CAYMAN ISLANDS GOVERNMENT

2014/15 BUDGET

OWNERSHIP AGREEMENTS

FOR THE YEAR ENDING 30 JUNE 2015

Table of Contents

PREFACE 3

AUDITORS OVERSIGHT AUTHORITY 5

CAYMAN AIRWAYS LIMITED 29

CAYMAN ISLANDS AIRPORTS AUTHORITY 59

CAYMAN ISLANDS DEVELOPMENT BANK 83

CAYMAN ISLANDS MONETARY AUTHORITY 109

CAYMAN ISLANDS NATIONAL INSURANCE COMPANY LIMITED (CINICO) 141

CAYMAN ISLANDS NATIONAL MUSEUM 167

CAYMAN ISLANDS STOCK EXCHANGE 199

CAYMAN NATIONAL CULTural FOUNDATION 227

CAYMAN TURTLE FARM (1983) LIMITED 249

CHILDREN AND YOUTH SERVICES (CAYS) FOUNDATION 285

CIVIL AVIATION AUTHORITY 309

ELECTRICITY REGULATORY AUTHORITY 331

HEALTH SERVICES AUTHORITY 351

INFORMATION AND COMMUNICATIONS TECHNOLOGY AUTHORITY 395

MARITIME AUTHORITY OF THE CAYMAN ISLANDS 427

THE NATIONAL DRUG COUNCIL 457

NATIONAL GALLERY OF THE CAYMAN ISLANDS 481

NATIONAL HOUSING DEVELOPMENT TRUST 509

NATIONAL ROADS AUTHORITY 533

PORT AUTHORITY OF THE CAYMAN ISLANDS 563

PUBLIC SERVICE PENSION BOARD 589

SISTER ISLANDS AFFORDABLE HOUSING CORPORATION 611

TOURISM ATTRACTIONS BOARD 637

UNIVERSITY COLLEGE OF THE CAYMAN ISLANDS 665

WATER AUTHORITY 698

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 2014/15 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 2015

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

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 2014/15 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 2014/15 financial year are as follows:

- Complete and issue the Rules required under Section 29 of the AOL which ensure an auditor auditing a market traded company will be subject in the Islands to a system of oversight, quality assurance, investigation and penalties;

- Establish and implement an inspection of auditors auditing market traded companies; and

- Complete obtaining equivalency status with the European Union and Japan so auditor oversight authorities in the European Union and Japan can rely on AOA inspections.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2013 Revision) for the *Auditors Oversight Authority* for the 2014/15 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2014/15 BUDGET $ 000's	2013/14 FORECAST $ 000's
REVENUE FROM CABINET	340,000	340,000
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	315,000	315,000
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS		
SURPLUS/DEFICIT FROM OUTPUTS	10,000	
OTHER EXPENSES	325,000	315,000
NET SURPLUS DEFICIT	340,000	310,200
TOTAL ASSETS	(15,000)	4,800
TOTAL LIABILTIES	258,500	273,500
NET WORTH	250,500	265,500
CASH FLOWS FROM OPERATING ACTIVIITES	(15,000)	(18,100)
CASH FLOWS FROM INVESTING ACTIVIITES		
CASH FLOWS FROM FINANCING ACTIVIITES		
CHANGE IN CASH BALANCES	(15,000)	(18,100)

FINANCIAL PERFORMANCE RATIO	2014/15 BUDGET %	2013/14 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	32.3:1	34.2:1
TOTAL ASSETS : TOTAL LIABILITIES	32.3:1	34.2:1

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2014/15 BUDGET	2013/14 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	1	1
STAFF TURNOVER (%)	0	0
SENIOR MANAGER (Managing Director)	19	7
PROFESSIONAL AND TECHNICAL STAFF		
ADMINISTRATIVE STAFF		

PHYSICAL CAPITAL MEASURES	2013/14 BUDGET $	2014/15 FORECAST $
VALUE OF TOTAL ASSETS	258,500	273,500
ASSET REPLACEMENTS : TOTAL ASSETS	258,500	273,500
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 2013/14	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	2014/15 TARGET $ 000's	2013/14 FORECAST $ 000's
REVENUE	325,000	315,000
OPERATING EXPENSES	340,000	310.200
NET SURPLUS/DEFICIT	(15,000)	4,800

BALANCE SHEET	AS AT JUNE 2015 $ 000's	AS AT JUNE 2014 $ 000's
ASSETS	258,500	273,500
LIABILITIES	8,000	8,000
NET WORTH	250,500	265.500

STATEMENT OF CASH FLOW	2014/15 TARGET $ 000's	2013/14 FORECAST $ 000's
CASH FLOWS FROM OPERATING ACTIVIITES	(15,000)	(18,100)
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 (2013 Revision).

TRANSACTION	AMOUNT FOR 2014/15 $
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#	75,000
Remuneration# Remuneration as defined by International Public Accounting Standards No 20 Par 34(a) Number of ppayments made to Key Management Personnel (Board)	110,,000
Remuneration Payments made to Senior Management (MD)	See Above

DESCRIPTION	NUMBERS FOR 2014/15 $
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	1
NUMBER OF KEY SENIOR MANAGEMENT (MD)	See Above

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 2014/15 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

30 June 2014

CAYMAN ISLANDS GOVERNMENT

AUDITORS OVERSIGHT AUTHORITY

STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS FOR THE YEAR ENDING 30TH JUNE 2015

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 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 2015 and performance for the Auditors Oversight Authority for the year ending 30th June 2015; and
c. Comply with generally accepted accounting practice.

_____

Chairman of the Board
Auditor Oversight Authority

30th June 2014

APPENDIX

FORECAST FINANCIAL STATEMENTS

AUDITORS OVERSIGHT AUTHORITY

STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDING 30TH JUNE 2015

These financial statements have been prepared by the Auditors Oversight Authority in accordance with the provisions of the Public Management and Finance Law (2013 Revision) and in accordance with the International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants.

AUDITORS OVERSIGHT AUTHORITY
FORECAST OPERATING STATEMENT
AS AT 30TH JUNE 2015

STATEMENT OF FINANCIAL PERFORMANCE **FOR THE YEAR ENDED 30 JUNE 2015**	**Notes**	**Budget 2014/15**
Revenue		
Sale of goods and services	15	325,000
Investment revenue	16	0
Donations	17	0
Other revenue		0
Total Revenue		**325,000**
Expenses		
Personnel costs	18	120,000
Supplies and consumables	19	220,000
Depreciation and Amortisation	7	0
Impairment of property, plant and equipment		0
Impairment of inventory		0
Finance costs & overdraft interest	20	0
Litigation costs	21	0
Other Gains/(losses)	22	0
Other Operating expenses		
Total Expenses		**340,000**
Surplus or (Deficit) for the period		**(15,000)**

AUDITORS OVERSIGHT AUTHORITY

FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30TH JUNE 2015

	Contributed Capital	Reserves	Revaluation Reserve	Accumulated Surplus/ (deficits)	Total
Balance at 30 June 2013	100,000			160,700	260,700
Changes in net worth for 2012/13					
Changes in accounting policy					0
Prior Year Adjustments					0
Restated balance	100,000	0	0	160,700	260,700
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
Dividends payable to Cabinet					0
Net revenue / expenses recognised directly in net worth	0	0	0	0	0
Surplus/(deficit)for the period 2013/14				4,800	4,800
Total recognised revenues and expenses for the period	0	0	0	4,800	4,800
Balance at 30 June 2014 carried forward	100,000	0	0	165,500	265,500

	Contributed Capital	Other Reserves	Revaluation Reserve	Accumulated Surplus/ (deficits)	Total
Balance at 30 June 2014 brought forward	100,000	0	0	165,500	265,500
Changes in net worth for 2013/14					
Changes in accounting policy					0
Prior Year Adjustments					0
Restated balance	100,000	0	0	165,500	265,500
Changes in net worth for 2014/15					
Gain/(loss) on property revaluation					0
Gain/(loss) on revaluation of investments					0

FORECAST STATEMENT OF CHANGES IN NET WORTH (CONT'D)
FOR THE YEAR ENDING 30TH JUNE 2015

Exchange differences on translating foreign operations					0
Equity Investment from Cabinet					0
Capital withdrawals by Cabinet					0
Dividends payable to Cabinet					0
Net revenue / expenses recognised directly in net worth	0	0	0	0	0
Surplus/(deficit)for the period 2014/15				(15,000)	(15,000)
Total recognised revenues and expenses for the period	0	0	0	(15,000)	(15,000)
Balance at 30 June 2015	100,000	0	0	150,500	250,500

FORECAST BALANCE SHEET
FOR THE YEAR ENDING 30TH JUNE 2015

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015	Budget 2014/15
Current Assets	
Cash and cash equivalents	258,500
Marketable securities and deposits	0
Trade receivables	0
Other receivables	0
Inventories	0
Investments	0
Prepayments	0
Loans	0
Total Current Assets	**258,500**
Non-Current Assets	
Trade receivables	0
Other receivables	0
Inventories	0
Investments	0
Prepayments	0
Loans	0
Pension Plan Surplus	0
Property, plant and equipment	0
Intangible Assets	0
Total Non-Current Assets	**0**
Total Assets	**258,500**
Current Liabilities	
Trade payables	8,000
Other payables and accruals	0
Bank Overdraft	0

FORECAST BALANCE SHEET (CONT'D)
FOR THE YEAR ENDING 30TH JUNE 2015

Unearned revenue	0
Employee entitlements	0
Dividends/Surplus Payable	0
Current Portion of Borrowings	0
Total Current Liabilities	**8,000**
Non-Current Liabilities	
Trade payables	0
Other payables and accruals	0
Unearned revenue	0
Employee entitlements	0
Unfunded pension liability	0
Unfunded post retirement health care	0
Currency Issued	0
Long Term portion of Borrowings	0
Total Non-Current Liabilities	**0**
Total Liabilities	**8,000**
Net Assets	**250,500**
NET WORTH	
Contributed capital	100,000
Other Reserves	0
Revaluation reserve	0
Accumulated surpluses/(deficits)	150,500
Total Net Worth	**250,500**

AUDITORS OVERSIGHT AUTHORITY
FORECAST STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30TH JUNE 2015

	Budget 2014/15
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts	
Sale of goods and services to Cabinet	
Sale of goods and services to Ministries/Portfolios	
Sale of goods and services to Statutory Agencies and Government Companies	315,000
Sale of goods and services - third party	
Interest received	
Donations / Grants	10,000
Other receipts	
Payments	
Personnel costs	
Supplies and consumables - Ministries/Portfolios	
Supplies and consumables - Statutory Agencies and Government Companies	-120,000
Supplies and consumables - third party	
Interest paid	-6,500
Other payments	-105,500
Net cash flows from operating activities	-108,000
CASH FLOWS FROM INVESTING ACTIVITIES	**(15,000)**
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	
CASH FLOWS FROM FINANCING ACTIVITIES	**0**
Equity Investment from Cabinet	
Repayment of Surplus/Dividends or Capital withdrawal	
Borrowings	
Repayment of Borrowings	

FORECAST STATEMENT OF CASH FLOWS (CONT'D)
FOR THE YEAR ENDING 30TH JUNE 2015

Currency Issues	
Net cash flows from financing activities	
Net increase/(decrease) in cash and cash equivalents	**0**
Cash and cash equivalents at beginning of period	
Cash and cash equivalents at end of period	**(15,000)**
	273,500
	258,500

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

CAYMAN AIRWAYS LIMITED

FOR THE FINANCIAL YEAR

ENDING 30 JUNE 2015

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

Agreement

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 2014/15 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 2014/15 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 (2013 Revision) for the *Cayman Airways Limited* for the 2014/15 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2014/15 BUDGET $ 000's	2013/14 FORECAST $ 000's
REVENUE FROM CABINET	17,805,800	17,805,800
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	1,200,000	1,200,000
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	54,911,579	53,166,349
SURPLUS/DEFICIT FROM OUTPUTS	73,917,378	72,172,149
OTHER EXPENSES	73,906,814	74,617,190
NET SURPLUS DEFICIT	10,564	-2,445,041
TOTAL ASSETS	21,303,673	20,522,105
TOTAL LIABILTIES	72,449,544	76,528,540
NET WORTH	-51,145,871	-56,006,435
CASH FLOWS FROM OPERATING ACTIVIITES	2,773,876	3,580,438
CASH FLOWS FROM INVESTING ACTIVIITES	-1,500,526	-372,055
CASH FLOWS FROM FINANCING ACTIVIITES	223,280	-2,038,709
CHANGE IN CASH BALANCES	1,496,630	1,169,674

FINANCIAL PERFORMANCE RATIO	2014/15 BUDGET %	2013/14 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	1:8.9	1:11.6
TOTAL ASSETS : TOTAL LIABILITIES	1:3.4	1:3.7

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2014/15 BUDGET	2013/14 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	376	369
STAFF TURNOVER (%)	5%	5%
MANAGERS	13 Years	
PROFESSIONAL AND TECHNICAL STAFF		
CLERICAL AND LABOURER STAFF		
CHANGES TO PERSONNEL MANAGEMENT SYSTEM	None	

PHYSICAL CAPITAL MEASURES	2014/15 BUDGET %	2013/14 FORECAST %
VALUE OF TOTAL ASSETS	21,303,673	20,522,105
ASSET REPLACEMENTS : TOTAL ASSETS	14:1	58:1
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	2.26:1	2.33:1
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	5:1	5:1
CHANGES TO ASSET MANAGEMENT POLICES	None	None

MAJOR NEW ENTITY CAPTIAL EXPENDITURE FOR THE YEAR	2014/15 BUDGET $ 000's
Technology	200,000
Aircraft/Engines	1,300,526

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2013/14	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	2014/15 TARGET $ 000's	2013/14 FORECAST $ 000's
REVENUE	73,917,378	72,172,149
OPERATING EXPENSES	-73,906,814	-74,617,190
NET SURPLUS/DEFICIT	10,564	-2,445,041

BALANCE SHEET	AS AT JUNE 2015 $ 000's	AS AT JUNE 2014 $ 000's
ASSETS	21,303,673	20,522,105
LIABILITIES	72,449,544	76,528,540
NET WORTH	-51,145,871	-56,006,435

STATEMENT OF CASH FLOW	2014/15 TARGET $ 000's	2013/14 FORECAST $ 000's
CASH FLOWS FROM OPERATING ACTIVIITES	2,773,876	3,580,438
CASH FLOWS FROM INVESTING ACTIVIITES	-1,500,526	-372,055
CASH FLOWS FROM FINANCING ACTIVIITES	223,280	-2,038,709

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 (2013 Revision).

TRANSACTION	AMOUNT FOR 2014/15 $
Equity Investments into *Cayman Airways Limited*	4,850,000
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	0
Remuneration Payments made to Senior Management	1,280,000

	NUMBER FOR 2014/15
Number of Key Management Personnel	6
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 2014/15 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

30th June 2014

CAYMAN ISLANDS GOVERNMENT

CAYMAN AIRWAYS LIMITED

STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS FOR THE YEAR ENDING 30TH JUNE 2015

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 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 2015 and performance for the Cayman Airways Limited for the year ending 30th June 2015; and
c. Comply with generally accepted accounting practice.

_____

Chairman of the Board
Cayman Airways Limited

30th June 2014

APPENDIX

FORECAST FINANCIAL STATEMENTS

CAYMAN AIRWAYS LIMITED
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDING 30TH JUNE 2015

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 2015

	BUDGET 2014/15	PROJECTED 2012/13
Revenue		
Sale of Outputs to Cabinet	17,805,800	17,805,800
Passenger (Sched)	49,466,364	48,080,911
Cargo	2,876,576	2,584,369
Passenger (Charter)	561,120	557,213
Handling	1,825,719	1,738,312
Other	1,381,800	1,405,544
TOTAL REVENUES	**73,917,378**	**72,172,149**
Operating Expenses		
Salaries	16,780,680	16,951,009
Benefits & Other Staff Costs	4,072,477	4,183,922
Fuel & Oil	19,132,345	18,852,780
Maintenance Reserves	2,246,482	2,043,256
Landing & Parking	1,897,761	1,782,857
Aircraft Services	7,516,825	7,337,857
Meal & Beverage	1,089,124	1,181,104
Commissions & CC	3,364,687	3,182,484
Navigation & Overfly	772,817	774,604
Other Maintenance	2,269,406	2,486,419
Maintenance Costs "C" Checks	1,722,000	1,682,004
Aircraft Rental	3,762,864	4,620,884
Facilities Rental	648,971	607,528
Communications	538,020	587,999
Depreciation	1,947,191	1,898,582
General & Admin.	1,769,809	1,982,108
Advertising & Promo	282,715	249,167
Customs	373,159	378,972
Other Expenses	2,459,480	2,470,040
Total Operating Expenses	**72,646,814**	**73,253,573**
Surplus from Operating Activities	**1,270,564**	**(1,081,424)**
Interest Expense	1,260,000	1,363,617
Other Expense (Income)		
Total Non-Operating Revenue and Expenses	**1,260,000**	**1,363,617**
Surplus before extraordinary items	**10,564**	**(2,445,041)**
Extraordinary expenses		
Total Extraordinary Items		
Net Surplus/(Deficit) after extraordinary items	**10,564**	**(2,445,041)**

CAYMAN AIRWAYS LIMITED

FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30TH JUNE 2015

	2014/15 Budget	2013/14 Projected
Opening balance net worth	-56,006,435	-58,661,394
Net Surplus	10,564	-2,445,041
Property Revaluation		
Equity Injection	4,850,000	5,100,000
Closing balance net worth	**-51,145,871**	**-56,006,435**

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

	2014/15 Budget	2013/14 Projected
Current Assets		
Cash and cash equivalents	2,873,698	1,377,068
Accounts receivable	2,421,206	2,683,374
Prepaid Expenses	616,739	622,968
Parts Held for Resale		
Total Current Assets	**5,911,643**	**4,683,410**
Non-Current Assets		
Security Deposits	1,726,424	1,743,863
Property, plant and equipment	13,665,606	14,094,832
Other non-current assets		
Total Non-Current Assets	**15,392,030**	**15,838,695**
Total Assets	**21,303,673**	**20,522,105**
Current Liabilities		
Bank overdraft		
Accounts payable	38,863,865	38,064,832
Unearned Transport Liability	9,224,301	9,553,899
Deferred revenue	2,347,627	2,269,338
Current Portion of LTD	1,137,888	4,405,774
Cayman Departure Tax		
Total Current Liabilities	**51,573,681**	**54,293,843**
Non-Current Liabilities		
Borrowings	20,875,863	22,234,697
Maintenance Reserve		
Total Non-Current Liabilities	**20,875,863**	**22,234,697**
Total Liabilities	**72,449,544**	**76,528,540**
TOTAL ASSETS LESS TOTAL LIABILITIES	**-51,145,873**	**-56,006,435**
NET WORTH		
Contributed Capital	**77,511,757**	72,661,757
Asset revaluation reserve		
Accumulated surpluses	**-128,657,628**	-128,668,192
Total Net Worth	**-51,145,871**	**-56,006,435**

CAYMAN AIRWAYS LIMITED

FORECAST STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30TH JUNE 2015

	2014/15 Budget	2012/13 Projected
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Surplus/(Deficit)	10,564	-2,445,041
Add Back		
Depreciation	1,947,191	1,898,582
Changes in Working Capital		
(Increase)/Decrease in Current Assets	268,397	**164,188**
Increase/(Decrease) in Current Liabilities	547,724	**3,962,710**
Net cash flows from operating activities	**2,773,876**	**3,580,438**
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale or Purchase of non-current assets	-1,500,526	**-372,055**
Net cash flows from investing activities	**-1,500,526**	**-372,055**
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings and Repayment of borrowings	-4,626,720	**-7,138,709**
Shareholder Equity Injection	4,850,000	**5,100,000**
Net cash flows from financing activities	**223,280**	**-2,038,709**
Net increase/(decrease) in cash and cash equivalents	**1,496,630**	**1,169,674**
Cash and cash equivalents at beginning of period	1,377,068	**207,394**
Cash and cash equivalents at end of period	**2,873,698**	**1,377,068**

Note 1 – General

The Budget represents the expected results for the year ending June 30, 2015. 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 unless otherwise noted

Note 2 - Flights and Block Hours

The total number of flights for 2014-15 is projected at 4,900 (2013-14 forecasted: 4,500) for the jet service and 5,600 (2013-14 forecasted: 5,400) for the express service.

The total number of block hours for 2014-15 is projected at 8,282 (2013-14 forecasted: 7,770) for the jet service and 3,466 (2013-14 forecasted: 3,466) for the express service.

Note 3 – Passenger Revenue

Passenger Revenue is expected to be **$49 mil**. Budget assumes an 3% growth (1.7M) 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, 2015 is expected to be **$2.9 mil**.

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 US Airways, Air Canada, United/Continental Airlines, WestJet, and Delta 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, 2015 is expected to be **$1.8 mil**.

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, 2015 is expected to be **$1.4 mil.**

Note 8 – Salaries

Salaries and Wages for the year ending June 30, 2015 are expected to be **$16.7 mil**, 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, 2015 is expected to be **$4 mil**, no significant change from prior year.

Note 10 – Fuel

Fuel costs for year 2014/15 is budgeted at $19 mil, being no significant change over prior year's actual of $18.8 mil

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 2014/15 of **$2.2 mil** 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, 2015 is **$1.9 mil**. 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.
Budgeted Aircraft Services for the year ending June 30th, 2015 is **$7.5 mil**.

Note 14 – Meal and Beverage

Budgeted Meal and Beverage expense for the year ending June 30, 2015 is **$1 mil**. Elimination of most meals on flights under 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.
Budgeted Commission and Credit Card expense for the year ending June 30th, 2015 is **$3.3 mil**.

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, 2015 is budgeted at **$772K**.

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, 2015 is **$2.3 mil**.

Note 18 – Aircraft Rental

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

Budgeted expectations are for 2014/15 to have an expense of **$3.7 mil**.

Note 19 – Facilities Rental

Budgeted Facilities Rental for the year ending June 30, 2015 is forecasted at $649K.

Note 20 – Communications

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

Budgeted Communication costs for the year ending June 30, 2015 are $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.

The 2014/15 budget calls for depreciation in the amount of **$1,9 mil**.

Note 22 – General and Administration

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

The 2014/15 budget calls for $**1,7 mil** in this cost.

Note 23 – Advertising and Promotion

Budgeted Advertising and Promotion expense for the year ending June 30th, 2015 is **$282K**.

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.
For the 2014/15 budget year, this amount is **$373K**.

Note 25 – Other

Other Expenses is mostly accounted for by insurance, legal and professional fees and other similar expenses. The budget for 2014/15 expects these costs to amount to **$2.4 mil**.

Note 26 – Interest Expense

The 2014/15 budget allows for an expense in the area of **$1,3 mil**.

Interest rates are assumed to remain stable during the budget year 2014/15 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 2015

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

Agreement

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Cayman Islands Airports Authority* have agreed the *Cayman Islands Airports Authority* will seek to achieve during the 2014/15 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 Airports 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 2014/15 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 (2013 Revision) for the *Cayman Islands Airports Authority* for the 2014/15 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2014/15 BUDGET $ 000's	2013/14 FORECAST $ 000's
REVENUE FROM CABINET	0	0
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	4,417,340	7,278,081
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	21,772,332	21,525,800
SURPLUS/DEFICIT FROM OUTPUTS	7,932,068	5,388,292
OTHER EXPENSES	0	231,920
NET SURPLUS DEFICIT	7,932,068	5,125,173
TOTAL ASSETS	84,536,907	78,817,893
TOTAL LIABILTIES	8,087,003	14,058,527
NET WORTH	76,449,905	67,239,778
CASH FLOWS FROM OPERATING ACTIVIITES	9,328,573	9,809,853
CASH FLOWS FROM INVESTING ACTIVIITES	(2,977,055)	(5,649,852)
CASH FLOWS FROM FINANCING ACTIVIITES	(35,764)	0
CHANGE IN CASH BALANCES	6,315,754	634,326

FINANCIAL PERFORMANCE RATIO	2014/15 BUDGET %	2013/14 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	35	15
TOTAL ASSETS : TOTAL LIABILITIES	10	7

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2014/15 BUDGET	2013/14 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	194	180
STAFF TURNOVER (%)	1%	1%
AVERAGE LENGTH OF SERVICE SENIOR MANAGEMENT PROFESSIONAL STAFF ADMINISTRATIVE STAFF	13 9 4	13 9 4
SIGNIFICANT CHANGES FOR PERSONNEL MANAGEMENT SYSTEM	New performance management system	Evaluation of Organization Structure

PHYSICAL CAPITAL MEASURES	2014/15 BUDGET $	2013/14 FORECAST $
VALUE OF TOTAL ASSETS	84,536,907	38,444,137
ASSET REPLACEMENTS : TOTAL ASSETS	9	68
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	50	
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	125	
CHANGES TO ASSET MANAGEMENT POLICES	None	

MAJOR CAPITAL EXPENDITURE PROJECTS	2014/15 BUDGET $
TERMINAL EXPANSION ORIA	1,0000,000

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2013/14	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 Airports Authority* is provided in the Appendix to this Ownership Agreement.

OPERATING STATEMENT	2014/15 TARGET $ 000's	2013/14 FORECAST $ 000's
REVENUE	28,524,393	27,124,936
OPERATING EXPENSES	20,592,325	21,877,468
NET SURPLUS/DEFICIT	7,932,068	5,247,468

BALANCE SHEET	AS AT JUNE 2015 $ 000's	AS AT JUNE 2014 $ 000's
ASSETS	84,536,904	76,953,692
LIABILITIES	8,087,003	8,801,175
NET WORTH	76,449,905	70,435,527

STATEMENT OF CASH FLOW	2014/15 TARGET $ 000's	2013/14 FORECAST $ 000's
CASH FLOWS FROM OPERATING ACTIVIITES	9,328,573	7,098,086
CASH FLOWS FROM INVESTING ACTIVIITES	-2,977,055	-1,159,268
CASH FLOWS FROM FINANCING ACTIVIITES	-35,764	-33,020

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 (2013 Revision).

TRANSACTION	AMOUNT FOR 2014/15 $
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	1,237,773
Remuneration Payments made to Senior Management	1,081,320

DESCRIPTION	NUMBERS FOR 2014/15
NUMBER OF KEY MANAGEMENT PERSONNEL	15
NUMBER OF KEY SENIOR MANAGEMENT	6

[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 Airports 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 Airports Authority will seek to achieve for the 2014/15 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 Airports Authority

30th June 2014

CAYMAN ISLANDS GOVERNMENT

CAYMAN ISLANDS AIRPORTS AUTHORITY

STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS FOR THE YEAR ENDING 30TH JUNE 2015

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 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 2015 and performance for the Cayman Islands Airports Authority for the year ending 30th June 2015; and
c. Comply with generally accepted accounting practice.

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Chairman of the Board
Cayman Islands Airport Authority

30th June 2014

APPENDIX

FORECAST FINANCIAL STATEMENTS

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	3 – 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 collectability 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 collectability 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 AIRPORTS AUTHORITY
FORECAST OPERATING STATEMENT
FOR THE YEAR ENDING 30TH JUNE 2015

	Note	2014/15 Budget	2013/14 Estimated Actual
Revenue		**$**	**$**
Operations	1	28,524,393	24,906,345
Interest		-	-
Total Operating Revenue		**28,524,393**	**24,906,345**
Operating Expenses			
Personnel		9,967,113	8,984,195
Depreciation	4	3,727,225	3,496,518
Supplies & consumables		6,897,986	6,499,205
Total Operating Expenses		**20,592,324**	**18,979,919**
Surplus/Deficit from Operating Activities		-	-
		7,932,068	**5,926,426**
Gain/(Losses) on foreign exchange		-	25,000
Financing Expense		-	36,500
Total Non-Operating Revenue & Expenses		**-**	**61,500**
Surplus/Deficit from Ordinary Activities		**7,932,068**	**5,864,926**
Extraordinary Items		-	-
Net Surplus/Deficit after Extraordinary Items		**7,932,068**	**5,864,926**

CAYMAN ISLANDS AIRPORTS AUTHORITY

FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30TH JUNE 2015

	2014/15 Budget $	2013/14 Estimated Actual $
Opening balance net worth	**68,517,837**	**62,653,109**
Surplus	7,932,068	5,864,728
Net revaluations during the period	-	-
Total recognised revenues and expenses	**7,932,068**	**5,864,728**
Distribution of surplus		
Capital withdrawal	-	
Closing balance net worth	**76,449,905**	**68,517,837**

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CAYMAN ISLANDS AIRPORTS AUTHORITY
FORECAST BALANCE SHEET
AS AT 30TH JUNE 2015

	Note	2014/15 Budget $	2013/14 Estimated Actual $
Current Assets			
Cash and cash equivalents	2	28,370,992	22,055,239
Accounts receivable		23,113,680	23,391,999
Other Current assets		499,615	486,671
Total Current Assets		**51,984,286**	**45,933,909**
Long-term Assets			
Fixed Assets	4	32,552,621	33,302,792
TOTAL ASSETS		84,536,907	79,236,701
		==========	==========
Current Liabilities			
Accounts payable and accruals		1,360,058	1,912,882
Other Current liabilities		35,764	125,583
Total Current Liabilities		**1,395,822**	**2,038,466**
Long-term Liabilities			
Long-term debt		372,182	443,709
Unfunded Pension Obligation		6,319,000	6,319,000
Total Long-term Liabilities		**6,691,182**	**6,762,709**
Shareholder's Equity			
Contributed capital		32,285,399	32,285,399
Retained earnings		44,164,506	38,150,128
Total Shareholder's Equity		**76,449,905**	**70,435,527**
TOTAL LIABILITIES AND EQUITY		**76,449,905**	**70,435,527**
		==========	==========

CAYMAN ISLANDS AIRPORTS AUTHORITY
FORECAST STATEMENT OF CASH FLOW
FOR THE YEAR ENDING 30TH JUNE 2015

	2014/15 Budget $	2013/14 Estimated Actual $
Cash Flows from Operating	**9,328,573**	**7,098,086**
Cash Flows from Investing		
Purchase of fixed assets	(2,977,055)	(1,159,268)
Proceeds from sale of fixed asset		
Net Cash Flows from Investing	**(2,977,055)**	**(1,159,268)**
Cash Flows from Financing		
Distribution of surplus	-	-
Capital Injections	-	-
Proceeds from Long-term debt	-	-
Payment of Long-term debt	(35,574)	(33,020)
Proceeds from Bond debt	-	-
Net Cash Flows from Financing	**(35,574)**	**(33,020)**
Opening Balance Cash and Cash Equivalents	22,055,239	16,149,441
Net change in cash and cash equivalent	2,966,762	5,905,798
Closing Balance Cash and Cash Equivalents	**28,370,993**	**22,055,239**
	==========	==========

NOTE 1. SALE OF GOODS AND SERVICES

	2014/15 Budget $	2013/14 Estimated Actual $
Passenger Movement	20,922,600	17,322,858
Aircraft Movement	4,321,401	3,497,925
Concessions	2,179,505	2,164,093
Parking/Fuel	1,387,235	1,388,735
Advertising	300,000	302,675
Misc. Income	41,844	230,068
Other Goods and Services		
Total Operating Revenue	**28,524,393**	**24,906,354**

NOTE 2. CASH AND CASH EQUIVALENTS

	2014/15 Budget $	2013/14 Estimated Actual $
Cash register floats	12,800	12,800
Current accounts	7,145,011	5,499,684
Short-Term fixed deposits	21,461,914	16,542,755
Total Cash and Cash Equivalents	**28,370,992**	**22,055,23**

NOTE 3. DEPRECIATION AND FIXED ASSETS

	2014/15 Budget $	2013/14 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	35,879,120	35,879,120
Additions	998,000	-
Depreciation	(24,259,299)	(21,439,278)
Closing Book Value	**12,617,821**	**14,439,841**
Plant & Equipment		
Opening Book Value/Cost	8,278,021	8,278,021
Additions	1,882,950	-
Accumulated Depreciation	(5,956,047)	(5,407,600)
Closing Book Value	**4,204,924**	**2,870,421**
Motor Vehicles		
Opening Book Value/Cost	862,628	862,628
Additions	88,900	-
Accumulated Depreciation	(743,416)	(656,352)
Closing Book Value	**208,112**	**206,276**
Furniture & Office Equipment		
Opening Book Value/Cost	2,210,171	2,210,171
Additions	7,205	-
Accumulated Depreciation	(1,970,864)	(1,699,169)
Closing Book Value	**246,512**	**511,002**
Other Assets Under Construction		
Opening Book Value/Cost	6,311,352	6,311,352
Additions	-	-
Accumulated Depreciation	-	-
Closing Book Value	**6,311,352**	**6,311,352**

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

CAYMAN ISLANDS DEVELOPMENT BANK

FOR THE FINANCIAL YEAR

ENDING 30 JUNE 2015

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

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 2014/15 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.

3. 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 2014/15 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 (2013 Revision) for the *Cayman Islands Development Bank* for the 2014/15 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2014/15 BUDGET $ 000's	2013/14 FORECAST $ 000's
REVENUE FROM CABINET	526,317	526,317
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	48,451	48,451
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	2,440,290	2,630,963
SURPLUS/DEFICIT FROM OUTPUTS	-	-
OTHER EXPENSES	3,025,946	3,315,751
NET SURPLUS DEFICIT	(10,888)	(110,020)
TOTAL ASSETS	44,500,627	43,288,800
TOTAL LIABILTIES	37,850,673	38,127,958
NET WORTH	6,649,954	5,160,842
CASH FLOWS FROM OPERATING ACTIVIITES	1,083,088	1,118,826
CASH FLOWS FROM INVESTING ACTIVIITES	(15,546)	(546)
CASH FLOWS FROM FINANCING ACTIVIITES	1,188,434	1,110,541
CHANGE IN CASH BALANCES	2,255,976	2,228,821

FINANCIAL PERFORMANCE RATIO	2014/15 BUDGET %	2013/14 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	8:1	0.35:1
TOTAL ASSETS : TOTAL LIABILITIES	1:1	1:1

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2014/15 BUDGET	2013/14 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	13	14
STAFF TURNOVER (%)	Nil	Nil
SENIOR MANAGER	6	5
PROFESSIONAL AND TECHNICAL STAFF	10	9
ADMINISTRATIVE STAFF	7	6
Significant changes to personnel management system	None	None

PHYSICAL CAPITAL MEASURES	2014/15 BUDGET $	2013/14 FORECAST $
VALUE OF TOTAL ASSETS	44,500,627	43,288,800
ASSET REPLACEMENTS : TOTAL ASSETS	15,000	Nil
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	500,570:1,311,653	534,354:1,296,653
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 2013/14	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	2014/15 TARGET $ 000's	2013/14 FORECAST $ 000's
REVENUE	3,015,058	3,205,731
OPERATING EXPENSES	3,025,946	3,315,751
NET SURPLUS/DEFICIT	(10,888)	(110,020)

BALANCE SHEET	AS AT JUNE 2015 $ 000's	AS AT JUNE 2014 $ 000's
ASSETS	44,,500,627	43,288,800
LIABILITIES	37,850,673	38,127,958
NET WORTH	6,649,954	5,160,842

STATEMENT OF CASH FLOW	2014/15 TARGET $ 000's	2013/14 FORECAST $ 000's
CASH FLOWS FROM OPERATING ACTIVIITES	1,083,088	1,118,826
CASH FLOWS FROM INVESTING ACTIVIITES	(15,546)	(546)
CASH FLOWS FROM FINANCING ACTIVIITES	1,188,434	1,110,541

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 (2013 Revision).

TRANSACTION	AMOUNT FOR 2014/15 $
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.	34,727,440
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 2014/15 $
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	5
NUMBER OF KEY SENIOR MANAGEMENT (MD)	4

[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)

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 2014/15 financial year and that the Cabinet will monitor performance against.

_____

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

_____

Tracy Ebanks
Chairman of the Board
Cayman Islands Development Bank

30th June 2014

CAYMAN ISLANDS GOVERNMENT

CAYMAN ISLANDS DEVELOPMENT BANK
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2015

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 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 2015 and performance for the Cayman Islands Development Bank for the year ending 30th June 2015; and
c. Comply with generally accepted accounting practice.

