/decrease in other current assets	**-1,572,952**	**-5,219,077**
(Increase)/decrease in receivables - Cabinet		
(Increase/(decrease) in current liabilities	**-1,200,003**	**4,072,598**

Net cash flows from operating activities	**2,002,753**	**309,318**

NOTES FOR THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2014
Note 18 Contingent liabilities & assets

	Beginning Balance	Additions	Disbursements	Adjustments	Ending Balance
Legal Proceedings and Disputes					
Item 1 heading					
Malpractice claim & employee claims	110,000				110,000
Item 2 heading					
Contingent Legal Accrual	400,000	400,000			800,000
Total Legal Proceedings and Disputes	510,000	400,000	0	0	910,000
Other Contingent Liabilities					
Item 1 heading					
Item 1 description					
Item 2 heading					
Item 2 description					
Total Other Contingent Liabilities	0	0	0	0	0
Total contingent liabilities	510,000	400,000	0	0	910,000

Note 19: Commitments

Type	One year or less	One to five Years	Over five Years	Budget 2013/14
Capital Commitments				
Property, plant and equipment				0
Other fixed assets	1,999,149	0	0	1,999,149
Other commitments (list separately if material)				0
Total Capital Commitments	1,999,149	0	0	1,999,149
Operating Commitments				
Non-cancellable accommodation leases				0
Other non-cancellable leases				0
Non-cancellable contracts for the supply of goods and services	329,359	2,103,968	0	2,433,328
Other operating commitments				0
Total Operating Commitments	329,359	2,103,968	0	2,433,328
Total Commitments	2,328,508	2,103,968	0	4,432,477

Note 20: Related party and key management personnel disclosures

The **Health Services Authority – Cayman Islands** is a wholly owned entity of the government from which it derives a major source of its revenue. The [Ministry/Portfolio] 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 30 June 2014 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.

[Note any remuneration and compensation provided to senior government officials (Chief Officers, Deputy Chief Officers, and Chief Financial Officers Etc.), members of Cabinet, key advisors, close members of the family of key management personnel and any bodies forming part of the reporting entity. See IPSAS 20 paragraphs 34.]

Descriptions	Budget 2013/14
Salaries & other short-term employee benefits	1,786,178
Past employee benefits	
Other long-term benefits	
Termination benefits	
Loans	
Total	**1,786,178**

NOTE 21: Financial instrument risks

Interest rate risk – The Health Authority is exposed to interest rate risk for the $1.5 million credit facility with First Caribbean International Bank (Cayman) Ltd at a prime rate plus 0.25% per annum. This interest rate will fluctuate from time to time in line with the general level of interest rates. The risk is managed by the Health Authority by maintaining a short-term credit agreement that is renewable every year to have a negotiable and preferred rate. In addition, the Health Authority is limiting the usage of the credit facility by continuously monitoring the daily cash position which management views as likely to result into a bank preferred interest rate on the renewal of the agreement. None of the other financial instruments is exposed to interest rate risk.

Liquidity risk – Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Authority's funding and liquidity management requirements. The Authority manages liquidity risk by maintaining the $1.5 million credit facility, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. To reduce exposure to credit risk, the Health Authority performs ongoing credit evaluations of the financial condition of its customers but generally does not require collateral and parties who had defaulted despite repetitive collection efforts are referred to collection agency or to legal counsel. The Health Authority is exposed to credit-related losses in the event of non-performance by counter parties to these financial instruments. Most important, the Authority has escalated the credit risk concentration to the Ministry for policy changes to reduce bad debts.

Management of Capital-The Health Authority manages its capital to ensure it will be able to continue as going concerns while maximizing the return to stakeholders. Capital consists of equity and retained earnings or deficit. The Board of Directors monitors the monthly net income or deficit with aim to ensuring that the expenses do not exceed the budgets and that the Health Authority becomes profitable in the long run. The Health Authority is not subject to any externally imposed capital requirements.

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

INFORMATION AND COMMUNICATIONS TECHNOLOGY AUTHORITY

FOR THE FINANCIAL YEAR

ENDING 30 JUNE 2014

CONTENTS

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

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Information and Communications Technology Authority* have agreed the *Information and Communications Technology Authority* will seek to achieve during the 2013/14 financial year.

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

2. NATURE AND SCOPE OF ACTIVITIES

This section outlines the nature and scope of activities within which the *Information and Communications Technology Authority* is to operate during the year.

GENERAL NATURE OF ACTIVITIES

The Information and Communications Technology (ICT) Authority was established in May 2002 by the Information and Communications Technology Authority Law 2002 (now the Information and Communications Technology Authority Law (2011 Revision). Its powers and functions are specified in Sections 9 and 10 of that Law, and may be summarised as doing all things necessary or convenient to properly regulate and license the ICT sector in the Cayman Islands. The ICT sector includes, but is not limited to, telecommunications, broadcasting, radio, e-business and the .ky Internet domain. The Authority is also to act on any matter referred to it by the Minister responsible for ICT, or the managing director.

It also collects and verifies on behalf of Government the coercive element of all licence fees, and immediately deposits such fees in a Government bank account.

SCOPE OF ACTIVITIES

The scope of *Information and Communications Technology Authority* activities is as follows:

(a) allocate the electromagnetic spectrum for facilities and specified services within the Cayman Islands, or between the Cayman Islands and elsewhere;

(b) determine methods for assigning the electromagnetic spectrum;

(c) issue licences authorising the use of specified portions of the electromagnetic spectrum, including those used on any ship, aircraft, vessel, or other floating or airborne contrivance or spacecraft registered in the Islands;

(d) institute procedures for ensuring the compliance by licensees with any obligations regarding the use of the electromagnetic spectrum, imposed by or under the licence, any provisions of the ICTA Law or any regulations made hereunder.

(e) to promote competition in the provision of ICT services and ICT networks where it is reasonable or necessary to do so;

(f) to advise the Minister on ICT matters, including compliance with Government's international obligations, market liberalisation and competitive pricing;

(g) to investigate and resolve complaints from consumers and service providers concerning the provision of ICT services and ICT networks;

(h) to determine the categories of licences to be issued under the ICTA Law and the Electronic

Transactions Law 2000;

(i) to license and regulate ICT services and ICT networks as specified in the ICTA Law and the Electronic Transactions Law 2000;

(j) to collect all fees, including licence fees, and any other charges levied under the ICTA Law or the Electronic Transactions Law 2000 or regulations made thereunder;

(k) to resolve disputes concerning the interconnection or sharing of infrastructure between or among ICT service providers or ICT network providers;

(l) to promote and maintain an efficient, economic and harmonised ICT infrastructure;

(m) to be the sole person appointed under the ICTA Law to be the Administrative Point of Contact and the only person responsible for the management and control of the top level of the global Internet Domain Name System held in trust for the Internet and the Islands;

(n) to act on any matter referred to it by the Minister or the managing director; and

(o) to carry out such other functions as are conferred on the Authority by or under the ICTA Law or any other Law.

In addition, the Authority may regulate the rate, prices, terms and conditions of any ICT service or ICT network that is required to be licensed where the Authority is of the opinion that it is in the interests of the public to do so.

CUSTOMERS AND LOCATION OF ACTIVITIES

The Authority's customers are the Government, all residents of and visitors to the Cayman Islands, potential and actual licensees of ICT networks or ICT services originating or terminating in the Cayman Islands, the owners of any ship, aircraft, vessel or other floating or airborne contrivance or spacecraft registered in the Cayman Islands, and all potential or actual registrants in the .ky Internet domain.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Information and Communications Technology Authority* for the 2013/14 financial year are as follows:

- Increase access to a variety of innovative, high-quality ICT services, at reasonable prices, that meet the consumers' needs and reflect their values.
- Encourage the development of a sustainable competitive ICT industry.
- Enhance existing legislation or assisting with the development of new legislation.
- Maintain and enhance a regulatory environment that is fair, equitable, and transparent by:
  - Undertaking public consultation on relevant regulatory issues on a timely basis.
  - Resolving as quickly as possible any disputes between ICT suppliers concerning interconnection, infrastructure sharing, resale tariffs and other technical and economic issues that could adversely impact the development of sustainable competition.
  - Introducing any necessary retail price controls (e.g. price cap and floors), based upon Long Range Incremental Costing, on the incumbent operator to protect the interests of consumers and prevent anti-competitive practices.
  - Continuing the process of updating and validating the licensing information taken over by the Authority.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2012 Revision) for the *Information and Communications Technology Authority* for the 2013/14 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2013/14 BUDGET $ 000's	2012/13 FORECAST $ 000's
REVENUE FROM CABINET	345,551	340,091
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	Nil	Nil
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	1,593,155	1,328,083
SURPLUS/DEFICIT FROM OUTPUTS	60,000	60,000
OTHER EXPENSES		
NET SURPLUS DEFICIT	60,000	60,000
TOTAL ASSETS	1,950,398	1,937,154
TOTAL LIABILTIES	81,895	96,141
NET WORTH	1,868,503	1,841,013
CASH FLOWS FROM OPERATING ACTIVIITES	(37,124)	107,624
CASH FLOWS FROM INVESTING ACTIVIITES		(5,000)
CASH FLOWS FROM FINANCING ACTIVIITES		
CHANGE IN CASH BALANCES	(37,124)	102,624

FINANCIAL PERFORMANCE RATIO	2013/14 BUDGET %	2012/13 FORECAST %

CURRENT ASSETS : CURRENT LIABILITIES	22.98:1	19.37:1
TOTAL ASSETS : TOTAL LIABILITIES	23.81:1	20.15:1

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	**2013/14 BUDGET**	**2012/13 FORECAST**
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	11	9
STAFF TURNOVER (%)		
SENIOR MANAGER	6	4
PROFESSIONAL AND TECHNICAL STAFF	1	1
ADMINISTRATIVE STAFF	4	4

PHYSICAL CAPITAL MEASURES	**2013/14 BUDGET $**	**2012/13 FORECAST $**
VALUE OF TOTAL ASSETS	1,950,398	1,937,154
ASSET REPLACEMENTS : TOTAL ASSETS	N/A	N/A
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	0.14:1	0.15:1
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	1:0	1.06:1
CHANGES TO ASSET MANAGEMENT POLICES	None	

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2012/13	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Unanticipated failure or amalgamation of major licensees	None	Establishment of a fair, transparent and independent regulatory environment	Cannot be estimated

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

A full set of forecast financial statements for *Information and Communications Technology Authority* is provided in the Appendix to this Ownership Agreement.

OPERATING STATEMENT	2013/14 TARGET $ 000's	2012/13 FORECAST $ 000's
REVENUE	1,938,706	1,668,174
OPERATING EXPENSES	1,878,706	1,608,174
NET SURPLUS/DEFICIT	60,000	60,000

BALANCE SHEET	AS AT JUNE 2014 $ 000's	AS AT JUNE 2013 $ 000's
ASSETS	1,950,398	1,937,154
LIABILITIES	81,895	96,141
NET WORTH	*1,868,503*	*1,841,013*

STATEMENT OF CASH FLOW	2013/14 TARGET $ 000's	2012/13 FORECAST $ 000's
CASH FLOWS FROM OPERATING ACTIVIITES	(37,124)	107,624
CASH FLOWS FROM INVESTING ACTIVIITES	60,000	(5,000)
CASH FLOWS FROM FINANCING ACTIVIITES		

6. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2012 Revision).

TRANSACTION	AMOUNT FOR 2013/14 $
Equity Investments into the Information & Communications Technology Authority	Nil
Capital Withdrawals from the Information & Communications Technology Authority.	Nil
Dividend or Profit Distributions to be made by the Information & Communications Technology Authority.	Nil
Government Loans to be made to the Information & Communications Technology Authority.	Nil
Government Guarantees to be issued in relation to the Information & Communications Technology Authority.	Nil
Related Party Payments (Non Remuneration) made to Key Management Personnel19	Nil
Remuneration20 Payments made to Key Management Personnel	Nil
Remuneration Payments made to Senior Management	655,233

[19] Key Management Personnel as defined by International Public Accounting Standards No 20, eg Minister, Board Member and Senior Management Team

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

DESCRIPTION	NUMBERS FOR 2013/14 $
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	Nil
NUMBER OF KEY SENIOR MANAGEMENT (MD)	6

AGREEMENT

Scope of this Agreement

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

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

Procedures for Changing this Ownership Agreement

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

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

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Information and Communications Technology Authority will seek to achieve for the 2013/14 financial year and that the Cabinet will monitor performance against.

_____

Honourable Kurt Tibbetts, OBE, JP

Minister of Financial Services, Commerce and Environment

On behalf of Cabinet

_____

Chairman of the Board

Information and Communications Technology Authority

4th October 2013

CAYMAN ISLANDS GOVERNMENT

INFORMATION AND COMMUNICATIONS TECHNOLOGY AUTHORITY

STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS FOR THE YEAR ENDING 30TH JUNE 2014

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2012 Revision).

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

To the best of our knowledge the statements are:

a. Complete and reliable;
b. Fairly reflect the forecast financial position as at 30th June 2014 and performance for the Information and Communications Technology Authority for the year ending 30th June 2014; and
c. Comply with generally accepted accounting practice.

_____

Chairman of the Board

Information and Communications Technology Authority

4th October 2013

APPENDIX

FORECAST FINANCIAL STATEMENTS

Statement of Accunting Policies

FOR THE YEAR ENDEING 30TH JUNE 2014

These financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB. The significant accounting policies adopted by the ICTA in these financial statements are as follows:

(a) Basis of preparation

The financial statements of the ICTA are presented in Cayman Island dollars and are prepared on the accruals basis under the historical cost convention.

(b) Use of estimates

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of income and expenses during the year. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the reporting period and in any future periods that are affected by those revisions.

(c) Foreign currency translation

Assets and liabilities denominated in currencies other than Cayman Islands dollars are translated at exchange rates in effect at the financial statements date. Revenue and expense transactions denominated in currencies other than Cayman Islands dollars are translated at exchange rates at the date of those transactions. Gains and losses arising on translation are included in the statement of comprehensive income.

(d) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents are considered as cash held on demand and fixed deposits with an original maturity of three months or less.

(e) Accounts receivable

Accounts receivable are recognized initially at fair value and are subsequently reviewed for impairment. Where there is objective evidence that a debt will not be collectible by the Authority according to the agreed terms a provision for bad debt is established.

(f) Property, plant and equipment/depreciation and amortization

Property, Plant and Equipment are stated at cost less accumulated depreciation and amortization, and any impairment losses.

Significant accounting policies (continued)

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of the property, plant and equipment and leasehold improvements are amortized over the life of the lease.

The estimated useful lives of the other fixed assets are as follows:

Office equipment and furniture	4 - 12 Years
IT equipment	3 Years
Leasehold improvements	5 Years

Management reviews the depreciation and amortization method and useful life periodically to ensure that they are consistent with the expected economic benefits from property, plant and equipment.

(g) Revenue recognition

Services provided to Cabinet are recognized when the services agreed in the purchase agreement are performed and the Government is invoiced. Services are billed at cost to the Authority (see also Related Party Note 5).

Regulatory and licensing fees are recognised as revenue when they are due to the Authority. Radio licence fees are recorded when received by the Authority. Application and licence fees are non-refundable.

(h) *Operating* lease

Lease payments are recognized as an expense on a straight-line basis over the lease term.

(i) *Financial Instruments*

(v) Classification

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

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

Significant accounting policies (continued)

(vi) Recognition

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

(vii) Measurement

Financial instruments are measured initially at cost which is the fair value of the consideration given or received. Subsequent to initial recognition, all financial assets are recorded at historical cost, which is considered to approximate fair value due to the short-term or immediate nature of these instruments.

(viii) Derecognition

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

(j) *Provisions and Contingencies*

Provisions are recognized when an obligation (legal or constructive) is incurred as a result of a past event and where it is probable that an outflow of assets embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities are not recognized but are disclosed in the financial statements unless the

possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized but are disclosed in the financial statements when an inflow of economic benefits is probable.

(k) Subsequent Events

Post-year-end events that provide additional information about the Authority's position at balance sheet date (adjusting event) are reflected in the financial statements. Post year-end events that are not adjusting events, if any, are disclosed in the notes to the financial statements when material.

The Information and Communications Technology Authority
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDING 30 JUNE 2014

	Notes	Budget 2013/14	Forecast 2012/13
Current Assets			
Cash and cash equivalents	1	1,360,252	1,188,586
Marketable securities and deposits			
Trade receivables	2	434,120	622,716
Other receivables	2	66	53
Inventories		-	-
Investments		-	-
Prepayments	3	87,714	50,895
Loans		-	-
Total Current Assets		1,882,152	1,862,250
Non-Current Assets			
Property, plant and equipment	4	68,246	74,904
Total Non-Current Assets		68,246	74,904
Total Assets		1,950,398	1,937,154
Current Liabilities			
Trade payables	5	24,305	24,130
Other payables and accruals	5	2,420	11,832
Employee entitlements	6	55,170	60,179
Total Current Liabilities		81,895	96,141
Total Liabilities		81,895	96,141
Net Assets		1,868,503	1,841,013
NET WORTH			
Contributed capital		887,500	887,500
Other Reserves		924,000	840,000
Revaluation reserve		-	-
Accumulated surpluses/(deficits)		57,003	113,513
Total Net Worth		1,868,503	1,841,013

The Information and Communications Technology Authority
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDING 30 JUNE 2014

	Notes	Budget 2013/14	Forecast 2012/13
Revenue			
Sale of goods and services	7	1,938,706	1,668,174
Other revenue			
Total Revenue		**1,938,706**	**1,668,174**
Expenses			
Personnel costs	8	1,229,785	1,020,107
Supplies and consumables	9	645,595	582,743
Depreciation	4	3,326	5,324
Total Expenses		**1,878,706**	**1,608,174**
Surplus or (Deficit) for the period before transfer		**60,000**	**60,000**

The Information and Communications Technology Authority
CASH FLOW STATEMENT
FOR THE YEAR ENDING 30 JUNE 2014

	Budget 2013/14	Forecast 2012/13
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income for the year	60,000	60,000
Adjustments for non-cash transactions:		
Depreciation and amortization	3326	5,325
	63,326	65,325
Net changes in non-cash operating balances:		
(Increase)/decrease in:		
Accounts receivable	(88,689)	33,228
Prepaid expenses	(21,156)	(323)
Accounts payable and accrued liabilities	9,395	9,394
Net cash flows from operating activities	(37,124)	107,624
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment		(5,000)
Net cash flows from investing activities		**(5,000)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash flows from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	**(37,124)**	**102,624**
Cash and cash equivalents at beginning of year	1,397,376	1,085,962
Cash and cash equivalents at end of year	**1,360,252**	**1,188,586**

The Information and Communications Technology Authority
STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30 JUNE 2014

	Contributed Capital	Reserves	Revaluation Reserve	Accumulated Surplus/ (deficits)	Total
Balance at 30 June 2012	887,500	804,000		83,844	1,775,344
Changes in accounting policy					
Prior Year Adjustments					
Restated balance	887,500	804,000	-	83,844	1,775,344
Changes in net worth for 2012/13					
Transfer to reserve		60,000		(60,000)	-
Net revenue / expenses recognised directly in net worth	-	60,000	-	(60,000)	-
Surplus/(deficit)for the period 2012/13					
Total recognised revenues and expenses for the period	-	-	-	57,003	57,002
Payment to Government				(83,844)	(83,844)
Balance at 30 June 2013 carried forward	887,500	864,000	-	(2,997)	1,748,502

	Contributed Capital	Other Reserves	Revaluation Reserve	Accumulated Surplus/ (deficits)	Total
Balance at 30 June 2013 brought forward	887,500	864,000	-	(2,997)	1,748,503
Changes in net worth for 2013/14					
Changes in accounting policy					
Prior Year Adjustments					
Restated balance	887,500	864,000	-	(2,997)	1,748,503
Changes in net worth for 2013/14					
Transfer		60,000		(60,000)	
Gain/(loss) on property revaluation					
Net revenue / expenses recognised directly in net worth	-	60,000		(60,000)	
Surplus/(deficit)for the period 2013/14				60,000	60,000
Total recognised revenues and expenses for the period	-	60,000		-	60,000
Balance at 30 June 2014	887,500	924,000		57,003	1,868,503

Note 1: Cash and cash equivalents

Description	Currency Amount	Exchange Rate to $CI	Budget 2013/14	Forecast 2012/13
Cash on hand	52	1.0000	52	30
Cash in transit			0	0
CI$ Account	889,068	1.0000	889,068	688,843
US$ Account	12,440	0.8300	10,325	40,570
Payroll Current Account			0	0
Bank Accounts held at other financial institutions			0	0
Short-Term Fixed Deposits	460,807	1.0000	460,807	459,143
TOTAL			**1,360,252**	**1,188,586**

Note 2: Trade and other receivables

Trade Receivables	Budget 2013/14	Forecast 2012/13
Sale of goods and services to Cabinet	86,388	340,091
Sale of goods and services to other government agencies		
Sale of goods and services - third party	347,732	282,625
Other		
Less: provision for doubtful debts		
Total trade receivables	**434,120**	**622,716**

Other Receivables	Budget 2013/14	Forecast 2012/13
Advances (salary, Official Travel, etc)		
Dishonoured cheques		
Interest receivable	**66**	**53**
Other		
Less: provision for doubtful debts		
Total other receivables	**66**	**53**

	Trade Receivables	Other Receivables	Budget 2013/14	Forecast 2012/13
Current				
Past due 1-30 days	434,120	66	434,186	622,769
Past due 31-60 days			0	0
Past due 61-90 days			0	0
Past due 90 and above			0	0
Non-Current				
Past due 1 year and above			0	0
Total	**434,120**	**66**	**434,186**	**622,769**

Note 3 Prepayments

Description	Current	Non-Current	Budget 2013/14	Forecast 2012/13
Insurance	14,151		14,151	12,899
Work permit	59,244		59,244	14,538
Other	14,319		14,319	23,458
Total	**87,714**	**-**	**87,714**	**50,895**

Note 4: Property, plant & equipment

Cost of Property, plant & equipment

	Plant and equipment	*Furniture and Fittings*	*Computers*	*Total*
Balance as at 1 July 2012	90,954	231,908	161,484	484,346
Additions				-
Disposals				-
Transfers				-
Balance as at 30 June 2013	90,954	231,908	161,484	484,346

	Plant and equipment	*Furniture and Fittings*	*Computers*	*Total*
Balance as at 30 June 2013	90,954	231,908	161,484	484,346
Additions				
Disposals				-
Transfers				-
Balance as at 30 June 2014	90,954	231,908	161,484	484,346

Accumulated Depreciation and impairment losses

	Plant and equipment	*Furniture*	*Computers*	*Total*
Balance as at 1 July 2012	76,309	231,908	100,900	409,117
Impairment loss 2012/13				0
Depreciation Expense 2012/13	3,326	-	332	3,658
Eliminate on Disposal 2012/13				0
Balance as at 30 June 2013	79,635	231,908	101,232	412,775

	Plant and equipment	*Furniture*	*Computers*	*Total*
Balance as at 30 June 2013	79,635	231,908	101,232	412,775
Impairment loss 2013/14				0
Depreciation Expense 2013/14	3,325	-	-	3,325
Eliminate on Disposal 2013/14				0
Balance as at 30 June 2014	82,960	231,908	101,232	416,100
Net Book value 30 June 2013	11,319	-	60,252	71,571
Net Book value 30 June 2014	7,994	-	60,252	68,246

Note 5: Trade payables, other payables & Accruals

	Current	Non-Current	Budget 2013/14	Forecast 2012/13
Creditors Third party	24,305		24,305	24,130
Creditors Ministries/Portfolios			0	0
Creditors other government agencies			0	0
Payroll Deductions			0	0
Operating Lease			0	0
Accrued Expenses	55,243		55,243	11,832
Other payables	2,347		2,347	0
Total trade payables other payables and accruals	**81,895**	**-**	**81,895**	**35,962**

Note 6: Employee entitlements

	Budget 2013/14	Forecast 2012/13
Annual Leave/Comp-time	55,170	60,179
Retirement and long service leave		
Accrued salaries		
Travel		
Total current portion	**55,170**	**60,179**
Non-current employee entitlements are represented by:		
Retirement and long service leave		
Total employee entitlements	**55,170**	**60,179**

Note 7: Sales of Goods & Services

Revenue type	Budget 2013/14	Forecast 2012/13
Fees and Charges	-	-
General Sales	-	-
Rentals	-	-
Other Goods & Services Revenue	1,593,155	1,328,083
Sale of goods and services to Cabinet	345,551	340,091
Sale of goods and services to Other Ministries and Portfolios	-	-
Total sales of goods and services	**1,938,706**	**1,668,174**
Other Goods & Services Revenue		
Regulatory fees	1,390,927	1,130,500
Radio Licences	90,000	85,000
Licensing fees	107,970	109,092
other income	4,258	3,491
Total Other Goods & Services Revenue	1,593,155	1,328,083
Sales of Outputs to Cabinet		
Sales of Outputs to Cabinet	345,551	340,091
Total Sales of Outputs to Cabinet	345,551	340,091

Note 8: Personnel costs

Description	Budget 2013/14	Forecast 2012/13
Salaries, wages and allowances	963,123	827,275
Health care	139,296	106,851
Pension	58,123	49,781
Leave	10,000	10,000
Other personnel related costs	59,244	26,200
Total Personnel Costs	**1,229,786**	**1,020,107**

Note 9: Supplies and consumables

Description	Budget 2013/14	Forecast 2012/13
Supplies and Materials	3,249	3,200
Purchase of services	383,993	411,701
Lease of Property and Equipment	73,663	75,925
Utilities	34,700	30,100
General Insurance	14,151	15,316
Interdepartmental expenses	25,000	20,000
Travel and Subsistence	30,840	26,001
Recruitment and Training	80,000	500
Total Supplies & consumables	**649,596**	**582,743**

Note 10: Reconciliation of net cash flows from operating activities to surplus/(deficit)

Description	Budget 2013/14	Forecast 2012/13
Surplus/(deficit) from ordinary activities	60,000	60,000
Non-cash movements		
Depreciation expense	3,326	5,324
Impairment	-	-
(Gain)/losses on sale of property plant and equipment	-	-
Changes in current assets and liabilities:		
(Increase)/decrease in other current assets	(1,082)	2,176
(Increase)/decrease in receivables – Cabinet	(108,763)	30,729
(Increase/(decrease) in current liabilities	9,395	9,395
Net cash flows from operating activities	**(37,124)**	**107,624**

Note 11: Key Management Personnel

Description	Budget 2013/14	Forecast 2012/13
Salaries & other short-term employee benefits	655,233	527,726
Past employee benefits		
Other long-term benefits		
Termination benefits		
Loans		
Total	**655,233**	**527,726**

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

MARITIME AUTHORITY OF THE CAYMAN ISLANDS

FOR THE FINANCIAL YEAR

ENDING 30 JUNE 2014

CONTENTS

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

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Maritime Authority of the Cayman Islands* have agreed the *Maritime Authority of the Cayman Islands* will seek to achieve during the 2013/14 financial year.

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

2. NATURE AND SCOPE OF ACTIVITIES

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

GENERAL NATURE OF ACTIVITIES

The *Maritime Authority of the Cayman Islands (MACI)* activities involve the national maritime administration for the Cayman Islands, MACI will facilitate the development of Cayman as an international maritime centre and help foster a dynamic environment that supports its clients' efforts to maximise their respective stakeholders' growth opportunities and returns in global shipping; whilst promoting compliance with international standards, regional agreements, and Cayman's legislation in the areas of maritime safety and security, marine environmental pollution prevention, and social responsibility.

SCOPE OF ACTIVITIES

1. The original CISR's vessel and mortgage Registration, Advisory, and marine Survey and Audit services.

2. The overall responsibility for implementing Cayman's marine pollution prevention, maritime safety and security, and seafarers' welfare obligations[21] under international Conventions and Codes and under Cayman legislation for Cayman-flagged vessels.

