GOVERNMENT OF THE CAYMAN ISLANDS

CHILDREN AND YOUTH SERVICES (CAYS) FOUNDATION

FINANCIAL STATEMENTS

30 JUNE 2014



GOVERNMENT OF THE CAYMAN ISLANDS

Children and Youth Services (CAYS) Foundation

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30th JUNE 2014

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STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by the Children and Youth Services Foundation in accordance with the provisions of the Public Management and Finance Law (2012 Revision).

We accept responsibility for the accuracy and integrity of the financial information in these financial statements and their compliance with the Public Management and Finance Law (2012 Revision).

As members of the Management Board, we are responsible for establishing and have established and maintained a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorised by law and properly record the financial transactions of the Children and Youth Services Foundation.

As members of the Management Board, we are responsible for the preparation of the Children and Youth Services Foundation financial statements and for the judgements made in them.

The financial statements fairly present the financial position, financial performance and cash flows of the Children and Youth Services Foundation for the financial year ended 30 June 2014.

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

(a) Completely and reliably reflect the financial transactions of the Children and Youth Services Foundation for the year ended 30 June 2014;
(b) Fairly reflect the financial position as at 30th June 2014 and performance for the Year ended 30th June 2014;
(c) Comply with the International Public Sector Accounting Standards as set out by International Public Sector Accounting Standards Board under the responsibility of the International Federation of Accountants. Where guidance is not available, the financial statements comply with International Accounting Standards issued by the International Accounting Standards Committee or accounting practice that is generally accepted in the United Kingdom as appropriate for reporting in the public sector.

The Office of the Auditor General conducts an independent audit and expresses an opinion on the accompanying financial statements. The Office of the Auditor General has been provided access to all the information necessary to conduct an audit in accordance with International Standards of Auditing.

Garth Arch
Chairman

May 20, 2015

Sydney Williams
General Manager

May 20, 2015

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AUDITOR GENERAL'S REPORT

To the Board of Directors of The Children and Youth Services Foundation

I have audited the accompanying financial statements of the Children and Youth Services Foundation, which comprise the statement of financial position as at 30 June 2014 and the statement of financial performance, statement of changes in net worth and cash flows statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 9 to 20 in accordance with the provisions ofSection 60(1)(a) of the *Public Management and Finance Law (2012 Revision)*.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Foundation derives a material portion of its income from donations, fund raising events and similar activities, the completeness of which is not susceptible to audit. Therefore, we were not able to extend our audit of such income beyond the recorded amounts. Had we been able to extend our audit to the completeness of such income, we may have determined adjustments necessary to income.

Qualified Opinion

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion the financial statements present fairly, in all material respects, the financial position of Children and Youth Services Foundation as at 30 June 2014 and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.



Alastair Swarbrick, MA (Hons), CPFA, CFE
Auditor General

20 May 2015
Cayman Islands

CHILDREN AND YOUTH SERVICES (CAYS) FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE

	Note	2014	2013	Final Budget	Budget Variance
Current Assets					
Cash and cash equivalents	2	$ 772,966	$ 474,020	$ 720,920	$ 52,046
Trade receivables	3	363,000	544,500	181,500	181,500
Other receivables		3,000	-	-	3,000
Prepayments		2,387	2,210	-	2,387
Total Current Assets		1,141,353	1,020,730	902,420	238,933
Non-Current Assets					
Property, plant and equipment	4	36,108	47,096	121,032	(84,924)
Total Non-Current Assets		36,108	47,096	121,032	154,009
Total assets		1,177,461	1,067,826	1,023,452	154,009
Current Liabilities					
Trade payables	5	52,191	34,828	-	52,191
Other payables and accruals	5	-	225	9,767	(9,767)
Employee entitlements	6	25,408	31,522	-	25,408
Repayment of surplus	7	-	225,000	-	-
Total Current Liabilities		77,599	291,575	9,767	67,832
Total Liabilities		77,599	291,575	9,767	67,832
Net Assets		1,099,862	776,251	1,013,685	86,177
NET WORTH					
Accumulated surpluses/(deficits)		1,099,862	776,251	1,013,685	86,177
Total Net Worth		$ 1,099,862	$ 776,251	$ 1,013,685	$ 86,177

*The accounting policies and notes form an integral part of these financial statements

