CAYMAN ISLANDS GOVERNMENT

2011/12 BUDGET

CAYMAN ISLANDS GOVERNMENT

OWNERSHIP AGREEMENTS

FOR THE YEAR ENDING 30 JUNE 2012

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Preface

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

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

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

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

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

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

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

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

In addition to its ownership relationship, the Government also has a purchase relationship with some Statutory Authorities and Government Companies. This performance is specified in a separate document: a Purchase Agreement.

BUDGET 2011/12

Ownership Agreement

Between

The Cabinet of the Cayman Islands Government

and

Cayman Airways Limited

For the year ending 30 June 2012

Contents

1. Purpose
2. Nature and Scope of Activities
3 Strategic Goals and Objectives
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5. Summarised Forecast Financial Statements
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1. Purpose

This Ownership Agreement documents the ownership performance that the Cabinet and the Board of ***Cayman Airways Limited*** have agreed that ***Cayman Airways Limited*** will seek to achieve during the 2011/12 financial year.

The purpose of the document is to ensure that 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 ***Cayman Airways Limited*** is to operate during the year.

General Nature of Activities
The ***Cayman Airways Limited*** activities involve providing scheduled passenger and cargo flights to, from and within the Cayman Islands.

The airline also provides charter flights on a demand basis.

Scope of Activities

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:

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, Miami, Tampa, New York, Chicago, Havana, Kingston, Montego Bay, La Ceiba and Cayman Brac.

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

3. Strategic Goals and Objectives

The key strategic goals and objectives (from an ownership perspective) for The ***Cayman Airways Limited*** for the 2011/12 financial year are as follows:

- Continue the process of restructuring the company based on the "turnaround" strategies as part of the process towards sustainability. Utilizing the airlift framework, the objective is to ensure that the airline is adequately funded. Proper Government funding and a continued effort to reduce any gap that exists between revenue and expenses by focusing on being more efficient in all areas of our operations are critical.

- The airline will continue to target costs reductions in expenses.

- The airline has achieved "sisterhood" in its aircraft fleet through the move to an all 737-300 jet fleet which will reduce the costs related to stocking of spare parts, training and retaining technical staff and other maintenance costs.

- The company intends to continue to monitor and aggressively pursue (where possible) alternatives to minimize the costs of fuel. Cayman Airways expects to continue to be faced with high fuel prices for the budget year.

- The Computerized Reservation System (CRS) allows the company to improve several areas including customer service, electronic ticketing and reporting. The reporting capability of this is being further expanded to allow for better revenue management.

- 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.

- 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 (2010 Revision) for ***Cayman Airways Limited*** for the 2011/12 financial year are as follows.

Financial Performance

Financial Performance Measure	**2011/12 Target $**	**2010/11 Forecast $**
Revenue from Cabinet	15,000,000	15,000,000
Revenue from ministries, portfolios, statutory authorities and government companies	1,200,000	1,200,000
Revenue from other persons or organisations	47,183,772	45,283,587
Surplus/deficit from outputs	63,383,772	61,483,587
Other expenses	64,696,863	63,783,302
Net Surplus/Deficit	(1,313,091)	(2,299,715)
Total Assets	40,661,964	35,876,049
Total Liabilities	86,169,050	85,170,044
Net Worth	(45,507,086)	(49,293,995)
Cash flows from operating activities	1,874,876	(3,671,663)
Cash flows from investing activities	(6,426,400)	(226,800)
Cash flows from financing activities	1,979,741	2,489,347
Change in cash balances	(2,571,783)	(1,409,117)

Financial Performance Ratio	**2011/12 Target $**	**2010/11 Forecast $**
Current Assets: Current Liabilities	1:3.70	1:3.05
Total Assets: Total Liabilities	1:2.22	1:2.37

Maintenance of Capability

Human Capital Measures	**2011/12 Target $**	**2010/11 Forecast $**
Total full time equivalent staff	355	355
Staff turnover (%)	5%	5%
Average length of service (Number) Senior management Professional staff Administrative staff	12 years	11 years
Significant changes to personnel management system	None	None

Physical Capital Measures	**2011/12 Target $**	**2010/11 Forecast $**
Value of total assets	37,166,706	35,876,049
Asset replacements: total assets	0.10:1	0.10:1
Book value of depreciated assets: initial cost of those assets	0.75:1	0:60:1
Depreciation: Cash flow on asset purchases	1.88:1	0.39:1
Changes to asset management policies	None	None

Major Capital Expenditure Projects	**2011/12 Target $**
Infrastructure	200,000
Technology	150,000
Aircraft/Engines	5,500,000

Risk Management

Key risks	**Change in status from previous year**	**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 negotiating.	+/- 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.

A summary of those forecasts is as follows.

Operating Statement	**2011/12 Target $**	**2010/11 Forecast $**
Revenue	63,383,772	61,483,587
Operating Expenses	(64,696,863)	(63,783,302)
Net Surplus/Deficit	*(1,313,091)*	*(2,299,715)*

Balance Sheet	**As at 30 June 2012 $**	**As at 30 June 2011 $**
Assets	40,661,964	35,876,049
Liabilities	86,169,050	85,170,044
Net Worth	*(45,507,086)*	*(49,293,995)*

Statement of Cash Flows	**2011/12 Target $**	**2010/11 Forecast $**
Net cash flows from operating activities	1,874,876	(3,671,663)
Net cash flows from investing activities	(6,426,400)	(226,800)
Net cash flows from financing activities	1,979,741	2,489,347

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 (2010 Revision).

Transaction	**Amount for 2011/12 $**
Equity Investments into *Cayman Airways Limited*	5,100,000
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[1]	0
Remuneration[2] Payments made to Key Management Personnel	728,000
Remuneration Payments made to Senior Management	1,280,000

	Number for 2011/12
No of Key Management Personnel	6
No of Senior Management	14

[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)

7. Agreement

Scope of this Agreement

In signing this document:

- ***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 that this Ownership Agreement accurately documents the ownership performance that ***Cayman Airways Limited*** will seek to achieve for the 2011/12 financial year and that the Cabinet will monitor performance against.

_____

Hon. W. McKeeva Bush, OBE, JP
Minister of Finance, Tourism and Development
on behalf of the Cabinet

_____

Jude Scott
Chairman of the Board
Cayman Airways Limited

Date: 30 June 2011

Appendix: Forecast Financial Statements
CAYMAN AIRWAYS LIMITED
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2012

These Forecast Financial Statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2010 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 forecast financial statements are:

(a) complete and reliable;
(b) fairly reflect the forecast financial position as at 30 June 2012 and performance for ***Cayman Airways Limited*** for the year ended 30 June 2012; and
(c) comply with generally accepted accounting practice.

_____

Jude Scott
Chairman of the Board
Cayman Airways Limited

Date: June 30, 2011

CAYMAN AIRWAYS LIMITED
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDING 30 JUNE 2012

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.

Flight equipment held for sale: Flight equipment held for sale is carried at the lower of cost and management's estimate of net realisable value. No depreciation is taken on the flight equipment held for sale.

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 5% 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
FORECAST OPERATING STATEMENT
FOR THE YEAR ENDING 30 JUNE 2012

	Note	BUDGET 2011/12	PROJECTED 2010/11
Revenue			
Sale of Outputs to Cabinet		15,000,000	15,000,000
Passenger (Sched)	3	42,165,164	40,946,072
Cargo	4	2,556,074	2,205,977
Passenger (Charter)	5	458,967	424,797
Handling	6	2,129,887	1,852,717
Other	7	1,073,680	1,054,024
TOTAL REVENUES		**63,383,772**	**61,483,587**
Operating Expenses			
Salaries	8	16,386,187	16,116,570
Benefits & Other Staff Costs	9	3,734,026	3,465,494
Fuel & Oil	10	14,618,868	14,794,305
Maintenance Reserves	11	1,917,547	1,925,116
Landing & Parking	12	1,731,680	1,744,359
Aircraft Services	13	5,787,162	5,808,903
Meal & Beverage	14	967,192	1,021,941
Commissions & CC	15	2,976,472	2,954,847
Navigation & Overfly	16	943,272	945,459
Other Maintenance	17	2,040,644	2,151,910
Aircraft Rental	18	4,585,633	4,691,295
Facilities Rental	19	603,428	600,240
Communications	20	688,357	702,328
Depreciation	21	2,307,425	1,825,127
General & Admin.	22	1,498,021	1,479,356
Advertising & Promo	23	157,880	185,872
Customs	24	352,800	369,682
Other	25	2,079,075	2,106,018
Total Operating Expenses		**63,375,669**	**62,888,822**
Surplus from Operating Activities		**8,103**	**-1,405,235**
Interest Expense	26	1,321,194	894,480
Gains/(losses) on foreign exchange transactions			
Other Non-Operating revenues or expenses			
Total Non-Operating Revenue and Expenses		**1,321,194**	**894,480**
Surplus before extraordinary items			
Extraordinary expenses			
Total Extraordinary Items		0	0
Net Surplus/(Deficit) after extraordinary items		**-1,313,091**	**-2,299,715**

CAYMAN AIRWAYS LIMITED
FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30 JUNE 2012

	2011/12 Budget	2010/11 Projected
Opening balance net worth	(49,293,995)	(46,994,280)
Net Surplus	(1,313,091)	(2,299,715)
Property Revaluation		
Equity Injection	5,100,000	5,100,000
Closing balance net worth	**(45,507,086)**	**(49,293,995)**

CAYMAN AIRWAYS LIMITED
FORECAST BALANCE SHEET
AS AT 30 JUNE 2012

		2011/12 Budget	2010/11 Projected
Current Assets			
Cash and cash equivalents		(3,495,258)	(923,475)
Accounts receivable		14,137,466	14,280,269
Prepaid Expenses		3,677,346	3,791,078
Parts Held for Resale		37,812	37,812
Total Current Assets		**14,357,366**	**17,185,684**
Non-Current Assets			
Property, plant and equipment		22,809,340	18,690,365
Other non-current assets		3,677,346	0
Total Non-Current Assets		**26,486,686**	**18,690,365**
Total Assets		**37,166,706**	**35,876,049**
Current Liabilities			
Accounts payable		41,701,168	41,999,690
Unearned Transport Liability		7,212,455	6,289,927
Unearned Subsidy		0	0
Current Portion of LTD		4,182,360	4,182,360
Cayman Departure Tax		0	0
Total Current Liabilities		**53,095,983**	**52,471,977**
Non-Current Liabilities			
Borrowings		28,798,701	31,661,507
Maintenance Reserve		779,107	1,036,560
Total Non-Current Liabilities		**29,577,808**	**32,698,067**
Total Liabilities		**82,673,791**	**85,170,044**
TOTAL ASSETS LESS TOTAL LIABILITIES		**(45,507,086)**	**(49,293,995)**
NET WORTH			
Contributed Capital		61,090,559	55,990,560
Asset revaluation reserve		0	0
Accumulated surpluses		(06,597,645)	(105,284,554)
Total Net Worth		**(45,507,086)**	**(49,293,995)**

CAYMAN AIRWAYS LIMITED
FORECAST STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30 JUNE 2012

		2011/12 Budget	2010/11 Projected
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Surplus/(Deficit)		(1,313,091)	(2,299,715)
Add Back			
Depreciation		2,307,425	1,825,127
Changes in Working Capital			
(Increase)/Decrease in Current Assets		256,535	613,214
Increase/(Decrease) in Current Liabilities		624,007	(3,810,289)
Net cash flows from operating activities		**1,874,876**	**(3,671,663)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale or Purchase of non-current assets		(6,426,400)	(226,800)
Net cash flows from investing activities		**(6,426,400)**	**(226,800)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Borrowings and Repayment of borrowings		(3,120,259)	(2,610,653)
Shareholder Equity Injection		5,100,000	5,100,000
Net cash flows from financing activities		**1,979,741**	**2,489,347**
Net increase/(decrease) in cash and cash equivalents		**(2,571,783)**	**(1,409,117)**
Cash and cash equivalents at beginning of period		(923,475)	485,642
Cash and cash equivalents at end of period		**(3,495,258)**	**(923,475)**

CAYMAN AIRWAYS LIMITED
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2012

Note 1 – General

The Budget represents the expected results for the year ending June 30, 2012. The estimations are based upon the strategic plan for the airline and management's best estimates of the future events. Actual results will differ from estimates and the differences could be significant.

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

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

Note 2 - Flights and Block Hours

The number of flights and block hours for the year ending June 30, 2012 are based upon an expected 2011-12 schedule to be defined within specific criteria. While actual results may vary, there is not expected to be material change. The total number of flights for 2011-12 is projected at 4,604(2010-11 Projection: 4,552) for the jet service and 6,222 (2010-11 Projection: 6,314) for the express service. The total number of block hours for 2011-12 is projected at 6,346(2010-11 Projection: 6,020) for the jet service and 3,111(2010-11 Projection: 3,424) for the express service.

Note 3 – Passenger Revenue

Passenger Revenue is expected to be **$42,165K**. A modest 3% increase in passenger revenue is forecast (especially as it relates to local and regional originating passengers). Improved revenue management and an aggressive sales approach will drive this expected reduction.

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 30 June 2012 is expected to be **$2,556,074K**, an increase due to continued focus on the product and increased marketing.

Note 5 – Charter Passenger Revenue

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

Note 6 – Handling Revenue

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

Handling Revenue for the year ending June 30th, 2012 is expected to be **$2,130K**. This is based on utilizing the other carrier's published schedules at the contracted rates per flight.

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 30 June 2012 is expected to be **$1,074K.**

Note 8 – Salaries

Salaries and Wages for the year ending June 30, 2012 are expected to be **$16,386K**, a slight decrease over the projected result for 2010/11 which is itself a significant reduction over previous years.

Additional forced reduction in headcount may be necessary if revenue and/or cost reductions do not develop according to plan.

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, 2012 is expected to be **$3,734K**.

This is in line with projected results for 2010/11 with both years seeing a reduction due to a reduced overtime and tighter controls. A reduction in overnight flights results in a decrease for staff overnight costs.

Note 10 – Fuel

Projected Fuel expense for the year ending June 30, 2011 is $12,969k. The budget amount for 2011/12 of **$14,619K** assumes a continued increase in average fuel price resulting in oil prices around US$110/barrel.

Note 11 – Maintenance Reserves

The company will has 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 2011/12 of **$1,918K** 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, 2011 is $1,744K. The budget anticipates a slight reduction in this to **$1,732K**. It is driven largely by schedule.

Note 13– Aircraft Services

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

Projected Aircraft Services for the year ending June 30th, 2011 is $5,809K. The budget calls for a 2011/12 expense of **$5,787K.**

The decrease is due to a slight reduction in a number of flights. Current contract negotiating and continuing review means that additional savings may be realized going forward.

Note 14 – Meal and Beverage

Projected Meal and Beverage expense for the year ending June 30, 2011 is $1,022K. Elimination of most meals on flights under 2 hours (except for business class) has resulted in savings. The budgeted expense for 2011/12 is relatively unchanged at **$967K**. Purchasing from cheaper suppliers will help to keep this cost steady.

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.

Projected Commission and Credit Card expense for the year ending June 30th, 2011 is $2,955K. The 2011/12 budget calls for the expense to remain steady at **$2,976K.**

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, 2012 is projected at **$943K**.

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, 2012 is **$2,041K**. This cost is budgeted to decrease slightly as many of the expenses in the 2012 year will be able to be capitalized with the engine overhauls and aircraft heavy checks.

Note 18 – Aircraft Rental

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

Budgeted expectations are for 2011/12 to have an expense of **$4,586K**.

Note 19 – Facilities Rental

Projected Facilities Rental for the year ending June 30, 2011 is $600K. Budgeted expenses for 2011/12 call for a relatively unchanged amount of **$603K**.

Note 20 – Communications

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

Projected Communication costs for the year ending June 30, 2011 are $702K. A slight decrease is expected in 2011/12 to **$688K**.

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.

Projected Depreciation Expense for the year ending June 30, 2011 is $1,825K. The 2011/12 budget calls for depreciation in the amount of **$2,307K** as several engine overhauls are conducted.

Note 22 – General and Administration

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

Projected General and Administrative expenses for the year ending June 30, 2011 are $1,479K. The 2011/12 budget calls for this to increase slightly to **$1,498K**.

Note 23 – Advertising and Promotion

Projected Advertising and Promotion expense for the year ending June 30th, 2011 is $185K. The budget for 2011/12 calls for this to decrease to **$158K**.

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.

Projected Customs Overtime expense for the year ending June 30th, 2011 is $370K. For the 2011/12 budget year, this amount is essentially unchanged at **$353K** as it is driven largely by the schedule.

Note 25 – Other

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

Projected Other Expenses for the year ending June 30th, 2011 are $2,106K (a significant decrease over the prior year). The budget for 2011/12 expects these costs to decrease slightly to **$2,079K**.

Note 26 – Interest Expense

Projected Interest Expense for the year ending June 30th, 2011 is $894K. The 2011/12 budget allows for an expense in the area of **$1,321K**.

The expense area is largely driven by fluctuating interest rates.

BUDGET 2011/12

Ownership Agreement

Between

The Cabinet of the Cayman Islands Government

and

Cayman Islands Airports Authority

For the year ending 30 June 2012

Contents

1. Purpose
2. Nature and Scope of Activities
3. Strategic Goals and Objectives
4. Ownership Performance Targets
5. Summarised Forecast Financial Statements
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Appendix: Forecast Financial Statements

1. Purpose

This Ownership Agreement documents the ownership performance that the Cabinet and the Board of ***Cayman Islands Airports Authority*** have agreed that ***Cayman Islands Airports Authority*** will seek to achieve during the 2011/12 financial year.
The purpose of the document is to ensure that 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 ***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 Gerard Smith International Airport, Cayman Brac. These services are provided to a variety of customers including various international airlines, Cayman Airways, local and international charter aircraft, private aircraft, local businesses, various government departments, and the general public.

3. Strategic Goals and Objectives

The key strategic goals and objectives (from an ownership perspective) for The ***Cayman Islands Airports Authority*** for the 2011/12 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

- Airport redevelopment and enhancement programs
- Creating a business development and marketing plan (review of fee structure)
- Benchmarking and surveying

CREATING A SAFE AND SECURE ENVIRONMENT

- Maintaining and exceeding compliance with international regulations
- Develop an Airport Emergency Response Coordination Centre
- 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 (2010 Revision) for ***Cayman Islands Airports Authority*** for the 2011/12 financial year are as follows.

Financial Performance

Financial Performance Measure	**2011/12 Target $**	**2010/11 Forecast $**
Revenue from Cabinet	0	0
Revenue from ministries, portfolios, statutory authorities and government companies	8,730,612	8,670,612
Revenue from other persons or organisations	14,213,836	13,726,646
Surplus/deficit from outputs	3,709,816	4,391,578
Other expenses	55,000	65,000
Net Surplus/Deficit	3,654,816	4,326,578
Total Assets	66,062,372	62,348,253
Total Liabilities	10,095,527	10,036,225
Net Worth	55,966,845	52,312,028
Cash flows from operating activities	9,100,374	10,235,658
Cash flows from investing activities	(6,252,300)	(7,117,832)
Cash flows from financing activities	$0	$0
Change in cash balances	2,848,074	3,117,826

Financial Performance Ratio	**2011/12 Target $**	**2010/11 Forecast $**
Current Assets: Current Liabilities	1,430%	1,463%
Total Assets: Total Liabilities	658%	621%

Maintenance of Capability

Human Capital Measures	2011/12 Target	2010/11 Forecast
Total full time equivalent staff	171	150
Staff turnover (%)	1%	1%
Average length of service (Number) Senior management Professional staff Administrative staff		
Significant changes to personnel management system	New Performance mgmt system	N/A

Physical Capital Measures	2011/12 Target	2010/11 Forecast
Value of total assets	$40,240,175	$37,287,875
Asset replacements: total assets	1%	1%
Book value of depreciated assets: initial cost of those assets	64%	66%
Depreciation: Cash flow on asset purchases	53%	44%
Changes to asset management policies	None	None

Major Capital Expenditure Projects	2011/12 Target $

Risk Management

Key risks	Change in status from previous year	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.

A summary of those forecasts is as follows:

Operating Statement	**2011/12 Target $**	**2010/11 Forecast $**
Revenue	22,944,448	22,397,258
Operating Expenses	19,234,631	18,493,258
Net Surplus/Deficit	*3,654,817*	*4,326,578*

Balance Sheet	**As at 30 June 2012 $**	**As at 30 June 2011 $**
Assets	66,062,372	62,348,253
Liabilities	10,095,527	10,036,225
Net Worth	*55,966,845*	*52,312,028*

Statement of Cash Flows	**2011/12 Target $**	**2010/11 Forecast $**
Net cash flows from operating activities	9,100,374	10,036,225
Net cash flows from investing activities	(6,252,300)	(7,117,832)
Net cash flows from financing activities	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 (2010 Revision).

Transaction	**Amount for 2011/12 $**
Equity Investments into *Cayman Islands Airports Authority*	0
Capital Withdrawals from *Cayman Islands Airports Authority*	0
Dividend or Profit Distributions to be made by *Cayman Islands Airports Authority*	0
Government Loans to be made to *Cayman Islands Airports Authority*	0
Government Guarantees to be issued in relation to *Cayman Islands Airports Authority*	0
Related Party Payments (Non Remuneration) made to Key Management Personnel[3]	0
Remuneration[4] Payments made to Key Management Personnel	1,026,620
Remuneration Payments made to Senior Management	1,012,620

	Number for 2011/12
No of Key Management Personnel	20
No of Senior Management	10

[3] Key Management Personnel as defined by International Public Accounting Standards No 20, eg Minister, Board Member and Senior Management Team
[4] Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

7. Agreement

Scope of this Agreement

In signing this document:

- ***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 then sign the amended Ownership Agreement.

The amended Ownership Agreement will be attached to, and form part of, this Agreement.

Agreement

We jointly agree that this Ownership Agreement accurately documents the ownership performance that ***Cayman Islands Airports Authority*** will seek to achieve for the 2011/12 financial year and that the Cabinet will monitor performance against.

_____

Hon. W. McKeeva Bush, OBE, JP
Minister of Finance, Tourism and Development
on behalf of the Cabinet

_____

Chairman of the Board
Cayman Airways Limited

Date: 30 June 2011

Appendix: Forecast Financial Statements

CAYMAN ISLANDS AIRPORTS AUTHORITY
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2012

These Forecast Financial Statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2010 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 forecast financial statements are:

(a) complete and reliable;
(b) fairly reflect the forecast financial position as at 30 June 2012 and performance for ***Cayman Islands Airports Authority*** for the year ended 30 June 2012; and
(c) comply with generally accepted accounting practice.

_____

Chairman of the Board
Cayman Airways Limited

Date: 30 June 2011

CAYMAN ISLANDS AIRPORTS AUTHORITY
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDING 30 JUNE 2012

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

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.

Depreciation

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

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

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.

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.

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.

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.

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.

Financial Instruments

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.

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.

De-recognition

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.

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 30 JUNE 2012

	Note	2011-12 Budget	2011-12 Estimated Actual
Revenue			
Operations	1	22,933,448	22,386,859
Interest		11,000	10,399
Total Operating Revenue		**22,944,448**	**22,397,258**
Operating Expenses			
Personnel		9,677,882	9,429,777
Depreciation	4	3,300,000	3,200,000
Supplies & consumables		6,256,749	5,863,481
Total Operating Expenses		**19,234,631**	**18,493,258**
Surplus/Deficit from Operating Activities		**3,709,817**	**3,904,000**
Gain/(Losses) on foreign exchange		0	0
Financing Expense		55,000	65,000
Total Non-Operating Revenue & Expenses		**55,000**	**65,000**
Surplus/Deficit from Ordinary Activities		**3,654,817**	**3,839,000**
Extraordinary Items			487,578
Net Surplus/Deficit after Extraordinary Items		**3,654,817**	**4,326,578**

CAYMAN ISLANDS AIRPORTS AUTHORITY
FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30 JUNE 2012

	2011-12 Budget	2011-12 Estimated Actual
Opening Balance Net Worth	**52,312,028**	**47,985,450**
Surplus	3,654,817	4,326,578
Net revaluations during the period		-
Total recognised revenues and expenses	**55,966,845**	**52,312,028**
Distribution of surplus	-	-
Capital withdrawal	-	-
Closing balance net worth	**55,966,845**	**52,312,028**

CAYMAN ISLANDS AIRPORTS AUTHORITY
FORECAST BALANCE SHEET
AS AT 30 JUNE 2012

	Note	2011-12 Budget	2011-12 Estimated Actual
Current Assets			
Cash and cash equivalents	2	12,316,008	9,467,934
Accounts receivable		13,506,189	15,592,444
Other Current assets		0	0
Total Current Assets		**25,822,197**	**25,060,378**
Long-term Assets			
Fixed Assets	4	40,240,175	37,287,875
TOTAL ASSETS		66,062,372	**62,348,253**
Current Liabilities			
Accounts payable and accruals		1,581,011	1,713,000
Other Current liabilities		225,000	0
Total Current Liabilities		**1,806,011**	**1,713,000**
Long-term Liabilities			
Long-term debt		3,448,516	3,448,516
Unfunded Pension Obligation		4,841,000	4,491,000
Total Long-term Liabilities		**8,289,516**	**8,323,225**
Shareholder's Equity			
Contributed capital		25,285,399	25,285,399
Retained earnings		30,681,446	27,026,629
Total Shareholder's Equity		**55,966,845**	**52,312,028**
TOTAL LIABILITIES AND EQUITY		**66,062,372**	**62,348,253**

CAYMAN ISLANDS AIRPORTS AUTHORITY
FORECAST STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30 JUNE 2012

	2011-12 Budget	2011-12 Estimated Actual
Cash Flows from Operating	**9,100,374**	**10,235,658**
Cash Flows from Investing		
Purchase of fixed assets	(6,252,300)	(7,117,832)
Proceeds from sale of fixed asset	0	0
Net Cash Flows from Investing	(6,252,300)	(7,117,832)
Cash Flows from Financing		
Distribution of surplus	-	-
Capital Injections	-	-
Proceeds from Long-term debt	-	-
Payment of Long-term debt	0	-
Proceeds from Bond debt	-	-
Net Cash Flows from Financing	**0**	**0**
Opening Balance Cash and Cash Equivalents	**9,467,934**	**6,350,108**
Net change in cash and cash equivalent	2,848,074	3,117,826
Closing Balance Cash and Cash Equivalents	**12,316,008**	**9,467,934**

CAYMAN ISLANDS AIRPORTS AUTHORITY
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2012

NOTE 1. OPERATING REVENUES

	2011-12 Budget	2011-12 Estimated Actual
Aircraft Movement	3,011,000	2,966,801
Passenger Movement	16,218,000	15,978,369
Concessions	2,271,448	2,120,000
Advertising	300,000	220,583
Parking/Fuel	1,093,000	1,061,124
Government Contribution (MET & FIRE)		
Misc Income	40,000	39,981
Total Operating Revenue	**22,933,448**	**22,386,858**
NOTE 2. CASH AND CASH EQUIVALENTS		
	2011-12 Budget	**2011-12 Estimated Actual**
Cash register floats	15,400	15,400
Current accounts	2,400,608	1,452,534
Short-Term fixed deposits	9,900,000	8,000,000
Total Cash and Cash Equivalents	**12,316,008**	**9,467,934**
NOTE 3. DEPRECIATION AND FIXED ASSETS		
	2011-12 Budget	**2011-12 Estimated Actual**
Land		
Opening Book Value/Cost	9,389,342	9,389,342
Additions	-	-
Accumulated Depreciation		-
Closing Book Value	**9,389,342**	**9,389,342**
Buildings		
Opening Book Value/Cost	17,649,819	15,852,789
Additions	4,230,500	4,058.19
Depreciation	(2,364,233)	(2,261,157)
Closing Book Value	**19,516,086**	**17,649,819**

Plant & Equipment		
Opening Book Value/Cost	3,583,183	4,638,149
Additions	1,712,800	2,883,645
Accumulated Depreciation	(670,178)	(3,938,611)
Closing Book Value	**4,625,805**	**3,583,183**
Motor Vehicles		
Opening Book Value/Cost	476,333	394,215
Additions	18,000	146,000
Accumulated Depreciation	(65,076)	(63,882)
Closing Book Value	**429,257**	**476,333**
Furniture & Office Equipment		
Opening Book Value/Cost	135,491	288,800
Additions	37,000	0
Accumulated Depreciation	(154,974)	(153,309)
Closing Book Value	**17,517**	**135,491**
Other Assets Under Construction		
Opening Book Value/Cost	5,999,461	5,999,461
Additions	0	0
Accumulated Depreciation	0	0
Closing Book Value	**5,999,461**	**5,999,461**

BUDGET 2011/12

Ownership Agreement

Between

The Cabinet of the Cayman Islands Government

and

Cayman Islands Development Bank

For the year ending 30 June 2012

Contents

1. Purpose
2. Nature and Scope of Activities
3. Strategic Goals and Objectives
4. Ownership Performance Targets
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8. Appendix: Forecast Financial Statements

1. Purpose

This Ownership Agreement documents the ownership performance that the Cabinet and the Board of the ***Cayman Islands Development Bank*** have agreed that the ***Cayman Islands Development Bank*** will seek to achieve during the 2011/12 financial year.