3. The responsibility for the implementation of Cayman's obligations under the Caribbean Memorandum of Understanding on *Port State Control* and for marine *Casualty Investigation* activities in relation to Cayman-flagged vessels.

4. The responsibility for *national maritime policy* formulation, the provision of advice on maritime-related matters, and the development of Cayman's maritime-related legislation.

5. The responsibility to *represent* Cayman at international fora and to protect its maritime interests.

6. The responsibility to help *facilitate the development* of the Cayman Islands as an international maritime centre.

[21] The statutory responsibility for this falls to the Office of the Cayman Islands Shipping Master.

Customers and Location of Activities

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

- Vessel Owners/Operators and their Representatives
- Vessel Builders
- Yacht Designers and related Consultants
- Seafarers on Cayman flagged Vessels
- Cayman Islands Government

The Maritime Authority of the Cayman Islands is able to offer its services to its Customers from thirteen locations, the head office in George Town, the European Regional Office - United Kingdom, representative in Greece, United States of America, France, Japan, Singapore, Netherlands, Australia, Brazil, Philippines, Hong Kong and the Cayman Islands Government Office in the United Kingdom.

CUSTOMERS AND LOCATION OF ACTIVITIES

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

- Vessel Owners/Operators and their Representatives
- Vessel Builders
- Yacht Designers and related Consultants
- Seafarers on Cayman flagged Vessels
- Cayman Islands Government

The Maritime Authority of the Cayman Islands is able to offer its services to its Customers from thirteen locations, the head office in George Town, the European Regional Office - United Kingdom, representative in Greece, United States of America, France, Japan, Singapore, Netherlands, Australia, Brazil, Philippines, Hong Kong and the Cayman Islands Government Office in the United Kingdom.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Maritime Authority of the Cayman Islands* for the 2013/14 financial year are as follows:

The key strategic goals and objectives (from an ownership perspective) for The *Maritime Authority of the Cayman Islands* for the 2013/14 financial year are as follows:

1) Information Technology initiatives:
    a) Implement web based online applications for Crew Compliance enabling specific clients to process their own Crew Compliance documents;
    b) Implement MARIS reporting system for Safety and Compliance;
    c) Migrate the controlled document portal from its current environment to Citrix Share file to realise cost savings and increased functionality;
    d) Effect a fully integrated information system (i.e. the Electronic Content Management System) incorporating archival document protection;
    e) Introduce a Client Relationships Management System; and
    f) Replace ERO Office dated server environment.
2) Implement Crew Compliance documentation and Survey capacity in Singapore Representative office.
3) Review and streamline existing business processes and organisational structure to facilitate working seamlessly across MACI via a business process re-engineering project ("Work Smoother"):
    a) Review and update job descriptions to take into account the business process re-engineering project and facilitate the re-implementation of performance based pay.
4) Continue to update and streamline relevant domestic legislation to keep MACI in the forefront of modern regulation:
    a) Implement the necessary national legislation to the allow the extension of MLC 2006 to Cayman; and
    b) Complete a review and update of the CI MSL and MARPOL primary and secondary legislation.
5) Maintain certification in accordance with ISO 90001:2008 in preparation for participation in the International Maritime Organisation's Flag State Voluntary Audit Scheme.
6) Establish our services in Switzerland, Turkey and the Middle East through the appointment of a Representative(s).

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2012 Revision) for the *Maritime Authority of the Cayman Islands* for the 2013/14 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2013/14 BUDGET $ 000's	2012/13 FORECAST $ 000's
REVENUE FROM CABINET	308,567	394,028
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	0	0
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	8,691,714	8,695,041
SURPLUS/DEFICIT FROM OUTPUTS	0	0
OTHER EXPENSES	9,138,980	9,103,233
NET SURPLUS DEFICIT	(138,699)	(14,164)
TOTAL ASSETS	3,458,795	3,812,452
TOTAL LIABILTIES	(1,004,386)	(1,219,344)
NET WORTH	2,454,409	2,593,108
CASH FLOWS FROM OPERATING ACTIVIITES	(329,664)	80,538
CASH FLOWS FROM INVESTING ACTIVIITES	(180,460)	(32,794)
CASH FLOWS FROM FINANCING ACTIVIITES	0	0
CHANGE IN CASH BALANCES	(510,124)	47,744

FINANCIAL PERFORMANCE RATIO	2013/14 BUDGET %	2012/13 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	4.59	3.92
TOTAL ASSETS : TOTAL LIABILITIES	3.44	3.13

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2013/14 BUDGET	2012/13 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	49	49
STAFF TURNOVER (%)	2.04%	2.04%
SENIOR MANAGER	7.89	7.29
PROFESSIONAL AND TECHNICAL STAFF	7.59	6.59
ADMINISTRATIVE STAFF	7.05	6.05

PHYSICAL CAPITAL MEASURES	2013/14 BUDGET $	2012/13 FORECAST $
VALUE OF TOTAL ASSETS	3,458,795	3,812,452
ASSET REPLACEMENTS : TOTAL ASSETS	29.5%	24.2%
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	26%	28%
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	26%	24%
CHANGES TO ASSET MANAGEMENT POLICES	None	None

Major Capital Expenditure Projects	2013/14 Target $
Upgrade of hardware in European Regional Office, Upgrade online services and final payment for MARIS	180,460

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2012/13	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
War and Terrorism	none	Insurance policy to manage risk	Unquantifiable
Loss/absence of critical staff	none	Succession planning and develop an organisational structure and environment which provides challenges, promotes advancement and recognize achievements	Unquantifiable
Loss of important data	none	Back up vital and important documentation on disks and hard copy and place in a secure environment	Unquantifiable

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

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

OPERATING STATEMENT	2013/14 TARGET $ 000's	2012/13 FORECAST $ 000's
REVENUE	9,000,281	9,089,069
OPERATING EXPENSES	9,138,980	9,103,233
NET SURPLUS/DEFICIT	*(138,699)*	*(14,164)*

BALANCE SHEET	AS AT JUNE 2014 $ 000's	AS AT JUNE 2013 $ 000's
ASSETS	3,458,795	3,812,452
LIABILITIES	(1,004,386)	(1,219,344)
NET WORTH	2,454,409	2,593,108

STATEMENT OF CASH FLOW	2013/14 TARGET $ 000's	2012/13 FORECAST $ 000's
CASH FLOWS FROM OPERATING ACTIVIITES	(329,644)	80,538
CASH FLOWS FROM INVESTING ACTIVIITES	(180,460)	(32,794)
CASH FLOWS FROM FINANCING ACTIVIITES	-	-

6. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2012 Revision).

TRANSACTION	AMOUNT FOR 2013/14 $
Equity Investments into *Maritime Authority of the Cayman Islands*	0
Capital Withdrawals from *Maritime Authority of the Cayman Islands*	0
Dividend or Profit Distributions to be made by *Maritime Authority of the Cayman Islands.*	0
Government Loans to be made to *Maritime Authority of the Cayman Islands*	0
Government Guarantees to be issued in relation to *Maritime Authority of the Cayman Islands*	0
Related Party Payments (Non Remuneration) made to Key Management Personnel[22]	0
Remuneration[23] Payments made to Key Management Personnel	1,028,563
Remuneration Payments made to Senior Management	1,009,128

DESCRIPTION	NUMBERS FOR 2013/14 $
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	15
NUMBER OF KEY SENIOR MANAGEMENT (MD)	8

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

[23] Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

AGREEMENT

Scope of this Agreement

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

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

Procedures for Changing this Ownership Agreement

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

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

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Maritime Authority of the Cayman Islands will seek to achieve for the 2013/14 financial year and that the Cabinet will monitor performance against.

_____

Honourable Wayne Panton
Minister of Financial Services, Commerce and Environment
On behalf of Cabinet

_____

Chairman of the Board
Maritime Authority of the Cayman Islands

4th October 2013

CAYMAN ISLANDS GOVERNMENT

MARITIME AUTHORITY OF THE CAYMAN ISLANDS
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2014

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2012 Revision).

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

To the best of our knowledge the statements are:

a. Complete and reliable;
b. Fairly reflect the forecast financial position as at 30th June 2014 and performance for the Maritime Authority of the Cayman Islands for the year ending 30th June 2014; and
c. Comply with generally accepted accounting practice.

_____

Chairman of the Board
Maritime Authority of the Cayman Islands

4th October 2013

APPENDIX

FORECAST FINANCIAL STATEMENTS

		YTD - Budget June 30, 2014	*YTD - Forecast June 30, 2013*
Revenue			
Sales of Goods and Services		6,798,207	6,688,837
Tonnage Revenue		1,242,447	1,205,572
Other Income		651,060	800,632
Sales of Goods and Services - CIG		308,567	394,028
Total Revenue		9,000,281	9,089,069
Expenses			
Personnel Cost	**15**	4,137,160	4,154,373
Professional Services		1,672,360	1,528,409
Other Expenses	**16**	1,188,078	1,122,510
Operating Lease and Utilities		786,507	941,030
Travel and Business Development		660,000	636,349
Survey Related Expense		539,875	560,676
Depreciation	**17**	155,000	159,886
Total Expenses		9,138,980	9,103,233
Loss from Operating Activities		(138,699)	(14,164)
Non Operating Revenue & Expenses			
Gain on Revaluation/Disposal of Fixed Assets		-	-
(Loss)/Gains on Foreign Exchange Transaction		-	-
Total Non Operating Revenue & Expenses		-	-
Net (Loss)		(138,699)	(14,164)

Maritime Authority of the Cayman Islands

BALANCE SHEET

FOR THE YEAR ENDING 30 JUNE 2014

		YTD - Budget June 30, 2014	*YTD - Forecast June 30, 2013*
Assets			
Current Assets			
Cash & Cash Equivalents	***9***	438,432	948,556
Accounts Receivable (net)	***10***	2,562,256	2,440,505
Accounts Receivable (Cabinet)		172,281	163,025
Total Current Assets		3,172,969	3,552,086
Property, Plant & Equipment	***11***	285,826	260,366
Total Assets		3,458,795	3,812,452
Equity and Liabilities			
Current Liabilities			
Accounts Payable	***12***	306,000	458,185
Unearned Revenue	***13***	300,000	318,895
Employee Entitlements	***14***	53,711	57,589
Other Current Liabilities		31,675	71,675
Total Current Liabilities		691,386	906,344
Retirement Liability/Other		313,000	313,000
Total Liabilities		1,004,386	1,219,344
Equity			
Contributed Capital		1,500,000	1,500,000
Retained Earnings		954,409	1,093,108
Total Equity		2,454,409	2,593,108
Total Equity and Liabilities		3,458,795	3,812,452

Maritime Authority of the Cayman Islands

STATEMENT OF NET WORTH

FOR THE YEAR ENDING 30 JUNE 2014

	Retained Earnings	Contributed Capital	Total
Balance at 30 June 2012	1,107,272	1,500,000	2,607,272
Net Loss for 12/13	(14,164)	-	(14,164)
Balance at 30 June 2013	1,093,108	1,500,000	2,593,108
Budget Net Loss for 13/14	(138,699)	-	(138,699)
Balance at 30 June 2014	954,409	1,500,000	2,454,409

MARITIME AUTHORITY OF THE CAYMAN ISLANDS
CASH FLOW STATEMENT

FOR THE YEAR ENDING 30 JUNE 2014

	Notes	*YTD - Budget June 30, 2014*	*YTD - Forecast June 30, 2013*
Cash Flows From Operating Activities			
Net Gain/(Loss)		(138,699)	(14,164)
Adjustments for:			
Depreciation		155,000	159,886
(Gain) on Assets		-	(12,857)
(Increase) in Receivable		(131,007)	(237,658)
(Decrease)/Increase in Payables		(152,185)	151,370
(Decrease)/Increase in Unearned Revenue		(18,895)	21,397
(Decrease)/Increase in Employee Entitlements		(3,878)	9,564
(Decrease)/Increase in Other Liabilities		(40,000)	3,000
Net cash (used)/from flows (in)/from operating activities		(329,664)	80,538
Cash Flows From Investing Activities			
Acquisition of Fixed Assets		(180,460)	(60,749)
Sale Proceeds Fixed Assets		-	27,955
Net cash used in investing activities		(180,460)	(32,794)
Cash Flows From Financing Activities			
Capital Contribution Cabinet		-	-
Net cash flows from financing activities		-	-
Net (decrease)/increase in cash and cash equivalents		(510,124)	47,744
Cash and cash equivalents at beginning of period		948,556	900,812
Cash and cash equivalents at end of period	**9**	438,432	948,556

Maritime Authority of the Cayman Islands

NOTES TO THE FORECAST FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 2014

Organisation and Objectives

The Maritime Authority of the Cayman Islands (MACI) is a statutory corporation formed as a separate legal entity under the Maritime Authority of the Cayman Islands Law (2005) which came into effect on July 1, 2005. The Authority is wholly-owned by the Government of the Cayman Islands but governed by a Board of Directors appointed by the Governor of the Cayman Islands. MACI reports to the Cabinet of the Cayman Islands through the Portfolio of Finance and Economics but is also responsible to the UK Secretary of State via the UK's Maritime and Coastguard Agency (UK MCA) for the effective implementation of the relevant international maritime and related Conventions that have been ratified by the UK Government and extended to Cayman.

The original Cayman Islands Shipping Registry (CISR) maritime administration structure, which is the main forerunner to MACI, was first set-up in 1903 when George Town was established as a British Port of Registry. The CISR obtained British Registry Category 1 Status on July 25, 1991. The Category 1 Group of British Registries includes the UK, Bermuda, Cayman, Gibraltar and the Isle of Man. All of these can register vessels of any size and type provided that they meet international standards. The CISR is now a division of MACI. However, there are a number of other critical responsibilities that have been added to the new Authority. The Authority therefore combines into one body:

1. The original CISR's vessel and mortgage Registration, Advisory, and marine Survey and Audit services

2. The overall responsibility for implementing Cayman's marine pollution prevention, maritime safety and security, and seafarers' welfare obligations under international Conventions and Codes and under Cayman legislation for Cayman-flagged vessels

3. The responsibility for the implementation of Cayman's obligations under the Caribbean Memorandum of Understanding on Port State Control for foreign-flagged vessels entering Cayman Islands ports and for marine Casualty Investigation activities in relation to Cayman-flagged vessels

4. The responsibility for national maritime policy formulation, the provision of advice on maritime-related matters, and the development of Cayman's maritime-related legislation

5. The responsibility to represent Cayman at international fora and to protect its maritime interests

Basis of preparation

The Financial statements of MACI are prepared in accordance with International Public Sector Accounting Standards (IPSAS) using the accrual basis of accounting. Where there is currently no IPSAS, other authoritative pronouncements such as International Accounting Standards and United Kingdom reporting standards applicable to the public sector have been used. The measurement base applied is historical cost adjusted for revaluations of certain assets. The reporting Currency is Cayman Islands Dollars basis.

Reporting Period

The Budget reporting period is the year ended 30 June, 2014.

Significant Accounting Policies

a. *Investments.* Short-term investments are valued, on a monthly basis at amortized cost and long term investments are valued at quoted market value. Unrealized gains or losses are recoded in the income statement.

b. *Foreign Currency.* Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Gains and losses resulting from the settlement of such transaction and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Assets and liabilities are translated at the exchange rate in effect at the Balance Sheet date.

c. *Sale of Goods and Services (including user charges and fees).* Revenue from the sale of goods and services, including revenue resulting from user charges or fees, is recognised when it is earned. This is generally at time of sale or on delivery of service. Revenue from the rendering of a service is recognised by reference to the stage of completion of contracts or in accordance with agreements to provide services. The stage of completion is determined according to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

d. *Government Grants.* MACI is semi dependent upon annual operating grants from the Cayman Islands Government to meet its Obligations. The full amount of the grant is treated as income in the year of receipt.

e. *Expenses.* Expenses are recognised when incurred.

f. *Receivables and advances.* Receivables and advances are recorded at the amounts expected to be ultimately collected in cash.

g. *Inventory.* Inventories are recorded at the lower of cost and net current value. Where inventories are valued at cost, specific identification or the FIFO method has been used. Appropriate allowance has been made for obsolescence.

h. *Fixed Assets.* Fixed Assets are stated at historical cost less accumulated depreciation. Depreciation is calculated on a straight-line method of 20% per annum for Furniture & Fixtures, Leasehold Improvements and Office Equipment; and 33 1/3% for Computer Hardware and Software, which is sufficient to write-off the cost of the assets over their estimated useful lives.

i. *Cash and cash equivalents.* For the purpose of the cash flow statement, cash and cash equivalents consist of current and call deposit and fixed deposit maturing within 90 days from the date of acquisition.

j. *Accounts Payable.* Account Payables are recorded at the amount owing after allowing for credit notes and other adjustments.

k. *Employee entitlements.* Amount incurred but not paid at the end of the reporting period are accrued. Annual leave due, but not taken, is recognised as a liability.

l. *Commitments.* Commitments are recorded in the Statement of Commitments at the value of the obligation.

m. *Contingencies*. The nature and an estimate of the financial effect of contingent liabilities are disclosed in the Statement of Contingent Liabilities. Contingent liabilities are recognised as liabilities when they are probable.

n. *Employee benefits.* Obligation for contribution to defined contribution and defined benefits pension plans are recognized as an expense in the income statement as incurred. (See also Note 19)

o. *Comparative Information.* The Financials for MACI do not provide comparable information due to 30 June 2006 being the first year of operations. (See also Note 21)

Capital

The authorised capital of MACI is $1,500,000. The Cayman Islands Government is the sole subscriber and has contributed Paid-Up Capital of $500,000 as at 30 June 2006. The Cabinet of the Cayman Islands Government has committed to increasing the Paid-Up Capital of MACI to a minimum of $1,500,000 by the year 2008, by yearly equity injections. As of June 2008, the Cayman Islands Government has fully contributed its Paid-Up Capital of $1,500,000.

Lease Obligation

MACI leases the premises used for its operations in George Town and in the United Kingdom for the European Regional Office (ERO). The lease agreement for the George Town offices dated 1November 2013 December 2008 for the total office space 9,614 sq ft at $43.64 per sq ft. The lease is for 5 years with and additional 5 years option to renew. Lease payments under the operating leases are charged to the income statement in equal instalments over the period of the lease.

The Lease agreement for the ERO lease agreement dated 6 September 2002 for the total office space 2578 sq ft at £14.88 per sq ft. The lease is for 15 years with option to renew. Lease payments under the operating leases are charged to the income statement in equal instalments over the period of the lease.

Pensions

Pension contributions for eligible employees of MACI are paid to either the Pubic Service Pensions Fund (the "Fund") or the Chamber of Commerce Silver Thatch Pension Fund (Silver Thatch). The Fund is administered by the Public Service Pensions Board ("the Pensions Board) and is operated as a multi-employer non-contributory fund, whereby the employer pays both employer and employees contributions. With effect from 1 January 2000 the Fund had both a defined benefit and a defined contribution element. Participants joining after that date became members of the defined contribution element. MACI therefore funds 6% employee and 6% employers' contributions for all employees joining MACI prior to 1 January 2006.

MACI has not recognized any of the unfunded Past Service Liability (PSL) due to the fact that there is not an up to date Actuarial review. Pensions Board management also confirmed that the contribution rate would be 13% effective January 1999. This rate includes a 1% non-retirement benefit contribution. MACI began recognizing this contribution rate of 13% from 1 July 2005 for employees under the define contribution element.

For employees joining 1 January 2006 the contribution rate in effect is 5% employer's contribution and the employees is required to contribute 5% if enrolled with the Silver Thatch or 7% to participate in the Public Service Pension Fund.

Related Party Transactions

The Board of Directors of MACI is appointed by the Governor and consists of the Chief Executive Officer, Secretary to the Board as ex-officio members and seven directors as at 30 June 2013.

The following Government department/entities provided services to MACI during 2013:

i. Treasury Department
ii. Legal Department
iii. Public Service Pension Board (see Note 9)
iv. Computer Services Department
v. Immigration Department
vi. Customs Department
vii. Audit Office

MACI is responsible for the registration of vessel and the collection of the related fees which are paid over to the Cayman Islands Government.

Maritime Authority of the Cayman Islands

NOTES TO THE FORECAST FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 2014

	Budget	***Forecast***
	June 30, 2014	***June 30, 2013***
Note 9. Cash & Cash Equivalents		
Bank Accounts	188,323	697,858
Fixed Deposits	250,109	250,698
Total Cash & Cash Equivalents	438,432	948,556

	Budget	***Forecast***
	June 30, 2014	***June 30, 2013***
Note 10. Accounts Receivable (net)		
Sales of Goods & Services	2,656,847	2,423,539
Prepayments	70,000	146,408
Other Receivables	35,409	70,558
Total Gross Receivables	2,762,256	2,640,505
Less Provision for Doubtful Debts	200,000	200,000
Total Net Receivable (net)	2,562,256	2,440,505

	Budget June 30, 2014	*Forecast June 30, 2013*
Note 11. Property, Plant & Equipment		
Net Book Value (NBV)		
Furniture & Fittings	-	5,457
Computer Hardware and Software	258,826	191,740
Office Equipment	3,000	14,857
Other Plant & Equipment	5,600	5,855
Leasehold Improvement	9,000	12,549
Other Assets	9,400	29,908
Total Property, Plant & Equipment (NBV)	285,826	260,366

Maritime Authority of the Cayman Islands

NOTES TO THE FORECAST FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 2014

	Opening Balance	Addition	Reclassification	Depreciation Expense	Closing Balance 2013/14 Budget
Furniture & Fittings	5,457			(5,457)	-
Computer Hardware and Software	191,740	178,460	17,748	(129,122)	258,826
Office Equipment	14,857	2,000		(13,857)	3,000
Other Plant & Equipment	5,855			(255.00)	5,600
Leasehold Improvement	12,549			(3,549)	9,000
Other Assets	29,908		(17,748)	(2,760)	9,400
Total	260,366	180,460	(0)	(155,000)	285,826

	Budget June 30, 2014	*Forecast June 30, 2013*
Note 12. Accounts Payable		
Trade Creditors (Less Than 30 Days)	231,000	333,153
Trade Creditors (Over 30 Days)	75,000	125,032
Total Accounts Payable	306,000	458,185

	Budget June 30, 2014	*Forecast June 30, 2013*
Note 13. Unearned Revenue		
Revenue Deposits (USD)	175,000	167,257
Revenue Deposits (Euro)	125,000	151,638
Total Unearned Revenue	300,000	318,895

	Budget June 30, 2014	*Forecast June 30, 2013*
Note 14. Employee Entitlements		
Leave Entitlement (Management Committee)	2,826	3,703
Leave Entitlement (Managers)	39,643	42,643
Leave Entitlement (Administration)	11,243	11,243
Total Employee Entitlements	53,712	57,589

Maritime Authority of the Cayman Islands

NOTES TO THE FORECAST FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 2014

Note 15. Personnel Cost

	Budget June 30, 2014	*Forecast June 30, 2013*
Salaries and Wages	3,199,860	3,386,193
Other Personnel Cost	610,167	419,404
Pension Expense	331,010	339,211
Movement in Annual Leave Provision	(3,877)	9,564
Total Personnel Cost	4,137,160	4,154,373

Note 16. Other Expense

	Budget June 30, 2014	*Forecast June 30, 2013*
Debt Write Off	300,000	423,422
General and Administration Services	448,168	285,543
Maintenance	304,070	238,675
Bank Fees	120,000	117,798
Insurance	15,840	57,073
Total Other Expense	1,188,078	1,122,510

Note 17. Depreciation

	Budget June 30, 2014	*Forecast June 30, 2013*
Depreciation Furniture & Fittings	5,457	22,245
Depreciation Computer Hardware	129,122	104,455
Depreciation Office Equipment	13,857	11,599
Depreciation Other Assets	3,015	5,081
Depreciation Leasehold Improvements	3,549	16,506
Total Depreciation	155,000	159,886

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

THE NATIONAL DRUG COUNCIL

FOR THE FINANCIAL YEAR

ENDING 30 JUNE 2014

CONTENTS

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

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *The National Drug Council* have agreed the *The National Drug Council* will seek to achieve during the 2013/14 financial year.

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

2. NATURE AND SCOPE OF ACTIVITIES

This section outlines the nature and scope of activities within which the *The National Drug Council* is to operate during the year.

General Nature of Activities

This section outlines the nature and scope of activities within which *National Drug Council* is to operate during the year.

The *National Drug Council* activities involve:

- *Policy formulation and advice,*
- *Research,*
- *Support and publication of studies, reports and other documentation on drug abuse,*
- *Collection of data (Surveillance),*
- *Monitoring and evaluation of the implementation of The National Anti-Drug Strategy 2009-2013.*

Scope of Activities

The scope of *National Drug Council* activities is as follows:

- ***Policy and Prevention -*** *To formulate policies intended to prevent or reduce drug abuse and to promote and encourage the implementation of such policies and programmes and to advise the Minister on matters of law reform relating to the misuse of drugs.*

- ***Surveillance, Research and Information Dissemination - :*** *To conduct/support studies and publish reports and other documentation on drug abuse and develop and maintain a database of information on, drug abuse in the Islands;*

- ***Monitoring and Evaluation- :*** *To co-ordinate the efforts of drug abuse prevention, treatment and rehabilitation. Through monitoring and evaluation of the implementation of the National Anti-Drug Strategy and programmes within the Cayman Islands.*

CUSTOMERS AND LOCATION OF ACTIVITIES

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

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *The National Drug Council* for the 2013/14 financial year are as follows:

- Provide policy advice and review matters as it relates to drug abuse and misuse in the Cayman Islands.
- Co-ordinate the National Strategic Plan for Drug Abuse Prevention and Rehabilitation and monitor the implementation of the plan.
- Provide information that is culturally relevant and based on scientific research and local data.
- Ensure best practice and adherence to relevant regional and international policies related to drug abuse matters.
- Evaluate programmes as indicated within the National Drug Abuse Prevention and Rehabilitation Plan to ensure effective programming.
- Encourage and foster affiliations and exchange of information on a local, regional and international level.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2012 Revision) for the *National Drug Council* for the 2013/14 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2013/14 BUDGET $ 000's	2012/13 FORECAST $ 000's
REVENUE FROM CABINET	552,958	552,958
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	0	1,200
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	0	12,249
SURPLUS/DEFICIT FROM OUTPUTS	0	0
OTHER EXPENSES	552,958	447,296
NET SURPLUS DEFICIT	0	106,662
TOTAL ASSETS	360,719	427,842
TOTAL LIABILTIES	12,000	74,508
NET WORTH	348,719	353,334
CASH FLOWS FROM OPERATING ACTIVIITES	227,264	254,714
CASH FLOWS FROM INVESTING ACTIVIITES	0	0
CASH FLOWS FROM FINANCING ACTIVIITES	0	0
CHANGE IN CASH BALANCES	-27,451	72,992

FINANCIAL PERFORMANCE RATIO	2013/14 BUDGET %	2012/13 FORECAST %

CURRENT ASSETS : CURRENT LIABILITIES	9:8	9:8
TOTAL ASSETS : TOTAL LIABILITIES	10:12	10:12

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2013/14 BUDGET	2012/13 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	5	4
STAFF TURNOVER (%)	0	0
SENIOR MANAGER	7	4.5
PROFESSIONAL AND TECHNICAL STAFF	7.33	9.5
ADMINISTRATIVE STAFF	2	6
Significant changes to personnel management system	1	0

PHYSICAL CAPITAL MEASURES	2013/14 BUDGET $	2012/13 FORECAST $
VALUE OF TOTAL ASSETS	360,719	427,842
ASSET REPLACEMENTS : TOTAL ASSETS	1:05	1:05
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	1:05	1:05
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	1:05	1:05
CHANGES TO ASSET MANAGEMENT POLICES	None	None

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2012/13	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Organisational/staffing review	+1	Review budget & services	$60,000

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

A full set of forecast financial statements for *The National Drug Council* is provided in the Appendix to this Ownership Agreement.