_____

Tracy Ebanks
Chairman of the Board
Cayman Islands Development Bank

30th June 2014

APPENDIX

FORECAST FINANCIAL STATEMENTS

CAYMAN ISLANDS DEVELOPMENT BANK
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDING 30TH JUNE 2015

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 2015

	NOTE	2014/15 Target $	2013/14 Forecast (Restated) $
Revenue			
Outputs Funded by Cabinet		526,317	526,317
Services provided to the Ministry of Education		48,451	48,451
Operations		2,440,290	2,630,963
Total Operating Revenue		**3,015,058**	**3,205,731**
Operating Expenses			
Personnel		1,050,309	1,055,601
Accommodation Costs		166,831	179,743
Office Expenses		43,832	40,778
Directors Fees		4,200	4,200
Computer Maintenance and Licensing Fees		60,800	60,800
Marketing, Advertising and Promotions		7,919	8,226
Depreciation		48,784	46,335
Professional Fees/Consultancy		96,675	110,775
Provision for Loan Losses		400,000	600,000
Loss on Foreign Exchange Conversion		2,000	2,000
Interest Expense		1,144,596	1,207,293
Total Operating Expenses		**3,025,946**	**3,315,751**
Net Income (loss) from Operations		**-10,888**	**-110,020**

CAYMAN ISLANDS DEVELOPMENT BANK
FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30TH JUNE 2015

	NOTE	2014/15 Target $	2013/14 Forecast (Restated) $
Opening Balance Retained Earnings (Accumulated Losses)		-676,852	- 566,832
Net Income (Loss) for the Year		-10,888	- 110,020
Transfer to Reserves		-	-
Prior Year Adjustment		-	-
Closing Balance Retained Earnings (Accumulated Losses)		-687,740	-676,852
Opening Balance Reserves		48,509	48,509
Transfer from Operations		-	-
Closing Balance Reserves		48,509	48,509
Opening Balance Contributed Capital		5,789,185	4,289,185
Movement in Contributed Capital		1,500,000	1,500,000
Closing Balance Contributed Capital		7,289,185	5,789,185
Total		**6,649,954**	**5,160,842**

CAYMAN ISLANDS DEVELOPMENT BANK
FORECAST STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2015

	NOTE	2014/15 Target $	2013/14 Forecast (Restated) $
Assets			
Cash and Cash Equivalents	2	11,912,097	9,656,121
Deposit Accounts		172,961	172,415
Prepayments		18,000	18,000
Loans, Deposit Interest and Other Receivable		149,944	199,945
Loans and advances to customers, net of allowance for credit losses	3	31,747,055	32,707,965
Property and equipment	4	500,570	534,354
TOTAL ASSETS		**44,500,627**	**43,288,800**
Liabilities			
Bank Overdraft	2	-	-
Accounts Payable and Accruals		190,002	240,003
Due to Related Parties		745,877	645,877
Interest payable – loans and bonds		284,952	300,670
Current Portion of Long -Term Debt	6	311,566	26,731,006
Post Retirement Benefit Pension Obligations		33,000	33,000
Loans from CDB	5	1,557,836	1,869,402
Note Payable - Bonds	6	34,727,440	8,308,000
Total Liabilities		**37,850,673**	**38,127,958**
Equity			
Contributed Capital	7	7,289,185	5,789,185
Reserve Fund	8	48,509	48,509
Retained Earnings (Accumulated Losses)		- 687,740	- 676,852
Total Equity		6,649,954	5,160,842
TOTAL LIABILITIES AND EQUITY		**44,500,627**	**43,288,800**

CAYMAN ISLANDS DEVELOPMENT BANK
FORECAST STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30TH JUNE 2015

	2014/15 Target	2013/14 Forecast (Restated)
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (loss) for the Year	- 10,888	- 110,020
Items not Affecting Cash:		
Depreciation	48,784	46,335
Loan loss expense	400,000	600,000
Gain on sale of property and equipment	-	-
Transfer to reserve fund	-	-
	437,896	536,315
Changes in Non-Cash Working Capital Balances Relating to Operations		
Decrease/(increase) in prepayments	-	- 1,040
Decrease/ (Increase) in Loans, Deposit Interest and Other Receivable	50,000	50,000
Increase (Decrease) in due to related parties	100,000	100,000
(Increase) Decrease in loans and advances to customers	560,910	370,237
Increase (Decrease) in post retirement pension obligation	-	-
Increase (Decrease) in Accounts Payable & Accruals	- 50,000	- 6,337
Increase (Decrease) in interest payable – loans and bonds	- 15,718	69,652
Net Cash Provided by (Used in) Operating Activities	1,083,088	1,118,827
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase)/decrease in Fixed deposits	- 546	- 546
Purchase of property and equipment	- 15,000	-
Proceeds from disposal of property and equipment	-	-
Net Cash Provided by (Used in) Investing Activities	- 15,546	- 546
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from debt issued and other borrowed funds	-	-
Repayments of debt issued and other borrowed funds	- 311,566	- 389,459
Bonds (repaid) raised	-	-
Capital injection	1,500,000	1,500,000
Net Cash Provided by (Used in) Financing Activities	1,188,434	1,110,541
Net Increase (Decrease) in Cash and Cash Equivalents	2,255,976	2,228,822
Cash and Cash Equivalents at Beginning of the Period	9,656,121	7,427,299
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	**11,912,097**	**9,656,121**

NOTE 1 – OPERATING REVENUES

	2014/15	2013/14
	Target	Forecast (Restated)
	$	$
Interest Income	2,429,090	2,619,763
Outputs funded by Cabinet	526,317	526,317
Services provided to the Ministry of Education	48,451	48,451
Other Income	11,200	11,200
Total	**3,015,058**	**3,205,731**

NOTE 2 – CASH AND CASH EQUIVALENTS

	2014/15	2013/14
	Target	Forecast (Restated)
	$	$
Current and call accounts	11,912,097	9,656,121
Bank overdraft	-	-
Total	**11,912,097**	**9,656,121**

NOTE 3 – LOANS AND ADVANCES TO CUSTOMERS

	2014/15	2013/14
	Target	Forecast (Restated)
	$	$
Principal amounts owed by customers	37,714,538	38,275,448
Less: Provision for loan losses	- 5,967,483	- 5,567,483
Total	**31,747,055**	**32,707,965**

NOTE 4 – PROPERTY & EQUIPMENT

	2014/15	2013/14
	Target	Forecast (Restated)
Office Furniture and Equipment		
Opening Book Value/Cost	104,782	104,782
Additions	-	-
Disposal		
Depreciation	- 104,782	- 103,601
Closing Book Value	-	1,181
Computer Hardware and Software		
Opening Book Value/Cost	354,506	354,506
Additions	15,000	-
Disposal	-	-
Depreciation	- 358,731	- 351,930
Closing Book Value	10,775	2,576
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	- 326,270	- 285,468
Closing Book Value	489,795	530,597
Total Net Book Value	**500,570**	**534,354**

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.

	2014/15	2013/14
	Target	Forecast (Restated)
	$	$
Opening balance	2,180,969	2,570,428
Drawdowns	-	-
Repayments	- 311,566	- 389,459
Closing balance	**1,869,403**	**2,180,969**

NOTE 6 – OTHER LONG-TERM LIABILITIES

On June 30, 2005, the CIDB issued two (2) Variable Rate Development Bonds totalling 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, 2015. Management expects to negotiate for an extension of maturity date for all the bonds for another 5 years to 2020.

	2014/15	2013/14
	Target	Forecast (Restated)
	$	$
US$ 5.8 million bond due June 30, 2015 Variable Rate at 6 month US$ LIBOR plus 2.75%	4,818,640	4,818,640
US$ 6 million bond due June 30, 2015 Variable Rate at 6 month US$ LIBOR plus 1%	4,984,800	4,984,800
US$ 5 million bond due July 23, 2015 Variable Rate U.S. LIBOR, plus 2.75%	4,154,000	4,154,000
US$ 5 million bond due January 10, 2016 Variable Rate U.S. LIBOR, plus 2.75%	4,154,000	4,154,000
US$ 20 million bond Due April 27, 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:

	2014/15	2013/14
	Target	Forecast (Restated)
	$	$
Opening balance	5,789,185	4,289,185
Capital contributed	1,500,000	1,500,000
Closing balance	**7,289,185**	**5,789,185**

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:

	2014/15	2013/14
	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 is projected to make a loss for year ending June 30, 2014 and year ending June 30, 2015.

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

CAYMAN ISLANDS MONETARY AUTHORITY

FOR THE FINANCIAL YEAR

ENDING 30 JUNE 2015

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

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 2014/15 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 2014/15 financial year are as follows:

1. to modify CIMA's organisational structure so that it can more effectively achieve its mission and meet statutory objectives (including pending additional functions), and international standards

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 is prepared for the pending IMF and CFATF assessments thus demonstrating that Cayman continues to meet evolving international regulatory standards and best practices that are relevant to our business ;

4. to enhance collaboration with the Government and private sector to facilitate mutual goals related to the further development the Cayman Islands as an international financial centre, and

5. to increase CIMA's effectiveness and cost-efficiency through implementation of operational, technological and HR enhancements

6. to continue to preserve the value and integrity of the currency and currency reserves

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2013 Revision) for the *Cayman Islands Monetary Authority* for the 2014/15 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2014/15 BUDGET $ 000's	2013/14 FORECAST $ 000's
REVENUE FROM CABINET	6,865,000	9,865,000
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	0	0
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	16,325,500	10,980,630
SURPLUS/DEFICIT FROM OUTPUTS	0	0
OTHER EXPENSES	21,465,500	18,826,473
NET SURPLUS DEFICIT	1,725,000	2,019,157
TOTAL ASSETS	120,515,647	113,490,647
TOTAL LIABILTIES	95,134,000	88,609,000
NET WORTH	25,381,647	24,881,647
CASH FLOWS FROM OPERATING ACTIVIITES	11,448,527	(1,137,213)
CASH FLOWS FROM INVESTING ACTIVIITES	(1,498,000)	(1,406,388)
CASH FLOWS FROM FINANCING ACTIVIITES	(500,000)	0
CHANGE IN CASH BALANCES	9,450,527	(2,543,601)

FINANCIAL PERFORMANCE RATIO	2014/15 BUDGET %	2013/14 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	0.86 : 1	0.85 : 1
TOTAL ASSETS : TOTAL LIABILITIES	1.27 : 1	1.28 : 1

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2014/15 BUDGET	2013/14 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	198	184
STAFF TURNOVER (%)	10%	9%
SENIOR MANAGER	5	4.5
PROFESSIONAL AND TECHNICAL STAFF	4	3.5
ADMINISTRATIVE STAFF	9	8.0

PHYSICAL CAPITAL MEASURES	2014/15 BUDGET $	2013/14 FORECAST $
VALUE OF TOTAL ASSETS	2,992,964	2,300,532
ASSET REPLACEMENTS : TOTAL ASSETS	50%	61%
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	33%	30%
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	54%	43%
CHANGES TO ASSET MANAGEMENT POLICES	None	None

MAJOR CAPITAL EXPENDITURE PROJECTS	2014/15 BUDGET $
Various IT Projects including :- Electronic filing and reporting systems, Network Topology and Security, Communications and associated hardware.	1,498,000

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

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2013/14	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
Inadequate regulatory framework and supervision due to: a) Failure to achieve and stay current with Industry developments, requirements, and standards; and; b) limited resources or legislation	On-going	1. Continue involvement in and assessment of new or revised international regulatory standards by: • Sending high-level delegations to meetings of IOSCO, IAIS, Basel, GFICS, CGBS, GICIS, ASBA and FSB. • Developing a cadre of representatives from the Legal, Compliance, Policy and Supervisory divisions with specialised knowledge, skills and experience capable of proactive engagement with standard setters and other regulators; 2. Enhance supervisory framework and prepare for IMF and CFATF Assessments by: - Recruiting a qualified individual to drive the preparation process including identification of areas for legislative and/or policy changes. - Appointing an internal CIMA team to work with the assessment preparation project leader. - Appointing a liaison to work with the Cayman Islands Government's AML Unit on a national risk assessment. 3. Continue to work along with Government with respect to legislative framework and budget. 4. Retain and build on existing technical expert knowledge and expertise and attract new high calibre staff to ensure proactive oversight and enforcement. 5. Amend CIMA's organizational structure	Unquantifiable

Continued scrutiny and demands by international and or regional organizations or individual foreign jurisdictions, such as the G20, EU and the United States and misinformed allegations from these and other institutions (e.g. Tax Justice Network) can harm the reputation of the jurisdiction and consequently threaten business activity.	On-going	• Sending high-level delegations to meetings of IOSCO, IAIS, Basel, GFICS, CGBS, GICIS, ASBA and FSB. • Conduct Visits to Key Jurisdictions	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	2014/15 TARGET $ 000's	2013/14 FORECAST $ 000's
REVENUE	23,190,500	20,845,630
OPERATING EXPENSES	21,465,500	18,826,473
NET SURPLUS/DEFICIT	1,725,000	2,019,157

BALANCE SHEET	AS AT JUNE 2015 $ 000's	AS AT JUNE 2014 $ 000's
ASSETS	120,515,647	113,490,647
LIABILITIES	95,134,000	88,609,000
NET WORTH	25,381,647	24,881,647

STATEMENT OF CASH FLOW	2014/15 TARGET $ 000's	2013/14 FORECAST $ 000's
CASH FLOWS FROM OPERATING ACTIVIITES	11,448,527	(1,137,213)
CASH FLOWS FROM INVESTING ACTIVIITES	(1,498,000)	(1,406,388)
CASH FLOWS FROM FINANCING ACTIVIITES	(500,000)	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 (2013 Revision).

TRANSACTION	AMOUNT FOR 2014/15 $
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	2,111,966

DESCRIPTION	NUMBERS FOR 2014/15 $
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	6
NUMBER OF KEY SENIOR MANAGEMENT (MD)	15

[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)

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 2014/15 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

30th June 2014

CAYMAN ISLANDS GOVERNMENT

CAYMAN ISLANDS MONETARY AUTHORITY

STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS FOR THE YEAR ENDING 30TH JUNE 2015

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 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 2015 and performance for the Cayman Islands Monetary Authority for the year ending 30th June 2015; and
c. Comply with generally accepted accounting practice.

_____

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

30th June 2014

APPENDIX

FORECAST FINANCIAL STATEMENTS

STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDING 30TH JUNE 2015

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.

CAYMAN ISLANDS MONETARY AUTHORITY

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 2015

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.

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.

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 12 Months ending 30 June 2015

	Note	2014/15 Budget $	2013/14 Forecast $	2012/13 Actual $
REVENUE				
Outputs		6,865,000	9,865,000	14,865,000
Directors Fees		11,000,000	5,500,000	0
CIMA Transaction Fees		4,500,000	4,680,000	3,011,918
Investment/Interest Income		450,000	450,000	444,718
Other Income		375,500	350,630	375,277
Total Operating Revenue		**23,190,500**	**20,845,630**	**18,696,913**
OPERATING EXPENSES				
Personnel	1	14,967,610	13,222,577	12,712,032
Supplies & Consumables	2	5,692,322	4,996,413	4,749,635
Depreciation	3	805,568	607,483	648,493
Total Operating Expenses		**21,465,500**	**18,826,473**	**18,110,160**
Surplus from Operating Activities		**1,725,000**	**2,019,157**	**586,753**

FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30TH JUNE 2015

CAYMAN ISLANDS MONETARY AUTHORITY
FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE 12 MONTHS ENDING 30 June 2015

	Note	2014/15 Budget $	2013/14 Forecast $	2012/13 Actual $
Opening balance net worth		**24,881,647**	**23,362,490**	**22,775,737**
Surplus		1,725,000	2,019,157	586,753
Capital contribution		0	0	
Distribution of Surplus		(1,225,000)	(500,000)	0
Capital withdrawal		0	0	0
Currency Issue Reserve		0	0	0
Closing balance net worth		**25,381,647**	**24,881,647**	**23,362,490**

CAYMAN ISLANDS MONETARY AUTHORITY
FORECAST BALANCE SHEET
AS AT 30 JUNE 2015

	Note	2014/15 Budget $	2013/14 Forecast $	2012/13 Actual $
Currency Reserve Assets				
Current Assets				
Call Deposits	4	3,290,000	4,340,000	4,617,941
Short-Term Investments		53,958,787	53,808,787	51,251,992
Fixed Deposits	4	1,552,664	1,546,632	1,540,623
Interest Receivable , Deposits		85,000	85,000	86,993
Stocks	6	3,350,000	2,300,000	2,252,718
Non-Current Assets				
Long-Term Investments		35,972,524	35,872,524	38,179,319
Total Currency Reserve Assets		98,208,975	97,952,943	97,929,586
Operating Assets				
Current Assets				
Current and Call Deposits	4	16,136,875	5,642,380	7,914,049
Accounts Receivable	5	3,038,333	7,456,292	4,116,247
Other Receivables and Prepayments	5	138,500	138,500	142,038
Non-Current Assets				
Fixed Assets	7	2,992,964	2,300,532	1,501,629
Total Operating Assets		22,306,672	15,537,704	13,673,963
TOTAL ASSETS		**120,515,647**	**113,490,647**	**111,603,549**
Liabilities				
Demand Liabilities, Currency in Circulation		87,500,000	87,250,000	87,228,987
Defined Benefit Pension Liability	9	209,000	209,000	159,000
Unearned Revenue		5,500,000	0	0
Due to the C.I. Government		1,225,000	500,000	0
Other Liabilities and Payables	8	700,000	650,000	853,072
TOTAL LIABILITIES		95,134,000	88,609,000	88,241,059
Reserves and Capital				
General Reserve	11	20,445,675	18,897,675	17,451,290
Currency Issue Reserve		375,000	375,000	375,000
Capital Expenditures Reserve		2,019,385	3,017,385	2,904,613
Operational Expenditures Reserve		213,238	263,238	303,238
Total Reserves		23,053,298	22,553,298	21,034,141
Contributed Capital		2,328,349	2,328,349	2,328,349
Total Reserves and Capital		**25,381,647**	**24,881,647**	**23,362,490**
TOTAL LIABILITIES, RESERVES and CAPITAL		**120,515,647**	**113,490,647**	**111,603,549**

CAYMAN ISLANDS MONETARY AUTHORITY
FORECAST STATEMENT OF CASH FLOWS
AS AT 30 JUNE 2015

	2014/15 Budget	2013/14 Forecast	2012/13 Actual
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Outputs to Cabinet	6,220,833	10,698,333	15,279,167
Directors Fees	22,000,000	0	0
CIMA Transaction Fees	4,062,125	6,006,622	1,373,172
Investment Income	450,000	456,414	413,649
Other Income and receipts	386,470	350,912	375,242
Payments			
Personnel Costs	(14,967,610)	(13,172,577)	(12,649,032)
Suppliers	(6,703,293)	(5,247,930)	(4,240,128)
Net change of Investments	(250,000)	(250,000)	1,767,877
Net change in Demand Liabilities	250,000	21,013	(1,467,182)
Change in other assets	0	0	(29)
Net cash flow from Operating activities	11,448,525	(1,137,213)	852,736
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current assets	(1,498,000)	(1,406,388)	(190,294)
Proceeds on Disposal of Fixed Assets	0	0	0
Cash flows from investing activities	(1,498,000)	(1,406,388)	(190,294)
CASH FLOWS FROM FINANCING ACTIVITIES			
Contribution received from CI Government	0	0	0
Capital Withdrawal by CI Government	0	0	0
Repayment of Surplus	(500,000)	0	0
Cash flow from Financing Activities	(500,000)	0	0
Opening Balance - Cash and Cash Equivalents	11,529,012	14,072,613	13,410,171
Net Change in cash	9,450,525	(2,543,601)	662,442
Closing Balance - Cash and Cash Equivalents	20,979,537	11,529,012	14,072,613

	2014/15 Budget $	2013/14 Forecast $	2012/13 Actual $
NOTE 1. PERSONNEL COSTS			
Salaries, wages, allowances	13,122,739	11,483,678	11,007,397
Pension expense	927,814	834,238	821,238
Movement on Defined Benefit Pension	0	50,000	63,000
Health care and other personnel costs	917,057	854,661	820,397
Total Personnel Costs	**14,967,610**	**13,222,577**	**12,712,032**
NOTE 2. SUPPLIES AND CONSUMABLES			
Supplies and Consumables	3,033,636	3,000,833	2,675,334
Purchase of services	1,209,796	775,843	931,729
Operating lease rentals	1,247,860	989,107	890,617
Other Supplies and Consumables	201,030	230,630	251,955
Total Supplies and Consumables	**5,692,322**	**4,996,413**	**4,749,635**
NOTE 3. DEPRECIATION			
Vehicles	0	0	3,480
Furniture and fittings	13,764	7,706	4,638
Computer hardware and software	742,960	542,850	579,860
Office equipment	48,844	56,927	60,515
Total Depreciation	**805,568**	**607,483**	**648,493**

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

	2014/15 Budget $	2013/14 Forecast $	2012/13 Actual $
NOTE 4. CASH AND CASH EQUIVALENTS			
Operating Current and Call Accounts, and Cash on hand	19,426,875	9,982,380	12,531,990
Short Term Deposits including call accounts	1,552,664	1,546,632	1,540,623
Total Cash and Cash Equivalents	**20,979,539**	**11,529,012**	**14,072,613**
NOTE 5. ACCOUNTS RECEIVABLE			
Outputs to Cabinet	2,288,333	1,644,167	2,477,500
Outputs to other government agencies	0	0	0
Outputs to Others	0	0	0
Asset sales	0	0	0
Other Accounts Receivable	978,185	6,051,281	1,892,804
Total Gross	**3,266,518**	**7,695,448**	**4,370,304**
Less provision for doubtful debts	(4,685)	(15,656)	(25,026)
Total Net Accounts Receivable	**3,261,833**	**7,679,792**	**4,345,278**
NOTE 6. INVENTORIES			
Raw Materials (including Consumable Stores)	3,350,000	2,300,000	2,252,718
Work in Progress	0	0	0
Total Inventories	**3,350,000**	**2,300,000**	**2,252,718**

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

	Opening Balance	Addition	Disposals	Revaluation	Depreciation	Closing Balance 30-Jun-15 Book Value Actual
	$	$	$	$	$	$
Vehicles	0	0	0	0	0	0
Furniture & Fittings	54,708	0	0	0	(13,764)	40,944
Computer Hardware & Software	962,346	2,611,220	0	0	(742,960)	2,830,606
Office equipment	170,258	0	0	0	(48,844)	121,414
Other Assets – Leasehold Improvements	0		0	0	0	0
WIP	1,113,220	(1,113,220)				
Total	**2,300,532**	**1,498,000**	**0**	**0**	**(805,568)**	**2,992,964**

	Cost or Revalued Amount	Accumulated Depreciation	30-Jun-15 Book Value Actual	30-Jun-14 Book Value Actual
	$	$	$	$
Vehicles	22,600	(22,600)	0	0
Furniture & Fittings	764,714	(723,770)	40,944	54,708
Computer Hardware & Software	6,786,216	(3,955,610)	2,830,606	962,346
Office equipment	702,874	(581,460)	121,414	170,258
Other Assets – Leasehold Improvements	870,839	(870,839)	0	0
Work in Progress	0	0	0	1,113,220
Total	**9,147,243**	**(6,154,279)**	**2,992,964**	**2,300,532**

	2014/15 Budget $	2013/14 Forecast $	2012/13 Actual $
NOTE 8. PAYABLES			
Trade Creditors	50,000	50,000	38,497
Accruals and other Payables	650,000	600,000	814,575
Total Other Liabilities and Payables	**700,000**	**650,000**	**853,072**

	2014/15 Budget $	2013/14 Forecast $	2012/13 Actual $
NOTE 9. EMPLOYEE ENTITLEMENTS (CURRENT)			
Defined Benefit Pension Liability	209,000	209,000	159000
	0	0	0
Total Employee Entitlements	**209,000**	**209,000**	**159,000**

	2014/15 Budget $	2013/14 Forecast $	2012/13 Actual $
NOTE 10. RECONCILIATION OF OPERATING SURPLUS TO CASH FLOWS FROM OPERATING ACTIVITIES			
Operating surplus	1,725,000	2,019,157	586,753
Adjustments for:-			
Depreciation	805,568	607,483	648,493
Disposal of Fixed Assets	0	0	0
Net change in :-			
Defined Benefit Assets and other Assets	0	50,000	63,000
Interest Receivable	0	1,993	(30,899)
Accounts Receivable	4,417,959	(3,340,043)	(1,188,960)
Other Receivables and Prepayments	0	3,538	772
Stocks	(1,050,000)	(47,282)	636,737
Unearned Revenue	5,500,000		
Other liabilities and payables	50,000	(203,072)	(163,855)
Investments	(250,000)	(250,000)	1,767,877
Demand Liabilities	250,000	21,013	(1,467,182)
Net cash flows from operating activities	**11,448,527**	**(1,137,213)**	**852,736**

Note 11- General Reserve	2014/15 Budget $	2013/14 Forecast $	2012/13 Actual $
General Reserve			
Opening Balance:	18,897,675	17,451,290	17,217,850
Transfers in:			
Transfer from Capital Expenditures Reserve	1,498,000	1,406,385	190,294
Transfer from Operational Expenditures Reserve	50,000	40,000	43,146
Closing Balance	**20,445,675**	**18,897,675**	**17,451,290**
Demand Liabilities (closing balance)	87,500,000	87,250,000	87,228,987
15% of Demand Liabilities	**13,125,000**	**13,087,500**	**13,084,348**

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

CAYMAN ISLANDS NATIONAL INSURANCE COMPANY LIMITED (CINICO)

FOR THE FINANCIAL YEAR

ENDING 30 JUNE 2015

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

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 2014/15 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 2014/15 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 2014/15 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 (2013 Revision) for the *Cayman Islands National Insurance Company Limited* for the 2014/15 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2014/15 BUDGET $ 000's	2013/14 FORECAST $ 000's
REVENUE FROM CABINET	28,309,378	27,122,880
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	34,639,000	34,865,409
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	2,866,135	1,592,792
SURPLUS/DEFICIT FROM OUTPUTS		
OTHER EXPENSES	67,159,500	63,573,283
NET SURPLUS DEFICIT	(1,344,987)	7,798
TOTAL ASSETS	21,419,164	22,359,630
TOTAL LIABILTIES	9,963,370	9,558,849
NET WORTH	11,455,794	12,800,781
CASH FLOWS FROM OPERATING ACTIVIITES	(1,176,032)	(2,371,268)
CASH FLOWS FROM INVESTING ACTIVIITES	(157,900)	(281,560)
CASH FLOWS FROM FINANCING ACTIVIITES	0	2,657,411
CHANGE IN CASH BALANCES	(1,333,932)	4,583

FINANCIAL PERFORMANCE RATIO	2014/15 BUDGET %	2013/14 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	210	228
TOTAL ASSETS : TOTAL LIABILITIES	215	234

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2014/15 BUDGET	2013/14 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	16	13
STAFF TURNOVER (%)	0	0
SENIOR MANAGER	5.4	4.4
PROFESSIONAL AND TECHNICAL STAFF	5.4	4.4
ADMINISTRATIVE STAFF	7	6

PHYSICAL CAPITAL MEASURES	2014/15 BUDGET $	2013/14 FORECAST $
VALUE OF TOTAL ASSETS	21,419,164	$22,359,631
ASSET REPLACEMENTS : TOTAL ASSETS	31%	46%
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	35%	48%
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	170%	72%
CHANGES TO ASSET MANAGEMENT POLICES	None	None

MAJOR NEW ENTITY CAPTIAL EXPENDITURE FOR THE YEAR	2014/15 BUDGET $ 000's
Millimum software licensee, website upgrade, computers, data warehousing and wellness program set up.	157,900

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2013/14	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 • Full transition to a new TPA and system infrastructure bringing; 1. Medecision – medical utilization management; 2. Veririsk – claims analytics	Not quantifiable.
TPAs not delivering against expectations	Robust contract stipulating functions, penalties, rights, termination clauses, performance guarantees, etc.	Weekly meetings with TPA Monitoring of performance against contract Redundancy in the use of an alternate TPA in the event that TPA does no deliver up to expectations.	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	2014/15 TARGET $ 000's	2013/14 FORECAST $ 000's
REVENUE	65,814,513	63,581,081
OPERATING EXPENSES	67,159,500	63,573,283
NET SURPLUS/DEFICIT	(1,344,987)	7,798

BALANCE SHEET	AS AT JUNE 2015 $ 000's	AS AT JUNE 2014 $ 000's
ASSETS	21,419,164	22,359,631
LIABILITIES	9,963,370	9,558,850
NET WORTH	11,455,794	12,800,781

STATEMENT OF CASH FLOW	2014/15 TARGET $ 000's	2013/14 FORECAST $ 000's
CASH FLOWS FROM OPERATING ACTIVIITES	(1,176,031)	(2,371,268)
CASH FLOWS FROM INVESTING ACTIVIITES	(157,900)	(281,560)
CASH FLOWS FROM FINANCING ACTIVIITES	0	2,657,411

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 (2013 Revision).

TRANSACTION	AMOUNT FOR 2014/15 $
Equity Investments into *CINICO*	0
*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)	381,474

DESCRIPTION	NUMBERS FOR 2014/15 $
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 2014/15 financial year and that the Cabinet will monitor performance against.

_____

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

_____

Jennison Nunez
Chairman of the Board
Cayman Islands National Insurance Company Limited

30th June 2014

CAYMAN ISLANDS GOVERNMENT

CAYMAN ISLANDS NATIONAL INSURANCE COMPANY LIMITED

STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2015

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 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 2015 and performance for the Cayman Islands National Insurance Company Limited for the year ending 30th June 2015; and
c. Comply with generally accepted accounting practice.

_____

Jennison Nunez
Chairman of the Board
Cayman Islands National Insurance Company Limited

30th June 2014

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

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 2015

	Notes	Budget 2014/15	Forecast 2013/14
Revenue			
Revenue from Civil Servants & Dependents		34,104,493	34,327,886
Revenue from Ministry of Health – Seamen & Veterans		8,730,607	8,395,825
Revenue from Portfolio of Civil Service - Pensioners		19,578,771	18,727,055
Revenue from Other	1	3,363,442	2,108,173
Total Revenue		70,089,723	63,558,939
Incurred Claims	2	60,808,331	56,498,822
Claims administration Fees	3	3,771,346	3,627,565
Indigent Fund Fees	4	230,608	1,236,661
Administration expenses	5	2,349,215	2,210,235
Total Expenses		67,159,501	63,573,283
Underwriting Income		(1,382,187)	(14,344)
Investment Income		37,200	22,142
Net Income		(1,344,987)	7,798

CAYMAN ISLANDS NATIONAL INSURANCE COMPANY LIMITED

FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30TH JUNE 2015

	2014/15	2013/14 - Forecast
Net Income	(1,344,987)	7,798
Equity - Beginning of Year	12,127,792	9,462,583
Equity received/ (Capital withdrawal)		2,657,411
Equity – End of Year	14,058,375	12,127,792
Required minimum capital	3,000,000	3,000,000
Accumulated Deficit	(12,034,876)	(13,965,459)
Additional Paid-in-Capital	23,093,251	23,093,251
Equity - End of Year	14,058,375	12,127,792
Off Balance Sheet Equity		-
Equity - End of Year for Statutory purposes	14,058,375	12,127,792

CAYMAN ISLANDS NATIONAL INSURANCE COMPANY LIMITED
FORECAST BALANCE SHEET
FOR THE YEAR ENDING 30TH JUNE 2015

	Notes	2014/15	2013/14 Forecast
Assets			
Cash		8,848,370	10,182,303
Receivables/Prepaids		12,068,333	11,565,079
Fixed assets	6	502,461	612,249
Total Assets		21,419,164	22,359,631
Liabilities			
Accounts payable		20,000	15,000
Premiums received in advance		105,092	95,538
Accruals and other liabilities		2,105,000	2,050,000
Provision for claims incurred		7,733,278	7,398,312
Total Liabilities		9,963,370	9,558,849
Equity			
Initial Paid-in-Capital		3,000,000	3,000,000
Additional Paid-in-Capital		23,093,251	23,093,251
Retained Earnings		(14,637,457)	(13,292,470)
Total Equity		11,455,794	12,800,781
Total Liabilities & Equity		21,419,164	22,359,631

CAYMAN ISLANDS NATIONAL INSURANCE COMPANY LIMITED
FORECAST STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30TH JUNE 2015

	2014/15	2013/14 - Forecast
Operating activities:		
Net Income/(Loss)	(1,344,987)	7,798
Non Cash adjustments	168,956	(2,379,065)
Cash flows from operating activities	(1,176,031)	(2,371,267)
Investing activities:		
Purchase on fixed assets	(157,900)	(281,560)
Cash flows from investing activities	(157,900)	(281,560)
Financing activities:		
Equity investment		2,657,411
Additional paid-in capital		-
Cash flows from financing activities	-	2,657,411
Net cash inflow	(1,333,931)	4,584
Opening cash balances	10,182,302	10,177,719
Closing cash balances	8,848,370	10,182,303

1	Revenue from Other	2014/15	2013/14 - Forecast
	Premium from Standard Health Insurance contracts	4,557,976	3,197,049
	ASO fees	534,507	537,523
	Reinsurance premium	(1,729,041)	(1,626,399)
		3,363,442	2,108,173

All policy holders of the Standard Health Insurance contracts (SHIC) are on the NEW SHIC plan which has richer benefits and thus higher premium.
ASO fees ("Administrative Services Only) are earned for the administration of the overseas Indigent claims on behalf of the Ministry of Health, Youth Sports and Culture and are assessed based on $36 per Indigent member per month ($36 for 2013/14).
CINICO has contracted with Partner Re, an underwriting agent of Lloyds of London to provide specific excess loss reinsurance coverage on a per covered person basis.

2	Incurred Claims	2014/15	2013/14 - Forecast
	Claims - HSA	39,940,052	36,964,927
	Claims paid - Cayman Airways	270,000	270,000
	Claims - Non - HSA	19,853,923	22,333,580
	Repricing fees	1,792,622	947,176
	Reinsured Claims	(1,383,233)	(1,219,799)
	Claims paid	60,473,363	59,295,884
	Movement in reserves	334,966	(2,797,062)
	Total Incurred claims	60,808,330	56,498,822

3 Claims administration fees are payable to various third parties and comprise of the following: Claims adjudication fees for HSA are assessed based on a percentage of claims. Other claims adjudication (Non HSA) and claims administration costs are based on a per member per month fee. Case management and network access fees are based on the number of CINICO members (2013/14 only). For 2014/15 network access fees are based on a percentage of savings and classified with incurred claims under Repricing fees.

4 Segregated Fund fees are payable to the Health Insurance Commission for non Core Government Insurance plans. Fees are assessed on a monthly basis - $20 for every couple/family insurance

contract and $10 for every single insurance contract.

5

Administration expenses	2014/15	2013/14 - Forecast
Salaries	1,020,237	855,165
Other Employee Exp.	309,767	436,302
Rent /Utilities/Maintenance	256,072	191,610
Depreciation	267,689	203,696
Office Equip / Supplies	24,500	20,000
Legal costs	10,000	56,744
Class A licence fees/other	75,000	75,000
Director fees	26,450	20,485
Marketing/Sales/Promotion	65,000	60,000
Actuarial consulting	70,000	54,000
Audit fees	97,000	96,000
Currency exchange losses	(45,000)	(45,000)
Bad debt expense	55,000	70,000
Training expenses	18,000	15,000
Bank charges	35,000	48,100
Other	64,500	53,133
Total	2,349,215	2,210,235

6 Fixed assets

	System Development Costs	Leasehold Improvements	Office Equipment	Computer & Telecoms Equipment	Total
Cost at July 1, 2013	577,003	93,463	70,486	257,329	998,281
Additions	39,839	161,361	38,069	42,291	281,560
Disposals					
Cost at June 30, 2014	616,842	254,824	108,555	299,620	1,279,841
Accumulated depreciation at July 1, 2013	132,706	88,112	40,326	202,752	463,896
Depreciation for period	123,102	35,477	12,754	32,363	203,696
Disposals					
Accumulated depreciation at June 30, 2014	255,808	123,589	53,080	235,115	667,592
Carrying value at June 30, 2014	361,034	131,235	55,475	64,505	612,249
Cost at June 30, 2014	616,842	254,824	108,555	299,620	1,279,841
Additions	63,000		4,500	90,400	157,900
Disposals					
Cost at June 30, 2015	679,842	254,824	113,055	390,020	1,437,741
Accumulated depreciation at July 1, 2014	255,808	123,589	53,080	235,115	667,592
Depreciation for period	146,531	54,486	17,140	49,530	267,687
Disposals					
Accumulated depreciation at June 30, 2015	402,339	178,075	70,220	284,645	935,279
Carrying value at June 30, 2015	277,502	76,748	42,834	105,375	502,461

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

CAYMAN ISLANDS NATIONAL MUSEUM

FOR THE FINANCIAL YEAR

ENDING 30 JUNE 2015

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

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 2014/15 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 2014/15 financial year are as follows:

CNM 1 – Collections & Curations

- Continue to collect material evidence of artistic, historic, or scientific significance to the Cayman Islands, both terrestrial and underwater;
- Incorporate research findings on collections, terrestrial and underwater archaeological sites into public exhibitions, programmes and publications when possible;
- Liaise with local and international groups having similar objectives, for loan or exchange of artefacts and exhibits, and the exchange of knowledge and information;

CNM 2 – Operation, Education & Exhibits

- Enhance the effectiveness of the Board in support of the vision, mission and goals.
- 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.
- Provide exhibitions and displays and general public access to them;
- Continue to provide with our partners a land-based Maritime Heritage Trail;
- Continue to partner with CNCF, National Trust, National Archive and National Gallery to promote our Islands' cultural heritage.
- Continue to partner with National Archive, National Trust and the Department of Environment on maritime related issues and programmes;
- Assist the Dept. of Tourism and other related organizations/institutions in marketing the cultural product of these Islands;
- Continue to partner with various organizations in the protection, research, legislation, and educational activities relating to islands maritime heritage e.g. shipwrecks;
- 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.);
- Assist the Sister Islands and the districts in Grand Cayman with Museum related issues and activities as needed;
- Provide a cafe, shop and other facilities for the use of the public;

CNM 3 – Ministry Support

- Continue to prepare and support government's requests for information to further the cultural well-being of the Cayman Islands;
- Provide reports and other documents requested by the Ministry;
- Assist the Ministry in creating national cultural policies and plans; and any necessary legislation;

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2013 Revision) for the *Cayman Islands National Museum* for the 2014/15 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2014/15 BUDGET $ 000's	2013/14 FORECAST $ 000's
REVENUE FROM CABINET	864,000	887,173
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	0	91,000
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	164,000	166,120
SURPLUS/DEFICIT FROM OUTPUTS	0	0
OTHER EXPENSES	0	0
NET SURPLUS DEFICIT	0	0
TOTAL ASSETS	3,643,279	3,286,237
TOTAL LIABILTIES	144,328	227,286
NET WORTH	3,498,951	3,058,951
CASH FLOWS FROM OPERATING ACTIVIITES	206,286	304,090
CASH FLOWS FROM INVESTING ACTIVIITES	(100,000)	(240,000)
CASH FLOWS FROM FINANCING ACTIVIITES	100,000	240,000
CHANGE IN CASH BALANCES	206,286	304,090

FINANCIAL PERFORMANCE RATIO	2014/15 BUDGET %	2013/14 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES		1494
TOTAL ASSETS : TOTAL LIABILITIES		1683

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2014/15 BUDGET	2013/14 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	2014/15 BUDGET $	2013/14 FORECAST $
VALUE OF TOTAL ASSETS	2,495,930	2,545,931
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

MAJOR CAPTIAL EXPENDITURE PROJECTS	2014/15 TARGET $
PURCHASE OF PURPOSED SUPPORT FACILITY BUILDING	340,000

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2013/14	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
3.The Museum needs specialized staff in the areas of conservation, curation, collections management, design, archaeology, business, public relations, programmes and operations.	Yes	Staffs are being encouraged to undertake studies and obtain qualifications. The Museum is working to improve professional staffing of the organization to create a positive professional environment and to address the specialized needs of the Museum.	Inability to professionally manage, research, care for, curate, interpret, and exhibit the Museum's collections – resulting in replacement or restoration cost of items lost.