The purpose of the document is to ensure that 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*** remains the same and they involve mobilising and providing finance for and promote and facilitate 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:

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

4. Provide an advisory service to give advice and disseminate Information about matters relating to:
    - Housing, mortgage finance and the maintenance of dwellings
    - Advice in education and counselling in education
    - Agricultural, industrial and tourism development
    - Promote agricultural, tourism and industrial development in the Islands
    - Act as administering agent for the CI 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 Goals and Objectives

The key strategic goals and objectives (from an ownership perspective) for the ***Cayman Islands Development Bank*** for the 2011/12 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 solid 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 2011/12 are to:

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

- Effect a programme of training that will focus on further enhancing the level of customer service currently being offered.

- Seek out sustainable funding from various funding sources to fund its lending programmes, in particular in the area of small businesses and low income housing.

- Ensure that the programmes administered on behalf of the CI 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, small businesses and human resources training.

4. Ownership Performance Targets

The ownership performance targets as specified in schedule 5 to the Public Management and Finance Law (2010 Revision) for *the* ***Cayman Islands Development Bank*** for the 2011/12 financial year are as follows.

Financial Performance

Financial Performance Measure	**2011/12 Target $**	**2010/11 Forecast $**
Revenue from Cabinet	577,875	577,875
Revenue from ministries, portfolios, statutory authorities and government companies		
Revenue from other persons or organisations	3,068,202	2,779,750
Surplus/deficit from outputs	-	-
Other expenses	3,209,302	3,004,624
Net Surplus/Deficit	436,775	353,001
Total Assets	47,115,095	44,278,970
Total Liabilities	40,701,275	38,301,925
Net Worth	6,413,820	5,977,045
Cash flows from operating activities	(1,739,713)	(2,292,114)
Cash flows from investing activities	(120,000)	(2,400,000)
Cash flows from financing activities	1,669,539	3,778,504
Change in cash balances	(190,173)	(913,610)

Financial Performance Ratio	**2011/12 Target $**	**2010/11 Forecast $**
Current Assets: Current Liabilities	1.3:1	3.9:1
Total Assets: Total Liabilities	1.16:1	1.16:1

Maintenance of Capability

Human Capital Measures	2011/12 Target	2010/11 Forecast
Total full time equivalent staff	14	15
Staff turnover (%)	6%	0%
Average length of service (Number) Senior management Professional staff Administrative staff	 2 7 4	 2 7 4
Significant changes to personnel management system	FC, VP Credit and Manager credit hired in July 2009. General Manager resigned October 2009	

Physical Capital Measures	2011/12 Target $	2010/11 Forecast
Value of total assets	47,115,095	44,278,970
Asset replacements: total assets		
Book value of depreciated assets: initial cost of those assets	579,766: 1,248,220	636,058:1,248,220
Depreciation: Cash flow on asset purchases	-	-
Changes to asset management policies	Nil	Nil

Major Capital Expenditure Projects	2011/12 Target $
None	Nil

Risk Management

Key risks	Change in status from previous year	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 the ***Cayman Islands Development Bank*** is provided in the Appendix to this Ownership Agreement.

A summary of those forecasts is as follows.

Operating Statement	**2011/12 Target $**	**2010/11 Forecast $**
Revenue	3,646,077	3,357,625
Operating Expenses	(3,209,302)	(3,004,624)
Net Surplus/Deficit	436,775	353,001

Balance Sheet	**As at 30 June 2012 $**	**As at 30 June 2011 $**
Assets	47,115,095	44,278,970
Liabilities	40,701,275	38,301,925
Net Worth	6,413,820	5,977,045

Statement of Cash Flows	**2011/12 Target $**	**2010/11 Forecast $**
Net cash flows from operating activities	(1,739,713)	(2,292,114)
Net cash flows from investing activities	(120,000)	(2,400,000)
Net cash flows from financing activities	1,669,539	3,778,504

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 (2010 Revision).

Transaction	**Amount for 2011/12 $**
Equity Investments into the Cayman Islands Development Bank	-
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.	8,308,800
Related Party Payments (Non Remuneration) made to Key Management Personnel[5]	-
Remuneration[6] Payments made to Key Management Personnel	425,604
Remuneration Payments made to Senior Management	362,004

	Number for 2011/12
No of Key Management Personnel	5
No of Senior Management	4

[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)

7. 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 that this Ownership Agreement accurately documents the ownership performance that ***Cayman Islands Development Bank*** will seek to achieve for the 2011/12 financial year and that the Cabinet will monitor performance against.

_____

Hon. McKeeva Bush
Minister of Finance, Tourism and Development
on behalf of the Cabinet

_____

Paul Byles
Chairman of the Board
Cayman Islands Development Bank

Date: 30 June 2011

THE CAYMAN ISLANDS DEVELOPMENT BANK
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2012

These Forecast Financial Statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2010 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 forecast financial statements are:

(a) complete and reliable;
(b) fairly reflect the forecast financial position as at 30 June 2012 and performance for ***Cayman Islands Development Bank*** for the year ended 30 June 2012; and
(c) comply with generally accepted accounting practice.

_____
Paul Byles

Chairman of the Board
Cayman Islands Development Bank

30 June 2011

THE CAYMAN ISLANDS DEVELOPMENT BANK
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDING 30 JUNE 2012

Incorporation and principal functions: The ***Cayman Islands Development Bank*** (CIDB) was established under the Cayman Islands Development Bank Law, 2001 (Law 34 of 2001) which came into force on 1 March, 2002.

The principal function of the CIDB is "to mobilise and provide finance for and promote and facilitate the expansion and strengthening of the economic development of the Islands".

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 Receivable and Provision for Loan Losses: Loans receivable is generally stated in the amount of the outstanding principal balance. This is reduced by a provision for possible loan losses. Management first takes into account the overall portfolio quality in the context of various factors, including current economic conditions, in order to arrive at a general provision that appears adequate to reflect possible losses on the portfolio as a whole. In addition, specific provisions for loan losses can be determined for problem loans that may be likely to become uncollectible in the light of the borrowers' inability to service the debt, assessment of security held and the possible risk of further default.

Income Recognition: Interest income is recorded on the accrual basis for all loans. The 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 Fixed Assets: Fixed assets 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:

Furniture	5 years
Office equipment	5 years
Computer Equipment	3 years
Motor Vehicle	5 years
Real Property	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 balance sheet date. Resulting gains and losses on exchange are recognized in the Statement of Income and Expenses at the end of the period.

THE CAYMAN ISLANDS DEVELOPMENT BANK
FORECAST OPERATING STATEMENT
FOR THE YEAR ENDING 30 JUNE 2012

	2011/12	2010/11
	Target	Forecast
	$	$
Revenue		
Outputs Funded by Cabinet	577,875	577,875
Operations	3,068,202	2,779,750
Total Operating Revenue	**3,646,077**	**3,357,625**
Operating Expenses		
Personnel	1,067,745	1,213,633
Accommodation Costs	146,820	144,224
Office Expenses	32,478	34,500
Directors Fees	9,700	14,000
Computer Maintenance and Licensing Fees	58,800	54,000
Marketing, Advertising and Promotions	8,400	2,800
Depreciation and Amortization	56,292	108,000
Professional Fees/Consultancy	148,280	88,916
Provision for Loan Losses	499,992	250,000
Loss on Foreign Exchange Conversion	2,000	2,000
Interest Expense	1,178,795	1,092,551
Total Operating Expenses	**3,209,302**	**3,004,624**
Net Income (loss) from Operations	**436,775**	**353,001**

THE CAYMAN ISLANDS DEVELOPMENT BANK
FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30 JUNE 2012

	2011/12	2010/11
	Target	Forecast
	$	$
Opening Balance Retained Earnings	2,555,803	2,273,402
Net Income (Loss) for Year	436,775	353,001
Transfer to Reserves	(87,355)	(70,600)
Closing Balance Retained Earnings	2,905,223	2,555,803
Opening Balance Reserves	132,057	61,457
Transfer from Operations	87,355	70,600
Closing Balance Reserves	219,412	132,057
Opening Balance Share Capital	3,289,185	3,289,185
Movement in Share Capital	-	-
Closing Balance Share Capital	**3,289,185**	3,289,185
Total	**6,413,820**	**5,977,045**

THE CAYMAN ISLANDS DEVELOPMENT BANK
FORECAST BALANCE SHEET
AS AT 30 JUNE 2012

		2011/12	2010/11
	Note	Target	Forecast
Current Assets		$	$
Cash and Cash Equivalents	2	1,590,862	1,031,035
Deposit Accounts		2,520,000	2,400,000
Prepayments		25,003	82,580
Loans, Deposit Interest and Other Receivable		625,606	567,368
Loans Receivable	3	41,773,858	39,561,929
Fixed Assets	4	579,766	636,058
TOTAL ASSETS		47,115,095	44,278,970
Current Liabilities			
Bank Overdraft	2	750,000	-
Accounts Payable and Accruals		648,259	671,448
Due to Related Parties		-	-
Current Portion of Long -Term Debt		343,531	375,496
Total Current Liabilities		1,741,790	1,046,944
Long -Term Liabilities			
Post Retirement Benefit Pension Obligations		16,000	13,000
Loans from CDB	5	2,554,445	2,929,941
Note Payable - Bonds	6	36,389,040	34,312,040
Total Liabilities		**40,701,275**	**38,301,925**
Equity Capital	7	3,289,185	3,289,185
Reserve Fund	8	219,412	132,057
Retained Earnings		2,905,223	2,555,803
TOTAL LIABILITIES AND EQUITY		**47,115,095**	**44,278,970**

THE CAYMAN ISLANDS DEVELOPMENT BANK
FORECAST STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30 JUNE 2012

	2011/12 Target $	2010/11 Forecast $
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (loss) for the Year	349,420	282,401
Items not Affecting Cash:		
Depreciation and Amortization	56,292	108,000
Loan loss expense	499,992	250,000
Transfer to reserve fund	87,355	70,600
	993,058	711,001
Changes in Non-Cash Working Capital Balances Relating to Operations		
Decrease/(increase) in prepayments	57,577	8,183
Decrease/ (Increase) in Loans, Deposit Interest and Other Receivable	(58,239)	111,245
Increase (Decrease) in due to related parties	-	-
(Increase) Decrease in loans receivable	(2,711,921)	(3,415,600)
Increase (Decrease) in post retirement pension obligation	3,000	-
Increase (Decrease) in Accounts Payable & Accruals	(23,188)	293,058
Net Cash Provided by (Used in) Operating Activities	(1,739,713)	(2,292,114)
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase)/decrease in Fixed deposits	(120,000)	(2,400,000)
Purchase of Fixed Assets	-	-
Net Cash Provided by (Used in) Investing Activities	(120,000)	(2,400,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
CDB Loans repaid	(407,461)	(375,496)
Bonds raised	2,077,000	4,154,000
Bonds repaid	-	-
Net Cash Provided by (Used in) Financing Activities	1,669,539	3,778,504
Net Increase in Cash and Cash Equivalents	(190,173)	(913,610)
Cash and Cash Equivalents at Beginning of the Period	1,031,035	1,944,645
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	**840,862**	**1,031,035**

THE CAYMAN ISLANDS DEVELOPMENT BANK
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2012

Note 1. OPERATING REVENUES		
	2011/12 Target $	**2010/11 Forecast $**
Interest Income	2,979,078	2,701,750
Other Income	666,999	655,875
	3,646,077	**3,357,625**
Note 2. CASH & CASH EQUIVALENTS		
	2011/12 Target $	**2011/12 Forecast $**
Current and Call Accounts	1,590,862	1,031,035
Bank overdraft	(750,000)	-
	840,862	**1,031,035**
Note 3. LOANS RECEIVABLE		
	2011/12 Target $	**2011/12 Forecast $**
Principal Amount Owed by Borrowers	44,609,373	41,897,452
Less: Provision for Loan Losses	(2,835,515)	(2,335,523)
Net Balance	**41,773,858**	**39,561,929**

NOTE 4. FIXED ASSESTS

	2011/12 Budget $	2011/12 Forecast $
Office Furniture and Equipment		
Opening Book Value/Cost	112,601	112,601
Additions	-	-
Depreciation	(112,601)	(112,114)
Closing Book Value	**-**	**487**
Computer Hardware and Software		
Opening Book Value/Cost	298,254	298,254
Additions	-	-
Depreciation	(298,254)	(283,249)
Closing Book Value	**-**	**15,005**
Motor Vehicle		
Opening Book Value/Cost	21,300	21,300
Additions	-	-
Depreciation	(21,300)	(21,300)
Closing Book Value	**-**	**-**
Real Property – Office Space		
Opening Book Value/Cost	-	**816,065**
Additions	-	-
Depreciation	(236,299)	(195,499)
Closing Book Value	**579,766**	**620,566**

NOTE 5 – LOANS FROM CARIBBEAN DEVELOPMENT BANK (CDB)

The CIDB acts as executing agent for two (2) lines of credit from the Caribbean Development Bank (CDB).

	2011/12 Budget $	2010/11 Forecast $
Opening Balance for Period	3,305,437	3,680,933
Draw-downs	-	-
Repayments	(407,461)	(375,496)
Closing Balance for Period	**2,897,976**	**3,305,437**

NOTE 6 – OTHER LONG TERM LIABILITIES

On June 30, 2005, the CIDB issued two (2) Variable Rate Development Bonds totaling US$12 million (CI$10 million). The offering was fully subscribed. Additional funding of CI$16.6 million was secured in the fiscal year 2007/2008 for on-lending; this bond was later refinanced in April 2010 with a local financial institution. One of the bonds issued in June 2005 matured in June 2010; the Management of the Bank successfully negotiated with over 95% (US$5.8 Million) of the bondholders to extend the bond for another 5 years to June 30, 2015. In July 2010 and January 2011 the Bank obtained proceeds under two US$5 Million bonds with a local financial institution. The Bank proposes to borrow another US$10 Million for on-lending. However, the Bank will seek to drawdown US$2 Million each year over a 5-year period under the proposed facility

	2011/12 Budget $	2010/11 Forecast $
US$5 Million Variable Rate Dev. Bond U.S. 6-month Libor +2 .75% Due 2015	4,154,000	4,154,000
US$5 Million Variable Rate Dev. Bond U.S. 6-month Libor +2 .75% Due 2015	4,154,000	4,154,000
US$5.8 Million Variable Rate Dev. Bonds at U.S. 6-month Libor +2 .75% Due 2015	4,818,640	4,403,240
US$6 Million Variable Rate Dev. Bonds at U.S. 6-month Libor + 1.0% Due 2015	4,984,800	4,984,800
US$2 Million Variable Rate Dev. Bonds at U.S. 6-month Libor + 2.75%	1,661,600	-
US$20 million bond at U.S. 6-Month LIBOR plus 2.35%	16,616,000	16,616,000
Closing Balance for Period	**36,389,040**	**34,312,040**

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

	2011/12 Budget $	2010/11 Forecast $
Opening Balance	**3,289,185**	**3,289,185**
Additions	-	-
Closing Balance	**3,289,185**	**3,289,185**

NOTE 8 - RESERVE FUND

Under Section 20 of the CIDB Law, 2001, 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:

	2011/12 Budget $	2010/11 Forecast $
Balance at Beginning of Year	132,057	61,457
Transfer from Net Income for Year	87,355	70,600
Balance at End of Year	**219,412**	**132,057**

BUDGET 2011/12

Ownership Agreement

Between

The Cabinet of the
Cayman Islands Government

and

Cayman Islands Monetary Authority

For the year ending 30 June 2012

Contents

1. Purpose

2. Nature and Scope of Activities

3. Strategic Goals and Objectives

4. Ownership Performance Targets

5. Summarised Forecast Financial Statements

6. Other Financial Information

7. Agreement

Appendix: Forecast Financial Statements

1. Purpose

This Ownership Agreement documents the ownership performance that the Cabinet and the Board of ***Cayman Islands Monetary Authority*** have agreed that the Cayman Islands Monetary Authority ("the Authority") will seek to achieve during the 2011/12 financial year.
The purpose of the document is to ensure that 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 scope of the Ca***yman Islands Monetary Authority*** activities is as follows:

- 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 Goals and Objectives

The key strategic goals and objectives (from an ownership perspective) for the ***Cayman Islands Monetary Authority*** for the 2011/12 financial year are as follows:

- To further modernise and enhance regulation and supervision to ensure that Cayman keeps on par with the evolving international regulatory standards and best practices that are relevant to our business;

- To intensify CIMA's international cooperation and involvement to ensure that the Authority does its part in ensuring the safety and sound regulation of the international financial system, that Cayman can contribute to the development of international rules and standards that affect this jurisdiction's reputation;

- To facilitate the efforts of Government and the private sector to further develop the Cayman Islands as an International Financial Centre, and

- To increase the effectiveness and cost efficiency with which CIMA operates.

4. Ownership Performance Targets

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2010 Revision) for the ***Cayman Islands Monetary Authority*** for the 2011/12 financial year are as follows.

Financial Performance

Financial Performance Measure	**2011/12 Target $**	**2010/11 Forecast $**
Revenue from Cabinet	17,350,000	16,850,000
Revenue from ministries, portfolios, statutory authorities and government companies	0	0
Revenue from other persons or organisations	1,275,000	1,070,000
Surplus/deficit from Outputs	0	0
Other expenses	0	0
Net Surplus/Deficit	0	425,000
Total Assets	108,245,109	104,896,101
Total Liabilities	85,972,321	82,623,313
Net Worth	22,272,788	22,272,788
Cash flows from operating activities	517,494	1,499,102
Cash flows used by investing activities	(1,496,450)	(792,077)
Cash flows used by financing activities	(425,000)	(45,244)
Change in cash balances	(1,403,956)	661,781

Financial Performance Ratio	**2011/12 Target $**	**2010/11 Forecast $**
Current Assets: Current Liabilities	0.85: 1	0.88: 1
Total Assets: Total Liabilities	1.26: 1	1.27: 1

Maintenance of Capability

Human Capital Measures	**2011/12 Target**	**2010/11 Forecast**
Total full time equivalent staff	176	159
Staff turnover (%)	10%	14%
Average length of service (number of years)	5 yrs	4.5yrs
Significant changes to personnel management system	None	None

Physical Capital Measures	2011/12 Target	2010/11 Forecast
Value of total assets	$3,067,746	$2,278,092
Asset replacements: total assets	49%	35%
Book value of depreciated assets: initial cost of those assets	41%	38%
Depreciation: Cash flow on asset purchases	47%	82%
Changes to asset management policies	None	None

Major Capital Expenditure Projects	2011/12 Target $
Various IT Projects, including –	
E-Reporting v2	1,396,450
Document Management	
CIMA Connect	
Computers, Printers, Servers, etc.	100,000
PABX	

Major Capital Expenditure Projects commenced but not completed in previous years	Anticipated Project Status at 1 July 2012

Risk Management

Key risks	Change in status from previous year	Actions to manage risk	Financial value of risk
Continuing negative impact of the economic downturn	On-going	Regular monitoring of the performance and composition of the Investment Portfolio. Implementing cost savings measures	unquantifiable; Poorer performance on the Investment Portfolio.
Loss and absence of Critical staff	On-going	Regular training, succession planning, regular performance assessments and recognition	unquantifiable
Failure to exercise due diligence or employ informed business judgments. Failure to achieve and stay current with Industry developments, requirements, and standards.	On-going	Support the development and continuing education of staff. Attendance at conferences and seminars. Implementation of Basel II, expansion of electronic reporting. CIMA continues to work along with Government and the Private Sector	Unquantifiable
Loss of important data, documents	On-going	Document Management and electronic filing procedures and systems will be implemented / enhanced in order to expand existing business continuity measures.	Unquantifiable

5. **Summarised Forecast Financial Statements**

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

A summary of those forecasts is as follows.

Operating Statement	**2011/12 Budget $**	**2010/11 Forecast $**
Revenue	18,625,000	17,920,000
Operating Expenses	18,625,000	17,495,000
Net Surplus/Deficit	*0*	*425,000*

Balance Sheet	**As at 30 June 2012 $**	**As at 30 June 2011 $**
Assets	108,245,109	104,896,101
Liabilities	85,972,321	82,623,313
Net Worth	22,272,788	22,272,788

Statement of Cash Flows	**2011/12 Budget $**	**2010/11 Forecast $**
Net cash flows from operating activities	517,494	1,499,102
Net cash flows used by investing activities	(1,496,450)	(792,077)
Net cash flows used by financing activities	(425,000)	(45,244)

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 (2010 Revision).

Transaction	**Amount for 2011/12 $**
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[7]	0
Remuneration[8] Payments made to Key Management Personnel	180,000
Remuneration Payments made to Senior Management	2,061,168

	Number for 2011/12
No of Key Management Personnel	8
No of Senior Management	14

[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)

7. 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 that this Ownership Agreement accurately documents the ownership performance that the Cayman Islands Monetary Authority will seek to achieve for the 2011/12 financial year and that the Cabinet will monitor performance against.

_____

Hon. W.McKeeva Bush, OBE, JP
Minister of Finance, Tourism and Development
on behalf of Cabinet

_____

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

30 June 2011

CAYMAN ISLANDS MONETARY AUTHORITY
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2012

These Forecast Financial Statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2010 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 forecast financial statements are:

(a) complete and reliable;
(b) fairly reflect the forecast financial position as at 30 June 2012 and performance for the *Cayman Islands Monetary Authority* for the year ended 30 June 2012; and
(c) comply with generally accepted accounting practice.

_____
George McCarthy
On Behalf of the Board
Cayman Islands Monetary Authority

30 June 2011

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 (2008 Revision) (as amended) (the "Law (2008 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 Statement of Comprehensive Income. Assets and liabilities are translated at the exchange rate in effect at the date of these financial statements

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

Financial Instruments

Classification

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

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

Recognition

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

Measurement

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

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

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

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

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 (2008 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 Statement of Comprehensive Income.

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 Statement of Comprehensive Income 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 Statement of Comprehensive Income 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 bonds at the time of the accounting date which have terms to maturity approximating the terms of the related liability.

Employee Benefits (continued)

Obligations for contributions to defined contribution and defined benefits pension plans are recognized as salary and other benefits expense in the Statement of Comprehensive Income 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 (2008 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 (2008 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 (2008 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 (2008 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 (2008 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 such as Basel II, E-Reporting, Document Management and various other IT Projects. The Operational Expenditures Reserve will fund the operating costs associated with these key 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. In June 2010 the Cayman Islands Government withdrew $8.25 million, leaving Contributed Capital at $1.939 million at 30 June 2010 (2009: $10 million).

Revenue recognition

The Authority's main source of income is derived from the services it provides to the Government of the Cayman Islands. 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 Statement of Comprehensive Income on as straight line basis over the period of the lease.

CAYMAN ISLANDS MONETARY AUTHORITY
FORECAST BALANCE SHEET
AS AT 30 JUNE 2012

	Note	2011/12 Budget $	2010/11 Forecast $	2009/10 Actual $
Currency Reserve Assets				
Current Assets				
Call Deposits	4	2,568,097	2,561,565	2,555,050
Short-Term Investments		58,277,968	55,501,163	79,309,465
Fixed Deposits	4	1,537,447	1,534,179	1,530,918
Interest Receivable , Deposits		90,000	90,000	92,061
Stocks	6	1,800,000	1,800,000	1,592,362
Non-Current Assets				
Long-Term Investments		31,380,444	29,885,241	2,122,375
Total Currency Reserve Assets		95,653,956	91,372,148	87,202,231
Operating Assets				
Current Assets				
Current and Call Deposits	4	6,557,309	8,380,519	7,728,514
Accounts Receivable	5	2,503,500	2,402,745	2,926,261
Interest Receivable		100	100	67
Other Receivables and Prepayments		156,498	156,497	733,376
Non-Current Assets				
Fixed Assets	7	3,067,746	2,278,092	2,138,254
Retirement Benefit Assets	9	306,000	306,000	306,000
Total Operating Assets		12,591,153	13,523,953	13,832,472
TOTAL ASSETS		**108,245,109**	**104,896,101**	**101,034,703**
LIABILITIES				
Demand Liabilities, Currency in Circulation		85,237,321	81,463,313	77,984,689
Other Liabilities and Payables	8	735,000	1,160,000	731,981
Total Liabilities		85,972,321	82,623,313	78,716,670
RESERVES and CAPITAL				
General Reserve	12	18,328,708	16,832,258	15,890,181
Currency Issue Reserve		375,000	375,000	420,244
Capital Expenditures Reserve		1,254,045	2,750,495	3,542,572
Operational Expenditure Reserves		276,004	376,004	526,004
Total Reserves		20,233,757	20,333,757	20,379,001
Contributed Capital		1,939,031	1,939,031	1,939,032
Total Reserves and Capital		**22,172,788**	**22,272,788**	**22,318,033**
TOTAL LIABILITIES, RESERVES and CAPITAL		**108,145,109**	**104,896,101**	**101,034,703**

CAYMAN ISLANDS MONETARY AUTHORITY

FORECAST OPERATING STATEMENT

FOR THE YEAR ENDING 30 JUNE 2012

	Note	2011/12 Budget $	2010/11 Forecast $	2009/10 Actual $
REVENUE				
Outputs		17,350,000	16,850,000	15,750,000
Operations		725,000	600,500	881,321
Investment/Interest Income		550,000	469,500	471,089
Total Operating Revenue		**18,625,000**	**17,920,000**	**17,102,410**
OPERATING EXPENSES				
Personnel	1	13,469,018	12,189,946	11,861,179
Supplies & Consumables	2	4,449,187	4,652,814	4,396,170
Depreciation	3	706,795	652,240	656,030
Total Operating Expenses		**18,625,000**	**17,495,000**	**16,913,379**
Surplus from Operating Activities		**0**	**425,000**	**189,031**

CAYMAN ISLANDS MONETARY AUTHORITY
FORECAST STATEMENT OF CHANGES IN NET WORTH

FOR THE YEAR ENDING 30 JUNE 2012

	Note	2011/12 Budget $	2010/11 Forecast $	2009/10 Actual $
Opening balance net worth		**22,272,788**	**22,318,032**	**30,393,864**
Surplus		0	425,000	189,031
Capital contribution		0	0	0
Distribution of Surplus		0	(425,000)	0
Capital withdrawal		0	0	(8,250,000)
Currency Issue Reserve		0	(45,244)	(14,863)
Closing balance net worth		**22,272,788**	**22,272,788**	**22,318,032**

	2011/12 Budget $	2010/11 Forecast $	2009/10 Actual $
NOTE 1. PERSONNEL COSTS			
Salaries, wages, allowances	11,670,515	10,519,113	10,108,474
Employer pension expense	931,765	853,351	1,005,637
Other personnel related expenses	866,738	817,482	747,068
Total Personnel Costs	**13,469,018**	**12,189,946**	**11,861,179**
NOTE 2. SUPPLIES AND CONSUMABLES			
Supplies and Consumables	2,580,262	2,386,152	2,185,921
Purchase of services	924,180	1,056,323	1,244,016
Operating lease rentals	920,545	863,408	891,237
Other Supplies and Consumables	24,200	346,931	74,996
Total Supplies and Consumables	**4,449,187**	**4,652,814**	**4,396,170**
NOTE 3. DEPRECIATION			
Vehicles	4,532	4,520	4,520
Furniture and fittings	1,600	54,150	81,587
Computer hardware and software	644,350	386,523	298,647
Office equipment	56,313	95,539	113,573
Other assets – Leasehold Improvements	0	111,508	157,703
Total Depreciation	**706,795**	**652,240**	**656,030**

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

	2011/12 Budget $	2010/11 Forecast $	2009/10 Actual $
NOTE 4. CASH AND CASH EQUIVALENTS			
Operating Current and Call Accounts, and Cash on hand	8,384,860	9,792,084	10,283,564
Short Term Deposits including call accounts	1,537,447	1,534,179	1,530,918
Total Cash and Cash Equivalents	**9,922,307**	**11,326,263**	**11,814,482**
NOTE 5. ACCOUNTS RECEIVABLE			
Outputs to Cabinet	2,640,546	2,399,245	2,917,645
Outputs to other government agencies	0	0	0
Outputs to Others	0	0	0
Asset sales	0	0	0
Other Accounts Receivable	15,324	26,124	37,540
Total Gross	**2,655,870**	**2,425,369**	**2,955,185**
Less provision for doubtful debts	(11,824)	(22,624)	(28,924)
Total Net Accounts Receivable	**2,644,046**	**2,402,745**	**2,926,261**
NOTE 6. INVENTORIES			
Raw Materials (including Consumable Stores)	2,400,000	2,950,000	1,592,362
Work in Progress	0	0	0
Total Inventories	**2,400,000**	**2,950,000**	**1,592,362**

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

	Opening Balance	Addition	Disposals	Revaluation	Depreciation	Closing Balance 30-Jun-12 Book Value Actual
	$	$	$	$	$	$
Vehicles	8,012	0	0	0	(4,532)	3,480
Furniture & Fittings	6,903	0	0	0	(1,600)	5,303
Computer Hardware &	2,115,983	1,396,450	0	0	(644,350)	2,868,083
Office equipment	147,193	100,000	0	0	(56,313)	190,880
Other Assets – Leasehold Improvements	0	0	0	0	0	0
Work in Progress-Basel II	0	0	0	0	0	0
Total	**2,278,091**	**1,496,450**	**0**	**0**	**(706,795)**	**3,067,746**

	Cost or Revalued Amount	Accumulated Depreciation	30-Jun-12 Book Value Actual	30-Jun-11 Book Value Actual
	$	$	$	$
Vehicles	22,600	(19,120)	3,480	8,012
Furniture & Fittings	716,141	(710,838)	5,303	6,903
Software	5,055,886	(2,187,803)	2,868,083	2,115,983
Office equipment	794,143	(603,263)	190,880	147,194
Other Assets – Leasehold Improvements	0	0	0	0
Work in Progress	880,722	(880,722)	0	0
Total	**7,469,492**	**(4,401,746)**	**3,067,746**	**2,278,092**

	2011/12 Budget $	2010/11 Forecast $	2009/10 Actual $
NOTE 8. PAYABLES			
Trade Creditors	135,000	135,000	127,831
Other Current Liabilities	600,000	600,000	604,150
Surplus Payable	0	425,000	0
Total Other Liabilities and Payables	**735,000**	**1,160,000**	**731,981**

	2011/12 Budget $	2010/11 Forecast $	2009/10 Actual $
NOTE 9. EMPLOYEE ENTITLEMENTS (CURRENT)			
Long service leave and other leave entitlements			
Other salary related entitlements			
Total Employee Entitlements			

	2011/12 Budget $	2010/11 Forecast $	2009/10 Actual $
NOTE 10. OTHER LIABILITIES			
Provision for restructuring	0	0	0
Accounts Payable	0	0	0
Other	0	0	0
Total Other Non-Current Liabilities	**0**	**0**	**0**

	2011/12 Budget $	2010/11 Forecast $	2009/10 Actual $
NOTE 11. RECONCILIATION OF OPERATING SURPLUS TO CASH FLOWS FROM OPERATING ACTIVITIES			
Operating surplus	0	425,000	189,031
Adjustments for:-			
Depreciation	706,795	652,240	656,030
Net change in :-			
Defined Benefit Assets	0	0	179,000
Interest Receivable	-	2,028	(87,145)
Accounts Receivable	(241,301)	522,620	(776,843)
Other Receivables and Prepayments	0	577,773	(416,609)
Stocks	550,000	(1,357,638)	119,453
Other liabilities and payables	0	3,019	(296,594)
Investments	(4,272,008)	(3,954,564)	11,258,620
Demand Liabilities	3,774,008	3,478,624	(5,656,044)
Net cash flows from operating activities	**517,494**	**349,102**	**5,168,899**

Note 12- General Reserve	2011/12 Budget $	2010/11 Forecast $	2009/10 Actual $
General Reserve			
Opening Balance:	16,832,258	15,890,181	13,896,001
Transfers in:			
Transfer from Capital Expenditure Reserve	1,496,450	792,077	1,762,012
Transfer from operational Reserve	100,000	150,000	232,168
Closing Balance	**18,428,708**	**16,832,258**	**15,890,181**
Demand Liabilities (closing balance)	85,237,321	81,463,313	77,984,689
15% of Demand Liabilities	**12,785,598**	**12,219,497**	**11,697,703**

BUDGET 2011/12

Ownership Agreement

Between

The Cabinet of the Cayman Islands Government

and

Cayman Islands National Insurance Company

For the year ending 30 June 2012

Contents

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

Appendix: Forecast Financial Statements

1. Purpose

This Ownership Agreement documents the ownership performance that the Cabinet and the Board of ***Cayman Islands National Insurance Company*** **(CINICO)** have agreed that ***Cayman Islands National Insurance Company*** will seek to achieve during the 2011/12 financial year.