OPERATING STATEMENT	2013/14 TARGET $ 000's	2012/13 FORECAST $ 000's
REVENUE	552,958	582,248
OPERATING EXPENSES	552,958	436,911
NET SURPLUS/DEFICIT	*0*	*145,337*

BALANCE SHEET	AS AT JUNE 2014 $ 000's	AS AT JUNE 2013 $ 000's
ASSETS	360,719	427,842
LIABILITIES	12,000	79,123
NET WORTH	*348,719*	*348,719*

STATEMENT OF CASH FLOW	2013/14 TARGET $ 000's	2012/13 FORECAST $ 000's
CASH FLOWS FROM OPERATING ACTIVIITES	0	145,337
CASH FLOWS FROM INVESTING ACTIVIITES	0	0
CASH FLOWS FROM FINANCING ACTIVIITES	0	0

6. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2012 Revision).

TRANSACTION	AMOUNT FOR 2013/14 $
Equity Investments into *National Drug Council*	0
Capital Withdrawals from *National Drug Council.*	0
Dividend or Profit Distributions to be made by *National Drug Council.*	0
Government Loans to be made to *National Drug Council.*	0
Government Guarantees to be issued in relation to *National Drug Council.*	0
Related Party Payments (Non Remuneration) made to Key Management Personnel[24]	0
Remuneration[25] Payments made to Key Management Personnel	79,250
Remuneration Payments made to Senior Management	0

DESCRIPTION	NUMBERS FOR 2013/14 $
NUMBER OF KEY MANAGEMENT PERSONNEL	1

[24] Key Management Personnel as defined by International Public Accounting Standards No 20, eg Minister, Board Member and Senior Management Team

[25] Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

NUMBER OF KEY SENIOR MANAGEMENT	0

AGREEMENT

Scope of this Agreement

In signing this document the The National Drug Council undertakes to seek to achieve the performance specified in sections 2 to 6 to the best of its ability; and

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

Procedures for Changing this Ownership Agreement

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

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

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the The National Drug Council will seek to achieve for the 2013/14 financial year and that the Cabinet will monitor performance against.

_____

Honourable Alden McLaughlin, MBE, JP

Premier, Minister of Community and Home Affairs

On behalf of Cabinet

_____

Chairman of the Board
The National Drug Council

4th October 2013

CAYMAN ISLANDS GOVERNMENT

THE NATIONAL DRUG COUNCIL
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2014

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2012 Revision).

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

To the best of our knowledge the statements are:

a. Complete and reliable;
b. Fairly reflect the forecast financial position as at 30th June 2014 and performance for the The National Drug Council for the year ending 30th June 2014; and
c. Comply with generally accepted accounting practice.

_____

Chairman of the Board
The National Drug Council

4th October 2013

APPENDIX

FORECAST FINANCIAL STATEMENTS

THE NATIONAL DRUG COUNCIL

FOrECAST STATEMENT of financial position

AS AT 30TH JUNE 2014

The National Drug Council's ('the NDC') financial statements have been prepared in accordance with International Accounting Standards and are stated in Cayman Islands dollars. The following is a summary of the most significant accounting and reporting policies used in preparing the financial statements:

a) Use of Estimates

The preparation of the financial statements requires the Council to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

b) Fixed Assets

Depreciation is being calculated on a straight-line basis on the opening cost over the estimated useful lives of the assets as follows:

	Contributed Assets Years remaining at acquisition	Purchased assets Useful lives
Office equipment		3
Office furniture		6
Computer equipment		3
Leasehold Improvement		3

Capital expenditures greater than $1,000.00 is capitalized as fixed assets.

c) ***Deferred grant funds and income:*** Donation and grant income received for specific projects are credited to income in periods in which expenses on such projects are incurred.

d) ***Disclosure about Fair Value of Financial Instruments:*** The NDC recognizes financial assets and financial liabilities on the date it becomes party to the contractual provisions of the instrument. From this date, any gains or losses arising from changes in the fair value of the assets or liabilities are recognised in the statement of operations. Financial instruments are initially measured at cost, which is the fair value of the consideration given or received. Subsequent to initial recognition all financial assets are measured at their estimated fair market value. The carrying amounts of all financial instruments on the balance sheet are reasonable estimates of the fair values and no gains or losses have been recognised in the statement of operations for the changes in the fair value of the assets or liabilities.

e) **Foreign Exchange:** Revenue and expense transactions involving currencies other than Cayman Islands dollars are translated to Cayman Islands dollars at the exchange rates ruling at the time of

those transactions. Assets and liabilities included in these financial statements are translated to Cayman Islands dollars at the rates of exchange prevailing at the balance sheet dates. Gains and losses on exchange are taken to the statement of operations.

National Drug Council

FORECAST OPERATING STATEMENT

FOR THE YEAR ENDING 30 JUNE 2014

	Notes	Budget 2013/14	Forecast 2012/13
General surplus:			
Revenues			
Outputs to Government		552,958	552,958
Non-government grant income:		0	29,290
Total revenues	**1**	**552,958**	**582,248**
Expenses			
Personnel emoluments	**6**	369,368	267,338
Prevention, Research and Monitoring/Evaluation	**4**	35,275	32,538
Operating maintenance		8,500	11,555
Rent	**5**	66,000	66,000
Travelling and subsistence/CB Board Member	**4**	15,750	8,300
Depreciation – assets purchased	**3**	6,299	9,907
Audit and accounting fees		21,000	17,490
Utilities		19,000	18,649
Supplies & materials	**4**	11,766	5,134
Total expenses		**552,958**	**436,911**
Net surplus for period		0	145,337
Retained Earnings at beginning of period		348,719	203,382
Retained Earnings at end of period		**348,719**	**348,719**

National Drug Council

FORECAST STATEMENT OF CHANGES IN NET WORTH

FOR THE YEAR ENDING 30 JUNE 2014

	Notes	2013/14	2012/13
Balance, beginning of year		348,719	216,382
Prior Year Adjustments			-13,000
As Restated			203,382
Net Income/Loss for the Year			145,337
Balance at end of year		348,719	348,719

National Drug Council

FORECAST BALANCE SHEET

AS AT 30 JUNE 2014

	Notes	Budget 2013/14	Forecast 2012/13
ASSETS			
Current Assets			
Cash and cash equivalents	**2**	227,264	254,715
Fund Due From Cabinet	**7**	125,258	146,237
Prepaid expenses and other receivables			11,082
Total current assets		352,522	412,034
Fixed assets	**3**	8,197	15,808
Total assets		**360,719**	**427,842**
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable		0	1,907
Accrued consultancy		0	0
Accrued other liabilities		0	65,216

Accrued Audit Fees		12,000	12,000
Total current liabilities		**12,000**	**79,123**
EQUITY			
Retained earnings		348,719	203,382
Net Income		0	145,337
Total current liabilities and equity		**360,719**	**427,842**

National Drug Council

FORECAST STATEMENT OF CASH FLOWS

FOR THE YEAR ENDING 30 JUNE 2014

	Notes	Budget 2013/14	Forecast 2012/13
Operating activities			
Net cash provided by operations		0	136,952
Investing activity			
Purchase of fixed assets		0	(1,968)
Net cash (used) in investing activities		0	(1,968)
Net change in cash and cash equivalents		(27,451)	66,345
Cash, beginning of year		254,714	188,370
Net Change in Cash		0	0
Cash, end of year		227,264	254,714

National Drug Council

NOTES TO THE FORECAST FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 2014

NOTE 1: OPERATING REVENUES

Operating revenue from Government grant income is determined on a calendar year basis by the Government of the Cayman Islands from its annual budgets. As the NDC has no other significant source of funding for its operational expense, its ability to continue as a going concern is contingent on this continued support from Government. Grant income is booked as income when due. Special grant income relating to other projects is allocated to income during the period over which the project is expected to be commenced and completed.

Note 2: Cash and Cash Equivalents

Cash and Cash equivalents include amounts due from bank on demand. All cash and cash equivalents are held with a bank in the Cayman Islands.

	Budget 2013/14	**Forecast 2012/13**
Current and call accounts	227,264	254,714
Short-term fixed deposits maturing within one month	0	0
TOTAL	**227,264**	**254,714**

NOTE 3: DEPRECIATION AND FIXED ASSETS

Leasehold Improvement		
Opening Book Value/Cost	24,020	24,020
Additions	0	0
Depreciation	0	0
Closing Book Value	**24,020**	**24,020**
Office Furniture and Equipment		
Opening Book Value/Cost	73,807	64,001
Additions	0	9,806
Depreciation	65,610	60,287
Closing Book Value	**8,197**	**13,520**
Computer Hardware and Software		

Opening Book Value/Cost	54,619	52,651
Additions	0	1,968
Depreciation	54,619	0
Closing Book Value	**0**	**54,619**

National Drug Council

NOTES TO THE FORECAST FINANCIAL STATEMENTS (Cont.)

FOR THE YEAR ENDING 30 JUNE 2013

NOTE 4: Prevention, Research, Monitoring and Evaluation

Portions of the Government grant income and public contributions have been made to support the following significant surveys, monitoring and evaluation as well as other public information projects and materials. Not all items are always broken out in the Expenses and may be summarised in other items:

Surveys and other public information projects	Budget 2013/14	Forecast 2012/13
PIC – Alcohol & Tobacco	7,500	2,667
PIC – Ganja & Drugs	8,483	2,000
Censuses & Surveys	22,910	4,803
National Strategic Planning Meetings / Seminars	12,150	18,768
Consultancy Fees	10,000	3,740
Survey software license	1,748	1,748
Total	**62,791**	**33,726**

NOTE 5: Rental Expense

In November 2007 the NDC entered into a three year lease agreement with Summer Dream Ltd. for the premises at Caymanian Village #17 & 18 at a cost of $5,500.00 per month. This lease was renewed for five years in March 2010 due to the final sale of the premises in April 2010.

NOTE 6: Pension

The NDC participates in a defined contribution plan. Contributions of 5% are made by the employee and matched by the employer as required under the National Pensions Law. The total amount expensed and paid for the year ended **30 June 2013 was $10,612** (2012: $11,900.00). This amount is included in personnel emoluments in the Statement of Net Surplus and Retained Earnings. Board Member stipends are also account for in this sum. The increase in Personnel emoluments is due to the increase in health insurance from Britcay.

NOTE 7: Related Parties

The NDC is a statutory body of the Government of the Cayman Islands. The Council is economically dependent upon the Ministry for the purchase of its services in accordance with the purchase agreement with Government. For the year ended 30 June 2013, the Council billed $552,958 (2012:

$455,958) to the Government for services sold.

Summary of Quantifiable Contingent Liabilities

Legal Proceedings and Disputes	48,559
Item 1 description	
Item 2 description	
Total Legal Proceedings and Disputes	**$48,559**

Other Contingent Liabilities
Item 1 description
Item 2 description
Total Other Contingent Liabilities

Summary of Non-Quantifiable Contingent Liabilities

Item 1 description
Item 2 description

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

NATIONAL GALLERY OF THE CAYMAN ISLANDS

FOR THE FINANCIAL YEAR

ENDING 30 JUNE 2014

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

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *National Gallery of the Cayman Islands* have agreed the *National Gallery of the Cayman Islands* will seek to achieve during the 2013/14 financial year.

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

2. NATURE AND SCOPE OF ACTIVITIES

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

GENERAL NATURE OF ACTIVITIES

The National Gallery of the Cayman Island serves to promote the appreciation and practice of the visual arts, of and in the Cayman Islands and to encourage dialogue relating to cultural heritage, national identity, Caymanian history and the history of art.

In an enriching, inclusive, environment that places Caymanian culture at the forefront while embracing the diverse cultures and traditions co-existing within the community, the Gallery seeks to serve a broad and far-reaching audience.

The functions of the National Gallery of the Cayman Islands (as per National Gallery Law 1999) are:

- To organise and maintain permanent and temporary public works of art;
- To collect and preserve significant works of art for a public collection;
- To facilitate the public exhibition of works of art or collections of works of art loaned by persons or bodies for that purpose;
- To present, or facilitate the presentation by others, of programmes of instruction in the visual arts;
- To lend works of art in the national collection to other art galleries for the purpose of promoting the culture of the Islands abroad;
- To encourage the evolution and enjoyment of the arts in the Islands;
- To promote the appreciation and interpretation of the visual arts as an integral component of education;
- To foster and encourage research in the visual arts;
- To provide facilities for the curation and restoration of works of art; and
- To perform such other functions as may be necessary to direct, manage and control the National Gallery and to fulfil its purpose specified in the National Gallery Law section 4.

SCOPE OF ACTIVITIES

- Exhibitions [GAL 1]: The NGCI is committed to presenting a vibrant, challenging and culturally relevant exhibition programme that balances traditional displays with cutting edge contemporary exhibitions. Approximately 35% of the NGCI's resources are channeled into the exhibitions department annually to facilitate the four on-site exhibitions and three off-site per annum. Each on-site exhibition runs for a duration of up to three months, with approximately 2,500 gallery users per exhibition. The exhibition schedule features 75% Caymanian artists work, with one international exhibition per annum that highlights work not currently practiced in the islands. Related workshops and lectures are well received by many cross-sections of the community with attendance up to 30 people per session. Our grant allows us to have free entrance.

- COLLECTIONS [GAL 2] - The collection of the National Gallery of the Cayman Islands is centered on a core of quality Caymanian artworks and supplemented with additional works from the region and abroad. 10% of our annual resources are channeled into maintaining and developing our collections: the national art collection and library materials. The current collection includes 100 pieces and spans 40 years. Our collections are currently being developed as the basis of cross curricular lesson plans aimed at visual arts and cultural heritage learning.

- EDUCATION AND OUTREACH [GAL 3&6] - The NGCI is the leading education centre for visual art in the Cayman Islands. 55% of our annual staffing and financial resources are allotted to the outreach and educational department. Our programme schedule is designed to be fully inclusive with programmes ranging from primary level through senior citizens and across all three islands. Our Outreach programmes are specific to various groups of people: Inside Art (Northward and Fairbanks) for prisoners, Creative Careers Programme; Art Haven for those struggling with substance abuse; Meet Me for the elderly in Grand Cayman and Cayman Brac, and Art Club for primary/secondary students and teens, Artists Away for professional Caymanian artists development, Art Camps and weekly art club in the Sister Islands; Family Fun sessions, continuing education programmes for adults, to name a just few.

  Accompanying each exhibition is an extensive art education programme aimed at all ages of the community along with in-depth lectures and workshops relating to art history cultural heritage, national identity, Caymanian history and the history of art. The NGCI is also closely involved with the school system, developing cross curricular learning packages and teaching life skills through the arts.

- EVENTS – The NGCI hosts several large scale public art events annually which are attended by ranges between 300-3000 depending upon the event. These include the new 'Fresh' Art Fair (formally Art@Governors), Cayfest events, exhibition receptions, family festivals (Big Draw) and several large fundraising events.

CUSTOMERS AND LOCATION OF ACTIVITIES

The services provided by *National Gallery of the Cayman Islands* are intended to be accessible to all members of the Cayman Islands community including all ages of students; amateur and professional artists; targeted outreach participants - the incarcerated, the recovering institutionalised substance abuser, at risk youth; specialised groups such as seniors, researchers, teachers; and both residents and visitors to the islands in general.

After a series of temporary sites the NGCI moved into its permanent home on the Easterly Tibbetts Bypass in January 2012. This new centre will effectively enable the NGCI to consolidate its programmes under one roof for the first time. Together the exhibition areas, an art studio, library, auditorium and

multi-purpose area will house all of the Gallery's hands on art activities including existing programmes, selected outreach programmes and a variety of new educational initiatives based on the permanent collections. In addition there is permanent gallery for the National Art Collection for the first time ever.

From these new headquarters, the NGCI will remain committed to operating programmes within each district and to maintaining a significant presence in all three islands.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *National Gallery of the Cayman Islands* for the 2013/14 financial year are as follows:

1. **ENHANCE EXHIBITIONS, PROGRAMMES AND EVENTS [GAL 1,3,4]**

1.1. Deliver a vibrant, challenging and accessible exhibition programme that promotes Caymanian art and culture to a wide audience
1.2. Continue to develop a comprehensive collection of Caymanian art for display (on annual rotation) in the new permanent gallery, with accompanying education programme and literature
1.3. Plan and develop increased exhibitions space/satellite venues on the Sister Islands
1.4. Promote links with sister institutions with a view to co-operating on exhibition projects
1.5. Explore the opportunities for smaller on-site solo exhibitions/residencies (in the Auditorium for example) to support emerging artists
1.6. Increase school access to exhibitions and develop accompanying cultural materials to support the national curriculum
1.7. Continue to deliver a wide-ranging education programme across all three Cayman Islands, aimed at primary through senior audiences, relating to the development of art skills, art history and cultural heritage
1.8. Establish an online presence for education and research services
1.9. Enhance development of internships and work placements
2.0 Deliver one large scale community art festivals per annum:

2. DEVELOP THE NATIONAL COLLECTION, ENHANCE COLLECTIONS MANAGEMENT AND IMPROVE COLLECTIONS STORAGE [GAL 2]

2.1. Manage and Update the NGCI comprehensive collection management system to include all works within the NGCI and on loan.
2.2. Develop the collection through key acquisitions and targeted collecting projects, implemented through self-sustaining 'print' sales programme, purchases and donations
2.3. Ensure the best works in the collection are on permanent display, using appropriate and up-to-date interpretative methods
2.4. Develop long-term storage and conservation plans that ensure the long-term preservation and sustainability of our collections
2.5. Increase the quantity, quality and accessibility of collection information through our education department with on-line access through the web
2.6. Develop and publish the National Gallery Collections Guide

2.7. Upload all cataloguing to the electronic database and advance the digitisation of the collection in high resolution
2.8. Develop an Art Fund as a contingency to fund the acquisition of key works of special importance for the collection
2.9. Review strategies and structures to promote gifts and bequests to the collection

3. ENHANCE NATIONAL AND INTERNATIONAL PROFILE [GAL 5]

3.1. Build relationships and collaborations with the arts and cultural sector in the Cayman Islands and internationally
3.2. Develop travelling exhibitions and other outreach programmes across all three islands and beyond.
3.3. Continue development of rich web content to extend access to the NGCI's collection and programmes, exhibitions, education and research activities
3.4. Develop a comprehensive and accessible Cultural Tourism initiative for cruise and stay-over visitors
3.5. Explore opportunities for Cayman Islands artists abroad via publications and exhibitions
3.6. Engage with key CI Government cultural, educational and equity initiatives
3.7. Continue to develop and implement the annual NGCI Marketing Plan [GAL 5]
3.7.1. Define image locally, nationally, internationally
3.7.2. Develop image as a destination/cultural tourism
3.7.3. Audience evaluation leading to:
3.7.4. Broadening and diversifying audience
3.7.5. Technology opportunities

4. STRENGTHEN RESEARCH AND SCHOLARSHIP CAPABILITY [GAL 6]

4.1. Establish the new NGCI Maples Art Library as a leading arts research facility within the Cayman Islands and implement a programme of research, seminars and publications
4.2. Continue to develop the library collections to facilitate both on-site and remote access to material, including archives and special collections
4.3. Integrate the focus of the Maples Art Library into existing NGCI research on art history, Caymanian heritage, museum studies and contemporary Caymanian material culture
4.4. Publish scholarly catalogues for major exhibitions
4.5. Establish research partnerships with academic and institutional partners
4.6. Develop related materials for school and college-level use
4.7. Facilitate the hosting of symposia and research oriented events

5. EXPAND DONOR RELATIONS AND FUNDRAISING MANAGEMENT

5.1. Complete work on a comprehensive electronic donor database
5.2. Develop a strategy to broaden the demographics and increase membership
5.3. Revise membership incentives for 2012 drive
5.4. Develop a new Corporate Membership Programme
5.5. Execute island-wide direct mail campaign and membership drive to reach target of $35,000 per annum.
5.6. Establish donor 'account reps' for $100+ categories
5.7. Develop NGCI 'Missionaries for Donors' to widen membership scope
5.8. Continue to expand and reach annual operations fundraising targets of $200,00, in addition income generated through new revenue schemes (9)
5.9. Revise sponsorship packages/contracts
5.10. Explore opportunities for fundraising through Trust Liquidations
5.11. Develop three-year funding scheme for operations partnerships
5.12. Revise AFONG management and structure
5.13. Research grant opportunities overseas via AFONG

6. DEVELOP STAFF, BUSINESS PRACTICES AND INFRASTRUCTURE

6.1. Continue to ensure the Gallery has the appropriate legal and organisational structure and the process and systems necessary to operate to the highest possible standards
6.2. Continue to ensure that NGCI corporate governance complies with best practice
6.3. Continue to ensure compliance with CI Government directives
6.4. Complete 4-year Strategic Plan and identify strategic priorities
6.5. Review NGCI Management Board and Committees
6.6. Follow the comprehensive NGCI HR Policy Framework to support best practice in HR management
6.7. Promote and facilitate training, personal development and up-skilling
6.8. Develop a comprehensive Volunteer Programme supporting NGCI activities
6.9. Draft a Volunteers' Charter and provide training and support for volunteers
6.10. Maintain a records management policy for the NGCI following FOI guidelines

7. MANAGE THE NGCI'S PHYSICAL ENVIRONMENT

7.1. Continue to effectively manage the new National Gallery and Education Centre and ensure that the NGCI's physical environment meets world-class standards
7.2. maintain the NGCI Property Plan and Suppliers Manual
7.3. Review and update new maintenance requirements annually
7.4. Revise all NGCI policies and a Policy Manual as necessary for the new location
7.5. Optimise the available space in the NGCI complex for the display and care of the collection and education programming
7.6. Provide environmental conditions (using energy efficient technology where possible) throughout the exhibition galleries for the display and care of the collection to reflect current international standards
7.7. Continue to enhance physical access throughout the NGCI complex
7.8. Implement a Green Operations Policy where possible
7.9. Enhance the provision of security and back-up systems
7.10. Continually adjust the Emergency Plan and Continuity of Operations Manual to take emerging risks into account

8. FINANCIAL MANAGEMENT & REPORTING

8.1. Continue tp execute an accountable and transparent financial planning system within the NGCI
8.2. Ensure that all departments have adequate resources to carry out their functions
8.3. Maintain the NGCI budgetary control and reporting and reviewing system
8.4. Maintain payment systems that facilitate Gallery operations (POS)
8.5. Ensure all required CI Government reporting to executed in a timely manner
8.6. Ensure that annual Audits are executed in a timely manner

9. OPTIMISE REVENUE OPPORTUNITIES

9.1. Research and implement a NGCI business department for income generating programmes, to include:
9.1.1. NGCI Shop (on-site and on-line merchandising)
9.1.2. NGCI Café
9.1.3. Event/Rentals
9.1.4. Corporate Partnerships
9.1.5. Membership
9.1.6. Revenue generating classes
9.1.7. Christmas Art Fair
9.1.8. Special event: Jazz on the Green/Opera (TBD)
9.1.9. Art rentals (TBD)

9.2. Develop appropriate infrastructure and policies to support these initiatives
9.3. Consider requirements for the staffing and management of events/café/shop

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2012 Revision) for the *National Gallery of the Cayman Islands* for the 2013/14 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2013/14 BUDGET $ 000's	2012/13 FORECAST $ 000's
REVENUE FROM CABINET	433,882	409,882
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	0	0
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	347,500	313,000
SURPLUS/DEFICIT FROM OUTPUTS	0	0
OTHER EXPENSES	(860,295)	816,134
NET SURPLUS DEFICIT	(78,913)	(93,252)
TOTAL ASSETS	3,104,853	2,780,362
TOTAL LIABILTIES	0	5,000
NET WORTH	3,104,853	2,775,362
CASH FLOWS FROM OPERATING ACTIVIITES	0	0
CASH FLOWS FROM INVESTING ACTIVIITES	0	0
CASH FLOWS FROM FINANCING ACTIVIITES	(26,949)	(97,360)
CHANGE IN CASH BALANCES	3,104,853	2,775,362

FINANCIAL PERFORMANCE RATIO	2013/14 BUDGET %	2012/13 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	1:1	1:1

TOTAL ASSETS : TOTAL LIABILITIES	14:1	14:1

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2013/14 BUDGET	2012/13 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	8	7
STAFF TURNOVER (%)	2	0
SENIOR MANAGER	6	10
PROFESSIONAL AND TECHNICAL STAFF	4	6
ADMINISTRATIVE STAFF	1	1
Significant changes to personnel management system	12	12

PHYSICAL CAPITAL MEASURES	2013/14 BUDGET $	2012/13 FORECAST $
VALUE OF TOTAL ASSETS	3,104,853	2,780,362
ASSET REPLACEMENTS : TOTAL ASSETS	NIL	NIL
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	1:1	1:1
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	NIL	NIL
CHANGES TO ASSET MANAGEMENT POLICES	NIL	NIL

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2012/13	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Ability to raise donations	Yes, increased need to match increased operational expenses generated by new facility	Director's responsibility to generate revenue (donations & sales) for annual NG operations	$347,500

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

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

OPERATING STATEMENT	2013/14 TARGET $ 000's	2012/13 FORECAST $ 000's
REVENUE	781,382	722,882
OPERATING EXPENSES	(860,295)	(816,134)
NET SURPLUS/DEFICIT	(78,913)	(93,252)

BALANCE SHEET	AS AT JUNE 2014 $ 000's	AS AT JUNE 2013 $ 000's
ASSETS	3,104,853	2,780,362
LIABILITIES	0	5,000
NET WORTH	*3,104,853*	*2,775,362*

STATEMENT OF CASH FLOW	2013/14 TARGET $ 000's	2012/13 FORECAST $ 000's
CASH FLOWS FROM OPERATING ACTIVIITES	(26,949)	(109,668)
CASH FLOWS FROM INVESTING ACTIVIITES	0	0
CASH FLOWS FROM FINANCING ACTIVIITES	0	0

6. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2012 Revision).

TRANSACTION	AMOUNT FOR 2013/14 $
Equity Investments into *National Gallery of the Cayman Islands*	0
Capital Withdrawals from *National Gallery of the Cayman Islands.*	0
Dividend or Profit Distributions to be made by *National Gallery of the Cayman Islands.*	0
Government Loans to be made to *National Gallery of the Cayman Islands.*	0
Government Guarantees to be issued in relation to *National Gallery of the Cayman Islands.*	0
Related Party Payments (Non Remuneration) made to Key Management Personnel[26]#	0
Remuneration# Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)	1
Remuneration Payments made to Senior Management	120,000

DESCRIPTION	NUMBERS FOR 2013/14 $
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	14
NUMBER OF KEY SENIOR MANAGEMENT (MD)	2

[26] Key Management Personnel as defined by International Public Accounting Standards No 20, eg Minister, Board Member and Senior Management Team

AGREEMENT

Scope of this Agreement

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

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

Procedures for Changing this Ownership Agreement

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

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

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the National Gallery of the Cayman Islands will seek to achieve for the 2013/14 financial year and that the Cabinet will monitor performance against.

_____

Honourable Osbourne Bodden
Minister of Health, Sports, Youth and Culture
On behalf of Cabinet

_____

Chairman of the Board
National Gallery of the Cayman Islands

4th October 2013

CAYMAN ISLANDS GOVERNMENT

NATIONAL GALLERY OF THE CAYMAN ISLANDS
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2014

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2012 Revision).

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

To the best of our knowledge the statements are:

a. Complete and reliable;
b. Fairly reflect the forecast financial position as at 30th June 2014 and performance for the National Gallery of the Cayman Islands for the year ending 30th June 2014; and
c. Comply with generally accepted accounting practice.

_____

Chairman of the Board
National Gallery of the Cayman Islands

4th October 2013

APPENDIX

FORECAST FINANCIAL STATEMENTS

National Gallery of the Cayman islands

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDING 30 JUNE 2014

(a) Use of estimates

The preparation of financial statements in accordance with International Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditure during the year. Actual results could differ from these estimates.