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	2014/15 TARGET $ 000's	2013/14 FORECAST $ 000's
REVENUE	1,086,620	1,103,293
OPERATING EXPENSES	1,086,620	1,103,293
NET SURPLUS/DEFICIT	0	0

BALANCE SHEET	AS AT JUNE 2015 $ 000's	AS AT JUNE 2014 $ 000's
ASSETS	3,643,279	3,526,237
LIABILITIES	144,328	227,286
NET WORTH	3,498,951	3,298,951

STATEMENT OF CASH FLOW	2014/15 TARGET $ 000's	2013/14 FORECAST $ 000's
NET CASH FLOWS FROM OPERATING ACTIVIITES	206,286	304,090
NET CASH FLOWS FROM INVESTING ACTIVIITES	(100,000)	(240,000)
NET CASH FLOWS FROM FINANCING ACTIVIITES	100,000	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 (2013 Revision).

TRANSACTION	AMOUNT FOR 2014/15 $
Equity Investments into *Cayman Islands National Museum*	100,000
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 2014/15 $
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	3
NUMBER OF KEY SENIOR MANAGEMENT (MD)	4

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 2014/15 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

30th June 2014

CAYMAN ISLANDS GOVERNMENT

CAYMAN ISLANDS NATIONAL MUSEUM

STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS FOR THE YEAR ENDING 30TH JUNE 2015

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 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 2015 and performance for the Cayman Islands National Museum for the year ending 30th June 2015; and
c. Comply with generally accepted accounting practice.

_____

Chairman of the Board
Cayman Islands National Museum

30th June 2014

APPENDIX

FORECAST FINANCIAL STATEMENTS

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 2015

STATEMENT OF FINANCIAL PERFORMANCE	Notes	Budget
FOR THE YEAR ENDED 30 JUNE 2015		**2014/15**
Revenue		
Sale of goods and services	14	1,028,000
Investment revenue	15	120
Donations	16	58,500
Other revenue		0
Total Revenue		**1,086,620**
Expenses		
Personnel costs	17	463,700
Supplies and consumables	18	416,634
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		**1,086,620**

CAYMAN ISLANDS NATIONAL MUSEUM

FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30TH JUNE 2015

	Contributed Capital	Reserves	Revaluation Reserve	Accumulated Surplus/ (deficits)	Total
Balance at 30 June 2013	1,119,120	200,000	(46,740)	1,786,571	3,058,951
Changes in accounting policy					0
Prior Year Adjustments					0
Restated balance	1,119,120	200,000	(46,740)	1,786,571	3,058,951
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	240,000	0	0	0	240,000
Surplus/(deficit)for the period 2013/14				0	0
Total recognised revenues and expenses for the period	240,000	0	0	0	240,000
Balance at 30 June 2014 carried forward	1,359,120	200,000	(46,740)	1,786,571	3,298,951
Balance at 30 June 2014 b/f	1,359,120	200,000	(46,740)	1,786,571	3,298,951
Changes in net worth for 2013/14					
Changes in accounting policy					0
Prior Year Adjustments					0
Restated balance	1,359,120	200,000	(46,740)	1,786,571	3,298,951
Changes in net worth for 2014/15					
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	200,000	0	0	0	200,000
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	200,000	0	0	0	200,000
Surplus/(deficit)for the period 2014/15				0	0
Total recognised revenues and expenses for the period	200,000	0	0	0	200,000
Balance at 30 June 2015	1,559,120	200,000	(46,740)	1,786,571	3,498,951

CAYMAN ISLANDS NATIONAL MUSEUM
FORECAST BALANCE SHEET
FOR THE YEAR ENDING 30TH JUNE 2015

STATEMENT OF FINANCIAL POSITION	Notes	Budget 2014/15
Current Assets		
Cash and cash equivalents	**1**	826,349
Marketable securities and deposits		0
Trade receivables	**2**	216,000
Other receivables	**2**	0
Inventories	**3**	70,000
Investments	**4**	0
Prepayments	**5**	35,000
Loans	**6**	0
Total Current Assets		**1,147,349**
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**	**2,495,930**
Total Non-Current Assets		**2,495,930**
Total Assets		**3,643,279**
Current Liabilities		
Trade payables	**8**	**77,328**
Other payables and accruals	**8**	**67,000**
Bank Overdraft	**1**	**0**
Unearned revenue	**9**	**0**
Employee entitlements	**10**	**0**
Dividends/Surplus Payable		**0**
Current Portion of Borrowings	**11**	**0**
Total Current Liabilities		**144,328**
Non-Current Liabilities		
Trade payables	**8**	**0**
Other payables and accruals	**8**	**0**
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		**0**

CAYMAN ISLANDS NATIONAL MUSEUM
FORECAST BALANCE SHEET (CONT'D)
FOR THE YEAR ENDING 30TH JUNE 2015

Total Liabilities		**144,328**
Net Assets		**3,498,951**
NET WORTH		
Contributed capital		**1,559,120**
Other Reserves		**200,000**
Revaluation reserve		**(46,740)**
Accumulated surpluses/(deficits)		**1,786,571**
Total Net Worth		**3,498,951**

CAYMAN ISLANDS NATIONAL MUSEUM
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30TH JUNE 2015

	Note	Forecast 2013/14
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Sale of goods and services to Cabinet		864,000
Sale of goods and services to other government agencies		0
Sale of goods and services - third party		92,000
Interest received		120
Donations / Grants		58,500
Other receipts		72,000
Payments		
Personnel costs		(463,700)
Supplies and consumables		(416,634)
Interest paid		0
Other payments		0
Net cash flows from operating activities	23	**206,286**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment		(200,000)
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		(200,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Equity Investment from Cabinet		200,000
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		**200,000**
Net increase/(decrease) in cash and cash equivalents		**206,286**
Cash and cash equivalents at beginning of period		620,063
Cash and cash equivalents at end of period		**826,349**

CAYMAN ISLANDS NATIONAL MUSEUM
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2015

Note 1: Cash and Cash Equivalent

Description change as applicable- Enter overdraft as negative	Currency Amount	Exchange Rate to $CI	Budget 2014/15
Cash on hand	1,000	1.0000	1,000
Cash in transit	0	1.0000	0
CI$ Account	582,649	1.0000	582,649
US$ Account	40,000	0.8300	33,200
Payroll Current Account	0	1.0000	0
Bank Accounts held at other financial institutions	0	1.0000	0
Short-Term Fixed Deposits	209,500	1.0000	209,500
TOTAL			**826,349**

Note 2: Trade and Other Receivables

Trade Receivables	Budget 2014/15
Sale of goods and services to Cabinet	216,000
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	**216,000**

Other Receivables	Budget 2014/15
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 2014/15
Past due 1-30 days	216,000	0	216,000
Past due 31-60 days	0	0	0
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	**216,000**	**0**	**216,000**

Change in the Provision of doubtful debts

Description	Budget 2014/15
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 2014/15
Inventory held for use in the provision of goods and services	0		0
Inventory held for sale	70,000		70,000
Impairment of Inventory b/f			0
Impairment of Inventory 2013/14	0		0
TOTAL INVENTORIES	**70,000**	**0**	**70,000**

Note 4: Investments

Investments	Current	Non-Current	Budget 2014/15
			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 2014/15
Prepaid Property Insurance	30,000		30,000
Refundable Deposits	5,000		5,1000
			0
			0
Total	**35,000**	**0**	**35,000**

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 2013				323,327	125,916	64,635	24,900		2,204,591	442,804	3,186,173
Additions	0										0
Disposals	0										0
Transfers	0										0
Balance as at 30 June 2014	0			323,327	125,916	64,635	24,900	0	2,204,591	442,804	3,186,14

	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 2014				323,327	125,916	64,635	24,900		2,204,591	442,804	3,186,173
Additions	0		200,000								200,000
Disposals	0										0
Transfers	0										0
Balance as at 30 June 2015	0	0	200,000	323,327	125,916	64,635	24,900	0	2,204,591	442,804	3,386,173

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 2013				70,714	87,238	112,032	24,900		304,634	84,439	683,957
Impairment Loss 2013/14	0										0
Depreciation Expense 2013/14	0										
Eliminate on Disposal 2013/14	0										0
Balance as at 30 June 2014	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 2014				70,714	87,238	112,032	24,900	0	304,634	84,439	683,957
Impairment Loss 2013/14	0										0
Depreciation Expense 2013/14	0				22,079	34,087			95,283	54,837	206,286
Eliminate on Disposal 2013/14	0										0
Balance as at 30 June 2015	0			70,714	109,317	146,119	24,900	0	399,917	139,276	890,243

Net Book Value 30 June 2014	0	0	0	252,613	38,678	(47,397)	0	0	1,899,957	358,365	2,502,216

Net Book Value 30 June 2015	0	0	200,000	252,613	16,599	(81,484)	0	0	1,804,674	303,528	2,495,930

Note 9: Trade Payables, Other Payables & Accruals

	Current	Budget 2014/15
Creditors Third party	77,328	77,328
Creditors Ministries/Portfolios	0	0
Creditors other government agencies	0	0
Payroll Deductions	2,000	2,000
Operating Lease	0	0
Accrued Expenses	0	0
Other payables	65,000	65,000
Total trade payables other payables and accruals	**144,328**	**144,328**

Note 15a: Sales of Goods & Services

Revenue Type	Budget 2014/15
Fees and Charges	**54,000**
General Sales	**92,000**
Rentals	**18,000**
Other Goods & Services Revenue	**0**
Sale of goods and services to Cabinet	**864,000**
Sale of goods and services to Other Ministries and Portfolios	**0**
Total sales of goods and services	**1,028,000**

Fees and Charges	Budget 2014/15
(e.g.,xxxxxx yyyyyy)	
Admissions	42,000
Membership Dues	12,000
Total Fees and Charges	**54,000**

General Sales	Budget 2014/15
(e.g.,xxxxxx yyyyyy)	
Merchandise Sales	92,000
Total General Sales	**92,000**

Rentals	Budget 2014/15
(e.g.,xxxxxx yyyyyy)	
Café Rental	18,000
Total Rentals	**18,000**

	Budget 2014/15
Sales of Outputs to Cabinet	864,000
Sales of Outputs to Cabinet	864,000
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	**1,028,000**

Note 16: Investment Revenue

	Budget 2014/15
Interest on deposits	120
Interest on cash balances	0
Royalties	0
Other	0
Total Investment Revenue	**120**

Note 17: Donations

	Budget 2014/15
Donations, Sponsorship & Fundraising	58,500
Total Donations	**58,500**

Note 18: Personnel Cost

Description	Budget 2014/15
Salaries, wages and allowances	380,000
Health care	64,000
Pension	19,000
Leave	0
Other personnel related costs	700
Total Personnel Costs	**463,700**

Note 19: Supplies and Consumables

Description	Budget 2014/15
Supplies and Materials	7,600
Purchase of services	164,244
Lease of Property and Equipment	115,290
Utilities	82,000
General Insurance	40,000
Interdepartmental expenses	0
Travel and Subsistence	0
Recruitment and Training	7,500
Other	0
Total Supplies & consumables	**416,634**

Note 20: Financial Costs

Description	Budget 2014/15
Interest on Borrowings	0
Other Borrowing Costs	0
Interest on Overdraft	0
Total Finance Cost	**0**

Note 23: Reconciliation of net cash flows from operating activities to surplus/(deficit)

Description	Budget 2014/15
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	**0**
(Increase)/decrease in receivables - Cabinet	
Increase/(decrease) in current liabilities	**0**
Net cash flows from operating activities	**206,286**

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

CAYMAN ISLANDS STOCK EXCHANGE

FOR THE FINANCIAL YEAR

ENDING 30 JUNE 2015

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

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 2014/15 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 2014/15 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 (2013 Revision) for the *Cayman Islands Stock Exchange* for the 2014/15 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2014/15 BUDGET $ 000's	2013/14 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	1,584,170	1,438,590
SURPLUS/DEFICIT FROM OUTPUTS		
OTHER EXPENSES	1,378,640	1,407,710
NET SURPLUS DEFICIT	205,530	30,880
TOTAL ASSETS	2,091,189	1,937,901
TOTAL LIABILTIES	158,012	167,866
NET WORTH	1,933,260	1,770,035
CASH FLOWS FROM OPERATING ACTIVIITES	261,179	227,238
CASH FLOWS FROM INVESTING ACTIVIITES	0	-5,000
CASH FLOWS FROM FINANCING ACTIVIITES	-155,000	0
CHANGE IN CASH BALANCES	106,179	222,238

FINANCIAL PERFORMANCE RATIO	2014/15 BUDGET %	2013/14 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	12.02:1	10.21:1
TOTAL ASSETS : TOTAL LIABILITIES	13.23:1	11.54:1

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2014/15 BUDGET	2013/14 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	4	6
STAFF TURNOVER (%)	3.33%	NIL
SENIOR MANAGER	15.74	12.49
PROFESSIONAL AND TECHNICAL STAFF	14.26	12.21
ADMINISTRATIVE STAFF	12.79	8.52

PHYSICAL CAPITAL MEASURES	2014/15 BUDGET $	2013/14 FORECAST $
VALUE OF TOTAL ASSETS	192,480	223,697
ASSET REPLACEMENTS : TOTAL ASSETS	0	0
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	0.10:1	0.12:1
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	0 (no asset purchases expected)	15:1
CHANGES TO ASSET MANAGEMENT POLICES	None	None

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2013/14	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

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	2014/15 TARGET $ 000's	2013/14 FORECAST $ 000's
REVENUE	1,584,170	1,438,590
OPERATING EXPENSES	1,378,640	1,407,710
NET SURPLUS/DEFICIT	205,530	30,880

BALANCE SHEET	AS AT JUNE 2015 $ 000's	AS AT JUNE 2014 $ 000's
ASSETS	2,091,189	1,937,901
LIABILITIES	158,012	167,866
NET WORTH	1,933,177	1,770,035

STATEMENT OF CASH FLOW	2014/15 TARGET $ 000's	2013/14 FORECAST $ 000's
CASH FLOWS FROM OPERATING ACTIVIITES	261,179	236,166
CASH FLOWS FROM INVESTING ACTIVIITES	0	-5,000
CASH FLOWS FROM FINANCING ACTIVIITES	-155,000	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 (2013 Revision).

TRANSACTION	AMOUNT FOR 2014/15 $
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.*	155,000
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)	405,000
Remuneration Payments made to Senior Management (MD)	405,000

DESCRIPTION	NUMBERS FOR 2014/15 $
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 2014/15 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

30TH June 2014

CAYMAN ISLANDS GOVERNMENT

CAYMAN ISLANDS STOCK EXCHANGE
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2015

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 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 2015 and performance for the Cayman Islands Stock Exchange for the year ending 30th June 2015; and
f. Comply with generally accepted accounting practice.

_____

Chairman of the Board
Auditor Oversight Authority

30TH June 2014

APPENDIX

FORECAST FINANCIAL STATEMENTS

STATEMENT OF ACCOUNTING POLICIES
AS AT 30TH JUNE 2015

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.

CAYMAN ISLANDS STOCK EXCHANGE
FORECAST OPERATING STATEMENT
FOR THE YEAR ENDING 30TH JUNE 2015

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015	Notes	Budget 2014/15
Revenue		
Sale of goods and services	15	1,583,450
Investment revenue	16	720
Donations	17	0
Total Revenue		**1,584,170**
Expenses		
Personnel costs	18	648,000
Supplies and consumables	19	646,540
Depreciation and Amortisation	7	84,100
Total Expenses		**1,378,640**
Surplus or (Deficit) for the period		**205,530**

CAYMAN ISLANDS STOCK EXCHANGE

FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30TH JUNE 2015

	Contributed Capital	Accumulated Surplus/ (deficits)	Total
Balance at 30 June 2013	171,926	1,458,280	1,630,206
Changes in net worth for 2012/13			
Prior Year Adjustments		108,949	108,949
Restated balance	171,926	1,567,229	1,739,155
Changes in net worth for 2013/14			
Dividends payable to Cabinet		-23,160	-23,160
Net revenue / expenses recognised directly in net worth	0	-23,160	-23,160
Surplus/(deficit)for the period 2013/14		30,880	30,880
Total recognised revenues and expenses for the period	0	7,720	7,720
Balance at 30 June 2014 carried forward	171,926	1,574,949	1,746,875

	Contributed Capital	Accumulated Surplus/ (deficits)	Total
Balance at 30 June 2014 brought forward	171,926	1,574,949	1,746,875
Changes in net worth for 2013/14			
Prior Year Adjustments		135,855	135,855
Restated balance	171,926	1,710,804	1,882,730
Changes in net worth for 2014/15			
Dividends payable to Cabinet		-155,000	-155,000
Net revenue / expenses recognised directly in net worth	0	-155,000	-155,000
Surplus/(deficit)for the period 2014/15		205,530	205,530
Total recognised revenues and expenses for the period	0	50,530	50,530
Balance at 30 June 2015	171,926	1,761,334	1,933,260

CAYMAN ISLANDS STOCK EXCHANGE
FORECAST BALANCE SHEET
AS AT 30TH JUNE 2015

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015	Notes	Budget 2014/15
Current Assets		
Cash and cash equivalents	**1**	1,634,261
Trade receivables	**2**	239,737
Prepayments	**5**	24,711
Total Current Assets		**1,898,709**
Non-Current Assets		
Property, plant and equipment	**7**	4,529
Intangible Assets	**8**	187,951
Total Non-Current Assets		**192,480**
Total Assets		**2,091,189**
Current Liabilities		
Trade payables	**9**	51,933
Other payables and accruals	**9**	63,473
Employee entitlements	**11**	42,606
Dividends/Surplus Payable	**9**	0
Current Portion of Borrowings	**12**	0
Total Current Liabilities		**158,012**
Total Liabilities		**158,012**
Net Assets		**1,933,177**
NET WORTH		
Contributed capital		171,926
Accumulated surpluses/(deficits)		1,761,334
Total Net Worth		**1,933,260**

CAYMAN ISLANDS STOCK EXCHANGE
FORECAST STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30TH JUNE 2015

CASH FLOW STATEMENT **FOR THE YEAR ENDED 30 JUNE 2014**		**Budget 2014/15**
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Sale of goods and services - third party		1,564,852
Interest received		720
Payments		
Personnel costs		-648,000
Supplies and consumables - Statutory Agencies and Government Conpanies		-9,110
Supplies and consumables - third party		-647,283
Net cash flows from operating activities	23	**261,179**
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Surplus/Dividends or Capital withdrawal		-155,000
Net cash flows from financing activities		**-155,000**
Net increase/(decrease) in cash and cash equivalents		**106,179**
Cash and cash equivalents at beginning of period		1,528,082
Cash and cash equivalents at end of period		**1,634,261**

Note 1: Cash and cash equivalents

Description change as applicable- Enter overdraft as negative	Currency Amount	Exchange Rate to $CI	Budget 2014/15
Cash on hand	200	1.0000	200
CI$ Account	554,673	1.0000	554,673
US$ Account	514,008	0.8300	426,627
Payroll Current Account	7,000	1.0000	7,000
Short-Term Fixed Deposits	645,761	1.0000	645,761
TOTAL			**1,634,261**

Note 2: Trade and other receivables

Trade Recivables	Budget 2014/15
Sale of goods and services - third party	248,922
Less: provision for doubtful debts (Enter -ve number)	-9,185
Total trade receivables	**239,737**

	Trade Receivables	Other Receivables	Budget 2014/15
Current			
Past due 1-30 days	71,921	0	71,921
Past due 31-60 days	47,947		47,947
Past due 61-90 days	23,974		23,974
Past due 90 and above	95,895		95,895
Total	**239,737**	**0**	**239,737**

Changes in the provision of doubtful debts:

Description	Budget 2014/15
Balance at 1 July 2014 **(Enter -ve number)**	-9,185
Additional provisions made during the year	15,000
Receivables written off during the period	-15,000
Balance at 30 June 2015	-9,185

Note 5 Prepayments

Description	Current	Non-Current	Budget 2014/15
Prepayments	24,711		24,711
			0
Total	**24,711**	**0**	**24,711**

Note 8: Intangible Assets

Cost of Intangible Assets

	Computer Software	*Other Intangible Assets*	*Intangible Assets under construction or development*	*Total*
Balance as at 1 July 2013	336,555			336,555
Additions	30,699	6,560		37,259
Balance as at 30 June 2014	367,254	6,560	0	373,814

	Computer Software	*Other Intangible Assets*	*Intangible Assets under construction or development*	*Total*
Balance as at 30 June 2014	367,254	6,560	0	373,814
Balance as at 30 June 2015	367,254	6,560	0	373,814

Accumulated Depreciation and impairment losses

	Computer Software	*Other Intangible Assets*	*Intangible Assets under construction or development*	*Total*
Balance as at 1 July 2013	36,725			36,725
Amortisation Expense 2013/14	73,451			73,451
Balance as at 30 June 2014	110,176	0	0	110,176

	Computer Software	*Other Intangible Assets*	*Intangible Assets under construction or development*	*Total*
Balance as at 30 June 2014	110,176	0	0	110,176
Amortisation Expense 2014/15	73,500	2,187		75,687
Balance as at 30 June 2015	183,676	2,187	0	185,863

Net Book value 30 June 2014	257,078	6,560	0	263,638

Net Book value 30 June 2015	183,578	4,373	0	187,951

Note 9: Trade payables, other payables & Accruals

	Current	**Non-Current**	**Budget 2014/15**
Creditors Third party	51,933		51,933
Creditors Ministries/Portfolios			0
Creditors other Statutory Agencies and Government Conpanies			0
Payroll Deductions			0
Operating Lease			0
Accrued Expenses	63,473		63,473
Other payables			0
Dividends/Surplus Payable			0
Total trade payables other payables and accruals	**115,406**	**0**	**115,406**

Note 11: Employee entitlements

	Budget 2014/15
Annual Leave/Comp-time	42,606
Total current portion	**42,606**
Total employee entitlements	**42,606**

Note 15a: Sales of Goods & Services

Revenue type	Budget 2014/15
Fees and Charges	1,519,490
Other Goods & Services Revenue	63,960
Total sales of goods and services	**1,583,450**

Fees and Charges	Budget 2014/15
Operations	1,146,110
Cusips	373,380
Total Fees & Charges	1,519,490

Other Goods & Services Revenue	Budget 2014/15
Consultancy and miscellaneous	63,960
Total Other Goods & Services Revenue	63,960

Note 16: Investment revenue

Revenue type	Budget 2014/15
Interest on cash balances	720
Total Investment revenue	**720**

Note 18: Personnel costs

Description	Budget 2014/15
Salaries, wages and allowances	575,545
Health care other	57,455
Pension	15,000
Total Personnel Costs	**648,000**

Note 19: Supplies and consumables

Description	Budget 2014/15
Supplies and Materials	94,830
Purchase of services	327,460
Lease of Property and Equipment	85,080
Utilities	48,610
General Insurance	3,110
Travel and Subsistence	45,000
Other	42,450
Total Supplies & consumables	**646,540**

Note 23: Reconciliation of net cash flows from operating activities to surplus/(deficit)

Description	Budget 2014/15
Surplus/(deficit) from ordinary activities	205,530
Non-cash movements	
Depreciation & Amortisation	84,100
Changes in current assets and liabilities:	
(Increase)/decrease in other current assets - Other	**-18,598**
(Increase/(decrease) in current liabilities - Other	**-9,853**
Net cash flows from operating activities	**261,179**

Note 27: Financial instruments risks

The Company's operating activities expose it to various types of financial risks that are associated with the financial instruments and markets in which it invests. These financial risks include credit and counterparty risk, liquidity risk and market risk (including currency risk and interest rate risk). The Company's overall risk management program focuses on minimising potential adverse effects on the Company's operations resulting from these financial risks. The exposure to, and management of, these risks are summarised below.

Credit and counterparty risk

Credit and counterparty risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments which potentially expose the Company to credit risk consist primarily of cash and cash equivalents and accounts receivable.

The Company mitigates its exposure to credit risk by placing cash with major international institutions. As the Company provides listing services, its revenue is made up of small fees from many customers. As such, any failure of a customer to pay their fees would not have a significant impact on the financial statements of the Company. The Company's policy is to provide for an allowance of doubtful debts based on specifically identified outstanding accounts receivable evaluated based on their age and assessed collectability.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

The Company's primary financial liabilities are accounts payable and accrued liabilities. The Company monitors current assets and liabilities to ensure that it has sufficient liquid assets to be able to meet its future expected cash outflows. All the Company's liabilities are expected to be paid within one year.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk for the Company comprises two types of risk: currency risk and interest rate risk. The Company is not exposed to any other market risks.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company operates in the Cayman Islands and the main currencies of its operations are the Cayman Islands dollar and the United States dollar.

The Cayman Islands dollar has a fixed exchange rate against the United States dollar so no currency risk or translation gains/losses arise from fluctuations between the currencies, and as such no currency risk sensitivity analysis has been prepared. The Cayman Islands dollar to United States dollar exchange rate used by the Company is 0.82.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The only financial instrument upon which changes in interest rates could have an impact is a fixed deposit, renewed monthly, which is shown on the statements of financial position as part of cash and cash equivalents. As the financial instrument is short term in nature and a fixed rate is set at each monthly renewal of the fixed deposit, interest rate fluctuations would not significantly impact the Company's future cash flows.

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

CAYMAN NATIONAL CULTURAL FOUNDATION

FOR THE FINANCIAL YEAR

ENDING 30 JUNE 2015

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

Agreement

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Cayman National Cultural Foundation* have agreed the *Cayman National Cultural Foundation* will seek to achieve during the 2014/15 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 Cultural Foundation* is to operate during the year.

GENERAL NATURE OF ACTIVITIES

The *Cayman National Cultural 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 Cultural 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 Cultural Foundation* for the 2014/15 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 (2013 Revision) for the *Cayman National Cultural Foundation* for the 2014/15 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2014/15 BUDGET $ 000's	2013/14 FORECAST $ 000's
REVENUE FROM CABINET	628,900	679,394
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES		
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	367,903	352,621
SURPLUS/DEFICIT FROM OUTPUTS		
OTHER EXPENSES	996,803	1,032,015
NET SURPLUS DEFICIT		
TOTAL ASSETS	4,887,539	4,853,502
TOTAL LIABILTIES	444,921	519,113
NET WORTH	4,442,618	4,323,699
CASH FLOWS FROM OPERATING ACTIVIITES	(101,420)	
CASH FLOWS FROM INVESTING ACTIVIITES	40,000	
CASH FLOWS FROM FINANCING ACTIVIITES	100,000	
CHANGE IN CASH BALANCES	38,580	

FINANCIAL PERFORMANCE RATIO	2014/15 BUDGET %	2013/14 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	0:0.9	2.1
TOTAL ASSETS : TOTAL LIABILITIES	11.1	9.1

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2014/15 BUDGET	2013/14 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	6	7
STAFF TURNOVER (%)	15%	10%
SENIOR MANAGER	24	23
PROFESSIONAL AND TECHNICAL STAFF	6	5
ADMINISTRATIVE STAFF	5	4

PHYSICAL CAPITAL MEASURES	2014/15 BUDGET $	2013/14 FORECAST $
VALUE OF TOTAL ASSETS	4,887,539	4,853,502
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 2013/14	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 Cultural Foundation* is provided in the Appendix to this Ownership Agreement.

OPERATING STATEMENT	2014/15 TARGET $ 000's	2013/14 FORECAST $ 000's
REVENUE	996,803	1,032,015
OPERATING EXPENSES	996,803	1,032,015
NET SURPLUS/DEFICIT	0	0

BALANCE SHEET	AS AT JUNE 2015 $ 000's	AS AT JUNE 2014 $ 000's
ASSETS	4,887,539	4,853,502
LIABILITIES	444,921	519,113
NET WORTH	4,442,618	4,323,699

STATEMENT OF CASH FLOW	2014/15 TARGET $ 000's	2013/14 FORECAST $ 000's
CASH FLOWS FROM OPERATING ACTIVIITES	(101,420)	(15,602)
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 (2013 Revision).

TRANSACTION	AMOUNT FOR 2014/15 $
Equity Investments into *Cayman National Cultural Foundation*	100,000
Capital Withdrawals from *Cayman National Cultural Foundation.*	0
Dividend or Profit Distributions to be made by *Cayman National Cultural Foundation.*	0
Government Loans to be made to *Cayman National Cultural Foundation.*	0
Government Guarantees to be issued in relation to *Cayman National Cultural 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)	163,346
Remuneration Payments made to Senior Management (MD)	163,346

DESCRIPTION	NUMBERS FOR 2014/15
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 Cultural 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 Cultural Foundation will seek to achieve for the 2014/15 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 Cultural Foundation

30th June 2014

CAYMAN ISLANDS GOVERNMENT

CAYMAN NATIONAL CULTURAL FOUNDATION

STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2015

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 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 2015 and performance for the Cayman National Cultural Foundation for the year ending 30th June 2015; and
c. Comply with generally accepted accounting practice.

_____

Chairman of the Board
Cayman National Cultural Foundation

30th June 2014

APPENDIX

FORECAST FINANCIAL STATEMENTS

CAYMAN NATIONAL CULTURAL FOUNDATION
STATEMENT OF ACCOUNTING POLICIES
AS AT 30TH JUNE 2015

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 CULTURAL FOUNDATION

FORECAST OPERATING STATEMENT
FOR THE YEAR ENDING 30TH JUNE 2015

	Note	2014/15 Budget	2013/14 Forecast
Non-Coercive Revenue			
Sale of Outputs to Cabinet		628,900	679,394
Sale of Outputs to Others		161,800	161,800
Donations		206,103	190,821
Total Operating Revenue		996,803	1,032,015
Operating Expenses			
Personnel costs		468,548	416,418
Supplies and consumables		432,655	519,997
Depreciation		95,600	95,600
Total Operating Expenses		996,803	1,032,015
Surplus from Operating Activities		0	0
Net Surplus/(Deficit)		0	0

CAYMAN NATIONAL CULTURAL FOUNDATION

FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30TH JUNE 2015

Opening balance net worth	1,485,027
Net Surplus	2,857,591
Property revaluations	0
Net revaluations during the period	0
Total recognised revenues and expenses	0
Equity Contributions	100,000
Capital Withdrawal/Repayment of Surplus	0
Closing balance net worth	**4,442,618**

CAYMAN NATIONAL CULTURAL FOUNDATION

FORECAST BALANCE SHEET
FOR THE YEAR ENDING 30TH JUNE 2015

Current Assets	
Cash and cash equivalents	143,508
Marketable securities and deposits	
Accounts receivable	254,001
Inventories	0
Other current assets	3,431
Total Current Assets	**400,940**
Non-Current Assets	
Loans	0
Other investments	0
Property, plant and equipment	4,186,344
Other non-current assets	300,225
Total Non-Current Assets	**4,486,599**
Total Assets	**4,887,539**
Current Liabilities	
Accounts payable	435,921
Unearned revenue	0
Employee entitlements	9,000
Other current liabilities	0
Borrowings	0
Total Current Liabilities	**444,921**
Non-Current Liabilities	
Employee entitlements	0
Unfunded Pension liability	0
Borrowings	0
Other non-current liabilities	0
Total Non-Current Liabilities	**0**
Total Liabilities	**444,921**
TOTAL ASSETS LESS TOTAL LIABILITIES	**4,442,618**
NET WORTH	
Contributed Capital	2,957,591
Asset revaluation reserve	0
Accumulated surpluses	1,485,027
Total Net Worth	**4,442,618**

CAYMAN NATIONAL CULTURE FOUNDATION

FORECAST OF CASH FLOWS
FOR THE YEAR ENDING 30TH JUNE 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts	
Sale of Outputs to Cabinet	(50,494)
Sale of Outputs (Goods & Services) to Ministries/Portfolios, Public Authorities	0
Sale of Outputs (goods and services) to Others	0
Interest received	0
Other receipts	(206)
Payments	
Personnel costs	48,780
Suppliers	(99,500)
Interest paid	0
Other payments	0
Net cash flows from operating activities	**(101,420)**
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of non-current assets	40,000
Purchase of investments	0
Proceeds from sale of non-current assets	0
CASH FLOWS FROM FINANCING ACTIVITIES	**0**
Equity Contributions	100,000
Repayment of Surplus	0
Proceeds from borrowings	0
Repayment of borrowings	0
Currency Issues	0
Net cash flows from financing activities	100,000
Net increase/(decrease) in cash and cash equivalents	38,580
Cash and cash equivalents at beginning of period	104,928
Cash and cash equivalents at end of period	143,508

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

CAYMAN TURTLE FARM (1983) LIMITED

FOR THE FINANCIAL YEAR

ENDING 30 JUNE 2015

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

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 2014/15 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 2014/15 financial year are as follows:

Tourist Attraction

- Provide a high-quality attraction for visitors to Grand Cayman offering display and interaction with sea turtles and other island wildlife.
- Collaborate with other entities in the tourism industry to offer visitors "packages" incorporating a visit to Cayman Turtle Farm together with other products and services (e.g. transportation, visits to other attractions) thereby producing additional positive impact on the islands' economy and employment.
- Revenue goals:
    - Tours:

      Increase admissions sold to "stay-over" guests by 5%
    - Gift Shop:

      Increase Retail Contribution by 10%
    - Food & Beverage:

      Increase F&B Contribution by 5%

Turtle Conservation and Culture

- Contribute to the conservation of sea turtles in the wild around the Cayman Islands, and to sustaining local culinary traditions, by making available from closed-cycle farming a stock of green sea turtle meat for local consumption thus avoiding turtles being taken from the wild legally or illegally.

Research and Education

- Continue participation in research on sea turtles in-house and in collaboration with overseas researchers.
- Host students from local schools, educating them on sea turtles and other island wildlife.
    - Target at least 1,500 students and chaperones per year

Events

Offer the park as a venue for various corporate, social and community events, including catering of food and beverages.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2013 Revision) for the *Cayman Turtle Farm (1983) Limited* for the 2014/15 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2014/15 BUDGET $ 000's	2013/14 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	6,367,997	6,178,053
SURPLUS/DEFICIT FROM OUTPUTS	(6,592,336)	(6,151,683)
OTHER EXPENSES	(1,260,000)	(1,344,000)
NET SURPLUS DEFICIT	(7,810,336)	(7,428,483)
TOTAL ASSETS	32,908,848	34,321,037
TOTAL LIABILTIES	23,866,651	26,968,506
NET WORTH	9,042,197	7,352,531
CASH FLOWS FROM OPERATING ACTIVIITES	(4,289,662)	(10,951,237)
CASH FLOWS FROM INVESTING ACTIVIITES	(1,527,170)	(812,000)
CASH FLOWS FROM FINANCING ACTIVIITES	4,817,426	10,934,446
CHANGE IN CASH BALANCES	(999,406)	(828,791)

FINANCIAL PERFORMANCE RATIO	2013/14 BUDGET %	2013/14 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	0.36:1	0.39:1
TOTAL ASSETS : TOTAL LIABILITIES	1.38:1	1.27:1

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2014/15 BUDGET	2013/14 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	90	87
STAFF TURNOVER (%)	5%	4%
SENIOR MANAGER	6.7	6.7
PROFESSIONAL AND TECHNICAL STAFF	7.6	7.6
ADMINISTRATIVE STAFF	8.8	8.8
Significant changes to personnel management system	No further changes	Performance Incentive Scheme

PHYSICAL CAPITAL MEASURES	2014/15 BUDGET $	2013/14 FORECAST $
VALUE OF TOTAL ASSETS	29,883,418	31,296,248
ASSET REPLACEMENTS : TOTAL ASSETS	5.1%	2.6%
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	53%	57%
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	1.93:1	3.4:1
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)	2014/15 BUDGET $
Buildings	377,800
Plant and Equipment	1,139,370
Computer	10,000

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2013/14	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
Unable to meet licence conditions for discharge of effluents into the marine environment.	Secured new regulatory permit for discharge of effluents into the marine environment. There are new requirements for monitoring of impact and implementation of effluent reduction.	Implemented monitoring required by the license. Evaluating prototype unit 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.

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	2014/15 TARGET $ 000's	2013/14 FORECAST $ 000's
REVENUE	6,367,997	6,178,053
OPERATING EXPENSES	(14,178,333)	(13,606,536)
NET SURPLUS/DEFICIT	(7,810,336)	(7,428,483)

BALANCE SHEET	AS AT JUNE 2015 $ 000's	AS AT JUNE 2014 $ 000's
ASSETS	32,908,848	34,321,037
LIABILITIES	23,866,651	26,968,506
NET WORTH	9,042,197	7,352,531

STATEMENT OF CASH FLOW	2014/15 TARGET $ 000's	2013/14 FORECAST $ 000's
CASH FLOWS FROM OPERATING ACTIVIITES	(4,289,662)	(10,951,237)
CASH FLOWS FROM INVESTING ACTIVIITES	(1,527,170)	(812,000)
CASH FLOWS FROM FINANCING ACTIVIITES	4,817,426	10,934,446

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 (2013 Revision).

TRANSACTION	AMOUNT FOR 2014/15 $
Equity Investments into Cayman Turtle Farm (1983) Ltd	9,500,000
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	530,515
Remuneration Payments made to Senior Management	512,915

DESCRIPTION	NUMBERS FOR 2014/15
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	15
NUMBER OF KEY SENIOR MANAGEMENT (MD)	6

[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)

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 2014/15 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. Brian Wight
on Behalf of the Board
Cayman Turtle Farm (1983) Limited

30th June 2014

CAYMAN ISLANDS GOVERNMENT

CAYMAN TURTLE FARM (1983) LIMITED

STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2015

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 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 2015 and performance for the Cayman Turtle Farm (1983) Limited for the year ending 30th June 2015; and
c. Comply with generally accepted accounting practice.

_____

Mr. Brian Wight
on Behalf of the Board
Cayman Turtle Farm (1983) Limited

30th June 2014

APPENDIX

FORECAST FINANCIAL STATEMENTS

STATEMENT OF ACCOUNTING POLICIES
AS AT 30TH JUNE 2015

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.

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.

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.