The purpose of the document is to ensure that 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 ***Cayman Islands National Insurance Company*** **(CINICO)** 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, Environment, Youth, Sports and Culture.
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. In the Cayman Islands National Insurance Company Ltd. business plan is a commitment that the Company will maintain capitalization at $3 million. The Cayman Islands Government guarantees this commitment.

Scope of Activities

The scope of ***Cayman Islands National Insurance Company*** **(CINICO)** activities is as follows:

- Provision of health insurance to civil servants, pensioners, other government entities, seamen and veterans and individuals qualifying as elderly, health impaired or low income residents; and

- Administration on behalf of the Ministry of Health, Environment, Youth, Sports and Culture, for local and overseas health benefits of indigents since February 1, 2004.

- Administration on behalf of the Ministry of Health, Environment, Youth, Sports and Culture, for overseas health benefits of seamen and veterans since July 1, 2007.

- Administration on behalf of the Portfolio of Finance and Economics 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 individuals qualifying as elderly, health impaired and low income residents. The services are provided from offices at the Cayman Centre, George Town.

3. Strategic Goals and Objectives

The key strategic goals and objectives (from an ownership perspective) for The ***Cayman Islands National Insurance Company*** **(CINICO)** for the 2011/12 financial year are as follows:

- To provide health insurance to civil servants, pensioners, seamen and veterans and individuals qualifying as elderly, health impaired or low income residents;
- To administer on behalf of the Ministry of Health, Environment, Youth, Sports and Culture, the provision of health benefits to indigents.
- To administer on behalf of the Ministry of Health, Environment, Youth, Sports and Culture, the provision of overseas health benefits to seamen and veterans.
- To administer on behalf of the Ministry of Finance, Tourism and Development the provision of health benefits to advance patients.
- To advise Ministry of Health, Environment, Youth, Sports and Culture, supported by empirical evidence, of recommendations to improvements in the delivery of health care to the population of the Cayman Islands.
- To undertake development of an electronic verification adjudication system ("EVAS") in collaboration with the Cayman Islands Health Services Authority.
- Expand the local claim adjudication expertise within the Company. This includes case management expertise.
- To review and change if necessary the overseas referral process.
- To finalize and execute the usage of CINICO's own provider network.
- To secure appropriate reinsurance coverage, to minimize company risk and improve claim loss predictability.

4. Ownership Performance Targets

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2010 Revision) for ***Cayman Islands National Insurance Company*** for the 2011/12 financial year are as follows.

Financial Performance

Financial Performance Measure	**2011/12 Target $**	**2010/11 Forecast $**
Revenue from Cabinet	22,112,340	21,042,972
Revenue from ministries, portfolios, statutory authorities and government companies	31,026,373	27,034,487
Revenue from other persons or organisations	2,251,551	1,007,596
Surplus/deficit from outputs		
Other expenses	58,750,930	51,510,058
Net Surplus/Deficit	(3,360,666)	(2,425,003)
Total Assets	13,938,977	17,940,667
Total Liabilities	8,644,201	9,285,225
Net Worth	5,294,776	8,655,442
Cash flows from operating activities	(2,752,839)	8,655,442
Cash flows from investing activities	(3,000)	(734,528)
Cash flows from financing activities	0	(1,424,712)
Change in cash balances	(2,755,839)	(5,404,653)

Financial Performance Ratio	**2011/12 Target $**	**2010/11 Forecast $**
Current Assets: Current Liabilities	154%	185%
Total Assets: Total Liabilities	161%	193%

Maintenance of Capability

Human Capital Measures	**2011/12 Target $**	**2010/11 Forecast $**
Total full time equivalent staff	10	10
Staff turnover (%)	0	0
Average length of service (Number) Senior management Professional staff Administrative staff	 4.3 4.3 5.3	 3.3 3.3 4.3
Significant changes to personnel management system	none	CEO

Physical Capital Measures	**2011/12 Target $**	**2010/11 Forecast $**
Value of total assets	$13,938,977	$17,940,667
Asset replacements: total assets	1%	99%
Book value of depreciated assets: initial cost of those assets	64%	81%
Depreciation: Cash flow on asset purchases	5,206%	2%
Changes to asset management policies	None	None

Major Capital Expenditure Projects	**2011/12 Target $**
Furniture, PCs, website upgrade	3,000

Risk Management

Key risks	**Change in status from previous year**	**Actions to manage risk**	**Financial value of risk**
Claim losses higher than what can be supported by revenues		Care Management company engaged to manage and control overseas cases. CINICO to negotiate its own provider contracts and cut out costs of the "middle man" Revision of overseas referral protocols and analysis of the CMO's role.	Not quantifiable.

		Reinsurance arrangement in place to limit the Company's risk to large claims. Weekly meetings with case management company.	
Incomplete or missing claims from our major provider, The Cayman Islands Health Services Authority	Continuing improvements made to HSA's timely filing, better coding.	Working with the Cayman Islands Health Services Authority to improve claim submission controls.	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 based on average historical amounts.
Development of EVAS system Not implemented as scheduled. Incorrect eligibility. Incorrect claim payments	N.A.	- parallel testing with current claims admin system - maintain existing TPA until any/all issues resolved	Loss of capital investment approx $700k

5. Summarised Forecast Financial Statements

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

A summary of those forecasts is as follows.

Operating Statement	**2011/12 Budget $**	**2010/11 Forecast $**
Revenue	55,390,264	49,085,055
Operating Expenses	58,750,930	51,510,058
Net Surplus/Deficit	*(3,360,666)*	*(2,425,003)*

Balance Sheet	**2011/12 Budget $**	**As at 30 June 2011 $**
Assets	13,938,977	17,940,667
Liabilities	8,644,201	9,285,225
Net Worth	5,294,776	8,655,442

Statement of Cash Flows	**2011/12 Budget $**	**2010/11 Forecast $**
Net cash flows from operating activities	(2,752,839)	(3,245,413)
Net cash flows from investing activities	(3,000)	(734,528)
Net cash flows from financing activities	0	(1,424,712)

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 (2010 Revision).

Transaction	**Amount for 2011/12 $**
Equity Investments into *Cayman Islands National Insurance Company*	
Capital Withdrawals from *Cayman Islands National Insurance Company.*	$0
Dividend or Profit Distributions to be made by *Cayman Islands National Insurance Company.*	
Government Loans to be made *Cayman Islands National Insurance Company.*	
Government Guarantees to be issued in relation to *Cayman Islands National Insurance Company.*	
Related Party Payments (Non Remuneration) made to Key Management Personnel[9]	
Remuneration[10] Payments made to Key Management Personnel	
Remuneration Payments made to Senior Management	269,336

	Number for 2011/12
No of Key Management Personnel	
No of Senior Management	2

[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)

6. Agreement

Scope of this Agreement

In signing this document:

- ***Cayman Islands National Insurance Company*** 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 that this Ownership Agreement accurately documents the ownership performance that ***Cayman Islands National Insurance Company*** will seek to achieve for the 2011/12 financial year and that the Cabinet will monitor performance against.

_____

Hon. Mark Scotland

Ministry of Health, Environment, Youth, Sports and Culture

on behalf of the Cabinet

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Chairman of the Board

Cayman Islands National Insurance Company

30 June 2011

Appendix: Forecast Financial Statements
CAYMAN ISLANDS NATIONAL INSURANCE COMPANY
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2012

These Forecast Financial Statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2010 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 forecast financial statements are:

(a) complete and reliable;
(b) fairly reflect the forecast financial position as at 30 June 2012 and performance for ***Cayman Islands National Insurance Company*** for the year ended 30 June 2012; and
(c) comply with generally accepted accounting practice.

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Chairman of the Board

Cayman Islands National Insurance Company

30 June 2011

CAYMAN ISLANDS NATIONAL INSURANCE COMPANY
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDING 30 JUNE 2012

These financial statements are prepared on the historical cost basis and in accordance with International Financial Reporting Standards ("IFRS"), as defined by IAS1 and IFRIC interpretations.

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

Critical accounting estimates and judgments
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, 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.

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

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. 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 provision for claims incurred is estimated in a manner consistent with the estimation of the provision for claims incurred for losses on the reinsured policies.

Cash at Bank
Cash at bank 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 in advance on the last day of the month prior to that being insured. As a result, at the end of any given month, no amounts for unearned premiums are required to be recognized. 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's 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 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 the 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
Electronic Verification Adjudication System	5 years (over the license term)

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

Investment and other income
Investment and other income are accrued as earned.

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
FORECAST OPERATING STATEMENT
FOR THE YEAR ENDING 30 JUNE 2012

	Notes	Budget 2011/12	Forecast 2010/11
Revenue			
Revenue from Civil Servants & Dependents		30,756,820	26,606,937
Revenue from Ministry of Health – Seamen & Veterans		7,471,839	7,103,818
Revenue from Portfolio of Civil Service - Pensioners		14,640,501	13,939,155
Revenue from Other	1	2,490,104	1,420,677
Total Revenue		55,359,264	49,070,587
Incurred Claims	2	54,396,123	47,774,625
Claims administration Fees	3	2,335,782	1,998,740
Indigent Fund Fees	4	589,054	582,970
Administration expenses	5	1,429,971	1,153,723
		58,750,930	51,510,058
Underwriting Income/(Loss)		(3,391,666)	(2,439,472)
Investment Income		31,000	14,468
Net Income/(Loss)		**(3,360,666)**	**(2,425,003)**

CAYMAN ISLANDS NATIONAL INSURANCE COMPANY
FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30 JUNE 2012

	2011/12 Budget $	**2010/11 Forecast $**
Net Income/(loss)	(3,360,666)	(2,425,003)
Equity - Beginning of Year	8,655,442	12,505,157
Equity received/ (Capital withdrawal)	-	(1,424,712)
Equity – End of Year	5,294,776	8,655,442
Required minimum capital	3,000,000	3,000,000
Accumulated Deficit	(16,716,352)	(13,355,686)
Additional Paid-in-Capital	19,011,128	19,011,128
Equity - End of Year	5,294,776	8,655,442
Off Balance Sheet Equity		-
Equity - End of Year for Statutory purposes	**5,294,776**	**8,655,442**

CAYMAN ISLANDS NATIONAL INSURANCE COMPANY
FORECAST BALANCE SHEET
AS AT 30 JUNE 2012

Assets	**Note**	**2011/12 Budget $**	**2010/11 Forecast $**
Cash		5,584,097	8,339,935
Receivables/Prepaid		7,765,099	8,857,768
Fixed assets	6	589,781	742,964
Total Assets		**13,938,977**	**17,940,667**
Liabilities			
Accounts payable		20,000	15,000
Premiums received in advance		70,238	66,893
Accruals and other liabilities		1,330,000	1,100,000
Provision for claims incurred		7,223,963	8,103,332
Total Liabilities		**8,644,201**	**9,285,225**
Equity			
Initial Paid-in-Capital		3,000,000	3,000,000
Additional Paid-in-Capital		19,011,128	19,011,128
Retained Earnings		(16,716,352)	(13,355,686)
Total Equity		**5,294,976**	**8,655,442**
Total Liabilities & Equity		**13,938,977**	**17,940,667**

CAYMAN ISLANDS NATIONAL INSURANCE COMPANY
FORECAST STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30 JUNE 2012

Operating Activities	**2011/12 Budget $**	**2010/11 Forecast $**
Net Income/(Loss)	(3,360,666)	(2,425,003)
Non Cash adjustments	607,827	(820,410)
Cash flows from operating activities	**(2,752,839)**	**(3,245,413)**
Investing activities:		
Purchase on fixed assets		(734,528)
Cash flows from investing activities	**(3,000)**	**(734,528)**
Financing activities:		
Equity investment	-	(1,424,712)
Additional paid-in capital	-	-
Cash flows from financing activities	**-**	**(1,424,712)**
Net cash inflow	(2,755,839)	(5,404,653)
Opening cash balances	**8,339,935**	**13,744,588**
Closing cash balances	**5,584,097**	**8,339,935**

Revenue from Other	**2011/12 Budget $**	**2010/11 Forecast $**
Premium from Standard Health Insurance contracts	3,139,504	1,742,120
ASO fees	269,553	427,550
Reinsurance premium	(918,953)	(748,993)
	2,490,104	**1,420,677**

Benefits for the Standard Health Insurance contracts will increase in 2011/12 leading to an increase in premium.

ASO fees ("Administrative Services Only) are earned for the administration of the overseas Indigent claims on behalf of the Ministry of Health, Environment, Youth, Sports and Culture. The fees are assessed based on a $19 per Indigent member per month charge.

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

Incurred Claims	**2011/12 Budget $**	**2010/11 Forecast $**
Claims – HSA	36,550,633	27,311,599
Claims paid - Cayman Airways	356,280	356,630
Claims - Non - HSA	9,057,795	20,201,025
Re-pricing fees	-	1,389,831
Reinsured Claims	(689,215)	(717,377)
Claims paid	55,275,493	48,541,709
Movement in reserves	(879,369)	(767,084)
Total Incurred claims	54,396,123	47,774,625

- Claims administration fees are payable to various third parties and comprise of the following: Claims adjudication fees are assessed based on a percentage of claims. Case management and network access fees are based on the number of CINICO members. Other charges include local expenses incurred as a result of "in sourcing" the claims adjudication function in house.

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

5. Administration Expenses

	2011/12 Budget $	2010/11 Forecast $
Salaries	688,700	579,196
Other Employee Exp.	129,275	115,870
Rent/Utilities/Maintenance	115,319	105,325
Depreciation	156,182	18,344
Office Equip / Supplies	18,000	18,000
Legal costs	5,000	35,000
Class A license fees/other	50,000	50,000
Director fees	31,755	37,530
Directors and officers Ins.	-	-
Marketing/Sales/Promotion	43,000	40,000
Actuarial consulting	48,000	48,000
Audit fees	51,996	46,996
Currency exchange losses	(30,000)	(36,000)
Bad debt expense	25,000	25,000
Training expenses	15,000	10,000
Bank charges	20,000	20,000
Other	62,744	40,462
Total	**1,429,971**	**1,153,723**

Fixed Assets	Office Equipment	Computer & Telecoms Equipment	Total
Cost at July 1, 2010	25,360	158,808	184,168
Additions	12,139	722,389	734,528
Cost at June 30, 2011	37,499	881,197	918,696
Accumulated depreciation at July 1, 2010	21,582	135,806	157,388
Depreciation for period	2,603	15,741	18,344
Accumulated depreciation at June 30, 2011	24,185	151,547	175,732
Carrying value at June 30, 2011	13,314	729,650	742,964
Cost at July 1, 2011	37,499	881,197	918,696
Additions		3,000	3,000
Cost at June 30, 2012	37,499	884,197	921,696
Accumulated depreciation at July 1, 2011	24,185	151,547	175,732
Depreciation for period	3,953	152,229	156,182
Accumulated depreciation at June 30, 2012	28,138	303,776	331,914
Carrying value at June 30, 2012	9,360	580,421	589,781

7. Capital Withdrawal

The capital withdrawal of $1,424,712 is being used to fund output CIN 1 (the provision of local Health Insurance for Seamen and Veterans), as the total funds available from Cabinet for this program ($5.8 million) were below the true costs of the program ($6.8 million). The capital withdrawal is in lieu of the premium.

BUDGET 2011/12

Ownership Agreement

Between

The Cabinet of the Cayman Islands Government

and

Cayman Islands National Museum

For the year ending 30 June 2012

Contents

1. Purpose

2. Nature and Scope of Activities

3. Strategic Goals and Objectives

4. Ownership Performance Targets

5. Summarised Forecast Financial Statements

6. Other Financial Information

7. Agreement

Appendix: Forecast Financial Statements

1. Purpose

This Ownership Agreement documents the ownership performance that the Cabinet and the Board of ***Cayman Islands National Museum*** have agreed that ***Cayman Islands National Museum*** will seek to achieve during the 2011/12 financial year.
The purpose of the document is to ensure that 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 ***Cayman Islands National Museum*** is to operate during the year.

General Nature of Activities
The ***Cayman Islands National Museum*** activities involve celebrating the unique natural and cultural heritage of our three Islands. Through our dynamic programmes, exhibits, and collections, we nurture a living connection with the nation's past and its future quality of life.

Scope of Activities

The scope of ***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 Goals and Objectives

The key strategic goals and objectives (from an ownership perspective) for The *Cayman Islands National Museum* for the 2011/12 financial year are as follows:

- Continue to collect material evidence of artistic, historic, or scientific significance to the Cayman Islands, both terrestrial and underwater;
- Provide exhibitions and displays and general public access to them;
- Incorporate research findings on collections, terrestrial and underwater archaeological sites into public exhibitions, programmes and publications when possible;
- Continue to provide with our partners a land-based Maritime Heritage Trail;
- Provide a cafe, shop and other facilities for the use by the public;
- Liaise with local and international groups having similar objectives, for loan or exchange of artefacts and exhibits, and the exchange of knowledge and information;
- Provide a Traditional Arts Programme (including Traditional Thatch Work Apprenticeship Programme) for Caymanian masters and apprentices;
- Resume the following special events: Looky Ya (monthly), International Museums Day (May), 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;
- Continue to partner with National Archive, National Trust and the Dept. of Environment on maritime related issues and programmes;
- Continue to partner with various organizations in the protection, research, legislation, and educational activities relating to islands maritime heritage e.g. shipwrecks;
- Assist the Dept. of Tourism and other related organizations/institutions in marketing the cultural product of these Islands;
- Continue to prepare and support government's requests for information to further the cultural well being of the Cayman Islands;
- Assist the Ministry in creating national cultural policies and plans; and any necessary legislation;
- Provide reports and other documents requested by the Ministry;

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

- Facilitate planning for the construction of a purpose built facility.

4. Ownership Performance Targets

The ownership performance targets as specified in schedule 5 to the Public Management and Finance Law (2010 Revision) for ***Cayman Islands National Museum*** for the 2011/12 financial year are as follows.

Financial Performance

Financial Performance Measure	**2011/12 Target $**	**2010/11 Forecast $**
Revenue from Cabinet	634,822	676,638
Revenue from ministries, portfolios, statutory authorities and government companies	0	0
Revenue from other persons or organisations	322,500	373,221
Surplus/deficit from outputs	0	0
Other expenses	0	0
Net Surplus/Deficit	(9,311)	0
Total Assets	2,891,771	2,875,125
Total Liabilities	56,677	5,000
Net Worth	2,835,094	2,870,125
Cash flows from operating activities	(136,492)	385,373
Cash flows from investing activities	0	0
Cash flows from financing activities	0	0
Change in cash balances	(136,492)	385,373

Financial Performance Ratio	**2011/12 Target $**	**2010/11 Forecast $**
Current Assets: Current Liabilities	20:1	208:1
Total Assets: Total Liabilities	51:1	575:1

Maintenance of Capability

Human Capital Measures	**2011/12 Target $**	**2010/11 Forecast $**
Total full time equivalent staff	9	15
Staff turnover (%)	30%	50%
Average length of service (Number) Senior management Professional staff Administrative staff	 12 Years 12 Years 3 Years	 12 Years 12 Years 3 Years
Significant changes to personnel management system		

Physical Capital Measures	**2011/12 Target $**	**2010/11 Forecast $**
Value of total assets	2,891,771	2,875,125
Asset replacements: total assets	0	0
Book value of depreciated assets: initial cost of those assets	13:1	13:1
Depreciation: Cash flow on asset purchases	0	0
Changes to asset management policies	See notes to risk management	See notes to risk management

Major Capital Expenditure Projects	**2011/12 Target $**
None	0

Risk Management

Key risks	Change in status from previous year	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 The age and configuration of the historic building housing the Museum does not permit the installation of fire sprinklers	Replacement or restoration 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	No	Annual hurricane preparedness exercises Removal and safe storage of artifacts when a hurricane is approaching Continuous internal and external building maintenance	Replacement or restoration 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	Continue to implement planned action
d) Insurance	No	Basic insurance coverage is in place for the building and its contents. Seek the expertise of a certified valuer to establish the replacement cost of the National Collection for insurance purposes	Financial loss of replacing or restoring artefacts not fully valued
2. Inadequate storage facilities result in deterioration of National Collection	No	The collection is in new rental storage post Ivan Land has been vested by Govt. for a purpose-built facility to accommodate the current and future needs of the National Collection.	Monthly rental cost

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.

A summary of those forecasts is as follows.

Operating Statement	**2011/12 Target $**	**2010/11 Forecast $**
Revenue	957,542	1,049,859
Operating Expenses	966,853	1,049,859
Net Surplus/Deficit	*(9,311)*	*0*

Balance Sheet	**As at 30 June 2012 $**	**As at 30 June 2011 $**
Assets	2,891,771	2,875,125
Liabilities	56,677	5,000
Net Worth	*2,835,094*	*2,870,125*

Statement of Cash Flows	**2011/12 Target $**	**2010/11 Forecast $**
Net cash flows from operating activities	(136,492)	385,373
Net cash flows from investing activities	0	0
Net cash flows from financing activities	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 (2010 Revision).

Transaction	**Amount for 2011/12 $**
Equity Investments into *Cayman Islands National Museum*	0
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[11]	0
Remuneration[12] Payments made to Key Management Personnel	0
Remuneration Payments made to Senior Management	0

	Number for 2011/12
No of Key Management Personnel	1
No of Senior Management	2

[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)

7. Agreement

Scope of this Agreement

In signing this document:

- ***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 that this Ownership Agreement accurately documents the ownership performance that ***Cayman Islands National Museum*** *will* seek to achieve for the 2011/12 financial year and that the Cabinet will monitor performance against.

_____

Hon. Mark Scotland

Minister of Health, Environment, Youth, Sports and Culture

on behalf of Cabinet

_____

Chairman of the Board

Cayman Islands National Museum

Date: June 30 2011

Appendix: Forecast Financial Statements
CAYMAN ISLANDS NATIONAL MUSEUM
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2012

These Forecast Financial Statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2010 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 forecast financial statements are:

(a) Complete and reliable;
(b) Fairly reflect the forecast financial position as at 30 June 2012 and performance for ***Cayman Islands National Museum*** for the year ended 30 June 2012; and
(c) Comply with generally accepted accounting practice.

_____

Chairman of the Board

Cayman Islands National Museum

Date: June 30 2011

CAYMAN ISLANDS NATIONAL MUSEUM
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDING 30 JUNE 2012

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:

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.

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

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

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.

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

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

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

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.

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

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 30 JUNE 2012

		2011/12 Budget $	2010/11 Forecast $
	Note		
Revenue		634,822	676,638
Outputs to Cabinet			
Outputs to other government agencies		199,500	234,000
Outputs to others		220	220
Interest revenue		123,000	139,001
Donations		**957,542**	**1,049,859**
Total Operating Revenue			
Operating Expenses		499,615	482,923
Personnel costs	1	440,518	566,936
Supplies and consumables	2	25,720	0
Depreciation	3	0	0
Capital charge		1,000	0
Other operating expenses		**966,853**	**1,049,859**
Total Operating Expenses			
Surplus from operating activities and before extraordinary items		**(9,311)**	0
		0	0
		0	0
Extraordinary items		**(9,311)**	0
Net Surplus			

CAYMAN ISLANDS NATIONAL MUSEUM
FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30 JUNE 2012

		2011/12 Budget $	2010/11 Forecast $
Opening balance net worth		**2,870,125**	**2,870,125**
Net surplus		(9,311)	0
Property revaluations		(25,720)	0
Investment revaluations		-	0
Net revaluations during the period		-	0
Total recognised revenues and expenses		**(35,031)**	**0**
Equity investment		0	0
Repayment of surplus		0	0
Capital withdrawal		0	0
Closing balance net worth		**2,835,094**	**2,870,125**

CAYMAN ISLANDS NATIONAL MUSEUM
FORECAST BALANCE SHEET
AS AT 30 JUNE 2012

		2011/12 Budget $
	Note	
Current Assets		
Cash and cash equivalents		788,551
Accounts receivable		180,701
Inventories		137,617
Total Current Assets		1,106,869
Non-Current Assets		
Property, plant and equipment		1,784,902
Other non-current assets		0
Total Non-Current Assets		1,784,902
Total Assets		**2,891,771**
Current Liabilities		
Accounts payable		56,677
Unearned revenue		0
Employee entitlements		0
Other current liabilities		0
Total Current Liabilities		56,677
Non-Current Liabilities		0
Employee entitlements		0
Other non-current liabilities		0
Total Non-Current Liabilities		0
Total Liabilities		**56,677**
TOTAL ASSETS LESS TOTAL LIABILITIES		
Net worth		
Contributed capital		856,125
Asset revaluation reserve		200,000
Accumulated surpluses		1,778,969
Total Net Worth		**2,835,094**

CAYMAN ISLANDS NATIONAL MUSEUM
FORECAST STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30 JUNE 2012

		2011/12 Budget $
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Outputs to Cabinet		634,822
Outputs to other government agencies		
Outputs to others		199,500
Donations		123,000
Interest received		220
Payments		
Personnel costs		(499,615)
Suppliers		(440,518)
Other payments		(1,000)
Changes in operating assets & liabilities		(152,901)
Net cash flows from operating activities		(136,492)
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
Repayment of surplus		0
Insurance Proceeds		0
Net cash flows from financing activities		0
Net increase/(decrease) in cash and cash equivalents		(136,492)
Cash and cash equivalents at beginning of period		925,043
Cash and cash equivalents at end of period	**4**	**788,551**

BUDGET 2011/12

Ownership Agreement

Between

The Cabinet of the Cayman Islands Government

and

The Cayman Islands Stock Exchange Ltd.