(b) Recognition of revenue

Revenue is generally recognized when earned by the Gallery, which usually coincides with date received.

(c) Government grants

Government grants are received for operating financial support on a quarterly basis, and then are recorded when received. Grants may also be received for special projects and these are matched with project expenditure over the term of the project and recorded in the statement of operations when the expenditure is incurred.

(d) Donations

Donations are recorded when the donation is received.

(e) Interest Income

Interest income is recorded on an accrual basis.

(f) Fixed assets

Fixed assets are recorded at cost and depreciated on a straight-line basis. The term being dependent on the category of the fixed asset

(g) Stock in Gallery gift shop

Stock in Gallery gift shop recorded at cost.

(h) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank

and short term deposits with original maturities at three months or less.

(i) Foreign exchange

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

National Gallery of the Cayman islands

STATEMENT OF ACCOUNTING POLICIES (Continued)

FOR THE YEAR ENDING 30 JUNE 2014

(j) Collections and exhibits

The cost of all objects purchased is recorded as an expense in the statements of operations. Objects acquired by gift or donations are not recorded in these financial statements, as it is difficult to obtain an objective measurement of valuation.

(k) Donation services

A substantial number of unpaid volunteers make significant contributions of their time to develop the Gallery's programmes. The value of this donated time is not reflected in these financial statements as the cost cannot be objectively measured or valued.

National Gallery of the Cayman islands

FORECAST OPERATING STATEMENT

FOR THE YEAR ENDING 30 JUNE 2014

	Budget 2013/14	Forecast 2012/13
Revenue and support from operations		
Donations	227,500	206,000
Revenue	85,000	72,000
Membership	35,000	35,000
	347,500	**313,000**
Expenditure		
Administrative expenses	380,000	397,550
Exhibition & collections expense	69,000	41,000
Facility expenses	156,000	147,250
Information and training	1,500	1,000
Programmes and events expense	35,000	51,500
Marketing and advertising	10,000	6,000
Depreciation	103,795	132,267
Other operating expenses	105,000	39,567
	860,295	**816,134**
Net expenditure from operations	(512,795)	(503,134)
Grants-Cayman Islands Government	433,882	409,882
Increase in unrestricted general fund balances	**(78,913)**	**(93,252)**

National Gallery of the Cayman Islands

FORECAST STATEMENT OF CHANGES IN NET WORTH

FOR THE YEAR ENDING 30 JUNE 2014

	Budget 2013/14	**Forecast 2012/13**
Operating Net worth	3,183,766	2,868,614
(Deficit)/Surplus for the period	(78,913)	(93,252)
Closing Net worth	3,104,853	2,775,362

National Gallery of the Cayman islands

FORECAST BALANCE SHEET

AS AT 30 JUNE 2014

	Budget 2013/14	**Forecast 2012/13**
Assets		
Current Assets		
Cash and Cash equivalents	100,145	44,443
Fixed deposit	0	0
Other assets	108,471	105,547
	208,616	149,990

Fixed assets	2,896,237	2,630,362
Total assets	3,104,853	2,780,362
Liabilities and fund balances		
Current Liabilities		5,000
Accounts payable and accrued expenses	0	0
Total Assets Less Total Liabilities	3,104,853	2,775,362
Fund balances		
Unrestricted general fund	3,104,853	2,715,362
Restricted building fund	60,000	60,000
Total Liabilities and fund balances	3,104,853	2,775,362

National Gallery of the Cayman islands

FORECAST STATEMENT OF CASH FLOWS

FOR THE YEAR ENDING 30 JUNE 2014

	Budget 2013/14	Forecast 2012/13
Cash flow from operations:		
Cash from government funding	433,882	409,882
Capital Donations		
Cash from other sources	351,000	313,000
Payment to suppliers	(431,831)	(435,000)
Payments to employees	(380,000)	(397,550)
Cash flow from operation	(26,949)	(109,668)
Cash flow from financing		
Cash flow from investing	0	0
Net change in cash balances	(26,949)	(109,668)
Cash at beginning of year	127,094	138,801
Cash at the end of the year	**100,145**	**44,443**

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

NATIONAL HOUSING DEVELOPMENT TRUST

FOR THE FINANCIAL YEAR

ENDING 30 JUNE 2014

CONTENTS

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

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *National Housing Development Trust* have agreed the *National Housing Development Trust* will seek to achieve during the 2013/14 financial year.

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

2. NATURE AND SCOPE OF ACTIVITIES

This section outlines the nature and scope of activities within which the *National Housing Development Trust* is to operate during the year.

GENERAL NATURE OF ACTIVITIES

The National Housing Development Trust activities involve being an important factor in the economic development of the Cayman Islands by providing to Caymanians, homes at an affordable price and mortgage financing through its Government Guarantee Home Assisted Mortgage Program.

SCOPE OF ACTIVITIES

The scope of the National Housing Development Trust activities is as follows:

- Construction of low-income affordable homes to be sold to the Caymanian public at an affordable price
- Provide financing to low-income Caymanian who qualifies under the criteria set by the Board of Directors for the purchase of an affordable home constructed under the supervision of the Trust.
- Perform the duties as an administrator and loan processing agent on behalf of the Cayman Islands Government for the Government Guaranteed Assisted Home Mortgage Programme.

Provide bridge financing to Caymanian in the construction of a home on the clients own property, whereby the mortgage loan is then refinance by a participating banks under the Government Guarantee Home Assisted Mortgage Program

CUSTOMERS AND LOCATION OF ACTIVITIES

The services provided by the National Housing Development Trust are provided only within the Cayman Islands.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives (from an ownership perspective) for the National Housing Development Trust for the 2013/14 financial year are as follows:

1. To become a well structured, efficiently managed organization that is fair and prudent in its selection processing of eligible applicants for affordable homes offered by the Trust.

2. To identify the housing needs of low-income Caymanians and to proceed with the processing of future development of affordable homes that will contribute to the economic development of the Cayman Islands.

3. To administer the Government Guaranteed Home Assisted Mortgage Program in collaboration with the commercial banks to provide financing to Caymanian whose income level is classified as low-to-middle income.

The key objectives (from an ownership perspective) for National Housing Development Trust for the 2013/14 financial year are as follows:

OBJECTIVES

1. Continue to manage the lease portfolio of the Trust and to offer counselling to clients as it becomes necessary.

2. To seek out additional funding for future development of low-income housing that have been identified as an imperative need in the economic development of these islands.

3. To continue a close working relationship with local contractors in the development of new homes for low-income person in our community.

4. To ensure that the Government Guaranteed Home Assisted Mortgage Programme is managed in an efficient and prudent manner.

5. To ensure that clients receive expert and relevant information pertaining to the accessibility of mortgage loan.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2012 Revision) for the *National Housing Development Trust* for the 2013/14 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2013/14 BUDGET $ 000's	2012/13 FORECAST $ 000's
REVENUE FROM CABINET	645,105	645,105
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES		
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	0	0
SURPLUS/DEFICIT FROM OUTPUTS		
OTHER EXPENSES	598,725	688,278
NET SURPLUS DEFICIT		
TOTAL ASSETS	1,243,830	1,333,383
TOTAL LIABILTIES		
NET WORTH	6,165,078	4,032,754
CASH FLOWS FROM OPERATING ACTIVIITES	-173,930	-1,603,890
CASH FLOWS FROM INVESTING ACTIVIITES		
CASH FLOWS FROM FINANCING ACTIVIITES	-960,800	-2,401,897
CHANGE IN CASH BALANCES		

FINANCIAL PERFORMANCE RATIO	2013/14 BUDGET %	2012/13 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	1.85:1	1.68:1

TOTAL ASSETS : TOTAL LIABILITIES	1.33:1	1.2:1

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2013/14 BUDGET	2012/13 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	12	12
STAFF TURNOVER (%)		
SENIOR MANAGER	2	2
PROFESSIONAL AND TECHNICAL STAFF	5	5
ADMINISTRATIVE STAFF	3	3
MAINTENANCE STAFF	2	2

PHYSICAL CAPITAL MEASURES	2013/14 BUDGET $	2012/13 FORECAST $
VALUE OF TOTAL ASSETS	22,289,756	21,520,000
ASSET REPLACEMENTS : TOTAL ASSETS	0%	0%
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	0.97	0.98
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	0%	0%
CHANGES TO ASSET MANAGEMENT POLICES	None	None

Major Capital Expenditure Projects	2013/14 Target $	2012/13 Estimated Actual $
Construction of affordable homes	960,800	2,404,127

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2012/13	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Default on lease payment	unchanged	Follow up on delinquent account an make arrangement for payments in arrears	Accrued income reduced

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

A full set of forecast financial statements for *National Housing Development Trust* is provided in the Appendix to this Ownership Agreement.

OPERATING STATEMENT	2013/14 TARGET $ 000's	2012/13 FORECAST $ 000's
REVENUE	1,243,830	1,333,383
OPERATING EXPENSES	-2,103,916	-2,356,695
NET SURPLUS/DEFICIT	-860,085	-1,023,312

BALANCE SHEET	AS AT JUNE 2014 $ 000's	AS AT JUNE 2013 $ 000's
ASSETS	24,702,082	23,857,425
LIABILITIES	18,537,004	19,824,671
NET WORTH	6,165,078	4,032,754

STATEMENT OF CASH FLOW	2013/14 TARGET $ 000's	2012/13 FORECAST $ 000's
CASH FLOWS FROM OPERATING ACTIVIITES	-173,930	-1,603,890
CASH FLOWS FROM INVESTING ACTIVIITES	-960,800	-2,401,897
CASH FLOWS FROM FINANCING ACTIVIITES	1,815,736	850,664

6. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2012 Revision).

TRANSACTION	AMOUNT FOR 2013/14 $
Equity Investments into *National Housing Development Trust.*	2,992,338
Capital Withdrawals from *National Housing Development Trust.*	0
Dividend or Profit Distributions to be made by *National Housing Development Trust.*	0
Government Loans to be made to *National Housing Development Trust.*	0
Government Guarantees to be issued in relation to *National Housing Development Trust.*	0
Related Party Payments (Non Remuneration) made to Key Management Personnel[27]	0
Remuneration[28] Payments made to Key Management Personnel	16,450
Remuneration Payments made to Senior Management	151,708

DESCRIPTION	NUMBERS FOR 2013/14 $
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	6

[27] Key Management Personnel as defined by International Public Accounting Standards No 20, eg Minister, Board Member and Senior Management Team

[28] Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

NUMBER OF KEY SENIOR MANAGEMENT (MD)	2

AGREEMENT

Scope of this Agreement

In signing this document the National Housing Development Trust undertakes to seek to achieve the performance specified in sections 2 to 6 to the best of its ability; and

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

Procedures for Changing this Ownership Agreement

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

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

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the National Housing Development Trust will seek to achieve for the 2013/14 financial year and that the Cabinet will monitor performance against.

_____

Honourable Kurt Tibbetts

Minister of of Planning, Lands, Agriculture, Housing and Infrastructure

On behalf of Cabinet

_____

Chairman of the Board
National Housing Development Trust

4th October 2013

CAYMAN ISLANDS GOVERNMENT

NATIONAL HOUSING DEVELOPMENT TRUST
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS FOR THE YEAR ENDING 30TH JUNE 2014

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2012 Revision).

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

To the best of our knowledge the statements are:

a. Complete and reliable;
b. Fairly reflect the forecast financial position as at 30th June 2014 and performance for the National Housing Development Trust for the year ending 30th June 2014; and
c. Comply with generally accepted accounting practice.

_____

Chairman of the Board
National Housing Development Trust

4th October 2013

APPENDIX

FORECAST FINANCIAL STATEMENTS

NATIONAL HOUSING DEVELOPMENT TRUST

STATEMENT OF ACCOUNTING POLICIES

AS AT 30TH JUNE 2014

1. Organization and Objectives

The National Housing and Community Development Trust (the "Trust") was incorporated on 29th September, 2003 as a not-for-profit company limited by guarantee and not having a share capital. In 2006 the name of the Trust was amended to National Housing Development Trust. The Trust's Mission Statement is to construct and provide affordable homes in planned communities, offer easier financing opportunities and provide a management system that adds security, value and ownership that imparts a sense of pride in hard working Caymanians that are placed in the category of being low income.

Significant Accounting Policies

Basis of preparation: These financial statements are prepared in accordance with International Public Sector Accounting Standards ("IPSAS") under the historical cost convention, and are expressed in Cayman Islands Dollars.

Foreign Instruments: Foreign currency transactions are recorder at the exchange rates prevailing on the date of the transactions. Assets and Liabilities are translated at the exchange rate in effect at the Balance Sheet date.

Financial instruments: Financial instruments are measured initially at cost, including transaction costs. The fair value of financial instruments is based on their quoted market price at the balance sheet date without any deduction for transaction costs. If a quoted market price is not available, the fair value of the instrument is estimated using management's best estimates, taking into account current market conditions and the credit quality of the counterparties.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Bank would receive or pay to terminate the contract at the balance sheet date taking into account current market conditions and the current creditworthiness of the counterparties.

Cash and cash equivalents: For the purpose of the Statement of Cash Flows, cash equivalents consist of deposits held at call with banks, net of overdraft maturing within 90 days.

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

Income recognition: Income and expenses are recorded on the accrual basis of accounting.

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

Government grants: The trust is dependant upon annual operating grants from the Cayman Islands Government to meet its obligations

National Housing development trust

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDING 30 JUNE 2014

Fixed Assets: Fixed assets are recorded at cost. Depreciation, which is based on the cost Fixed assets and low-income housing properties are stated at cost less accumulated depreciation and any recognized impairment loss. Depreciation is charged as to write off the cost or valuation of asset over their estimated useful lives, using the straight-line method, on the following bases:

	Years
Computer equipment	3
Furniture and fixtures	12
Office and telephone equipment	5
Vehicle	5
Affordable housing properties	50
Leasehold Improvements	5

The gain or loss arising on the disposal or retirement of an asset is determined as difference between the sales proceeds and the carrying amount of the asset and is recognized as income.

Employees Benefits: Obligations for contributions to defined contribution pension plans are recognized as an expense in the income statement as incurred. Pension contributions for eligible employees of the Trust are paid to the Silver Thatch Pension Fund. The fund is administered by the Silver Thatch Pension Fund Board.

National Housing development trust

FORECAST OPERATING STATEMENT

FOR THE YEAR ENDING 30 JUNE 2014

		2013/14 Forecast	2012/13 Estimated Actual	2011/12 Actual	2010/11 Actual
Revenue	**Note**	**$000**	**$000**	**$000**	**$000**
Outputs to Cabinet		645	645	658	550
Outputs to other government agencies		0	0	0	0
Outputs to others		593	688	620	789
Interest & Other Revenue		6	0	-	5
Total Operating Revenue		1,244	1,333	1,278	1,344
Operating Expenses					
Personnel costs		-628	-687	-686	-679
Supplies and consumables		-417	-568	-1012	(662
Depreciation		-189	-210	-44	-220
Capital charge					-497
Other operating expenses		-870	-892	-930	-748
Total Operating Expenses		-2,104	-2,357	-2,672	-2,144
Surplus from operating activities and before extraordinary items		-860	-1,024	-1,394	-800

Extraordinary items				
Net Surplus	-860	-1,024	-1,394	-1,462

National Housing development trust

FORECAST STATEMENT OF CHANGES IN NET WORTH

FOR THE YEAR ENDED 30 JUNE 2014

	Note	2013/14 Forecast	2012/13 Estimated Actual	2011/12 Actual	2010/11 Actual
		$000	**$000**	**$000**	**$000**
Opening balance net worth		4,032	-886	-4,559	-4,283
Prior Year Adjustment					
Net deficit during the year		-860	-1023	-1394	-1,462
Property revaluations					
Investment revaluations			3657		
Net revaluations during the period					
Total recognized revenues and expenses		-856	1748	-5,953	-5,745

Equity investment	2,992	2,284	5,067	1,186
Repayment of surplus				
Capital withdrawal				
Closing balance net worth	2,136	4,032	-886	-4,559

NATIONAL HOUSING DEVELOPMENT TRUST

FORECAST BALANCE SHEET

AS AT 30 JUNE 2014

	Note	2013/14 Forecast $000	2012/13 Estimated Actual $000	2011/12 Actual $000	2010/11 Actual $000
Current Assets					
Cash and cash equivalents		1,387	706	3,863	5,141
Accounts receivable		977	1,583	941	499
Prepaid Expenses		48	49	73	72
Inventories		0	0	0	0
Total Current Assets		2,412	2,338	4,877	5,712
Non-Current Assets					
Property, plant and equipment		22,290	16377	14,397	3,732
Other non-current assets		0	5,143	1,060	8,365
Total Non-Current Assets		22,290	21,520	15,457	12,097

Total Assets	24,702	23,858	20,334	17,809
Current Liabilities				
Accounts payable & Accrued Liab.	72	183	171	278
Current Portion of Bond Payment	1,216	1,177	38	1122
Employee entitlements	19	36	1148	38
Other current liabilities				
Total Current Liabilities	1,307	1,396	1,357	1438
Non-Current Liabilities				
Bond Payable	16,969	18,186	19,362	20,510
Other non-current liabilities	261	243	500	419
Total Non-Current Liabilities	17,230	18,429	19,862	20,929
Total Liabilities	18,537	19,825	21,219	22,367
TOTAL ASSETS LESS TOTAL LIABILITIES	6,165	4,033	-885	-4,558
Net worth				
Contributed capital	18,084	15,092	12,808	7,741
Asset revaluation reserve	3,657			
Accumulated surpluses	-15,576	-11059	-13693	-12,299

Total Net Worth	6,165	4,033	-885	-4,558

NATIONAL HOUSING DEVELOPMENT TRUST

FORECAST CASH FLOW STATEMENT

FOR YEAR ENDED 30 JUNE 2014

	Note	2013/14 Forecast	2012/13 Estimated Actual	2011/12 Actual	2010/11 Actual
		$000	$000	$000	$000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts					
Outputs to Cabinet		645	0	78	310
Outputs to other government agencies					
Outputs to others		1,206	485	562	1621
Interest received			0	0	2
Payments					
Personnel costs & operating costs		-628	-689	-786	-546
Suppliers		-527	-536	-1,075	-1,296
Other payments		-870	-864	-903	-588
Net cash flows from operating activities		-174	-1,604	-2,124	-497
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of non-current assets		-961	-2,402	-3,838	-5,549
Proceeds from sale of non-current assets		0	0	765	0
Net cash flows from investing activities		-961	-2,402	-3,073	-5,549
CASH FLOWS FROM FINANCING ACTIVITIES					
Equity investment		2,992	2,283	5,068	1,187
Proceeds from borrowings					8083

NATIONAL HOUSING DEVELOPMENT TRUST
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2014

Note 1: OPERATING REVENUES	**$000**
Revenue from Cabinet	645
Lease Income	590
GGHAM Income	3
Interest income	6
	1,244

Note 2: CASH & CASH EQUIVALENTS	
Current and Call Accounts	1,387
Accounts Receivable & Pre-paid exp	0
Short-term Fixed Deposits within 6 months	0
	1,387

Note 4: PERSONNEL COSTS	
Salaries and wages	481
Pension (Employee/Government)	49
Medical	99
Other (Duty/overtime)	0
	628

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

NATIONAL ROADS AUTHORITY

FOR THE FINANCIAL YEAR

ENDING 30 JUNE 2014

CONTENTS

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

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *National Roads Authority* have agreed the *National Roads Authority* will seek to achieve during the 2013/14 financial year.

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

2. NATURE AND SCOPE OF ACTIVITIES

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

GENERAL NATURE OF ACTIVITIES

The general nature of activities of the National Roads Authority involves the management and development of public roads and related infrastructure in accordance with the National Roads Authority Law.

SCOPE OF ACTIVITIES

The scope of activities of the National Roads Authority include providing policy advice, publication of a National Roads Plan, provision of project and construction management services for the delivery of new road-works and the maintenance management of the existing road infrastructure for fund-holding Client Agencies.

Additionally, the National Roads Authority provides support services to:

- Public Works Department to enable that Department to provide an appropriate response to Hurricanes and other national emergencies, and
- Planning Department for the review of planning applications involving road related matters and the site inspection of road related constructed applications.

CUSTOMERS AND LOCATION OF ACTIVITIES

The customers of the National Roads Authority are fund-holding Government Agencies, approved private sector clients and any other entity. These services are provided only in the Cayman Islands

STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *National Roads Authority* for the 2013/14 financial year are as follows:

- Continue establishment of the Authority, develop and implement effective administrative, financial and information management systems
- Identify and seek approval for strategies for financing future road development
- To continue the Traffic Improvement and Road Development Programmes

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2012 Revision) for the *National Roads Authority* for the 2013/14 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2013/14 BUDGET $ 000's	2012/13 FORECAST $ 000's
REVENUE FROM CABINET	8,350,000	11,166,511
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	263,147	200,000
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	32,000	25,000
SURPLUS/DEFICIT FROM OUTPUTS	5,274,520	6,450,644
OTHER EXPENSES	5,274,520	6,450,644
NET SURPLUS DEFICIT	0	0
TOTAL ASSETS	6,336,992	6,830,052
TOTAL LIABILTIES	1,754,924	2,916,341
NET WORTH	4,582,068	3,913,711
CASH FLOWS FROM OPERATING ACTIVIITES	439,261	147,724
CASH FLOWS FROM INVESTING ACTIVIITES	0	(133,429)
CASH FLOWS FROM FINANCING ACTIVIITES	0	0
CHANGE IN CASH BALANCES	439,261	14,295

FINANCIAL PERFORMANCE RATIO	2013/14 BUDGET %	2012/13 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	3.02	1.86

TOTAL ASSETS : TOTAL LIABILITIES	3.61	2.52

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2013/14 BUDGET	2012/13 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	85	88
STAFF TURNOVER (%)	3%	12%
SENIOR MANAGER	13.66	13.66
PROFESSIONAL AND TECHNICAL STAFF	13.71	13.16
ADMINISTRATIVE STAFF	12.42	10.67

PHYSICAL CAPITAL MEASURES	2013/14 BUDGET $	2012/13 FORECAST $
VALUE OF TOTAL ASSETS	6,336,992	5,172,678
ASSET REPLACEMENTS : TOTAL ASSETS	Nil	Nil
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	1,036,979	1,310,203
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	273,261	321,161
CHANGES TO ASSET MANAGEMENT POLICES	None	None

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2012/13	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Work related injuries to persons	No change	Introduction, training and implementation of safety standards for heavy equipment machinery and workforce personnel.	Undefined: depends on extent of injury
Accidents related to the operation of vehicles and heavy equipment	No change	Implement driver-training courses. HOD to exercise appropriate disciplinary action for each offence or repeating offender, such as loss of authority to drive or financial contribution by driver. Appropriate training in operation of vehicle to reduce operational misuse of the vehicle.	Undefined: depends on extent of damage

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

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

OPERATING STATEMENT	2013/14 TARGET $ 000's	2012/13 FORECAST $ 000's
REVENUE	8,645,147	11,391,511
OPERATING EXPENSES	8,645,147	11,391,511
NET SURPLUS/DEFICIT	*Nil*	*Nil*

BALANCE SHEET	AS AT JUNE 2014 $ 000's	AS AT JUNE 2013 $ 000's
ASSETS	6,336,992	6,343,406
LIABILITIES	1,754,924	1,761,338
NET WORTH	*4,582,068*	*4,582,068*

STATEMENT OF CASH FLOW	2013/14 TARGET $ 000's	2012/13 FORECAST $ 000's
CASH FLOWS FROM OPERATING ACTIVIITES	439,261	147,724
CASH FLOWS FROM INVESTING ACTIVIITES	Nil	(133,429)
CASH FLOWS FROM FINANCING ACTIVIITES	Nil	Nil

6. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2012 Revision).

TRANSACTION	AMOUNT FOR 2013/14 $
Equity Investments into **National Roads Authority**	Nil
Capital Withdrawals from **National Roads Authority**.	Nil
Dividend or Profit Distributions to be made by **National Roads Authority**.	Nil
Government Loans to be made to **National Roads Authority**.	Nil
Government Guarantees to be issued in relation to **National Roads Authority**.	Nil
Related Party Payments (Non Remuneration) made to Key Management Personnel[29]	Nil
Remuneration[30] Payments made to Key Management Personnel	337,943
Remuneration Payments made to Senior Management	364,532

DESCRIPTION	NUMBERS FOR 2013/14 $
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	15
NUMBER OF KEY SENIOR MANAGEMENT (MD)	3

[29] Key Management Personnel as defined by International Public Accounting Standards No 20, eg Minister, Board Member and Senior Management Team

[30] Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

AGREEMENT

Scope of this Agreement

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

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

Procedures for Changing this Ownership Agreement

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

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

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the National Roads Authority will seek to achieve for the 2013/14 financial year and that the Cabinet will monitor performance against.

_____

Honourable Kurt Tibbetts, JP

Minister of Planning, Lands, Agriculture, Housing and Infrastructure

On behalf of Cabinet

_____

Chairman of the Board
National Roads Authority

4th October 2013

CAYMAN ISLANDS GOVERNMENT

NATIONAL ROADS AUTHORITY

STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS FOR THE YEAR ENDING 30TH JUNE 2014

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2012 Revision).

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

To the best of our knowledge the statements are:

a. Complete and reliable;
b. Fairly reflect the forecast financial position as at 30th June 2014 and performance for the National Roads Authority for the year ending 30th June 2014; and
c. Comply with generally accepted accounting practice.

_____

Chairman of the Board
National Roads Authority

4th October 2013

APPENDIX

FORECAST FINANCIAL STATEMENTS

NATIONAL ROADS AUTHORITY
FOrECAST STATEMENT of financial position
as AT 30TH jUNE 2014

NATIONAL ROADS AUTHORITY

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDING 30 JUNE 2014

Significant Accounting Policies

(c) Basis of preparation

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

The financial statements of the NRA are presented in Cayman Island dollars and are prepared on the accrual basis under the historical cost convention.

(d) Cash & cash equivalents

This comprises cash at bank and short term investments with maturity at inception of three months or less.

(e) Foreign currency translation

All assets and liabilities denominated in foreign currency are translated to Cayman Islands Dollars at exchange rates in effect at the balance sheet date. Revenue and expense transactions denominated in foreign currency are translated to Cayman Islands Dollars at exchange rates ruling at the date of those transactions. Gains and losses arising on translation are included in the Operating Statement.

(f) Fixed Assets/depreciation

Fixed assets include motor vehicles, heavy equipment, dump trucks, furniture and fixtures and computer hardware and software are stated at cost less accumulated depreciation and impairment losses.

Depreciation is calculated on a straight-line basis at annual rates estimated to write off the carrying value of each asset over the period of its expected useful life.

Annual rates are as follows:

Vehicles and Heavy Equipments	4 - 12 Years
Furniture and Fixtures	3 - 15 Years

Computer Hardware and Software	3 - 6 Years
Other Plant and Equipment	3 - 25 Years

2. Significant Accounting Policies (continued)

(g) Receivables

Receivables are stated at original invoice amounts less provision for doubtful debts.

(h) Allowance for bad debts

The allowance for bad debts is established through a provision for bad debts charged to expenses. Accounts receivable are written off against the allowance when management believes that the collectability of the amount is unlikely. The allowance is an amount that management believes will be adequate to cover any bad debts, based on an evaluation of collectability and prior bad debts experience.

(i) Inventory

Inventory is valued at the lower of net realizable value or cost, on an average basis.

(j) Accounts Payable

Accounts payable are recorded at the amount owing after allowing for credit notes and other adjustments.

(k) Employee entitlements

Pension Plans The Authority makes pension contributions for its eligible employees to the Public Service Pensions Fund, which is administered by the Public Service Pensions Board. The Fund has both a defined benefit and a defined contribution element.