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 2015

	Note	2014/15	2013/14
Non-Coercive Revenue			
Sale of Outputs (goods and services) to Others	2	**6,325,997**	6,110,853
Total Non-Coercive Revenue		**6,325,997**	6,110,853
Total Operating Revenue		**6,325,997**	6,110,853
Operating Expenses			
Personnel costs	4	**(3,811,641)**	(3,697,903)
Supplies and consumables	5	**(6,166,692)**	(5,960,633)
Depreciation	6	**(2,940,000)**	(2,604,000)
Total Operating Expenses		**(12,918,333)**	(12,262,536)
Surplus from Operating Activities		**(6,592,336)**	(6,151,683)
Financing expense	7	**(1,260,000)**	(1,344,000)
Net Change in defined benefit liability		**-**	-
Change in fair value of biological assets		**42,000**	67,200
Total Non-Operating Revenue and Expenses		**(1,218,000)**	(1,276,800)
Net Surplus/(Deficit)		**(7,810,336)**	(7,428,483)

CAYMAN TURTLE FARM (1983) LIMITED

FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30TH JUNE 2015

	2014/15	2013/14
Opening balance net worth	**7,352,532**	(570,069)
Net Surplus	**(7,810,336)**	(7,428,483)
Total recognised revenues and expenses	**(457,804)**	(7,998,552)
Equity Contributions	**9,500,000**	15.351,084
Capital Withdrawal/Repayment of Surplus	**0**	0
Closing balance net worth	**9,042,196**	7,352,532

CAYMAN TURTLE FARM (1983) LIMITED
FORECAST BALANCE SHEET
AS AT 30TH JUNE 2015

		2014/15	2013/14
Current Assets			
Cash and cash equivalents	9	**519,200**	532,820
Accounts receivable	10	**722,382**	754,321
Inventories	11	**1,783,848**	1,737,648
Total Current Assets		**3,025,430**	3,024,789
Non-Current Assets			
Property, plant and equipment	12	**29,883,418**	31,296,248
Total Non-Current Assets		**29,883,418**	31,296,248
Total Assets		**32,908,848**	34,321,037
Current Liabilities			
Bank overdraft	9	**3,844,766**	2,858,980
Accounts payable	13	**1,046,141**	451,208
Borrowings	15	**3,587,317**	4,489,325
Total Current Liabilities		**8,478,224**	7,799,513
Non-Current Liabilities			
Other non-current liabilities	14	**1,225,771**	1,225,771
Borrowings	15	**14,162,656**	17,943,222
Total Non-Current Liabilities		**15,388,427**	19,168,993
Total Liabilities		**23,866,651**	26,968,506
TOTAL ASSETS LESS TOTAL LIABILITIES		**9,042,197**	7,352,531
NET WORTH			
Contributed Capital		**1,231,861**	75,952
Accumulated surpluses	16	**(7,810,336)**	(7,428,483)
Total Net Worth		**9,042,197**	7,352,531

CAYMAN TURTLE FARM (1983) LIMITED
FORECAST STATEMENT OF CASH FLOW
FOR THE YEAR ENDING 30TH JUNE 2015

		2014/15	2013/14
CASH FLOWS FROM OPERATING ACTIVITIES			
Sale of Outputs (goods and services) to Others		**6,325,997**	6,110,853
Change in fair value of biological assets		**42,000**	67,200
Change in fair value of defined benefit liability		**-**	-
Payments			
Personnel costs		**(3,811,641)**	(3,697,903)
Suppliers		**(6.166,692)**	(5,960,633)
Interest paid		**(1,260,000)**	(1,344,000)
Increase/(Decrease) in defined benefit liability		**-**	-
(Increase)/Decrease in accounts receivable		**34,882**	(403,555)
(Increase)/Decrease in inventories		**(4,200)**	9,214
(Increase)/Decrease in prepayments		**(2,940)**	(1,680)
Decrease in interest payable		**(11,791)**	(11,173)
Increase/(Decrease) in accounts payable and accruals		**606,723**	(5,652,360)
(Increase)/Decrease in biological assets		**(42,000)**	(67,200)
Net cash flows from operating activities	**17**	**(4,289,662)**	(10,951,237)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current assets		**(1,527,170)**	(812,000)
Net cash flows from investing activities		**(1,527,170)**	(812,000)
CASH FLOWS FROM FINANCING ACTIVITIES			
Equity Contributions		**9,500,000**	15,351,084
Repayment of borrowings		**(4,682,574)**	(4,416,638)
Net cash flows from financing activities		**4,817,426**	10,934,446
Net increase/(decrease) in cash and cash equivalents		**(999,406)**	(828,791)
Cash and cash equivalents at beginning of period		**(2,326,160)**	(1,497,369)
Cash and cash equivalents at end of period	**9**	**(3,325,566)**	(2,326,160)

CAYMAN TURTLE FARM (1983) LIMITED
STATEMENT OF COMMITMENTS

STATEMENT OF ACTUAL COMMITMENTS AS AT 3 September 2013	**2014/15**	2013/14
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
Total Other Contingent Liabilities	**-**	-

NOTE 2. GOODS AND SERVICES (INCLUDING FEES AND CHARGES)	2014/15	2013/14
General Sales		
Other Sales	**6,086,597**	5,871,453
Total Sales of Goods	**6,086,597**	5,687,273
Rentals		
Rentals - Other Properties	**239,400**	239,400
Total Rentals	**239,400**	239,400
Total Goods and Services	**6,325,997**	6,110,853

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	**12,918,333**	12,262,536
Total Operating Expenses	**12,918,333**	12,262,536

NOTE 4. PERSONNEL COSTS	2014/15	2013/14
Personnel Costs		
Salaries, wages, allowances & employee pension contribution	**3,457,807**	3,357,094
Employer pension expense	**206,769**	200,747
Other personnel related expenses	**147,065**	140,062
Total Personnel Costs	**3,811,641**	3,697,903

NOTE 5. SUPPLIES AND CONSUMABLES

Supplies and Consumables	**2,333,231**	2,250,614
Purchase of services	**3,712,539**	3,600,743
Other Supplies and Consumables	**120,922**	109,276
Total Supplies and Consumables	**6,166,692**	5,960,633

NOTE 6. DEPRECIATION

Buildings	**2,550,125**	2,393,312
Furniture and fittings	**7,605**	7,201
Plant and equipment	**289,502**	125,574
Computers	**75,050**	62,095
Motor vehicles	**8,501**	7,601
Other assets	**9,217**	8,217
Total	**2,940,000**	2,604,000

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	**2014/15**	2013/14
Interest on Borrowing	**1,025,000**	1,192,800
Interest on Bank Overdraft and other interest	**235,000**	151,200
Total Financing Expense	**1,260,000**	1,344,000

NOTE 8. GAINS/LOSSES ON FOREIGN EXCHANGE TRANSACTIONS

Gains/Losses on Foreign Exchange Transactions	**-**	-
List separately if material		
Total Gains/Losses on Foreign Exchange Transactions	**-**	-

NOTE 9. CASH AND CASH EQUIVALENTS

Cash on hand (including petty cash)	**519,200**	532,820
Bank overdrafts	**(3,844,766)**	(2,858,980)
Total Cash and Cash Equivalents	**(3,325,566)**	(2,326,160)

NOTE 10. ACCOUNTS RECEIVABLE

Sale of Outputs (goods and services) to Others	**766,221**	801,100
Prepayments & Other receivables	**24,804**	21,864
Total Gross	**791,025**	822,964
Less provision for doubtful debts	**(68,643)**	(68,643)
Total Net Accounts Receivable	**722,382**	754,321
Accounts receivable maturity schedule		
Not later than one year	**722,382**	754,321
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	**722,382**	754,321

NOTE 11. INVENTORIES

Consumable Stores	**74,454**	70,254
Inventory – Live Stock	**1,709,394**	1,667,394
Total Inventories	**1,783,848**	1,737,648

NOTE 12. PROPERTY, PLANT AND EQUIPMENT

	2014/15	2013/14
Cost or Opening Valuation		
Land	**1,251,349**	1,251,349
Buildings	**49,545,152**	49,167,352
Vehicles	**275,929**	275,929
Furniture & Fittings	**1,124,838**	1,124,838

Plant and equipment	**3,129,431**	1,990,061
Computers	**442,859**	432,859
Other assets	**682,787**	682,787
Total Cost or Valuation	**56,452,345**	54,925,175
Accumulated Depreciation		
Buildings	**22,495,018**	19,944,893
Vehicles	**268,863**	260,362
Furniture and fittings	**1,112,172**	1,104,567
Plant and equipment	**1,637,108**	1,347,606
Computers	**374,762**	299,712
Other assets	**681,004**	671,787
Total Depreciation	**26,568,927**	23,628,927
Net Book Value		
Land	**1,251,349**	1,251,349
Buildings	**27,050,134**	29,222,459
Vehicles	**7,066**	15,567
Furniture and fittings	**12,666**	20,271
Plant and equipment	**1,492,323**	642,455
Computers	**68,097**	133,147
Other assets	**1,783**	11,000
Total Net Book Value	**29,883,418**	31,296,248

NOTE 13 ACCOUNTS PAYABLE	**2014/15**	2013/14
Creditors	**855,178**	249,454
Operating lease rental	**-**	-
Accrued Expenses (short term portion)	**-**	-
Other Accounts Payable	**190,963**	201,754
Total Accounts Payable	**1,046,141**	451,208

NOTE 14. OTHER CURRENT LIABILITIES

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
Between one and two years	-	-
Between two and five years	-	-
Later than five Years	-	-
Total Local Currency Debt	-	1,084,097
Foreign Currency Debt (state in $CI)		
Not later than one year	**3,587,317**	3,405,228
Between one and two years	**3,685,322**	3,587,317
Between two and five years	**9,636,734**	13,354,151
Later than five years	**840,600**	1,001,754
Total Foreign Currency Debt	**17,749,973**	21,348,450
Total Outstanding Debt	**17,749,973**	22,432,547

NOTE 16. ACCUMULATED SURPLUS	**2014/15**	2013/14
General Reserve	**(7,810,336)**	(7,428,483)
Total Accumulated Surplus	**(7,810,336)**	(7,428,483)

FROM OPERATING ACTIVITIES

Operating surplus/(deficit)	**(7,810,336)**	(7,428,483)
Non-cash movements		
Depreciation	**2,940,000**	2,604,000
Increase in biological assets	**(42,000)**	(67,200)
(Increase)/Decrease in accounts receivable	**34,882**	(403,555)
(Increase)/Decrease in inventories	**(4,200)**	9,214
(Increase)/Decrease in prepayments	**(2,940)**	(1,680)
Decrease in interest payable	**(11,791)**	(11,173)
Increase/(Decrease) in accounts payable and accruals	**606,723**	(5,652,360)
Increase/(Decrease) in defined benefit liability	**-**	-
Net cash flows from operating activities	**(4,289,662)**	(10,951,237)

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

CHILDREN AND YOUTH SERVICES (CAYS) FOUNDATION

FOR THE FINANCIAL YEAR

ENDING 30 JUNE 2015

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

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 2014/15 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 2014/15 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 of the Children and Youth Services (CAYS) Foundation are primarily provided on behalf of the Ministry of Home and Community Affairs. The services cater to the youth, 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 2014/15 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.

4. 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.

5. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2013 Revision) for the *Children and Youth Service (CAYS) Foundation* for the 2014/15 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2014/15 BUDGET $ 000's	2013/14 FORECAST $ 000's
REVENUE FROM CABINET	2,178,000	2,178,000
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	0	0
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	50,000	50,000
SURPLUS/DEFICIT FROM OUTPUTS	0	0
OTHER EXPENSES	2,040,000	2,040,000
NET SURPLUS DEFICIT	188,000	188,000
TOTAL ASSETS	1,161,717	973,716
TOTAL LIABILTIES	9,767	9,767
NET WORTH	1,151,950	963,949
CASH FLOWS FROM OPERATING ACTIVIITES	(166,141)	296,264
CASH FLOWS FROM INVESTING ACTIVIITES	0	(99,100)
CASH FLOWS FROM FINANCING ACTIVIITES	0	0
CHANGE IN CASH BALANCES	(166,141)	197,164

FINANCIAL PERFORMANCE RATIO	204/15 BUDGET %	2013/14 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	107:1	87:1
TOTAL ASSETS : TOTAL LIABILITIES	119:1	100:1

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2014/15 BUDGET	2013/14 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	30	30
STAFF TURNOVER (%)	0	0
SENIOR MANAGER		
PROFESSIONAL AND TECHNICAL STAFF		
ADMINISTRATIVE STAFF	6	

PHYSICAL CAPITAL MEASURES	2014/15 BUDGET $	2013/14 FORECAST $
VALUE OF TOTAL ASSETS	112,174	121,032
ASSET REPLACEMENTS : TOTAL ASSETS	N/A	N/A
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	0.45:1	0.48:1
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	N/A	10.2:1
CHANGES TO ASSET MANAGEMENT POLICES	N/A	N/A

MAJOR CAPITAL EXPENDITURE PROJECTS	2014/15 BUDGET $
No major capital expenditure projects expected in the 2014/15 financial year	

6. 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	2014/15 TARGET $ 000's	2013/14 FORECAST $ 000's
REVENUE	2,228,000	2,228,000
OPERATING EXPENSES	2,040,000	2,040,000
NET SURPLUS/DEFICIT	188,000	188,000

BALANCE SHEET	AS AT JUNE 2015 $ 000's	AS AT JUNE 2014 $ 000's
ASSETS	1,161,717	973,716
LIABILITIES	9,767	9,767
NET WORTH	1,151,950	963,949

STATEMENT OF CASH FLOW	2014/15 TARGET $ 000's	2013/14 FORECAST $ 000's
CASH FLOWS FROM OPERATING ACTIVIITES	(166,141)	296,264
CASH FLOWS FROM INVESTING ACTIVIITES	-	(99,100)
CASH FLOWS FROM FINANCING ACTIVIITES	-	-

7. 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 (2013 Revision).

TRANSACTION	AMOUNT FOR 2014/15 $
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 2014/15 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

30th June 2014

CAYMAN ISLANDS GOVERNMENT

CHILDREN AND YOUTH SERVICE (CAYS) FOUNDATION
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2015

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 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 2015 and performance for the Children and Youth Service (CAYS) Foundation for the year ending 30th June 2015; and
c. Comply with generally accepted accounting practice.

_____

Garth Arch
Chairman of the Board
Children and Youth Service (CAYS) Foundation

30th June 2014

APPENDIX

FORECAST FINANCIAL STATEMENTS

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 2015

	2014/15	2013/14
Grant income	2,178,000	2,178,000
Other income	50,000	50,000
Total income	2,228,000	2,228,000
Operating expenses	2,040,000	2,040,000
Surplus/(deficit) for year	188,000	188,000

CHILDREN AND YOUTH SERVICE (CAYS) FOUNDATION

FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30TH JUNE 2015

	2014/15	2013/14
Net worth, beginning of year	963,950	775,949
Surplus/(deficit) for year	188,000	188,000
Net worth, end of year	1,151,950	963,949

CHILDREN AND YOUTH SERVICE (CAYS) FOUNDATION

FORECAST BALANCE SHEET
AS AT 30TH JUNE 2015

	30 June 2015	30 June 2014
Cash	505,043	671,184
Grant receivable	544,500	181,500
Other assets	0	0
Fixed assets, net	112,174	121,032
Total Assets	1,161,717	973,716
Liabilities	9,767	9,767
Net worth	1,151,950	963,949

CHILDREN AND YOUTH SERVICE (CAYS) FOUNDATION

FORECAST STATEMENT OF CASH FLOWS
AS AT 30TH JUNE 2015

	2014/15	2013/14
Cash, beginning of year	671,184	474,020
Cash used operating activities	(166,141)	296,264
Cash used in investing activities		(99,100)
Cash, end of year	505,043	671,184

Budget Items	Anticipated Operating Expenses 2014/15	Budgeted Amount 2013/14
Basic Salary	1,292,637	1,292,637
Group Health Insurance Premiums	148,176	148,176
Pension Contribution	146,017	146,017
Food & Kitchen	37,000	37,000
Programmes	20,000	20,000
Electricity	50,000	50,000
Water	9,800	9,800
Telephone	21,900	21,900
Other Operating Expenses	314,470	314,470
Total	**$2,040,000**	**$2,040,000**

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

CIVIL AVIATION AUTHORITY

FOR THE FINANCIAL YEAR

ENDING 30 JUNE 2015

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

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 2014/15 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 regulatory oversight of all civil aviation services (technical and economic) provided throughout the Cayman Islands, and of aircraft registered in the Cayman Islands.

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 International Airports
- The Cayman Islands Government in respect of Edward Sodden 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
- Foreign commercial air transport operators providing services to/from the Cayman Islands.
- Operators of Cayman Islands registered aircraft worldwide.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Civil Aviation Authority* for the 2014/15 financial year are as follows:

- Revise and amend local aviation regulations:

    i) Air Navigation (Fees) Regulations
    ii) Mortgaging of Aircraft Regulations

- Promote development of a certifiable airport in Little Cayman to enhance safety of air transport operations on that island.
- Continue managed growth of the CI Aircraft Registry to increase revenues by 5% per annum.
- Pursue development of permanent office accommodations for the Authority.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2013 Revision) for the *Civil Aviation Authority* for the 2014/15 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2014/15 BUDGET $ 000's	2013/14 FORECAST $ 000's
REVENUE FROM CABINET	0	0
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	1,272,000	1,272,000
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	5,215,983	4,985,000
SURPLUS/DEFICIT FROM OUTPUTS	2,378,660	2,118,078
INVESTMENT REVENUE	35,000	32,779
NET SURPLUS DEFICIT	2,413,660	2,151,078
TOTAL ASSETS	6,731,175	6,762,696
TOTAL LIABILTIES	1,214,497	1,117,946
NET WORTH	5,516,679	5,644,750
CASH FLOWS FROM OPERATING ACTIVIITES	2,482,188	2,233,057
CASH FLOWS FROM INVESTING ACTIVIITES	(564,700)	(419,653)
CASH FLOWS FROM FINANCING ACTIVIITES	(1,810,245)	(4,068,127)
CHANGE IN CASH BALANCES	141,243	(2,254,723)

FINANCIAL PERFORMANCE RATIO	2014/15 BUDGET %	2013/14 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	8.8	10.63
TOTAL ASSETS : TOTAL LIABILITIES	5.5	6.05

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2014/15 BUDGET	2013/14 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	21	21
STAFF TURNOVER (%)	2%	5%
SENIOR MANAGER	7	7
PROFESSIONAL AND TECHNICAL STAFF	5	5
ADMINISTRATIVE STAFF	9	9

PHYSICAL CAPITAL MEASURES	2014/15 BUDGET $	2013/14 FORECAST $
VALUE OF TOTAL ASSETS	605,253	390,196
ASSET REPLACEMENTS : TOTAL ASSETS	2%	8%
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	48%	48%
DEPRECIATION : CASH FLOW ON ASSET PURCHASES		
CHANGES TO ASSET MANAGEMENT POLICES	None	None

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2013/14	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	2014/15 TARGET $ 000's	2013/14 FORECAST $ 000's
REVENUE	6,649,542	6,289,779
OPERATING EXPENSES	4,235,882	4,138,701
NET SURPLUS/DEFICIT	2,413,660	2,151,078

BALANCE SHEET	AS AT JUNE 2015 $ 000's	AS AT JUNE 2014 $ 000's
ASSETS	6,731,175	6,762,696
LIABILITIES	1,214,497	1,117,946
NET WORTH	5,516,679	5,644,750

STATEMENT OF CASH FLOW	2014/15 TARGET $ 000's	2013/14 FORECAST $ 000's
CASH FLOWS FROM OPERATING ACTIVIITES	2,482,188	2,233,059
CASH FLOWS FROM INVESTING ACTIVIITES	(564,700)	(419,653)
CASH FLOWS FROM FINANCING ACTIVIITES	(1,810,245)	(4,068,127)

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 (2013 Revision).

TRANSACTION	AMOUNT FOR 2014/15 $
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	1,810,245
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	296,212

DESCRIPTION	NUMBERS FOR 2014/15 $
NUMBER OF KEY MANAGEMENT PERSONNEL	5
NUMBER OF KEY SENIOR MANAGEMENT	3

[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)

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 2014/15 financial year and that the Cabinet will monitor performance against.

_____

Honourable Franz Manderson, Cert Hon., JP
Deputy Governor
On behalf of Cabinet

_____

Ian Pairaudeau
Chairman of the Board
Civil Aviation Authority

30th June 2014

CAYMAN ISLANDS GOVERNMENT

CIVIL AVIATION AUTHORITY

STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS FOR THE YEAR ENDING 30TH JUNE 2015

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 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 2015 and performance for the Civil Aviation Authority for the year ending 30th June 2015; and
c. Comply with generally accepted accounting practice.

_____

Ian Pairaudeau
Chairman of the Board
Civil Aviation Authority

30th June 2014

APPENDIX

FORECAST FINANCIAL STATEMENTS

STATEMENT OF ACCOUNTING POLICIES
AS AT 30TH JUNE 2015

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:

	May 1 2013 to April 30 2016 (36 months)
Cayman Grand Harbour, Cayman Islands	CI$407,770

CIVIL AVIATION AUTHORITY
FORECAST OPERATING STATEMENT
FOR THE YEAR ENDING 30TH JUNE 2015

	Note	2014/15 Budget $000
Revenue		
Outputs to others		6,614,542
Investment revenue		35,000
Total Operating Revenue		**6,649,542**
Operating Expenses		
Personnel costs	1	2,438,076
Supplies and consumables	2	1,729,278
Depreciation		37,528
Amortisation of Intangible Assets		31,000
Other (Gains) / Losses		-
Total Operating Expenses		**4,235,882**
Surplus from Operating Activities and before Financing and Extraordinary items		**2,413,660**
Extraordinary items		0
Net Surplus/(Deficit) after extraordinary items		**2,413,660**

CIVIL AVIATION AUTHORITY

FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30TH JUNE 2015

	Total
Balance at 30 June 2014 brought forward	4,913,264
Changes in net worth for 2014/15	
Restated balance	4,913,264
Changes in net worth for 2014/15	
Repayment of Surplus / Dividends to Cabinet	(1,810,245)
Net revenue / expenses recognised directly in net worth	(1,810,245)
Surplus/(deficit)for the period 2014/15	2,413,660
Total recognised revenues and expenses for the period	603,415
Balance at 30 June 2015	5,516,679

CIVIL AVIATION AUTHORITY
FORECAST BALANCE SHEET
AS AT 30TH JUNE 2015

Current Assets		
Cash and cash equivalents	**2**	4,239,341
Trade receivables	**5**	1,700,610
Other receivables	**5**	10,150
Prepayments	**5**	73,570
Total Current Assets		**6,023,671**
Non-Current Assets		
Property, plant and equipment	**6**	619,253
Intangible Assets		88,252
Total Non-Current Assets		**707,505**
Total Assets		**6,731,175**
Current Liabilities		
Trade payables	**7**	76,731
Other payables and accruals	**7**	224,337
Unearned revenue		302,324
Employee entitlements	**8**	82,104
Dividend/Surplus Payable		-
Total Current Liabilities		**685,496**
Non-Current Liabilities		
Unfunded pension liability	**12**	529,000
Total Non-Current Liabilities		**529,000**
Total Liabilities		**1,214,496**
Net Assets		**5,516,679**
NET WORTH		
Accumulated surpluses/(deficits)		5,516,679
Total Net Worth		**5,516,679**

CIVIL AVIATION AUTHORITY

FORECAST STATEMENT OF CASH FLOWS SHEET
AS AT 30TH JUNE 2015

	Note	2014/15 Budget $
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Output to others		6,614,542
Interest received		35,000
Payments		
Personnel costs		(2,438,076)
Suppliers		(1,729,278)
Other payments		
Net cash flows from operating activities		**2,482,188**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment		(564,700)
Proceeds from sale of non-current assets and investments		-
Net cash flows from investing activities		**(564,700)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Equity investment		0
Capital Withdrawal		0
Repayment of surplus		(1,810,245)
Proceeds from borrowings		0
Repayment of borrowings		0
Net cash flows from financing activities		**(1,810,245)**
Net increase/(decrease) in cash and cash equivalents		107,243
Cash and cash equivalents at beginning of period		4,132,098
Cash and cash equivalents at end of period		**4,239,341**

NOTE 1 - PERSONNEL COSTS	2014/15 Forecast $000
Salaries, wages, contracted officers (including employee pension contributions)	1,855,544
Health care	320,238
Employer pension expense	123,730
Other personnel related costs	138,564
Total Personnel Costs	**2,438,076**

NOTE 2 - SUPPLIES AND CONSUMABLES	2014/15 Forecast $000
Purchase of services	177,492
Travel and Subsistence	178,430
Supplies and materials	138,875
Operating lease rentals	178,262
Recruitment and training	89,000
Utilities	74,000
General Insurance	130,000
Interdepartmental expenses	108,000
Other	655,219
Total Supplies and Consumables	**1,729,278**

NOTE 3 - DEPRECIATION	2014/15 Forecast $000
Computer hardware	4,800
Furniture and fittings	10,100
Other plant and equipment	4,162
Motor Vehicles	11,263
Infrastructure	7,203
Total Depreciation	**37,528**

NOTE 4 - CASH AND CASH EQUIVALENTS	2014/15 Forecast $000
Cash on hand	481
Bank accounts	508,240
Short Term Deposits	3,764,620
Total Cash and Cash Equivalents	**4,273,341**

NOTE 5 - ACCOUNTS RECEIVABLE	2014/15 Forecast $000
Outputs to other government agencies	295,828
Outputs to others	1,414,782
Other Receivables	10,150
Gross	**1,720,760**
Less provision for doubtful debts	(10,000)
Net	**1,710,760**

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

ELECTRICITY REGULATORY AUTHORITY

FOR THE FINANCIAL YEAR

ENDING 30 JUNE 2015

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

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 2014/15 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 Licences 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 electrical energy sources, negotiate new licences with any new entrants to the electricity industry within the Cayman Islands and in general to ensure the continued supply of dependable electricity in the Cayman Islands in the most economic manner.

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 2014/15 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 (2013 Revision) for the *Electricity Regulatory Authority* for the 2014/15 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2014/15 BUDGET $ 000's	2013/14 FORECAST $ 000's
REVENUE FROM CABINET	15,000	4,500
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	NIL	NIL
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	$1,007,500	984,905
SURPLUS/DEFICIT FROM OUTPUTS	NIL	NIL
OTHER EXPENSES	658,400	656,648
NET SURPLUS DEFICIT	364,100	332,757
TOTAL ASSETS	1,754,780	1,576,295
TOTAL LIABILTIES	187,000	222,615
NET WORTH	1,567,780	1,353,680
CASH FLOWS FROM OPERATING ACTIVIITES	320,008	447,001
CASH FLOWS FROM INVESTING ACTIVIITES	(8,000)	(18,122)
CASH FLOWS FROM FINANCING ACTIVIITES	(150,000)	(150,000)
CHANGE IN CASH BALANCES	162,008	278,879

FINANCIAL PERFORMANCE RATIO	2014/15 BUDGET	2013/14 FORECAST
CURRENT ASSETS : CURRENT LIABILITIES	9.30:1	7.00:1
TOTAL ASSETS : TOTAL LIABILITIES	9.38:1	7.08:1

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2014/15 BUDGET	2013/14 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	2.5	2.5
STAFF TURNOVER (%)	NIL	NIL
SENIOR MANAGER	4.0	3.0
PROFESSIONAL AND TECHNICAL STAFF	4.0	3.0
ADMINISTRATIVE STAFF	NIL	NIL

PHYSICAL CAPITAL MEASURES	2014/15 BUDGET $	2013/14 FORECAST $
VALUE OF TOTAL ASSETS	15,795	17,795
ASSET REPLACEMENTS : TOTAL ASSETS	8,000	18,122
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	59,605	51,605
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	10,000	6,588
CHANGES TO ASSET MANAGEMENT POLICES	NIL	NIL

MAJOR NEW ENTITY CAPTIAL EXPENDITURE FOR THE YEAR	2014/15 BUDGET $ 000's
	NIL

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2013/14	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	2014/15 TARGET $ 000's	2013/14 FORECAST $ 000's
REVENUE	1,022,500	989,405
OPERATING EXPENSES	658,400	656,648
NET SURPLUS/DEFICIT	364,100	322,757

BALANCE SHEET	AS AT JUNE 2014 $ 000's	AS AT JUNE 2013 $ 000's
ASSETS	1,754,780	1,576,295
LIABILITIES	187,000	222,615
NET WORTH	1,567,780	1,353,680

STATEMENT OF CASH FLOW	2014/15 TARGET $ 000's	2013/14 FORECAST $ 000's
CASH FLOWS FROM OPERATING ACTIVIITES	320,008	447,001
CASH FLOWS FROM INVESTING ACTIVIITES	(8,000)	(18,122)
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 (2013 Revision).

TRANSACTION	AMOUNT FOR 2014/15 $
Equity Investments into *Electricity Regulatory Authority*	NIL
Equity Repayments from *Electricity Regulatory Authority*	NIL
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	233,000
Remuneration Payments made to Senior Management	185,000

DESCRIPTION	2014/15 $
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	10
NUMBER OF KEY SENIOR MANAGEMENT (MD)	2

[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 2014/15 financial year and that the Cabinet will monitor performance against.

_____

Honourable D. Kurt Tibbetts, OBE, JP
Minister of Planning, Lands, Agriculture Housing and Infrastructure
On behalf of Cabinet

_____

Sherri Bodden-Cowan
Chairman of the Board
Electricity Regulatory Authority

30th June 2014

CAYMAN ISLANDS GOVERNMENT

AUDITORS OVERSIGHT AUTHORITY

STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS FOR THE YEAR ENDING 30TH JUNE 2015

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 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 2015 and performance for the Electricity Regulatory Authority for the year ending 30th June 2015; and
c. Comply with generally accepted accounting practice.

_____

Chairman of the Board
Electricity Regulatory Authority

30th June 2014

APPENDIX

FORECAST FINANCIAL STATEMENTS

ELECTRICITY REGULATORY AUTHORITY
STATEMENT OF ACCOUNTING POLICIES
AS AT 30TH JUNE 2015

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	3 years
Other Equipment	5 years
Office Furniture and Equipment	5 years

(d) Leased assets. There are no leased assets

ELECTRICITY REGULATORY AUTHORITY
FORECAST OPERATING STATEMENT
FOR THE YEAR ENDING 30TH JUNE 2015

	June 2015	June 2014
Balance of Net Worth B'Fwd	1,349,180	1,170,923
Operating Surplus	364,100	332,757
Dividend Paid to CIG	(150,000)	(150,000)
Closing Balance of Net Worth	**1,567,780**	**1,353,680**

ELECTRICITY REGULATORY AUTHORITY
FORECAST BALANCE SHEET
AS AT 30TH JUNE 2015

	June 2015	June 2014
Current Assets		
Cash & Marketable Securities	1,463,485	1,301,477
Accounts Receivable	263,000	244,500
Fixed Assets	15,795	17,795
Other Current Assets – Deposits & Prepaid	12,500	12,523
Total Assets	**1,754,780**	**1,576,295**
Total Liabilities	**(187,000)**	**(222,615)**
TOTAL ASSETS LESS LIABILITIES	**1,567,780**	**1,353,680**
TOTAL NET WORTH	**1,567,780**	**1,353,680**

FORECAST STATEMENT CASH FLOWS
FOR THE YEAR ENDING 30TH JUNE 2015

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Sale of goods and services to Cabinet	19,500	119,436
Sale of goods and services to other government agencies		
Sale of goods and services - third party	993,750	974,806
Interest received	2,000	120
Donations / Grants		
Other receipts		
Payments		
Personnel costs	(330,000)	(320,000)
Supplies and consumables	(365,242)	(327,361)
Interest paid		
Other payments		
Net cash flows from operating activities	**320,008**	**447,001**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(8,000)	(18,122)
Proceeds from sale of property, plant and equipment		
Purchase of investments		
Proceeds from sale of investments		
Net cash flows from investing activities	**(8,000)**	**(18,122)**
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	**162,008**	**278,879**
Cash and cash equivalents at beginning of period	1,301,477	1,022,598
Cash and cash equivalents at end of period	**1,463,485**	**1,301,477**

ELECTRICITY REGULATORY AUTHORITY

The Electricity Regulatory Authority commenced operations in mid May 2005.

When new licences were issued to CUC in April 2008 regulatory fees of ½% of gross revenues became 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.

The budget for services purchased by Cabinet is based on the ERA's best projection of services to be purchased by Cabinet during the relevant periods.

No Regulatory Fees are received from Cayman Brac Power & Light.

Payments to consultants can be a significant expense of the Electricity Regulatory Authority from time to time and the budget includes an estimated amount based on historical values and not based on specific services identified to be purchased.

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

HEALTH SERVICES AUTHORITY

FOR THE FINANCIAL YEAR

ENDING 30 JUNE 2015

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

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 2014/15 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 2014/15 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	
Strategy 5 Plan 3	Use data generated to evaluate clinical services needs and resource allocation
Strategy 7 Plan 7	Develop and implement a mechanism to ensure timely communication of patient information between providers (returning referral patients from overseas)
Strategy 9 Plan 7	Optimal scheduling to minimize cancellations and waiting times
People	
Strategy 11 Plan1	Develop a comprehensive workplace wellness programme manual
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 7	Develop and implement a smoking cessation programme
Information	
PSR	Procure a digital imaging system for the Medical Records Department to reduce paper records and necessity for storage
Strategy 9 Plan 4	Reconfigure telephone system to make it more user friendly
Finance	
Strategy 3 Plan 2	Develop a comprehensive and accurate costing of all services provided by the H.S.A.
Strategy 3 Plan 8	Ensure that the HSA collects equitable compensation for use of resources by private practitioners
Strategy 3 Plan 10	Implement additional measures to improve collections for services provided across the organisation
Strategy 7	To improve the effectiveness and efficiency of the procurement and materials management system by reviewing and improving policies and processes

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2013 Revision) for the *Health Services Authority* for the 2014/15 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2014/15 BUDGET $ 000's	2013/14 FORECAST $ 000's
REVENUE FROM CABINET	27,909,600	28,861,555
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	43,133,953	43,074,953
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	31,575,479	26,504,661
SURPLUS/DEFICIT FROM OUTPUTS	102,646,432	98,441,169
OTHER EXPENSES	102,010,235	97,082,287
NET SURPLUS DEFICIT	608,797	1,358,882
TOTAL ASSETS	96,353,432	95,032,038
TOTAL LIABILTIES	12,187,864	12,325,268
NET WORTH	84,165,568	82,706,771
CASH FLOWS FROM OPERATING ACTIVIITES	4,432,623	(6,824,453)
CASH FLOWS FROM INVESTING ACTIVIITES	(3,810,896)	(483,457)
CASH FLOWS FROM FINANCING ACTIVIITES	604,490	604,490
CHANGE IN CASH BALANCES	1,226,217	(6,703,420)

FINANCIAL PERFORMANCE RATIO	2014/15 BUDGET	2013/14 FORECAST
CURRENT ASSETS : CURRENT LIABILITIES	3.35	3.22
TOTAL ASSETS : TOTAL LIABILITIES	7.91	7.71

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2014/15 BUDGET	2013/14 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	840	811
STAFF TURNOVER (%)	10%	10%
SENIOR MANAGER	15.45	13.04
PROFESSIONAL AND TECHNICAL STAFF	8.78	8.45
ADMINISTRATIVE STAFF	9.11	8.68

PHYSICAL CAPITAL MEASURES	2014/15 BUDGET $	2013/14 FORECAST $
VALUE OF TOTAL ASSETS	90,873,602	87,062,706
ASSET REPLACEMENTS : TOTAL ASSETS	4.2%	1%
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	67%	69%
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	90%	635%
CHANGES TO ASSET MANAGEMENT POLICES	None	None

Major Capital Expenditure Projects	2014/15 Target $
Funded by H.S.A	
Furniture for lounge	5,000
Patient chairs 12	5,000
Manual Pallet Jack	5,000
ultra sonic instrument washer	5,000
5 Computers	5,000
Continuous Passive Motion (CPM) for the knee	5,100
Ergonomic chairs	5,478
Noninvasive BIPAP machine	5,600
Orthopedic High chairs	6,000
Office Chairs 12	6,000
Syringe driver (2)	6,000
Renovate Front Parking Lo	6,000
stretcher mattresses (4)	6,000
Diagnostic sets (4)	6,000
Heavy Duty Wall Fans	6,000
Shelving/Layout	6,000
Hot Plate x2	6,000
AED (3)	6,000
lead aprons and thyroid protectors	7,000
Continuous Passive Motion (CPM) for the shoulder	7,000
blanket warmer	7,000
rapid infuser	7,500
Drug Refrigerator	7,500
DVT Flowtron	7,700
PCA pumps x 5	8,000
Suction irrigation unit for laparoscopic surgery	8,000
Scanning Solution	8,000
Scanning Solution	8,000
Scanning Solution	8,000
syringe pumps x3	9,000
bedside chairsx13	10,000
Peadiatric Beds	10,000
or table mattresses	10,000
Waiting Area Chairs	10,000
Infusion pumps (2)	10,000
Thermal Cycler	10,000
Refrigerator x3	10,000
Pentax ENT Scope	10,000
Emergency lighting in unit corrider & replacement of defective units in rooms	10,000
Physician Friendly Procedure Vocabulary in PowerChart ICD-10	10,000
Video conferencing to extend care management and specialists	10,000
Resuscitaire for Delivery Room	11,000
PACS Server upgrade (4.0)	11,500
flowtron x 2	12,000
Alaris Pump (6)	12,000

Major Capital Expenditure Projects	2014/15 Target $
Funded by H.S.A	
Centifuges	12,000
cpap machines x2	12,000
ViOP Expansion	12,000
Software to be utilized to enhance the IR process.	12,000
Bioflex Laser Unit	12,950
Alaris Pumps	13,000
Mobile Device Management Solution and NAC	14,000
Argon Beam coagulator & diathermy unit for endoscopic use	15,000
Vitek software Package	15,000
Printer Maintenance	15,000
pt chairs	16,000
Expansion of Wireless Access Points	16,000
Haematology Stainer	18,000
ems lithotripsy	20,000
U/S room refurbishing	20,000
Hand Pieces	20,000
Software to be utilized to enhance the collections process.	20,000
fast ultrasound	25,000
Network, Storage, and Server Maintenance	25,000
Mobile Computing (Ipads and MDM Solution)	25,000
Intrusion Penetration & Detection Testing and Mitigation	25,000
MS 2012 Server Enterprise	26,000
Intracranial Pressure Monitor	29,000
Transport Monitor	30,000
Radiology patient registration integration	30,000
Medication Order Entry	30,000
Rotogene Real-Time PCR Cycler	40,000
Reliable, stable & quicker computers required to carry out the employees duties.	40,000
Nurse Call Expansion	40,000
GE PACS ADT Integration with Cerner including PowerChart Radiology Web link	40,000
dialysis machine (2)	45,000
X-Ray duplicator machine	45,000
Physician Touch for IPad (Cerner Implementation)	45,000
Retractable ramp	50,000
Examintion Space	50,000
Patient hypothermic system	50,000
Fast Log-On Technology for Clinicians	50,000
warehouse Shelves	60,000
Pharmacy Shelving/Layout	60,000
Ortho pedic supples	70,000
Ventilators x 4	75,000
stereotactic table	100,000
or tables	120,000
diathermy machine	120,000
Blood Bank System	120,000
Miscellanous items less than $5,000 each	164,567

Major Capital Expenditure Projects	2014/15 Target $
Funded by H.S.A	
FetalLink/Partograph System	174,000
Materials Management Inventory Software	200,000
Fire Suppression system	350,000
Total	**2,960,896**
Funded by Cabinet	
HSA-Atrium Kiosk	10,000
Flouroscopy	450,000
Misc Equipment in District Clinics - Dr. K	20,000
Lab upgrade to obtain accreditation	50,000
Replacement of dental cabinets in schools	20,000
Security cameras (Faith Hospital & District Health Centers)	50,000
Clifton Hunter Furniture	5,000
Faith Hospital	86,150
Lab equipment : Hematology analyzer/PT machine (FH)	84,250
Floor	50,000
A/C for Dental Clinic	10,000
For reading of Pap Smears and Non Gyne specimens	7,600
Blood bank refrigerator - OR	7,000
Total	**$850,000**
GRAND TOTAL	**$3,810,896**

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2013/14	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Potential loss of revenue (loss of market share)from increased competition from private healthcare providers in the community	N/A	Identify opportunities and implement measures to improve quality of services and patient experience 2. Focus on measures that will reduce waiting list and waiting time	$1.3M
Difficulty/inability to provide current level of services due lack of office and clinical space	N/A	Approval of Master Facility Plan Secure methods of funding	9M
Inability to charge appropriately for services due to inconsistency of charge master pricing	N/A	Comprehensive review of charge master to ensure alignment with standard health insurance fees	5M
Potential loss of key staff in single incumbent positions due to retirement , resignation, lack of trained personnel on island and difficulty in recruiting and retaining professionals	N/A	Development and ongoing review of recruitment and retention strategies. Development of succession plan funding of succession plan	900K
Security of Staff and Facilities	CCTV installed in selected areas	Installation of additional CCTV cameras. Access control and maintenance of alarms on exits	50K
Potential for business interruption due to natural, internal or external disaster	Disaster and Emergency operations plans in place	Continuous review and testing of emergency plans Identified downtime procedures	Insurance Deductible
Poor patient experience or clinical outcome due to quality issues or system failure	N/A	Increased focus on improving the patient experience Increased focus on staff training and development plan Provision of continuing	50K

		education to reduce risk of adverse outcome	
Inadequate funding for the replacement of aging clinical equipment	Continued depreciation of clinical equipment	Review replacement schedule Replace equipment as funding becomes available Develop an item catalog to seek donations	2.2M
Potential short term delays in Pharmacy services due to the introduction of Suvarna	Switch over from ENCOM to Suvarna	Develop testing and training plan. Develop implementation guideline. Develop and practice downtime procedures services operating remotely	20K

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	2014/15 TARGET $ 000's	2013/14 FORECAST $ 000's
REVENUE	102,619,032	98,441,169
OPERATING EXPENSES	102,010,235	97,082,287
NET SURPLUS/DEFICIT	608,797	1,358,882

BALANCE SHEET	AS AT JUNE 2015 $ 000's	AS AT JUNE 2014 $ 000's
ASSETS	96,353,432	95,032,038
LIABILITIES	12,187,864	12,325,268
NET WORTH	84,165,568	82,706,771

STATEMENT OF CASH FLOW	2014/15 TARGET $ 000's	2013/14 FORECAST $ 000's
CASH FLOWS FROM OPERATING ACTIVIITES	4,432,623	(6,824,453)
CASH FLOWS FROM INVESTING ACTIVIITES	(3,810,896)	(483,457)
CASH FLOWS FROM FINANCING ACTIVIITES	604,490	604.490

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 (2013 Revision).