CHILDREN AND YOUTH SERVICES (CAYS) FOUNDATION
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE

	Note	2014	2013	Final Budget	Budget Variance
Revenue					
Outputs to Cabinet	**8**	$ 2,178,000	$ 2,178,000	$ 2,178,000	$ -
Donations		56,481	92,610	50,000	(6,481)
Other revenue		-	216	-	-
Total Revenue		2,234,481	2,270,826	2,228,000	(6,481)
Expenses					
Personnel costs	**9**	1,605,169	1,681,524	1,586,830	(18,339)
Other expenses	**10**	142,712	199,452	294,470	151,758
Supplies and consumables	**11**	144,648	162,071	138,700	(5,948)
Depreciation		18,941	20,819	20,000	1,059
Gains/(losses) on disposal/revaluation of property, plant and equipment	**12**	(600)	487	-	600
Total expenses		1,910,870	2,064,353	2,040,000	129,131
Surplus or (Deficit) for the period		$ 323,611	$ 206,473	$ 188,000	$ (135,611)

*The accounting policies and notes form an integral part of these financial statements

CHILDREN AND YOUTH SERVICES (CAYS) FOUNDATION
STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDED 30 JUNE 2014

	Attributable to Cayman Islands Government								
	Contributed Capital	Other Reserves	Translation Reserves	Accumulated surplus/(deficits)	Total	Minority Interest	Total Net Worth	Final Budget	Budget Variance
Balance at 30 June 2012	$ -	$ -	$ -	$ 870,400	$ 870,400	$ -	$ 870,400	$763,167	$ 107,233
Changes in accounting policy	-	-	-	-	-	-	-	-	-
Withdrawal of surplus	-	-	-	(300,000)	(300,000)	-	(300,000)	-	(300,000)
Prior Year Adjustments				(622)					
Restated Balance	-	-	-	569,778	570,400	-	570,400	763,167	(192,767)
Surplus/(deficit) for the period 2012/13	-	-	-	206,473	206,473	-	206,473	(187,818)	394,291
Total recognised rev and exp for the period	-	-	-	206,473	206,473	-	206,473	(187,818)	394,291
Balance at 30 June 2013 carried forward	$ -	$ -	$ -	$ 776,251	$ 776,873	$ -	$ 776,873	$575,349	$ 201,524

	Attributable to Cayman Islands Government								
	Contributed Capital	Other Reserves	Translation Reserves	Accumulated surplus/(deficits)	Total	Minority Interest	Total Net Worth	Final Budget	Budget Variance
Balance at 30 June 2013 brought forward	$ -	$ -	$ -	$ 776,251	$ 776,251	$ -	$ 776,251	$575,349	$ 200,902
Changes in accounting policy	-	-	-	-	-	-	-	-	-
Prior Year Adjustments	-	-	-	-	-	-	-	-	-
Restated Balance	-	-	-	776,251	776,251	-	776,251	575,349	200,902
Surplus/(deficit) for the period 2013/14				323,611	323,611	-	323,611	188,000	135,611
Total recognised rev and exp for the period	-	-	-	323,611	323,611	-	323,611	188,000	135,611
Balance at 30 June 2014	$ -	$ -	$ -	$ 1,099,862	$1,099,862	$ -	$1,099,862	$763,349	$ 336,513

*The accounting policies and notes form an integral part of these financial statements

CHILDREN AND YOUTH SERVICES (CAYS) FOUNDATION
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE

	Note	2014	2013	Final Budget	Budget Variance
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts					
Outputs to Cabinet		$ 2,356,500	$ 1,673,107	$ 2,541,000	$ (184,500)
Other receipts		56,304	81,198	50,000	6,304
Payments					-
Personnel costs		(1,611,284)	(1,690,543)	(1,697,799)	86,515
Suppliers		(495,221)	(334,349)	(685,200)	189,979
Net cash flows from operating activities	**14**	306,299	29,413	208,001	98,298
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(7,953)	(21,914)	(99,100)	91,147
Proceeds from sale of property, plant and equipment		600	(487)	-	600
Net cash flows from investing activities		(7,353)	(22,401)	(99,100)	91,747
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of Surplus		-	(75,000)	-	-
Net cash flows from financing activities		-	(75,000)	-	-
Net increase/(decrease) in cash and cash equivalents		298,946	(67,988)	108,901	190,045
Cash and cash equivalents at beginning of period		474,020	542,008	445,818	28,202
Cash and cash equivalents at end of period		$ 772,966	$ 474,020	$ 554,719	$ 218,247