For the year ending 30 June 2012

Contents

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

1. Purpose

This Ownership Agreement documents the ownership performance that the Cabinet and the Board of ***The Cayman Islands Stock Exchange Ltd*** have agreed that ***The Cayman Islands Stock Exchange Ltd*** will seek to achieve during the 2010/11 financial year.

The purpose of the document is to ensure that 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 Ltd*** 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 Ltd's*** 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 Goals and Objectives

The key strategic goals and objectives (from an ownership perspective) for ***The Cayman Islands Stock Exchange Ltd*** for the 2011/12 financial year are as follows:

- Continue the development and implementation of a strategy for maintaining a sustainable growth in CSX listings.
- 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, broker members and registered representatives and grants such authorisation as listing agents, broker members and registered persons to applicants who meet the eligibility criteria set out in the listing and membership rules.
- Monitor compliance of listed issuers, broker members and registered representatives with continuing obligations of the CSX and regulate the conduct of listed issuers, broker members and registered representatives.
- Monitor all price movements in CSX listed securities in accordance with the membership rules.
- Continue to provide crossing market services for transaction reporting by the CSX broker members authorised for that purpose.
- Progress as far as possible in the field of achieving recognitions by international regulatory bodies.
- Provide exclusive CUSIP numbering agency services for issuing CINS/ISIN numbers for securities of issuers registered in the Cayman Islands and the British Virgin Islands.
- Continue to encourage the progression of Caymanian employees through sponsorship and training programs.

4. Ownership Performance Targets

The ownership performance targets as specified in schedule 5 to the Public Management and Finance Law (2010 Revision) for The Cayman Islands Stock Exchange Ltd for the 2011/12 financial year are as follows.

Financial Performance

Financial Performance Measure	2011/12 Target $	2010/11 Forecast $
Revenue from Cabinet	0	0
Revenue from ministries, portfolios, statutory authorities and government companies	0	0
Revenue from other persons or organisations	1,433,460	1,466,210
Surplus/deficit from outputs	0	0
Other expenses	1,219,534	1,247,797
Net Surplus/Deficit	213,926	218,413
Total Assets	1,507,357	1,445,539
Total Liabilities	148,577	136,876
Net Worth	1,358,782	1,308,665
Cash flows from operating activities	340,326	174,558
Cash flows from investing activities	(5,000)	(5,000)
Cash flows from financing activities	(163,810)	(140,896)
Change in cash balances	171,516	28,663

Financial Performance Ratio	2011/12 Target $	2010/11 Forecast $
Current Assets: Current Liabilities	10:1	10:1
Total Assets: Total Liabilities	10:1	11:1

Maintenance of Capability

Human Capital Measures	**2011/12 Target $**	**2010/11 Forecast $**
Total full time equivalent staff	8	8
Staff turnover (%)	nil	nil
Average length of service (Number) Senior management Professional staff Administrative staff	 7.98 years 8.12 years 8.72 years	 6.98 years 7.12 years 7.72 years
Significant changes to personnel management system	None	None

Physical Capital Measures	**2011/12 Target $**	**2010/11 Forecast $**
Value of total assets	20,169	18,674
Asset replacements: total assets	0	0
Book value of depreciated assets: initial cost of those assets	0.03:1	0.03:1
Depreciation: Cash flow on asset purchases	0	0
Changes to asset management policies	0	0

Major Capital Expenditure Projects	**2011/12 Target $**
	None

Risk Management

Key risks	Change in status from previous year	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 increased proportionally as Exchange has grown in size and trading activity increases	Active programme to maintain reputation including management of suitability of applications for listing, monitoring of ongoing compliance with listing rules and gaining and maintaining international recognitions	Potentially equal to the total assets of the Exchange
Loss of listed issuers	Risk increased due to global financial crisis	Establishment and maintenance of relationships with issuers and programme of diversification	Loss of turnover
Loss of crossing market	Risk unchanged	Programme of diversification into different business activities	Loss of turnover
Inability to obtain international recognitions	Risk unchanged due to relevant jurisdictional issues affecting Exchange business	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	Loss of turnover

5. Summarised Forecast Financial Statements

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

A summary of those forecasts is as follows:

Operating Statement	**2011/12 Target $**	**2010/11 Forecast $**
Revenue	1,433,460	1,466,210
Operating Expenses	1,219,534	1,247,797
Net Surplus/Deficit	*213,926*	*218,413*

Balance Sheet	**As at 30 June 2012 $**	**As at 30 June 2011 $**
Assets	1,507,357	1,445,539
Liabilities	148,577	136,876
Net Worth	*1,358,782*	*1,308,665*

Statement of Cash Flows	**2011/12 Target $**	**2010/11 Forecast $**
Net cash flows from operating activities	340,326	174,558
Net cash flows from investing activities	(5,000)	(5,000)
Net cash flows from financing activities	(163,810)	(140,896)

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 (2010 Revision).

Transaction	**Amount for 2011/12 $**
Equity Investments into The Cayman Islands Stock Exchange Ltd.	nil
Capital Withdrawals from The Cayman Islands Stock Exchange Ltd.	nil
Dividend or Profit Distributions to be made by The Cayman Islands Stock Exchange Ltd.	160,445
Government Loans to be made to The Cayman Islands Stock Exchange Ltd.	nil
Government Guarantees to be issued in relation to The Cayman Islands Stock Exchange Ltd.	nil
Related Party Payments (Non Remuneration) made to Key Management Personnel[13]	nil
Remuneration[14] Payments made to Key Management Personnel	449,950
Remuneration Payments made to Senior Management	449,950

	Number for 2010/11
No of Key Management Personnel	3
No of 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)

7. Agreement

Scope of this Agreement

In signing this document:

- The Cayman Islands Stock Exchange Ltd 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 ways:

- 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 that this Ownership Agreement accurately documents the ownership performance that *The* ***Cayman Islands Stock Exchange Ltd*** *w*ill seek to achieve for the 2011/12 financial year and that the Cabinet will monitor performance against.

_____

Hon. W. McKeeva Bush, OBE, JP
Minister of Finance, Tourism and Development
on behalf of Cabinet

_____

Chairman of the Board
The Cayman Islands Stock Exchange Ltd

June 30, 2011

BUDGET 2011/12

Ownership Agreement

Between

The Cabinet of the Cayman Islands Government

And

Cayman Islands National Cultural Foundation

For the year ending 30 June 2012

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Appendix: Forecast Financial Statements

1. Purpose

This Ownership Agreement documents the ownership performance that the Cabinet and the Board of ***Cayman Islands National Cultural Foundation*** have agreed that ***Cayman Islands National Cultural Foundation*** will seek to achieve during the 2011/12 financial year.
The purpose of the document is to ensure that 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 ***Cayman Islands National Cultural Foundation*** to operate during the year.

General Nature of Activities
The *Cayman National Cultural Foundation's* mission is to stimulate, facilitate and preserve cultural and artistic expression generally, particularly the preservation and exploration of Caymanian performing, visual and literary arts.

Scope of Activities

The scope of ***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 Goals and Objectives

The key strategic goals and objectives (from an ownership perspective) for The ***Cayman National Cultural Foundation (CNCF)*** for the 2011/12 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 over a 5- year period.

- 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 (2010 Revision) for The ***Cayman National Cultural Foundation*** for the 2011/12 financial year are as follows.

Financial Performance

Financial Performance Measure	**2011/12 Budget $**	**2010/11 Forecast $**
Revenue from Cabinet	579,655	617,837
Revenue from ministries, portfolios, statutory authorities and government companies		
Revenue from other persons or organisations	393,002	393,002
Surplus/deficit from outputs		
Other expenses	972,657	1,010,839
Net Surplus/Deficit		
Total Assets	4,348,066	4,644,859
Total Liabilities	106,700	109,760
Net Worth	4,241,366	4,535,091
Cash flows from operating activities		55,391
Cash flows from investing activities		
Cash flows from financing activities		
Change in cash balances		55,391

Financial Performance Ratio	**2011/12 Target $**	**2010/11 Forecast $**
Current Assets: Current Liabilities		5:1
Total Assets: Total Liabilities		42:1

Maintenance of Capability

Human Capital Measures	**2011/12 Target $**	**2010/11 Forecast $**
Total full time equivalent staff	5	6
Staff turnover (%)	0%	0%
Average length of service (Number) Senior management Professional staff Administrative staff	 21 5 4	 20 4 3
Significant changes to personnel management system		

Physical Capital Measures	**2011/12 Target $**	**2010/11 Forecast $**
Value of total assets	4,241,366	4,644,859
Asset replacements: total assets		
Book value of depreciated assets: initial cost of those assets		
Depreciation: Cash flow on asset purchases		
Changes to asset management policies		

Major Capital Expenditure Projects	**2011/12 Target $**
There are no major capital expenditure projects budgeted for 2011/12	

Risk Management

Key risks	Change in status from previous year	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 Ongoing internal and external building maintenance Regular pest control management	

5. Summarised Forecast Financial Statements

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

A summary of those forecasts is as follows.

Operating Statement	**2011/12 Target $**	**2010/11 Forecast $**
Revenue	972,657	1,020,839
Operating Expenses	972,657	1,020,839
Net Surplus/Deficit	*0*	*0*

Balance Sheet	**As at 30 June 2012 $**	**As at 30 June 2011 $**
Assets	4,348,066	4,644,859
Liabilities	106,700	109,760
Net Worth	*4,241,366*	*4,535,099*

Statement of Cash Flows	**2011/12 Target $**	**2010/11 Forecast $**
Net cash flows from operating activities		
Net cash flows from investing activities		
Net cash flows from financing activities		

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 (2010 Revision).

Transaction	Amount for 2011/12 $
Equity Investments into Cayman National Cultural Foundation	Nil
Capital Withdrawals from Cayman National Cultural Foundation	Nil
Dividend or Profit Distributions to be made by Cayman National Cultural Foundation	Nil
Government Loans to be made to Cayman National Cultural Foundation	Nil
Government Guarantees to be issued in relation to	Nil
Related Party Payments (Non Remuneration) made to Key Management Personnel[15]	Nil
Remuneration[16] Payments made to Key Management Personnel	153,373
Remuneration Payments made to Senior Management	153,373

	Number for 2011/12
No of Key Management Personnel	9
No of Senior Management	2

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

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

7. Agreement

Scope of this Agreement

In signing this document:

- 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 that this Ownership Agreement accurately documents the ownership performance that Cayman National Cultural Foundation will seek to achieve for the 2011/12 financial year and that the Cabinet will monitor performance against.

_____

Hon. Mark Scotland

Minister of Health, Environment, Youth, Sports and Culture

on behalf of Cabinet

_____

Chairman of the Board

Cayman National Cultural Foundation (CNCF)

Date: June 30, 2011

Appendix: Forecast Financial Statements
CAYMAN ISLANDS NATIONAL CULTURAL FOUNDATION (CNCF)
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2012

These Forecast Financial Statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2010 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 forecast financial statements are:

(a) complete and reliable;
(b) fairly reflect the forecast financial position as at 30 June 2012 and performance for Cayman National Cultural Foundation for the year ended 30 June 2012; and
(c) comply with generally accepted accounting practice.

_____

Chairman of the Board

Cayman National Cultural Foundation (CNCF)

Date: June 30, 2011

CAYMAN ISLANDS NATIONAL CULTURAL FOUNDATION (CNCF)
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDING 30 JUNE 2012

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:

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.

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 revenue and expenses during the year. Actual results could differ from those estimates.

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

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.

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

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.

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.

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.

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.

Derecognition
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 ISLANDS NATIONAL CULTURAL FOUNDATION (CNCF)
FORECAST OPERATING STATEMENT
FOR THE YEAR ENDING 30 JUNE 2012

	Note	**2011/12 Budget $**	**2010/11 Forecast $**
Non-Coercive Revenue			
Sale of Outputs to Cabinet		579,655	617,837
Sale of Outputs to Others		165,705	165,700
Donations		227,297	227,302
Total Operating Revenue		972,657	1,010,839
Operating Expenses			
Personnel costs		436,455	431,340
Supplies and consumables		536,202	494,887
Depreciation		87,761	84,612
Total Operating Expenses		1,060,418	1,010.84
Surplus from Operating Activities		(87,761)	0
Net Surplus/(Deficit)		(87,761)	0

CAYMAN ISLANDS NATIONAL CULTURAL FOUNDATION (CNCF)
FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30 JUNE 2012

Opening balance net worth	4,329,127
Net Surplus	(87,761)
Property revaluations	0
Net revaluations during the period	0
Total recognised revenues and expenses	4,241,366
Equity Contributions	0
Capital Withdrawal/Repayment of Surplus	0
Closing balance net worth	4,241,366

CAYMAN ISLANDS NATIONAL CULTURAL FOUNDATION (CNCF)
FORECAST BALANCE SHEET
AS AT 30 JUNE 2012

	2011/12 Budget $
Current Assets	
Cash and cash equivalents	50,725
Marketable securities and deposits	
Accounts receivable	196,795
Inventories	0
Other current assets	3,431
Total Current Assets	**250,951**
Non-Current Assets	
Loans	0
Other investments	0
Property, plant and equipment	3,796,860
Other non-current assets	300,255
Total Non-Current Assets	**4,097,115**
Total Assets	**4,348,066**
Current Liabilities	
Accounts payable	0
Unearned revenue	0
Employee entitlements	0
Other current liabilities	99,000
Borrowings	0
Total Current Liabilities	**99,000**
Non-Current Liabilities	
Employee entitlements	0
Unfunded Pension liability	0
Borrowings	0
Currency issued	0
Other non-current liabilities	7,700
Total Non-Current Liabilities	
Total Liabilities	**106,700**
TOTAL ASSETS LESS TOTAL LIABILITIES	**4,241,366**
NET WORTH	
Contributed Capital	343,182
Asset revaluation reserve	0
Accumulated surpluses	3,898,184
Total Net Worth	**4,241,366**

CAYMAN ISLANDS NATIONAL CULTURAL FOUNDATION (CNCF)
FORECAST STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30 JUNE 2012

	2011/12 Budget $
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts	
Sale of Outputs to Cabinet	579,655
Sale of Outputs (Goods & Services) to Ministries/Portfolios, Public Authorities	0
Sale of Outputs (goods and services) to Others	165,705
Interest received	0
Other receipts	227,297
Payments	
Personnel costs	(436,455)
Suppliers	(536,202)
Interest paid	0
Other payments	0
Net cash flows from operating activities	**0**
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of non-current assets	0
Purchase of investments	0
Proceeds from sale of non-current assets	0
	0
CASH FLOWS FROM FINANCING ACTIVITIES	**0**
Equity Contributions	
Repayment of Surplus	
Proceeds from borrowings	0
Repayment of borrowings	0
Currency Issues	0
Net cash flows from financing activities	0
	0
Net increase/(decrease) in cash and cash equivalents	0
Cash and cash equivalents at beginning of period	50,725
Cash and cash equivalents at end of period	50,725

BUDGET 2011/12

Ownership Agreement

Between

The Cabinet of the Cayman Islands Government

and
Cayman Turtle Farm (1983) Ltd

For the year ending 30 June 2012

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3. Strategic Goals and Objectives
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Appendix: Forecast Financial Statements

1. Purpose

This Ownership Agreement documents the ownership performance that the Cabinet and the Board of ***Cayman Turtle Farm (1983) Ltd*** have agreed that ***Cayman Turtle Farm (1983) Ltd*** will seek to achieve during the 2011/12 financial year.

The purpose of the document is to ensure that 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 ***Cayman Turtle Farm (1983) Ltd*** 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. 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.

Scope of Activities

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 assistance in conservation and rehabilitation of other wildlife;
- Research and education on sea turtles and other related animals;
- Sale of green sea turtle meat to the local population; and
- 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. Some of the service packages involve bus transportation from and to the cruise ship terminal, and some packages also involve 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.

The major 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. Customer segments for the bar & restaurant and the gift-shop are the same segments as for admissions. Customer segments for turtle meat products and turtle shells are local restaurants, individuals, and businesses.

Tenants for the retail spaces are typically small businesses offering products and services aimed primarily at the visitor market.

3. Strategic Goals and Objectives

The key strategic goals and objectives (from an ownership perspective) for ***Cayman Turtle Farm (1983) Ltd*** for the 2011/12 financial year are as follows:

Turtle Herd

- Improve hatch rate by at least 2%
- Reduce hatchling mortality rate by 25%
- Grow herd number by approximately 500 turtles

Turtle Meat production

- Maintain harvest rate at 15 turtles per week
- Adjust meat product retail price to match demand to available harvest rate

.

Retail and Tours

- Increase Turtle Farm Tour customer arrivals by 2% to 5%
- Review commercial viability of different tours / business segments and adopt a long term sustainable option

4. Ownership Performance Targets

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2010 Revision) for ***Cayman Turtle Farm (1983) Ltd*** for the 2011/12 financial year are as follows.

Financial Performance

Financial Performance Measure	**2011/12 Target $**	**2010/11 Forecast $**
Revenue from Cabinet	0	0
Revenue from ministries, portfolios, statutory authorities and government companies	0	0
Revenue from other persons or organisations	5,184,658	4,683,969
Surplus/deficit from outputs	(2,768,336)	(2,976,797)
Other expenses	4,838,087	5,463,050
Net Surplus/Deficit	(7,606,423)	(8,439,847)
Total Assets	36,367,237	39,057,012
Total Liabilities	40,882,537	45,665,890
Net Worth	(4,045,757)	(6,608,878)
Cash flows from operating activities	(4,931,580)	(5,677,252)
Cash flows from investing activities	(34,153)	(20,500)
Cash flows from financing activities	5,601,894	6,274,242
Change in cash balances	536,161	576,490

Financial Performance Ratio	**2011/12 Target $**	**2010/11 Forecast $**
Current Assets: Current Liabilities	1:5.5	1:5.1
Total Assets: Total Liabilities	1:1.1	1:1.2

Maintenance of Capability

Human Capital Measures	**2011/12 Target $**	**2010/11 Forecast $**
Total full time equivalent staff	90	86
Staff turnover (%)	5%	7%
Average length of service (Number) Senior management Professional staff Administrative staff	 12 9 5	 11 8 4
Significant changes to personnel management system		

Physical Capital Measures	**2011/12 Target $**	**2010/11 Forecast $**
Value of total assets	36,397,237	39,057,012
Asset replacements: total assets	1%	1%
Book value of depreciated assets: initial cost of those assets	65%	71%
Depreciation: Cash flow on asset purchases	78:1	134:1
Changes to asset management policies		

Major Capital Expenditure Projects	**2011/12 Target $**
No Major Capital Expenditure Expected	

Risk Management

Key risks	Change in status from previous year	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 strategies to increase cash flows;	Undefined. Places going concern risk on operations
Insufficient operational cash flows.	Not changed	Continue to evaluate viability of different business segments and cash generating options and will make recommendations to shareholder on such suitable options.	Undefined. Places going concern risk on operations
Not securing regulatory permits for discharge of nutrients into the natural environment.	Not changed	Obtained temporary discharge permit, engaged consultants to prepare proposed solution; The temporary permit expires in Oct 2010; substantial capital and operational spending is required to continue this project to further reduce the nutrient levels.	Undefined; presents a going concern risk.

5. Summarised Forecast Financial Statements

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

A summary of those forecasts is as follows.

Operating Statement	**2011/12 Target $**	**2010/11 Forecast $**
Revenue	5,184,658	4,683,969
Operating Expenses	(12,791,081)	(13,123,816)
Net Surplus/Deficit	*(7,606,423)*	*(8,439,847)*

Balance Sheet	**As at 30 June 2012 $**	**As at 30 June 2011 $**
Assets	36,397,237	39,057,012
Liabilities	40,442,993	45,665,890
Net Worth	*(4,045,757)*	*(6,608,878)*

Statement of Cash Flows	**2011/12 Target $**	**2010/11 Forecast $**
Net cash flows from operating activities	(4,931,580)	5,677,252
Net cash flows from investing activities	(34,153)	20,500
Net cash flows from financing activities	5,501,894	6,274,242

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 (2010 Revision).

Transaction	**2011/12 Budget $**
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[17]	0
Remuneration[18] Payments made to Key Management Personnel	121,200
Remuneration Payments made to Senior Management	344,400

	Number for 2011/12
No of Key Management Personnel	1
No of Senior Management	5

[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)

7. Agreement

Scope of this Agreement

In signing this document:

- ***Cayman Turtle Farm (1983) Ltd*** 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 that this Ownership Agreement accurately documents the ownership performance that ***Cayman Turtle Farm (1983) Ltd*** will seek to achieve for the 2011/12 financial year and that the Cabinet will monitor performance against.

_____

Hon. W. McKeeva Bush, OBE, JP
Minister of Finance, Tourism and Development
on behalf of the Cabinet

_____

Chairman of the Board
Cayman Turtle Farm (1983) Ltd

30 June 2011

Appendix: Forecast Financial Statements
CAYMAN TURTLE FARM (1983) LTD
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2012

These Forecast Financial Statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2010 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 forecast financial statements are:

(a) complete and reliable;
(b) fairly reflect the forecast financial position as at 30 June 2012 and performance ***Cayman Turtle Farm (1983) Ltd*** for the year ended 30 June 2012; and
(c) comply with generally accepted accounting practice.

_____

Chairman of the Board

Cayman Turtle Farm (1983) Ltd

30 June 2011

CAYMAN TURTLE FARM (1983) LTD
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDING 30 JUNE 2012

These financial statements have been prepared under the historical cost convention, modified by the valuation of biological assets and investments at fair value, and in accordance with International Financial Reporting Standards ("IFRS"). The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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 significant accounting policies are:

Cash and cash equivalents

Cash consists of cash on hand, balances with banks on demand and at short notice, and short-term highly liquid investments. Fixed deposits held at Wells Fargo Bank Northwest in a segregated account is intended to be used solely for payment of interest on the Notes (Note 6) is reported in the balance sheet as fixed deposits - restricted and is excluded from "Cash and cash equivalents" as reported in the statement of cash flows.

Accounts receivable

Accounts receivable comprise receivables from customers and are reduced by any allowance for doubtful accounts.

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.

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 trading income - farm operations.

Biological assets - Breeder herd

It is management's policy to differentiate between turtles which were acquired from the wild and which management will not slaughter but will release at the end of their breeding lives, and farm-bred turtles which may be slaughtered once they reach the end of their breeding lives. Mature turtles (i.e. those that have reached breeding age) which were acquired from the wild are depreciated on a straight-line basis over their estimated breeding lives of twenty years. Mature farm-bred turtles have an estimated residual value which

exceeds cost and, consequently, are not depreciated after attaining their residual value. Those turtles which have not reached maturity are not depreciated.

The direct costs of maintaining the breeder herd are allocated between the mature turtles and those that have not yet reached maturity. The costs allocated to the mature turtles, together with the depreciation of these turtles, are included as expenses in the statement of trading income - farms operations. The costs allocated to those turtles which have not yet reached maturity are capitalised into the value of the breeder herd.

Property, equipment and exhibits

Property, 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	10 - 20 years
Plant and equipment	4 - 10 years
Motor vehicles	3 years
Furniture and office equipment	4 - 5 years
Exhibits	10-12 years

Cost comprises the purchase price of an asset and 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; (such assets are classified under “Construction in Progress” in the table in Note 5). Capitalized cost includes direct labor 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 as incurred. Donated assets are recorded at their estimated fair value at the date of receipt.

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 period in which they are incurred.

Investment income

Term deposit interest is included as investment income in the statement of income on an effective interest method. However, 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.

Allocation of expenses

Operating expenses are allocated to the functional trading accounts based on actual usage, specific identification or by judgmental allocation, as appropriate.

Employee benefits

a) Defined contribution pension plans

The Company's contributions are charged to the statement of income in the period to which the contributions relate (Note 7(a)).

b) Defined benefit plans

Pension costs are recognized 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 income 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 recognized 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. (Note 7(c)).

Foreign currencies

These financial statements are presented in CI$. The Company's transactions occur in US$ and CI$ and the Company records US$ transactions in to CI$ using a rate of US$1.00 to CI$0.84.

Notes issued

The liability under the Guaranteed Senior Notes (the "Notes") is initially recognized at "cost", being the issue proceeds net of transaction costs incurred (as defined below). The liability is subsequently stated at amortized cost and the difference between the net proceeds of the issue of the Notes and the principal amount of the Notes is amortized 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" below.

Transaction costs include those incremental fees, commissions and payments to agents and advisors that are directly attributable to the Notes issuance. Costs associated with feasibility studies related to possible financing alternatives and with any abandoned financing options are expensed in the period incurred.