TRANSACTION	AMOUNT FOR 2014/15 $
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	1,746,800

DESCRIPTION	NUMBERS FOR 2014/15 $
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	18
NUMBER OF KEY SENIOR MANAGEMENT	11

[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)

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 2014/15 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

30th June 2014

CAYMAN ISLANDS GOVERNMENT

HEALTH SERVICES AUTHORITY

STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS FOR THE YEAR ENDING 30TH JUNE 2015

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 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 2015 and performance for the Health Services Authority for the year ending 30th June 2015; and
c. Comply with generally accepted accounting practice.

_____

Chairman of the Board
Health Services Authority

30th June 2014

APPENDIX

FORECAST FINANCIAL STATEMENTS

HEALTH SERVICES AUTHORITY
ASSUMPTIONS
FOR THE YEAR ENDING 30TH JUNE 2015

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 2015

	Notes	Budget 2014/15	Forecast 2013/14
Revenue			
Sale of goods and services	10	102,456,371	98,327,382
Investment revenue		0	0
Donations	11	80,000	80,000
Other revenue		82,660	33,787
Total Revenue		**102,619,032**	**98,441,169**
Expenses			
Personnel costs	12	56,775,651	52,429,318
Supplies and consumables	13	20,316,321	19,281,334
Depreciation and Amortisation	5	3,436,688	3,069,912
Impairment of property, plant and equipment		0	0
Impairment of inventory		0	0
Finance costs & overdraft interest	14	84,000	84,387
Litigation costs	15	800,000	725,742
Other Operating expenses		20,597,576	21,491,594
Total Expenses		**102,010,235**	**97,082,287**
Surplus or (Deficit) for the period		**608,797**	**1,358,882**

HEALTH SERVICES AUTHORITY

FORECAST STATEMENT CHANGES IN NET WORTH
FOR THE YEAR ENDING 30TH JUNE 2015

	Contributed Capital	Other Reserves	Revaluation Reserve	Accumulated Surplus/ (deficits)	Total
Balance at 30 June 2014 brought forward	130,878,155	0	16,091,758	(64,263,142)	82,706,771
Changes in net worth for 2013/14					
Changes in accounting policy					0
Prior Year Adjustments					0
Restated balance	130,878,155	0	16,091,758	(64,263,142)	82,706,771
Changes in net worth for 2014/15					
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
Dividends payable to Cabinet					0
Net revenue / expenses recognised directly in net worth	850,000	0	0	0	850,000
Surplus/(deficit)for the period 2014/15				608,797	608,797
Total recognised revenues and expenses for the period	850,000	0	0	608,797	1,458,797
Balance at 30 June 2015	131,728,155	0	16,091,758	(63,654,345)	84,165,568

HEALTH SERVICES AUTHORITY

FORECAST BALANCE SHEET
AS AT 30TH JUNE 2015

	Notes	Budget 2014/15	Forecast 2013/14
Current Assets			
Cash and cash equivalents	**1**	3,587,549	2,361,333
Trade receivables	**2**	8,509,584	8,610,951
Other receivables	**2**	223,141	223,141
Inventories	**3**	7,820,421	7,820,421
Prepayments	**4**	571,740	571,740
Total Current Assets		**20,712,435**	**19,587,587**
Non-Current Assets			
Trade receivables	**2**	14,914,349	15,092,012
Property, plant and equipment	**5**	60,726,648	60,352,440
Total Non-Current Assets		**75,640,997**	**75,444,452**
Total Assets		**96,353,432**	**95,032,038**
Current Liabilities			
Trade payables	**6**	3,523,341	3,523,341
Other payables and accruals	**6**	1,494,393	1,494,393
Employee entitlements	**7**	923,250	815,143
Current Portion of Borrowings	**8**	245,511	245,511
Total Current Liabilities		**6,186,494**	**6,078,387**
Non-Current Liabilities			
Unfunded pension liability	**9**	4,626,000	4,626,000
Long Term portion of Borrowings	**8**	1,375,370	1,620,881
Total Non-Current Liabilities		**6,001,370**	**6,246,881**
Total Liabilities		**12,187,864**	**12,325,268**
Net Assets		**84,165,568**	**82,706,771**
NET WORTH			
Contributed capital		131,728,155	130,878,155
Revaluation reserve		16,091,758	16,091,758
Accumulated surpluses/(deficits)		(63,654,345)	(64,263,142)
Total Net Worth		**84,165,568**	**82,706,771**

HEALTH SERVICES AUTHORITY

FORECAST STATEMENT OF CASH FLOWS
AS AT 30TH JUNE 2015

CASH FLOW STATEMENT		Budget 2014/15	Forecast 2013/14
FOR THE YEAR ENDED 30 JUNE 2014			
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Sale of goods and services to Cabinet		26,798,965	29,760,636
Sale of goods and services to Ministries/Portfolios		4,500,000	4,500,000
Sale of goods and services to Statutory Agencies and Government Companies		38,132,901	24,095,651
Sale of goods and services - third party		19,325,000	16,196,924
Interest received		606	2,221
Donations / Grants		80,000	80,000
Other receipts		136,954	33,787
Payments			
Personnel costs		(56,775,651)	(54,929,318)
Supplies and consumables – third party		(11,325,250)	(11,190,785)
Interest paid		(84,000)	(84,387)
Other payments		(16,356,903)	(15,289,181)
Net cash flows from operating activities	**16**	**4,432,623**	**(6,824,453)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	**5**	(3,810,896)	(483,457)
Net cash flows from investing activities		**(3,810,896)**	**(483,457)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Equity Investment from Cabinet		850,000	850,000
Repayment of Borrowings		(245,510)	(245,510)
Net cash flows from financing activities		**604,490**	**604,490**
Net increase/(decrease) in cash and cash equivalents		**1,226,217**	**(6,703,420)**
Cash and cash equivalents at beginning of period		2,361,332	9,064,753
Cash and cash equivalents at end of period		**3,587,549**	**2,361,333**

Note 1: Cash and cash equivalents

	Budget 2014/15	Forecast 2013/14
Cash on hand	8,700	8,700
Cash in transit	0	0
CI$ Account	728,513	1,001,423
US$ Account	326,720	326,720
Bank Overdraft	0	0
Payroll Current Account	1,518,990	19,864
Bank Accounts held at other financial institutions	0	0
Short-Term Fixed Deposits	1,004,626	1,004,626
TOTAL	**3,587,549**	**2,361,333**

Note 2: Trade and other receivables

Trade Receivables	**Budget 2014/15**	**Forecast 2013/14**
Sale of goods and services to Cabinet	12,646,375	10,063,050
Sale of goods and services to Ministries/Portfolios	3,109,846	0
Sale of goods and services to Statutory Agencies and Government Companies	15,969,277	17,054,085
Sale of goods and services - third party	59,305,952	50,502,152
Other	2,319,131	1,978,581
Less: provision for doubtful debts	(69,926,648)	(55,894,904)
Total trade receivables	**23,423,933**	**23,702,963**
Other Receivables	**Budget 2014/15**	**Forecast 2013/14**
Advances (salary, Official Travel, etc)	43,141	43,141
Dishonoured cheques		
Interest receivable		
Other	180,000	180,000
Less: provision for doubtful debts		
Total other receivables	**223,141**	**223,141**

	Budget 2014/15	Forecast 2013/14
Current		
Past due 1-30 days	1,716,419	1,736,865
Past due 31-60 days	1,835,991	1,857,861
Past due 61-90 days	1,101,594	1,114,717
Past due 90 and above	4,078,721	4,124,649
Non-Current	0	0
Past due 1 year and above	14,914,349	15,092,012
Total	**23,647,074**	**23,926,104**

Changes in the provision of doubtful debts:

Description	Budget 2014/15	Forecast 2013/14
Balance at 1 July	(55,894,904)	(40,551,467)
Additional provisions made during the year	(14,031,744)	(15,343,437)
Receivables written off during the period		
Balance at 30 June	(69,926,648)	(55,894,904)

Note 3: Inventories

Description	Budget 2014/15	Forecast 2013/14
Inventory held for use in the provision of goods and services	3,686,779	3,686,779
Inventory held for sale	4,133,642	4,133,642
Impairment of Inventory b/f	0	0
Impairment of Inventory 2013/14	0	0
TOTAL INVENTORIES	**7,820,421**	**7,820,421**

Note 4: Prepayments

Description	Budget 2014/15	Forecast 2013/14
Advances to suppliers	571,740	571,740
Total	**571,740**	**571,740**

NOTES FOR THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2015
Note 5: Fixed Assets

	Land	*Plant and equipment*	*Buildings and Leasehold*	*Furniture and Office Equipment*	*Computer Hardware*	*Office Equipment*	*Motor Vehicles*	*Other Assets*	*Total*
Balance as at 1 July 2013	8,253,125	14,013,483	52,505,661	1,079,646	7,776,455	244,959	1,287,351	1,418,569	86,579,249
Additions	-	415,995	15,959	(23,206)	45,536	228		28,945	483,457
Disposals and Derecognisation	-								0
Revaluation									0
Transfers	-								0
Balance as at 30 June 2014	8,253,125	14,429,478	52,521,620	1,056,440	7,821,991	245,187	1,287,351	1,447,514	87,062,706

	Land	*Plant and equipment*	*Buildings and Leasehold*	*Furniture and Office Equipment*	*Computer Hardware*	*Office Equipment*	*Motor Vehicles*	*Other Assets*	*Total*
Balance as at 30 June 2014	8,253,125	14,429,478	52,521,620	1,056,440	7,821,991	245,187	1,287,351	1,447,514	87,062,706
Additions	420,000	2,054,952		174,979	1,031,000	2,000		127,965	3,810,896
Revaluations									0
Disposals and Derecognisation									0
Revaluation									0
Transfers									0
Balance as at 30 June 2015	8,673,125	16,484,430	52,521,620	1,231,419	8,852,991	247,187	1,287,351	1,575,479	90,873,602

	Land	*Plant and equipment*	*Buildings and Leasehold*	*Furniture and Office Equipment*	*Computer Hardware*	*Office Equipment*	*Motor Vehicles*	*Other assets*	*Total*
Balance as at 1 July 2013	0	9,887,762	3,927,501	969,421	6,610,737	222,806	1,181,949	840,178	23,640,354
Eliminate on Disposal/Derecognisation 2013/14									
Depreciation Expense 2013/14		887,971	1,351,076	19,975	587,355	2,745	90,202	130,587	3,069,912
Balance as at 30 June 2014	0	10,775,733	5,278,577	989,396	7,198,092	225,551	1,272,151	970,765	26,710,266
	Land	*Plant and equipment*	*Buildings and Leasehold*	*Furniture and Office Equipment*	*Computer Hardware*	*Office Equipment*	*Motor Vehicles*	*Other assets*	*Total*
Balance as at 30 June 2014	0	10,775,733	5,278,577	989,396	7,198,092	225,551	1,272,151	970,765	26,710,266
Eliminate on Disposal/Derecognisation 2014/15									0
Depreciation Expense 2014/15		869,526	1,356,500	47,444	853,713	16,661	97,307	195,538	3,436,688
Balance as at 30 June 2015	0	11,645,259	6,635,077	1,036,840	8,051,805	242,212	1,369,457	1,166,303	30,146,954
Net Book value 30 June 2014	8,253,125	3,653,745	47,243,044	67,043	623,898	19,636	15,200	476,749	60,352,440
Net Book value 30 June 2015	8,673,125	4,839,171	45,886,544	194,579	801,185	4,975	-82,106	409,176	60,726,648

Note 6: Trade payables, other payables & Accruals

	Budget 2014/15	Forecast 2013/14
Creditors Third party	1,191,377	1,191,377
Creditors Ministries/Portfolios	0	0
Creditors other government agencies	2,331,964	2,331,964
Payroll Deductions	433,620	433,620
Operating Lease	0	0
Accrued Expenses	1,060,773	1,060,773
Other payables	0	0
Total trade payables other payables and accruals	**5,017,733**	**5,017,733**

Note 7: Employee entitlements

	Budget 2014/15	Forecast 2013/14
Annual Leave/Comp-time	923,250	923,250
Total current portion	**923,250**	**923,250**
Non-current employee entitlements are represented by:		
Retirement and long service leave		
Total employee entitlements	**923,250**	**923,250**

Note 8: Borrowings

Local Currency Debt	Budget 2014/15	Forecast 2013/14
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	393,326	638,836
Total Local Currency Debt	**1,620,881**	**1,866,391**

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 $4.6 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, 2015.

Pensions Plan Actuarial Valuation

	Budget 2014/15	Forecast 2013/14
Value of pension fund allocated asstes		
Past service liability (Enter -No.)	(4,626,000)	(4,626,000)
Fund (deficiency)/Surplus	**(4,626,000)**	**(4,626,000)**

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 2014/15	Forecast 2013/14
Fees and Charges	0	0
General Sales	0	0
Rentals	54,900	64,050
Other Goods & Services Revenue	31,357,918	26,326,824
Sale of goods and services to Cabinet	27,909,600	28,861,555
Sale of goods and services to Other Ministries and Portfolios	43,133,953	43,074,953
Total sales of goods and services	**102,456,371**	**98,327,382**

Note 11: Donations

Source	Budget 2014/15	Forecast 2013/14
Donation	80,000	80,000
Total donations	**80,000**	**80,000**

Note 12: Personnel costs

Description	Budget 2014/15	Forecast 2013/14
Salaries, wages and allowances	49,406,305	45,990,380
Health care CINICO		
Health care other	2,884,150	2,907,841
Pension	3,661,218	3,114,592
Leave	250,000	0
Other personnel related costs	573,978	416,506
Total Personnel Costs	**56,775,651**	**52,429,318**

Note 13: Supplies and consumables

Description	Budget 2014/15	Forecast 2013/14
Supplies and Materials	11,325,250	11,190,785
Purchase of services	547,150	315,563
Lease of Property and Equipment	269,637	280,522
Utilities	3,601,203	3,439,970
General Insurance	3,720,000	3,696,146
Interdepartmental expenses	0	0
Travel and Subsistence	548,381	291,874
Recruitment and Training	304,700	66,474
Other		
Total Supplies & consumables	**20,316,321**	**19,281,334**

Note 14: Finance Costs

Descriptions	Budget 2014/15	Forecast 2013/14
Interest on borrowings	84,000	84,387
Other borrowing costs		
Interest on overdraft		
Total Finance cost	**84,000**	**84,387**

HEALTH SERVICES AUTHORITY
NOTES FOR THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2015

Note 15: Litigation costs

Descriptions	Budget 2014/15	Forecast 2013/14
Legal Fee - retainer and contingent	**800,000**	**725,742**
Description		
Total Litigation cost	**800,000**	**725,742**

Note 16: Reconciliation of net cash flows from operating activities to surplus/(deficit

Description	Budget 2014/15	Forecast 2013/14
Surplus/(deficit) from ordinary activities	608,797	1,358,882
Non-cash movements		
Depreciation & Amortization	3,436,688	3,069,912
Impairment		
(Gain)/losses on sale of property plant and equipment		
(Gain) / loss on derecognition and revaluation of assets		
Changes in current assets and liabilities:		
(Increase)/decrease in other current assets - Cabinet	(1,110,636)	0
Increase)/decrease in other current assets - Statutory Agencies and Government Companies		(8,753,247)
(Increase)/decrease in other current assets - Ministries Portfolios		
(Increase)/decrease in other current assets - Other	1,497,774	0
(Increase/(decrease) in current liabilities - Statutory Agencies and Government Companies		
(Increase/(decrease) in current liabilities - Ministries Portfolios	0	(2,500,000)
(Increase/(decrease) in current liabilities - Other		
Net cash flows from operating activities	**4,432,623**	**(6,824,453)**

NOTES FOR THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDING 30TH JUNE 2015

Note 17: Contingent liabilities & assets)

	Beginning Balance	Additions	Disbursements	Adjustments	Ending Balance
Legal Proceedings and Disputes					
Item 1 heading					
Malpractice claim & employee claims					
Item 2 heading					
Contingent Legal Accrual		800,000			800,000
Total Legal Proceedings and Disputes		**800,000**	**0**	**0**	**800,000**
Other Contingent Liabilities					
Item 1 heading					
Item 1 description					
Item 2 heading					
Item 2 description					
Total Other Contingent Liabilities		**0**	**0**	**0**	**0**
Total contingent liabilities		**800,000**	**0**	**0**	**800,000**

Note 18 Commitments

Type	One year or less	One to five Years	Over five Years	Budget 2014/15
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 19: 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 2014/15
Salaries & other short-term employee benefits	1,786,178
Past employee benefits	
Termination benefits	
Loans	
Total	**1,786,178**

NOTE 20: 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 2015

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 2014/15 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 2014/15 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 (2013 Revision) for the *Information and Communications Technology Authority* for the 2014/15 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2014/15 BUDGET $ 000's	2013/14 FORECAST $ 000's
REVENUE FROM CABINET	345,551	345,551
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	Nil	Nil
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	1,383,267	1,415,341
SURPLUS/DEFICIT FROM OUTPUTS	-	60,000
OTHER EXPENSES	-	-
NET SURPLUS DEFICIT	-	60,000
TOTAL ASSETS	1,876,671	1,866,671
TOTAL LIABILTIES	65,171	55,171
NET WORTH	1,811,500	1,811,500
CASH FLOWS FROM OPERATING ACTIVIITES	13,509	10,950
CASH FLOWS FROM INVESTING ACTIVIITES	(2,000)	(4,821)
CASH FLOWS FROM FINANCING ACTIVIITES	-	-
CHANGE IN CASH BALANCES	11,509	(120,593)

FINANCIAL PERFORMANCE RATIO	2014/15 BUDGET %	2013/14 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	27.60:1	32.23:1
TOTAL ASSETS : TOTAL LIABILITIES	28.80:1	33.83:1

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2014/15 BUDGET	2013/14 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	9	10
STAFF TURNOVER (%)		
SENIOR MANAGER	4	5
PROFESSIONAL AND TECHNICAL STAFF	0	0
ADMINISTRATIVE STAFF	5	5

PHYSICAL CAPITAL MEASURES	2014/15 BUDGET $	2013/14 FORECAST $
VALUE OF TOTAL ASSETS	1,876,671	1,866,671
ASSET REPLACEMENTS : TOTAL ASSETS	N/A	N/A
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	0.16:1	0.17:1
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	6.54:1	2.69:1
CHANGES TO ASSET MANAGEMENT POLICES	None	None

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2013/14	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	2014/15 TARGET $ 000's	2013/14 FORECAST $ 000's
REVENUE	1,728,818	1,760,892
OPERATING EXPENSES	1,728,818	1,760,892
NET SURPLUS/DEFICIT	-	-

BALANCE SHEET	AS AT JUNE 2015 $ 000's	AS AT JUNE 2014 $ 000's
ASSETS	1,876,761	1,866,672
LIABILITIES	65,171	55,171
NET WORTH	1,811,500	1,811,500

STATEMENT OF CASH FLOW	2014/15 TARGET $ 000's	2013/14 FORECAST $ 000's
CASH FLOWS FROM OPERATING ACTIVIITES	13,509	10,950
CASH FLOWS FROM INVESTING ACTIVIITES	(126,722)	(10,000)
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 (2013 Revision).

TRANSACTION	AMOUNT FOR 2014/15 $
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	Nil

[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 2014/15 $
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	Nil
NUMBER OF KEY SENIOR MANAGEMENT (MD)	4

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 2014/15 financial year and that the Cabinet will monitor performance against.

_____

Honourable D. Kurt Tibbetts, OBE, JP
Minister of Financial Services, Commerce and Environment
On behalf of Cabinet

_____

Chairman of the Board
Information and Communications Technology Authority

30th June 2014

CAYMAN ISLANDS GOVERNMENT

INFORMATION AND COMMUNICATIONS TECHNOLOGY AUTHORITY
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2015

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 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 2015 and performance for the Information and Communications Technology Authority for the year ending 30th June 2015; and
c. Comply with generally accepted accounting practice.

_____

Chairman of the Board
Information and Communications Technology Authority

30th June 2014

APPENDIX

FORECAST FINANCIAL STATEMENTS

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.

INFORMATION AND COMMUNICATIONS TECHNOLOGY AUTHORITY
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDING 30 JUNE 2015

Significant accounting policies (continued)

(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.

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.

(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.

INFORMATION AND COMMUNICATIONS TECHNOLOGY AUTHORITY

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDING 30 JUNE 2015

	Notes	Budget 2014/15	Forecast 2013/14
Current Assets			
Cash and cash equivalents	1	1,366,685	1,355,176
Marketable securities and deposits			
Trade receivables	2	372,757	376,726
Other receivables	2	188	85
Inventories		-	-
Investments		-	-
Prepayments	3	59,648	46,205
Loans		-	-
Total Current Assets		1,799,278	1,778,192
Non-Current Assets			
Property, plant and equipment	4	77,393	88,479
Total Non-Current Assets		77,393	88,479
Total Assets		1,876,671	1,866,671
Current Liabilities			
Trade payables	5	25,302	25,302
Other payables and accruals	5	1,603	1,603
Employee entitlements	6	38,266	28,266
Total Current Liabilities		65,171	55,171
Total Liabilities		65,171	55,171
Net Assets		1,811,500	1,811,500
NET WORTH			
Contributed capital		887,500	887,500
Other Reserves		924,000	924,000
Revaluation reserve		-	-
Accumulated surpluses/(deficits)		-	-
Total Net Worth		1,811,500	1,811,500

INFORMATION AND COMMUNICATIONS TECHNOLOGY AUTHORITY

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDING 30 JUNE 2015

	Notes	Budget 2014/15	Forecast 2013/14
Revenue			
Sale of goods and services	7	1,728,818	1,760,892
Other revenue			
Total Revenue		**1,728,818**	**1,760,892**
Expenses			
Personnel costs	8	1,164,564	1,207,775
Supplies and consumables	9	551,168	480,149
Depreciation	4	13,086	12,968
Total Expenses		**1,728,818**	**1,700,692**
Surplus or (Deficit) for the period before transfer		**-**	**60,000**

INFORMATION AND COMMUNICATIONS TECHNOLOGY AUTHORITY

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDING 30 JUNE 2015

	Notes	Budget 2014/15	Forecast 2013/14
Revenue			
Sale of goods and services	7	1,728,818	1,760,892
Other revenue			
Total Revenue		**1,728,818**	**1,760,892**
Expenses			
Personnel costs	8	1,164,564	1,207,775
Supplies and consumables	9	551,168	480,149
Depreciation	4	13,086	12,968
Total Expenses		**1,728,818**	**1,700,692**
Surplus or (Deficit) for the period before transfer		**-**	**60,000**

INFORMATION AND COMMUNICATIONS TECHNOLOGY AUTHORITY

CASHFLOW STATEMENT

	Budget 2014/15	Forecast 2013/14
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income for the year	-	60,000
Adjustments for non-cash transactions:		
Depreciation and amortization	13,086	12,968
	13,086	72,968
Net changes in non-cash operating balances:		
(Increase)/decrease in:		
Accounts receivable	3,866	9,469
Prepaid expenses	(13,443)	19,941
Accounts payable and accrued liabilities	10,000	(91,428)
Net cash flows from operating activities	13,509	10,950
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,000)	(4,821)
Net cash flows from investing activities	(2,000)	(4,821)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to Government		(126,722)
Net cash flows from financing activities	-	(126,722)
Net increase/(decrease) in cash and cash equivalents	**11,509**	**(120,593))**
Cash and cash equivalents at beginning of year	1,355,175	1,475,768
Cash and cash equivalents at end of year	**1,366,884**	**1,355,175**

INFORMATION AND COMMUNICATIONS TECHNOLOGY AUTHORITY

STATEMENT OF CHANGE IN NET WORTH

FOR THE YEAR ENDING 30 JUNE 2015

	Contributed Capital	Reserves	Revaluation Reserve	Accumulated Surplus/ (deficits)	Total
Balance at 30 June 2013	887,500	864,000	-	126,722	1,878,222
Changes in accounting policy					
Prior Year Adjustments					
Restated balance	887,500	864,000	-	126,722	1,878,222
Changes in net worth for 2013/14					
Transfer to reserve		60,000		(60,000)	
Net revenue / expenses recognised directly in net worth					
Surplus/(deficit)for the period 2013/14	-	60,000		(60,000)	
Total recognised revenues and expenses for the period				60,000	60,000
Payment to Government	-	-		(126,722)	(126,722)
Balance at 30 June 2014 carried forward	887,500	924,000	-	-	1,811,500

	Contributed Capital	Other Reserves	Revaluation Reserve	Accumulated Surplus/ (deficits)	Total
Balance at 30 June 2014 brought forward	887,500	924,000	-	-	1,811,500
Changes in net worth for 2013/14					
Changes in accounting policy					
Prior Year Adjustments					
Restated balance	887,500	924,000	-	-	1,811,500
Changes in net worth for 2014/15					
Transfer					
Gain/(loss) on property revaluation					
Net revenue / expenses recognised directly in net worth					
Surplus/(deficit)for the period 2014/15					

Total recognised revenues and expenses for the period					
Balance at 30 June 2015	887,500	924,000	-	-	1,811,500

Note 1: Cash and cash equivalents

Description	Currency Amount	Exchange Rate to $CI	Budget 2014/15	Forecast 2013/14
Cash on hand	53	1.0000	53	53
Cash in transit				
CI$ Account	869,985	1.0000	869,985	859,419
US$ Account	27,877	0.8300	23,138	23,138
Payroll Current Account				
Bank Accounts held at other financial institutions				
Short-Term Fixed Deposits	473,509	1.0000	473,509	472,566
TOTAL			**1,366,685**	**1,355,176**

Note 2: Trade and other receivables

Trade Receivables	Budget 2014/15	Forecast 2013/14
Sale of goods and services to Cabinet	86,388	86,388
Sale of goods and services to other government agencies		
Sale of goods and services - third party	286,369	290,338
Other		
Less: provision for doubtful debts		
Total trade receivables	**372,757**	**376,726**

Other Receivables	Budget 2014/15	Forecast 2013/14
Advances (salary, Official Travel, etc)		
Dishonoured cheques		
Interest receivable	**188**	**85**
Other		
Less: provision for doubtful debts		
Total other receivables	**188**	**85**

	Trade Receivables	Other Receivables	Budget 2014/15	Budget 2013/14
Current				
Past due 1-30 days	372,757	188	372,945	376,811
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	**372,757**	**188**	**372,945**	**376,811**

Note 3 Prepayments

Description	**Current**	**Non-Current**	**Budget 2014/15**	**Forecast 2013/14**
Insurance	11971		11971	8,374
Work permit	31,539		31,539	21,603
Other	16,138		16,138	16,228
Total	**59,648**	**-**	**59,648**	**46,205**

Note 4: Property, plant & equipment

Cost of Property, plant & equipment

	Plant and equipment	***Leasehold improvements***	***Furniture and fittings***	***Computer Hardware***	***Total***
Balance as at 1 July 2013	7,586	231,908	90,954	179,693	510,141
Additions				4,821	4,821
Disposals					
Transfers					
Balance as at 30 June 2014	7,586	231,908	90,954	184,514	514,962

	Plant and equipment	*Leasehold improvements*	*Furniture and fittings*	*Computer Hardware*	*Total*
Balance as at 30 June 2014	7,586	231,908	90,954	184,514	514,962
Additions	1,000			1,000	2,000
Disposals					
Transfers					
Balance as at 30 June 2015	8,586	231,908	90,954	185,514	516,962

Accumulated depreciation and impairment losses

	Plant and equipment	*Leasehold improvements*	*Furniture and fittings*	*Computer Hardware*	*Total*
Balance as at 1 July 2013	3,510	231,908	79,634	98,463	413,515
Impairment loss 2013/14					
Depreciation Expense 2013/14	843	-	3,326	8,799	12,968
Eliminate on Disposal 2013/14					
Balance as at 30 June 2014	4,353	231,908	82,960	107,262	426,483

	Plant and equipment	*Leasehold improvements*	*Furniture and fittings*	*Computer Hardware*	*Total*
Balance as at 30 June 2014	4,353	231,908	82,960	107,262	426,483
Impairment loss 2014/15					
Depreciation Expense 2014/15	1,043	-	3,044	8,999	13,086
Eliminate on Disposal 2014/15					
Balance as at 30 June 2015	5,396	231,908	86,004	116,261	439,569
Net Book value 30 June 2014	3,233		7,994	77,252	88,479
Net Book value 30 June 2015	3,190		4,950	69,253	77,393

Note 5: Trade payables, other payables & Accruals

	Current	Non-Current	Budget 2014/15	Forecast 2013/14
Creditors Third party	25,302		25,302	25,302
Creditors Ministries/Portfolios				
Creditors other government agencies				
Payroll Deductions				
Operating Lease				
Accrued Expenses	38,266		38,266	28,266
Other payables	1,603		1,603	1,603
Total trade payables other payables and accruals	**65,171**	**-**	**65,171**	**55,171**

Note 6: Employee entitlements

	Budget 2014/15	Forecast 2013/14
Annual Leave/Comp-time	38,266	28,266
Retirement and long service leave		

Accrued salaries		
Travel		
Total current portion	**38,266**	**28,266**
Non-current employee entitlements are represented by:		
Retirement and long service leave		
Total employee entitlements	**38,266**	**28,266**

Note 7: Sales of Goods & Services

Revenue type	**Budget 2014/15**	**Forecast 2013/14**
Fees and Charges	-	-
General Sales	-	-
Rentals	-	-
Other Goods & Services Revenue	1,383,267	1,415,341
Sale of goods and services to Cabinet	345,551	345,551
Sale of goods and services to Other Ministries and Portfolios	-	-
Total sales of goods and services	**1,728,818**	**1,760,892**
Other Goods & Services Revenue		
Regulatory fees	1,145,479	1,161,352
Radio Licences	120,000	125,003
Licensing fees	113,030	122,799
other income	4,758	6,187
Total Other Goods & Services Revenue	1,383,267	1,415,341
Sales of Outputs to Cabinet		
Sales of Outputs to Cabinet	345,551	345,551
Total Sales of Outputs to Cabinet	345,551	345,551

Note 8: Personnel costs

Description	**Budget 2014/15**	**Forecast 2013/14**
Salaries, wages and allowances	928,564	963,123
Health care	132,152	139,296
Pension	56,673	58,122
Leave	10,000	10,000
Other personnel related costs	37,175	37,234
Total Personnel Costs	**1,164,564**	**1,207,775**

Note 9: Supplies and consumables

Description	Budget 2014/15	Forecast 2013/14
Supplies and Materials	3,400	2,396
Purchase of services	381,347	260,978
Lease of Property and Equipment	73,663	73,663
Utilities	34,700	30,142
General Insurance	14,217	14,151
Interdepartmental expenses	20,000	20,000
Travel and Subsistence	23,840	22,277
Recruitment and Training	-	56,542
Total Supplies & consumables	**551,167**	**480,149**

Note 9: Supplies and consumables

Description	Budget 2014/15	Forecast 2013/14
Supplies and Materials	3,400	2,396
Purchase of services	381,347	260,978
Lease of Property and Equipment	73,663	73,663
Utilities	34,700	30,142
General Insurance	14,217	14,151
Interdepartmental expenses	20,000	20,000
Travel and Subsistence	23,840	22,277
Recruitment and Training	-	56,542
Total Supplies & consumables	**551,167**	**480,149**

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

MARITIME AUTHORITY OF THE CAYMAN ISLANDS

FOR THE FINANCIAL YEAR

ENDING 30 JUNE 2015

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

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 2014/15 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.

Customers and Location of Activities

[21] The statutory responsibility for this falls to the Office of the Cayman Islands Shipping Master.

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 (2013 Revision) for the *Maritime Authority of the Cayman Islands* for the 2014/15 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2014/15 BUDGET $ 000's	2013/14 FORECAST $ 000's
REVENUE FROM CABINET	419,146	308,567
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	0	0
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	8,978,661	8,691,714
SURPLUS/DEFICIT FROM OUTPUTS	0	0
OTHER EXPENSES	9,116,923	9,138,980
NET SURPLUS DEFICIT	280,884	(138,699)
TOTAL ASSETS	3,515,740	3,334,825
TOTAL LIABILTIES	(1,144,000)	(1,243,969)
NET WORTH	2,371,740	2,090,856
CASH FLOWS FROM OPERATING ACTIVIITES	420,271	149,794
CASH FLOWS FROM INVESTING ACTIVIITES	(324,550)	(157,423)
CASH FLOWS FROM FINANCING ACTIVIITES	0	0
CHANGE IN CASH BALANCES	95,721	(7,629)

FINANCIAL PERFORMANCE RATIO	2014/15 BUDGET %	2013/14 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	4.84	4.11
TOTAL ASSETS : TOTAL LIABILITIES	3.07	2.68

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2014/15 BUDGET	2013/14 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	51	50
STAFF TURNOVER (%)	0%	2%
SENIOR MANAGER	8.16	8.14
PROFESSIONAL AND TECHNICAL STAFF	8.96	8.04
ADMINISTRATIVE STAFF	7.97	7.12

PHYSICAL CAPITAL MEASURES	2014/15 BUDGET $	2013/14 FORECAST $
VALUE OF TOTAL ASSETS	3,515,740	3,334,825
ASSET REPLACEMENTS : TOTAL ASSETS	41%	34%
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	27%	23%
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	62%	98%
CHANGES TO ASSET MANAGEMENT POLICES	None	None

Major Capital Expenditure Projects	2014/15 Target $
Implement Microsoft SharePoint, redevelop the Company's website and implement a fully integrated IT system	324,550

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2013/14	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	2014/15 TARGET $ 000's	2013/14 FORECAST $ 000's
REVENUE	9,397,807	9,000,281
OPERATING EXPENSES	9,116,923	9,138,980
NET SURPLUS/DEFICIT	280,884	(138,699)

BALANCE SHEET	AS AT JUNE 2015 $ 000's	AS AT JUNE 2014 $ 000's
ASSETS	3,515,740	3,334,825
LIABILITIES	(1,144,000)	(1,243,969)
NET WORTH	2,371,740	2,090,856

STATEMENT OF CASH FLOW	2014/15 TARGET $ 000's	2013/14 FORECAST $ 000's
CASH FLOWS FROM OPERATING ACTIVIITES	420,271	149,794
CASH FLOWS FROM INVESTING ACTIVIITES	(324,550)	(157,423)
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 (2013 Revision).

TRANSACTION	AMOUNT FOR 2014/15 $
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	1,128,563
Remuneration Payments made to Senior Management	1,109,128

[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)

DESCRIPTION	NUMBERS FOR 2014/15 $
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	16
NUMBER OF KEY SENIOR MANAGEMENT (MD)	9

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

30th June 2014

CAYMAN ISLANDS GOVERNMENT

MARITIME AUTHORITY OF THE CAYMAN ISLANDS

STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS FOR THE YEAR ENDING 30TH JUNE 2015

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 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 2015 and performance for the Maritime Authority of the Cayman Islands for the year ending 30th June 2015; and
c. Comply with generally accepted accounting practice.