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

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

terms of the related liability. Obligations for contributions to defined contribution and defined benefits pension plans are recognized as an expense in the income statement as incurred. (See also Note 11).Amounts incurred but not paid at the end of the reporting period are accrued. Annual leave due, but not taken, is recognized as a liability.

2. Significant Accounting Policies (continued)

(l) Revenue recognition

Revenue from sale of services to Cabinet and other government agencies is recognised when it is earned (see also Related Party Note 12). Investment revenue is recognised in the period in which it is earned. Donations are recognised at fair value at the time of receipt.

(m) Expense recognition

Expenses are recognised when incurred.

(n) Financial Instruments

(ix) Classification

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

A financial liability is any liability that is a contractual obligation to deliver cash or another financial instrument or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable. Financial liabilities comprise of accounts payables and employee entitlements.

(x) Recognition

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

(xi) Measurement

Financial instruments are measured initially at cost which is the fair value of the consideration given or received. Subsequent to initial recognition all financial assets are recorded at historical cost, which is considered to approximate fair value due to the short-term or immediate nature of these instruments.

(xii) Derecognition

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

(xiii) Credit Risk

Cash and short term investments are held with substantial financial institutions. Receivables are short term and settled after the year-end.

(xiv) Interest Rate Risk

The Authority's income and operating cash flows are substantially independent of changes in market interest rates.

(o) Classification

Certain prior year figures have been reclassified to conform to current year presentation.

NATIONAL ROADS AUTHORITY

FORECAST OPERATING STATEMENT

FOR THE YEAR ENDING 30 JUNE 2013

	2012-13			BUDGET
	Forecast			2013-14
	$			$
Income				
Sales of Services Interdepartmental	445,595			295,147
Road Development Services	466,941			470,000
Road Construction	2,610,760			1,010,000
Trench Reinstatement Services	-			-
Roads Maintenance Services	6,942,833			6,770,000
Storm Water Management	800,812			100,000
Interest Revenue & Other	1,787			0
Total Revenue	11,268,728			8,645,147
Cost of Sales				
Labour (inc HR Pension)	2,522,723			2,329,608
Hired Equipment	1,121			-
Materials	1,401,073			827,163
Subcontractors	766,086			213,856
	4,691,003			3,370,627
Gross Profit	6,577,725			5,274,520

General & Admin. Exp.				
Staff Costs	3,517,947			2,788,838
Expenses and Supplies	31,688			20,843
Motor Vehicles Expenses	693,775			340,500
Travel & Subsistence	2,641			-
Street Lighting	1,476,050			1,500,000
Utilities	57,543			63,447
Telephone	39,041			33,766
Advertising	6,000			6,000
Professional Fees	49,780			49,780
Office Rental	42,440			52,440
Computer maintenance & fees	98,280			91,845
Repairs & Maintenance	36,201			39,424
Depreciation - Vehicles	303,900			138,259
Depreciation - Furniture & Fittings	1,877			1,562
Depreciation - Computer Hardware	1,203			2,536
Depreciation - Computer Software	12,768			2,257
Depreciation - Office Equipment	351			325
Depreciation - Other Equipment	151,413			112,569
Depreciation - Leasehold Improvements	-			15,753
Bad debt expense	12,042			-
Insurance - Property & Liability	13,354			11,819
Bank Charges and Interest	6,551			2,557
Total Expenses	6,554,844			5,274,520
Net (Loss)/Profit	22,881			-

NATIONAL ROADS AUTHORITY

FORECAST STATEMENT OF CHANGES IN NET WORTH

FOR THE YEAR ENDING 30 JUNE 2014

	Contributed Capital	Reserves	Revaluation Reserve	Accumulated Surplus/ (deficits)	Total
Balance at 30 June 2013	4,541,535			(631,993)	3,909,542
Surplus/(deficit)for the period 2012/13				672,526	672,526
Balance at 30 June 2013 carried forward	4,541,535	0	0	40,534	4,582,068
Surplus/(deficit)for the period 2013/14				-	-
Balance at 30 June 2014	4,541,535	0	0	40,534	4,582,068

NATIONAL ROADS AUTHORITY

FORECAST BALANCE SHEET

AS AT 30 JUNE 2013

	2013-14 BUDGET	2012/13 ACTUAL
CURRENT ASSETS		
Cash and cash equivalents	842,029	2,495,458
Inventory	312,298	162,505
Accounts receivable	3,066,347	2,642,050
Total Current Assets	4,220,674	5,300,013
CURRENT LIABILITIES		
Accounts payable	892,358	818,057
Revenue deposits	375,799	-
Pension liability	508,000	806,000
Employee entitlements	138,124	130,867
Total Current Liabilities	1,914,281	1,754,924
NET CURRENT ASSETS	2,306,394	3,545,089
FIXED ASSETS		
Property, plant and equipment	1,630,198	1,036,979
Total Fixed Assets	1,630,198	1,036,979
TOTAL NET ASSETS	**3,936,592**	**4,582,068**
EQUITY		
Contributed capital	4,541,535	4,541,535
Retained earnings	(604,943)	40,533
TOTAL EQUITY	**3,936,592**	**4,582,068**

NATIONAL ROADS AUTHORITY

FORECAST STATEMENT OF CASH FLOWS

FOR THE YEAR ENDING 30 JUNE 2014

	CURRENT FY 2013 $	FUTURE FY 2014 BUDGET $
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit/(loss) for the period	22,881	-
Adjustment for non cash transactions:		
Gain/loss on sale of fixed assets	(300)	-
Bad debt expense	(12,042)	-
Depreciation	471,511	273,261
	482,051	273,261
Net change in working capital		
Increase/(decrease) in receivable	414,153	338,414
Decrease/(increase) in inventory	(100,303)	-
Decrease in accounts payable	(1,673,296)	(172,414)
Net cash used by operating activities	(887,395)	213,213
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(148,927)	0
Proceeds from disposal of property, plant & equipment	300	-
Net cash used by investing activities	(148,627)	0
CASH FLOWS FROM FINANCING ACTIVITIES		
Equity investment	-	-
Net cash provided by financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	(1,026,022)	439,261
Cash and cash equivalents at beginning of period	1,868,050	2,056,197
Cash and cash equivalents at end of period	842,028	2,495,458

NATIONAL ROADS AUTHORITY

NOTES TO THE FORECAST FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 2014

Cash & Cash Equivalents

	2012/13 Forecast	2013/14 Budget
Bank accounts	$842,029	$2,495,458
Term deposits	-	-
Total Cash & Cash Equivalents	$842,029	$2,495,458

Accounts Receivable & Prepaid Expenses

	2012/13 Forecast	2013/14 Budget
Outputs to Cabinet	$2,977,358	$2,691,657
Outputs to other government agencies	27,999	25,000
Accounts Receivable Others & Prepayment	58,311	77,898
Staff loans	2,680	10,000
Total Accounts Receivable & Prepaid Expenses	$3,066,347	$2,804,555

Fixed Assets

Cost	Vehicles and Heavy Equipments	Furniture and Fixtures and Office Equipment	IT Equipment	Other Plant and Equipment	Leasehold Improvement	Total
	$	$	$	$	$	$
Opening Balance	3,050,491	134,370	94,673	1,529,230	219,273	5,028,037
Additions	0	0	0	0	0	0
	3,050,491	134,370	94,673	1,529,230	219,273	5,028,037
Disposals	0	0	0	0	0	0
Balance at 30 June 2013	3,050,491	134,370	94,673	1,529,230	219,273	5,028,037
Accumulated Depreciation						
Opening Balance	2,548,087	128,101	84,140	756,793	203,521	3,720,642
Charge for the year	138,258	1,885	2,535	112,569	15,752	270,999
	2,686,345	129,986	86,675	869,362	219,273	3,991,641
Disposals	0	0	0	0	0	0
Balance at 30 June 2013	2,686,345	129,986	86,675	869,362	219,273	3,991,641
Net Book Value At 30 June 2014	$364,146	$4,382	$8,563	$659,888	$0	$1,036,979
Net Book Value At 30 June 2013	$502,404	$6,269	$10,533	$769,422	$15,752	$1,304,380

Accounts Payable and Accrued Liabilities

	2012/13 Forecast	2013/14 Budget
Trade Creditors	$819,218	$696,222
Accruals	73,140	121,835
Total Accounts Payable and Accrued Liabilities	$892,358	$818,057

Revenue Deposits

	2012/13 Forecast	2013/14 Budget
Revenue Deposits	$375,799	$0

Employee Entitlements

	2012/13 Forecast	2013/14 Budget
Accrued Vacation Leave	$138,124	$130,867

Contributed Capital

During the year the Authority received no equity injection. (2012/13: nil).

Salaries and Benefits

	2012/13 Forecast	2013/14 Budget
Salaries and wages	$1,926,247	$1,794,372
Employer & Employee pension expenses	261,273	465,644
Health Insurance	1,115,080	904,920
Vacation due	(12,367)	0
Other personnel costs	54,713	166,000
Total Salaries and Benefits	$3,344,946	$3,330,936

Pensions

Reconciliation showing movement of past service liability during the period:

	$000
Balance as at 30 June 2012	640
Plus: Reconciliation of PSL 2013	166
Balance as at 30 June 2013	806

11. Related Party Transactions

The Authority provided outputs to the Government relating to the development and maintenance of the public roads within the Cayman Islands which amounts to $7.63 million under the Purchase Agreement (2012: $8.6m). During this year the Authority also delivered Capital Expenditure Projects of $1,653,284 (2012: $3.4m) to the Government for the construction of roads under the Ownership Agreement. The Authority also engages the services of other government departments of the Cayman Islands Government. Such services are provided at current prevailing market prices on an arm's length basis. Sales to third parties include services for drain wells and curbs, installation of signs, paving and trench reinstatement services

	2012/13 Forecast	2013/14 Budget
Sales of Services to Cabinet	$10,940,790	$8,350,000
Sales of Services to other government agencies	293,794	263,147
Sales of Services to third parties	32,357	32,000
	$11,266,940	$8,645,147

Upon creation of the Authority on 1 July 2004, no movable properties were vested to the Authority. Henceforth, the Public Works Department (PWD) allowed the Authority to use its vehicles and heavy equipment for road construction and maintenance free of charge. As at 30 June 2013, the Authority owes PWD the amount of $13,621 (2012: $25,806) for support services extended to the latter such as office and workshop accommodation, tenant's requirements, utilities, accounting services, service parking and compound security.

The remuneration of directors and other members of key management personnel during the year was $322,100 (2012: $364,532). There were 15 personnel categorized in 2013 broken down as 3 key management personnel and 12 Directors (2012: 4 key management personnel and 12 Directors).

Contingencies

Under section 28(1) of the NRA Law an annual payment to the core government may be due. At the date of these financial statements there has been no request made.

Financial Risk Management

The Authority is exposed to a variety of financial risks including interest rate risk, credit risk and liquidity risk. The Authority's risk management policies are designed to identify and manage these risks, to set appropriate risk limits and controls, and to monitor the risks and adhere to limits by means of up to date and reliable information systems. These risks are managed within the parameters established by the Financial Regulations**.**

Interest Rate Risk

The Authority is subject to interest rate risk on the cash placed with a local bank which attracts interest. No interest payments are charged to customers on late payments on accounts receivable. The Authority is not exposed to significant interest rate risk as the cash and cash equivalents are placed on call and available on demand. The total interest earned during the year ended 30 June 2013 was less than $1k (2012: $1k)

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Authority. Financial assets which potentially expose the Authority to credit risk comprise cash and cash equivalents and accounts receivable.

The Authority is exposed to potential loss that would be incurred if the counterparty to the bank balances fails to discharge its obligation to repay. All bank balances are with one financial institution located in the Cayman Islands which management considers to be financially secure and well managed.

The Authority is also exposed to a significant concentration of credit risk in relation to accounts

receivables, majority of which are due from other Government entities. No credit limits have been established. As at 30 June 2013, no provision for doubtful debts has been made as none of these assets are impaired and management consider these debts to be recoverable in full (2012: Nil).

The carrying amount of financial assets recorded in the financial statements represents the Authority's maximum exposure to credit risk. No collateral is required from the Authority's debtors.

Liquidity Risk

Liquidity risk is the risk that the Authority is unable to meet its payment obligations associated with its financial liabilities when they fall due.

The ability of the Authority to meet its debts and obligations is dependent upon its ability to collect the debts outstanding to the Authority in a timely basis. As at 30 June 2013 and 2012, all of the financial liabilities were due within one month of the balance sheet dates.

As at 30 June 2013 and 2012, the carrying amount of cash deposits, accounts receivable, accounts payables and employee entitlements approximate their fair value due to their short-term maturities.

Fair values are made at specific points in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. Changes in assumptions, economic conditions and other factors could cause significant changes in fair value estimates.

Operating Lease

The Authority entered into a five year lease with Heritage Holdings on September 1, 2009 for storage and laboratory. The annual lease payments for the period amount to $55,172 (2012: $50,340). The lease payments are subject to an annual increase of 3%. The total payments for the five year lease including the annual 3% increase is $64,649. The tenant has the option to renew the lease for a further term of one (1) year or more at the expiration of the term and shall give notice in writing to that effect not less than three months before expiration of the term.

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

PORT AUTHORITY OF THE CAYMAN ISLANDS

FOR THE FINANCIAL YEAR

ENDING 30 JUNE 2014

CONTENTS

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

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Port Authority of the Cayman Islands* have agreed the *Port Authority of the Cayman Islands* will seek to achieve during the 2013/14 financial year.

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

2. NATURE AND SCOPE OF ACTIVITIES

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

GENERAL NATURE OF ACTIVITIES

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

SCOPE OF ACTIVITIES

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

Providing and maintaining facilities for the offloading of cargo imports into all three Islands.

To contribute to the growth of cruise tourism (and thereby the economy), by providing and maintaining facilities to accommodate the cruise ship passengers.

Providing and maintaining navigational markers in Cayman Islands waters.

Providing a patrolling presence, using two fully equipped motor vessels, in the immediate harbour area of the Cayman Islands during cruise ship visits.

Providing a safe and enjoyable environment for the Port Authority's staff and customers.

Carrying out the Port Authority Laws

CUSTOMERS AND LOCATION OF ACTIVITIES

The services provided by the Port Authority of the Cayman Islands are provided only in the Cayman Islands

STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Port Authority of the Cayman Islands* for the 2013/14 financial year are as follows:

1. Improve the image of the Cayman Islands and the experience of the cruise tourist, by maintaining and upgrading the existing cruise ship arrival facilities in George town and at Spotts

2. To fine tune the existing computer system, to meet management's need for more useful management reports and to serve the customer needs more efficiently.

3. To improve operations through the continued upkeep to existing equipment.

4. Improve the efficiency of both the cruise and cargo operations by planning to separate and erect new facilities.

3. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2012 Revision) for the *Port Authority of the Cayman Islands* for the 2013/14 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2013/14 BUDGET $ 000's	2012/13 FORECAST $ 000's
REVENUE FROM CABINET	None	None
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	Not Separately Identified	Not Separately Identified
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	19,314,440	19,488,390
SURPLUS/DEFICIT FROM OUTPUTS		
OTHER EXPENSES	18,122,184	18,972,610
NET SURPLUS DEFICIT	1,192,256	515,780
TOTAL ASSETS	50,865,457	51,907,150
TOTAL LIABILTIES	9,275,549	11,512,248
NET WORTH	41,589,908	40,394,902
CASH FLOWS FROM OPERATING ACTIVIITES	2,872,548	2,687,136
CASH FLOWS FROM INVESTING ACTIVIITES	(500,000)	(917,283)
CASH FLOWS FROM FINANCING ACTIVIITES	(1,551,721)	(2,145,239)
CHANGE IN CASH BALANCES	820,827	(375,386)

FINANCIAL PERFORMANCE RATIO	2013/14 BUDGET %	2012/13 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	(0.77):1	. (0.6):1

TOTAL ASSETS : TOTAL LIABILITIES	5.5:1	4.5:1

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2013/14 BUDGET	2012/13 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	152	152
STAFF TURNOVER (%)	3 max	3 max
SENIOR MANAGER	10	10
PROFESSIONAL AND TECHNICAL STAFF	10	10
ADMINISTRATIVE STAFF	25	25

PHYSICAL CAPITAL MEASURES	2013/14 BUDGET $	2012/13 FORECAST $
VALUE OF TOTAL ASSETS	Unknown	Unknown
ASSET REPLACEMENTS : TOTAL ASSETS	Less than 1%	Less than 1%
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	64%	66%
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	Not separately Identified	Not separately Identified
CHANGES TO ASSET MANAGEMENT POLICES	None	None

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2012/13	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Hurricanes & Storms	None	Hurricane Plan practised on a continuous basis	CI$2 million
Personal injury or fatality during operation	None	Employee safety procedures	unknown

4. SUMMARISED FORECAST FINANCIAL STATEMENTS

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

OPERATING STATEMENT	2013/14 TARGET $ 000's	2012/13 FORECAST $ 000's
REVENUE	19,314,440	19,488,390
OPERATING EXPENSES	18,122,184	18,043,998
NET SURPLUS/DEFICIT	1,192,256	515,780

BALANCE SHEET	AS AT JUNE 2014 $ 000's	AS AT JUNE 2013 $ 000's
ASSETS	50,865,457	51,907,150
LIABILITIES	9,275,549	11,512,248
NET WORTH	*41,589,908*	*40,394,902*

STATEMENT OF CASH FLOW	2013/14 TARGET $ 000's	2012/13 FORECAST $ 000's
CASH FLOWS FROM OPERATING ACTIVIITES	2,872,548	2,687,136
CASH FLOWS FROM INVESTING ACTIVIITES	(500,000)	(917,283)
CASH FLOWS FROM FINANCING ACTIVIITES	(1,551,721)	(2,145,239)

5. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2012 Revision).

TRANSACTION	AMOUNT FOR 2013/14 $
Equity Investments into *Port Authority of the Cayman Islands*	None
Capital Withdrawals from *Port Authority of the Cayman Islands.*	None
Dividend or Profit Distributions to be made by *Port Authority of the Cayman Islands.*	None
Government Loans to be made to *Port Authority of the Cayman Islands.*	None
Government Guarantees to be issued in relation to *Port Authority of the Cayman Islands.*	None
Related Party Payments (Non Remuneration) made to Key Management Personnel# Key Management Personnel as defined by International Public Accounting Standards No 20, eg Minister, Board Member and Senior Management Team#	None
Remuneration# Remuneration as defined by International Public Accounting Standards No 20 Par 34(a) Number of ppayments made to Key Management Personnel (Board)	None
Remuneration Payments made to Senior Management (MD)	None

DESCRIPTION	NUMBERS FOR 2013/14 $
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	3
NUMBER OF KEY SENIOR MANAGEMENT (MD)	6

AGREEMENT

Scope of this Agreement

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

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

Procedures for Changing this Ownership Agreement

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

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

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Port Authority of the Cayman Islands will seek to achieve for the 2013/14 financial year and that the Cabinet will monitor performance against.

_____

Honourable Moses Kirkconnell, JP
Minister of District Administration, Tourism and Transport
On behalf of Cabinet

_____

Chairman of the Board
Port Authority of the Cayman Islands

4th October 2013

CAYMAN ISLANDS GOVERNMENT

PORT AUTHORITY OF THE CAYMAN ISLANDS

STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS FOR THE YEAR ENDING 30TH JUNE 2014

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2012 Revision).

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

To the best of our knowledge the statements are:

a. Complete and reliable;
b. Fairly reflect the forecast financial position as at 30th June 2014 and performance for the Port Authority of the Cayman Islands for the year ending 30th June 2014; and
c. Comply with generally accepted accounting practice.

_____

Chairman of the Board
Port Authority of the Cayman Islands

4th October 2013

APPENDIX

FORECAST FINANCIAL STATEMENTS

PORT AUTHORITY OF THE CAYMAN ISLANDS

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDING 30 JUNE 2014

(Stated in Cayman Islands dollars)

1. Background information

The Port Authority of the Cayman Islands ("the Port Authority") is a statutory body established on September 15, 1976 under the Port Authority Law.

The Port Authority is principally engaged in the management of the maritime affairs of the Cayman Islands.

2. Significant accounting policies

These financial statements are prepared in accordance with International Public Accounting Standards. The principal accounting policies adopted by the Port Authority are as follows:

(a) Basis of accounting

The financial statements of the Port Authority are prepared on an accruals basis under the historical cost convention.

(b) Use of estimates

The preparation of the financial statements in accordance with International Public Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the year. Actual results could differ from these estimates.

(c) Financial instruments

(i) Classification

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset, exchange financial instruments under conditions that are potentially favourable or an equity instrument of another enterprise. Financial assets comprise unrestricted and restricted bank balances and accounts receivable.

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

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Recognition

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

(iii) Measurement

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

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

(iv) Specific instruments

Cash and cash equivalents

For the purposes of the statements of cash flows, cash and cash equivalents includes current and money market accounts and term deposits with an original maturity of three months or less, and include unrestricted and restricted bank balances.

Interest income and expense

Interest income and expense are recognised in the statements of income on an accruals basis. Interest income represents the interest earned on term deposits. Interest expense includes interest paid on long term debt.

(v) Derecognition

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

2. Significant accounting policies (continued)

(d) Depreciation

Depreciation is charged to the statements of income on a straight-line basis at the following rates estimated to write off the cost of the assets over their expected useful lives:

Land	Nil
Buildings	4% per annum
Marine Dock	2% per annum
Other fixed assets	4% - 20% per annum

(e) Foreign currency translation

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheets dates are translated to Cayman Islands dollars at the foreign exchange rate ruling at those dates. Foreign exchange differences arising on translation are recognised in the statements of income. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated at the foreign exchange rate ruling at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the reporting currency at the foreign exchange rates ruling at the dates that the values were determined.

(f) Allowance for bad debts

The allowance for bad debts is established through a provision for bad debts charged to expenses. Accounts receivable are written off against the allowance when management believes that the collectability of the account is unlikely. The allowance is an amount that management believes will be adequate to cover any bad debts, based on an evaluation of collectability and prior bad debts experience.

(g) Inventory

Inventory is valued at the lower of net realisable value or cost, on a first in, first out basis.

PORT AUTHORITY OF THE CAYMAN ISLANDS

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDING 30 JUNE 2014

(Revenue recognition

Fee income on services provided is recognised in the statements of income when the rendering of a service is completed or substantially completed, and the customer is invoiced.

(i) Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

2. Significant accounting policies (continued)

(j) Pensions and other post-retirement benefits

The Port Authority participates in the Silver Thatch Pension Plan, a defined contribution pension fund, in accordance with the Cayman Islands National Pension Law. The Port Authority makes monthly contributions at a rate of 10% of an employee's salary depending on the employee's position. Contributions are charged to expenses as they are incurred based on set contribution rates.

3. Restricted bank balances

Management has placed restrictions on the use of certain bank balances in order to fund the future emergency expenditures. The Emergency Reserve is established to cover the costs of repairs to the premises or equipment from storm damage and to cover the insurance deductible on the dock.

4. Related party transactions

The Port Authority also engages the services of other government departments of the Cayman Islands Government. Such services are provided on an arms length basis.

PORT AUTHORITY OF THE CAYMAN ISLANDS

FORECAST OPERATING STATEMENT

FOR THE YEAR ENDING 30 JUNE 2014

	NOTE	2014 Budget	2013 Projected Actual
		$	$
Revenue			
Outputs to Ministries, Portfolios, SAs & GCs			
Outputs to Others		**19,312,990**	19,486,663
Investment Revenue		**1,450**	1,727
Total Operating Revenue		**19,314,440**	**19,488,390**
Operating Expenses			
Personnel		**11,598,236**	11,450,990
Supplies and consumables		**4,405,110**	4,519,301
Depreciation		**1,980,399**	1,935,268
Financing		**138,439**	138,439
Total Operating Expenses		**18,122,184**	**18,043,998**
Surplus/Deficit from Operating Activities		**1,192,256**	**1,444,392**
Extraordinary Items			
Loss on disposal of Fixed Asset		**0**	928,612
Net Surplus/Deficit after Extraordinary Items		**1,192,256**	**515,780**

PORT AUTHORITY OF THE CAYMAN ISLANDS

FORECAST STATEMENT OF CHANGES IN NET WORTH

FOR THE YEAR ENDING 30 JUNE 2014

	NOTE	2014 Budget $	2013 Projected Actual $
Opening Balance Net Worth		**40,394,902**	**39,879,122**
Net Surplus		**1,192,256**	515,780
Prior year adjustment		**2,750**	0
Total Recognized Revenues and Expenses		**41,589,908**	**40,394,902**
Dividend		**0**	0
Closing Balance Net Worth		**41,589,908**	**40,394,902**

PORT AUTHORITY OF THE CAYMAN ISLANDS

FORECAST BALANCE SHEET

AS AT 30 JUNE 2014

	NOTE	2014 Budget $	2013 Projected Actual $
Current Assets			
Cash and Cash Equivalents	2	**2,085,821**	1,264,994
Accounts Receivable & Prepaids & Other Assets		**1,919,285**	2,123,362
Inventories		**525,000**	703,043
Total Current Assets		**4,530,106**	**4,091,399**
Non-Current Assets			
Property, plant and equipment		**46,335,351**	47,815,751
TOTAL ASSETS		**50,865,457**	**51,907,150**
Current Liabilities			
Accounts Payable		**4,437,147**	5,122,125
Other current liabilities		**1,450,000**	1,551,721
Total Current Liabilities		**5,887,147**	**6,673,846**
Non-Current Liabilities			
Non-current liabilities		**3,388,402**	4,838,402
Total Liabilities		**9,275,549**	**11,512,248**
TOTAL ASSETS LESS TOTAL LIABILITIES		**41,589,908**	**40,394,902**
Net Worth			

Dividend	**0**	0
Accumulated surpluses	**41,589,908**	40,394,902
Total Net Worth	**41,589,908**	**40,394,902**

PORT AUTHORITY OF THE CAYMAN ISLANDS

FORECAST STATEMENT OF CASH FLOWS

FOR THE YEAR ENDING 30 JUNE 2014

	NOTE	2014 Budget	2013 Projected Actual
		$	$
Cash Flows from Operating Activities			
Receipts			
Outputs to Ministries, Portfolios, SAs & GCs		-	**0**
Outputs to Others		**19,312,990**	**19,486,663**
Interest Received		**0**	**0**
Payments			
Personnel Costs		**(11,109,376)**	**(10,964,282)**
Other Payments		**(1,403,762)**	**(1,906,730)**
Suppliers		**(3,927,304)**	**(3,928,515)**
Net Cash Flows from Operating Activities		**2,872,548**	**2,687,136**
Cash Flows from Investing Activities			
Purchase of non-current assets		**(500,000)**	**(917,283)**
Net Cash Flows from Investing Activities		**(500,000)**	**(917,283)**
Cash Flows from Financing Activities			

Capital Withdrawal		**0**	**0**
Repayment of Borrowings		**(1,551,721)**	**(2,145,239)**
Net Cash Provided by Financing Activities		**(1,551,721)**	**(2,145,239)**
Opening Balance Cash & Cash Equivalents		**1,264,994**	**1,640,380**
Net Change in Cash & Cash Equivalents		**820,827**	**(375,386)**
Closing Balance Cash & Cash Equivalents	**2**	**2,085,821**	**1,264,994**

PORT AUTHORITY OF THE CAYMAN ISLANDS

NOTES TO THE FORECAST FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 2014

NOTE 1. OPERATING REVENUES

	2014 Budget	2013 Projected Actual
Cargo Income	**13,701, 226**	13,979,954
Cruise Income	**3,662,310**	3,496,043
Other Income	**1,950,904**	2,012,393
Total Operating Revenue	**19,314,440**	19,488,390

NOTE 2. CASH AND CASH EQUIVALENTS

2013	2014 Budget	Projected Actual
Current accounts	**2,043,564**	**1,222,737**
Short-Term fixed deposits	**42,257**	**42,257**
Total Cash and Cash Equivalents	**2,085,821**	**1,264,994**

NOTE 3. INVENTORIES

	2014 Budget	2013 Projected Actual
Mechanical Parts & Diesel	**525,000**	**703,043**
Total Inventories	**525,000**	**703,043**

PORT AUTHORITY OF THE CAYMAN ISLANDS

NOTES TO THE FORECAST FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 2014

NOTE 4. DEPRECIATION AND FIXED ASSETS

	2014 Budget	**2013** Projected/ Actual
Land		
Opening Book Value/Cost	14,436,077	14,436,077
Closing Book Value	14,436,077	14,436,077
Buildings		
Opening Book Value/Cost	43,031,332	42,877,252
Additions	500,000	154,080
Depreciation	(15,649,991)	(14,419,591)
Closing Book Value	27,881,342	28,611,741
Plant, Equipment & Vehicles		
Opening Book Value/Cost	11,347,380	11,441,037.72
Additions	126,624	771,386.68
Disposal	-	(865,043.92)
Accumulated Depreciation	(7,772,320)	(7,180,042.71)
Closing Book Value	3,701,684	4,167,337.76
Other Fixed Assets		
Opening Book Value/Cost	745,432	748,027
Additions	-	-
Accumulated Depreciation	(743,105)	(718,174)
Closing Book Value	2,327	29,853
Furniture		
Opening Book Value/Cost	941,163	903,214
Additions	-	37,949
Accumulated Depreciation	(849,538)	-786,079
Closing Book Value	91,625	155,084
Computers		
Opening Book Value/Cost	1,218,002	1,135,864
Additions	-	82,138
Accumulated Depreciation	(1,116,349)	-1,049,612
Closing Book Value	101,652	168,390
Work In Process (Bldg.)	120,644	247,268
Total Fixed Assets	46,335,351	47,815,751

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

PUBLIC SERVICE PENSION BOARD

FOR THE FINANCIAL YEAR

ENDING 30 JUNE 2014

CONTENTS

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

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Public Service Pension Board* have agreed the *Public Service Pension Board* will seek to achieve during the 2013/14 financial year.