CAYMAN TURTLE FARM (1983) LTD
FORECAST OPERATING STATEMENT
FOR THE YEAR ENDING 30 JUNE 2012

	Note	2011/12 Budget $	2010/11 Forecast $
Non-Coercive Revenue			
Sale of Outputs (goods and services) to Others	2	**5,184,658**	4,683,969
Total Non-Coercive Revenue		**5,184,658**	4,683,969
Total Operating Revenue		**5,184,658**	4,683,969
Operating Expenses			
Personnel costs	4	**3,492,505**	3,330,595
Supplies and consumables	5	**4,460,489**	4,330,171
Depreciation	6	**2,674,843**	2,762,595
Total Operating Expenses		**10,627,837**	10,423,361
Surplus from Operating Activities		**(5,443,179)**	(5,739,392)
Financing expense	7	**2,163,244**	2,700,455
Total Non-Operating Revenue and Expenses		**2,163,244**	2,700,455
Net Surplus/(Deficit)		**(7,606,423)**	(8,439,847)

CAYMAN TURLTLE FARM (1983) LTD
FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30 JUNE 2012

	2011/12 Budget $	2011/12 Forecast $
Opening balance net worth	**(5,939,334)**	(8,438,376)
Net Surplus	**(7,606,423)**	(8,439,847)
Total recognised revenues and expenses	**(13,545,757)**	(16,878,223)
Equity Contributions	**9,500,000**	9,688,889
Capital Withdrawal/Repayment of Surplus	**-**	-
Closing balance net worth	**(4,045,757)**	**(7,189,334)**

CAYMAN TURTLE FARM (1983) LTD
FORECAST BALANCE SHEET
AS AT 30 JUNE 2012

	Note	2011/12 Budget $	2011/12 Forecast $
Current Assets			
Cash and cash equivalents	9	(4,035,850)	(3,711,672)
Accounts receivable	10	299,015	348,252
Inventories	11	2,049,090	2,015,000
Total Current Assets		**(1,687,745)**	(1,348,420)
Non-Current Assets			
Property, plant and equipment	12	33,848,070	36,488,760
Total Non-Current Assets		**33,848,070**	36,488,760
Total Assets		**32,160,325**	35,140,340
Current Liabilities			
Accounts payable	13	4,914,129	4,910,777
Other current liabilities	14	1,051,771	1,051,771
Borrowings	15	4,065,839	4,201,517
Total Current Liabilities		**10,031,739**	10,164,065
Non-Current Liabilities			
Borrowings	15	26,174,342	31,585,153
Total Non-Current Liabilities		**26,174,342**	31,585,153
Total Liabilities		**36,206,081**	41,749,218
TOTAL ASSETS LESS TOTAL LIABILITIES		**(4,045,756)**	(6,608,878)
NET WORTH			
Contributed Capital		3,560,667	1,830,969
Accumulated surpluses	16	(7,606,423)	(8,439,847)
Total Net Worth		**(4,045,756)**	**(6,608,878)**

CAYMAN TURTLE FARM (1983) LTD
FORECAST STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30 JUNE 2012

	Notes	2011/12 Budget $	2011/12 Forecast $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Sale of Outputs (goods and services) to Others		**5,184,658**	4,683,969
Payments			-
Personnel costs		**(3,492,505)**	(3,330,595)
Suppliers		**(4,460,489)**	(4,330,171)
Interest paid		**(2,163,244)**	(2,700,455)
Net cash flows from operating activities	**17**	**(4,931,580)**	(5,677,252)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current assets		**(34,153)**	(20,500)
Net cash flows from investing activities		**(34,153)**	(20,500)
CASH FLOWS FROM FINANCING ACTIVITIES			
Equity Contributions		**9,500,000**	9,688,889
Repayment of borrowings		**(3,998,106)**	(3,414,647)
Net cash flows from financing activities		**5,501,894**	6,274,242
Net increase/(decrease) in cash and cash equivalents		**536,161**	576,490
Cash and cash equivalents at beginning of period		**(4,572,011)**	(4,288,162)
Cash and cash equivalents at end of period	**9**	**(4,035,850)**	(3,711,672)

CAYMAN TURTLE FARM (1983) LTD
FOR THE YEAR ENDING 30 JUNE 2012

STATEMENTS OF ACTUAL COMMITMENTS AS AT 14 FEBRUARY 2011	Notes	2011/12 Budget $	2011/12 Forecast $
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 18 January 2010			
Guarantees			
Item 1 heading		-	-
Item 1 description		-	-
Item 2 heading		-	-
Item 2 description		-	-
Total Quantifiable Guarantees		-	-
Legal Proceedings and Disputes			
Construction contract dispute with Bushcatt		308,956	308,956
Total Legal Proceedings and Disputes		308,956	308,956
Other Contingent Liabilities			
Item 1 heading		-	-
Item 1 description		-	-
Item 2 heading		-	-
Item 2 description		-	-
Total Other Contingent Liabilities		-	-

CAYMAN TURTLE FARM (1983) LTD
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2012

	2011/12 Budget $	2011/12 Forecast $
NOTE 2. GOODS AND SERVICES (INCLUDING FEES AND CHARGES)		
General Sales		
Other Sales	4,939,658	4,442,069
Total Sales of Goods	**4,939,658**	4,442,069
Rentals		
Rentals - Other Properties	245,000	241,900
Total Rentals	**245,000**	241,900
Total Goods and Services	**5,184,658**	4,683,969
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	**10,627,837**	10,423,361
Total Operating Expenses	**10,627,837**	10,423,361

NOTE 4. PERSONNEL COSTS	2011/12 Budget $	2011/12 Forecast $
Personnel Costs		
Salaries, wages, allowances & employee pension contribution	3,089,530	2,961,953
Employer pension expense	244,475	233,142
Other personnel related expenses	158,500	135,500
Total Personnel Costs	**3,492,505**	**3,330,595**
NOTE 5. SUPPLIES AND CONSUMABLES		
Supplies and Consumables	**2,968,093**	2,884,130
Purchase of services	**1,461,896**	**1,420,541**
Other Supplies and Consumables	30,500	25,500
Total Supplies and Consumables	**4,460,489**	**4,330,171**
NOTE 6. DEPRECIATION		
Buildings	2,371,012	2,370,465
Furniture and fittings	1,230	59,575
Plant and equipment	167,080	165,323
Other assets	135,521	167,232
Total	**2,674,843**	**2,762,595**
Assets are depreciated on a straight line basis as follows:		
Buildings	2,371,012	2,370,465
Furniture and fittings	1,230	59,575
Plant and equipment	167,080	165,323
Other assets	135,521	167,232
NOTE 7. FINANCING EXPENSE		
Interest on Borrowing	1,604,481	1,796,502
Interest on Bank Overdraft and other interest	558,763	903,953
Total Financing Expense	**2,163,244**	**2,700,455**

	2011/12 Budget $	2010/11 Forecast $
NOTE 8. GAINS/LOSSES ON FOREIGN EXCHANGE TRANSACTIONS		
Gains/Losses on Foreign Exchange Transactions		
List separately if material	0	0
Total Gains/Losses on Foreign Exchange Transactions	**0**	0
NOTE 9. CASH AND CASH EQUIVALENTS		
Cash on hand (including petty cash)	201,062	205,000
Bank overdrafts	(4,236,912)	(3,916,672)
Total Cash and Cash Equivalents	**(4,035,850)**	**(3,711,672)**
NOTE 10. ACCOUNTS RECEIVABLE		
Sale of Outputs (goods and services) to Others	245,680	293,110
Prepayments & Other receivables	53,335	55,142
Total Gross	**299,015**	**348,252**
Less provision for doubtful debts	**-**	-
Total Net Accounts Receivable	**299,015**	**348,252**
Accounts receivable maturity schedule		
Not later than one year	**299,015**	**348,252**
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	**299,015**	**348,252**
NOTE 11. INVENTORIES		
Consumable Stores	92,090	101,500
Inventory – Live Stock	1,957,000	1,913,500
Total Inventories	**2,049,090**	**2,015,000**

NOTE 12. PROPERTY, PLANT AND EQUIPMENT	2011/12 Budget $	2011/12 Forecast $
Cost or Opening Valuation		
Land	1,221,555	1,221,555
Buildings	47,091,817	47,083,617
Vehicles	235,830	235,830
Furniture & Fittings	1,071,734	1,065,584
Plant and equipment	1,265,590	1,253,290
Other assets	796,843	789,340
Total Cost or Valuation	**51,683,369**	**51,649,216**
Accumulated Depreciation		
Buildings	14,741,339	12,370,327
Vehicles	235,829	235,829
Furniture and fittings	1,066,813	1,065,583
Plant and equipment	1,052,673	885,593
Other assets	738,645	603,124
Total Depreciation	**17,835,299**	**15,160,456**
Net Book Value		
Land	1,221,555	1,221,555
Buildings	32,350,478	34,713,290
Vehicles	1	1
Furniture and fittings	4,921	1
Plant and equipment	212,917	367,697
Other assets	58,198	186,216
Total Net Book Value	**33,848,070**	**36,488,760**
NOTE 13 ACCOUNTS PAYABLE		
Creditors	3,908,893	3,965,691
Operating lease rental	**-**	-
Accrued Expenses (short term portion)	**-**	-
Other Accounts Payable	1,005,236	945,086
Total Accounts Payable	**4,914,129**	**4,910,777**

	2011/12 Budget $	2011/12 Forecast $
NOTE 14. OTHER CURRENT LIABILITIES		
Provisions	-	-
Unfunded Pension liability	1,051,771	1,051,771
Other	-	-
Total Other Current Liabilities	**1,051,771**	**1,051,771**
NOTE 15. BORROWINGS		
Maturity profile as at 30 JUNE Year at Book Values		
Outstanding Debt		
Local Currency Debt		
Not later than one year	1,173,483	-
Between one and two years	1,218,225	-
Between two and five years	1,059,415	5,587,141
Later than five Years	-	-
Total Local Currency Debt	**3,451,123**	**5,587,141**
Foreign Currency Debt (state in $CI)		
Not later than one year	2,892,356	78,316
Between one and two years	3,043,688	-
Between two and five years	9,926,357	-
Later than five years	10,926,657	30,121,213
Total Foreign Currency Debt	**26,789,058**	**35,786,670**
Total Outstanding Debt	**30,240,181**	**35,786,670**
NOTE 16. ACCUMULATED SURPLUS		
General Reserve	(7,606,423)	(8,439,847)
Total Accumulated Surplus	**(7,606,423)**	**(8,439,847)**
Operating surplus/(deficit)	(7,606,423)	(8,439,847)
Non-cash movements		
Depreciation	2,674,843	2,762,595
Net cash flows from operating activities	**(4,931,580)**	**(5,677,252)**

BUDGET 2011/12

Ownership Agreement

Between

The Cabinet of the Cayman Islands Government

and

Children and Youth Services (CAYS) Foundation

For the year ending 30 June 2012

Contents

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

1. Purpose

This Ownership Agreement documents the ownership performance that the Cabinet and the Board of Children and Youth Services (CAYS) Foundation, have agreed that Children and Youth Services (CAYS) Foundation, will seek to achieve during the 2011/12 financial year.

The purpose of the document is to ensure that 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 ***Children and Youth Services (CAYS) Foundation*** is to operate during the year; 2011/12

General Nature of Activities

The ***Children and Youth Services (CAYS) Foundation*** provides a Therapeutic Community Programme which promotes positive peer interaction, healthy behaviours and lifestyles and builds resiliency and competency skills amongst youth who are court-ordered into residential care due to offending and/or anti-social behaviour. It also provides residential care for youth who are court-ordered as being in need of care and protection. Both programmes are offered in a safe, nurturing and home-like environment

Scope of Activities

The scope of ***Children and Youth Services (CAYS) Foundation*** activities is as follows:

- Policy advice to the Minister of Community Affairs, Gender and Housing on the direction of youth rehabilitation and care and protection services for children and reintegration into society. The delivery of Therapeutic Community and Care and Protection Programmes which utilise strength-based and positive youth development components to engage children placed in the CAYS Foundation care, their families and the community in the rehabilitative process

- The operation of two (2) government-owned residential homes, namely Bonaventure Boys Home, and Frances Bodden Girls Home and any other facility as required and agreed to by Cabinet and the CAYS Foundation respectively.

- The maintenance of the two government-owned residential homes, namely Bonaventure Boys Home and Frances Bodden Girls Home, to facilitate the programmes treatment principles and a high standard of cleanliness and order.

- The administration and supervision of the Therapeutic Community and Care and Protection Programmes offered at the Bonaventure Boys Home and Frances Bodden Girls Home respectively.

Customers and Location of Activities

The services provided by the ***Children and Youth Services (CAYS) Foundation*** target children court-ordered into residential care due to offending and/or behavioural issues and/or being in need of care and protection. The Foundation also partners with the resident's families, the community and other government departments such as the Department of Children and Family Services (DCFS), the Courts, the Department of Counselling Services and the Department of Education Services to facilitate rehabilitation, care and reintegration into society.

The activities occur in the Cayman Islands, with the physical location of the residential homes being in Grand Cayman.

3. Strategic Goals and Objectives

The key strategic goals and objectives (from an ownership perspective) for The ***Children and Youth Services (CAYS) Foundation***:

- CAYS will operate a Therapeutic Community Programme that addresses the anti-social attitudes, beliefs, and behaviours of their residents in a safe, nurturing and homelike environment.

- CAYS will operate a Care and Protection Programme offering twenty-four hour residential care for youth who are court-ordered as being in need of care and protection in a safe, nurturing and home-like environment.

- CAYS will ensure that their programmes place an emphasis on the principles of "right living" and peer accountability. Structure and daily routine will be the foundation of the operation.

- CAYS residents, with the assistance of staff, will work to build trusting relationships with their peers and staff in order to help each other bring about changes to their attitudes, behaviour and lifestyle.

- CAYS will develop and implement a comprehensive treatment plan and aftercare plan, including the provision of mentors, for each resident as determined by the Case Manager, the resident and other key staff to ensure successful reintegration and/or prevent future negative behaviours.

- CAYS will make every effort to reintegrate residents back into the mainstream educational system as determined by the Case Manager, resident and other key staff.

- CAYS will partner with the public and private sectors to ensure that the educational components provided by the Therapeutic Community Programme are preparing children for life-long learning and the work force in the Cayman Islands.

- CAYS will liaise with the public and private sectors to ensure that the residents are afforded scholarships/funding to further their educational opportunities.

- CAYS will facilitate staff training relevant to the programmes being offered and its principles of positive youth development in order to ensure that best practices are maintained.

- CAYS will fundraise so that it is not fully dependant on funding from the Cayman Islands Government

4. Roles and Responsibilities

Government Obligations

- Nominate one of its officers to be the primary contact for the Government with the Foundation for the purposes 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 this 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.
- Inspect the facilities to ensure that it upholds therapeutic principles, structure, cleanliness and order.

Foundation's 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 appropriately trained staff to meet the demands of the programmes. Staff with the necessary skill 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 the 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 the prior written approval of the Government.
- Not recruit or hire staff without the prior written approval of the Board and Government.
- Keep all books, 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 (2010 Revision) for ***Children and Youth Services*** **(CAYS)** ***Foundation*** for the 2011/12 financial year are as follows.

Financial Performance

Financial Performance Measure	**2011/12 Budget $**	**2010/11 Forecast $**
Revenue from Cabinet	2,251,906	1,828,413
Revenue from ministries, portfolios, statutory authorities and government companies	0	0
Revenue from other persons or organisations	50,000	50,000
Surplus/deficit from outputs		
Other expenses	2,472,932	1,890,000
Net Surplus/Deficit	(171,026)	(11,587)
Total Assets	806,376	947,160
Total Liabilities	43,209	12,967
Net Worth	763,167	934,193
Cash flows from operating activities	(170,967)	(11,587)
Cash flows from investing activities	0	0
Cash flows from financing activities	0	0
Change in cash balances	(170,967)	(11,587)

Financial Performance Ratio	**2011/12 Budget $**	**2010/11 Forecast $**
Current Assets: Current Liabilities	17:1	66 : 1
Total Assets: Total Liabilities	17:1	73 : 1

Maintenance of Capability

Human Capital Measures	**2011/12 Budget**	**2010/11 Forecast**
Total full time equivalent staff	36	31
Staff turnover (%)	0	0
Average length of service (Number) Senior management Professional staff Administrative staff	6 yrs 3 4 5	6 yrs 3 4 5
Significant changes to personnel management system	N/A	N/A

Physical Capital Measures	**2011/12 Budget $**	**2010/11 Forecast $**
Value of total assets	806,376	947,160
Asset replacements: total assets	0	1.1:1
Book value of depreciated assets: initial cost of those assets	0.9:1	0.9:1
Depreciation: Cash flow on asset purchases	0:0	0 : 0
Changes to asset management policies	N/A	N/A

Major Capital Expenditure Projects	**2011/12 Target $**
N/A	N/A

Risk Management

Key risks	**Change in status from previous year**	**Actions to manage risk**	**Financial value of risk**
Fire FBGH	Residents re-located	Upgrade facility	100,000

6. Summarised Forecast Financial Statements

A full set of forecast financial statements for Children and Youth Services (CAYS) Foundation is provided in the Appendix to this Ownership Agreement.

A summary of those forecasts is as follows:

Operating Statement	**2011/12 Budget $**	**2010/11 Forecast $**
Revenue	2,301,906	1,878,413
Operating Expenses	2,472,932	1,890,000
Net Surplus/Deficit	(171,026)	(11,587)

Balance Sheet	**2011/12 Budget $**	**2010/11 Forecast $**
Assets	806,376	947,160
Liabilities	43,209	12,967
Net Worth	763,167	934,193

Statement of Cash Flows	**2011/12 Budget $**	**2010/11 Forecast $**
Net cash flows from operating activities	(763,167)	(11,587)
Net cash flows from investing activities	0	0
Net cash flows from financing activities	0	0

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 (2010 Revision).

Transaction	**Amount for 2011/12 $**
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[19] **(includes Pension, Health, and Mileage)**	$16,408
Remuneration[20] Payments made to Key Management Personnel **(includes CEO salary)**	$80,248
Remuneration Payments made to Senior Management	$425,890

	Number for 2011/12
Number of Key Management Personnel (CEO)	1
Number of Senior Management (2-CM, 2-DCM, 1-Ed.C, 1-BM, 1-PM)	7

[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)

7. Agreement

Scope of this Agreement

In signing this document:

- ***Children And Youth Services (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 that this Ownership Agreement accurately documents the ownership performance that ***Children and Youth Services (CAYS) Foundation*** will seek to achieve for the 2011/12 financial year and that the Cabinet will monitor performance against.

_____

Hon. Mike Adam
Minister of Community Affairs, Gender and Housing
on behalf of the Cabinet

_____

Chairman of the Board
Children and Youth Services (CAYS) Foundation

30 June 2011

Appendix: Forecast Financial Statements

CHILDREN AND YOUTH SERVICES (CAYS) FOUNDATION
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2012

These Forecast Financial Statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2010 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 forecast financial statements are:

(a) Complete and reliable;
(b) Fairly reflect the forecast financial position as at 30 June 2012 and performance for ***Children and Youth Services (CAYS) Foundation*** for the year ended 30 June 2012; and
(c) Comply with generally accepted accounting practice.

_____
Chairman
On behalf of the Board

30 June 2011

CHILDREN AND YOUTH SERVICES (CAYS) FOUNDATION
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDING 30 JUNE 2012

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 accruals 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%

Comparative figures – comparative figures presented are per the Budget 2010/11 Ownership Agreement and have not been adjusted for actual figures.

FORECAST OPERATING STATEMENT
FOR THE YEAR ENDING 30 JUNE 2012

	2011/12 Budget $	**2010/11 Forecast $**
Grant income	2,251,906	1,828,413
Other income	50,000	50,000
Total income	2,301,906	1,878,413
Operating expenses	2,472,932	1,890,000
Surplus/(deficit) for year	**(171,026)**	**(11,587)**

CHILDREN AND YOUTH SERVICES (CAYS) FOUNDATION
FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30 JUNE 2012

	2011/12 Budget $	**2010/11 Forecast $**
Net worth, beginning of year	934,193	945,780
Surplus/(deficit) for year	(171,026)	(11,587)
Net worth, end of year	**763,167**	**934,193**

FORECAST BALANCE SHEET
AS AT 30 JUNE 2012

	2011/12 Budget $	**2010/11 Forecast $**
Cash	390,725	561,751
Grant receivable	377,303	300,000
Other assets	3,688	445
Other assets, net	34,688	84,964
Total Assets	**806,376**	**947,160**
Liabilities	**43,209**	**12,967**
Net worth	**763,167**	**934,193**

CHILDREN AND YOUTH SERVICES (CAYS) FOUNDATION
FORECAST STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30 JUNE 2012

	2011/12 Budget $	**2010/11 Forecast $**
Cash, beginning of year	561,692	573,338
Cash used operating activities	(170,097)	(11,587)
Cash used in investing activities	0	0
Cash, end of year	390,725	561,751

BUDGET 2011/12

Ownership Agreement

Between

The Cabinet of the Cayman Islands Government

and

Civil Aviation Authority

For the year ending 30 June 2012

Contents

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

1. Purpose

This Ownership Agreement documents the ownership performance that the Cabinet and the Board of the ***Civil Aviation Authority*** have agreed that the ***Civil Aviation Authority*** will seek to achieve during the 2011/12 financial year.

The purpose of the document is to ensure that 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 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:

- The Cayman Islands Airports Authority with respect to Owen Roberts International and Gerrard Smith Airports
- The Cayman Islands Government in respect of Edward Bodden Airfield, Little Cayman
- The Cayman Islands Government in respect of the Mosquito Research Control Unit aerial spraying operations
- The Cayman Islands Government in respect of economic regulatory services for airports and airlines
- Cayman Airways Ltd., Cayman Express Ltd. and Cayman Islands Helicopters
- Various Cayman Islands registered aircraft that are operated worldwide.

3. Strategic Goals and Objectives

The key strategic goals and objectives (from an ownership perspective) for the ***Civil Aviation Authority*** for the 2011/12 financial year are as follows:

- Revise and amend local aviation regulations:
    - Air Navigation (Fees) Regulations – two sections only
    - Air Transport (Licensing of Air Services) Regulations
    - Mortgaging of Aircraft Regulations
    - The Civil Aviation (Investigation of Accidents) Regulations
- Implement new UK Overseas Territories Aviation Regulations – new OTARs and amendments
- Certify and licence Owen Roberts International and Gerrard-Smith Airports.
- Promote the development of Little Cayman's aviation infrastructure to ensure safe air transport operations on that island.
- Increase the CI Aircraft Registry by 5%.

4. Ownership Performance Targets

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2010 Revision) for Civil Aviation Authority for the 2011/12 financial year are as follows.

Financial Performance

Financial Performance Measure	2011/12 Budget $	2010/11 Forecast $
Revenue from Cabinet	0	
Revenue from ministries, portfolios, statutory authorities and government companies	1,255,000	
Revenue from other persons or organisations	3,835,350	4,503,238
Surplus/deficit from outputs	1,322,163	969,951
Investment Revenue	15,000	
Net Surplus/Deficit	1,337,163	969,951
Total Assets	7,450,436	5,327,718
Total Liabilities	952,280	1,162,812
Net Worth	6,498,156	4,164,906
Cash flows from operating activities	1,397,173	897,193
Cash flows from investing activities	(35,900)	(69,850)
Cash flows from financing activities	(1,000,000)	(1,000,000)
Change in cash balances	361,273	(172,667)

Financial Performance Ratio	2011/12 Budget	2010/11 Forecast
Current Assets: Current Liabilities	25.53	8.66
Total Assets: Total Liabilities	7.82	4.58

Maintenance of Capability

Human Capital Measures	2011/12 Target $	2010/11 Forecast $
Total full time equivalent staff	21	21
Staff turnover (%)	0%	0%
Average length of service (Number)		
Senior management	7	7
Professional staff	5	5
Administrative staff	9	9
Significant changes to personnel management system		

Physical Capital Measures	2011/12 Target $	2010/11 Forecast $
Value of total assets	533,259	497,359
Asset replacements: total assets	20%	15%
Book value of depreciated assets: initial cost of those assets	27%	54%
Depreciation: Cash flow on asset purchases		
Changes to asset management policies		None

Major Capital Expenditure Projects	2011/12 Target $

Risk Management

Key risks	Change in status from previous year	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.

A summary of those forecasts is as follows:

Operating Statement	**2011/12 Budget $**	**2010/11 Forecast $**
Revenue	5,100,350	4,518,238
Operating Expenses	3,763,187	3,548,287
Net Surplus/Deficit	1,337,163	969,951

Balance Sheet	**As at 30 June 2012 $**	**As at 30 June 2011 $**
Assets	7,450,436	5,327,718
Liabilities	952,280	1,162,812
Net Worth	6,498,156	4,164,906

Statement of Cash Flows	**2011/12 Budget $**	**2010/11 Forecast $**
Net cash flows from operating activities	1,397,173	897,193
Net cash flows from investing activities	(35,900)	(69,850)
Net cash flows from financing activities	(1,000,000)	(1,000,000)

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 (2010 Revision).

Transaction	**Amount for 2011/12 $**
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	1,000,000
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 Personnel[21]	None
Remuneration[22] Payments made to Key Management Personnel	827,145
Remuneration Payments made to Senior Management	271,305

	Number for 2011
Number of Key Management Personnel	5
Number of Senior Management	7

Senior Management includes Key Management Personnel

[21] Key Management Personnel as defined by International Public Accounting Standards No 20, e.g. Minister, Board Member and Senior Management Team
[22] Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

7. 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 that this Ownership Agreement accurately documents the ownership performance that the Civil Aviation Authority will seek to achieve for the 2011/12 financial year and that the Cabinet will monitor performance against.

_____

Hon. Donovan Ebanks, JP
Deputy Governor, Portfolio of Internal and External Affairs
on behalf of the Cabinet

_____

Chairman of the Board
Civil Aviation Authority

30 June 2010

Appendix: Forecast Financial Statements

CIVIL AVIATION AUTHORITY
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2012

These Forecast Financial Statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2010 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 forecast financial statements are:

(a) complete and reliable;
(b) fairly reflect the forecast financial position as at 30 June 2012 and performance for Civil Aviation Authority for the year ended 30 June 2012; and
(c) comply with generally accepted accounting practice.

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Chairman of the Board
Civil Aviation Authority

30 June 2011

CIVIL AVIATION AUTHORITY
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDING 30 JUNE 2012

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 Leasehold Improvements	5 years
Furniture and Fixtures	10 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 2007 and for three years commencing June 1, 2007 for the London office.

The future obligations of lease payments, based on prior lease agreements, for the two office leases are as follows:

July 2010 to 15 August 2013 (24 Months)	Cayman Grand Harbour, Cayman Islands	CI$251,672

CIVIL AVIATION AUTHORITY
FORECAST OPERATING STATEMENT
FOR THE YEAR ENDING 30 JUNE 2012

	Note	2011/12 Budget $
		$000
Revenue		
Outputs to others		5,085,350
Investment revenue		15,000
Total Operating Revenue		**5,100,350**
Operating Expenses		
Personnel costs		2,291,244
Supplies and consumables		1,416,933
Depreciation		55,010
Total Operating Expenses		**3,763,187**
Surplus from Operating Activities and before Financing and Extraordinary items		**1,337,163**
Extraordinary items		0
Net Surplus/(Deficit) after extraordinary items		**1,337,163**

CIVIL AVIATION AUTHORITY
FORECAST BALANCE SHEET
AS AT 30 JUNE 2012

	NOTE	2011/12 Budget
		$000
CURRENT ASSETS	2	6,317,622
Cash and cash equivalents	3	950,238
Accounts receivable	3	32,210
TOTAL CURRENT ASSETS		**7,300,070**
NON-CURRENT ASSETS		
Trade receivables	3	8,000
Property, plant and equipment	6	142,366
TOTAL NON-CURRENT ASSETS		**150,366**
TOTAL ASSETS		**7,450,436**
CURRENT LIABILITIES		
Trade payables	7	62,000
Other payables and accruals	7	105,000
Unearned Revenue		49,028
Employment entitlements	8	94,252
Repayments of Surplus		0
TOTAL CURRENT LIABILITIES		**310,280**
TOTAL LIABILITIES		**952,280**
TOTAL ASSETS LESS TOTAL LIABILITIES		**6,498,156**
NET WORTH		
Accumulated surpluses/(deficits)		6,498,156
TOTAL NETWORTH		**6,498,156**

CIVIL AVIATION AUTHORITY
FORECAST STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30 JUNE 2012

	NOTE	2011/12 Budget
		$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Output to others		5,085,350
Interest received		15,000
Payments		
Personnel costs		(2,291,244)
Suppliers		(1,400,183)
Other payments		
Net cash flows from operating activities		**1,397,173**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of non-current assets and investments		(35,900)
Proceeds from sale of non-current assets and investments		
Net cash flows from investing activities		**(35,900)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Equity investment		0
Capital Withdrawal		0
Repayment of surplus		(1,000,000)
Proceeds from borrowings		0
Repayment of borrowings		0
Net cash flows from financing activities		(1,000,000)
Net increase/(decrease) in cash and cash equivalents		5,956,349
Cash and cash equivalents at beginning of period		
Cash and cash equivalents at end of period		**6,317,622**

CIVIL AVIATION AUTHORITY
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2012

NOTE 1 - PERSONNEL COSTS	**2011/12**
	Budget $
Salaries, wages, contracted officers (including employee pension contributions)	2,101,607
Employer pension expense	189,637
Total Personnel Costs	**2,291,244**
NOTE 2 - SUPPLIES AND CONSUMABLES	
Supply of goods and services	596,055
Operating lease rentals	135,738
Other	
Total Supplies and Consumables	**729,693**
NOTE 3 - DEPRECIATION	
Furniture and fittings	11,930
Computer hardware and software	20,389
Office equipment	15,300
Other plant and equipment	25,924
Other assets	4,400
Total Depreciation	**77,943**
NOTE 4 - CASH AND CASH EQUIVALENTS	
Cash on hand	4,173
Bank accounts	385,409
Short Term Deposits	5,928,040
Other cash or cash equivalents	0
Total Cash and Cash Equivalents	**6,317,622**
NOTE 5 - ACCOUNTS RECEIVABLE	
Outputs to Cabinet	0
Outputs to other government agencies	328,000
Outputs to others	898,231
Prepayments	20,000
Other Receivables	12,210
Total gross	**1,258,441**
Less provision for doubtful debts	(267,993)
Total Net	**990,448**

BUDGET 2010/11

Ownership Agreement

Between

The Cabinet of the Cayman Islands Government

and

Electricity Regulatory Authority

For the year ending 30 June 2011

Contents

1. Purpose
2. Nature and Scope of Activities
3. Strategic Goals and Objectives
4. Ownership Performance Targets
5. Summarised Forecast Financial Statements
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8. Appendix: Forecast Financial Statements

1. Purpose

This Ownership Agreement documents the ownership performance that the Cabinet and the Board of ***Electricity Regulatory Authority*** have agreed that ***Electricity Regulatory Autho****rity* will seek to achieve during the 2011/12 financial year.

The purpose of the document is to ensure that 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 ***Electricity Regulatory Authority*** is to operate during the year.

General Nature of Activities

The *Ele**ctricity Regulatory Authority*** became operational in May 2005 under the Electricity Regulatory Authority Law 2005. The ERA Law was amended in 2008. Its activities to date have been mainly involved in the negotiating and subsequent issue in April 2008 of Licenses granted to Caribbean Utilities Company Ltd (CUC). It also continues to monitoring the Cayman Brac Power & Light (CBPL) licence granted in 2003. Primary goals will be to continue to monitor these licences during the financial year, promote renewable energy sources, and negotiate new licences with new entrants to the electricity industry within the Cayman Islands, to ensure the continued supply of dependable electricity in the Cayman Islands.

Scope of Activities

The scope of ***Electricity Regulatory Authority*** activities is as follows:

- Monitor licences granted to CUC and CBPL, and the reporting requirements under those licences.
- Encourage the introduction of competition within the electricity generation industry within the Cayman Islands, with new licence(s) to be issued to new entrants to the market, especially in the use of renewable resources.
- Ensure that all licence fees and regulatory fees (where applicable) are collected in a timely fashion.
- Ensure that all reports due under the ERA Law 2008 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 Goals and Objectives

The key strategic goals and objectives (from an ownership perspective) for The ***Electricity Regulatory Authority*** for the 2011/12 financial year are as follows:

The expansion of energy generated from renewable resources within the Cayman Islands.

4. Ownership Performance Targets

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2010 Revision) for ***Electricity Regulatory Authority*** for the 2011/12 financial year are as follows.