_____

Chairman of the Board
Maritime Authority of the Cayman Islands

30th June 2014

APPENDIX

FORECAST FINANCIAL STATEMENTS

MARITIME AUTHORITY OF THE CAYMAN ISLANDS
STATEMENT OF COMPREHENSIVE INCOME
Budget For the twelve months ended 30 June 2015
(Expressed in Cayman Islands Dollars)

		YTD - Budget June 30, 2015	*YTD - Forecast June 30, 2014*
Revenue			
Sales of Goods and Services		7,063,059	6,798,207
Tonnage Revenue		1,248,000	1,242,447
Other Income		667,602	651,060
Sales of Goods and Services - CIG		419,146	308,567
Total Revenue		9,397,807	9,000,281
Expenses			
Personnel Cost	**15**	4,493,621	4,137,160
Professional Services		1,528,129	1,672,360
Other Expenses	**16**	1,083,247	1,188,078
Operating Lease and Utilities		658,182	786,507
Travel and Business Development		640,000	660,000
Survey Related Expense		511,854	539,875
Depreciation	**17**	201,890	155,000
Total Expenses		9,116,923	9,138,980
Loss from Operating Activities		280,884	(138,699)
Non Operating Revenue & Expenses			
Gain on Revaluation/Disposal of Fixed Assets		-	-
(Loss)/Gains on Foreign Exchange Transaction		-	-
Total Non Operating Revenue & Expenses		-	-
Net Profit/(Loss)		280,884	(138,699)

MARITIME AUTHORITY OF THE CAYMAN ISLANDS
STATEMENT OF FINANCIAL POSITION
As at June 30, 2015
(Expressed in Cayman Islands Dollars)

		YTD - Budget June 30, 2015	*YTD - Forecast June 30, 2014*
Assets			
Current Assets			
Cash & Cash Equivalents	***9***	1,032,741	937,020
Accounts Receivable (net)	***10***	1,994,520	2,055,642
Accounts Receivable (Cabinet)		103,627	79,971
Total Current Assets		3,130,888	3,072,633
Property, Plant & Equipment	***11***	384,852	262,192
Total Assets		3,515,740	3,334,825
Equity and Liabilities			
Current Liabilities			
Accounts Payable	***12***	287,000	306,000
Unearned Revenue	***13***	300,000	300,000
Employee Entitlements	***14***	30,000	53,711
Other Current Liabilities		30,000	87,258
Total Current Liabilities		647,000	746,969
Retirement Liability/Other		497,000	497,000
Total Liabilities		1,144,000	1,243,969
Equity			
Contributed Capital		1,500,000	1,500,000
Retained Earnings		871,740	590,856
Total Equity		2,371,740	2,090,856
Total Equity and Liabilities		3,515,740	3,334,825

MARITIME AUTHORITY OF THE CAYMAN ISLANDS
STATEMENT OF CHANGE IN EQUITY
As at 30 June 2015
(Expressed in Cayman Islands Dollars)

	Retained Earnings	Contributed Capital	Total
Balance at 30 June 2013	729,555	1,500,000	2,229,555
Budget Net Loss for 13/14	(138,699)	-	(138,699)
Balance at 30 June 2014	590,856	1,500,000	2,090,856
Budget Net Profit for 14/15	280,884	-	280,884
Balance at 30 June 2015	871,740	1,500,000	2,371,740

MARITIME AUTHORITY OF THE CAYMAN ISLANDS
STATEMENT OF CASH FLOWS
For the year ended 30 June 2015
(Expressed in Cayman Islands Dollars)

	Notes	*YTD - Budget June 30, 2015*	*YTD - Forecast June 30, 2014*
Cash Flows From Operating Activities			
Net Profit/(Loss)		280,884	(138,699)
Adjustments for:			
Depreciation		201,890	155,000
(Gain) on Assets		-	-
Decrease in Receivable		37,466	243,890
(Decrease) in Payables		(19,000)	(87,333)
Increase in Unearned Revenue		-	21,577
(Decrease) in Employee Entitlements		(23,711)	(3,878)
(Decrease) in Other Liabilities		(57,258)	(40,763)
Net cash flows from operating activities		420,271	149,794
Cash Flows From Investing Activities			
Acquisition of Fixed Assets		(324,550)	(157,423)
Sale Proceeds Fixed Assets		-	-
Net cash used in investing activities		(324,550)	(157,423)
Cash Flows From Financing Activities			
Capital Contribution Cabinet		-	-
Net cash flows from financing activities		-	-
Net (decrease) in cash and cash equivalents		95,721	(7,629)
Cash and cash equivalents at beginning of period		937,020	944,649
Cash and cash equivalents at end of period	**9**	1,032,741	937,020

1) 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

2) 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.

3) Reporting Period

The Budget reporting period is the year ended 30 June, 2015.

4) 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)

5) 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.

6) 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.

7) 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.

8) 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.

Note 9. Cash & Cash Equivalents

	Budget June 30, 2015	***Forecast June 30, 2014***
Bank Accounts	780,741	686,020
Fixed Deposits	252,000	251,000
Total Cash & Cash Equivalents	1,032,741	937,020

Note 10. Accounts Receivable (net)

	Budget June 30, 2015	***Forecast June 30, 2014***
Sales of Goods & Services	2,144,520	2,168,142
Prepayments	50,000	87,500
Other Receivables	-	-
Total Gross Receivables	2,194,520	2,255,642
Less Provision for Doubtful Debts	200,000	200,000
Total Net Receivable (net)	1,994,520	2,055,642

	Budget June 30, 2015	Forecast June 30, 2014

Note 10. Accounts Receivable (net)

Sales of Goods & Services	2,144,520	2,168,142
Prepayments	50,000	87,500
Other Receivables	-	-
Total Gross Receivables	2,194,520	2,255,642
Less Provision for Doubtful Debts	200,000	200,000
Total Net Receivable (net)	1,994,520	2,055,642

	Opening Balance	Addition	Reclassification	Depreciation Expense	Closing Balance 2014/15 Budget
Furniture & Fittings	2,545			(2,545)	-
Computer Hardware and Software	244,620	324,550		(188,879)	380,291
Office Equipment	9,709			(5,148)	4,561
Other Plant & Equipment	-			-	-
Leasehold Improvement	3,345			(3,345)	-
Other Assets	1,973			(1,973)	-
Total	262,192	324,550	-	(201,890)	384,852

	Budget June 30, 2015	Forecast June 30, 2014

Note 12. Accounts Payable

Trade Creditors (Less Than 30 Days)	227,000	216,000
Trade Creditors (Over 31 Days)	60,000	90,000
Total Accounts Payable	287,000	306,000

	Budget June 30, 2015	*Forecast June 30, 2014*

Note 13. Unearned Revenue

Revenue Deposits (USD)	175,000	175,000
Revenue Deposits (Euro)	125,000	125,000
Total Unearned Revenue	300,000	300,000

	Budget June 30, 2015	*Forecast June 30, 2014*

Note 14. Employee Entitlements

Leave Entitlement (Management Committee)	9,000	2,826
Leave Entitlement (Managers)	11,000	39,642
Leave Entitlement (Administration)	10,000	11,243
Total Employee Entitlements	30,000	53,711

	Budget June 30, 2015	*Forecast June 30, 2014*

Note 15. Personnel Cost

Salaries and Wages	3,380,170	3,199,860
Other Personnel Cost	716,542	610,167
Pension Expense	366,909	331,010
Movement in Annual Leave Provision	30,000	(3,877)
Total Personnel Cost	4,493,621	4,137,160

Note 16. Other Expense

	Budget June 30, 2015	*Forecast June 30, 2014*
Debt Write Off	300,000	300,000
General and Administration Services	358,695	448,168
Maintenance	302,211	304,070
Bank Fees	110,000	120,000
Insurance	12,341	15,840
Total Other Expense	1,083,247	1,188,078

Note 17. Depreciation

	Budget June 30, 2015	*Forecast June 30, 2014*
Depreciation Furniture & Fittings	2,545	2,912
Depreciation Computer Hardware	188,879	132,540
Depreciation Office Equipment	5,148	5,148
Depreciation Other Assets	1,973	5,196
Depreciation Leasehold Improvements	3,345	9,204
Total Depreciation	201,890	155,000

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

THE NATIONAL DRUG COUNCIL

FOR THE FINANCIAL YEAR

ENDING 30 JUNE 2015

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

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 2014/15 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 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 2014/15 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 (2013 Revision) for the *National Drug Council* for the 2014/15 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2014/15 BUDGET $ 000's	2013/14 FORECAST $ 000's
REVENUE FROM CABINET	552,958	552,958
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	30,413	
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	5,000	5,605
SURPLUS/DEFICIT FROM OUTPUTS	0	0
OTHER EXPENSES	588,371	558,563
NET SURPLUS DEFICIT	0	0
TOTAL ASSETS	387,264	390,987
TOTAL LIABILTIES	38,545	42,268
NET WORTH	348,719	348,719
CASH FLOWS FROM OPERATING ACTIVIITES	210,167	251,714
CASH FLOWS FROM INVESTING ACTIVIITES	0	0
CASH FLOWS FROM FINANCING ACTIVIITES	0	0
CHANGE IN CASH BALANCES	41,547	14,172

FINANCIAL PERFORMANCE RATIO	2013/14 BUDGET %	2013/14 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	11:1	10.83:1
TOTAL ASSETS : TOTAL LIABILITIES	8.08:1	7.4:1

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2014/15 BUDGET	2013/14 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	5	5
STAFF TURNOVER (%)	1	20%
SENIOR MANAGER		
PROFESSIONAL AND TECHNICAL STAFF	4.50	3.5
ADMINISTRATIVE STAFF	4.625	3.625
Significant changes to personnel management system	2	2
	0	1

PHYSICAL CAPITAL MEASURES	2014/15 BUDGET $	2013/14 FORECAST $
VALUE OF TOTAL ASSETS	387,264	390,987
ASSET REPLACEMENTS : TOTAL ASSETS	0%	.01%
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	95.2%	80.4%
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	.02%	.05%
CHANGES TO ASSET MANAGEMENT POLICES	N/A	N/A

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2013/14	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Staff Turnover	20%	Contract/JD Review	Unknown
Budget Cuts	0%	Increase opportunities for non-governmental funds	Unknown

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	2014/15 TARGET $ 000's	2013/14 FORECAST $ 000's
REVENUE	588,371	558,563
OPERATING EXPENSES	588,371	558,563
NET SURPLUS/DEFICIT	0	0

BALANCE SHEET	AS AT JUNE 2015 $ 000's	AS AT JUNE 2014 $ 000's
ASSETS	387,264	390,987
LIABILITIES	38,545	42,268
NET WORTH	348,719	348,719

STATEMENT OF CASH FLOW	2014/15 TARGET $ 000's	2013/14 FORECAST $ 000's
CASH FLOWS FROM OPERATING ACTIVIITES	210,167	251,714
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 (2013 Revision).

TRANSACTION	AMOUNT FOR 2014/15 $
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	105,144
Remuneration Payments made to Senior Management	65,064

DESCRIPTION	NUMBERS FOR 2014/15 $
NUMBER OF KEY MANAGEMENT PERSONNEL	1
NUMBER OF KEY SENIOR MANAGEMENT	1

AGREEMENT

[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)

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 2014/15 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

30TH June 2014

CAYMAN ISLANDS GOVERNMENT

THE NATIONAL DRUG COUNCIL

STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2015

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 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 2015 and performance for the The National Drug Council for the year ending 30th June 2015; and
c. Comply with generally accepted accounting practice.

_____

Chairman of the Board
The National Drug Council

30th June 2014

APPENDIX

FORECAST FINANCIAL STATEMENTS

THE NATIONAL DRUG COUNCIL
STATEMENT OF ACCOUNTING POLICIES
AS AT 30TH JUNE 2015

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	1	3
Office furniture	1	6
Computer equipment	0	3
Leasehold Improvement	0	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.

THE NATIONAL DRUG COUNCIL

FORECAST OPERATING STATEMENT

FOR THE YEAR ENDING 30 JUNE 2015

	Notes	Budget 2014/15	Forecast 2013/14
General surplus:			
Revenues			
Outputs to Government		552,958	552,958
Non-government grant income:		35,413	5,605
Total revenues	**1**	588,371	558,5563
Expenses			
Personnel emoluments	**6**	363,835	369,368
Prevention, Research and Monitoring/Evaluation	**4**	81,985	47,080
Operating maintenance		10,402	10,464
Rent	**5**	66,000	66,000
Travelling and subsistence	**4**	10,000	8,000
Depreciation – assets purchased	**3**	4,334	10,651
Audit and accounting fees		20,000	21,000
Utilities		18,649	19,000
Supplies & materials	**4**	13,166	7,000
Total expenses		588,371	558,563
Net surplus for period		0	0
Retained Earnings at beginning of period		215,694.14	215,694.14
Retained Earnings at end of period		215,694.14	215,694.14

THE NATIONAL DRUG COUNCIL

FORECAST STATEMENT OF CHANGES IN NET WORTH

FOR THE YEAR ENDING 30 JUNE 2015

	Notes	2014/15	2013/14
Balance, beginning of year		348,719	348,719
Prior Year Adjustments As Restated Net Income/Loss for the Year		_____	
Balance at end of year		348,719	348,719

THE NATIONAL DRUG COUNCIL
FORECAST BALANCE SHEET
AS AT 30 JUNE 2015

	Notes	Budget 2014/15	Forecast 2013/14
ASSETS			
Current Assets			
Cash and cash equivalents	**2**	210,167	251,714
Fund Due From Cabinet	**7**	167,416	125,258
Prepaid expenses and other receivables		9,514	9,514
Total current assets		387,097	386,486
Fixed assets	**3**	167	4,501
Total assets		**387,264**	**390,987**
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable		1,840	1,840
Accrued consultancy		2,500	9,428
Accrued other liabilities		20,205	19000
Accrued Audit Fees		14,000	12,000
Total current liabilities		**38,545**	**42,268**
EQUITY			
Retained earnings		215,694	215,694
Net Income			0
Total current liabilities and equity		**177,149**	**173,426**

THE NATIONAL DRUG COUNCIL
FORECAST STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30 JUNE 2015

	Notes	Budget 2014/15	Forecast 2013/14
Operating activities			
Net cash provided by operations		0	0
Investing activity			
Purchase of fixed assets		0	(3,000)
Net cash (used) in investing activities		0	0
Net change in cash and cash equivalents		(41,547)	
Cash, beginning of year		251,714	254,714
Net Change in Cash		0	0
Cash, end of year		210,167	251,714

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 2014/15	Forecast 2013/14
Current and call accounts	210,167	251,714
Short-term fixed deposits maturing within one month	0	0
TOTAL	**210,167**	251,714

NOTE 3: DEPRECIATION AND FIXED ASSETS

Leasehold Improvement		
Opening Book Value/Cost	0	0
Additions	0	0
Depreciation	0	0
Closing Book Value	**0**	**0**
Office Furniture and Equipment		
Opening Book Value/Cost	3,833	13,520
Additions	0	3,000
Depreciation	2,833	12,687
Closing Book Value	**167**	**3,833**
Computer Hardware and Software		
Opening Book Value/Cost	668	2,288
Additions	0	0
Depreciation	668	1,620
Closing Book Value	**0**	**668**

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 2014/15	Forecast 2013/14
PIC – Alcohol & Tobacco	15,998	6,677
PIC – Ganja & Drugs	19,001	7,455
Censuses & Surveys	25,238	18,000
Local Conferences Meetings / Seminars and Staff training	15,000	7,200
Travel and Subsistence includes Youth to Youth travel	10,000	8,000
Office supplies used in support of the above outputs	13,166	7000
Consultancy Fees	5000	6,000
Survey software license	1,748	1,748
Total	**105,151**	**62,080**

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 2015

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 Gallery of the Cayman Islands* have agreed the *National Gallery of the Cayman Islands* will seek to achieve during the 2014/15 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.

The National Gallery Law (1999) provides that the purposes of the National Gallery shall be:

a. to serve as an art gallery for the Islands and to establish in the Islands a national collection of works of art;
b. to promote and encourage the practice of the visual arts of and in the Islands and to increase knowledge and appreciation of the visual arts; and
c. to enable the interaction between the visual arts and other forms 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

The National Gallery of the Cayman Islands is committed to providing innovative, creative programming and a multidisciplinary approach to the presentation, interpretation, and collection of the artistic expressions of our times.

This mandate is achieved through a variety of activities that aim to reach all members of the Cayman Islands community and the visiting public: outreach programmes, educational programmes, exhibitions, youth programmes, events, workshops, teacher training, school collaborations, art collections, lending library and educational lectures.

- National Art & Festival Exhibitions [GAL 1]: Provision of exhibitions, art festivals and related educational programming for students, residents and visitors.

  The NGCI is committed to presenting a vibrant, challenging and culturally relevant exhibition programme that balances traditional displays with cutting edge contemporary exhibitions, both at the central NGCI exhibition gallery, our community Gallery and in the sister islands. Approximately 35% of the NGCI's resources are channeled into the exhibitions department annually to facilitate the eight on-site exhibitions and one off-site per annum, in addition to four student/community exhibitions. Each on-site exhibition runs for a duration of up to three months, with approximately 4,000 gallery users per exhibition. The exhibition schedule features 75% Caymanian artists work, with at least one international exhibition per annum that highlights work not currently practiced in the islands. Our grant allows us to provide free admission to all visitors.

  The education department also works closely with the curatorial team to develop an extensive education programme for each exhibition. This is aimed at all ages of the community and features in-depth lectures, screenings and workshops relating to art history, cultural heritage, national identity, Caymanian history and the history of art.

  NGCI also hosts an annual Fine Art Festival and manages the island-wide public art project *The Blue Dragon Trail.*

- National Art Collection [GAL 2] - NGCI is charged with managing, conserving, exhibiting and promoting the National Art Collection, in addition to actively acquiring works of art of national significance. The collection is centered on a core of quality Caymanian artworks and supplemented with additional works from the region and abroad. A strategic priority for 2014-15 will be to direct increased resources into this area in order to increase access to the collection and to develop related educational resources and scholarship including cross-curricular lesson plans aimed at visual arts and cultural heritage learning.

- Arts Education, Outreach and Training [GAL 3] - The NGCI is the leading education centre for visual arts education in the Cayman Islands. 55% of our annual staffing and financial resources are allotted to the outreach, educational and training department. Our programme schedule is designed to be fully inclusive with programmes ranging from primary level through to senior citizens; and across all three islands; such as Meet Me for the elderly in Grand Cayman and Cayman Brac, and Walkers Art Club for primary/secondary students and teens, Artists Away for professional Caymanian artists' development, Creative Careers Programme; Art Camps and weekly art club in the Sister Islands; Family Fun sessions, to name a few. Our outreach programmes are specific to various groups of people: Inside Art (Northward and Fairbanks) for prisoners, Art Haven
  for those struggling with substance abuse; Lighthouse and Sunrise Art Clubs; and continuing education programmes for adults, to name a just few.
  NGCI also offers an unparalleled arts scholarship, internship and work experience opportunities throughout the year, in addition to offering careers advice to arts students and participating in annual career expos to raise awareness about the breadth and depth of creative careers.

- Art Information (Promotion, Scholarship, Publication & Facilities) [GAL 4] – NGCI is tasked with researching, developing, and disseminating information about Cayman Islands art and culture to local and international audiences via publications, lectures, scholarship, academic papers, traditional media outlets, social media, community events, marketing and promotions. In addition we support Government in matters relating to visual arts and cultural policy. Output 4 also includes the management of our retails areas (gift shop, café and facility rental department); annual reports and audit; and the ongoing execution, monitoring and evaluation of the NGCI Strategic Plan 2014-2019.

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 Highway in January 2012. This new centre has effectively enabled 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 houses 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 a permanent gallery for the National Art Collection for the first time ever.

The NGCI Education Department also works at various locations across the Cayman Islands including Northward and Fairbanks Prisons, Caribbean Haven, and various public and private schools in Grand Cayman and Cayman Brac, as well as at other locations on demand.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *National Gallery of the Cayman Islands* for the 2014/15 financial year are as follows:

Strategic Goal 1 – Collections

To develop and strengthen the National Collection by creating opportunities for acquisition and commission of artwork while ensuring its care and conservation.

Key Objectives

1. Strengthen and develop the National Collection.
2. Maintain and protect the Collection through the highest standard of care, including conservation, security, display, storage and documentation.
3. Enhance access to, and the public understanding and enjoyment of the collection through exhibitions and educational programming.
4. Increase the profile of the Collection locally and internationally.
5. Strengthen research and scholarship capacity.

Strategic Goal 2 – Exhibitions

To enhance the public understanding and enjoyment of the visual arts by providing a stimulating, informative, and enjoyable on-site temporary exhibitions programme, travelling exhibitions and displays.

Key Objectives

1. Maintain position as the premier art exhibition venue in the Cayman Islands by delivering a vibrant, high quality, rotating schedule of on-site exhibitions.
2. Develop all exhibitions in close consultation with the NGCI Education Department and Communications Department to ensure a high quality related educational component and the broadest audience possible.
3. Provide opportunities for emerging artists, young curators and student exhibitions.
4. Increase the profile of NGCI exhibitions locally and internationally.
5.

Strategic Goal 3 – Education

To increase the understanding of; an engagement with the visual arts as a vital component of the cultural heritage of the Cayman Islands through vibrant, stimulating and accessible programmes of learning.

Key Objectives

1. Maintain NGCI as a leading education facility and resource in the Cayman Islands.
2. Enhance Intellectual Access to NGCI Education, Exhibitions and Collections.
3. Continue to offer high quality outreach programming to different sectors of the community which is inclusive, accommodates marginalised members of the community and includes the concepts of art therapy (where appropriate).
4. Help to facilitate the establishment of secondary- and tertiary-level arts education in the Cayman Islands in order to encourage the development of local artists, art appreciation and careers in or related to the creative arts.
5. Continue to ensure that NGCI's education department programmes are executed to a high standard and all efforts are made to keep them sustainable.
6. Recruit, train and retain qualified educational instructors.

Strategic Goal 4 – Marketing & Communication

Promote the National Gallery collections, exhibitions, programmes and activities, through strategic marketing, promotions, technology and products.

Key Objectives

1. Apply the unique NGCI brand consistently across all aspects of the organisation.
2. Develop and execute a marketing plan and market research programme to determine audience profiles and preferences.
3. Strengthen the approach to and use of technology as a marketing tool.
4. Ensure appropriate resources are made available to carry out marketing strategy.
5. Establish new and maintain good community partnership and communication with media, NGCI patrons, and stakeholders.
6. Research and establish opportunities to market NGCI internationally.
7.

Strategic Goal 5 – Board Member Participation

The National Gallery should take full advantage of the ability of its Board members to contribute over and above their statutory obligations of supervision. To that end we will seek ways in which individual Board members can take effective roles to enhance the effective functioning and management of the Gallery and its programmes.

Key Objectives

1. Identify specific events and projects to which Board members can contribute practically and/or financially.
2. Reduce burdens on employed Gallery staff.
3. Maximise use of the connections, experience and resources of Board members to promote and fund Gallery activities.
4. Develop a code of practice/ethics for the Board.

Strategic Goal 6 – Finance & Business

To maximise the financial resources available through public (government funding) and private sector support (fundraising), trading (retail/events/membership), and through the sound management of NGCI's assets and resources.

Key Objectives

1. Maintain a high standard of financial management across the organisation.
2. Continue to maximise revenue via public/Government contributions.
3. Grow and strengthen private sector support to fill our annual funding gap.
4. Optimise opportunities for generating revenue via trading activities – retail, events and catering – and as appropriate through new revenue streams.
5. Continue to identify all opportunities to control costs.

Strategic Goal 7 – Human Resources

Sustain and encourage an inclusive environment for all staff. Provide an encouraging, supportive and equitable environment in which all staff will have the opportunity to grow professionally, whilst fulfilling their roles and responsibilities, and contributing to achieving the goals of NGCI.

Key Objectives

1. Develop and improve the organisational culture of NGCI to maintain staff loyalty, commitment and morale and improve employee retention.
2. Nurture current and future talent. Encourage the best candidates to consider the visual arts as a viable career and apply for NGCI vacancies, offering career development and long-term career opportunities for those who join the team.
3. Maintain an HR structure that supports current NGCI needs, provides opportunities for growth and development, and creates a clear guide for recruitment.
4. Ensure NGCI's HR records and administration practices are fit for purpose and meet all government and legislative requirements.

Strategic Goal 8 - Operations & Facilities

Establish the Gallery as an inclusive gathering place by creating an environment for all staff and visitors that has the highest standards of safety, fitness for purpose, legal compliance and protection of the physical and intellectual assets of NGCI.

Key Objectives

1. Ensure that all operations are well managed, legally compliant and socially and culturally sensitive.
2. Maintain, and further improve, the physical facility (buildings, services, resources and management) in order to support programmes and to ensure maximum visitor satisfaction.
3. Ensure appropriate resources (staff/time/funds) are allocated to operation and maintenance of NGCI building and facilities.
4. Work towards reducing negative impact on the environment.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2013 Revision) for the *National Gallery of the Cayman Islands* for the 2014/15 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2014/15 BUDGET $ 000's	2013/14 FORECAST $ 000's
REVENUE FROM CABINET	401,850	433,882
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	0	0
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	410,273	347,500
SURPLUS/DEFICIT FROM OUTPUTS	0	0
OTHER EXPENSES	961,797	860,295
NET SURPLUS DEFICIT	(149,674)	(78,913)
TOTAL ASSETS	2,988,969	3,108,643
TOTAL LIABILTIES	30,000	-
NET WORTH	2,958,969	3,108,643
CASH FLOWS FROM OPERATING ACTIVIITES	(8,579)	(20,326)
CASH FLOWS FROM INVESTING ACTIVIITES	(78,833)	(2,833)
CASH FLOWS FROM FINANCING ACTIVIITES	0	0
CHANGE IN CASH BALANCES	(87,412)	(23,159)

FINANCIAL PERFORMANCE RATIO	2014/15 BUDGET	2013/14 FORECAST
CURRENT ASSETS : CURRENT LIABILITIES	4.5:1	N/A
TOTAL ASSETS : TOTAL LIABILITIES	100:1	N/A

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2014/15 BUDGET	2013/14 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	8	87
STAFF TURNOVER (%)	0	2
SENIOR MANAGER	11	12
PROFESSIONAL AND TECHNICAL STAFF	3	4
ADMINISTRATIVE STAFF	2	1
Significant changes to personnel management system		2

PHYSICAL CAPITAL MEASURES	2014/15 BUDGET $	2013/14 FORECAST $
VALUE OF TOTAL ASSETS	2,988,969	3,108,643
ASSET REPLACEMENTS : TOTAL ASSETS	NIL	NIL
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	0.87:1	0.91:1
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	1.5:1	37:1
CHANGES TO ASSET MANAGEMENT POLICES	NIL	NIL

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2013/14	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	$410,273

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	2014/15 TARGET $ 000's	2013/14 FORECAST $ 000's
REVENUE	812,123	781,382
OPERATING EXPENSES	961,797	860,295
NET SURPLUS/DEFICIT	(149,674)	(78,913)

BALANCE SHEET	AS AT JUNE 2015 $ 000's	AS AT JUNE 2014 $ 000's
ASSETS	2,988,969	3,108,643
LIABILITIES	30,000	-
NET WORTH	2,958,949	3,108,643

STATEMENT OF CASH FLOW	2014/15 TARGET $ 000's	2013/14 FORECAST $ 000's
CASH FLOWS FROM OPERATING ACTIVIITES	(8,579)	(20,326)
CASH FLOWS FROM INVESTING ACTIVIITES	(78,833)	(2,833)
CASH FLOWS FROM FINANCING ACTIVIITES	-	-

Note 1: Re Liabilities: In previous Ownership Agreements the liabilities have not specifically been provided for. Going forward for accuracy these will be split out for better representation.

Note 2: Re variance in cash flows from investing activities: In previous Ownership Agreements the investing activities have been included in the operating activities cash flow, and not specifically provided for. Going forward for accuracy these will be split between operating and investing activities for better representation.

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 (2013 Revision).

TRANSACTION	AMOUNT FOR 2014/15 $
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)	0
Remuneration Payments made to Senior Management	81,000

DESCRIPTION	NUMBERS FOR 2014/15 $
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	11
NUMBER OF KEY SENIOR MANAGEMENT (MD)	1

[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 2014/15 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

30th June 2014

CAYMAN ISLANDS GOVERNMENT

NATIONAL GALLERY OF THE CAYMAN ISLANDS
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2015

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 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 2015 and performance for the National Gallery of the Cayman Islands for the year ending 30th June 2015; and
c. Comply with generally accepted accounting practice.

_____

Chairman of the Board
National Gallery of the Cayman Islands

30th June 2014

APPENDIX

FORECAST FINANCIAL STATEMENTS

NATIONAL GALLERY OF THE CAYMAN ISLANDS

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDING 30 JUNE 2015

(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.

(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.

NATIONAL GALLERY OF THE CAYMAN ISLANDS

FORECAST OPERATING STATEMENT

FOR THE YEAR ENDING 30 JUNE 2015

	Budget 2014/15	Forecast 2013/14
Revenue and support from operations		
Donations	283,973	227,500
Revenue	90,950	85,000
Membership	35,350	35,000
	410,273	**347,500**
Expenditure		
Administrative expenses	387,600	380,000
Exhibition & collections expense	82,595	69,000
Facility expenses	158,140	156,000
Information and training	6,000	1,500
Programmes and events expense	37,450	35,000
Marketing and advertising	11,250	10,000
Depreciation	119,562	103,795
Other operating expenses	159,200	105,000
	961,797	**860,295**
Net expenditure from operations	(551,524)	(512,795)
Grants-Cayman Islands Government	401,850	433,882
Increase in unrestricted general fund balances	**(149,674**	**(78,913)**

NATIONAL GALLERY OF THE CAYMAN ISLANDS

FORECAST STATEMENT OF CHANGES IN NET WORTH

FOR THE YEAR ENDING 30 JUNE 2015

	Budget 2014/15	Forecast 2013/14
Operating Net worth	3,108,643	3,187,556
(Deficit)/Surplus for the period	(149,674)	(78,913)
Closing Net worth	**2,958,969**	**3,108,643**

NATIONAL GALLERY OF THE CAYMAN ISLANDS

FORECAST BALANCE SHEET
AS AT 30 JUNE 2015

	Budget 2014/15	Forecast 2013/14
Assets		
Current Assets		
Cash and Cash equivalents	16,646	104,058
Fixed deposit	-	-
Other assets	116,938	108,471
	133,584	**212,529**
Fixed assets	2,855,385	2,896,114
Total assets	**2,988,969**	**3,108,643**
Liabilities and fund balances		
Current Liabilities		
Accounts payable and accrued expenses (Note 1)	30,000	-
Total Assets Less Total Liabilities	**2,958,969**	**3,108,643**
Fund balances		
Unrestricted general fund	2,988,969	3,108,643
Restricted building fund	**-**	-
Total Liabilities and fund balances	**2,988,969**	**3,108,643**

Note 1: Re Liabilities: In previous Ownership Agreements the liabilities have not specifically been provided for. Going forward for accuracy these will be split out for better representation.

NATIONAL GALLERY OF THE CAYMAN ISLANDS

FORECAST STATEMENT OF CASH FLOWS

FOR THE YEAR ENDING 30 JUNE 2015

	Budget 2014/15	Forecast 2013/14
Cash flow from operations:		
Cash from government funding	404,358	433,322
Capital Donations		
Cash from other sources	409,298	368,104
Payment to suppliers	(434,635)	(441,752)
Payments to employees	(387,600)	(380,000)
Cash flow from operation	**(8,579)**	**(20,326)**
Cash flow from financing	**-**	**-**
Cash flow from investing (Note 1)	**(78,833)**	**(2,833)**
Net change in cash balances	(87,412)	(23,159)
Cash at beginning of year	104,058	127,217
Cash at the end of the year	**16,646**	**104,058**

Note 1: Re variance in cash flows from investing activities: In previous Ownership Agreements the investing activities have been included in the operating activities cash flow, and not specifically provided for. Going forward for accuracy these will be split between operating and investing activities for better representation.

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

NATIONAL HOUSING DEVELOPMENT TRUST

FOR THE FINANCIAL YEAR

ENDING 30 JUNE 2015

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

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 2014/15 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 2014/15 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 2014/15 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 (2013 Revision) for the *National Housing Development Trust* for the 2014/15 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2014/15 BUDGET $ 000's	2013/14 FORECAST $ 000's
REVENUE FROM CABINET	580,595	645,105
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	0	0
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	307,412	464,382
SURPLUS/DEFICIT FROM OUTPUTS	888,007	1,109,487
OTHER EXPENSES	-1,809,583	-2,026,692
NET SURPLUS DEFICIT	-921,576	-917,204
TOTAL ASSETS	24,708,548	24,397,313
TOTAL LIABILTIES	17,351,093	18,557,127
NET WORTH	7,357,455	5,840,187
CASH FLOWS FROM OPERATING ACTIVIITES	-362,648	-606,399
CASH FLOWS FROM INVESTING ACTIVIITES	-1,580,000	-2,012,139
CASH FLOWS FROM FINANCING ACTIVIITES	1,232,810	4,168,740
CHANGE IN CASH BALANCES	2,450,162	1,550,203

FINANCIAL PERFORMANCE RATIO	2014/15 BUDGET %	2013/14 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	4.0798	2.6795
TOTAL ASSETS : TOTAL LIABILITIES	1.4240	1.3147

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2014/15 BUDGET	2013/14 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	10	12
STAFF TURNOVER (%)		
SENIOR MANAGER	2	2
PROFESSIONAL AND TECHNICAL STAFF	4	5
ADMINISTRATIVE STAFF	3	3
MAINTENANCE STAFF	1	2

PHYSICAL CAPITAL MEASURES	2014/15 BUDGET $	2013/14 FORECAST $
VALUE OF TOTAL ASSETS	19,295,326	20,981,050
ASSET REPLACEMENTS : TOTAL ASSETS		
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS		97%
DEPRECIATION : CASH FLOW ON ASSET PURCHASES		
CHANGES TO ASSET MANAGEMENT POLICES	Moving to Sales	None

Major Capital Expenditure Projects	2014/15 Target $	2013/14 Estimated Actual $
Construction of affordable homes	3,420,000	960,800

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2013/14	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	2014/15 TARGET $ 000's	2013/14 FORECAST $ 000's
REVENUE	888,007	1,109,487
OPERATING EXPENSES	-1,809,583	-2,026,,692
NET SURPLUS/DEFICIT	-921,576	-917,204

BALANCE SHEET	AS AT 30 JUNE 2015 $ 000's	2013/14 Estimated Actual $ 000's
ASSETS	24,708,548	24,397,313
LIABILITIES	17,351,093	18,557,127
NET WORTH	7,357,455	5,840,187

STATEMENT OF CASH FLOW	2014/15 TARGET $ 000's	2013/14 FORECAST $ 000's
CASH FLOWS FROM OPERATING ACTIVIITES	-362,648	-606,399
CASH FLOWS FROM INVESTING ACTIVIITES	-1,580,000	-2,012,139
CASH FLOWS FROM FINANCING ACTIVIITES	1,232,810	4,168,740

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 (2013 Revision).

TRANSACTION	AMOUNT FOR 2014/15 $
Equity Investments into *National Housing Development Trust.*	2,438,844
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	18,900
Remuneration Payments made to Senior Management	151,708

DESCRIPTION	NUMBERS FOR 2014/15 $
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	8
NUMBER OF KEY SENIOR MANAGEMENT (MD)	2

[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)

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 2014/15 financial year and that the Cabinet will monitor performance against.

_____

Honourable D. Kurt Tibbetts, OBE, JP
Minister of of Planning, Lands, Agriculture, Housing and Infrastructure

On behalf of Cabinet

_____

Mr. George Anthony Powell
Chairman of the Board
National Housing Development Trust

30th June 2014

CAYMAN ISLANDS GOVERNMENT

NATIONAL HOUSING DEVELOPMENT TRUST

STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS FOR THE YEAR ENDING 30TH JUNE 2015

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 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 2015 and performance for the National Housing Development Trust for the year ending 30th June 2015; and
c. Comply with generally accepted accounting practice.