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

2. NATURE AND SCOPE OF ACTIVITIES

This section outlines the nature and scope of activities within which the *Public Service Pension Board* is to operate during the year.

GENERAL NATURE OF ACTIVITIES

The function of Public Service Pensions Board activities is equitable and fair provision, as well as promotion and administration of public service pension plans.

SCOPE OF ACTIVITIES

a) Administration of:

- The Public Service Pensions Plan
- The Parliamentary Pensions Plan
- The Judicial Pension Plan
- The Ex-Gratia Pensions

b) Administration and management of the Public Service Pensions fund

c) Policy advice on pension requirements for public service pension plans, pension reform and directing the drafting of related legislation.

CUSTOMERS AND LOCATION OF ACTIVITIES

The services provided by Public Service Pensions Board are provided to the eligible employees of the Cayman Islands Government and the participating statutory authorities (Cayman Islands Development Board, National Housing Trust, Cayman Islands Monetary Authority, Water Authority, Turtle Farm, National Roads Authority, Civil Aviation Authority, Airports Authority, Maritime Authority of the Cayman Islands, Health Service Authority, Cays Foundation, Information Communication Technology Authority and Public Service Pensions Board). The customers of the Public Service Pensions Board include pensioners, current participants and deferred vested participants of the above-mentioned pension plans.

The Public Service Pensions Board offices are located in Grand Cayman.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Public Service Pension Board* for the 2013/14 financial year are as follows:

Recurring Strategic Goals and Objectives:

- Preparation and submission of Financial Statements as at 30 June 2013 and resulting Annual Report in accordance with Public Management and Finance Law (PMFL) by the earlier of 30 August 2013 or Deputy Governor's imposed deadline.
- Augmentation to the requisite pensioner's monthly pension benefits in payment as of 31-Dec-2013 in accordance with section 22 of the PSPL by September 2013.
- Prepare and issue Pension Continuation Confirmation Certificates in accordance with clause 12 of the Public Service Pensions Regulations (PSPR), including child full-time education confirmation by October 2013.
- Calculation and application of the Credited Rate of Return to participant accounts in accordance with section 6 of the PSPL by 2 April 2014.
- Provide IAS19 valuation data by 30 April 2014 to the actuary for preparation of the IAS19 reports due no later than 31 July 2014.
- Complete the 1 January 2014 Funding Actuarial Valuation as required by statute and by 30 April 2014 (Subject to change once the new Actuarial Consultant has been 7t9will ensure implementation and collection of the pension contributions as prescribed by regulations to secure the long term sustainability of the Fund.
- Prepare and issue Benefit Statements for Central Government and Statutory Authorities for the year ending 31st December 2013 in accordance with Section 10 (b) of the Public Service Pensions Law (PSPL), Section 8 of the Parliamentary
- Pensions Law (PPL) and Section 8 of the Judges' Emoluments and Allowances Order, 2005 by 31 May 2014.
- Review and update 5-Year Strategic document by 30 June 2014.

Non-Recurring Strategic Goals and Objectives:

- Complete and issue the Employee Handbook by 30 September 2013.
- Complete training of the Director, Plan Administration (Designate) to be developed to assume the role of the Director by attending administration conferences and to provide departmental product training with a view to obtaining an appropriate certification. Departmental product training to be completed by October 2013.
- Lynchval System "Version" Upgrade (i.e., enhancements) by 30 November 2013.

- Proposed Trustee Training (Legislation, Governance, Best Practice, Investments & Actuarial Topics), by 30 November 2013.
- Completion and submission of draft Board Policy Manual currently awaiting approval to commence governance reviews by 31 December 2013.
- The development of a communication strategy, which include the introduction of pre-retirement and mid-career seminars to be held in conjunction with third parties who wish to participate by 31 December 2013. A full review of the current approach for orientation seminars will be undertaken by 30 June 2014.
- To complete the Individual Accounts Reconciliation Project (IAR) at the employee level by 31 December 2013 to determine whether the net effect is an over or under payment by employers and so that arrears in monthly pension contributions can be invoiced and penalties applied by 28 February 2014.
- Prepare a project scoping document to identify suitable workflow tracking and electronic data management system, which is necessary to address current inefficiencies and improve the controls environment for all processes by 30st April 2014.
- Complete selection process for the IT Consultant by 30 August 2013 and Implement recommendations from the IT consultants review by 30 June 2014.
- Scope the development of a web front end for the Lynchval system to enhance communication with pensioners and active participants, as well as create efficiencies within the Plan Administration Department by 30 June 2014.
- Organizational Review commenced, to be completed by 30 June 2014.
- Implement recommendations from the IT consultants review by 30 June 2014

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2012 Revision) for the *Public Service Pension Board* for the 2013/14 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2013/14 BUDGET $ 000's	2012/13 FORECAST $ 000's
REVENUE FROM CABINET	0	0
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	0	0
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	3,456,758	3,205,275
SURPLUS/DEFICIT FROM OUTPUTS	0	0
OTHER EXPENSES	3,456,758	3,205,275
NET SURPLUS DEFICIT	0	0
TOTAL ASSETS	0	0
TOTAL LIABILTIES	0	0
NET WORTH	0	0
CASH FLOWS FROM OPERATING ACTIVIITES	0	0
CASH FLOWS FROM INVESTING ACTIVIITES	0	0
CASH FLOWS FROM FINANCING ACTIVIITES	0	0
CHANGE IN CASH BALANCES	0	0

FINANCIAL PERFORMANCE RATIO	2013/14 BUDGET %	2012/13 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	0	0

TOTAL ASSETS : TOTAL LIABILITIES	0	0

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2013/14 BUDGET	2012/13 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	25	25
STAFF TURNOVER (%)	3%	6%
SENIOR MANAGER	9.9	8.9
PROFESSIONAL AND TECHNICAL STAFF	8.3	7.4
ADMINISTRATIVE STAFF	9.3	8.4

PHYSICAL CAPITAL MEASURES	2013/14 BUDGET $	2012/13 FORECAST $
VALUE OF TOTAL ASSETS	414,772	502,361
ASSET REPLACEMENTS : TOTAL ASSETS	414,772	502,361
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	414,772	502,361
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	96,392	93,742
CHANGES TO ASSET MANAGEMENT POLICES	n/a	n/a

Major Capital Expenditure Projects	2013/14 Target $	2012/13 Target $
New Pension Administration System	0	556,053

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2012/13	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Hurricane	Risk unchanged	Hurricane Preparedness Plan in place	Unquantifiable
Public Liability	Risk unchanged	Seeking pubic liability coverage (tendered process)	Unquantifiable
Loss of key personnel	Risk unchanged	Training and development in place as retention incentive.	Unquantifiable

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

A full set of forecast financial statements for *Public Service Pension Board* is provided in the Appendix to this Ownership Agreement.

6. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2012 Revision).

TRANSACTION	AMOUNT FOR 2013/14 $
Equity Investments into *[name of Company or Authority]*	0
Capital Withdrawals from *[name of Company or Authority].*	0
Dividend or Profit Distributions to be made by *[name of Company or Authority].*	0
Government Loans to be made to *[name of Company or Authority].*	0
Government Guarantees to be issued in relation to *[name of Company or Authority].*	0
Related Party Payments (Non Remuneration) made to Key Management Personnel[31]	0
Remuneration[32] Payments made to Key Management Personnel	$,827,340
Remuneration Payments made to Senior Management	$,827,340

DESCRIPTION	NUMBERS FOR 2013/14 $

[31] Key Management Personnel as defined by International Public Accounting Standards No 20, eg Minister, Board Member and Senior Management Team

[32] Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

NUMBER OF KEY MANAGEMENT PERSONNEL	6

AGREEMENT

Scope of this Agreement

In signing this document the Public Service Pension Board undertakes to seek to achieve the performance specified in sections 2 to 6 to the best of its ability; and

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

Procedures for Changing this Ownership Agreement

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

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

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Public Service Pension Board will seek to achieve for the 2013/14 financial year and that the Cabinet will monitor performance against.

_____

Honourable Franz Manderson, Cert Hon, JP
Deputy Governor
On behalf of Cabinet

_____

Chairman of the Board
Public Service Pension Board

4th October 2013

CAYMAN ISLANDS GOVERNMENT

PUBLIC SERVICE PENSION BOARD

STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS FOR THE YEAR ENDING 30TH JUNE 2014

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2012 Revision).

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

To the best of our knowledge the statements are:

a. Complete and reliable;
b. Fairly reflect the forecast financial position as at 30th June 2014 and performance for the Public Service Pension Board for the year ending 30th June 2014; and
c. Comply with generally accepted accounting practice.

_____

Chairman of the Board
Public Service Pension Board

4th October 2013

APPENDIX

FORECAST FINANCIAL STATEMENTS

The financial statements are prepared in accordance with International Financial Reporting Standards.

Fixed assets are initially recorded at cost. Subsequently amortization is computed per annum on a straight line basis as follows:

Furniture and Fixtures	10%
Computer Equipment and Software	20%
Office Equipment	20%
Vehicle	25%
Leasehold Improvements	n/a

Foreign Currency Transactions: Transactions in foreign currencies, other than US Dollars, are translated at the rate of exchange prevailing at the date of the transaction. Transactions in US Dollars are translated at the rate of US$1.20 = CI$1.00.

Public Service pension board

FORECAST OPERATING STATEMENT

FOR THE YEAR ENDING 30 June 2014

Public Service Pensions Board
Forecast Operating Statement
For Fiscal Year 2013/2014
(Expressed in Cayman Islands Dollars)

Revenue	
Revenue from the "Fund"	3,456,758
Total Revenue	**3,456,758**
Disbursements	
BOARD OF DIRECTORS	
Directors' Training	20,000
Directors' Allowances	11,500
Board of Directors Consultancy	-
Board Secretary (Salary)	60,900
Board Secretary (Pension Benefits)	7,917
Board Secretary (Health Benefits)	9,984
Office Equipment	-
Board Meetings and Consumables	1,050
	111,351
SALARIES AND BENEFITS	
Acting Allowance	10,200
Car Allowances	1,800
Managing Director's Awards	1,200
Overtime	-
Additional DB costs	18,098
Pension Contributions	217,181
Salaries	1,827,792
Health Insurance	186,528
Accrued Vacation	-
Optical	-
Recruitment - Ads, etc	1,500

Work Permits	19,500
Training & Professional Membership Fees	39,140
	2,322,939

OFFICE ACCOMMODATION & EQUIPMENT

Computer (hardware & software)	15,850
Software Licensing -Blue Bison	3,000
IT Support (CSD, Lynchval and Blue Bison)	91,500
Insurance (W/C-CIG)	2,042
Equipment Repairs & Maintenance	1,650
Contingency for adj. to Office Rental Running Costs	3,798
Office Rental and Running Costs	244,401
Telecommunications (C&W: Corporate cell phones)	15,000
	377,241

DEPRECIATION EXPENSES

Computer Hardware Depreciation Expense	5,269
Computer Software Depreciation Expense	112,388
Office Equipment (Board) Depreciation Expense	336
Office Equipment	3,301
Furniture	203
	121,497

PENSION ADMINISTRATION SYSTEM

Installation Costs	-
Ongoing Program support Costs	45,000
S/ware Licensing/final install of perpetual license	-
	45,000

ADMINISTRATIVE EXPENSES

Printing & Stationary	19,000
Dietary Supplies	2,680
Office Supplies & Consumables	15,000
Cleaning & Janitorial	-
Miscellaneous (Benefits & Passages)	2,500
Organizational & HR Events	10,250

Official Travel - Management Due Diligence Visits	45,000	
Official Travel - Other	25,000	
Travel & Accommodation -Actuarial	-	
Company Car Operations	2,000	
Postage & Courier Service (incl.CSD)	9,000	
Public Relations & Promotional Materials	2,500	
Publications & Periodicals	2,500	
Bank Charges & Interest CNB, BNS	7,000	
Official Entertainment	1,500	
	143,930	
PROFESSIONAL AND CONSULTING FEES		
Actuarial Consulting	220,000	
Board's Governance Program	15,000	
Audit Fees	67,000	
Data Validation Program (ongoing)	30,000	
Legal Fees (CI Government)	-	
IAS 19 Report Expenses	2,800	
	334,800	
TOTAL DISBURSEMENTS - BOARD OPERATIONS		**3,456,758**
Net Operating		-

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

SISTER ISLANDS AFFORDABLE HOUSING CORPORATION

FOR THE FINANCIAL YEAR

ENDING 30 JUNE 2014

CONTENTS

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

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Sister Islands Affordable Housing Corporation* have agreed the *Sister Islands Affordable Housing Corporation* will seek to achieve during the 2013/14 financial year.

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

2. NATURE AND SCOPE OF ACTIVITIES

This section outlines the nature and scope of activities within which the *Sister Islands Affordable Housing Corporation* is to operate during the year.

GENERAL NATURE OF ACTIVITIES

This section outlines the nature and scope of activities within which *Sister Islands Affordable Housing Development Corporation* is to operate during the year.

The ***Sister Islands Affordable Housing Development Corporation*** activities involve being an important factor in the economic development of the Cayman Islands by providing affordable homes to Caymanians in the Sister Islands.

SCOPE OF ACTIVITIES

The scope of ***Sister Islands Affordable Housing Development Corporation*** activities is as follows:
Construction of affordable homes to be sold to the Caymanian public in the Sister Islands at an affordable price.

Assisting with financing Caymanian households in the Sister Islands that qualify under criteria set by the Corporation for the purchase of an affordable home that have been constructed under the supervision of the Corporation.

CUSTOMERS AND LOCATION OF ACTIVITIES

The services provided by ***Sister Islands Affordable Housing Development Corporation*** are provided only within Sister Islands.

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3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Sister Islands Affordable Housing Corporation* for the 2013/14 financial year are as follows:

STRATEGIC GOALS

To become a well-structured, efficiently managed organization that is fair and prudent in its processing and selection of eligible applicants for the affordable homes offered by the Corporation.

To identify the housing needs of Caymanians in the Sister Islands and to continue developing affordable homes to meet these needs and which will contribute to the economic development of the Sister Islands.

The Key objectives (from an ownership perspective) for the Sister Islands Affordable Housing Development Corporation for the 2013/14 financial year are as follows:

OBJECTIVES

Where necessary, to seek out additional funding for future development of affordable housing that have been identified as an imperative need in the economic development of the Sister Islands.

To continue a close working relationship with the local construction industry in the Sister Islands
To develop new homes for the households in the Sister Islands community.

To ensure that the Sister Islands Affordable Housing Development Corporation is managed in an efficient and prudent manner.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2012 Revision) for the *Sister Islands Affordable Housing Corporation* for the 2013/14 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2013/14 BUDGET $ 000's	2012/13 FORECAST $ 000's
REVENUE FROM CABINET	74,465	74,465
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	0	0
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	1,230,000	910,000
SURPLUS/DEFICIT FROM OUTPUTS		0
OTHER EXPENSES	1,209,067	1,144,465
NET SURPLUS DEFICIT	95,398	(160,000)
TOTAL ASSETS	2,015,177	1,148,900
TOTAL LIABILTIES	15,300	0
NET WORTH	1,999,877	1,148,900
CASH FLOWS FROM OPERATING ACTIVIITES	160,000	(160,000)
CASH FLOWS FROM INVESTING ACTIVIITES	0	0
CASH FLOWS FROM FINANCING ACTIVIITES	0	160,000
CHANGE IN CASH BALANCES	160,000	0

FINANCIAL PERFORMANCE RATIO	2013/14 BUDGET %	2012/13 FORECAST %

CURRENT ASSETS : CURRENT LIABILITIES	1%	No Liabilities
TOTAL ASSETS : TOTAL LIABILITIES	1%	No Liabilities

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2013/14 BUDGET	2012/13 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	1	1
STAFF TURNOVER (%)	0	0
SENIOR MANAGER	n/a	n/a
PROFESSIONAL AND TECHNICAL STAFF		
ADMINISTRATIVE STAFF		

PHYSICAL CAPITAL MEASURES	2013/14 BUDGET $	2012/13 FORECAST $
VALUE OF TOTAL ASSETS	2,015,177	1,046,596
ASSET REPLACEMENTS : TOTAL ASSETS		
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS		
DEPRECIATION : CASH FLOW ON ASSET PURCHASES		
CHANGES TO ASSET MANAGEMENT POLICES	None	

Major Capital Expenditure Projects	2013/14 Target $

Construction of 6-8 homes in Cayman Brac for re-sale	$910,000

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

A full set of forecast financial statements for *Sister Islands Affordable Housing Corporation* is provided in the Appendix to this Ownership Agreement.

OPERATING STATEMENT	2013/14 TARGET $ 000's	2012/13 FORECAST $ 000's
REVENUE	1,304,465	984,465
OPERATING EXPENSES	1,209,067	(1,114,465)
NET SURPLUS/DEFICIT	*95,398*	*(160,000)*

BALANCE SHEET	AS AT JUNE 2014 $ 000's	AS AT JUNE 2013 $ 000's
ASSETS	2,015,177	1,148,900
LIABILITIES	15,300	0
NET WORTH	1,999,877	1,148,900

STATEMENT OF CASH FLOW	2013/14 TARGET $ 000's	2012/13 FORECAST $ 000's
CASH FLOWS FROM OPERATING ACTIVIITES	160,000	(160,000)

CASH FLOWS FROM INVESTING ACTIVIITES	0	0
CASH FLOWS FROM FINANCING ACTIVIITES	0	(160,000)

6. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2012 Revision).

TRANSACTION	AMOUNT FOR 2013/14 $
Equity Investments into *Sister Islands Affordable Housing Corporation*	0
Capital Withdrawals from *Sister Islands Affordable Housing Corporation.*	0
Dividend or Profit Distributions to be made by *Sister Islands Affordable Housing Corporation.*	0
Government Loans to be made to *Sister Islands Affordable Housing Corporation.*	0
Government Guarantees to be issued in relation to *Sister Islands Affordable Housing Corporation.*	0
Related Party Payments (Non Remuneration) made to Key Management Personnel[33]	0
Remuneration[34] Payments made to Key Management Personnel	0
Remuneration Payments made to Senior Management	0

DESCRIPTION	NUMBERS FOR 2013/14 $
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	12
NUMBER OF KEY SENIOR MANAGEMENT (MD)	1

[33] Key Management Personnel as defined by International Public Accounting Standards No 20, eg Minister, Board Member and Senior Management Team

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

AGREEMENT

Scope of this Agreement

In signing this document the Sister Islands Affordable Housing Corporation undertakes to seek to achieve the performance specified in sections 2 to 6 to the best of its ability; and

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

Procedures for Changing this Ownership Agreement

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

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

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Sister Islands Affordable Housing Corporation will seek to achieve for the 2013/14 financial year and that the Cabinet will monitor performance against.

_____

Honourable Moses Kirkconnell, JP
Minister of District Administration, Tourism and Transport
On behalf of Cabinet

_____

Chairman of the Board
Sister Islands Affordable Housing Corporation

4th October 2013

CAYMAN ISLANDS GOVERNMENT

SISTER ISLANDS AFFORDABLE HOUSING CORPORATION
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2014

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2012 Revision).

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

To the best of our knowledge the statements are:

a. Complete and reliable;
b. Fairly reflect the forecast financial position as at 30th June 2014 and performance for the Sister Islands Affordable Housing Corporation for the year ending 30th June 2014; and
c. Comply with generally accepted accounting practice.

_____

Chairman of the Board
Sister Islands Affordable Housing Corporation

4th October 2013

APPENDIX

FORECAST FINANCIAL STATEMENTS

SISTER ISLANDS AFFORDABLE HOUSING CORPORATION

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDING 30 JUNE 2014

Computer Hardware and Software
Computer hardware and software are recorded at cost, and depreciated in accordance with the policy on depreciation.

Accounts Payable
Accounts payable are recorded at the amount owing after allowing for credit notes and other adjustments.

Provisions
Provisions are recognised in accordance with IPSAS 19 Provisions, Contingent Liabilities and Contingent Assets.

Employee entitlements
Amounts incurred but not paid at the end of the reporting period are accrued. Annual leave due, but not taken, is recognised as a liability.

Long service leave liabilities are measured as the present value of estimated leave service entitlements.

Sister Islands Affordable Housing Development Corporation

FORECAST OPERATING STATEMENT

FOR THE YEAR ENDING 30 JUNE 2014

	Note	2013/14 Budget	2012/13 Forecast
			$000
Revenue			
Outputs to Cabinet		74	74
Outputs to other government agencies			
Outputs to others		1,230	910
Interest revenue			
Total Operating Revenue		1,304	984
Operating Expenses			
Personnel costs	**1**	53	53
Supplies and consumables	**2**	26	22
Depreciation	**3**		
Capital charge			
Other operating expenses		1,130	1,070
Total Operating Expenses		1,209	1,145
Surplus from operating activities and before extraordinary items		95	0
Extraordinary items			
Net Surplus/(Deficit)		95	(160)

Sister Islands Affordable Housing Development Corporation

FORECAST STATEMENT OF CHANGES IN NET WORTH

FOR THE YEAR ENDING 30 JUNE 2014

	Note	2013/14 Budget	2012/13 Forecast
		$000	$000
Opening balance net worth		**1,904**	**1,149**
Net surplus		95	(160)
Property revaluations			
Investment revaluations			915
Net revaluations during the period			0
Total recognised revenues and expenses			**1,149**
Equity investment			160
Repayment of surplus			
Capital withdrawal			
Closing balance net worth		**1,999**	**1,904**

Sister Islands Affordable Housing Development Corporation

FORECAST BALANCE SHEET

AS AT 30 JUNE 2014

	Note	2013/14 Budget	2012/13 Forecast
			$000
Current Assets			
Cash and cash equivalents	4	491	1,003
Accounts receivable	5		20
Other Current Assets	6	878	
Total Current Assets		**1368**	**1,023**
Non-Current Assets			
Property, plant and equipment	7	646	126
Other non-current assets			
Total Non-Current Assets		**646**	**126**
Total Assets		**2,015**	**1,149**
Current Liabilities			
Accounts payable	8	15,300	0
Unearned revenue	9		0
Employee entitlements	10		0
Other current liabilities			0
Total Current Liabilities		15,300	0
Non-Current Liabilities			
Employee entitlements	11		0
Other non-current liabilities	12		0
Total Non-Current Liabilities			0
Total Liabilities			0
TOTAL ASSETS LESS TOTAL LIABILITIES		**1,999**	**1,149**
NET WORTH			
Contributed capital		2,064	1,309
Asset revaluation reserve			
Accumulated surpluses		-64,602	(160)
Total Net Worth		**1,999**	**1,149**

Sister Islands Affordable Housing Development Corporation

FORECAST STATEMENT OF CASH FLOWS

FOR THE YEAR ENDING 30 JUNE 2014

		2013/14 Budget	2012/13 Forecast
	Note		$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Outputs to Cabinet		74	75
Outputs to other government agencies			
Outputs to others		1,070	910
Interest received			
Payments			
Personnel costs		(53)	(53)
Suppliers		(21)	(22)
Other payments		(910)	(1,070)
Net cash flows from operating activities		160	(160)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current assets		0	0
Proceeds from sale of non-current assets		0	0
Net cash flows from investing activities		0	0
CASH FLOWS FROM FINANCING ACTIVITIES			
Equity investment		0	160
Repayment of surplus		0	
Capital withdrawal		0	
Net cash flows from financing activities		0	160
Net increase/(decrease) in cash and cash equivalents		160	0
Cash and cash equivalents at beginning of period		331	1,003
Cash and cash equivalents at end of period		**491**	**1,003**

Sister Islands Affordable Housing Development Corporation

NOTES TO THE FORECAST FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 2014

NOTE 1. PERSONNEL COSTS

	2013/14 Budget	2012/13 Forecast
	$000	$000
Salaries and wages (including employee pension contributions)	49	49
Employer/Government pension expense	4	4
Total Personnel Costs	**53**	**53**

NOTE 2. SUPPLIES AND CONSUMABLES

	2013/14 Budget	2012/13 Forecast
	$000	$000
Supply of goods and services	20	15
Operating lease rentals	6	7
Other		
Total Supplies and Consumables	**26**	**22**

NOTE 3. DEPRECIATION

	2013/14 Budget	2012/13 Forecast
	$000	$000
Buildings		
Vehicles		
Aeroplanes		
Boats		
Furniture and fittings		
Computer hardware and software		
Office equipment		
Other plant and equipment		
Other assets		
Total Depreciation	0	0

Assets are depreciated on a straight-line basis as follows:

	Years
Buildings	
Vehicles	
Aeroplanes	
Boats	
Furniture and fittings	
Computer hardware and software	
Office equipment	
Other plant and equipment	
Other assets	

NOTE 4. CASH AND CASH EQUIVALENTS

	2013/14 Budget	**2012/13 Forecast**
	$000	**$000**
Cash on hand		
Bank accounts	491	1,003
Deposits with Portfolio Finance and Economic (Treasury)		
Total Cash and Cash Equivalents	**491**	**1,003**

NOTE 5. ACCOUNTS RECEIVABLE

	2013/14 Budget	2012/13 Forecast
	$000	$000
Outputs to Cabinet	20	20
Outputs to other government agencies		
Outputs to others	857	
Interest receivable		
Prepayments		
Interest Receivable		
Other Receivables		
Total Gross	87	
Less provision for doubtful debts		
Total Net	87	

SISTER ISLANDS AFFORDABLE HOUSING CORPORATION
NOTES TO THE FORECAST FINANCIAL STATEMENTS

NOTE 6. INVENTORIES

	2013/14 Budget	2012/13 Forecast
	$000	$000
Raw Materials (including Consumable Stores)		
Work in Progress		
Finished Goods		
Total Inventories	0	0

NOTE 7. PROPERTY, PLANT AND EQUIPMENT

	Opening Balance	Addition	Disposals	Revaluation	Depreciation	Closing Balance 2013/14 Budget
	$000	$000	$000	$000	$000	$000
Land	126	520				646
Buildings						
Vehicles						
Aeroplanes						
Boats						
Furniture and fittings						
Computer hardware and software						
Office equipment						
Other plant and equipment						
Construction in progress						
Other assets						
Total	126	520				646

	HC or Revalued Amount	Accum Depr	2013/14 Budget
	$000	$000	$000
Buildings			
Vehicles			
Aeroplanes			
Boats			
Furniture and fittings			
Computer hardware and software			
Office equipment			
Other plant and equipment			
Construction in progress			
Other assets (list if material)			
Total			

SISTER ISLANDS AFFORDABLE HOUSING CORPORATION
NOTES TO THE FORECAST FINANCIAL STATEMENTS

NOTE 8. ACCOUNTS PAYABLE

	2013/14 Budget	2012/13 Actual
	$000	$000
Trade Creditors	15,300	
Operating lease rental		
Accruals		
Total	15,300	0

NOTE 9. UNEARNED REVENUE

	2013/14 Budget	2012/13 Actual
	$000	$000
Revenue received in advance		
Total	0	0

NOTE 10. EMPLOYEE ENTITLEMENTS (CURRENT)

	2013/14 Budget	2012/13 Actual
	$000	$000
Long service leave and other leave entitlements		
Other salary related entitlements		
Total Employee Entitlements	0	0

NOTE 11. EMPLOYEE ENTITLEMENTS (NON-CURRENT)

	2013/14 Budget	2012/13 Actual
	$0	$0

Long service leave and other leave entitlements		
Other salary related entitlements		
Total	0	0

SISTER ISLANDS AFFORDABLE HOUSING CORPORATION
NOTES TO THE FORECAST FINANCIAL STATEMENTS

NOTE 12. OTHER NON-CURRENT LIABILITIES

	2013/14 Budget	2012/13 Actual
Provision for agency revenue repayable		
Provision for restructuring		
Accounts payable		
Unearned revenue		
Other		
Total	0	0

NOTE 13. RECONCILIATION OF OPERATING SURPLUS TO CASH FLOWS FROM OPERATING ACTIVITIES

	2013/14 Budget	2012/13 Actual
Operating surplus/(deficit)	95	(160)
Non-cash Movement		
Depreciation		
Increase in provision for doubtful debts		
Increase in payables/accruals		
Net gain/loss from sale of fixed assets		
Net gain/loss from sale of investments		
Increase in other current assets	65	
Increase in receivables		

Net cash flows from operating activities	**160**	**(160)**

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

TOURISM ATTRACTIONS BOARD

FOR THE FINANCIAL YEAR

ENDING 30 JUNE 2014

CONTENTS

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

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Tourism Attractions Board* have agreed the *Tourism Attractions Board* will seek to achieve during the 2013/14 financial year.