Financial Performance

Financial Performance Measure	**2011/12 Budget $**	**2010/11 Forecast $**
Revenue from Cabinet	$ 120,000	$ 73,000
Revenue from ministries, portfolios, statutory authorities and government companies	NIL	NIL
Revenue from other persons or organisations	$ 840,000	$ 828,386
Surplus/deficit from outputs	$ 0	$ 0
Other expenses	$ 945,838	$ 786,044
Net Surplus/Deficit	$ 14,162	$ 115,342
Total Assets	$ 532,550	$ 662,889
Total Liabilities	$ 196,392	$ 190,892
Net Worth	$ 336,158	$ 471,997
Cash flows from operating activities	$ 34,483	$ 179,864
Cash flows from investing activities	$ (6,025)	$ (2,950)
Cash flows from financing activities	$ 5,489	$ 46,564
Change in cash balances	$ (266,053)	$ (76,532)

Financial Performance Ratio	**2011/12 Budget $**	**2010/11 Forecast $**
Current Assets: Current Liabilities	2.64/1	3.4/1
Total Assets: Total Liabilities	2.71/1	3.47/1

Maintenance of Capability

Human Capital Measures	2011/12 Budget	2010/11 Forecast
Total full time equivalent staff	3	3
Staff turnover (%)	NIL	NIL
Average length of service (Number) Senior management Professional staff Administrative staff	 7.25 2.5 1.5	 6.25 1.5 0.5
Significant changes to personnel management system	None	None

Physical Capital Measures	2011/12 Budget $	2010/11 Forecast $
Value of total assets	$ 532,550	$ 662,889
Asset replacements: total assets	NIL	NIL
Book value of depreciated assets: initial cost of those assets	13,825	12,912
Depreciation: Cash flow on asset purchases	85%	N/A
Changes to asset management policies	NIL	NIL

Major Capital Expenditure Projects	2011/12 Budget $
Computers	$ 2,775
Other Equipment	$ 3,250
Total	$ 6,025

Risk Management

Key risks	Change in status from previous year	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 ***The Electricity Regulatory Authority*** is provided in the Appendix to this Ownership Agreement.

A summary of those forecasts is as follows:

Operating Statement	**2011/12 Budget $**	**2010/11 Forecast $**
Revenue	$ 960,000	$ 901,836
Operating Expenses	$ 945,238	$ 786,044
Net Surplus	*$ 14,162*	*$ 115,342*

Balance Sheet	**2011/12 Budget $**	**2010/11 Forecast $**
Assets	$ 532,550	$ 662,889
Liabilities	$ 196,392	$ 190,892
Net Worth	*$ 336,158*	*$ 471,997*

Statement of Cash Flows	**2011/12 Budget $**	**2010/11 Forecast $**
Net cash flows from operating activities	$ 34,483	$ 179,864
Net cash flows from investing activities	$ (6,025)	$ (2,950)
Net cash flows from financing activities	$ 5,489	$ 46,544

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 (2010 Revision).

Transaction	**Amount for 2010/11 $**
Equity Investments into Electricity Regulatory Authority	NIL
Equity Repayments from Electricity Regulatory Authority to CIG.	$
Dividend or Profit Distributions to be made by *Electricity Regulatory Authority*	$ 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[23]	NIL
Remuneration[24] Payments made to Key Management Personnel	$ NIL
Remuneration Payments made to Senior Management	$ 277,035

	Number for 2010/11
No of Key Management Personnel (Directors)	11
No of Senior Management	2

[23] Key Management Personnel as defined by International Public Accounting Standards No 20, e.g. Minister, Board Member and Senior Management Team
[24] Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

7. Agreement

Scope of this Agreement

In signing this document:

- ***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 that this Ownership Agreement accurately documents the ownership performance that ***Electricity Regulatory Authority*** will seek to achieve for the 2011/12 financial year and that the Cabinet will monitor performance against.

_____

Minister, District Administration, Works, Lands and Agriculture
on behalf of the Cabinet

_____

Chairman of the Board
The Electricity Regulatory Authority

30 June 2011

Appendix: Forecast Financial Statements

THE ELECTRICITY REGULATORY AUTHORITY
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2012

These Forecast Financial Statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2010 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 forecast financial statements are:

(a) complete and reliable;
(b) fairly reflect the forecast financial position as at 30 June 2012 and performance for Electricity Regulatory Authority for the year ended 30 June 2012; and
c) comply with generally accepted accounting practice.

_____
Chairman
On behalf of the Board

30 June 2011

ELECTRICITY REGULATORY AUTHORITY
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDING 30 JUNE 2012

The forecast financial statements are prepared in accordance with International Accounting Standards. The significant accounting policies adopted by the Authority are as follows:

Revenues
Revenue from Cabinet is 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.

Translation of Foreign Currencies
There are no revenues or assets anticipated to be in any currency other than Cayman Islands Dollars.

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

Computer Hardware and Software	5 years
Other Equipment	5 years
Office Furniture and Equipment	10 years

Leased assets
There are no leased assets

ELECTRICITY REGULATORY AUTHORITY
FORECAST OPERATING STATEMENT
FOR THE YEAR ENDING 30 JUNE 2011

REVENUE	2011/12 Budget $	2010/11 Forecast $
Outputs billed to Cabinet	120,000	73,000
Regulatory Fees	840,000	828,363
Interest Income	NIL	23
TOTAL REVENUE	960,000	901,386
OPERATING EXPENSES		
Personnel Costs	358,826	310,974
Supplies & Consumables	312,000	290,769
Other Operating Expenses	269,000	179,381
Depreciation	**5,112**	**4,920**
Total Operating Expenses	945,838	786,044
SURPLUS	**14,162**	**115,342**

FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30 JUNE 2012

	2011/12 Budget $	2010/11 Forecast $
Balance of Net Worth B'Fwd	**471,997**	506,655
Operating Surplus	14,162	115,342
Dividend Paid to CIG	(150,000)	(150,000)
Closing Balance of Net Worth	**336,158**	**471,997**

ELECTRICITY REGULATORY AUTHORITY
FORECAST BALANCE SHEET
AS AT 30 JUNE 2012

	2011/12 Budget $	2010/11 Forecast $
CURRENT ASSETS		
Cash & Marketable Securities	137,471	253,514
Accounts Receivable	219,791	235,000
FIXED ASSETS		
Loan To Government	13,825	12,912
Reserved Accounts	153,614	153,614
Other Current Assets – Deposits & Prepaid	7,849	7,849
TOTAL ASSETS	532,550	662,889
TOTAL LIABILITIES	(196,392)	(190,892)
TOTAL ASSETS LESS LIABILITIES	**336,158**	**471,997**
NET WORTH		
Accumulated Profit	336,158	471,997
TOTAL NETWORTH	336,158	471,997

ELECTRICITY REGULATORY AUTHORITY
FORECAST STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30 JUNE 2012

	2011/12 Budget $	2010/11 Forecast $
Billings to Cabinet Actually Rec'd	135,209	89,817
Regulatory Fees	840,000	871,148
Other Income	NIL	23
Total	**975,209**	**960,988**
Payments		
Personnel costs	358,826	310,974
Suppliers	312,000	290,769
Other payments	269,900	179,381
Total	**(940,726)**	**(781,124)**
Net Cash Flow from Operations	34,483	179,864
Change in Assets & Liabilities	(6,025)	(2,960)
Changes in Non Current Assets	5,489	46,564
Cash flow from Financing Activities	(536)	43,604
Transfer to Reserve Account	(150,000)	(150,000)
Dividend Paid to CIG	(150,000)	(150,000)
Net Cash Flow	(266,053)	(76,532)
Cash Opening	253,514	330,046
Cash Closing	**(12,539)**	**(76,532)**
	(266,053)	**(76,532)**

ELECTRICITY REGULATORY AUTHORITY
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2012

The ***Electricity Regulatory Authority*** commenced operations in mid May 2005.

When new license(s) were issued to CUC in April 2008 regulatory fees of ½% of gross revenues become payable to the Electricity Regulatory Authority, quarterly in arrears on CUC's gross revenues. At year end an accrual is made of fees receivable, amounting to two months fees.

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

BUDGET 2011/12

Ownership Agreement

Between

The Cabinet of the Cayman Islands Government

and

Health Services Authority

For the year ending 30 June 2012

Contents

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

Appendix: Forecast Financial Statements

1. Purpose

This Ownership Agreement documents the ownership performance that the Cabinet and the Board of ***Health Services Authority*** have agreed that ***Health Services Authority*** will seek to achieve during the 2011/12 financial year.

The purpose of the document is to ensure that 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 **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 **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 **Health Services Authority** provides services 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.

2. Strategic Goals and Objectives

The key strategic goals and objectives (from an ownership perspective) for The **Health Services Authority** for the 2011/12 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.**

A. Improve quality of services and streamline processes to create greater efficiency outpatient services to reduce waiting times, increase customer service and enhance revenue.

B. Explore new business opportunities and continue the expansion of services offered locally to reduce the need for offshore referrals and increase the HSA's revenue potential.

C. Implement automated financial management systems to improve operational efficiencies and effective financial controls.

D. Recruit and recognise outstanding employees who exemplify the organisation's mission and vision with the aim of maintaining the cultural transformation.

E. Establish mechanisms to collect, process, and analyse data to better inform treatment guidelines and utilisation of resources.

4. Ownership Performance Targets

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2010 Revision) for ***Health Services Authority*** for the 2011/12 financial year are as follows.

Financial Performance

Financial Performance Measure	**2011/12 Target $**	**2010/11 Forecast $**
Revenue from Cabinet	24,966,046	26,387,912
Revenue from ministries, portfolios, statutory authorities and government companies	30,114,958	30,723,684
Revenue from other persons or organisations	28,023,045	24,274,333
Surplus/deficit from outputs	0	0
Other expenses	(84,070,210)	(80,306,053)
Net Surplus/Deficit	(1,126,161)	1,079,777
Total Assets	73,793,275	76,544,206
Total Liabilities	(6,668,926)	(8,293,694)
Net Worth	67,124,350	68,250,512
Cash flows from operating activities	689,361	1,339,984
Cash flows from investing activities	(3,000,000)	(1,808,000)
Cash flows from financing activities	0	1,808,000
Change in cash balances	(2,310,639)	1,339,984

Financial Performance Ratio	**2011/12 Target $**	**2010/11 Forecast $**
Current Assets: Current Liabilities	469%	381%
Total Assets: Total Liabilities	11.06	9.23

Maintenance of Capability

Human Capital Measures	2011/12 Target $	2010/11 Forecast $
Total full time equivalent staff	767	753
Staff turnover (%)	10%	10%
Average length of service (Number) Senior management Professional staff Administrative staff	 13.04 8.45 8.68	 12 8 7
Significant changes to personnel management system	None	None

Physical Capital Measures	2011/12 Target $	2010/11 Forecast $
Value of total physical assets	75,558,603	72,961,400
Asset replacements: total assets	4%	2.47%
Book value of depreciated assets: initial cost of those assets	62%	65%
Depreciation: Cash flow on asset purchases	99%	163%
Changes to asset management policies	None	None

Major Capital Expenditure Projects

Type	Item Description	2011/12
Buildings	Medical Gas System	243,000
Buildings	Fire Suppression System (Warehouses)	404,000
Computer Hardware	Computers and Monitors	100,000
Computer Software	Floor Supplies Management System	500,000
Medical Equipment	Sterrad	140,000
Medical Equipment	Dialysis Machine	60,000
Medical Equipment	High Performace Liquid Chromatopgraphy	61,163
Medical Equipment	Monitoring equipment for CCU	280,000
Medical Equipment	Resuscitaires with accessories	60,000
Other Assets	Pharmaceutical Isolator	60,000
Other Assets	Emergency Generator	500,000
Various	Various items	591,837
GRAND TOTAL		**$3,000,000**

Risk Management

Key Risks	Change in status from previous year	Actions to manage risk	Financial Value of Risk
Key Staff Vacancies Director of Support Services		Duties are currently being covered by another Senior Manager	0
Loss of key staff Clinical staff: Nurses, Physicians and Technicians due to retirement , resignation, lack of trained personnel on island and difficulty in recruiting and retaining professionals	Loss of staff in A&E, OR, Materials Management	Full implementation of revised salary structure Succession planning to identify school leavers and staff who can assume key positions Development of recruitment and retention strategies	$2M 350,000
Loss of information services for a prolonged period and/or loss of data due to inadequate IT infrastructure, security breach, lack of skilled IT professionals, and/or lack of reliable electric power	Allocation of capital funds to improve IT infrastructure	Procurement of reliable computer equipment Reliable back up processes for data Development and/or recruitment of IT skills Maintenance, servicing and protection of generator from flood waters Adequate document storage Establishment of down time procedures to be used in times of power/computer outages.	$1.3M ($4,000 loss productivity per hour of downtime x 336 hours)
Loss of communication or decreased ability to communicate in a disaster due to outdated technology	Dependence on pagers which are becoming obsolete	Maintenance of redundancies in telephone systems Maintenance of radios and satellite phones Use and maintenance of text messaging system Mobile Connect via LIME	0
Maintaining security of staff and facilities	Enhanced security contingency plan for improved communication	Development of a master security plan Improved security of facilities by restriction of access and maintenance of alarms on exits Installation of swipe card access to doors leading to operating theatre and maternity , for use after hours Placement of security guard at A&E with the contingency plan to call additional off duty security officers and RCIP if required for crowd control	0
Inadequate financial information system and/or IT skills to maintain and operate the system	IT Operations Manager	Upgrade of the financial software application system Development and/or recruitment of skilled staff	0

Key Risks	Change in status from previous year	Actions to manage risk	Financial Value of Risk
Business Interruption	Formulation of contingency plans to maintain operations	Securing adequate insurance to compensate for unavoidable interruptions in business Installation of Fire Suppression System in Materials Management Department to prevent destruction of Medical, Surgical and Pharmaceutical Supplies by fire	0
Potential exposure of Staff to Communicable Diseases and work related injuries	Outbreak of Pandemic Influenza	Enhanced Ventilation for Pathology Laboratory. Prevention of business interruption plan to include provision of personal protection equipment, flexible work times, remote access, Accident and injury reporting process Health and Safety inspections to ensure that work areas are free from hazards Securing of workman compensation insurance to cover employee injuries	0
Potential for litigation due to adverse patient outcomes	Potential for further increased in costs for Obstetric Indemnity	Acquire adequate Medical Malpractice insurance coverage Examine market for alternative med mal insurance providers Provision of continuing education to reduce risk of adverse outcome Consultation and discussions with the Ministry regarding tort reform	0
Potential for property damage in natural disaster due to aging facilities and the need for additional workspace for daily operations	Development of a master facility plan	Development of a preventative maintenance programme Secure adequate property insurance coverage Explore the possibility of some services operating remotely	0
Potential exposure as a result of accident injury to visitors	N/A	Adequate Public Liability insurance coverage Ensure that public spaces are free from hazards Provision of adequate lighting and seating	0
Potential exposure to accident injury to contractual workers on site	N/A	Ensure that contractual workers have adequate indemnity insurance	0
Financial Sustainability	Continuous process of	updating of charge master	$5.9M

Key Risks	Change in status from previous year	Actions to manage risk	Financial Value of Risk
	upgrading the charge master. Improving the patient experience by creating more automation in support services.	to include additional and existing chargeable items at current market rate Aligning of charge master with standard health insurance fees Monitoring of expenditure and revenue collections on a monthly basis at departmental levels Re-evaluating entry point service to retain customer base and improve service delivery at all points along the treatment chain. This will minimize the risk of late cash collection and bad debt creation. Work with the Ministry to have the government change the law which will allow freedom of charge master amendments and removal of ambiguity and conflicts in the law. Discussions with the Ministry regarding the need for upgrading of the SHIC plan to offer added benefits to basic card holders	
Inadequate funding for the replacement of aging clinical equipment	Depreciation of clinical equipment	Listing and tracking of assets Scheduled preventive maintenance of clinical equipment Seek alternative funding/ donations to replace equipment	0
Overseas healthcare for staff and dependents	No reinsurance to cover this cost	Source third party insurance provider to cover overseas costs	$1.5M

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.

A summary of those forecasts is as follows.

Operating Statement	**2011/12 Budget $**	**2010/11 Forecast $**
Revenue	82,944,049	81,385,829
Operating Expenses	(84,070,210)	(80,306,053)
Net Surplus/Deficit	(1,126,161)	1,079,777

Balance Sheet	**As at 30 June 2012 $**	**As at 30 June 2011 $**
Assets	73,793,275	76,544,206
Liabilities	(6,668,926)	(8,293,694)
Net Worth	67,124,350	68,250,512

Statement of Cash Flows	**2011/12 Budget $**	**2010/11 Forecast $**
Net cash flows from operating activities	689,361	1,339,984
Net cash flows from investing activities	(3,000,000)	(1,808,000)
Net cash flows from financing activities	0	1,808,000

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 (2010 Revision).

Transaction	**Amount for 2011/12 $**
Equity Investments into **Health Services Authority (Capital)**	0
Capital Withdrawals from **Health Services Authority**	0
Dividend or Profit Distributions to be made **Health Services Authority**	0
Government Loans to be made to **Health Services Authority**	0
Government Guarantees to be issued in relation **Health Services Authority**	0
Related Party Payments (Non Remuneration) made to Key Management Personnel[25]	0
Remuneration[26] Payments made to Key Management Personnel	1,739,508
Remuneration Payments made to Senior Management	1,713,408

	Number for 2011/12
No of Key Management Personnel	18 inc. 7 board member
No of Senior Management	11

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

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

7. Agreement

Scope of this Agreement

In signing this document:

- ***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 that this Ownership Agreement accurately documents the ownership performance that ***Health Services Authority*** will seek to achieve for the 2011/12 financial year and that the Cabinet will monitor performance against.

_____

Hon. Mark Scotland
Ministry of Health, Environment, Youth, Sports and Culture
on behalf of Cabinet

_____

Mr. Canover Watson
Chairman of the Board

Health Services Authority

30 June 2011

Appendix: Forecast Financial Statements
HEALTH SERVICES AUTHORITY
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2012

These Forecast Financial Statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2010 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 forecast financial statements are:

(a) complete and reliable;
(b) fairly reflect the forecast financial position as at 30 June 2012 and performance for ***Health Services Authority*** for the year ended 30 June 2012; and
(c) comply with generally accepted accounting practice.

_____

Mr. Canover Watson
Chairman of the Board

Health Services Authority
30 June 2011

HEALTH SERVICES AUTHORITY
ASSUMPTIONS
FOR THE YEAR ENDING 30 JUNE 2012

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) Revenue is anticipated to have the same trend as 2010/11 financial year. There's also a potential revenue increase by $2.1 million due to implementation of new charge master.

(3) Government Outputs are based on approved amounts in the Purchase Agreement for the 2011/12 year with the following assumptions:

- Enforcement of insurance law to ensure parents includes the care of their children on their insurance plan.
- Suspend the LPN program.
- Reduce the cost of other programs due to the Real Time Adjudication/Eligibility Verification System.

(4) Personnel Cost were budgeted based on HSA Staffing Plan which requires 767 (FTE).

(5) Bad Debt is computed based on 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 for the implementation of Real Time Adjudication/Eligibility Verification System.and amendments to the law to increase penalty for employers who have no health insurance for their staff. The continued enforcement of the payment policy throughout the organization should also yield improve collections..

(6) HSA Pension contribution is based on 7% (6% standard contribution plus 1% past service fee required by PSPB) for 12 months.

(7) Straight line is used in computing Depreciation on Fixed Assets.

(8) Malpractice insurance is assumed to increase by $650 thousand.

(9) Provisions were provided for contingent liability and unfunded defined pension liability.

(11) Target of 15 days cash reserve and the major capital expenditure projects will be funded by H.S.A.

Basis of accounting

The financial statements of the Health Authority are prepared on an accruals basis under the historical cost convention.

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.

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, 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.

Recognition

The Health Authority recognises financial assets and financial liabilities 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. 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.

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.

Financial instruments (continued*)*

Derecognition

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.

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

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.

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.

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.

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.

Revenue recognition

Patient revenue is recognized on the day services are provided.

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 and 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 BALANCE SHEET
AS AT 30 JUNE 2012

	Note	2011/12 Budget $	2010/11 Forecast $
Current Assets			
Cash and cash equivalents	**2**	4,212,657	6,523,296
Marketable securities and deposits		0	0
Trade receivables	**3**	15,298,409	13,542,350
Other receivables	**3**	215,000	400,000
Inventories	**4**	5,491,963	6,165,093
Total Current Assets		**25,218,029**	**26,630,739**
Non-Current Assets			
Trade receivables	**3**	1,212,057	1,212,057
Other receivables	**3**	0	224,626
Prepayments		200,000	200,000
Property, plant and equipment	**6**	47,163,190	48,276,783
Total Non-Current Assets		**48,575,247**	**49,913,466**
Total Assets		**73,793,275**	**76,544,206**
Current Liabilities			
Trade payables	**7**	2,515,642	4,140,410
Other payables and accruals	**7**	1,603,284	1,603,284
Bank Overdraft	**2**	0	0
Employee entitlements	**8**	1,250,000	1,250,000
Total Current Liabilities		**5,368,926**	**6,993,694**
Non-Current Liabilities			
Trade payables	**7**	1,300,000	1,300,000
Total Non-Current Liabilities		**1,300,000**	**1,300,000**
Total Liabilities		**6,668,926**	**8,293,694**
Net Assets		**67,124,350**	**68,250,512**
NET WORTH			
Contributed capital		136,875,642	136,875,642
Accumulated surpluses/(deficits)		(69,751,292)	(68,625,130)
Total Net Worth		**67,124,350**	**68,250,512**

HEALTH SERVICES AUTHORITY
FORECAST OPERATING STATEMENT
FOR THE YEAR ENDING 30 JUNE 2012

	Note	2011/12 Budget $	2010/11 Forecast $
Revenue			
Sale of goods and services	9	83,168,259	81,223,168
Investment revenue	10	5,000	5,000
Donations	11	80,000	80,000
Other revenue		77,661	77,661
Total Revenue		**83,330,920**	**81,385,829**
Expenses			
Personnel costs	12	49,994,007	47,830,063
Supplies and consumables	13	16,820,087	15,375,713
Depreciation	6	2,974,489	2,955,126
Impairment of property, plant and equipment	6	0	0
Impairment of inventory	4	0	0
Finance costs (overdraft interest)	14	165,265	71,891
Litigation costs	15	1,112,000	1,007,576
Gains/(losses) on foreign exchange transactions	16	0	0
Gains/(losses) on disposal/revaluation of property, plant and equipment	16	0	0
Extraordinary items		0	0
Other expenses		13,391,233	13,065,683
Total Expenses		**84,457,081**	**80,306,053**
Surplus or (Deficit) for the period		**(1,126,161)**	**1,079,777**

HEALTH SERVICES AUTHORITY
FORECAST STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30 JUNE 2012

	Note	2011/12 Budget $	2010/11 Forecast $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Sale of goods and services to Cabinet		25,464,194	26,387,912
Sale of goods and services to other government agencies		24,091,966	24,578,947
Sale of goods and services - third party		19,749,040	16,800,000
Interest received		5,000	5,000
Donations / Grants		80,000	80,000
Other receipts		213,741	338,485
Payments			
Personnel costs		(49,994,007)	(47,819,410)
Supplies and consumables		(18,364,268)	(19,030,950)
Interest paid		0	0
Other payments		(556,304)	0
Net cash flows from operating activities	17	**689,361**	**1,339,984**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	(3,000,000)	(1,808,000)
Proceeds from sale of property, plant and equipment			
Net cash flows from investing activities		**(3,000,000)**	**(1,808,000)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Equity Investment		0	1,808,000
Repayment of Surplus/Dividends			
Capital withdrawal			
Net cash flows from financing activities		**0**	**1,808,000**
Net increase/(decrease) in cash and cash equivalents		**(2,310,639)**	**1,339,984**
Cash and cash equivalents at beginning of period		6,523,296	5,183,312
Cash and cash equivalents at end of period		**4,212,657**	**6,523,296**

HEALTH SERVICES AUTHORITY
FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30 JUNE 2012

	Contributed Capital	Reserves	Revaluation Reserve	Accumulated Surplus/ (deficits)	Total
Balance at 30 June 2010	135,067,642			(69,659,964)	65,407,678
Prior Year Adjustments				(44,943)	(44,943)
Restated balance	135,067,642	0	0	(69,704,907)	65,362,735
Changes in net worth for 2010/11					
Equity Investment from Cabinet	1,808,000				1,808,000
Net revenue / expenses recognised directly in net worth	1,808,000	0	0	0	1,808,000
Surplus/(deficit)for the period 2010/11				1,079,776	1,079,776
Total recognised revenues and expenses for the period	1,808,000	0	0	1,079,776	2,887,776
Balance at 30 June 2011 carried forward	136,875,642	0	0	(68,625,131)	68,250,511
Balance at 30 June 2011 brought forward	136,875,642	0	0	(68,625,131)	68,250,511
Changes in net worth for 2011/12					
Prior Year Adjustments					0
Restated balance	136,875,642	0	0	(68,625,131)	68,250,511
Changes in net worth for 2011/12					
Equity Investment from Cabinet					0
Net revenue / expenses recognised directly in net worth	0	0	0	0	0
Surplus/(deficit)for the period 2011/12				(1,126,161)	(1,126,161)
Total recognised revenues and expenses for the period	0	0	0	(1,126,161)	(1,126,161)
Balance at 30 June 2012	136,875,642	0	0	(69,751,292)	67,124,350

Note 2: Cash and cash equivalents

Description change as applicable	2011/12 Budget $	2010/11 Forecast $
Cash on hand	6,300	6,300
Cash in transit	0	0
CI$ Account	827,708	1,500,000
US$ Account	547,172	547,172
Payroll Current Account	2,831,476	4,469,824
Bank Accounts held at other financial institutions	0	0
Fixed Deposits	0	0
TOTAL	**4,212,657**	**6,523,296**

Note 3: Trade and other receivables

Trade Receivables	2011/12 Budget $	2010/11 Forecast $
Sale of goods and services to Cabinet	13,162,169	12,598,815
Sale of goods and services to other government agencies	17,404,090	15,056,498
Sale of goods and services - third party	49,469,667	42,982,833
Other	0	0
Less: provision for doubtful debts	(63,525,460)	(55,883,739)
Total trade receivables	**16,510,466**	**14,754,407**

Other Receivables	2011/12 Budget $	2010/11 Forecast $
Advances (salary, Official Travel, etc)	15,000	15,000
Dishonoured cheques	0	0
Interest receivable	0	0
Other	200,000	609,626
Less: provision for doubtful debts	0	0
Total other receivables	**215,000**	**624,626**

	2011/12 Budget $	2010/11 Forecast $
Current		
Past due 1-30 days	5,753,108	5,302,405
Past due 31-60 days	2,308,542	2,043,551
Past due 61-90 days	2,600,754	2,302,221
Past due 90 and above	4,851,005	4,294,173
Non-Current		
Past due 1 year and above	1,212,057	1,436,683
Total	**16,725,466**	**15,379,033**

Changes in the provision of doubtful debts:

Description	2011/12 Budget $	2010/11 Forecast $
Balance at 1 July	55,883,739	48,084,042
Additional provisions made during the year	11,995,097	8,619,090
Receivables written off during the period	(4,353,376)	(819,393)
Balance at 30 June	63,525,460	55,883,739

Note 4: Inventories

Description	2011/12 Budget $	2010/11 Forecast $
Inventory held for use in the provision of goods and services	1,758,084	1,973,566
Inventory held for sale	3,733,879	4,191,527
Impairment of Inventory	0	0
TOTAL INVENTORIES	**5,491,963**	**6,165,093**

HEALTH SERVICES AUTHORITY
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2012
Note 6: Property, plant & equipment

Cost of Property, plant & equipment	***Land***	***Plant and equipment***	***Buildings***	***Furniture***	***Computers***	***Other assets***	***Infrastructure***	***Motor Vehicles***	***Assets under construction or development***	***Total***
Balance as at 1 July 2011	2,340,920	12,475,162	43,857,161	1,069,147	6,930,986	1,730,887	237,226		2,667,533	72,558,603
Additions		872,672	655,000	62,215	625,000	743,847		41,266		3,000,000
Disposals										0
Transfers										0
Balance as at 30 June 2012	2,340,920	13,347,834	44,512,161	1,131,362	7,555,986	2,474,734	237,226	41,266	2,667,533	**75,558,603**

Accumulated Depreciation impairment losses

	Land	***Plant and equipment***	***Buildings***	***Furniture***	***Computers***	***Other assets***	***Infrastructure***	***Motor Vehicles***	***Work in progress***	***Total***
Balance as at 1 July 2011	0	8,626,048	8,465,409	915,343	5,553,109	692,928	141,902		0	25,420,924
Impairment loss 2011/12										0
Depreciation Expense 2011/12	0	777,165	951,968	45,684	773,991	304,106	11,861	109,714	0	2,974,489
Eliminate on Disposal 2011/12										0
Balance as at 30 June 2012	0	9,403,213	9,417,377	961,027	6,327,100	997,034	153,763	109,714	0	**28,395,413**

Net Book value 30 June 2011	**2,340,920**	**3,849,114**	**35,391,752**	**153,804**	**1,377,877**	**1,037,959**	**95,324**	**223,395**	**2,667,533**	**47,137,678**

Net Book value 30 June 2012	**2,340,920**	**3,944,621**	**35,094,784**	**170,335**	**1,228,886**	**1,477,701**	**83,463**	**(68,448)**	**2,667,533**	**47,163,190**

Note 7: Trade payables, other payables and Accruals

	2011/12 Budget $	2010/11 Forecast $
Creditors Third party	1,215,642	2,840,410
Creditors Ministries/Portfolios	0	0
Creditors other government agencies	2,600,000	2,600,000
Payroll Deductions	0	0
Operating Lease	0	0
Accrued Expenses	1,603,284	1,603,284
Other payables	0	0
Total trade payables other payables and accruals	**5,418,926**	**7,043,694**

Note 8: Employee entitlements

	2011/12 Budget $	2010/11 Forecast $
Annual Leave	1,250,000	1,250,000
Retirement and long service leave		
Accrued salaries		
Travel		
Total current portion	**1,250,000**	**1,250,000**
Non-current employee entitlements are represented by:		
Retirement and long service leave		
Total employee entitlements	**1,250,000**	**1,250,000**

Note 9: Sales of Goods & Services

Revenue type	2011/12 Budget $	2010/11 Forecast $
Fees and Charges	0	0
General Sales	0	0
Rentals	151,200	151,200
Other Goods & Services Revenue	27,709,185	23,960,372
Sale of goods and services to Cabinet	25,192,917	26,387,912
Sale of goods and services to Other Ministries and Portfolios	30,114,957	30,723,684
Total sales of goods and services	**83,168,259**	**81,223,168**

Note 10: Investment revenue

Revenue type	2011/12 Budget $	2010/11 Forecast $
Interest on deposits	5,000	5,000
Total Investment revenue	**5,000**	**5,000**

Note 11: Donations

Source	2011/12 Budget $	2010/11 Forecast $
Donation - Sponsorship & etc	80,000	80,000
Total donations	**80,000**	**80,000**

Note 12: Personnel costs

Description	2011/12 Budget $	2010/11 Forecast $
Salaries, wages and allowances	44,363,848	42,979,382
Health care	1,450,000	1,450,000
Pension	3,790,059	2,977,035
Leave	0	0
Other personnel related costs	390,100	423,646
Total Personnel Costs	**49,994,007**	**47,830,063**

Note 13: Supplies and consumables

Description	2011/12 Budget $	2010/11 Forecast $
Supplies and Materials	10,174,685	9,351,894
Purchase of services	0	0
Lease of Property and Equipment	169,307	257,947
Utilities	2,781,895	2,843,360
General Insurance	3,225,000	2,407,656
Interdepartmental expenses	0	0
Travel and Subsistence	341,000	346,942
Other	128,200	167,915
Total Supplies & consumables	**16,820,087**	**15,375,713**

Note 14: Finance costs

	2011/12 Budget $	2010/11 Forecast $
Interest on overdraft		
Bank charges	165,265	71,891
Total Finance cost	**165,265**	**71,891**

Note 15 Litigation cost

	2011/12 Budget $	2010/11 Forecast $
Malpractice & employee litigations- legal fees	1,112,000	1,007,576
Description		
Total Litigation cost	**1,112,000**	**1,007,576**

Note 17: Reconciliation of net cash flows from operating activities to surplus/(deficit)

Description	2011/12 Budget $	2010/11 Forecast $
Surplus/(deficit) from ordinary activities	(1,126,161)	1,079,777
Non-cash movements		
Depreciation expense	2,974,489	2,974,489
Amortisation		
(Gain)/losses on sale of property plant and equipment		
Foreign exchange gains/(losses)		
Changes in current assets and liabilities:		
(Increase)/decrease in other current assets	336,672	336,672
(Increase)/decrease in receivables	(544,002)	(544,002)
(Increase)/decrease in receivables - Cabinet		
(Increase)/decrease in inventories	673,131	673,130
(Increase/(decrease) in payables	(1,624,768)	(1,624,768)
Increase/(decrease) in provisions relating to employee costs		
Net cash flows from operating activities	**689,361**	**2,895,298**

BUDGET 2011/12

Ownership Agreement

Between

The Cabinet of the Cayman Islands Government

and

Information and Communications Technology Authority

For the year ending 30 June 2012

Contents

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

1. Purpose

This Ownership Agreement documents the ownership performance that the Cabinet and the Board of *the* ***Information and Communications Technology Authority*** have agreed that *the* ***Information and Communications Technology Authority*** will seek to achieve during the 2011/12 financial year.