*The accounting policies and notes form an integral part of these financial statements

Description and principal activities

Children and Youth Services Foundation ("CAYS") is a Cayman Islands Government ("Government") owned entity as defined by section 2 of the Public Management and Finance Law (2012 Revision) and it is domiciled in the Cayman Islands. CAYS' objectives are: to manage and operate the youth rehabilitation, youth at risk, care and reporting facilities owned by the Government and to prepare and provide programmes of rehabilitation, education and social development skills for delinquent and at risk children.

Note 1: Significant Accounting Policies

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

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

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

(a) Basis of preparation

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

Changes in Accounting Policies

When presentation or classification of items in the financial statements is amended or accounting policies are changed, comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.

As a segment of central government, CAYS has presented its financials separately from the consolidated central government financial statements in accordance with IPSAS 18.

(b) Judgments and Estimates

The preparation of financial statements is in conformity with International Public Sector Accounting Standards that requires judgments, estimates, and assumptions affecting the application of policies and reported amounts of assets and liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the reporting period and in any future periods that are affected by those revisions.

(c) Revenue

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

CAYS derives its revenue through the provision of services to Cabinet, to other agencies in government and to third parties. Revenue is recognised at fair value of services provided.

(d) Expenses

Expenses are recognised in the accounting period in which they are incurred.

(e) Operating leases

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

(f) Cash and Cash Equivalents

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

When there is objective evidence that a financial asset or group of financial assets is impaired the losses are recognised as an expense in the Statement of Financial Performance.

(g) Prepayments

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

(h) Property, Plant and Equipment

Property, plant and equipment, is stated at historical cost less accumulated depreciation. Items of property, plant and equipment are initially recorded at cost. Where an asset is acquired for nil or nominal consideration, the asset is recognized initially at fair value, where fair value can be reliably determined, and as revenue in the Statement of Financial Performance in the year in which the asset is acquired.

Depreciation is expensed on a straight-line basis at rates calculated to allocate the cost or valuation of an item of property, plant and equipment (other than land); less any estimated residual value, over its estimated useful life. Leasehold improvements are depreciated either over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is shorter.

Asset Type	*Estimated Useful life*
• Leasehold Improvement	4 years
• Computer Equipment	3 years
• Office equipment and furniture	4 years
• Motor vehicles	4 years

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

(i) Employee Benefits

Employee entitlements to salaries and wages, annual leave, long service leave, retiring leave and other similar benefits are recognised in the Statement of Financial Performance when they are earned by employees. Employee entitlements to be settled within one year following the year-end are reported as current liabilities at the amount expected to be paid.

(j) Financial Instruments

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

Classification
A financial asset is classified as any asset that is cash, a contractual right to receive cash or another financial asset, exchange financial instruments under conditions that are potentially favourable. Financial assets comprise of cash and cash equivalents and prepayments.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial instrument or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable. Financial instruments comprise of accounts payable, accrued expenses, employee entitlements and repayment of surplus.

Recognition
CAYS recognises financial assets and financial liabilities on the date it becomes party to the contractual provisions of the instrument. From this date, any gains and losses arising from changes in fair value of the assets and liabilities are recognised in the statements of financial performance.

Measurement
Financial instruments are measured initially at cost which is the fair value of the consideration given or received. Subsequent to initial recognition all financial assets are recorded at historical cost, which is considered to approximate fair value due to the short-term or immediate nature of these instruments.

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

(k) Contingent Liabilities and Assets (including guarantees)

Contingent liabilities and assets are reported at the point the contingency becomes evident. Contingent liabilities are disclosed when there is a possible obligation or present obligations that may, but probably will not, require an outflow of resources. Contingent assets are disclosed if it is probable that the benefits will be realised.

De-recognition

A financial asset is de-recognised when CAYS 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.

(l) Foreign Currency

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

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

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

Note 2: Cash and cash equivalents

Cash and cash equivalents include cash on hand; bank accounts in the name of CAYS maintained at Cayman National Bank. As at 30 June 2014 and 30 June 2013, CAYS' cash balances were $772,966 and $474,020, respectively. No restricted cash balances were held by CAYS at 30 June 2014 or 30 June 2013.