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

2. NATURE AND SCOPE OF ACTIVITIES

This section outlines the nature and scope of activities within which the *Tourism Attractions Board* is to operate during the year.

GENERAL NATURE OF ACTIVITIES

The activities of the *Tourism Attraction Board* involve the oversight management and maintenance of tourist attraction sites which fall under its control, as well as the provision of policy directives to the national festival office. The Tourism Attraction Board discharges its statutory obligations through its administrative office, which oversees the implementation of policies, and provides management assistance, including strategic marketing guidance and accounting expertise, to the staff of the attraction sites and the national festival office.

SCOPE OF ACTIVITIES

The scope of the *Tourism Attractions Board* activities is as follows:

The scope of the Tourism Attraction Board activities is as follows:

ADMINISTRATIVE OFFICE – Development and implementation of marketing strategies, personnel management, general accounting & insurance management; preparation of budgets and financial statements; and the provision of secretarial services for the Board.

BOTANIC PARK – Operational management for the display and maintenance of Colour Gardens, Heritage Garden, Orchid Garden and Palm Walk; maintenance of nature trail; plant sales and maintenance; educational seminars; operation of gift shop; promote rental of the site for special events.

PEDRO ST. JAMES –Operational management and custody of a historic site; operation of gift shop and the theatre audio-visual show; bar operation; promote rental of the site for special events; generate revenue from on site activities.

PIRATES' WEEK OFFICE – Organise and schedule units of the festival; generate revenue fromevents, sponsorship, and donations; assist District Heritage Days presentations.

CAYMAN CRAFT MARKET – Organize and manage the activities of artists and vendors; maintenance of building and site; promote Caymanian arts and craft.

HELL ATTRACTION – Preservation of natural resources; maintenance of buildings and site; collection of monthly rental fees

CUSTOMERS AND LOCATION OF ACTIVITIES

The customers come from three markets – residents, stay-over tourists, and cruise ship passengers.

The services provided by the Tourism Attraction Board are supplied through its attractions sites located at; Pedro St. James, Savannah; the Queen Elizabeth II Botanic Park, Frank Sound Rd, North Side; Cayman

Craft Market, George Town; Hell Attraction, West Bay; Pirates' Week Office in George Town. The Tourism Attraction Board Administrative office is located at Suite # 203, Crighton Building, Crewe Road, Grand Cayman.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Tourism Attractions Board* for the 2013/14 financial year are as follows:

- To increase the attendance and subsequently the profitability of the attractions and the national festival.
- To ensure the sustainability of the attractions and the national festival as tourism products in the Cayman Islands.
- To continue to preserve and further enhance the environment and history of the attractions through physical renovations and social awareness.
- To assess visitor expectations, human capital requirements, and commercial opportunities and partnerships.
- To enrich the visitor experience through education, improved signage, and technological enhancements.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2012 Revision) for the *Tourism Attractions Board* for the 2013/14 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2013/14 BUDGET $ 000's	2012/13 FORECAST $ 000's
REVENUE FROM CABINET	2,033,575	2,075,076
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	9,500	9,500
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	508,000	568,206
SURPLUS/DEFICIT FROM OUTPUTS	0	0
OTHER EXPENSES	0	0
NET SURPLUS DEFICIT	0	(75,865)
TOTAL ASSETS	13,279,898	13,611,595
TOTAL LIABILTIES	118,565	450,261
NET WORTH	13,161,333	13,161,334
CASH FLOWS FROM OPERATING ACTIVIITES	(104,896)	190,030
CASH FLOWS FROM INVESTING ACTIVIITES	0	(75,030)
CASH FLOWS FROM FINANCING ACTIVIITES	0	(17,045)
CHANGE IN CASH BALANCES	(104,896)	100,955

FINANCIAL PERFORMANCE RATIO	2013/14 BUDGET %	2012/13 FORECAST %

CURRENT ASSETS : CURRENT LIABILITIES	1197%	336%
TOTAL ASSETS : TOTAL LIABILITIES	11201%	3023%

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2013/14 BUDGET	2012/13 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	33	33
STAFF TURNOVER (%)	2%	3%
SENIOR MANAGER	6	6
PROFESSIONAL AND TECHNICAL STAFF	2	2
ADMINISTRATIVE STAFF	7	7

PHYSICAL CAPITAL MEASURES	2013/14 BUDGET $	2012/13 FORECAST $
VALUE OF TOTAL ASSETS	13,279,898	13,611,595
ASSET REPLACEMENTS : TOTAL ASSETS	0%	0.01%
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	75%	79%
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	0%	316%
CHANGES TO ASSET MANAGEMENT POLICES	None Planned	None Planned

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2012/13	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Queen Elizabeth II Botanic Park: Public Liability Natural Disasters	None None	Insurance Take necessary precautions on-site to minimize damage in the event of a hurricane or other forecasted natural disaster and review insurance policy to ensure adequate coverage is in place.	***Queen Elizabeth II Botanic Park***: Public Liability Natural Disasters
Pedro St. James Castle: Property Loss Due to Hurricanes or other Natural Disasters	None	Take necessary precautions on-site to minimize damage in the event of a hurricane or other forecasted natural disaster and review insurance policy to ensure adequate coverage is in place.	***Pedro St. James Castle***: Property Loss Due to Hurricanes or other Natural Disasters
Pirates' Week: Rain Accidents	None None	None* Insurance	***Pirates' Week:*** Rain Accidents

Craft Market: Public Liability Natural Disasters	None None	Insurance Take necessary precautions on-site to minimize damage in the event of a hurricane or other forecasted natural disaster and review insurance policy to ensure adequate coverage is in place.	***Craft Market:*** Public Liability Natural Disasters
Tourism Attraction Board: Property Loss Due to Hurricanes or other Natural Disasters	None	Take necessary precautions on-site to minimize damage in the event of a hurricane or other forecasted natural disaster and review insurance policy to ensure adequate coverage is in place.	***Tourism Attraction Board:*** Property Loss Due to Hurricanes or other Natural Disasters
Queen Elizabeth II Botanic Park: Public Liability Natural Disasters	None None	Insurance Take necessary precautions on-site to minimize damage in the event of a hurricane or other forecasted natural disaster and review insurance policy to ensure adequate coverage is in place.	***Queen Elizabeth II Botanic Park***: Public Liability Natural Disasters
Pedro St. James Castle: Property Loss Due to Hurricanes or other Natural Disasters	None	Take necessary precautions on-site to minimize damage in the event of a hurricane or other forecasted natural disaster and review insurance policy to ensure adequate coverage is in place.	***Pedro St. James Castle***: Property Loss Due to Hurricanes or other Natural Disasters

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

A full set of forecast financial statements for *Tourism Attractions Board* is provided in the Appendix to this Ownership Agreement.

OPERATING STATEMENT	2013/14 TARGET $ 000's	2012/13 FORECAST $ 000's
REVENUE	2,551,075	2,652,782
OPERATING EXPENSES	2,551,075	2,728,647
NET SURPLUS/DEFICIT	0	(75,865)

BALANCE SHEET	AS AT JUNE 2014 $ 000's	AS AT JUNE 2013 $ 000's
ASSETS	13,279,898	13,611,595
LIABILITIES	118,565	450,261
NET WORTH	13,161,333	13,161,334

STATEMENT OF CASH FLOW	2013/14 TARGET $ 000's	2012/13 FORECAST $ 000's
CASH FLOWS FROM OPERATING ACTIVIITES	(104,896)	190,030
CASH FLOWS FROM INVESTING ACTIVIITES	0	(75,030)
CASH FLOWS FROM FINANCING ACTIVIITES	0	(17,045)

6. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2012 Revision).

TRANSACTION	AMOUNT FOR 2013/14 $
Equity Investments into *Tourism Attractions Board*	0
Capital Withdrawals from *Tourism Attractions Board.*	0
Dividend or Profit Distributions to be made by *Tourism Attractions Board.*	0
Government Loans to be made to *Tourism Attractions Board.*	0
Government Guarantees to be issued in relation to *Tourism Attractions Board.*	0
Related Party Payments (Non Remuneration) made to Key Management Personnel# Key Management Personnel as defined by International Public Accounting Standards No 20, eg Minister, Board Member and Senior Management Team#	0
Remuneration# Remuneration as defined by International Public Accounting Standards No 20 Par 34(a) Number of ppayments made to Key Management Personnel (Board)	0
Remuneration Payments made to Senior Management (MD)	0

DESCRIPTION	NUMBERS FOR 2013/14 $
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	7
NUMBER OF KEY SENIOR MANAGEMENT (MD)	6

AGREEMENT

Scope of this Agreement

In signing this document the Tourism Attractions Board undertakes to seek to achieve the performance specified in sections 2 to 6 to the best of its ability; and

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

Procedures for Changing this Ownership Agreement

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

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

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Tourism Attractions Board will seek to achieve for the 2013/14 financial year and that the Cabinet will monitor performance against.

_____

Honourable Moses Kirkconnell, JP
Minister of District Administration, Tourism and Transport
On behalf of Cabinet

_____

Chairman of the Board
Tourism Attractions Board

4th October 2013

CAYMAN ISLANDS GOVERNMENT

TOURISM ATTRACTIONS BOARD

STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS FOR THE YEAR ENDING 30TH JUNE 2014

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2012 Revision).

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

To the best of our knowledge the statements are:

a. Complete and reliable;
b. Fairly reflect the forecast financial position as at 30th June 2014 and performance for the Tourism Attractions Board for the year ending 30th June 2014; and
c. Comply with generally accepted accounting practice.

_____

Chairman of the Board
Tourism Attractions Board

4th October 2013

APPENDIX

FORECAST FINANCIAL STATEMENTS

FORECAST STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2014

The financial statements of the *Tourism Attraction Board* are stated in Cayman Islands Dollars. These financial statements have been prepared In accordance with International Accounting Standards (IAS) issued by the International Accounting Standards Committee (IASC). A summary of the significant accounting and reporting policies used in preparing these statements are as follows:

(a) Basis of Accounting

The financial statements are prepared In accordance with International Accounting Standards, under the historical cost convention. No account is taken of the effects of inflation.

(b) Use of estimates

The preparation of the financial statements In accordance with International Accounting Standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of Income and expenses during the year. Actual results could differ from these estimates.

(c) Depreciation

Fixed assets are recorded at cost, and depreciated by the straight-line method at the following rates for each entity estimated to write off the cost of the assets over their expected useful lives;

	Queen Elizabeth II Botanic Park
Visitor's Centre	2.0%
Paving and Pathways	10.0%
Equipment, Furniture and Fixtures	12.5%
Start-up Costs and Computer Equipment	33.3%
Motor Vehicles and Shade Houses	20.0%

	Pedro St. James Castle
Visitor's Centre	2.0%
Multimedia, Furniture and Fixtures and Bar and Café Equipment	12.5%
Start-up Costs and Computer Equipment	33.3%
Motor Vehicles	20.0%

	Pirates' Week
Computer Equipment and Office Equipment	33.3%
Furniture, Fixtures, Fittings and Signage	20.0%

	Tourism Attraction Board Administration
Furniture and Fixtures	12.5%
Start-up Costs and Computer Equipment	33.3%

The capital costs of the Great House, Period Furnishings and the Botanical Gardens have not been depreciated since these will be maintained in perpetuity. All future expenditures on these assets will be expensed in the year that these costs are incurred.

(d) Foreign Currency Translation

Assets and liabilities denominated in currencies other than the Cayman Islands Dollar are translated at exchange rates in effect at the balance sheet date. Revenue and expense transactions denominated in currencies other than Cayman Islands Dollars are translated at exchange rates in effect at the time of those transactions. Gains and losses on exchange are taken to the Statement of Income and Expenditure.

(e) Inventory

Inventory is valued at the lower of cost and net realizable value on a first in, first out basis.

(f) Pensions and Other Post-retirement Benefits

During 1998 the Tourism Attraction Board joined a defined contribution Pension Plan, in accordance with the Cayman Islands National Pensions Law the employer and employees began monthly contributions at a rate of 5%. Defined pension scheme contributions are charged to the Statement of Income and Expenditure based on a set contribution rate.

(g) Borrowing Cost

A portion of the interest charges on the loan received for the restoration of the Pedro Castle heritage site has been capitalised. The amount used for capitalisation was determined based on the terms of the loan agreement which requires that the actual interest be calculated and a portion as determined by the Caribbean Development Bank is capitalised and added to the total loan outstanding.

(h) Revenue Recognition

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

(i) Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents represents cash deposits with original maturities of three months or less. All cash and cash equivalents are held at banks In the Cayman Islands.

TOURISM ATTRACTION BOARD

FORECAST OPERATING STATEMENT

FOR THE YEAR ENDING 30 JUNE 2014

STATEMENT OF FINANCIAL PERFORMANCE	Notes	Budget 2013/14
FOR THE YEAR ENDED 30 JUNE 2014		
Revenue		
Sale of goods and services	15	2,551,075
Investment revenue	16	0
Donations	17	0
Other revenue		
Total Revenue		**2,551,075**
Expenses		
Personnel costs	18	1,407,000
Supplies and consumables	19	903,776
Depreciation	7	238,299
Amortisation of Intangible Assets		0
Impairment of property, plant and equipment		
Impairment of inventory		2,000
Finance costs & overdraft interest	20	0
Litigation costs	21	0
Other Gains/(losses)	22	0
Other Operating expenses		
Total Expenses		**2,551,075**
Surplus or (Deficit) for the period		**0**

TOURISM ATTRACTION BOARD

FORECAST STATEMENT OF CHANGES IN NET WORTH

FOR THE YEAR ENDING 30 JUNE 2014

NET WORTH		
Contributed capital		11,637,590
Other Reserves		0
Revaluation reserve		3,157,775
Accumulated surpluses/(deficits)		-1,634,032
Total Net Worth		**13,161,333**

TOURISM ATTRACTION BOARD

FORECAST BALANCE SHEET

AS AT 30 JUNE 2014

STATEMENT OF FINANCIAL POSITION	Notes	**Budget 2013/14**
AS AT 30 JUNE 2014		
Current Assets		
Cash and cash equivalents	**1**	1,243,053
Marketable securities and deposits		
Trade receivables	**2**	85,000
Other receivables	**2**	0
Inventories	**3**	85,000
Investments	**4**	0
Prepayments	**5**	6,500
Loans	**6**	0
Total Current Assets		**1,419,553**
Non-Current Assets		
Trade receivables	**2**	0
Other receivables	**2**	0
Inventories	**3**	0
Investments	**4**	0
Prepayments	**5**	0
Loans	**6**	0
Pension Plan Surplus	**12**	0
Property, plant and equipment	**7**	11,860,345
Intangible Assets	**8**	0
Total Non-Current Assets		**11,860,345**
Total Assets		**13,279,898**
Current Liabilities		
Trade payables	**9**	0

Other payables and accruals	**9**	118,565
Bank Overdraft	**1**	0
Unearned revenue	**10**	0
Employee entitlements	**11**	0
Dividends/Surplus Payable		
Current Portion of Borrowings	**12**	0
Total Current Liabilities		**118,565**
Non-Current Liabilities		
Trade payables	**9**	0
Other payables and accruals	**9**	0
Unearned revenue	**9**	0
Employee entitlements	**10**	0
Unfunded pension liability	**13**	0
Unfunded post retirement health care	**14**	0
Currency Issued		
Long Term portion of Borrowings	**12**	0
Total Non-Current Liabilities		**0**
Total Liabilities		**118,565**
Net Assets		**13,161,333**

TOURISM ATTRACTION BOARD

FORECAST STATEMENT OF CASH FLOWS

FOR THE YEAR ENDING 30 JUNE 2014

CASH FLOW STATEMENT		**Budget 2013/14**
FOR THE YEAR ENDED 30 JUNE 2014		
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Sale of goods and services to Cabinet		2,033,575
Sale of goods and services to other government agencies		9,500
Sale of goods and services - third party		400,750
Interest received		
Donations / Grants		
Other receipts		
Payments		
Personnel costs		-1,427,000
Supplies and consumables		-803,680
Interest paid		
Other payments		-318,041
Net cash flows from operating activities	23	**-104,896**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment		
Proceeds from sale of property, plant and equipment		
Purchase of investments		

Proceeds from sale of investments		
Net cash flows from investing activities		**0**
CASH FLOWS FROM FINANCING ACTIVITIES		
Equity Investment from Cabinet		
Repayment of Surplus/Dividends or Capital withdrawal		
Borrowings		
Repayment of Borrowings		
Currency Issues		
Net cash flows from financing activities		**0**
Net increase/(decrease) in cash and cash equivalents		**-104,896**
Cash and cash equivalents at beginning of period		1,347,949
Cash and cash equivalents at end of period		**1,243,053**

TOURISM ATTRACTION BOARD

NOTES TO THE FORECAST FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 2014

BACKGROUND INFORMATION

The Tourism Attraction Board (TAB) Law was established under the Tourism Attraction Board Law, 1996 (Law 17 of 1996) on 25 November 1996. The primary function of the TAB is the general and financial management of Pedro St. James as a building of historic interest and a heritage site for visitors, and of such other land and buildings as may be vested in it or placed under its management, in accordance with the general policies of the Government. The Queen Elizabeth II Botanic Park is a conservation effort of both the Cayman Islands Government and the National Trust for the Cayman Islands and was the second site placed under the management of the TAB in 1997.

The TAB was given the responsibility for the Pirates' Week office and Hell in 2000. The TAB has been directly involved in the day-to-day management of Hell beginning July 2004. The Pirates' Week Festival is an annual event organized by the Pirates' Week Committee. Since 1995, part of the activities of the Committee in connection with the Festival had been conducted through the Pirates' Week Festival Limited (the "Company"), a Cayman Islands limited liability company. However, during 1998 a decision was taken not to use the Company for this purpose in future. The Company was struck off the Register of Companies in 2001. The assets and liabilities of the Company were transferred to the Festival and the Company was duly terminated. During the year, "Pirates' Week" was registered as a trademark with the Trade Mark Association. The TAB has also been delegated with the responsibility to manage the Cayman Craft Market, which opened for business in September 2005.

The Tourism Attraction Board Administrative Office is located at Suite 203, Crighton Building, Crewe Rd., Grand Cayman. Its mailing address is P. O. Box 31783 SMB, Grand Cayman.

Note 1: Cash and cash equivalents

Description	Currency Amount	Exchange Rate to $CI	Budget 2013/14
Cash on hand	5,226	1.0000	5,226
Cash in transit		1.0000	0
CI$ Account	575,000	1.0000	575,000
US$ Account	790,000	0.8200	647,800
Bank Overdraft		1.0000	0
Payroll Current Account		1.0000	0
Bank Accounts held at other financial institutions		1.0000	0
Short-Term Fixed Deposits	15,027	1.0000	15,027
TOTAL			**1,243,053**

Note 2: Trade and other receivables

Trade Receivables	Budget 2013/14
Sale of goods and services to Cabinet	0
Sale of goods and services to other government agencies	5,000
Sale of goods and services - third party	90,000
Other	
Less: provision for doubtful debts	-10,000
Total trade receivables	**85,000**

Other Receivables	Budget 2013/14
Advances (salary, Official Travel, etc)	
Dishonoured cheques	
Interest receivable	
Other	
Less: provision for doubtful debts	
Total other receivables	**0**

	Trade Receivables	Other Receivables	Budget 2013/14
Current			
Past due 1-30 days	5,000	0	5,000
Past due 31-60 days	45,000		45,000
Past due 61-90 days	20,000		20,000
Past due 90 and above	15,000		15,000
Non-Current			
Past due 1 year and above			0
Total	**85,000**	**0**	**85,000**

Changes in the provision of doubtful debts:

Description	Budget 2013/14
Balance at 1 July 2013	-9,730
Additional provisions made during the year	-1,770
Receivables written off during the period	1,500
Balance at 30 June 2014	-10,000

Note 3: Inventories

Description	Current	Non-Current	Budget 2013/14
Inventory held for use in the provision of goods and services			0
Inventory held for sale	87,000		87,000
Impairment of Inventory b/f	0		0
Impairment of Inventory 2013/14	-2,000		-2,000
TOTAL INVENTORIES	**85,000**	**0**	**85,000**

Note 4: Investments

Investments	Current	Non-Current	Budget 2013/14
			0
			0
			0
			0
Total Investments at the lower of cost or market value	**0**	**0**	**0**

Note 5 Prepayments

Description	Current	Non-Current	Budget 2013/14
Prepaid Expenses	6,500		6,500
			0
			0
			0
			0
Total	**6,500**	**0**	**6,500**

Note 6 Loans

Description	Current	Non-Current	Budget 2013/14
			0
			0
			0
			0
			0
Total	**0**	**0**	**0**

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

UNIVERSITY COLLEGE OF THE CAYMAN ISLANDS

FOR THE FINANCIAL YEAR

ENDING 30 JUNE 2014

CONTENTS

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

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *University College of the Cayman Islands* have agreed the *University College of the Cayman Islands* will seek to achieve during the 2013/14 financial year.

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

2. NATURE AND SCOPE OF ACTIVITIES

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

General Nature of Activities

The *University College of the Cayman Islands* activities involve developing and teaching Tertiary Level Educational Programmes and Continuing Education courses and complimentary Educational services that satisfy the Islands' need for qualified, trained citizens

Scope of Activities

The scope of the *University College of the Cayman Islands* activities is as follows:

- To provide high quality education in career, liberal arts and transfer programmes.
- To prepare students in career programmes to meet the standards and competencies required for employment.
- To respond to varied educational needs of the local University through a range of continuing education, career training and University service programmes.
- To develop new educational programmes in response to the economic development needs of the University in collaboration with the Cayman Islands Government, the Chamber of Commerce, and other local associations.
- To pursue plans for the implementation of Baccalaureate Degree Programmes

CUSTOMERS AND LOCATION OF ACTIVITIES

The customers of the *University College* of the *Cayman Islands* are all residents of the Cayman Islands and the services provided, are provided only in the Cayman Islands.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *University College of the Cayman Islands* for the 2013/14 financial year are as follows:

- Teaching/development of Baccalaureate Degree/Postgraduate Programmes.

- Increase enrolment in all Programmes.

- Increase retention in Vocational Programme.

- Respond in a timely manner to changing training needs**.**

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2012 Revision) for the *University College of the Cayman Islands* for the 2013/14 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2013/14 BUDGET $ 000's	2012/13 FORECAST $ 000's
REVENUE FROM CABINET	3,905,980	3,905,976
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	219,888	221,396
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	2,809,051	2,618,237
SURPLUS/DEFICIT FROM OUTPUTS		
OTHER EXPENSES	6,934,919	6,733,404
NET SURPLUS DEFICIT	-	12,205
TOTAL ASSETS		
TOTAL LIABILTIES	7,247,269	7,458,661
NET WORTH	3,648,336	3,648,336
CASH FLOWS FROM OPERATING ACTIVIITES	403,657	399,848
CASH FLOWS FROM INVESTING ACTIVIITES	(397,212)	(422,330)
CASH FLOWS FROM FINANCING ACTIVIITES	(96,942)	141,384
CHANGE IN CASH BALANCES	(90,497)	118,902

FINANCIAL PERFORMANCE RATIO	2013/14 BUDGET %	2012/13 FORECAST %

CURRENT ASSETS : CURRENT LIABILITIES	1.03:1	1.06:1
TOTAL ASSETS : TOTAL LIABILITIES	2.01:1	1.94:1

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2013/14 BUDGET	2012/13 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	66	66
STAFF TURNOVER (%)		
SENIOR MANAGER	0	0
PROFESSIONAL AND TECHNICAL STAFF	0	10
ADMINISTRATIVE STAFF	0	0

PHYSICAL CAPITAL MEASURES	2013/14 BUDGET $	2012/13 FORECAST $
VALUE OF TOTAL ASSETS	7,247,269	7,458,661
ASSET REPLACEMENTS : TOTAL ASSETS	-	-
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	41.9%	47.0%
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	0.85	1.28
CHANGES TO ASSET MANAGEMENT POLICES	None Planned	None Planned

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

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

OPERATING STATEMENT	2013/14 TARGET $ 000's	2012/13 FORECAST $ 000's
REVENUE	6,934,919	6,745,609
OPERATING EXPENSES	6,934,919	6,733,404
NET SURPLUS/DEFICIT	-	**12,205**

BALANCE SHEET	AS AT JUNE 2014 $ 000's	AS AT JUNE 2013 $ 000's
ASSETS	7,247,269	7,458,661
LIABILITIES	3,598,933	3,810,325
NET WORTH	3,648,336	3,648,336

STATEMENT OF CASH FLOW	2013/14 TARGET $ 000's	2012/13 FORECAST $ 000's
CASH FLOWS FROM OPERATING ACTIVIITES	*403,657*	399,848
CASH FLOWS FROM INVESTING ACTIVIITES	*(397,212)*	(422,330)

CASH FLOWS FROM FINANCING ACTIVIITES	*(96,942)*	141,384

6. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2012 Revision).

TRANSACTION	AMOUNT FOR 2013/14 $
Remuneration Payments made to Key Management Personnel	144,804
Remuneration Payments made to Senior Management	446,144

DESCRIPTION	NUMBERS FOR 2013/14 $
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	1
NUMBER OF KEY SENIOR MANAGEMENT (MD)	5

AGREEMENT

Scope of this Agreement

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

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

Procedures for Changing this Ownership Agreement

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

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

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the University College of the Cayman Islands will seek to achieve for the 2013/14 financial year and that the Cabinet will monitor performance against.