The purpose of the document is to ensure that 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 Authority*** was established in May 2002 by the Information and Communications Technology Authority Law 2002 (now the Information and Communications Technology Authority Law (2006 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 Goals and Objectives

The key strategic goals and objectives (from an ownership perspective) for *the* ***Information and Communications Technology Authority*** for the 2011/12 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 (2010 Revision) for *the* ***Information and Communications Technology Authority*** for the 2011/12 financial year are as follows.

Financial Performance

Financial Performance Measure	**2011/12 Target $**	**2010/11 Forecast $**
Revenue from Cabinet	339,526	329,367
Revenue from ministries, portfolios, statutory authorities and government companies	Nil	Nil
Revenue from other persons or organisations	1,117,618	1,224,936
Surplus/deficit from outputs	60,212	80,234
Other expenses		
Net Surplus/Deficit	212	10,233
Total Assets	1,227,431	1,162,359
Total Liabilities	63,326	58,466
Net Worth		
Cash flows from operating activities	82,075	78,356
Cash flows from investing activities		
Cash flows from financing activities	0	(500,000)
Change in cash balances	82,075	(421,644)

Financial Performance Ratio	**2011/12 Budget**	**2010/11 Forecast**
Current Assets: Current Liabilities	18.51:1	18.47:1
Total Assets: Total Liabilities	19.38:1	19.88:1

Maintenance of Capability

Human Capital Measures	2011/12 Budget $	2010/11 Forecast $
Total full time equivalent staff	8	9
Staff turnover (%)	12%	0%
Average length of service (Number) Senior management Professional staff Administrative staff	 3 1 4	 4 1 4
Significant changes to personnel management system	None	None

Physical Capital Measures	2011/12 Target $	2010/11 Forecast $
Value of total assets	1,227,431	1,162,359
Asset replacements: total assets	N/A	N/A
Book value of depreciated assets: initial cost of those assets	0.11:1	0.17:1
Depreciation: Cash flow on asset purchases	N/A	N/A
Changes to asset management policies	None	None

Major Capital Expenditure Projects	2011/12 Target $
None	None

Risk Management

Key risks	Change in status from previous year	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 ***the Information & Communications Technology Authority*** is provided in the Appendix to this Ownership Agreement.

A summary of those forecasts is as follows:

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 (2010 Revision).

Operating Statement	**2011/12 Budget $**	**2010/11 Forecast $**
Revenue	1,517,144	1,554,303
Operating Expenses	1,456,932	1,473,269
Net Surplus/Deficit	*60,212*	*81,034*

Balance Sheet	**As at 30 June 2012 $**	**As at 30 June 2011 $**
Assets	1,227,431	1,162,359
Liabilities	63,326	58,466
Net Worth	*1,164,105*	*1,103,893*

Statement of Cash Flows	**2011/12 Budget $**	**2010/11 Forecast $**
Net cash flows from operating activities	82,075	78,356
Net cash flows from investing activities		
Net cash flows from financing activities		(500,000)

Transaction	Amount for 2011/12 $
Equity Investments into the Information and Communications Technology Authority	Nil
Capital Withdrawals from the Information and Communications Technology Authority.	Nil
Dividend or Profit Distributions to be made by the Information and Communications Technology Authority.	Nil
Government Loans to be made to the Information and Communications Technology Authority.	Nil
Government Guarantees to be issued in relation to the Information and Communications Technology Authority.	Nil
Related Party Payments (Non Remuneration) made to Key Management Personnel[27]	Nil
Remuneration[28] Payments made to Key Management Personnel	Nil
Remuneration Payments made to Senior Management	402,241

	Number for 2011/12
No of Key Management Personnel	Nil
No of Senior Management	3

[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)

7. 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 that this Ownership Agreement accurately documents the ownership performance that *the* ***Information and Communications Technology Authority*** will seek to achieve for the 2011/12 financial year and that the Cabinet will monitor performance against.

_____

Minister of District Administration, Works, Land and Agriculture
on behalf of the Cabinet

_____

Chairman of the Board
Information and Communications Technology Authority

30 June 2011

Appendix: Forecast Financial Statements

THE INFORMATION AND COMMUNICATIONS TECHNOLOGY AUTHORITY
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2012

These Forecast Financial Statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2010 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 forecast financial statements are:

(a) complete and reliable;
(b) fairly reflect the forecast financial position as at 30 June 2012 and performance for *the* ***Information and Communications Technology Authority*** for the year ended 30 June 2012; and
(c) comply with generally accepted accounting practice.

_____
Chairman
On behalf of the Board

30 June 2011

THE INFORMATION AND COMMUNICATIONS TECHNOLOGY AUTHORITY
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDING 30 JUNE 2012

Significant Accounting Policies

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) 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:

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.

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.

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.

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.

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.

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.

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.

Operating lease

Lease payments are recognized as an expense on a straight-line basis over the lease term.

Financial Instruments - 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

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.

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.

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.

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.

Subsequent Events

Post-year-end events that provide additional information about the Authority's position at balance sheet date (adjusting event) are reflected in the financial statements. Post year-end events that are not adjusting events, if any, are disclosed in the notes to the financial statements when material.

THE INFORMATION AND COMMUNICATIONS TECHNOLOGY AUTHORITY
FORECAST OPERATING STATEMENT
FOR THE YEAR ENDING 30 JUNE 2012

	Note	1-Jul-11	1-Jul-10
		30-Jun-12	30-Jun-11
		Target	Forecast
		$	$
		1-Jul-11	1-Jul-10
Revenue			
Outputs to Cabinet		339,526	329,367
Licence and Regulatory Fees	1	1,172,530	1,219,270
Interest Revenue		5,088	5,666
Total Operating Revenue		**1,517,144**	**1,554,303**
Operating Expenses			
Personnel Costs	2	880,893	901,910
Supplies and consumables		64,335	63,214
Purchase of services		400,656	411,047
Operating lease rentals		75,924	73,663
Depreciation	3	27,166	15,480
Capital Charge			
Other operating expenses		7,958	7,955
Total Operating Expenses		**1,456,932**	**1,473,269**
Surplus from operating activities and before extraordinary items		**60,212**	**81,034**
Extraordinary Items			
Net Surplus before payments to Reserve		**60,212**	**81,034**
Transfer to Statutory Reserve		**60,000**	**70,801**
Net Surplus		**212**	**10,233**

THE INFORMATION AND COMMUNICATIONS TECHNOLOGY AUTHORITY
FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30 JUNE 2012

	1-Jul-11	1-Jul-10
	30-Jun-12	30-Jun-11
	Target	Forecast
	$	$
	1,103,893	**1,522,859**
Opening balance net worth		
Net Surplus(Deficit)	212	10,233
Net revaluations during the period		
Total recognised revenues and expenses		
Dividends	0	(500,000)
Statutory Reserve	60,000	70,801
Closing balance net worth	**1,164,105**	**1,103,893**

The Information & Communications Technology Authority			
FORECAST BALANCE SHEET			
AS AT 30 JUNE 2012			
	Notes	**1-Jul-11**	**1-Jul-10**
		30-Jun-12	**30-Jun-11**
		Target	**Forecast**
		$	**$**
Current Assets			
Cash and cash equivalents	4	540,724	458,649
Marketable securities and deposits			
Accounts receivable		591,209	581,048
Inventories			
Other current assets		40,353	40,351
Total Current Assets		**1,172,286**	**1,080,048**
Non-Current Assets			
Loans			
Other investments			
Property, plant and equipment	5	55,145	82,311
Other non-current assets			
Total Non-Current Assets		**55,145**	**82,311**
Total Assets		**1,227,431**	**1,162,359**
Current Liabilities			
Accounts payable		29,767	27,362
Unearned revenue			
Employee entitlements		30,000	25,000
Other current liabilities		3,559	6,104
Total Current Liabilities		**63,326**	**58,466**
Non-Current Liabilities			
Employee entitlements			
Unfunded Pension liability			
Borrowings			
Currency issued			
Other non-current liabilities			
Total Non-Current Liabilities			
Total Liabilities		63,326	58,466
TOTAL ASSETS LESS TOTAL LIABILITIES		**1,164,105**	**1,103,893**
NET WORTH			
Contributed Capital		887,500	887,500
Asset revaluation reserve			
Accumulated surpluses	6	276,605	216,393
Total Net Worth		**1,164,105**	**1,103,893**

The Information & Communications Technology Authority			
FORECAST STATEMENT OF CASH FLOWS			
FOR THE YEAR ENDING 30 JUNE 2012			
	Notes	**1-Jul-11**	**1-Jul-10**
		30-Jun-12	**30-Jun-11**
		Target	**Forecast**
		$	**$**
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Sale of Outputs to Cabinet		329,367	345,101
Major ICT Licence Regulatory Fees		1,172,530	1,219,270
Interest received		5,086	5,650
Extraordinary receipt			
Payments			
Personnel costs		880,893	901,910
Suppliers		544,015	589,755
Net cash flows from operating activities	7	**82,075**	**78,356**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current assets			
Purchase of investments			
Proceeds from sale of non-current assets			
Proceeds from sale of investments			
Net cash flows from investing activities			
CASH FLOWS FROM FINANCING ACTIVITIES			
Equity Contributions			
Capital Withdrawal			(500,000)
Repayment of Surplus			
Proceeds from borrowings			
Repayment of borrowings			
Net cash flows from financing activities			**(500,000)**
Net increase in cash and cash equivalents		**82,075**	**(421,644)**
Cash and cash equivalents at beginning of period		458,649	880,293
Cash and cash equivalents at end of period		**540,724**	**458,649**

The Information & Communications Technology Authority			
NOTES TO THE FORECAST FINANCIAL STATEMENTS			
FOR THE YEAR ENDING 30 JUNE 2012			
		1-Jul-11	**1-Jul-10**
		30-Jun-12	**30-Jun-11**
		Target	**Forecast**
		$	**$**
NOTE 1. GOODS AND SERVICES (INCLUDING FEES AND CHARGES)			
Fees and Charges			
Major ICT Licence Regulatory Fees		1,006,500	1,006,500
Fixed Annual ICT Licence Fees		156,030	200,770
ICT Licence Application Fees		10,000	12,000
.ky Internet Domain Registration Fees			
Other Fees and Charges			
Total Fees and Charges		**1,172,530**	**1,219,270**
General Sales			
Rentals			
Other			
Total Goods and Services			
NOTE 2. PERSONNEL COSTS			
Personnel Costs			
Salaries, wages, allowances & employee pension contribution		797,645	817,719
Employer pension expense		83,248	84,191
Total Personnel Costs		**880,893**	**901,910**
NOTE 3. DEPRECIATION			
Furniture and fittings		51	301
Computer hardware and software		22,613	9,116
Office equipment		4,502	6,063
Other assets			
Total		**27,166**	**15,480**
NOTE 4. CASH AND CASH EQUIVALENTS			
Cash on hand (including petty cash)		30	30
Bank accounts		69,493	
Bank overdrafts		0	(11,768)
Short Term Deposits including call accounts (up to 90days)		471,201	470,387
Other cash or cash equivalents			
Total Cash and Cash Equivalents		**540,724**	**458,649**

The Information & Communications Technology Authority			
NOTES TO THE FORECAST FINANCIAL STATEMENTS			
FOR THE YEAR ENDING 30 JUNE 2012			
		1-Jul-11	**1-Jul-10**
		30-Jun-12	**30-Jun-11**
		Target	**Forecast**
		$	**$**
NOTE 5. PROPERTY, PLANT AND EQUIPMENT			
Cost or Opening Valuation			
Furniture and fittings		231,908	231,908
Computer hardware and software		161,485	161,485
Office equipment		90,954	90,954
Other assets			
Total Cost or Valuation		**484,347**	**484,347**
Accumulated Depreciation			
Furniture and fittings		231,908	231,857
Computer hardware and software		120,985	98,372
Office equipment		76,309	71,807
Other assets			
Total Depreciation		**429,202**	**402,036**
Net Book Value			
Furniture and fittings		0	51
Computer hardware and software		40,500	63,113
Office equipment		14,645	19,147
Other assets			
Total Net Book Value		**55,145**	**82,311**
NOTE 6. ACCUMULATED SURPLUS			
Retained Earnings held as general funds		(74,196)	(74,408)
Retained Earnings held in Statutory Reserve		350,801	290,801
Total Accumulated Surplus		**276,605**	**216,393**

The Information & Communications Technology Authority			
NOTES TO THE FORECAST FINANCIAL STATEMENTS			
FOR THE YEAR ENDING 30 JUNE 2012			
		1-Jul-11	**1-Jul-10**
		30-Jun-12	**30-Jun-11**
		Target	**Forecast**
		$	**$**
FROM OPERATING ACTIVITIES			
Operating surplus/(deficit)		60,212	81,034
Non-cash movements			
Depreciation		27,166	15,480
Loss on disposal of fixed assets			
Increase in provision for doubtful debts			
Increase in payables/accruals		4,860	19,462
Personnel			
Subsidies, grants and transfers			
Increase in borrowings			
Net gain/loss from sale of fixed assets			
Net gain/loss from sale of investments			
(Decrease)/Increase in other current assets		(2)	6,716
Increase in investments due to revaluation			
Increase in receivables		(10,161)	(44,336)
Net cash flows from operating activities		**82,075**	**78,356**

BUDGET 2011/12

Ownership Agreement

Between

The Cabinet of the Cayman Islands Government

And

Maritime Authority of the Cayman Islands

For the year ending 30 June 2012

Contents

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

Appendix: Forecast Financial Statements

1. Purpose

This Ownership Agreement documents the ownership performance that the Cabinet and the Board of ***Maritime Authority of the Cayman Islands*** have agreed that ***Maritime Authority of the Cayman Islands*** will seek to achieve during the 2011/12 financial year.

The purpose of the document is to ensure that 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 ***Maritime Authority of the Cayman Islands (MACI)*** 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

The scope of ***Maritime Authority of the Cayman Islands (MACI)***activities is as follows:

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[29] 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

The services provided by ***Maritime Authority of the Cayman Islands (MACI)***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 nine locations, the head office in George Town, the European Regional Office - United Kingdom, representative offices in Greece, South Florida, Monaco, Japan, Singapore, Hong Kong and the Cayman Islands Government Office in the United Kingdom.

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

3. Strategic Goals and Objectives

The key strategic goals and objectives (from an ownership perspective) for The ***Maritime Authority of the Cayman Islands*** for the 2011/12 financial year are as follows:

1) Information Technology initiatives:

a) Conduct an analysis and implementation of client online functionality, the *Virtual Office Environment*; thereby enhancing the "user-friendly" capability of our website;

b) Effect a fully integrated information system (i.e. the Electronic Content Management System) incorporating archival document protection;

c) Introduce a Client Relationships Management System;

d) Implement data information technology back-up capability in the European Regional Offices, which will include re-configuration of that office, thereby enhancing services to our valued European clientele;

2) Expand MACI Consulting, valuable services catering to the worldwide yachting community and other maritime interests;

3) Continue to update and streamline relevant domestic legislation to keep us in the forefront of modern regulation;

4) Maintain certification in accordance with ISO 90001:2008 in preparation for participation in the International Maritime Organisation's Flag State Voluntary Audit Scheme;

5) Implement a re-branding programme for MACI and re-work the branding for the Cayman Islands Shipping Registry to further enhance our leadership position in the global industry.

4. Ownership Performance Targets

The ownership performance targets as specified in schedule 5 to the Public Management and Finance Law (2010 Revision) for ***Maritime Authority of the Cayman Islands*** for the 2011/12 financial year are as follows.

Financial Performance

Financial Performance Measure	**2011/12 Target $**	**2010/11 Forecast $**
Revenue from Cabinet	1,051,399	1,051,399
Revenue from ministries, portfolios, statutory authorities and government companies	0	0
Revenue from other persons or organisations	7,655,774	7,318,270
Surplus/deficit from outputs	0	0
Other expenses	8,581,658	8,216,941
Net Surplus/Deficit	125,515	152,728
Total Assets	3,608,257	3,659,690
Total Liabilities	(467,254)	(644,202)
Net Worth	3,141,003	3,015,488
Cash flows from operating activities	150,080	(31,253)
Cash flows from investing activities	(100,000)	(55,000)
Cash flows from financing activities	0	0
Change in cash balances	0	0

Financial Performance Ratio	**2011/12 Target $**	**2010/11 Forecast $**
Current Assets: Current Liabilities	7.13	5.32
Total Assets: Total Liabilities	7.72	5.68

Maintenance of Capability

Human Capital Measures	2011/12 Target	2010/11 Forecast
Total full time equivalent staff	50	49
Staff turnover (%)	4.0%	4.0%
Average length of service (Number) Senior management Professional staff Administrative staff	 6.24 5.89 5.10	 5.29 4.89 4.10
Significant changes to personnel management system	None	None

Physical Capital Measures	2011/12 Target	2010/11 Forecast
Value of total assets	3,608,257	3,659,690
Asset replacements: total assets	22.3%	20.8%
Book value of depreciated assets: initial cost of those assets	23%	31%
Depreciation: Cash flow on asset purchases	37%	41%
Changes to asset management policies	None	None

Major Capital Expenditure Projects	2011/12 Target $
Upgrade to the Cayman Islands Shipping Information System and Electronic	100,000
Content Management System	

Risk Management

Key risks	Change in status from previous year	Actions to manage risk	Financial value of risk
War and Terrorism	New	Insurance policy to manage risk	Unquantifiable
Loss/absence of critical staff	New	Succession planning and develop an organizational structure and environment which provides challenges, promotes advancement and recognize achievements	Unquantifiable
Loss of important data	New	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.

A summary of those forecasts is as follows.

Operating Statement	**2011/12 Budget $**	**2010/11 Forecast $**
Revenue	8,707,173	8,369,669
Operating Expenses	8,581,658	8,216,941
Net Surplus/Deficit	*125,515*	*152,728*

Balance Sheet	**As at 30 June 2012 $**	**As at 30 June 2011 $**
Assets	3,608,257	3,659,690
Liabilities	(467,254)	(644,202)
Net Worth	*3,141,003*	*3,015,488*

Statement of Cash Flows	**2011/12 Budget $**	**2010/11 Forecast $**
Net cash flows from operating activities	150,080	(31,253)
Net cash flows from investing activities	(100,000)	(55,000)
Net cash flows from financing activities	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 2010 Revision.

Transaction	**Amount for 2011/12 $**
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[30]	0
Remuneration[31] Payments made to Key Management Personnel	1,139,741
Remuneration Payments made to Senior Management	1,120,305

	Number for 2011/12
No of Key Management Personnel	16
No of Senior Management	9

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

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

7. Agreement

Scope of this Agreement

In signing this document:

- *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 that this Ownership Agreement accurately documents the ownership performance that ***Maritime Authority of the Cayman Islands*** will seek to achieve for the 2011/12 financial year and that the Cabinet will monitor performance against.

_____

Hon. W. McKeeva Bush, OBE, JP

Minister of Finance, Tourism and Development

on behalf of Cabinet

_____

Chairman of the Board

Maritime Authority of the Cayman Islands

Date: 30 June 2011

Appendix: Forecast Financial Statements

MARITIME AUTHORITY OF THE CAYMAN ISLANDS
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2012

These Forecast Financial Statements have been prepared in accordance with the provisions of the Public Management and Finance Law 2010 (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 forecast financial statements are:

(a) Complete and reliable;
(b) Fairly reflect the forecast financial position as at 30 June 2012 and performance for *Maritime Authority of the Cayman Islands* for the year ended 30 June 2012; and
(c) Comply with generally accepted accounting practice.

_____

Chairman of the Board

Maritime Authority of the Cayman Islands

Date: 30 June 2011

MARITIME AUTHORITY OF THE CAYMAN ISLANDS
OPERATING STATEMENT
FOR THE YEAR ENDING 30 JUNE 2012

	Notes	*Budget June-12*
Operating Revenue		
Sales of Goods and Services		7,555,774
Revenue from Government		1,051,399
Total Operating Revenue		8,607,173
Operating Expenses		
Personnel Cost	*9*	4,134,328
Supplies & Consumables	*10*	4,305,766
Depreciation	*11*	141,564
Total Operating Expenses		8,581,658
Surplus/(Deficit) from Operating Activities		25,515
Gains/(Losses) on Foreign Exchange Transaction		100,000
Total Non Operating Revenue & Expenses		100,000
Surplus/(Deficit) Before Extraordinary Items		125,515
Extraordinary Items		0
Net Surplus/(Deficit)		125,515

MARITIME AUTHORITY OF THE CAYMAN ISLANDS
BALANCE SHEET
FOR THE YEAR ENDING 30 JUNE 2012

		Budget June-12
Current Assets		
Cash & Cash Equivalents	*12*	1,482,021
Accounts Receivable	*13*	1,854,000
Total Current Asset		3,336,021
Non Current Assets		
Property, Plant & Equipment	*14*	183,236
Other Non Current Assets		89,000
Total Non Current Assets		272,236
Total Assets		3,608,257
Current Liabilities		
Accounts Payable	*15*	135,870
Unearned Revenue	*16*	254,000
Employee Entitlements		30,000
Other Current Liabilities		47,384
Total Liabilities		467,254
Total Assets Less Total Liabilities		3,141,003

MARITIME AUTHORITY OF THE CAYMAN ISLANDS
STATEMENT OF NET WORTH
FOR THE YEAR ENDING 30 JUNE 2012

	Budget June-12
Net Worth	
Net Operating Surplus/(Deficit)	125,515
Accumulated Surplus	3,015,488
Total Networth	3,141,003

MARITIME AUTHORITY OF THE CAYMAN ISLANDS
CASH FLOW STATEMENT
FOR THE YEAR ENDING 30 JUNE 2012

	Budget June-12
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts	
Sales of goods and services	7,449,523
Sale of Output to Cabinet	1,100,000
Payments	
Personnel costs	(4,114,328)
Suppliers	(4,285,115)
Net cash flows from operating activities	150,080
CASH FROM INVESTING ACTIVITIES	
Purchase of non-current assets	(100,000)
Proceeds from sale of non-current assets	0
Net cash flows from investing activities	(100,000)
CASH FLOWS FROM FINANCING ACTIVITIES	
Capital Contribution Cabinet	0
Dividends repayments	0
Net cash flows from financing activities	0
Net increase/(decrease) in cash and cash equivalents	50,080
Cash and cash equivalents at beginning of period	1,431,941
Cash and cash equivalents at end of period	1,482,021

MARITIME AUTHORITY OF THE CAYMAN ISLANDS
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2012

Organization and Objectives

The Maritime Authority of the Cayman Islands (MACI) is a statutory corporation formed as a separate legal entity under the Maritime Authority of the Cayman Islands Law (2005) which came into effect on July 1, 2005. The Authority is wholly-owned by the Government of the Cayman Islands but governed by a Board of Directors appointed by the Governor of the Cayman Islands. MACI reports to the Cabinet of the Cayman Islands through the Portfolio of Finance and Economics but is also responsible to the UK Secretary of State via the UK's Maritime and Coastguard Agency (UK MCA) for the effective implementation of the relevant international maritime and related Conventions that have been ratified by the UK Government and extended to Cayman.

The original Cayman Islands Shipping Registry (CISR) maritime administration structure, which is the main forerunner to MACI, was first set-up in 1903 when George Town was established as a British Port of Registry. The CISR obtained British Registry Category 1 Status on July 25, 1991. The Category 1 Group of British Registries includes the UK, Bermuda, Cayman, Gibraltar and the Isle of Man. All of these can register vessels of any size and type provided that they meet international standards. The CISR is now a division of MACI. However, there are a number of other critical responsibilities that have been added to the new Authority. The Authority therefore combines into one body:

1. The original CISR's vessel and mortgage Registration, Advisory, and marine Survey and Audit services

2. The overall responsibility for implementing Cayman's marine pollution prevention, maritime safety and security, and seafarers' welfare obligations under international Conventions and Codes and under Cayman legislation for Cayman-flagged vessels

3. The responsibility for the implementation of Cayman's obligations under the Caribbean Memorandum of Understanding on Port State Control for foreign-flagged vessels entering Cayman Islands ports and for marine Casualty Investigation activities in relation to Cayman-flagged vessels

4. The responsibility for national maritime policy formulation, the provision of advice on maritime-related matters, and the development of Cayman's maritime-related legislation

5. The responsibility to represent Cayman at international fora and to protect its maritime interests

Basis of preparation

The Financial statements of MACI are prepared in accordance with International Public Sector Accounting Standards (IPSAS) using the accrual basis of accounting. Where there is currently no IPSAS, other authoritative pronouncements such as International Accounting Standards and United Kingdom reporting standards applicable to the public sector have been used. The measurement base applied is historical cost adjusted for revaluations of certain assets. The reporting Currency is Cayman Islands Dollars basis.

Reporting Period

The Budget reporting period is the year ended 30 June, 2012.

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)

1. 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.

2. 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 1 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.