_____

Mr. George Anthony Powell
Chairman of the Board
National Housing Development Trust

30th June 2014

APPENDIX

FORECAST FINANCIAL STATEMENTS

NATIONAL HOUSING DEVELOPMENT TRUST

STATEMENT OF ACCOUNTING POLICIES
AS AT 30TH JUNE 2015

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

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 2015

Revenue	Note	2014/15 Forecast $000	2013/14 Estimated Actual $000	2012/13 Actual $000	2011/12 Actual $000
Outputs to Cabinet		581	645	645	550
Outputs to other government agencies		0	0	0	0
Outputs to others		306	464	688	620
Interest & Other Revenue		1	1	-	-
Total Operating Revenue		888	1,109	1,333	1,278
Operating Expenses					
Personnel costs		-591	-656	-687	-686
Supplies and consumables		-286	-361	-568	-1,012
Depreciation		-106	-189	-210	-44
Capital charge					
Other operating expenses		-826	-821	-892	-930
Total Operating Expenses		-1,810	-2,027	-2,357	-2,672
Surplus from operating activities and before extraordinary items		-922	-917	-1,024	--1,394
Extraordinary items					
Net Surplus		-922	-917	-1,024	-1,394

NATIONAL HOUSING DEVELOPMENT TRUST

FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDED 30 JUNE 2015

	Note	2014/15 Forecast $000	2013/14 Estimated Actual $000	2012/13 Actual $000	2011/12 Actual $000
Opening balance net worth		5,840	3,765	-885	-4,558
Prior Year Adjustment					
Net deficit during the year		-922	-917	-1,291	-1,394
Property revaluations					
Investment revaluations			3,657		
Net revaluations during the period					
Total recognized revenues and expenses		4,919	2,848	1,481	-5,952
Equity investment		2,439	2,2992	2,284	5,067
Repayment of surplus					
Capital withdrawal					
Closing balance net worth		7,357	5,840	3,765	-885

NATIONAL HOUSING DEVELOPMENT TRUST

FORECAST BALANCE SHEET
AS AT 30 JUNE 2015

	Note	2014/15 Forecast $000	2013/14 Estimated Actual $000	2012/13 Actual $000	2011/12 Actual $000
Current Assets					
Cash and cash equivalents		4,694	2,244	706	3,863
Accounts receivable		614	1,068	1,583	941
Prepaid Expenses		105	105	49	73
Inventories		0	0	0	0
Total Current Assets		**5,413**	**3,416**	**2,338**	**4,877**
Non-Current Assets					
Property, plant and equipment		19,295	20,981	16,377	14,397
Other non-current assets		0	0	5,143	1,060
Total Non-Current Assets		**19,295**	**20,981**	**21,520**	**15,457**
Total Assets		**24,709**	**24,397**	**23,858**	**20,334**
Current Liabilities					
Accounts payable & Accrued Liab.		71	33	183	171
Current Portion of Bond Payment		1,237	1,206	1,177	38
Employee entitlements		19	36	36	1,148
Other current liabilities					
Total Current Liabilities		**1,327**	**1,275**	**1,396**	**1,357**
Non-Current Liabilities					
Bond Payable		15,742	16,979	18,186	19,362
Other non-current liabilities		282	303	243	500
Total Non-Current Liabilities		**16,024**	**17,282**	**18,429**	**19,862**
Total Liabilities		**17,351**	**18,557**	**19,825**	**21,219**
TOTAL ASSETS LESS TOTAL LIABILITIES		**7,357**	**5,840**	**4,033**	**-885**
Net worth					
Contributed capital		20,523	18,084	15,092	12,808
Asset revaluation reserve					
Accumulated surpluses		-13,165	-12,244	-11,059	-13,693
Total Net Worth		**7,357**	**5,840**	**4,033**	**-885**

NATIONAL HOUSING DEVELOPMENT TRUST

FORECAST CASH FLOW STATEMENT

FOR YEAR ENDED 30 JUNE 2015

	Note	2014/15 Forecast $000	2013/14 Estimated Actual $000	2012/13 Actual $000	2011/12 Actual $000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts					
Outputs to Cabinet		581	645	0	78
Outputs to other government agencies					
Outputs to others		761	464	485	562
Interest received				0	0
Payments					
Personnel costs & operating costs		-591	-656	-689	-786
Suppliers		-286	-239	-536	-1,075
Other payments		-826	-821	-864	-903
Net cash flows from operating activities		--363	-606	-1,604	-2,124
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of non-current assets		-961	-3,679	-2,402	-3,838
Proceeds from sale of non-current assets		2,541	1,667	-256	765
Net cash flows from investing activities		**1,580**	**-2,012**	**-2,658**	**-3,073**
CASH FLOWS FROM FINANCING ACTIVITIES					
Equity investment		2,439	2,992	2,283	5,068
Proceeds from borrowings					8083
Repayment of Bonds		-1,206	1,177	-1,178	-1,148
capital Withdrawal					
Net cash flows from financing activities		**1,233**	**4,169**	**1,105**	**3,920**
Net increase/(decrease) in cash and cash equivalents		2,450	1,550	-3,157	-1,278
Cash and cash equivalents at beginning of period		2,244	694	3,863	5,141
Cash and cash equivalents at end of period		4,694	2,244	706	3,863

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 2015

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

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 2014/15 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 2014/15 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 (2013 Revision) for the *National Roads Authority* for the 2014/15 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2014/15 BUDGET $ 000's	2013/14 FORECAST $ 000's
REVENUE FROM CABINET	9,829,250	9,171,318
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	197,020	250,000
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	12,000	100,952
SURPLUS/DEFICIT FROM OUTPUTS	6,156,084	5,975,368
OTHER EXPENSES	6,156,084	5,975,368
NET SURPLUS DEFICIT	0	0
TOTAL ASSETS	6,064,805	5,984,960
TOTAL LIABILTIES	1,520,804	1,440,959
NET WORTH	4,544,001	4,544,001
CASH FLOWS FROM OPERATING ACTIVIITES	(40,200)	1,075,817
CASH FLOWS FROM INVESTING ACTIVIITES	0	(67,804)
CASH FLOWS FROM FINANCING ACTIVIITES	0	0
CHANGE IN CASH BALANCES	(40,200)	1,008,013

FINANCIAL PERFORMANCE RATIO	2014/15 BUDGET %	2013/14 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	3.43	3.40
TOTAL ASSETS : TOTAL LIABILITIES	3.99	4.15

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2014/15 BUDGET	2013/14 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	81	84
STAFF TURNOVER (%)		
SENIOR MANAGER	14.33 (3)	10.75 (4)
PROFESSIONAL AND TECHNICAL STAFF	14.71 (28)	11.9 (28)
ADMINISTRATIVE STAFF	13.22 (50)	11.37 (53)

PHYSICAL CAPITAL MEASURES	2014/15 BUDGET $	2013/14 FORECAST $
VALUE OF TOTAL ASSETS	6,064,805	5,984,960
ASSET REPLACEMENTS : TOTAL ASSETS	Nil	Nil
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	846,664	1,091,255
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	244,591	281,226
CHANGES TO ASSET MANAGEMENT POLICES	None	None

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2013/14	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	2014/15 TARGET $ 000's	2013/14 FORECAST $ 000's
REVENUE	10,038,270	9,522,270
OPERATING EXPENSES	10,038,270	9,522,270
NET SURPLUS/DEFICIT	Nil	Nil

BALANCE SHEET	AS AT JUNE 2015 $ 000's	AS AT JUNE 2014 $ 000's
ASSETS	6,064,805	5,984,960
LIABILITIES	1,520,804	1,440,959
NET WORTH	4,544,001	4,544,001

STATEMENT OF CASH FLOW	2014/15 TARGET $ 000's	2013/14 FORECAST $ 000's
CASH FLOWS FROM OPERATING ACTIVIITES	(40,200)	1,075,817
CASH FLOWS FROM INVESTING ACTIVIITES	0	(67,804)
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 (2013 Revision).

TRANSACTION	AMOUNT FOR 2014/15 $
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	
Remuneration Payments made to Senior Management	

DESCRIPTION	NUMBERS FOR 2014/15 $
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	13
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 2014/15 financial year and that the Cabinet will monitor performance against.

_____

Honourable D. Kurt Tibbetts, OBE, JP
Minister of Planning, Lands, Agriculture, Housing and Infrastructure
On behalf of Cabinet

_____

Mr. Donovan Ebanks, MBE, JP
Chairman of the Board
National Roads Authority

30th June 2014

CAYMAN ISLANDS GOVERNMENT

NATIONAL ROADS AUTHORITY

STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS FOR THE YEAR ENDING 30TH JUNE 2015

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 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 2015 and performance for the National Roads Authority for the year ending 30th June 2015; and
c. Comply with generally accepted accounting practice.

_____

Mr. Donovan Ebanks, MBE, JP
Chairman of the Board
National Roads Authority

30th June 2014

APPENDIX

FORECAST FINANCIAL STATEMENTS

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

(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.

(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 2015

	2013-14 Forecast $	BUDGET 2014-15 $
Income		
Sales of Services Interdepartmental	314,377	-
Road Development Services	480,000	535,600
Road Construction	700,466	-
Trench Reinstatement Services	36,575	-
Roads Maintenance Services	7,890,852	9,348,170
Storm Water Management	100,000	103,000
Explosives Management	-	51,500
Interest Revenue & Other	-	0
Total Revenue	9,522,270	10,038,270
Cost of Sales		
Labour (inc HR Pension)	1,948,536	2,132,728
Hired Equipment	2,663	2,915
Materials	842,177	921,787
Subcontractors	753,526	824,755
	3,546,902	3,882,185
Gross Profit	5,975,368	6,156,085

FORECAST OPERATING STATEMENT (CONT'D)

FOR THE YEAR ENDING 30 JUNE 2015

General & Admin. Exp.		
Staff Costs	3,171,531	3,171,531
Expenses and Supplies	21,174	37,759.61
Motor Vehicles Expenses	514,721	563,377
Travel & Subsistence	-	15,000
Street Lighting	1,578,105	1,648,000
Utilities	60,263	65,960
Telephone	32,170	35,211
Advertising	2,640	2,890
Professional Fees	72,047	78,857
Office Rental	50,928	55,742
Computer maintenance & fees	103,857	113,674
Repairs & Maintenance	66,986	73,319
Depreciation - Vehicles	138,259	123,300
Depreciation - Furniture & Fittings	1,562	1,511
Depreciation - Computer Hardware	3,106	3,213
Depreciation - Computer Software	2,258	-
Depreciation - Office Equipment	2,593	2,771
Depreciation - Other Equipment	114,562	113,961
Depreciation - Leasehold Improvements	15,753	-
Bad debt expense	-	24,993
Insurance - Property & Liability	17,527	19,184
Bank Charges and Interest	5,328	5,832
Total Expenses	5,975,368	6,156,084
Net (Loss)/Profit	0	0

NATIONAL ROADS AUTHORITY

FORECAST STATEMENT OF CHANGES IN NET WORTH

FOR THE YEAR ENDING 30 JUNE 2015

	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				634,459	634,459
Balance at 30 June 2013 carried forward	4,541,535	0	0	2,466	4,544,001
Surplus/(deficit)for the period 2013/14				-	-
Balance at 30 June 2014	4,544,001	0	0	-	4,544,001

NATIONAL ROADS AUTHORITY
FORECAST BALANCE SHEET
AS AT 30 JUNE 2014

	2013-14 Forecast	2014-15 Budget
CURRENT ASSETS		
Cash and cash equivalents	3,064,210	3,024,010
Inventory	182,240	194,676
Accounts receivable	1,647,255	1,999,455
Total Current Assets	4,893,705	5,218,141
CURRENT LIABILITIES		
Accounts payable	539,856	453,701
Revenue deposits	-	-
Pension liability	806,000	972,000
Employee entitlements	95,103	95,103
Total Current Liabilities	1,440,959	1,520,804
NET CURRENT ASSETS	3,452,746	3,697,337
FIXED ASSETS		
Property, plant and equipment	1,091,255	846,664
Total Fixed Assets	1,091,255	846,664
TOTAL NET ASSETS	**4,544,001**	**4,544,001**
EQUITY		
Contributed capital	4,541,535	4,541,535
Retained earnings	2,466	2,466
TOTAL EQUITY	**4,544,001**	**4,544,001**

NATIONAL ROADS AUTHORITY

FORECAST STATEMENT OF CASH FLOW

FOR THE YEAR ENDING 30 JUNE 2015

	CURRENT FY 2014 $	FUTURE FY 2015 BUDGET $
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit/(loss) for the period	-	-
Adjustment for non cash transactions:		
Gain/loss on sale of fixed assets	-	-
Bad debt expense	-	-
Depreciation	286,754	244,591
	286,754	244,591
Net change in working capital		
Increase/(decrease) in receivable	1,167,245	(352,200)
Decrease/(increase) in inventory	(23,732)	(12,436)
Decrease in accounts payable	(354,449)	79,845
Net cash used by operating activities	789,064	(284,791)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(67,804)	-
Proceeds from disposal of property, plant & equipment	-	-
Net cash used by investing activities	(67,804)	0
CASH FLOWS FROM FINANCING ACTIVITIES		
Equity investment	-	-
Net cash provided by financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	1,008,013	(40,200)
Cash and cash equivalents at beginning of period	2,056,197	3,064,210
Cash and cash equivalents at end of period	3,064,210	3,024,010

NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2015

Cash & Cash Equivalents

	2013/14 Forecast	2014/15 Budget
Bank accounts	$3,064,210	$3,024,010
Term deposits	-	-
Total Cash & Cash Equivalents	$842,029	$2,495,458

Accounts Receivable & Prepaid Expenses

	2013/14 Forecast	2014/15 Budget
Outputs to Cabinet	$1,024,029	$1,354,000
Outputs to other government agencies	505,348	515,000
Accounts Receivable Others & Prepayment	140,000	148,000
Staff loans	7,878	10,000
Total Accounts Receivable & Prepaid Expenses	$1,677,255	$2,027,000

Fixed Assets

Cost	Vehicles and Heavy Equipments	Furniture and Fixtures and Office Equipment	IT Equipment	Other Plant and Equipment	Leasehold Improvement	Total
	$	$	$	$	$	$
Opening Balance	2,990,237	137,272	313,927	1,526,235	219,273	5,186,944
Additions	0	8,164	5,971	51,520	0	65,655
	2,990,237	145,435	319,498	1,577,755	219,273	5,252,599
Disposals	0	0	0	0	0	0
Balance at 30 June 2014	2,990,237	145,435	319,498	1,577,755	219,273	5,252,599
Accumulated Depreciation						
Opening Balance	2,488,246	128,180	300,160	756,735	203,521	3,876,842
Charge for the year	138,259	4,155	5,364	114,562	15,752	278,092
	2,626,505	132,335	305,524	871,297	219,273	4,154,934
Disposals	0	0	0	0	0	0
Balance at 30 June 2014	2,626,505	132,335	305,524	871,297	219,273	4,154,934
Net Book Value At 30 June 2014	$363,732	$13,100	$13,974	$706,458	$0	$1,091,255

Net Book Value At 30 June 2013	$501,991	$9,092	$13,767	$769,501	$15,852	$1,310,203

Accounts Payable and Accrued Liabilities

	2013/14 Forecast	2014/15 Budget
Trade Creditors	$533,559	$447,404
Accruals	101,400	101,400
Total Accounts Payable and Accrued Liabilities	$634,959	$548,804

Revenue Deposits

	2013/14 Forecast	2014/15 Budget
Revenue Deposits	$0	$0

Employee Entitlements

	2013/14 Forecast	2014/15 Budget
Accrued Vacation Leave	$95,103	$95,103

Contributed Capital

During the year the Authority received no equity injection. (2013/14: nil).

Salaries and Benefits

	2013/14 Forecast	2014/15 Budget
Salaries and wages	$1,585,307	$1,585,307
Employer & Employee pension expenses	430,882	430,882
Health Insurance	1,012,224	1,034,184
Vacation due	0	0
Other personnel costs	166,000	166,000
Total Salaries and Benefits	$3,171,531	$3,216,373

Pensions

Reconciliation showing movement of past service liability during the period:

	$000
Balance as at 30 June 2013	640
Plus: Reconciliation of PSL 2014	166
Balance as at 30 June 2014	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 $8.47 million under the Purchase Agreement (2013: $7.63m). During this year the Authority also delivered Capital Expenditure Projects of $.7m (2013: $.3m) 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.

	2013/14 Forecast	2014/15 Budget
Sales of Services to Cabinet	$9,171,318	$9,829,250
Sales of Services to other government agencies	267,578	197,020
Sales of Services to third parties	83,374	12,000
	$9,522,270	$10,038,270

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 2014, the Authority owes PWD the amount of $14,490 (2013: $13,806) 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 $371,540 (2013: $364,532). There were 13 personnel categorized in 2014 broken down as 3 key management personnel and 10 Directors (2013: 3 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 2014 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 2014, 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 (2013: 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 2014 and 2013, all of the financial liabilities were due within one month of the balance sheet dates.

As at 30 June 2014 and 2013, 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 $50,928 (2013: $52,800). 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 2015

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

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 2014/15 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.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Port Authority of the Cayman Islands* for the 2014/15 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.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2013 Revision) for the *Port Authority of the Cayman Islands* for the 2014/15 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2014/15 BUDGET $ 000's	2013/14 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	19,801,989	19,314,440
SURPLUS/DEFICIT FROM OUTPUTS		
OTHER EXPENSES	18,322,239	18,122,184
NET SURPLUS DEFICIT	1,479,750	1,192,256
TOTAL ASSETS	48,987,746	50,865,457
TOTAL LIABILTIES	5,918,088	9,275,549
NET WORTH	43,069,658	41,589,908
CASH FLOWS FROM OPERATING ACTIVIITES	1,136,022	2,872,548
CASH FLOWS FROM INVESTING ACTIVIITES	(250,000)	(500,000)
CASH FLOWS FROM FINANCING ACTIVIITES	(1,425,180)	(1,551,721)
CHANGE IN CASH BALANCES	(539,158)	820,827

FINANCIAL PERFORMANCE RATIO	2014/15 BUDGET %	2013/14 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	1.06:1	(0.77):1
TOTAL ASSETS : TOTAL LIABILITIES	8.27:1	5.5:1

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2014/15 BUDGET	2013/14 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	153	153
STAFF TURNOVER (%)	3 max	3 max
SENIOR MANAGER	10	10
PROFESSIONAL AND TECHNICAL STAFF	10	10
ADMINISTRATIVE STAFF	25	25

PHYSICAL CAPITAL MEASURES	2014/15 BUDGET $	2013/14 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	61%	64%
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 2013/14	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Hurricanes and Storms	None	Hurricane Plan practised on a continuous basis	CI$2 million
Personal injury or fatality during operation	None	Employee safety procedures	Unknown

5. 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	2014/15 TARGET $ 000's	2013/14 FORECAST $ 000's
REVENUE	19,801,989	19,314,440
OPERATING EXPENSES	18,322,239	18,122,184
NET SURPLUS/DEFICIT	1,479,750	1,192,256

BALANCE SHEET	AS AT JUNE 2015 $ 000's	AS AT JUNE 2014 $ 000's
ASSETS	48,987,746	50,865,457
LIABILITIES	5,918,088	9,275,549
NET WORTH	43,069,658	41,589,908

STATEMENT OF CASH FLOW	2014/15 TARGET $ 000's	2013/14 FORECAST $ 000's
CASH FLOWS FROM OPERATING ACTIVIITES	1,136,022	2,872,548
CASH FLOWS FROM INVESTING ACTIVIITES	(250,000)	(500,000)
CASH FLOWS FROM FINANCING ACTIVIITES	(1,425,180)	(1,551,721)

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 (2013 Revision).

TRANSACTION	AMOUNT FOR 2014/15 $
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 2014/15 $
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 2014/15 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

30th June 2014

CAYMAN ISLANDS GOVERNMENT

PORT AUTHORITY OF THE CAYMAN ISLANDS

STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS FOR THE YEAR ENDING 30TH JUNE 2015

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 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 2015 and performance for the Port Authority of the Cayman Islands for the year ending 30th June 2015; and
c. Comply with generally accepted accounting practice.

_____

Chairman of the Board
Port Authority of the Cayman Islands

30th June 2014

APPENDIX

FORECAST FINANCIAL STATEMENTS

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.

(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 2015

	NOTE	2015 Budget $	2014 Projected Actual $
Revenue			
Outputs to Ministries, Portfolios, SAs & GCs			
Outputs to Others		**19,800,553**	19,312,990
Investment Revenue		**1,436**	1,450
Total Operating Revenue		**19,801,989**	**19,314,440**
Operating Expenses			
Personnel		**11,703,236**	11,598,236
Supplies and consumables		**4,739,758**	4,405,110
Depreciation		**1,804,267**	1,980,399
Financing		**74,978**	138,439
Total Operating Expenses		**18,322,239**	**18,122,184**
Surplus/Deficit from Operating Activities		**1,479,750**	**1,192,256**
Extraordinary Items			
Loss on disposal of Fixed Asset		**0**	0
Net Surplus/Deficit after Extraordinary Items		**1,479,750**	**1,192,256**

PORT AUTHORITY OF THE CAYMAN ISLANDS

FORECAST STATEMENT OF CHANGES IN NET WORTH

FOR THE YEAR ENDING 30 JUNE 2015

	NOTE	2015 Budget $	2014 Projected Actual $
Opening Balance Net Worth		**41,589,908**	**40,394,902**
Net Surplus		**1,479,750**	1,192,256
Prior year adjustment		**0**	2,750
Total Recognized Revenues and Expenses		**43,069,658**	**41,589,908**
Dividend		**0**	0
Closing Balance Net Worth		**43,069,658**	**41,589,908**

PORT AUTHORITY OF THE CAYMAN ISLANDS

FORECAST BALANCE SHEET

AS AT 30 JUNE 2015

	NOTE	2015 Budget $	2014 Projected Actual $
Current Assets			
Cash and Cash Equivalents	2	**1,546,663**	2,085,821
Accounts Receivable & Prepaids & Other Assets		**2,110,000**	1,919,285
Inventories		**550,000**	525,000
Total Current Assets		**4,206,663**	**4,530,106**
Non-Current Assets			
Property, plant and equipment		**44,781,083**	46,335,351
TOTAL ASSETS		**48,987,746**	**50,865,457**
Current Liabilities			
Accounts Payable		**2,510,676**	4,437,147
Other current liabilities		**1,425,180**	1,450,000
Total Current Liabilities		**3,935,856**	**5,887,147**
Non-Current Liabilities			
Non-current liabilities		**1,982,232**	3,388,402
Total Liabilities		**5,918,088**	**9,275,549**
TOTAL ASSETS LESS TOTAL LIABILITIES		**43,069,658**	**41,589,908**
Net Worth			
Dividend		**0**	0
Accumulated surpluses		**43,069,658**	41,589,908

Total Net Worth	**43,069,658**	**41,589,908**

PORT AUTHORITY OF THE CAYMAN ISLANDS
FORECAST STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30 JUNE 2015

	NOTE	2015 Budget	2014 Projected Actual
		$	$
Cash Flows from Operating Activities			
Receipts			
Outputs to Ministries, Portfolios, SAs & GCs		-	**0**
Outputs to Others		**19,800,553**	**19,312,990**
Interest Received		**0**	**0**
Payments			
Personnel Costs		**(11,553,237)**	**(11,109,376)**
Other Payments		**(1,911,294)**	**(1,403,762)**
Suppliers		**(5,200,000)**	**(3,927,304)**
Net Cash Flows from Operating Activities		**1,136,022**	**2,872,548**
Cash Flows from Investing Activities			
Purchase of non-current assets		**(250,000)**	**(500,000)**
Net Cash Flows from Investing Activities		**(250,000)**	**(500,000)**
Cash Flows from Financing Activities			
Capital Withdrawal		**0**	**0**
Repayment of Borrowings		**(1,425,180)**	**(1,551,721)**
Net Cash Provided by Financing Activities		**(1,425,180)**	**(1,551,721)**
Opening Balance Cash & Cash Equivalents		**2,085,821**	**1,264,994**
Net Change in Cash & Cash Equivalents		**(539,158)**	**820,827**

Closing Balance Cash & Cash Equivalents	**2**	**1,546,663**	**2,085,821**

NOTE 1. OPERATING REVENUES

	2015 Budget	2014 Projected Actual
Cargo Income	**13,825,396**	13,701,226
Cruise Income	**4,067,703**	3,662,310
Other Income	**1,908,890**	1,950,904
Total Operating Revenue	**19,801,989**	19,314,440

NOTE 2. CASH AND CASH EQUIVALENTS

	2015 Budget	2014 Projected Actual
Current accounts	**1,506,663**	**2,043,564**
Short-Term fixed deposits	**40,000**	**42,257**
Total Cash and Cash Equivalents	**1,546,663**	**2,085,821**

NOTE 3. INVENTORIES

	2015 Budget	2014 Projected Actual
Mechanical Parts & Diesel	**550,000**	**525,000**
Total Inventories	**550,000**	**525,000**

NOTE 4. DEPRECIATION AND FIXED ASSETS

	2015 Budget	2014 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	43,531,331	43,031,252
Additions	0	500,000
Depreciation	(16,764,563)	(15,649,991)
Closing Book Value	26,766,768	27,881,342
Plant, Equipment & Vehicles		
Opening Book Value/Cost	11,474,004	11,347,380
Additions	0	126,624
Disposal	-	
Accumulated Depreciation	(8,333,934)	(7,772,320)
Closing Book Value	3,140,070	3,701,684
Other Fixed Assets		
Opening Book Value/Cost	745,432	745,432
Additions	-	-
Accumulated Depreciation	(745,432)	(743,105)
Closing Book Value	0	2,327
Furniture		
Opening Book Value/Cost	941,163	941,163
Additions	-	0
Accumulated Depreciation	(912,997)	(849,538)
Closing Book Value	28,166	91,625
Computers		
Opening Book Value/Cost	1,218,002	1,218,002
Additions	-	0
Accumulated Depreciation	(1,178,643)	-1,116,349
Closing Book Value	39,359	101,652
Work In Process (Bldg.)	370,644	120,644
Total Fixed Assets	44,781,083	46,335,351

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

PUBLIC SERVICE PENSION BOARD

FOR THE FINANCIAL YEAR

ENDING 30 JUNE 2015

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

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 2014/15 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 2014/15 financial year are as follows:

Recurring Strategic Goals and Objectives:

- Preparation and submission of Financial Statements as at 30 June 2014 and resulting Annual Report in accordance with Public Management and Finance Law (PMFL) by the earlier of 31 August 2014 or Deputy Governor's imposed deadline.
- Augmentation to the requisite pensioner's monthly benefits in payment as of 31-Dec- 2013 in accordance with section 22 of the PSPL by September 2014.
- 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 2014.
- Calculation and application of the Credited Rate of Return to participant accounts in accordance with section 6 of the PSPL by 31 March 2015.
- Provide IAS19 valuation data by 30 April 2015 to the actuary for preparation of the IAS19 reports due no later than 31 July 2015.
- Prepare and issue Benefit Statements for Central Government and Statutory Authorities for the year ending 31st December 2014 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 2015.
- Review and update 5-Year Strategic document by 31 October 2014.
- Lynchval System Release Upgrade by 31 December 2014.
- Ongoing Trustee Training (Legislation, Governance, Best Practice, Investments & Actuarial Topics), by the end of the 2014/15 fiscal year.

Non-Recurring Strategic Goals and Objectives:

- Commence comprehensive review of legislative framework governing the Government sponsored Pensions Plans under administration in consultation with the Deputy Governor and POCs.
- Implement recommendations from the IT consultants including timelines.
- 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 as identified by the IT Consultant.
- 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 2015.

- As a separate project, commence the correction of data issues that have been identified arising out of the IAR project and other investigations, as a precursor to an ongoing data validation program by 31 December 2014 (as an indicator).
- Organizational Review commenced, to be completed by 30 June 2015.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2013 Revision) for the *Public Service Pension Board* for the 2014/15 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2014/15 BUDGET $ 000's	2013/14 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	3,764,174	3,456,758
SURPLUS/DEFICIT FROM OUTPUTS	0	0
OTHER EXPENSES	3,764,174	3,456,758
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	2014/15 BUDGET %	2013/14 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	0	0
TOTAL ASSETS : TOTAL LIABILITIES	0	0

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2014/15 BUDGET	2013/14 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	23	25
STAFF TURNOVER (%)	0%	3%
SENIOR MANAGER	10.16	9.9
PROFESSIONAL AND TECHNICAL STAFF	9.3	8.3
ADMINISTRATIVE STAFF	6	5

PHYSICAL CAPITAL MEASURES	2014/15 BUDGET $	2013/14 FORECAST $
VALUE OF TOTAL ASSETS	388,818	414,772
ASSET REPLACEMENTS : TOTAL ASSETS	388,818	414,772
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	388,818	414,772
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	106,496	96,392
CHANGES TO ASSET MANAGEMENT POLICES	n/a	n/a

Major Capital Expenditure Projects	2014/15 Target $	2013/14 Target $
New Pension Administration System	0	556,053

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2013/14	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 (2013 Revision).

TRANSACTION	AMOUNT FOR 2014/15 $
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	849,944
Remuneration Payments made to Senior Management	849,944

DESCRIPTION	NUMBERS FOR 2014/15
NUMBER OF KEY MANAGEMENT PERSONNEL	6

[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)

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 2014/15 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

30th June 2015

CAYMAN ISLANDS GOVERNMENT

PUBLIC SERVICE PENSION BOARD

STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS FOR THE YEAR ENDING 30TH JUNE 2015

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 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 2015 and performance for the Public Service Pension Board for the year ending 30th June 2015; and
c. Comply with generally accepted accounting practice.

_____

Chairman of the Board
Public Service Pension Board

30th June 2014

APPENDIX

FORECAST FINANCIAL STATEMENTS

FORECAST OF ACCOUNTING POLICIES
AS AT 30TH JUNE 2015

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 2015

Revenue		
Revenue from the "Fund"	3,764,174	
Total Revenue		**3,764,174**
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	11,400	
Car Allowances	1,800	
Managing Director's Awards	1,200	
Overtime	-	
Additional DB costs	19,725	
Pension Contributions	236,694	
Salaries	2,017,140	
Health Insurance	242,856	
Accrued Vacation	-	
Optical	3,240.00	
Recruitment - Ads, etc	-	
Work Permits	21,450	
Training & Professional Membership Fees	39,000	
	2,594,505	

FORECAST OPERATING STATEMENT (CONT'D)
FOR THE YEAR ENDING 30 JUNE 2015

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	3,264
Computer Software Depreciation Expense	115,304
Office Equipment (Board) Depreciation Expense	98
Office Equipment	3,274
Furniture	406
	122,346
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	-	

PUBLIC SERVICE PENSION BOARD
FORECAST OPERATING STATEMENT (CONT'D)
FOR THE YEAR ENDING 30 JUNE 2015

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	
Organizational/Compensation Review	35,000	
IAS 19 Report Expenses	2,800	
	369,800	
TOTAL DISBURSEMENTS - BOARD OPERATIONS		**3,764,174**
Net Operating		-

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

SISTER ISLANDS AFFORDABLE HOUSING CORPORATION

FOR THE FINANCIAL YEAR

ENDING 30 JUNE 2015

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

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 2014/15 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 2014/15 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 (2013 Revision) for the *Sister Islands Affordable Housing Corporation* for the 2014/15 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2014/15 BUDGET $ 000's	2013/14 FORECAST $ 000's
REVENUE FROM CABINET	71,506	74,485
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES		0
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	792,836	0
SURPLUS/DEFICIT FROM OUTPUTS	0	0
OTHER EXPENSES	864,342	74,845
NET SURPLUS DEFICIT	0	0
TOTAL ASSETS	1,860,000	1,235,000
TOTAL LIABILTIES	128,000	128,000
NET WORTH	1,732,000	1,732,000
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	2014/15 BUDGET %	2013/14 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	966%	966%
TOTAL ASSETS : TOTAL LIABILITIES	1,453%	1,453%

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2014/15 BUDGET	2013/14 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	2	1
STAFF TURNOVER (%)	0	0
SENIOR MANAGER	n/a	n/a
PROFESSIONAL AND TECHNICAL STAFF		
ADMINISTRATIVE STAFF		

PHYSICAL CAPITAL MEASURES	2014/15 BUDGET $	2013/14 FORECAST $
VALUE OF TOTAL ASSETS	1,860,000	1,860,000
ASSET REPLACEMENTS : TOTAL ASSETS		
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS		
DEPRECIATION : CASH FLOW ON ASSET PURCHASES		
CHANGES TO ASSET MANAGEMENT POLICES	None	

Major Capital Expenditure Projects	2014/15 Target $
Construction of 6-8 homes in Cayman Brac for re-sale	781,342

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	2014/15 TARGET $ 000's	2013/14 FORECAST $ 000's
REVENUE	864,342	864,342
OPERATING EXPENSES	864,342	864,342
NET SURPLUS/DEFICIT	0	0

BALANCE SHEET	AS AT JUNE 2015 $ 000's	AS AT JUNE 2014 $ 000's
ASSETS	1,860,000	2,015,177
LIABILITIES	128,000	15,300
NET WORTH	1,732,000	1,999,877

STATEMENT OF CASH FLOW	2014/15 TARGET $ 000's	2013/14 FORECAST $ 000's
CASH FLOWS FROM OPERATING ACTIVIITES	0	0
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 (2013 Revision).

TRANSACTION	AMOUNT FOR 2014/15 $
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 2014/15 $
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	12
NUMBER OF KEY SENIOR MANAGEMENT (MD)	2

[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 2014/15 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

30TH June 2014

CAYMAN ISLANDS GOVERNMENT

SISTER ISLANDS AFFORDABLE HOUSING CORPORATION
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2015

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 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 2015 and performance for the Sister Islands Affordable Housing Corporation for the year ending 30th June 2015; and
c. Comply with generally accepted accounting practice.

_____

Chairman of the Board
Sister Islands Affordable Housing Corporation

30th June 2014

APPENDIX

FORECAST FINANCIAL STATEMENTS

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDING 30 JUNE 2015

General Accounting Policies

Reporting entity

These forecast financial statements are for the Sister Islands Affordable Housing Development Corporation

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 2015.

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 2005) 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.

SISTER ISLANDS AFFORDABLE HOUSING CORPORATION

FORECAST OPERATING STATEMENT

FOR THE YEAR ENDING 30 JUNE 2015

	Note	2014/15 Budget	2013/14 Forecast
			$000
Revenue			
Outputs to Cabinet		71	74
Outputs to other government agencies			
Outputs to others		1,181	1,230
Interest revenue			
Total Operating Revenue		1255	1,304
Operating Expenses			
Personnel costs	1	70	53
Supplies and consumables	2	25	26
Depreciation	3		
Capital charge			
Other operating expenses		1085	1,130
Total Operating Expenses		1180	1,209
Surplus from operating activities and before extraordinary items		75	95
Extraordinary items			
Net Surplus/(Deficit)		75	95

SISTER ISLANDS AFFORDABLE HOUSING CORPORATION

FORECAST STATEMENT OF CHANGES IN NET WORTH

FOR THE YEAR ENDING 30 JUNE 2015

	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 CORPORATION

FORECAST BALANCE SHEET

AS AT 30 JUNE 2014

	Note	2014/15 Budget	2013/14 Forecast
			$000
Current Assets			
Cash and cash equivalents	4	471	491
Accounts receivable	5		
Other Current Assets	6	843	878
Total Current Assets		**1,314**	**1,368**
Non-Current Assets			
Property, plant and equipment	7	620	646
Other non-current assets			
Total Non-Current Assets		**620**	**646**
Total Assets		**1,934**	**2,015**
Current Liabilities			
Accounts payable	8	14,688	15,300
Unearned revenue	9		
Employee entitlements	10		
Other current liabilities			
Total Current Liabilities			
Non-Current Liabilities			
Employee entitlements	11		
Other non-current liabilities	12		
Total Non-Current Liabilities			
Total Liabilities			
TOTAL ASSETS LESS TOTAL LIABILITIES		**1,919**	**1,999**
NET WORTH			
Contributed capital		1981	2,064
Asset revaluation reserve			
Accumulated surpluses		-62018	-64602
Total Net Worth		**1,919**	**1,999**

SISTER ISLANDS AFFORDABLE HOUSING CORPORATION

FORECAST STATEMENT OF CASH FLOWS

FOR THE YEAR ENDING 30 JUNE 2015

		2014/15 Budget	2013/14 Forecast
	Note		$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Outputs to Cabinet		71	74
Outputs to other government agencies			
Outputs to others		0	1,07
Interest received			
Payments			
Personnel costs		(70)	(53)
Suppliers			(21)
Other payments			(910)
Net cash flows from operating activities			160
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current assets			0
Proceeds from sale of non-current assets			0
Net cash flows from investing activities			0
CASH FLOWS FROM FINANCING ACTIVITIES			
Equity investment		0	0
Repayment of surplus		0	0
Capital withdrawal		0	0
Net cash flows from financing activities		0	0
Net increase/(decrease) in cash and cash equivalents		0	160
Cash and cash equivalents at beginning of period		0	331
Cash and cash equivalents at end of period		**0**	**491**

NOTE 1. PERSONNEL COSTS

	2014/15 Budget	2013/14 Forecast
	$000	$000
Salaries and wages (including employee pension contributions)	66	49
Employer/Government pension expense	4	4
Total Personnel Costs	**70**	**53**

NOTE 2. SUPPLIES AND CONSUMABLES

	2014/15 Budget	2013/14 Forecast
	$000	$000
Supply of goods and services	19	20
Operating lease rentals	6	6
Other		
Total Supplies and Consumables	**25**	**26**

NOTE 3. DEPRECIATION

	2014/15 Budget	2013/14 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

	2014/15 Budget	2013/14 Forecast
	$000	$000
Cash on hand		
Bank accounts	0	491
Deposits with Portfolio Finance and Economic (Treasury)		
Total Cash and Cash Equivalents	**0**	**491**

NOTE 5. ACCOUNTS RECEIVABLE

	2014/15 Budget	2013/14 Forecast
	$000	$000
Outputs to Cabinet		20
Outputs to other government agencies		
Outputs to others		857
Interest receivable		
Prepayments		
Interest Receivable		
Other Receivables		
Total Gross		877
Less provision for doubtful debts		
Total Net		877

NOTE 6. INVENTORIES

	2014/15 Budget	2013/14 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	2014/15 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			

NOTE 8. ACCOUNTS PAYABLE

	2014/15 Budget	2013/14 Forecast
	$000	$000
Trade Creditors	14,688	15,300
Operating lease rental		
Accruals		
Total		15,300

NOTE 9. UNEARNED REVENUE

	2014/15 Budget	2013/14 Forecast
	$000	$000
Revenue received in advance		
Total	0	0

NOTE 10. EMPLOYEE ENTITLEMENTS (CURRENT)

	2014/15 Budget	2013/14 Forecast
	$000	$000
Long service leave and other leave entitlements		
Other salary related entitlements		
Total Employee Entitlements	0	0

NOTE 11. EMPLOYEE ENTITLEMENTS (NON-CURRENT)

	2014/15 Budget	2013/14 Forecast
	$0	$0
Long service leave and other leave entitlements		
Other salary related entitlements		
Total	0	0

NOTE 12. OTHER NON-CURRENT LIABILITIES

	2014/15 Budget	2013/14 Forecast
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

	2014/15 Budget	2013/14 Forecast
Operating surplus/(deficit)		75
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		0
Increase in receivables		
Net cash flows from operating activities		**75**

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

TOURISM ATTRACTIONS BOARD

FOR THE FINANCIAL YEAR

ENDING 30 JUNE 2015

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

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 2014/15 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 2014/15 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 (2013 Revision) for the *Tourism Attractions Board* for the 2014/15 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2014/15 BUDGET $ 000's	2013/14 FORECAST $ 000's
REVENUE FROM CABINET	1,952,213	2,033,575
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	9,500	9,500
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	493,000	508,000
SURPLUS/DEFICIT FROM OUTPUTS	0	0
OTHER EXPENSES	0	0
NET SURPLUS DEFICIT	(189,876)	(121,649)
TOTAL ASSETS	12,903,996	13,089,032
TOTAL LIABILTIES	(54,188)	(49,348)
NET WORTH	12,849,808	13,039,684
CASH FLOWS FROM OPERATING ACTIVIITES	42,829	(331,279)
CASH FLOWS FROM INVESTING ACTIVIITES	0	0
CASH FLOWS FROM FINANCING ACTIVIITES	0	0
CHANGE IN CASH BALANCES	42,829	(331,279)

FINANCIAL PERFORMANCE RATIO	2014/15 BUDGET %	2013/14 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	2,347	2,489
TOTAL ASSETS : TOTAL LIABILITIES	23,813	26,523

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2014/15 BUDGET	2013/14 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	33	33
STAFF TURNOVER (%)	2%	3%
AVERAGE LENGTH OF SERVICE (No.)	7	8
SENIOR MANAGER	6	6
PROFESSIONAL AND TECHNICAL STAFF	2	2
ADMINISTRATIVE STAFF	7	7

PHYSICAL CAPITAL MEASURES	2014/15 BUDGET $	2013/14 FORECAST $
VALUE OF TOTAL ASSETS	12,903,996	13,089,032
ASSET REPLACEMENTS : TOTAL ASSETS	0%	0.01%
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	58%	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 2013/14	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.	 Unknown Cost of debris removal plus insurance deductible.
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	None	Take necessary precautions on-site to minimize damage in the event of a hurricane or other forecasted natural disaster and	***Tourism Attraction Board:*** Property Loss Due

Natural Disasters		review insurance policy to ensure adequate coverage is in place.	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	2014/15 TARGET $ 000's	2013/14 FORECAST $ 000's
REVENUE	2,454,713	2,533,555
OPERATING EXPENSES	2,644,589	2,655,204
NET SURPLUS/DEFICIT	(189,876)	(121,649)

BALANCE SHEET	AS AT JUNE 2015 $ 000's	AS AT JUNE 2014 $ 000's
ASSETS	12,903,996	13,089,032
LIABILITIES	(54,188)	(49,348)
NET WORTH	12,849,808	13,039,684

STATEMENT OF CASH FLOW	2014/15 TARGET $ 000's	2013/14 FORECAST $ 000's
CASH FLOWS FROM OPERATING ACTIVIITES	42,829	(331,279)
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 (2013 Revision).