Note 3: Government grant receivable

At year end all overdue receivables have been assessed and appropriate provisions made. The provision for doubtful debts has been calculated based on expected losses for CAYS and review of specific debtors. Expected losses have been determined based on an analysis of CAYS losses in previous periods. The provision for doubtful debts is $Nil for the year ended 30 June 2014 and 30 June 2013.

	2014	2013
Debtors	$ 366,000	$ 544,500
Less: Provision for doubtful debts	-	-
	$ 366,000	$ 544,500

Debtor Aging

	2014	2013
Current	$ 184,500	$ 181,500
1-30 Days	181,500	181,500
31-60 Days	-	181,500
61-90 Days	-	-
> 90 Days	-	-
Total	$ 366,000	$ 544,500

Note 4: Property, plant and equipment

	Land	Plant and Equipment	Buildings	Infrastructure	Assets under Development	Total
Balance as at 1 July 2012	$ -	$ 193,804	$ -	$ -	$ -	$ 193,804
Additions	-	6,779	-	-	-	6,779
Disposals	-	(44,866)	-	-	-	(44,866)
Transfers	-	-	-	-	-	-
Balance as at 30 June 2013	-	155,717	-	-	-	155,716

	Land	Plant and Equipment	Buildings	Infrastructure	Assets under Development	Total
Balance as at 1 July 2013	-	155,717	-	-	-	155,717
Additions	-	7,398	-	-	-	7,398
Disposals	-	(7,765)	-	-	-	(7,765)
Transfers	-	-	-	-	-	-
Balance as at 30 June 2014	-	155,350	-	-	-	155,350

ACCUMULATED DEPRECIATION

	Land	Plant and Equipment	Buildings	Infrastructure	Assets under Development	Total
Balance as at 1 July 2012	-	147,181	-	-	-	147,181
Impairment loss	-	-	-	-	-	-
Depreciation	-	20,819	-	-	-	20,819
Eliminate on Disposal	-	(59,379)	-	-	-	(59,379)
Balance as at 30 June 2013	-	108,621	-	-	-	108,621

	Land	Plant and Equipment	Buildings	Infrastructure	Assets under Development	Total
Balance as at 1 July 2013	-	108,621	-	-	-	108,621
Impairment loss	-	-	-	-	-	-
Depreciation	-	18,941	-	-	-	18,941
Eliminate on Disposal	-	(8,320)	-	-	-	(8,320)
Balance as at 30 June 2014	-	119,242	-	-	-	119,242
Net Book value 30 June 2013	$ -	$ 47,096	$ -	$ -	$ -	$ 47,095
Net Book value 30 June 2014	$ -	$ 36,108	$ -	$ -	$ -	$ 36,108

Note 5: Trade payables, accruals and repayment of surplus

	2014	2013
Creditors	$ 52,191	$ 34,828
Accrued Expenses	-	225
Other Payables	-	225,000
Total	$ 52,191	$ 260,053

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

Note 6: Employee entitlements

Employee entitlements of $25,408 and $31,522 as at 30 June 2014 and 30 June 2013, respectively, are comprised entirely of accrual for annual leave.

Note 7: Repayment of surplus

In the year ended 30 June 2013 a payable to the government in the amount of $300,000 was required due to a withdrawal from the accumulated surplus. It was to be repaid in monthly instalments of $75,000 from March 2013 through to June 2013, provided that the full amount of the monthly grant funding was received. As at 30

June 2013, the grant funding was in arrears for the months April 2013 through to June 2013 and respectively the surplus repayments were also in arrears for the months April 2013 through to June 2013. As at 30 June 2014 the grant repayable to Government was $Nil.

Note 8: Grant revenue from government

During the financial years ended 30 June 2014 and 30 June 2013, grant revenue of $2,178,000 and $2,178,000, respectively, is comprised entirely of amounts derived from the Cayman Islands Government for the sale of outputs.