_____

Honourable Tara Rivers
Minister of Education, Employment and Gender Affairs
On behalf of Cabinet

_____

Chairman of the Board
University College of the Cayman Islands

4th October 2013

CAYMAN ISLANDS GOVERNMENT

UNIVERSITY COLLEGE OF THE CAYMAN ISLANDS
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2014

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2012 Revision).

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

To the best of our knowledge the statements are:

a. Complete and reliable;
b. Fairly reflect the forecast financial position as at 30th June 2014 and performance for the University College of the Cayman Islands for the year ending 30th June 2014; and
c. Comply with generally accepted accounting practice.

_____

Chairman of the Board
University College of the Cayman Islands

4th October 2013

APPENDIX

FORECAST FINANCIAL STATEMENTS

UNIVERSITY COLLEGE OF THE CAYMAN ISLANDS
STATEMENT OF ACCOUNTING POLICIES
AS AT 30TH JUNE 2014

General Accounting Policies

Reporting entity

These forecast financial statements are for the ***University College of the Cayman Islands***

Basis of preparation

The forecast financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSASs) using the accrual basis of accounting. Where there is currently no IPSAS, other authoritative pronouncements such as International Accounting Standards and United Kingdom reporting standards applicable to the public sector have been used. The measurement base applied is historical cost adjusted for revaluations of certain assets.

The forecast financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently.

Reporting Period

The reporting period is the period ended 30 June 2014

The Budget forecast is the accrualised version of the original forecast for the financial year, as presented in the 2013/14 Budget.

Specific Accounting Policies

Revenue

Output revenue

Output revenue, including revenue resulting from user charges or fees, is recognised when it is earned.

Interest revenue

Interest revenue is recognised in the period in which it is earned.

Expenses

General

Expenses are recognised when incurred.

Depreciation

Depreciation of non-financial physical assets is generally provided on a straight-line basis at rates based on the expected useful lives of those assets.

Assets

Cash and cash equivalents

Cash and cash equivalents include cash held in the Ministry or Portfolio's bank account and on deposit with the Portfolio of Finance and Economics (Treasury).

Receivables and advances

Receivables and advances are recorded at the amounts expected to be ultimately collected in cash.

Inventory

Inventories are recorded at the lower of cost and net current value. Where inventories are valued at cost, specific identification or the FIFO method has been used. Appropriate allowance has been made for obsolescence.

Property, Plant and Equipment (including Infrastructure Assets)

Buildings are recorded at historical cost (or fair value as at time of first recognition) or valuation.

Other plant and equipment, which includes motor vehicles and office equipment, is recorded at cost (or fair value if acquired prior to 2010) less accumulated depreciation.

Computer Hardware and Software

Computer hardware and software are recorded at cost, and depreciated in accordance with the policy

on depreciation.

Liabilities

Accounts Payable

Accounts payable are recorded at the amount owing after allowing for credit notes and other adjustments.

Provisions

Provisions are recognised in accordance with IPSAS 19 Provisions, Contingent Liabilities and Contingent Assets.

Employee entitlements

Amounts incurred but not paid at the end of the reporting period are accrued. Annual leave due, but not taken, is recognised as a liability.

Long service leave liabilities are measured as the present value of estimated leave service entitlements.

The University College of the Cayman Islands

FORECAST OPERATING STATEMENT

FOR THE YEAR ENDING 30 JUNE 2014

	Note	2013/14 Budget $	2012/13 Est. Actual $	2011/12 Actual $
Revenue				
Outputs to Cabinet		**3,905,980**	**3,905,976**	**4,231,440**
Outputs to other government agencies		**219,888**	**221,396**	**181,026**
Outputs to others		**2,809,038**	**2,618,224**	**2,978,521**
Interest revenue		**13**	**13**	**7**
Insurance proceeds		**-**	**-**	
Total Operating Revenue		**6,934,919**	**6,745,609**	**7,390,994**
Operating Expenses				
Personnel costs	1	**4,402,616**	**4,505,898**	**4,733,536**
Supplies and consumables	2	**499,085**	**442,066**	**397,535**
Depreciation	3	**434,778**	**437,061**	**439,374**
Finance Costs		**16,733**	**16,733**	**13,235**

Other operating expenses		**1,581,707**	**1,331,646**	**1,362,215**

Total Operating Expenses		**6,934,919**	**6,733,404**	**6,945,895**
Surplus from operating activities and before extraordinary items		**-**	**12,205**	**445,099**
Extraordinary items		**-**	**-**	**-**
Net Surplus		**-**	**12,205**	**445,099**

THE UNIVERSITY COLLEGE OF THE CAYMAN ISLANDS

FORECAST STATEMENT OF CHANGES IN NET WORTH

FOR THE YEAR ENDING 30 JUNE 2014

	Note	2013/14 Budget $	2012/13 Est. Actual $	2011/12 Actual $
Opening balance net worth		**3,348,336**	**3,395,016**	**2,949,495**
Net surplus		**-**	**12,205**	**445,099**
Property revaluations		**-**	**-**	**-**
Investment revaluations		**-**	**-**	**-**
Net reserve adj. during the period		**-**	**-**	**-**
Total recognised revenues and expenses		**-**	**3,407,221**	**3,394,594**
Interest Earned on Capital Fund		**-**	**375**	**422**
Equity investment		**-**	**240,740**	**-**
Repayment of surplus		**-**	**-**	**-**
Capital withdrawal		**-**	**-**	**-**
Closing balance net worth		**3,348,336**	**3,648,336**	**3,395,016**

the university college of the cayman islands

FORECAST BALANCE SHEET

AS AT 30 JUNE 2014

	Note	2013/14 Budget $	2012/13 Est. Actual $	2011/12 Actual $
Current Assets				
Cash and cash equivalents	4	**431,946**	**522,443**	**403,541**
Accounts receivable & prepayments	5	**634,704**	**684,704**	**680,491**
Marketable Securities		**-**	**-**	**-**
Inventories	6	**212,500**	**245,828**	**170,678**
Total Current Assets		**1,279,150**	**1,452,975**	**1,254,710**
Non-Current Assets				
Property, plant and equipment	7	**5,968,120**	**6,005,686**	**6,020,415**
Other non-current assets		**-**	**-**	**-**
Total Non-Current Assets		**5,968,120**	**6,005,686**	**6,020,415**
Total Assets		**7,247,269**	**7,458,661**	**7,275,125**
Current Liabilities				

Accounts payable	8	**174,967**	**235,967**	**241,204**
Unearned revenue	9	**-**	**-**	**-**
Employee entitlements	10	**339,500**	**305,930**	**340,498**
Other current liabilities		**732,176**	**819,196**	**776,072**
Total Current Liabilities		**1,246,643**	**1,361,093**	**1,357,774**
Non-Current Liabilities				
Employee entitlements	11	**-**		
Other non-current liabilities	12	**2,352,290**	**2,449,232**	**2,522,335**
Total Non-Current Liabilities		**2,352,290**	**2,449,232**	**2,522,335**
Total Liabilities		**3,598,933**	**3,810,325**	**3,880,109**
TOTAL ASSETS LESS TOTAL LIABILITIES		**3,648,336**	**3,648,336**	**3,395,016**
NET WORTH				
Contributed capital		**4,490,682**	**4,490,682**	**4,249,942**
Capital Fund		**301,057**	**301,057**	**300,682**
Accumulated surpluses		**(1,143,403)**	**(1,143,403)**	**(1,155,608)**
Total Net Worth		**3,648,336**	**3,648,336**	**3,395,016**

the university college of the cayman islands

FORECAST STATEMENT OF CASH FLOWS

FOR THE YEAR ENDING 30 JUNE 2014

	Note	2013/14 Forecast $	2012/13 Est. Actual $	2011/12 Actual $
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Outputs to Cabinet		**3,989,613**	**4,130,372**	**4,273,340**
Outputs to other government agencies		**219,888**	**112,690**	**181,026**
Outputs to others		**2,610,410**	**2,501,333**	**2,656,383**
Interest received		**13**	**-**	**-**
Other Receipts		**-**	**-**	**-**
Payments				
Personnel costs		**(4,402,616)**	**(4,505,898)**	**(4,733,536)**
Suppliers		**(1,996,638)**	**(1,821,916)**	**(1,868,801)**
Interest Paid		**(16,733)**	**(16,733)**	**(14,227)**
Other payments		**(280)**	**-**	**-**
Net cash flows from operating activities	13	**403,657**	**399,848**	**494,185**

CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of non-current assets		**(397,212)**	**(422,330)**	**(275,337)**
Gain on sale of non-current asset		**-**	**-**	**-**
Net cash flows from investing activities		**(397,212)**	**(422,330)**	**(275,337)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Equity investment		**-**	**240,740**	
Repayment of long term debt		**(96,942)**	**(99,731)**	**(123,732)**
Capital Fund Interest		**-**	**375**	**422**
Capital Fund Withdrawal		**-**	**-**	**-**
Net cash flows from financing activities		**(96,942)**	**141,384**	**(123,310)**
Net increase/(decrease) in cash and cash equivalents		**(90,497)**	**118,902**	**95,538**
Cash and cash equivalents at beginning of period		**522,443**	**403,541**	**308,003**
Cash and cash equivalents at end of period	4	**431,946**	**522,443**	**403,541**

THE UNIVERSITY COLLEGE OF THE CAYMAN ISLANDS

NOTES TO THE FORECAST FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 JUNE 2014

Note 1. Personnel costs

	2013/14 Budget	2012/13 Est. Actual	2011/12 Actual
	$	$	$
Salaries and wages (including employee pension contributions)	**4,071,676**	**4,209,980**	**4,283,779**
Employer Pension Expense	**131,645**	**130,213**	**248,191**
Other personnel related expenses	**199,295**	**165,705**	**201,566**
Total Personnel Costs	**4,402,616**	**4,505,898**	**4,733,536**

Note 2. Supplies and consumables

	2013/14 Budget	2012/13 Est. Actual	2011/12 Actual
	$	$	$
Supply and consumables	**499,085**	**442,066**	**397,535**
Purchase of services			
Operating lease rentals			

Other			
Total Supplies and Consumables	**499,085**	**442,066**	**397,535**

Note 3. Depreciation

	2013/14 Budget	2012/13 Est. Actual	2011/12 Actual
	$	$	$
Buildings	**219,480**	**238,656**	**238,178**
Vehicles	**3,600**	**1,450**	**-**
Aeroplanes	**-**	**-**	**-**
Boats	**-**	**-**	**-**
Furniture and fittings	**86,400**	**72,029**	**98,968**
Computer hardware and software	**102,400**	**106,358**	**94,104**
Office equipment	**-**	**-**	**-**
Other plant and equipment	**-**	**-**	**-**
Other assets	**22,898**	**18,568**	**8,124**
Total Depreciation	**434,778**	**437,061**	**439,374**

Assets are depreciated on a straight-line basis as follows:

	Years
Buildings	40
Vehicles & Other Intangibles	4
Aeroplanes	N/A
Boats	N/A
Furniture and fittings	5-10
Computer hardware and software	3
Office equipment	N/A
Other plant and equipment	N/A
Other assets (Library Books)	2-8

Note 4. Cash and cash equivalents

	2013/14 Budget	2012/13 Est. Actual	2011/12 Actual
	$	$	$
Cash on hand	**4,475**	**4,475**	**2,650**
Bank accounts	**427,471**	**517,968**	**400,891**
Deposits with Portfolio Finance and Economic (Treasury)	-	-	-
Total Cash and Cash Equivalents	**431,946**	**522,443**	**403,541**

Note 5. Accounts Receivable

	2013/14 Budget	2012/13 Est. Actual	2011/12 Actual
	$	$	$
Outputs to Cabinet	**325,498**	**409,131**	**633,527**
Outputs to other government agencies	**162,000**	**149,958**	**41,252**
Outputs to others	**204,706**	**193,872**	**366,827**
Interest receivable	-	-	-
Prepayments	**42,500**	**43,853**	**38,662**
Other Receivables	-	**11,465**	**350,675**
Total Gross	**734,704**	**808,279**	**1,430,943**
Less provision for doubtful debts	**(100,000)**	**(123,575)**	**(750,452)**
Total Net	**634,704**	**684,704**	**680,491**

Note 6. Inventories

	2013/14 Budget	2012/13 Est. Actual	2011/12 Actual
	$	$	$
Raw Materials (including Consumable Stores)	-	-	-
Work in Progress	-	-	-
Finished Goods	**212,500**	**245,828**	**170,678**
Total Inventories	**212,500**	**245,828**	**170,678**

Note 7. Property, Plant and Equipment

	Opening Balance	Addition	Disposals	Revalue	Depr.	Closing Balance 2013/14 Forecast
Land	**273,090**	-	-	-	-	**273,090**
Buildings	**5,254,897**	**372,166**	-	-	**219,480**	**5,407,583**
Vehicles	**4,350**	-	-	-	**3,600**	**750**
Aeroplanes	-	-	-	-	-	-
Boats	-	-	-	-	-	-
Furniture and fittings	**129,935**	**166,127**	-	-	**86,400**	**209,662**

Computer hardware and software	**128,994**	**31,775**	**-**	**-**	**102,400**	**58,369**
Office equipment	**-**	**-**	**-**	**-**	**-**	**-**
Other plant and equipment	**-**	**-**	**-**	**-**	**-**	**-**
Construction in progress	**172,856**	**-**	**172,856**	**-**	**-**	**-**
Other assets	**41,564**	**-**	**-**	**-**	**22,898**	**18,666**
Total	**6,005,686**	**397,212**	**-**	**-**	**434,778**	**5,968,120**

	HC or Revalued Amount 2012/13	Accum. Depr. 2013/14	2013/14 Budget	2012/13 Est Actual
Land	**273,090**	**-**	**273,090**	**273,090**
Buildings	**9,918,394**	**4,510,811**	**5,407,583**	**5,254,897**
Vehicles	**15,085**	**14,335**	**750**	**4,350**
Aeroplanes	**-**	**-**	**-**	**-**
Boats	**-**	**-**	**-**	**-**
Furniture and fittings	**1,292,789**	**1,083,127**	**209,662**	**129,935**
Computer hardware and software	**1,222,774**	**1,164,405**	**58,369**	**128,994**
Office equipment	**-**	**-**	**-**	**-**
Other plant and equipment	**-**	**-**	**-**	**-**
Construction in progress	**-**	**-**	**-**	**172,856**
Other assets (list if material)	**462,527**	**443,861**	**18,666**	**41,564**
Total	**13,184,659**	**7,216,539**	**5,968,120**	**6,005,686**

Note 8. Accounts Payable

	2013/14 Budget	2012/13 Est. Actual	2011/12 Actual
	$	**$**	**$**

Trade Creditors	**174,967**	**235,967**	**241,204**
Operating lease rental	-	-	-
Accruals	-	-	-
Total	**174,967**	**235,967**	**241,204**

Note 9. Unearned Revenue

	2013/14	**2012/13**	**2011/12**
	Budget	**Est. Actual**	**Actual**
	$	**$**	**$**
Revenue received in advance	-	-	-
Total	-	-	-

Note 10. Employee entitlements (Current)

	2013/14	**2012/13**	**2011/12**
	Budget	**Est. Actual**	**Actual**
	$	**$**	**$**
Long service leave and other leave entitlements	-	-	-
Other salary related entitlements	**252,471**	**350,722**	**524,796**
Total Employee Entitlements	**252,471**	**350,722**	**524,796**

Note 11.Employee entitlements (Non-current)

	2013/14 Budget	2012/13 Est. Actual	2011/12 Actual
	$	$	$
Long service leave and other leave entitlements	-	-	-
Other salary related entitlements	-	-	-
Total	-	-	-

Note 12. Other Non-Current Liabilities

	2013/14 Budget	2012/13 Es.t Actual	2011/12 Actual
	$	$	$
Provision for agency revenue repayable		-	-
Provision for restructuring		-	-
Accounts payable		-	-
Past Service Liability (Pensions)	**647,000**	**647,000**	**600,000**
Other (Long Term Loans)	**1,705,290**	**1,802,232**	**1,922,335**
Total	**2,352,290**	**2,449,232**	**2,522,335**

Note 13. Reconciliation of Operating Surplus to Cash Flows from Operating Activities

	2013/14 Budget	2012/13 Est. Actual	2011/12 Actual
	$	$	$
Operating surplus/(deficit)	-	12,205	445,099
Non-cash movements			
Depreciation	434,778	437,061	439,374
Interest and foreign exchanges	-	26,627	(139,548)
Retained Earnings Adjustments	-	-	-
Increase in payables/accruals	(114,450)	(172)	(139,665)
Net gain/loss from sale of fixed assets	-	-	-
Increase in Past Service Liability	-	-	47,000
Increase in other current assets	33,329	(80,342)	(1,155)
Increase in receivables	50,000	4,469	(156,920)
Net cash flows from operating activities	403,657	399,848	494,185

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

WATER AUTHORITY

FOR THE FINANCIAL YEAR

ENDING 30 JUNE 2014

CONTENTS

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

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Water Authority* have agreed the *Water Authority* will seek to achieve during the 2013/14 financial year.

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

2. NATURE AND SCOPE OF ACTIVITIES

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

General Nature of Activities

General Nature and Scope of Activities

The Water Authority – Cayman's activities are;

To ensure that the entire population of the Cayman Islands have access to a pure, wholesome and affordable supply of potable water; and to regulate other entities who are licensed by the Government to provide public water supplies.

To protect and develop groundwater resources for the benefit of present and future populations of these islands.

To provide for the collection, treatment and disposal of sewage within these islands in a manner that is safe, efficient and affordable.

To operate in such a manner as to be financially self-sufficient, while contributing to the economy of these islands and achieving a reasonable and acceptable return on capital investments.

Customers and Location of Activities

Water Authority – Cayman provides sewer services on Grand Cayman and potable water to both Grand Cayman and Cayman Brac. The administrative offices are located at 13G Red Gate Road (949-2837) with a satellite office on the island of Cayman Brac (947-1403**).**

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Water Authority* for the 2013/14 financial year are as follows:

Island of Grand Cayman – Misc. extensions, system connections, new road expansion – to provide water to unserviced areas within the general distribution grid.

- Red Gate Site – Replace water storage tank and pumping station refurbishment
- Red Gate Site – Vehicle Maintenance Building – construct a special purpose building for fleet maintenance, relocating the buildings and equipment staff and operations from the WWTP to the Red Gate Site. To be financed from proceeds of Wastewater Asset sale.
- Cayman Brac Extension – WAC portion of design costs and preliminary investigations into the extension of piped water to residents living on the north side of Cayman Brac.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2012 Revision) for the *Water Authority* for the 2013/14 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2013/14 BUDGET $ 000's	2012/13 FORECAST $ 000's
REVENUE FROM CABINET	N/A	N/A
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	N/A	N/A
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	29,869,408	25,569,262
SURPLUS/DEFICIT FROM OUTPUTS	10,217,534	6,643,113
OTHER EXPENSES	6,700,502	6,502,650
NET SURPLUS DEFICIT	3,517,032	140,463
TOTAL ASSETS	79,651,960	78,632,414
TOTAL LIABILTIES	19,643,235	22,040,722
NET WORTH	60,008,725	56,591,693
CASH FLOWS FROM OPERATING ACTIVIITES	5,566,414	5,031,283
CASH FLOWS FROM INVESTING ACTIVIITES	(3,550,750)	(2,379,537)
CASH FLOWS FROM FINANCING ACTIVIITES	(2,528,500)	(4,988,771)
CHANGE IN CASH BALANCES	(512,836)	(2,337,025)

FINANCIAL PERFORMANCE RATIO	2013/14 BUDGET %	2012/13 FORECAST %

CURRENT ASSETS : CURRENT LIABILITIES	1.19	3.77
TOTAL ASSETS : TOTAL LIABILITIES	4.05	3.57

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2013/14 BUDGET	2012/13 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	123	123
STAFF TURNOVER (%)	14%	14%
SENIOR MANAGER		
PROFESSIONAL AND TECHNICAL STAFF	14	13
ADMINISTRATIVE STAFF	12	11

PHYSICAL CAPITAL MEASURES	2013/14 BUDGET $	2012/13 FORECAST $
VALUE OF TOTAL ASSETS	73,480,248	71,893,443
ASSET REPLACEMENTS : TOTAL ASSETS	4.0%	2.5%
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	64%	67.4%
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	95%	157.1%
CHANGES TO ASSET MANAGEMENT POLICES	None	None

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2012/13	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Employee / Public Liability / Motor Vehicle /	No identified change in risk status	Adequate insurance maintained to mitigate the risk	Undeterminable

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

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

OPERATING STATEMENT	2013/14 TARGET $ 000's	2012/13 FORECAST $ 000's
REVENUE	29,869,408	25,569,262
OPERATING EXPENSES	26,352,376	25,428,799
NET SURPLUS/DEFICIT	*3,517,032*	*140,463*

BALANCE SHEET	AS AT JUNE 2014 $ 000's	AS AT JUNE 2013 $ 000's
ASSETS	79,651,960	78,632,414
LIABILITIES	19,643,235	22,040,722
NET WORTH	60,008,725	56,591,693

STATEMENT OF CASH FLOW	2013/14 TARGET $ 000's	2012/13 FORECAST $ 000's
CASH FLOWS FROM OPERATING ACTIVIITES	5,566,414	5,031,283
CASH FLOWS FROM INVESTING ACTIVIITES	(3,550,750)	(2,279,537)
CASH FLOWS FROM FINANCING ACTIVIITES	(2,528,500)	(4,988,771)

6. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2012 Revision).

TRANSACTION	AMOUNT FOR 2013/14 $
Equity Investments into Water Authority – Cayman	Nil
Capital Withdrawals from Water Authority - Cayman	Nil
Dividend or Profit Distributions to be made by Water Authority – Cayman	100,000
Government Loans to be made to Water Authority – Cayman	Nil
Government Guarantees to be issued in relation to Water Authority – Cayman	Nil
Related Party Payments (Non Remuneration) made to Key Management Personnel[35]	Nil
Remuneration[36] Payments made to Key Management Personnel (Director, Deputy Director, Operations Manager, Human Resources, Customer Service, Finance, IT, Water Resources and Cayman Brac)	Approx. 1,250,000
Remuneration Payments made to Senior Management	Same as above

DESCRIPTION	NUMBERS FOR 2013/14 $
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	8
NUMBER OF KEY SENIOR MANAGEMENT (MD)	8

[35] Key Management Personnel as defined by International Public Accounting Standards No 20, eg Minister, Board Member and Senior Management Team

[36] Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

AGREEMENT

Scope of this Agreement

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

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

Procedures for Changing this Ownership Agreement

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

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

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Water Authority will seek to achieve for the 2013/14 financial year and that the Cabinet will monitor performance against.

_____

Honourable Kurt Tibbetts, OBE, JP

Minister of Planning, Lands, Agriculture Housing and Infrastructure

On behalf of Cabinet

_____

Chairman of the Board

Water Authority

4th October 2013

CAYMAN ISLANDS GOVERNMENT

WATER AUTHORITY

STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS FOR THE YEAR ENDING 30TH JUNE 2014

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2012 Revision).

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

To the best of our knowledge the statements are:

a. Complete and reliable;
b. Fairly reflect the forecast financial position as at 30th June 2014 and performance for the Water Authority for the year ending 30th June 2014; and
c. Comply with generally accepted accounting practice.

_____

Chairman of the Board
Water Authority

4th October 2013

APPENDIX

FORECAST FINANCIAL STATEMENTS

WATER AUTHORITY

FORECAST STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2014

CAYMAN ISLANDS GOVERNMENT POSITION	Notes	Budget 2013/14
AS AT 30 JUNE 2014		
Current Assets		
Cash and cash equivalents	**1**	5,912,415
Marketable securities and deposits		

STATEMENT OF FINANCIAL PERFORMANCE	Notes	Budget 2013/14
FOR THE YEAR ENDED 30 JUNE 2014		
Revenue		
Sale of goods and services	15	30,596,569
Investment revenue	16	1,414,771
Donations	17	0
Other revenue		
Total Revenue		**32,011,340**
Expenses		
Personnel costs	18	7,735,386
Supplies and consumables	19	17,085,976
Depreciation	7	3,711,882
Amortisation of Intangible Assets		0
Impairment of property, plant and equipment		
Impairment of inventory		0
Finance costs & overdraft interest	20	652,080
Litigation costs	21	385,000
Other Gains/(losses)	22	0
Other Operating expenses		
Total Expenses		**29,570,324**
Surplus or (Deficit) for the period		**2,441,016**

CASH FLOW STATEMENT		Budget 2013/14
FOR THE YEAR ENDED 30 JUNE 2014		
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Sale of goods and services to Cabinet		
Sale of goods and services to other government agencies		
Sale of goods and services - third party		32,011,340
Interest received		
Donations / Grants		
Other receipts		
Payments		
Personnel costs		-7,735,386
Supplies and consumables		-17,085,976
Interest paid		-652,080
Other payments		-148,758
Net cash flows from operating activities	23	**6,389,140**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment		**-5,335,900**
Proceeds from sale of property, plant and equipment		
Purchase of investments		
Proceeds from sale of investments		
Net cash flows from investing activities		**-5,335,900**
CASH FLOWS FROM FINANCING ACTIVITIES		
Equity Investment from Cabinet		
Repayment of Surplus/Dividends or Capital withdrawal		-100,000
Borrowings		
Repayment of Borrowings		-2,566,355
Currency Issues		
Net cash flows from financing activities		**-2,666,355**
Net increase/(decrease) in cash and cash equivalents		**-1,613,115**
Cash and cash equivalents at beginning of period		7,525,530
Cash and cash equivalents at end of period		**5,912,415**

STATEMENT OF CHANGES IN NET WORTH					
FOR THE YEAR ENDED 30 JUNE 2013					
	Contributed Capital	**Reserves**	**Revaluation Reserve**	**Accumulated Surplus/ (deficits)**	**Total**
Balance at 30 June 2012	236,000			63,593,460	63,829,460
Changes in net worth for 2011/12					
Changes in accounting policy					0
Prior Year Adjustments					0
Restated balance	236,000	0	0	63,593,460	63,829,460
Changes in net worth for 2012/13					
Gain on property revaluation					0
Gain/ on revaluation of investments					0
Exchange differences on translating foreign operations					0
Equity Investment from Cabinet					0
Capital withdrawals by Cabinet				-5,025,000	-5,025,000
Repayment of surplus/Dividends to Cabinet					0
Net revenue / expenses recognised directly in net worth	0	0	0	-5,025,000	-5,025,000
Surplus/(deficit)for the period 2012/13				3,510,488	3,510,488
Total recognised revenues and expenses for the period	0	0	0	-1,514,512	-1,514,512
Balance at 30 June 2013 carried forward	236,000	0	0	62,078,948	62,314,948
	Contributed Capital	**Other Reserves**	**Revaluation Reserve**	**Accumulated Surplus/ (deficits)**	**Total**
Balance at 30 June 2013 brought forward	236,000	0	0	62,078,948	62,314,948
Changes in net worth for 2012/13					
Changes in accounting policy					0
Prior Year Adjustments					0
Restated balance	236,000	0	0	62,078,948	62,314,948
Changes in net worth for 2013/14					
Gain/(loss) on property revaluation					0
Gain/(loss) on revaluation of investments					0
Exchange differences on translating foreign operations					0
Equity Investment from Cabinet					0
Capital withdrawals by Cabinet					0
Repayment of surplus/Dividends to Cabinet					0
Net revenue / expenses recognised directly in net worth	0	0	0	0	0
Surplus/(deficit)for the period 2013/14				2,441,016	2,441,016
Total recognised revenues and expenses for the period	0	0	0	2,441,016	2,441,016
Balance at 30 June 2014	236,000	0	0	64,519,964	64,755,964