TRANSACTION	AMOUNT FOR 2014/15 $
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 2014/15 $
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 2014/15 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

30th June 2014

CAYMAN ISLANDS GOVERNMENT

TOURISM ATTRACTIONS BOARD

STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2015

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 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 2015 and performance for the Tourism Attractions Board for the year ending 30th June 2015; and
c. Comply with generally accepted accounting practice.

_____

Chairman of the Board
Tourism Attractions Board

30th June 2014

APPENDIX

FORECAST FINANCIAL STATEMENTS

FORECAST STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2015

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.

(d) 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.

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.

(e) 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.

(f) 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

(ii)

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 ATTRACTIONS BOARD

FORECAST STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDING 30 JUNE 2015

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015	Notes	Budget 2014/15
Revenue		
Sale of goods and services	15	2,454,713
Investment revenue	16	0
Donations	17	0
Other revenue		
Total Revenue		**2,454,713**
Expenses		
Personnel costs	18	1,429,000
Supplies and consumables	19	985,905
Depreciation and Amortisation	7	228,184
Impairment of property, plant and equipment		
Impairment of inventory		1,500
Finance costs & overdraft interest	20	0
Litigation costs	21	0
Other Gains/(losses)	22	0
Other Operating expenses		
Total Expenses		**2,644,589**
Surplus or (Deficit) for the period		**-189,876**

TOURISM ATTRACTIONS BOARD

FORECAST STATEMENT OF CHANGES IN NET WORTH

FOR THE YEAR ENDING 30 JUNE 2015

NET WORTH		
Contributed capital		11,637,590
Other Reserves		0
Revaluation reserve		3,157,775
Accumulated surpluses/(deficits)		-1,945,557
Total Net Worth		**12,849,808**

FORECAST STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDING 30 JUNE 2015

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015	Notes	**Budget 2014/15**
Current Assets		
Cash and cash equivalents	**1**	1,059,499
Marketable securities and deposits		
Trade receivables	**2**	128,336
Other receivables	**2**	0
Inventories	**3**	77,500
Investments	**4**	0
Prepayments	**5**	6,500
Loans	**6**	0
Total Current Assets		**1,271,835**
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**	11,632,161
Intangible Assets	**8**	0
Total Non-Current Assets		**11,632,161**
Total Assets		**12,903,996**
Current Liabilities		
Trade payables	**9**	0
Other payables and accruals	**9**	54,188
Bank Overdraft	**1**	0
Unearned revenue	**10**	0
Employee entitlements	**11**	0

FORECAST STATEMENT OF FINANCIAL POSITION (CONT'D)

FOR THE YEAR ENDING 30 JUNE 2015

Dividends/Surplus Payable	**9**	0
Current Portion of Borrowings	**12**	0
Total Current Liabilities		**54,188**
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		**54,188**
Net Assets		**12,849,808**

TOURISM ATTRACTIONS BOARD

FORECAST STATEMENT OF CASH FLOWS

FOR THE YEAR ENDING 30 JUNE 2015

		Budget 2014/15
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Sale of goods and services to Cabinet		1,952,213
Sale of goods and services to Ministries/Portfolios		9,500
Sale of goods and services to Statutory Agencies and Government Companies		12,500
Sale of goods and services - third party		407,500
Interest received		
Donations / Grants		
Other receipts		
Payments		
Personnel costs		-1,429,000
Supplies and consumables - Ministries/Portfolios		
Supplies and consumables - Statutory Agencies and Government Companies		
Supplies and consumables - third party		-867,499
Interest paid		
Other payments		-42,385
Net cash flows from operating activities		**42,829**
CASH FLOWS FROM INVESTING ACTIVITIES	23	
Purchase of property, plant and equipment		
Proceeds from sale of property, plant and equipment		
Purchase of investments		
Proceeds from sale of investments		**0**
Net cash flows from investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Equity Investment from Cabinet		
Repayment of Surplus/Dividends or Capital withdrawal		
Borrowings		
Repayment of Borrowings		
Currency Issues		**0**
Net cash flows from financing activities		
Net increase/(decrease) in cash and cash equivalents		**42,829**
Cash and cash equivalents at beginning of period		1,016,670
Cash and cash equivalents at end of period		**1,059,499**

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 change as applicable	Currency Amount	Exchange Rate to $CI	Budget 2014/15
Cash on hand	5,226	1.0000	5,226
Cash in transit		1.0000	0
CI$ Account	377,951	1.0000	377,951
US$ Account	735,559	0.8300	610,514
Bank Overdraft		1.0000	0
Payroll Current Account	51,181	1.0000	51,181
Bank Accounts held at other financial institutions		1.0000	0
Short-Term Fixed Deposits	14,627	1.0000	14,627
TOTAL			**1,059,499**

Note 2: Trade and other receivables

Trade Receivables	Budget 2014/15
Sale of goods and services to Cabinet	
Sale of goods and services to Ministries/Portfolios	0
Sale of goods and services to Statutory Agencies and Government Companies	5,000
Sale of goods and services - third party	136,000
Other	
Less: provision for doubtful debts	-12,664
Total trade receivables	**128,336**

Other Receivables	Budget 2014/15
Advances (salary, Official Travel, etc)	
Dishonoured cheques	
Interest receivable	
Other	
Less: provision for doubtful debts	
Total other receivables	**0**

	Trade Receivables	Other Receivables	Budget 2014/15
Current			
Past due 1-30 days	66,747	0	66,747
Past due 31-60 days	34,668		34,668
Past due 61-90 days	14,256		14,256
Past due 90 and above	12,665		12,665
Non-Current			
Past due 1 year and above			0
Total	**128,336**	**0**	**128,336**

Changes in the provision of doubtful debts:

Description	Budget 2014/15
Balance at 1 July 2014	-4,225
Additional provisions made during the year	-6,845
Receivables written off during the period	-1,594
Balance at 30 June 2015	-12,664

Note 3: Inventories

Description	Current	Non-Current	Budget 2014/15
Inventory held for use in the provision of goods and services			0
Inventory held for sale	79,000		79,000
Impairment of Inventory b/f			0
Impairment of Inventory 2014/15	-1,500		-1,500
TOTAL INVENTORIES	**77,500**	**0**	**77,500**

Investments	Current	Non-Current	Budget 2014/15
			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 2014/15
	6,500		6,500
			0
			0
			0
			0
Total	**6,500**	**0**	**6,500**

Note 6 Loans

Description	Current	Non-Current	Budget 2014/15
			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 2015

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

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 2014/15 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.

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 2014/15 financial year are as follows:

1. Adhere to high standards of governance and management, while ensuring that UCCI, in its unique role as our national tertiary institution, contributes to realizing the National Vision for Tertiary Education in the Cayman Islands.

2. Deliver internationally recognised educational programmes that will position citizens to successfully participate in, and contribute to, the core and developing industries in the Cayman Islands**.**

3. Deliver programmes that meet the social and economic needs of the country and its workforce, and engage the support of the private sector.

4. Make education accessible through enhanced use of technology, facilities, scheduling and special needs accommodation.

5. Ensure the financial stability and long term viability of the UCCI.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2013 Revision) for the *University College of the Cayman Islands* for the 2014/15 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2014/15 BUDGET $ 000's	2013/14 FORECAST $ 000's
REVENUE FROM CABINET	4,073,205	3,905,980
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	233,377	225,432
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	2,611,201	2,441,743
SURPLUS/DEFICIT FROM OUTPUTS	0	0
OTHER EXPENSES	6,917,783	6,962,486
NET SURPLUS DEFICIT	0	(389,331)
TOTAL ASSETS	7,049,807	7,320,844
TOTAL LIABILTIES	2,268,292	4,286,329
NET WORTH	4,781,515	3,034,515
CASH FLOWS FROM OPERATING ACTIVIITES	397,970	385,854
CASH FLOWS FROM INVESTING ACTIVIITES	(425,000)	(382,230)
CASH FLOWS FROM FINANCING ACTIVIITES	(102,725)	(54,832)
CHANGE IN CASH BALANCES	(129,755)	(51,207)

FINANCIAL PERFORMANCE RATIO	2014/15 BUDGET %	2013/14 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	0.78	0.78
TOTAL ASSETS : TOTAL LIABILITIES	3.11	1.71

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2014/15 BUDGET	2013/14 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	80	86
STAFF TURNOVER (%)	0	9.5
SENIOR MANAGER	5.5	4.5
PROFESSIONAL AND TECHNICAL STAFF	7	7
ADMINISTRATIVE STAFF	6.5	6.5

PHYSICAL CAPITAL MEASURES	2014/15 BUDGET $	2013/14 FORECAST $
VALUE OF TOTAL ASSETS	7,049,807	7,320,844
ASSET REPLACEMENTS : TOTAL ASSETS	6%	5%
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	43%	45%
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	114%	116%
CHANGES TO ASSET MANAGEMENT POLICES	None Planned	None Planned

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2013/14	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Insufficient Working capital - Inadequate revenue flows to meet fixed costs of course delivery. UCCI Program Viability Report reveals lack of profitability in a number of bachelor degree programs, thus rendering these no-cost effective. Less than optimum student/teacher ratios leading to high cost of pram delivery	unchanged	Discontinue non-cost/effective bachelor programs. On a value for money/cost effectiveness basis these courses cannot continue to be offered.	unquantified
Inadequate Market Intelligence and Public Relations. Inability to properly determine marketing needs of the University, resulting in ineffective and inefficient tactical choices not based on proper strategic planning.	unchanged	Better utilization of the skills of the Director of Marketing. Less time should be spent on events planning, and more time on marketing and alumni relations.	unquantified
Negative perceptions regarding the lack of institutional and program accreditation at UCCI. UCCI faces considerable challenges as the tertiary institution of choice, stemming from students' (current and prospective) concerns that their credit transfers may not be accepted by Universities overseas, and that degrees may not be accepted by employers.	unchanged	Design and document a pathway to institutional accreditation with timelines for phased implementation. A more efficient system of tracking student performance, evaluating and acting upon the results of exit studies must be implemented to improve the attraction and retention of students.	unquantified
General deterioration in the building facilities, and improvements required to the	unchanged	Restructuring of non-profitable course programs will provide cost/savings that can be applied	unquantified

University campus to accommodate special needs students. Loss of appeal to new students, and diminished sense of pride among existing students. Also, potential risk of injury to students and staff possibly resulting in costly litigation, and contravention of the Bill of rights.		toward necessary renovations. Further financing will be required to meet total renovation needs.	

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	2014/15 TARGET $ 000's	2013/14 FORECAST $ 000's
REVENUE	6,917,783	6,573,155
OPERATING EXPENSES	6,917,783	6,962,486
NET SURPLUS/DEFICIT	0	**(389,331)**

BALANCE SHEET	AS AT JUNE 2015 $ 000's	AS AT JUNE 2014 $ 000's
ASSETS	7,049,807	7,320,844
LIABILITIES	2,268,292	4,286,329
NET WORTH	4,781,515	3,034,515

STATEMENT OF CASH FLOW	2014/15 TARGET $ 000's	2013/14 FORECAST $ 000's
CASH FLOWS FROM OPERATING ACTIVIITES	387,970	385,854
CASH FLOWS FROM INVESTING ACTIVIITES	(425,000)	(382,230)
CASH FLOWS FROM FINANCING ACTIVIITES	(102,725)	(54,832)

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 (2013 Revision).

TRANSACTION	AMOUNT FOR 2014/15 $
Remuneration Payments made to Key Management Personnel	598,020
Remuneration Payments made to Senior Management	598,020

DESCRIPTION	NUMBERS FOR 2014/15 $
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	5
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 2014/15 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

30TH June 2014

CAYMAN ISLANDS GOVERNMENT

UNIVERSITY COLLEGE OF THE CAYMAN ISLANDS
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2015

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 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 2015 and performance for the University College of the Cayman Islands for the year ending 30th June 2015; and
c. Comply with generally accepted accounting practice.

_____

Chairman of the Board
University College of the Cayman Islands

30TH June 2014

APPENDIX

FORECAST FINANCIAL STATEMENTS

UNIVERSITY COLLEGE OF THE CAYMAN ISLANDS
STATEMENT OF ACCOUNTING POLICIES
AS AT 30TH JUNE 2015

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.

UNIVERSITY COLLEGE OF THE CAYMAN ISLANDS
FORECAST OPERATING STATEMENT
AS AT 30TH JUNE 2015

	Note	2014/15 Budget $	2013/14 Est. Actual $	2012/13 Actual $
Revenue				
Outputs to Cabinet		4,073,205	3,905,980	3,905,976
Outputs to other government agencies		233,377	225,432	221,396
Outputs to others		2,313,996	2,188,952	2,252,807
Other Income		297,205	252,791	297,460
Total Operating Revenue		**6,917,783**	**6,573,155**	**6,677,639**
Operating Expenses				
Personnel costs	**1**	4,161,258	4,532,689	4,566,560
Supplies and consumables	**2**	1,838,639	1,566,436	1,532,078
Depreciation	**3**	482,398	442,301	437,061
Finance Costs		44,922	31,478	45,096
Other operating expenses		390,566	389,583	342,637
Total Operating Expenses		**6,917,783**	**6,962,486**	**6,923,432**
Surplus from operating activities and before extraordinary items		**-**	**(389,331)**	**(245,793)**
Extraordinary items		-	-	-
Net Surplus		**-**	**(389,331)**	**(245,793)**

UNIVERSITY COLLEGE OF THE CAYMAN ISLANDS

FORECAST STATEMENT OF CHANGES IN NET WORTH

FOR THE YEAR ENDING 30 JUNE 2015

	Contributed Capital $000	Other Reserves $000	Revaluation Reserve $000	Accumulated Surplus/ (deficits) $000	Total $000
Balance at 30 June 2013	4,490,682	301,057		(1,368,112)	3,423,627
Changes in net worth for 2013/14					
Changes in accounting policy					0
Prior Year Adjustments					0
Restated balance	4,490,682	301,057		(1,368,112)	3,423,627
Changes in net worth for 2013/14					
Amortization of Gain on property revaluation					-
Gain on revaluation of investments		219			219
Equity Investment from Cabinet					
Repayment of surplus to Cabinet					0
Net revenue / expenses recognised directly in net worth		219		0	0
Surplus/(deficit)for the period 2013/14				(389,331)	(389,331)
Total recognised revenues and expenses for the period		219		(389,331)	(389,112)
Balance at 30 June 2014 carried forward	**4,490,682**	**301,276**	**-**	(1,757,443)	**3,034,515**

UNIVERSITY COLLEGE OF THE CAYMAN ISLANDS

FORECAST STATEMENT OF CHANGES IN NET WORTH (CONT'D)

FOR THE YEAR ENDING 30 JUNE 2015

	Contributed Capital $000	Other Reserves $000	Revaluation Reserve $000	Accumulated Surplus/ (deficits) $000	Total $000
Balance at 30 June 2014 brought forward	**4,490,682**	**301,276**	**-**	(1,757,443)	**3,034,515**
Changes in accounting policy					
Prior Year Adjustments					
Restated balance	**4,490,682**	**301,276**	**-**	(1,757,443)	**3,034,515**
Changes in net worth for 2014/15					
Amortization of Gain on property revaluation					
Gain on revaluation of investments					
Change due to Reorganisation of Ministry					
Exchange differences on translating foreign operations					
Equity Investment from Cabinet	1,747,000				1,747,000
Repayment of surplus to Cabinet					
Net revenue / expenses recognised directly in net worth	1,747,000				1,747,000
Surplus/(deficit)for the period 2014/15					
Total recognised revenues and expenses for the period	1,747,000				1,747,000
Balance at 30 June 2015	**6,237,682**	**301,276**		**(1,757,443)**	**4,781,515**

UNIVERSITY COLLEGE OF THE CAYMAN ISLANDS

FORECAST BALANCE SHEET

AS AT 30 JUNE 2015

	Note	2014/15 Budget $	2013/14 Est. Actual $	2012/13 Actual $
Current Assets				
Cash and cash equivalents	4	471,236	471,236	522,443
Accounts Receivable	5	408,057	581,453	531,069
Prepayments		39,334	49,577	43,938
Inventories	6	277,644	307,644	244,973
Total Current Assets		**1,196,271**	**1,409,910**	**1,342,423**
Non-Current Assets				
Property, plant and equipment	7	5,853,536	5,910,934	5,971,005
Other non-current assets		-	-	-
Total Non-Current Assets		**5,853,536**	**5,910,934**	**5,971,005**
Total Assets		**7,049,807**	**7,320,844**	**7,313,428**
Current Liabilities				
Accounts payable (Trade)		130,805	400,805	254,782
Unearned revenue (Tuition)		15,000	15,000	-
Current Portion of Long Term Loan			102,544	103,161
Employee entitlements	8	281,526	352,637	316,591
Overdraft		441,925	312,170	-
Other current liabilities	9	657,036	613,992	716,034
Total Current Liabilities		**1,526,292**	**1,797,148**	**1,390,568**
Non-Current Liabilities				
Employee entitlements	10	742,000	742,000	697,000
Other non-current liabilities	11		1,747,181	1,802,232
Total Non-Current Liabilities		**742,000**	**2,489,181**	**2,499,232**
Total Liabilities		**2,268,292**	**4,286,329**	**3,889,800**
TOTAL ASSETS LESS TOTAL LIABILITIES		**4,781,515**	**3,034,515**	**3,423,628**
Net worth				
Contributed capital		6,237,682	4,490,682	4,490,682
Capital Fund		301,276	301,276	301,058
Accumulated surpluses		(1,757,443)	(1,757,443)	(1,368,112)
Total Net Worth		**4,781,515**	**3,034,515**	**3,423,628**

FORECAST STATEMENT OF CASH FLOWS

FOR THE YEAR ENDING 30 JUNE 2015

CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Outputs to Cabinet		4,156,838	3,905,980	3,905,976
Outputs to other government agencies		233,377	225,432	221,396
Outputs to others		2,611,201	2,070,257	2,317,285
Interest received		13	-	-
Other Receipts		15,219	252,791	297,460
Payments				
Personnel costs		(4,161,258)	(4,496,643)	(4,590,467)
Suppliers		(2,450,296)	(1,236,563)	(1,537,205)
Interest Paid			(9,183)	(16,733)
Other payments		(7,124)	(326,217)	(259,171)
Net cash flows from operating activities	**12**	**397,970**	**385,854**	**338,541**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of non-current assets		(425,000)	(382,230)	(387,651)
Gain on sale of non-current asset				
Net cash flows from investing activities		**(425,000)**	**(382,230)**	**(387,651)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Equity investment		-	-	240,740
Repayment of long term debt		(102,725)	(55,051)	(73,103)
Capital Fund Interest		-	219	375
Capital Fund Withdrawal		-	-	-
Net cash flows from financing activities		**(102,725)**	**(54,832)**	**168,012**
Net increase/(decrease) in cash and cash equivalents		**(129,755)**	**(51,207)**	**118,902**
Cash and cash equivalents at beginning of period		**159,066**	**522,443**	**403,541**
Cash and cash equivalents at end of period	**4**	**29,311**	**471,236**	**522,443**

	2014/15 Budget	2013/14 Est. Actual	2012/13 Actual
	$	$	$
Salaries and wages (including employee pension contributions)	3,844,457	4,207,865	4,209,984
Employer Pension Expense	133,511	135,305	180,213
Other personnel related expenses	183,290	189,518	176,363
Total Personnel Costs	**4,161,258**	**4,532,689**	**4,566,560**

Note 2. Supplies and consumables

	2014/15 Budget	2013/14 Est. Actual	2012/13 Actual
	$	$	$
Supply and consumables	732,600	565,376	565,377
Purchase of services	415,047	310,068	275,709
Operating lease rentals	72,000	72,000	72,000
Other (Utilities, Insurance, travel etc)	618,992	618,992	618,992
Total Supplies and Consumables	**1,838,639**	**1,566,436**	**1,532,078**

Note 3. Depreciation

	2014/15 Budget	2013/14 Est. Actual	2012/13 Actual
	$	$	$
Land	-	-	-
Buildings	245,764	253,656	238,656
Vehicles	2,900	1,450	1,450
Aeroplanes	-	-	-
Boats	-	-	-
Furniture, fittings & Office Equipment	98,604	78,858	72,029
Computer hardware	103,937	80,069	84,735
Computer Software & Intengibles	29,657	25,648	34,093
Construction in progress	-	-	-
Other assets	1,536	2,620	6,098
	482,398	**442,301**	**437,061**

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				
		2014/15 Budget $	2013/14 Est. Actual $	2012/13 Actual $
Cash on hand		4,475	4,475	4,475
Bank accounts		165,485	165,485	216,910
Commercial Bank Deposits		301,276	301,276	301,058
Deposits with Portfolio Finance and Economic (Treasury)		-	-	-
Total Cash and Cash Equivalents		**471,236**	**471,236**	**522,443**

Note 5. Accounts Receivable				
		2014/15 Budget $	2013/14 Est. Actual $	2012/13 Actual $
Outputs to Cabinet		325,502	325,498	409,131
Outputs to other government agencies		98,758	99,958	149,958
Outputs to others		217,153	389,353	193,871
Interest receivable		-	-	-
Other Receivables		-	-	11,465
Total Gross		**641,413**	**814,809**	**764,425**
Less provision for doubtful debts		(233,356)	(233,356)	(233,356)
Total Net		**408,057**	**581,453**	**531,069**

Note 6. Inventories	2014/15 Budget $	2013/14 Est. Actual $	2012/13 Actual $
Work in Progress	-	-	-
Finished Goods	277,644	307,644	244,973
Total Inventories	**277,644**	**307,644**	**244,973**

Note 7. Property, Plant and Equipment	Opening Balance NBV	Addition	Disposals	Revalue	Depr.	Closing Balance 2014/15 Forecast
Land	273,090	-	-	-	-	273,090
Buildings	5,186,719	132,000	-	-	245,764	5,072,955
Vehicles	2,900	-	-	-	2,900	-
Aeroplanes	-	-	-	-	-	-
Boats	-	-	-	-	-	-
Furniture, fittings & Office Equipment	325,215	187,000	-	-	98,604	413,611
Computer hardware	81,441	106,000	-	-	103,937	83,504
Computer Software & Intengibles	40,033	-	-	-	29,657	10,376
Construction in progress	-	-	-	-	-	-
Other assets	1,536	-	-	-	1,536	-
Total	**5,910,934**	**425,000**	**-**	**-**	**482,398**	**5,853,536**

	HC or Revalued Amount 2014/15	Accum. Depr. 2014/15	NBV Budget 2014/15	NBV Est. Actual 2013/14
Land	273,090	-	273,090	273,090
Buildings	9,863,706	4,790,751	5,072,955	5,186,719
Vehicles	15,085	15,085	-	2,900
Aeroplanes	-	-	-	-
Boats	-	-	-	-
Furniture, fittings & Office Equipment	1,587,799	1,174,188	413,611	325,215
Computer hardware	1,111,335	1,027,831	83,504	81,441
Computer Software & Intengibles	296,331	285,955	10,376	40,033
Construction in progress	-	-	-	-
Other assets (list if material)	412,648	412,648	-	1,536
Total	**13,559,994**	**7,706,458**	**5,853,536**	**5,910,934**

Note 8. Employee entitlements (Current)

	2014/15 Budget	2013/14 Est. Actual	2012/13 Actual
	$	$	$
Accrued Vacation Pay	32,500	42,500	50,703
Accrued Part Time Wages	249,026	310,137	265,888
Total Employee Entitlements	**281,526**	**352,637**	**316,591**

Note 9. Other Current Liabilities

	2014/15 Budget	2013/14 Est. Actual	2012/13 Actual
	$	$	$
Long service leave and other leave entitlements	-	-	-
Other salary related entitlements	-	-	-
Due to CIG Treasury	550,625	520,625	460,058
Due to Other Government Entities	-	-	5,967
AR accounts with credit balances	74,841	74,841	186,528
Accruals and Other Misc Balances	31,570	18,526	63,481
Total Other Current Liabilities	**657,036**	**613,992**	**716,034**

Note 10. Employee entitlements (Non-current)

	2014/15 Budget	2013/14 Est. Actual	2012/13 Actual
	$	$	$
Long service leave and other leave entitlements	-	-	-
Past Service Liability (DB Pensions)	742,000	742,000	697,000
Total	**742,000**	**742,000**	**697,000**

Note 11. Other Non-Current Liabilities

	2014/15 Budget	2013/14 Est. Actual	2012/13 Actual
	$	$	$
Provision for agency revenue repayable	-	-	-
Provision for restructuring	-	-	-
Accounts payable	-	-	-
Long Term Loans (Vested & EDF)		1,747,181	1,802,232
Total	**-**	**1,747,181**	**1,802,232**

Note 12. Reconciliation of Operating Surplus to Cash Flows from Operating Activities

	2014/15 Budget	2013/14 Est. Actual	2012/13 Actual
	$	$	$
Operating surplus/(deficit)	-	(389,331)	(245,793)
Non-cash movements			
Depreciation	482,398	442,301	437,061
Interest and foreign exchanges	-	-	-
Retained Earnings Adjustments	-	-	-
Incr/(Decr) in payables/accruals	1,200	406,580	32,795
Net gain/loss from sale of fixed assets	-	-	-
Incr/(Decr) in Past Service Liability	-	45,000	50,000
(Incr)/Decr in other current assets	212,439	(68,311)	(79,571)
(Incr)/Decr incurrent liabilites	(298,067)	(50,384)	144,049
Net cash flows from operating activities	**397,970**	**385,854**	**338,541**

OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

WATER AUTHORITY

FOR THE FINANCIAL YEAR

ENDING 30 JUNE 2015

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

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 2014/15 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.

Projections for the 2014/15 fiscal period were provided in January 2014 using November 2013 estimates.

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

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 2014/15 financial year are as follows:

1) Re-Establish Water Production Capacity to ensure water distribution system reliability

- **Lower Valley** – Complete the re-design and refurbishment of the reverse osmosis plant, complete with building refurbishment, replacement of plant equipment and the modernization of the plant control system. Use in house resources to rehabilitate the Feed Water Well pumps.
- **Red Gate Site** – Construction of a new pumping station to replace the existing one that no longer meets the high requirements of the Authority's pumping needs.
- **Site Preparation** – Preliminary work on the bluff site to clear and fill the location to prepare for the eventual development of the new water production facility

2) Provide piped water access to approximately 9% of the Cayman Brac Population as part of the long term goal to provide piped water services to the residents and visitors on Cayman Brac

- **Cayman Brac Extension Project** – Install 12,300 feet of various size water mains along North Coast up to and including the West End Primary School and smaller diameter pipelines in all developed side roads. This will provide piped water to approximately 110 developments (houses, apartment complexes, restaurants, 7 business), or to around 180 residents and based on 2010 Census figures that is approximately 9% of the residential population.

3) Improve Integrity of the Wastewater Collection system by addressing ground water infiltration. Goal to reduce salinity by 75%

- **Waste Water Collection System** – Phase II – Closed Circuit Television Survey (CCTV) of the collections system to identify and repair compromised sewer mains.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2013 Revision) for the *Water Authority* for the 2014/15 financial year are as follows.

FINANCIAL PERFORMANCE MEASURE	2014/15 BUDGET $ 000's	2013/14 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	31,910,666	29,497,299
SURPLUS/DEFICIT FROM OUTPUTS	9,933,075	9,288,595
OTHER EXPENSES	7,605,357	6,782,758
NET SURPLUS DEFICIT	2,327,718	2,505,837
TOTAL ASSETS	82,160,633	82,151,514
TOTAL LIABILTIES	14,913,880	17,132,480
NET WORTH	67,246,753	65,019,034
CASH FLOWS FROM OPERATING ACTIVIITES	6,191,648	4,791,687
CASH FLOWS FROM INVESTING ACTIVIITES	(4,793,400)	(3,838,582)
CASH FLOWS FROM FINANCING ACTIVIITES	(2,601,754)	(2,740,337)
CHANGE IN CASH BALANCES	(1,203,506)	(1,787,232)

FINANCIAL PERFORMANCE RATIO	2014/15 BUDGET %	2013/14 FORECAST %
CURRENT ASSETS : CURRENT LIABILITIES	1.75	2.03
TOTAL ASSETS : TOTAL LIABILITIES	5.51	4.80

MAINTENANCE OF CAPABILITY

HUMAN CAPITAL MEASURES	2014/15 BUDGET	2013/14 FORECAST
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	123	123
STAFF TURNOVER (%)	14%	14%
SENIOR MANAGER	16	15
PROFESSIONAL AND TECHNICAL STAFF	14	13
ADMINISTRATIVE STAFF	12	11

PHYSICAL CAPITAL MEASURES	2014/15 BUDGET $	2013/14 FORECAST $
VALUE OF TOTAL ASSETS	69,503,598	68,262,000
ASSET REPLACEMENTS : TOTAL ASSETS	6.9%	3.1%
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	60.8%	64.2%
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	92.7%	91.5%
CHANGES TO ASSET MANAGEMENT POLICES	None	None

MAJOR EXPENDITURE PROJECTS	2014/15 BUDGET $
Lower Valley – Reverse Osmosis Plant refurbishment – Refurbishment of Feed Water Well Pumps	 1,300,000 456,000
Red Gate Site Construct new Pumping Station	 612,000
Cayman Brac Extension of various size water mains Site Preparation	 1,090,000 246,000
Waste Water Collection System CCTV Survey	 1,190,000

MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2013/14	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	2014/15 TARGET $ 000's	2013/14 FORECAST $ 000's
REVENUE	31,910,666	29,497,299
OPERATING EXPENSES	29,582,948	26,991,462
NET SURPLUS/DEFICIT	2,327,718	2,505,837

BALANCE SHEET	AS AT JUNE 2015 $ 000's	AS AT JUNE 2015 $ 000's
ASSETS	82,160,633	82,151,514
LIABILITIES	14,913,880	17,132,480
NET WORTH	67,246,753	65,019,034

STATEMENT OF CASH FLOW	2014/15 TARGET $ 000's	2013/14 FORECAST $ 000's
CASH FLOWS FROM OPERATING ACTIVIITES	6,191,648	4,791,687
CASH FLOWS FROM INVESTING ACTIVIITES	(4,793,400)	(3,838,582)
CASH FLOWS FROM FINANCING ACTIVIITES	(2,601,754)	(2,740,337)

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 (2013 Revision).

TRANSACTION	AMOUNT FOR 2014/15 $
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	1,157,000
Remuneration Payments made to Senior Management	Same as above

DESCRIPTION	NUMBERS FOR 2014/15 $
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	7
NUMBER OF KEY SENIOR MANAGEMENT (MD)	7

[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 2014/15 financial year and that the Cabinet will monitor performance against.

_____

Honourable D. Kurt Tibbetts, OBE, JP
Minister of Planning, Lands, Agriculture Housing and Infrastructure
On behalf of Cabinet

_____

Chairman of the Board
Water Authority

30th June 2014

CAYMAN ISLANDS GOVERNMENT

WATER AUTHORITY

STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS FOR THE YEAR ENDING 30TH JUNE 2015

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2013 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 2015 and performance for the Water Authority for the year ending 30th June 2015; and
c. Comply with generally accepted accounting practice.

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Chairman of the Board
Water Authority

30th June 2014

APPENDIX

FORECAST FINANCIAL STATEMENTS

WATER AUTHORITY

FORECAST STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2014

	2014/15 Budget	2013/14 Budget Revised
Assets		
Non-current assets		
Property, plant and equipment	69,503,598	68,262,000
Total non-current assets	69,503,598	68,262,000
Current assets		
Cash and cash equivalents	5,468,952	6,672,911
Accounts receivable	5,858,135	5,955,635
Inventory	1,329,947	1,260,518
Prepaid expenses	-	451
Total current assets	12,657,035	13,889,515
Total Assets	82,160,633	82,151,515
Liabilities and Shareholder's Equity		
Liabilities		
Non-current liabilities		
Loans payable	7,680,832	10,303,192
Total non-current liabilities	7,680,832	10,303,192
Current liabilities		
Accounts payable	1,789,325	1,631,172
Contract retention payable	-	-
Interest payable	-	-
Customers deposits	1,301,363	1,176,363
Past service pension liability	1,520,000	1,520,000
Loans payable	2,622,360	2,501,754
Total current liabilities	7,233,048	6,829,289
Total liabilities	14,913,880	17,132,481
Shareholder's Equity		
Contributed capital	236,000	236,000
Retained earnings	67,010,753	64,783,034
	67,246,753	65,019,034
Total liabilities and Shareholder's Equity	82,160,633	82,151,515

WATER AUTHORITY
STATEMENT OF COMPREHENSIVE INCOME
AS AT 30TH JUNE 2015

	2014/15 Budget	2013/14 Budget Revised
Operating Revenue		
Water sales	26,054,137	23,893,896
Sewerage fees	4,461,327	4,322,098
Connection and miscellaneous fees	5,822	5,652
Septage disposal	128,915	122,082
Agency work	35,197	34,171
Total operating revenue	30,685,398	28,377,899
Operating Expenses		
Water purchases / production	8,168,650	7,626,434
Depreciation expense	3,426,404	3,378,216
Salaries	2,955,467	2,814,731
Wages	1,795,820	1,710,305
Repairs and maintenance	2,904,476	2,177,597
Electricity	1,454,685	1,246,200
Supplies	560,217	517,583
Miscellaneous	190,940	163,912
Land lease expense	12,335	12,335
Obsolete Inventory	-	-
Total operating expenses	21,468,994	19,647,313
Finance Costs		
Loan interest	508,597	561,390
Gross operating profit	8,707,807	8,169,196
Other Income		
Royalties	1,134,119	1,059,924
Other	67,950	51,538
Statutory licencing fees	20,300	6,085
Interest income	2,900	1,853
Total other income	1,225,269	1,119,400
Operating Profit	9,933,076	9,288,596

WATER AUTHORITY

STATEMENT OF COMPREHENSIVE INCOME (CON'TD)
AS AT 30TH JUNE 2015

	2014/15 Budget	2013/14 Budget Revised
Administration Expenses		
Salaries	2,178,336	2,074,605
Staff training and benefits	1,628,379	1,570,984
Insurance	919,635	875,842
Telephone and utilities	387,513	358,435
Miscellaneous	239,439	295,495
Information systems	556,689	415,172
Depreciation expense	131,998	132,375
Legal and professional fees	555,000	401,598
Bad debt expense	100,000	134,500
Repairs and maintenance	564,914	178,281
Licenses and dues	146,568	171,441
Office and lab supplies	169,716	153,722
Loan interest	23,570	16,708
Office rental	3,600	3,600
Total administration expenses	7,605,358	6,782,758
Net income for the year	2,327,718	2,505,837

WATER AUTHORITY

STATEMENT OF CHANGES IN EQUITY
AS AT 30TH JUNE 2015

	2014/15 Budget	2013/14 Budget Revised
CONTRIBUTED CAPITAL		
Balance at beginning of year	$ 236,000	$ 236,000
Land donated in Cayman Brac	-	-
Balance at end of year	**236,000**	**236,000**
RETAINED EARNINGS		
Balance at beginning of year	64,783,034	62,377,197
Total comprehensive income for the year	2,327,718	2,505,837
Contribution to Government	(100,000)	(100,000)
Balance at end of year	**67,010,752**	**64,783,034**
TOTAL EQUITY	**$ 67,246,753**	**$ 65,019,034**

WATER AUTHORITY
STATEMENT OF CASH FLOWS
AS AT 30TH JUNE 2015

`	2014/15 Budget	2013/14 Budget Revised
Cash flows from operating activities		
Net income for the year	$ 2,327,718	$ 2,505,837
Adjustments to reconcile net income for the year to net cash provided by operating activities:	3,863,930	2,285,850
Net cash provided by operating activities	6,191,648	4,791,687
Cash flows from investing activities		
Property, plant and equipment purchased	(4,793,400)	(3,838,582)
Net cash used in investing activities	(4,793,400)	(3,838,582)
Cash flows from financing activities		
Proceeds from loans payable	-	-
Repayment of loans payable	(2,501,754)	(2,640,337)
Contribution to government	(100,000)	(100,000)
Net cash (used in) provided by financing activities	(2,601,754)	(2,740,337)
Net increase (decrease) in cash and cash equivalents during year	(1,203,506)	(1,787,232)
Correcting balance	(453)	-
Cash and cash equivalents at beginning of year	6,672,911	8,460,143
Cash and cash equivalents at end of year	$ 5,468,952	$ 6,672,911
Supplemental disclosure for cash flow information:		
Cash received during the year for interest	-	-
Cash paid during the year for interest	561,390	821,578
Fair value of freehold land contributed as capital during the year	-	-