Note 9: Personnel costs

	2014	2013
Salaries, wages and allowances	$ 1,326,016	$ 1,382,076
Health Care	147,349	149,146
Pension	131,804	150,302
Total	$ 1,605,169	$ 1,681,524

Note 10: Other expenses

	2014	2013
Professional Services	$ 57,833	$ 29,763
Maintenance	47,567	65,987
Operational	21,957	96,608
Resident expenses	15,355	7,094
Total	$ 142,712	$ 199,452

Note 11: Supplies and consumables

	2014	2013
Utilities	$ 80,286	$ 84,539
Resident supplies	48,952	56,690
Resident programs	11,999	13,572
Operational supplies	3,411	7,270
Total	$ 144,648	$ 162,071

Note 12: Gains / (Losses)

	Cost of Disposed Assets	Accumulated Depreciation	Gain / Loss on Disposal
Year Ended 30 June 2013	$ 1,461	$ 974	$ (487)
Year Ended 30 June 2014	$ 8,320	$ 8,320	$ 600

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

	2014	2013
Surplus/(deficit) from ordinary activities	$ 323,611	$ 206,473
2011/12 adjustments	-	
Non-cash movements	-	-
Depreciation expense	18,941	20,819
Amortisation	-	-
Increase in provision for doubtful debts	-	-
Increase /(decrease) in payables	(207,862)	17,174
Increase/(decrease) in provisions relating to employee costs	(6,114)	(9,019)
(Gain)/losses on sale of property, plant and equipment	(600)	487
(Increase)/decrease in other current assets	(177)	(1,628)
(Increase)/decrease in receivables - Cabinet	178,500	(204,893)
Net cash flows from operating activities	$ 306,299	$ 29,413

Note 14: Contingent liabilities and assets

As at 30 June 2014 and 30 June 2013, CAYS had no contingent liabilities or assets.

Note 15: Commitments

As at 30 June 2014 and 30 June 2013, CAYS had no capital, non-cancellable lease or other financial commitments.

NOTE 16: Explanation of major variances against budget

Statement of Financial Performance

Other Expenses
Other Expenses were $152K under budget due to several cash outflows such as maintenance, staff training and Resident programmes that did not materialize.

Statement of Financial Position

Trade Receivables
The actual balance was $182K higher than budget due to payments from the Cayman Islands Government being one month behind at year end.

Trade Payables
The actual balance was $52K higher than budget due to outstanding payments still owed to vendors at year end.

Property Plant and Equipment
Property Plant and Equipment was under budget by $85K due to the intention of expanding the Frances Bodden Girls' Home, which did not come to fruition.

NOTE 17: Related party and key management personnel disclosures

CAYS is owned directly by the Government. The Government provides the majority of the grant income received by CAYS. For the year ended 30 June 2014 the Government granted $2,178,000 (2013: $2,178,000).
A repayment of surplus in the amount of $300,000 was deemed payable by instalments of $75,000 per month from March 2013 to June 2014.

Children and Youth Services Foundation ("CAYS") is a Cayman Island Government owned entity and therefore government ministries, portfolios, statutory authorities, government companies and other government offices are considered related parties. During the 2012/13 year CAYS began operating on land and buildings owned by the Ministry of Community Affairs free of charge. As indicated in the approved 2013/14 Annual Budget Statement of Government, there were no inter-agency charges between core government entities, except for audit services revenue. As a result, CAYS was unable to make an estimate of the fair value of these contributed goods and services received for the 2013/14 fiscal year.

Key employees are defined as those persons having authority and responsibility for planning, directing and controlling the activities of CAYS, directly or indirectly. There are no such key employees.

NOTE 18: Provision for pensions payable and severance payable

CAYS (the "Company") and its employees participate in the Cayman Islands Public Service Pension Plan (the "Plan") on both a defined contribution and defined benefit basis as explained below:

a) Defined contribution plan

For employees enrolled in the defined contribution plan, the Company contributes 12% (plus 1% for the Public Service Liability) of the employee's salary or wage each year. During the year ended 30 June 2014 contributions of $131,803 (2013: $150,302) were made by the Company and included in the Statement of Financial Performance.

b) Defined benefit plan

Employees who served with the Company prior to January 1, 2000 are enrolled in the defined benefit program. Contributions towards benefits accruing in respect of current service (i.e. for the period since the employee was enrolled in the plan) are funded at rates periodically advised to the Company by the Pensions Board and are recognized as an expense in the period incurred. The Company is also required to make payments to the plan to fund benefits accruing in respect of past service (the "past service funding liability"). This past service funding liability, which is generally equivalent to the actuarially determined present value of the defined benefit obligations less the value of the assets available to meet such obligations, is calculated periodically by the Plan actuaries and advised to the Company by the Pensions Board. The Company recognizes changes in the past service funding liability, adjusted for funding payments made, as an expense or gain in the period in which such changes are incurred. In the absence of formal notification from the Pensions Board, the Company has no reliable way to quantify its liability to the Plan in respect of unfunded past service benefits.

The most recent actuarial valuation was performed as of 30 June 2014, which were advised to the Company by the Public Service Pension Board ("PSPB") in August 2014.

Table	($000's)	2014	2013
	P&L Charge/(credit)	(2)	2
	Other Comprehensive (income)/loss	(1)	(49)
A.	Benefit Obligation	6	5
B.	Fair Value of Plan Assets	38	34
C.	Net liability/(asset) at the year end	(32)	(29)
D.	Defined Benefit Cost	(3)	(47)
	Composite discount rate at year-end far all plans	4.5%	5.2%

A.	**Change in Defined Benefit Obligation**	**30 June 2014**	**30 June 2013**
	Defined Benefit Obligation at end of prior year	$ 5	$ 194
	Interest Expense	-	9
	Cash Flow (Benefit Payments)	-	(158)
	Cash Flow (Participant Contributions)	-	4
	Remeasurements (Effect of changes in Financial Assumptions)	1	-
	Remeasurements (Effect of experience adjustments)	-	(44)
	Fair Value of Plan Assets	$ 6	$ 5

B.	**Change in Fair Value of Plan Assets**	**30 June 2014**	**30 June 2013**
	Fair Value of Plan Assets at Beginning of Year	$ 34	$ 171
	Interest Income	2	8
	Employer Contributions	-	5
	Participant Contributions	-	4
	Benefit Payments from Plan	-	(158)
	Remeasurements (Return on plan assets)	2	4
	Benefit Obligation	$ 38	$ 34

C.	**Amounts Recognised in the Statement of Financial Position**	**30 June 2014**	**30 June 2013**
	Defined Benefit Obligation	$ 6	$ 5
	Fair Value of Plan Assets	38	34
	Net liability/(asset) at the year end	$ (32)	$ (29)

D.	**Components of Defined Benefit Cost**	**30 June 2014**	**30 June 2013**
1	Service Cost	$ -	$ -
2	Net Interest Cost	(2)	1
3	Remmeasurements of Other Long Term Benefits	-	-
4	Administrative Expenses and Taxes	-	1
5	Defined Benefit Cost Included in P&L	(2)	2
6	Remeasurements	(1)	(49)
	Defined Benefit Cost	$ (3)	$ (47)

NOTE 19: Events occurring after reporting date

There were no significant subsequent events to the reporting date that would require adjustment to, or disclosure in, these financial statements.

NOTE 20: Financial instrument risks

CAYS is party to financial instrument arrangements as part of its everyday operations. These financial instruments include cash and bank balances, advances, accounts receivable, debtor-Cabinet and creditors and other payables. The fair value of financial instruments is equivalent to the carrying amount disclosed in the Statement of Financial Position.

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. CAYS' main credit risk concentration is spread between cash and cash equivalents (refer to Note 2 of credit risk exposure information, including concentrations therein) and receivables from Government (2014: $363,000, 2013: $544,500). The credit risk of CAYS' assets is not considered significant since all the deposits are placed with highly reputable institution in the Cayman Islands and other receivables are owned from the Cayman Islands Government.

Currency risk

CAYS has no significant exposure to currency exchange loss risk.

Interest rate risk

CAYS' interest rate risk is comprised entirely of cash and cash equivalents balances which are interest bearing. As a result, CAYS is subject to amounts of risk due to fluctuations in the prevailing levels of market interest rates. All cash and cash equivalents are invested at short-term market interest rates however and therefore, this risk is considered to be insignificant.

Liquidity risk

Liquidity risk also referred to as funding risk, is the risk that CAYS will encounter difficulty in raising funds to meet financial commitments when they are due. CAYS' main liquidity risk relates to its current liabilities (2014: $77,599, 2013: $291,575) which are due with 90 days of the year-end date. CAYS' maintains sufficient cash balances to meet these financial commitments.