3. Pensions

Pension contributions for eligible employees of MACI are paid to either the Pubic Service Pensions Fund (the "Fund") or the Chamber of Commerce Silver Thatch Pension Fund (Silver Thatch). The Fund is administered by the Public Service Pensions Board ("the Pensions Board) and is operated as a multi-employer non-contributory fund, whereby the employer pays both employer and employees contributions. With effect from 1 January 2000 the Fund had both a defined benefit and a defined contribution element. Participants joining after that date became members of the defined contribution element. MACI therefore funds 6% employee and 6% employers' contributions for all employees joining MACI prior to 1 January 2006.

MACI has not recognized any of the unfunded Past Service Liability (PSL) due to the fact that there is not an up to date Actuarial review. Pensions Board management also confirmed that the contribution rate would be 13% effective January 1999. This rate includes a 1% non-retirement benefit contribution. MACI began recognizing this contribution rate of 13% from 1 July 2005 for employees under the define contribution element.

For employees joining 1 January 2006 the contribution rate in effect is 5% employer's contribution and the employees is required to contribute 5% if enrolled with the Silver Thatch or 7% to participate in the Public Service Pension Fund.

Related Party Transactions

The Board of Directors of MACI is appointed by the Governor and consists of the Chief Executive Officer, Secretary to the Board as ex-officio members and seven directors as at 30 June 2011.

The following Government department/entities provided services to MACI during 2011:

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. PERSONNEL COSTS

	2011/12 Budget
Salaries and wages (including employee pension contributions)	3,840,328
Employer/Government pension expense	294,000
Total Personnel Costs	4,134,328

NOTE 10. SUPPLIES AND CONSUMABLES

	2011/12 Budget
Supply of goods and services	3,596,166
Operating lease rentals	709,600
Other	-
Total Supplies and Consumables	4,305,766

NOTE 11. DEPRECIATION

	2011/12 Budget
Furniture and fittings	33,600
Computer hardware and software	58,800
Office equipment	20,400
Other plant and equipment	-
Other assets	28,764
Total Depreciation	141,564

NOTE 12. CASH AND CASH EQUIVALENTS

	2011/12 Budget
Cash on hand	932,021
Bank accounts	550,000
Deposits with Portfolio Finance and Economic (Treasury)	-
Other cash or cash equivalents	-
Total Cash and Cash Equivalents	1,482,021

NOTE 13. ACCOUNTS RECEIVABLE

	2011/12 Budget
Outputs to Cabinet	200,000
Outputs to other government agencies	-
Outputs to others	1,818,181
Prepayments	-
Other Receivables	35,819
Total Gross	2,054,000
Less provision for doubtful debts	200,000
Total Net	1,854,000

MARITIME AUTHORITY OF THE CAYMAN ISLANDS
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2012

NOTE 14. PROPERTY, PLANT AND EQUIPMENT

	Opening Balance	Addition	Depreciation Expense	Closing Balance 2011/12 Budget
	$000	$000	$000	$000
Furniture and fittings	88.00		33.00	55.00
Computer hardware and software	67.00	100.00	62.00	105.00
Office equipment	35.00		22.00	13.00
Plant and equipment	0.00		0.00	0.00
Other assets	34.00		24.00	10.00
Total	224.00	100.00	141.00	183.00

NOTE 15. ACCOUNTS PAYABLE

	2011/12 Budget
Trade Creditors	135,870
Total	135,870

NOTE 16. UNEARNED REVENUE

	2011/12 Budget
Revenue received in advance	254,000
Total	254,000

MARITIME AUTHORITY OF THE CAYMAN ISLANDS
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2012

NOTE 17. EMPLOYEE ENTITLEMENTS (CURRENT)

	2011/12 Budget
Long service leave and other leave entitlements	30,000
Other salary related entitlements	-
Total Employee Entitlements	30,000

NOTE 18. RECONCILIATION OF OPERATING SURPLUS TO CASH FLOWS FROM OPERATING ACTIVITIES

	2011/12 Budget
Operating surplus/(deficit)	125,515
Non-cash movements	0
Depreciation	141,564
Decrease in Receivables	(164,960)
Increase in Payables / Accruals	47,961
Net cash flows from operating activities	158,080

BUDGET 2011/12

Ownership Agreement

Between

The Cabinet of the Cayman Islands Government

and

National Drug Council

For the year ending 30 June 2012

Contents

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

Appendix: Forecast Financial Statements

1. Purpose

This Ownership Agreement documents the ownership performance that the Cabinet and the Board of ***National Drug Council*** have agreed that ***National Drug Council*** will seek to achieve during the 2011/12 financial year.

The purpose of the document is to ensure that 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 ***National Drug Council*** is to operate during the year.

General Nature of Activities

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**

Strategic Goals and Objectives

The key strategic goals and objectives (from an ownership perspective) for The *National Drug Council* for the 2011/12 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.

3. Ownership Performance Targets

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2010 Revision) for ***National Drug Council*** for the 2011/12 financial year are as follows.

Financial Performance

Financial Performance Measure	**2011/12 Target $**	**2010/11 Forecast $**
Revenue from Cabinet	455,958	485,992
Revenue from ministries, portfolios, statutory authorities and government companies	0	0
Revenue from other persons or organisations	0	0
Surplus/deficit from outputs	0	0
Other expenses	455,958	485,992
Net Surplus/Deficit	-	-
Total Assets	188,343	176,540
Total Liabilities	21,097	9,294
Net Worth	167,246	167,246
Cash flows from operating activities	(35,932)	0
Cash flows from investing activities	0	0
Cash flows from financing activities	0	0
Change in cash balances	(35,932)	29,191

Financial Performance Ratio	**2011/12 Target $**	**2010/11 Forecast $**
Current Assets: Current Liabilities	2:1	2:1
Total Assets: Total Liabilities	1:3	1:2

Maintenance of Capability

Human Capital Measures	2011/12 Target $	2010/11 Forecast $
Total full time equivalent staff	5	5
Staff turnover (%)	0	0
Average length of service (Number) Senior management Professional staff Administrative staff	 3.5 8.5 5	 2.5 7.5 4
Significant changes to personnel management system	0	0

Physical Capital Measures	2011/12 Target $	2010/11 Forecast $
Value of total assets	173,987	167,246
Asset replacements: total assets	1:05	1:05
Book value of depreciated assets: initial cost of those assets	0	0
Depreciation: Cash flow on asset purchases	0	0
Changes to asset management policies	None	None

Major Capital Expenditure Projects	2011/12 Target $
None	0

Risk Management

Key risks	Change in status from previous year	Actions to manage risk	Financial value of risk
None Identified			N/A

Summarised Forecast Financial Statements
A full set of forecast financial statements for ***National Drug Council*** is provided in the Appendix to this Ownership Agreement.

A summary of those forecasts is as follows.

Operating Statement	**2011/12 Target $**	**2010/11 Forecast $**
Revenue	455,958	0
Operating Expenses	455,958	485,992
Net Surplus/Deficit	-	-

Balance Sheet	**As at 30 June 2012 $**	**As at 30 June 2011 $**
Assets	188,343	176,540
Liabilities	21,097	9,294
Net Worth	*167,246*	*167,246*

Statement of Cash Flows	**2011/12 Target $**	**2010/11 Forecast $**
Net cash flows from operating activities	0	0
Net cash flows from investing activities	0	0
Net cash flows from financing activities	0	0

4. 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 (2010 Revision).

Transaction	**Amount for 2011/12 $**
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[32]	0
Remuneration[33] Payments made to Key Management Personnel	79,250
Remuneration Payments made to Senior Management	0

	Number for 2011/12
No of Key Management Personnel	1
No of Senior Management	0

[32] Key Management Personnel as defined by International Public Accounting Standards No 20, eg Minister, Board Member and Senior Management Team
[33] Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

7. Agreement

Scope of this Agreement

In signing this document:

- *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 that this Ownership Agreement accurately documents the ownership performance that ***National Drug Council*** will seek to achieve for the 2011/12 financial year and that the Cabinet will monitor performance against.

_____

Hon. Mark Scotland

Minister of Health, Environment, Youth, Sports and Culture

on behalf of Cabinet

_____

Chairman of the Board

National Drug Council

Date: 30 June 2011

Appendix: Forecast Financial Statements

NATIONAL DRUG COUNCIL
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2012

These Forecast Financial Statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2010 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 forecast financial statements are:

(a) complete and reliable;
(b) fairly reflect the forecast financial position as at 30 June 2012 and performance for *National Drug Council* for the year ended 30 June 2012; and
(c) comply with generally accepted accounting practice.

_____

Chairman of the Board

National Drug Council

Date: 30 June 2011

NATIONAL DRUG COUNCIL
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDING 30 JUNE 2012

These Financial Statements have been prepared by the ***National Drug Council*** in accordance with the provisions of the Public Management and Finance Law (2010 Revision).

The Financial Statements comply with generally accepted accounting practice as defined in International Public Sector Accounting Standards and International Accounting Standards.

We accept responsibility for the accuracy and integrity of the financial information in these financial statements and their compliance with Public Management and Finance Law (2010 Revision).

To the best of our knowledge the forecast financial statements are:

a) complete and reliable;
b) fairly reflect the financial position as at 30 June 2012 and performance for the ***National Drug Council*** for the year ended 30 June 2012
c) Comply with generally accepted accounting practice.

_____

Chairman
On behalf of the Board

30 June 2011

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	2	3
Office furniture	5	6
Computer equipment	3	3
Leasehold Improvement	1	3

Capital expenditures greater than $1,000.00 are capitalized as fixed assets.

c) ***Deferred grant funds and income:*** *Donation and grant income received for specific projects are credited to income in periods in which expenses on such projects are incurred.*

d) ***Disclosure about Fair Value of Financial Instruments:*** *The NDC recognizes financial assets and financial liabilities on the date it becomes party to the contractual provisions of the instrument. From this date, any gains or losses arising from changes in the fair value of the assets or liabilities are recognised in the statement of operations. Financial instruments are initially measured at cost, which is the fair value of the consideration given or received. Subsequent to initial recognition all financial assets are measured at their estimated fair market value.*

The carrying amounts of all financial instruments on the balance sheet are reasonable estimates of the fair values and no gains or losses have been recognised in the statement of operations for the changes in the fair value of the assets or liabilities.

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

NATIONAL DRUG COUNCIL
FORECAST OPERATING STATEMENT
FOR THE YEAR ENDING 30 JUNE 2012

	Notes	2011/12 Target	2010/11 Forecast
General surplus:			
Revenues			
Outputs to Government	**9**	455,958	485,992
Non-government grant income:			
Total revenues	**1**	455,958	485,992
Expenses			
Personnel emoluments	**6**	293,914	293,914
Research and Public Information Campaigns	**4**	39,350	69,384
Operating maintenance		6,900	6,900
Rent	**5**	66,000	66,000
Travelling and subsistence/CB Board Member		10,000	10,000
Depreciation – assets purchased	**3**	0	0
Audit and accounting fees		14,000	14,000
Utilities		18,044	18,044
Supplies & materials		7,750	7,750
Prior Year Adjustments			0
Total expenses		455,958	485,992
Net surplus for period		0	0
Retained Earnings at beginning of period		167,246	167,246
Retained Earnings at end of period		167,246	167,246

National Drug Council
BALANCE SHEET
AS AT 30 JUNE 2012

	Notes	2011/12 Target	2010/11 Forecast
ASSETS			
Current Assets			
Cash and cash equivalents	**2**	26,259	62,191
Fund Due From Cabinet	**7**	114,863	104,499
Prepaid expenses and other receivables		47,221	9,850
Total current assets		188,343	176,540
Fixed assets	**3**		
Total assets		188,343	176,540
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable		(21,097)	2,175
Accrued consultancy			4,200
Accrued other liabilities			(1,081)
Accrued Audit Fees			4,000
Total current liabilities		21,097	9,294
EQUITY			
Retained earnings		167,246	167,246
Net Income		0	0
Total current liabilities and equity		167,246	167,246

NATIONAL DRUG COUNCIL
CASH FLOW STATEMENT
FOR THE YEAR ENDING 30 JUNE 2012

	2011/12 Target	2010/11 Forecast
Operating activities		
Net cash provided by operations	0	0
Investing activity		
Purchase of fixed assets	0	0
Net cash (used) in investing activities	0	0
Net change in cash and cash equivalents		
Cash, beginning of year	33,000	62,191
Net Change in Cash	0	29,191
Cash, end of year	33,000	33,000

National Drug Council

STATEMENT OF COMMITMENTS
FOR THE YEAR ENDING 30 JUNE 2012

Type	One year or less	One to five years	Over five years	Total
	$000	**$000**	**$000**	**$000**
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	**$000**	**$000**	**$000**	**$000**

NATIONAL DRUG COUNCIL
STATEMENT OF CONTINGENT LIABILITIES
FOR THE YEAR ENDING 30 JUNE 2012

Summary of Quantifiable Contingent Liabilities

	$48,559[34]
Legal Proceedings and Disputes	
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

[34] Previous ED's Labor Board dispute carried from 2007/8. (Status pending.)

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.

	2011/12 Budget $	**2010/11 Forecast $**
Current and call accounts	26,259	62,191
Short-term fixed deposits maturing within one month	0	0
TOTAL	**26,259**	**62,191**

NOTE 3. DEPRECIATION AND FIXED ASSETS

Leasehold Improvement		
Opening Book Value/Cost	24,020	24,020
Additions	0	0
Depreciation	0	0
Closing Book Value	**$0**	**$0**
Office Furniture and Equipment		
Opening Book Value/Cost	53,861	53,861
Additions	0	0
Depreciation	0	0
Closing Book Value	**0**	**0**
Computer Hardware and Software		
Opening Book Value/Cost	34,457	34,457
Additions	0	0
Depreciation	0	0
Closing Book Value	**0**	**0**

4) Research and Public Information Campaigns
Portions of the Government grant income and public contributions have been made to support the following significant surveys and other public information projects:

Surveys and other public information projects	2011/12 Budget $	2010/11 Forecast $
PIC – Alcohol and Tobacco	**4,551**	**10,500**
PIC – Ganja and Drugs	**4,551**	**10,500**
Censuses and Surveys	**14,500**	**22,084**
National Strategic Planning Meetings / Seminars	**8,500**	**17,800**
Consultancy Fees	**5,500**	**5,500**
Survey software licenses	**1,748**	**3,000**
Total	**39,350**	**69,384**

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.

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 2011 was $11,875.44** (2010: $14,726.53). 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.

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 2011, the Council billed $485,992 (2010: $559,00) to the Government for services sold.

BUDGET 2011/12

Ownership Agreement

Between

The Cabinet of the Cayman Islands Government

and

National Gallery of the Cayman Islands

For the year ending 30 June 2012

Contents

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

Appendix: Forecast Financial Statements

1. Purpose

This Ownership Agreement documents the ownership performance that the Cabinet and the Board of ***National Gallery of the Cayman Islands*** have agreed that ***National Gallery of the Cayman Islands*** will seek to achieve during the 2011/12 financial year.

The purpose of the document is to ensure that 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 ***National Gallery of the Cayman Islands*** is to operate during the year.

General Nature of Activities
The ***National Gallery of the Cayman Islands*** serves to promote and encourage the appreciation and practice of the visual arts, of and in the Cayman Islands. 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 and educational lectures. The National Gallery has an art collection (mostly of donated works) and an extensive art-based lending library.

Scope of Activities
The scope of ***National Gallery of the Cayman Islands*** activities is as follows:

- Exhibitions and Collection Management (30%) – Eight exhibitions per annum with approximately 3,000 gallery users per exhibition depending upon subject matter and educational focus. Workshops and lectures are well received by many cross-sections of the community with attendance up to 30 people per session, as they are either one-on-one or small group interactive activities. Extensive school tours with cross curricular learning worksheets accompany each exhibition. The NGCI also houses part of the National Art Collection and an extensive arts library, both of which require careful management. Resources are allotted to developing these collections each year as well as creating education resources to make them accessible to a wide audience.

- Education and Outreach (60%) - The NGCI's primary focus is providing outreach and educational programming in particular for youth, at-risk populations of our society, and up and coming developing artists, followed by programming for young children and adult art aficionados and finally, for our visitors. Programmes are specific to various groups of people: Inside Art for prisoners, Art Magnet for the elderly, and Art Trek for primary-aged kids in Cayman Brac, Teen Arts, annual intern programme, careers advice and Art Sisters for women coping with unusual stressful situations, to name a just few.

- Community Events (5%) – The NGCI hosts several large scale art festivals annually and all are public art centred and usually free of charge. These are attended by ranges between 300-3000 depending upon the event.

- Visual Arts Information (5%) – The NGCI provides extensive information to the community on visual arts, culture and Caymanian heritage via articles, media, lectures, and consultations.

(Ongoing) Five exhibitions per annum at our central location in Grand Cayman and 2 off site, Friends of the Gallery volunteer group; full service art & design library (multi-media available); National Gallery workshop series, National Gallery lecture series; school tours and classroom visits; work experience and student career development; annual internship programme

(Weekly) Art Magnet-The Pines and Cayman Brac elderly, Inside Art Northward and Eagle House, Inside Art Fairbanks, Art Sisters, Art Outreach Frances Bodden, art; Art Outreach Caribbean Haven , continuing education courses (x est.16 annually), guided art studio; Walkers Art Club (8-12yrs); Cayman Brac art and craft classes (x3 weekly); artist residency space (new)

(Bi-weekly) Cineclub art films

(Monthly) Family Art Trek, Art Flix, Lunchtime Lecture series, Sister Islands art club, Little Cayman CineClub

(Bi-annually) Carifesta art exhibit, international biennials, international art competition participation, international: child art forum participation, 3 annual summer student internships, Sister Islands Art Camps

(Annually) Artists Away, Art@Governors, eco art party, Chalkfest, Cayfest art show and sale, work experience, Art Career Day, Visual Arts Achievement Awards, Deutsche Bank Internship, Deutsche Bank Art Scholarship (x2)

(On request) art in the workplace, art consultations; art parties

This budget for 2011/12 is limited to the revenue and expenses related to operations. The Management Board of the National Gallery continues to raise the remaining CI$300,000 needed for the completion of the purpose built National Gallery of the Cayman Islands. The funds involved are segregated from the operational funds of the National Gallery, see 3 (5).

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, children in group home care -, the elderly, and both residents and visitors to the islands in general.

Currently all of these activities are disbursed between the National Gallery's premises in Harbour Place, the NGCI Education Centre (NGEC) at Miss Lassie's Duplex and various locations around the island. Harbour Place houses staff, exhibitions, continuing education, some workshops. Outreach and education programmes held at NGEC and throughout districts in all three islands including Northward, Fairbanks, Frances Bodden, The Pines, all Schools, Town Halls, Cayman Brac Heritage House, Little Cayman Trust House.

In December 2011 the NGCI will move into its new premises on the Esterly Tibbetts Highway. The building will house all NGCI programmes/exhibitions/staff in one area, which will increase our efficiency and ability to generate funds. We will continue to maintain our presence in all districts and across all three islands.

3. Strategic Goals and Objectives

The key strategic goals and objectives (from an ownership perspective) for The ***National Gallery of the Cayman Islands*** for the 2011/12 financial year are as follows:

1. Enhance exhibitions, programmes and services

1.1 Deliver a vibrant, challenging and accessible exhibition programme that promotes Caymanian art and culture to a wide audience
1.2 Development of a comprehensive collection of Caymanian art for display in the new permanent gallery, with accompanying education programme and literature
1.3 Develop and deliver a vibrant a culturally relevant temporary exhibition programme
1.4 Plan and develop increased exhibitions space/satellite venues on the Sister Islands
1.5 Increase school access to exhibitions and develop accompanying cultural materials to support the national curriculum

2. Develop the National Collection, enhance collections management and improve collections storage

2.1 Develop the collection through key acquisitions and targeted collecting projects – implemented through self-sustaining 'print' sales programme
2.2 Develop long-term storage and management plans that ensure the long-term preservation and sustainability of our collections
2.3 Increase the quantity, quality and accessibility of collection information through our education department with on-line access through the web
2.4 Upload all cataloguing to electronic database

3. Continue extensive Education Programming and strengthen research and scholarship capability

3.1 Continue to run weekly Outreach and Education programmes (25 per month)
3.3 Continue a programme of research, lectures, cross-curricular learning packs for schools, and workshops relating to each exhibition
3.4 Establish research partnerships with academic and institutional partners
3.5 Develop related materials for school-level use
3.6 Establish the Centre for Visual Arts research (at the new NGCI Library) and implement a programme of research, seminars and publications
3.7 Integrate the operations of the Centre for Visual Arts into existing Gallery research in art history, Caymanian heritage, museum studies and contemporary Caymanian material culture

4. Enhance national and international profile

4.1 Build relationships and collaborations with the arts and cultural sector in the Cayman Islands including CINA, CNCF, The National Trust and The National Museum,
4.2 Deliver travelling exhibitions and other outreach programmes across all three islands
4.3 Continue the development of rich web content to extend access to the
National Gallery's collection and programmes, exhibitions, education and research activities
4.4 Engage with key CI Government cultural, educational and equity initiatives
4.5 Serve in a cultural advisory capacity to Cayman Islands Government Ministry for public art projects, National Cultural Policy develop etc, as needed
4.6. Develop a sustainable Cultural Tourism Programme

5. Develop staff, business practices and infrastructure

5.1 To complete construction on the new National Gallery and Education Centre
5.2 Complete revised 4-year Strategic Plan
5.3 Research and implement a NGCI business committee for income generating programmes
5.4 Develop the Gallery Property Plan
5.6 Support workforce training and skill retention
5.7 With the new structure, expenses will increase dramatically, thus the need for increased revenue. Concerted and specific steps will be taken to generate reliable sources of business income.
5.8 The membership programme will be entirely revamped and a membership campaign will be launched.
5.9 Our website will be updated so as to allow for social media marketing.

6. Expand donor relations and fundraising management

6.1 Begin work on a comprehensive electronic donor database
6.2 Execute island-wide direct mail campaign and membership drive

6.3 Continue to expand and reach annual fundraising targets: $300,000 for capital project completion and $165,000 for operations and programming 2011/12

4. Ownership Performance Targets

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2010 Revision) for ***National Gallery of the Cayman Islands*** for the 2011/12 financial year are as follows.

Financial Performance

Financial Performance Measure	**2011/12 Target $**	**2010/11 Forecast $**
Revenue from Cabinet	422,190	450,000
Revenue from ministries, portfolios, statutory authorities and government companies	0	0
Revenue from other persons or organisations	581,010	115,000
Surplus/deficit from outputs	0	0
Other expenses	774,522	565,000
Net Surplus/Deficit	228,678	0
Total Assets	3,342,458	2,324,329
Total Liabilities	190,734	6,970
Net Worth	3,151,724	2,317,359
Cash flows from operating activities	447,778	(9,192)
Cash flows from investing activities	(575,000)	(1,000)
Cash flows from financing activities	0	0
Change in cash balances	(127,222)	(10,192)

Financial Performance Ratio	**2011/12 Target $**	**2010/11 Forecast $**
Current Assets: Current Liabilities	1:1	307:1
Total Assets: Total Liabilities	17:1	333:1

Maintenance of Capability

Human Capital Measures	2011/12 Target $	2010/11 Forecast $
Total full time equivalent staff	9	4
Staff turnover (%)	0	0
Average length of service (Number) Senior management Professional staff Administrative staff	 5 2 2	 8 3 3
Significant changes to personnel management system	Adhering to IIP personnel	Adhering to IIP personnel

Physical Capital Measures	2011/12 Target $	2010/11 Forecast $
Value of total assets	3,342,458	2,324,329
Asset replacements: total assets	NIL	0:1
Book value of depreciated assets: initial cost of those assets	1:1	0:64:1
Depreciation: Cash flow on asset purchases		7:4:1
Changes to asset management policies	NIL	NIL

Major Capital Expenditure Projects	2011/12 Target $
Completion of Purpose Built National Gallery And Education Centre	$1,837,000

Risk Management

Key risks	Change in status from previous year	Actions to manage risk	Financial value of risk
Ability to raise donations	yes	Director's responsibility for donations for annual NG operations	$100,000
Ability to build profitable businesses & increase membership	Yes	Deputy Director's responsibility	$280,000+

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.

A summary of those forecasts is as follows.

Operating Statement	**2011/12 Target $**	**2010/11 Forecast $**
Revenue	1,003,200	565,000
Operating Expenses	774,522	565,000
Net Surplus/Deficit	*228,678*	*0*

Balance Sheet	**As at 30 June 2012 $**	**As at 30 June 2011 $**
Assets	3,342,458	2,324,329
Liabilities	199,452	6,970
Net Worth	*3,151,724*	*2,317,359*

Statement of Cash Flows	**2011/12 Target $**	**2010/11 Forecast $**
Net cash flows from operating activities	447,778	(9,192)
Net cash flows from investing activities	(575,000)	(1,000)
Net cash flows from financing activities	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 (2010 Revision).

Transaction	**Amount for 2011/12 $**
Equity Investments into *National Gallery of the Cayman Islands*	N/A
Capital Withdrawals from *National Gallery of the Cayman Islands.*	N/A
Dividend or Profit Distributions to be made by *National Gallery of the Cayman Islands.*	N/A
Government Loans to be made to *National Gallery of the Cayman Islands.*	N/A
Government Guarantees to be issued in relation to *National Gallery of the Cayman Islands.*	N/A
Related Party Payments (Non Remuneration) made to Key Management Personnel[35]	N/A
Remuneration[36] Payments made to Key Management Personnel	173,000
Remuneration Payments made to Senior Management	144,800

	Number for 2011/12
No of Key Management Personnel	14
No of Senior Management	2

[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)

7. Agreement

Scope of this Agreement

In signing this document:

- *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 that this Ownership Agreement accurately documents the ownership performance that *National Gallery of the Cayman Islands* will seek to achieve for the 2011/12 financial year and that the Cabinet will monitor performance against.

_____

Hon. Mark Scotland

Ministry of Health, Environment, Youth, Sports and Culture

on behalf of the Cabinet

_____

Chairman of the Board

National Gallery of the Cayman Islands

30 June 2011

Appendix: Forecast Financial Statements

NATIONAL GALLERY OF THE CAYMAN ISLANDS
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2012

These Forecast Financial Statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2010 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 forecast financial statements are:

(a) complete and reliable;
(b) fairly reflect the forecast financial position as at 30 June 2012 and performance for *National Gallery of the Cayman Islands* for the year ended 30 June 2012
(c) comply with generally accepted accounting practice.

_____

Chairman of the Board

National Gallery of the Cayman Islands

30 June 2011

NATIONAL GALLERY OF THE CAYMAN ISLANDS
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDING 30 JUNE 2012

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.

Recognition of revenue

Revenue is generally recognized when earned by the Gallery, which usually coincides with date received.

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.

Donations

Donations are recorded when the donation is received.

Interest income

Interest income is recorded on an accrual basis.

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.

Stock in Gallery gift shop

Stock in Gallery gift shop recorded at cost.

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.

Foreign exchange

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

NATIONAL GALLERY OF THE CAYMAN ISLANDS
STATEMENT OF ACCOUNTING POLICIES (Continues)
FOR THE YEAR ENDING 30 JUNE 2012

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.

Donation services

A substantial number of unpaid volunteers make significant contributions of their time to develop the Gallery's programmes. The value of this donated time is not reflected in these financial statements as the cost cannot be objectively measured or valued.

NATIONAL GALLERY OF THE CAYMAN ISLANDS
FORECAST OPERATING STATEMENT
FOR THE YEAR ENDING 30 JUNE 2012

Revenue and support from operations	**2011/12**	**2010/11**
Donations	527,010	90,000
Capital Donations		
Membership	55,000	25,000
	581,010	115,000
Expenditure		
Administrative expenses	370,356	280,000
Exhibition & collections expense	70,000	47,700
Facility expenses	130,900	65,900
Information and training	5,000	60,000
Programmes and events expense	95,000	100,000
Marketing and advertising	15,000	4,000
Depreciation	60,266	7,400
Other operating expenses	28,000	0
	774,522	565,000
Net expenditure from operations	**(193,512)**	**(450,000)**
Grants-Cayman Islands Government	422,190	450,000
Increase in unrestricted general fund balances	**228,678**	**NIL**

NATIONAL GALLERY OF THE CAYMAN ISLANDS
FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30 JUNE 2012

Stated in Cayman Islands Dollars)	**2011/12**	**2010/11**
Operating Net worth	2,742,693	2,317,359
Equity Investment	-	-
Forecast surplus	228,678	NIL
Closing Net worth	**2,971,371**	**2,317,359**

NATIONAL GALLERY OF THE CAYMAN ISLANDS
FORECAST BALANCE SHEET
AS AT 30 JUNE 2012

	2011/12 Budget $	2010/11 Forecast $
Assets		
Current Assets		
Cash and Cash equivalents	0	124,884
Fixed deposit	80,000	1,884,504
Other assets	124,121	127,000
Fixed assets	3,138,337	187,941
Total assets	**3,342,458**	**2,324,329**

	2011/12 Budget $	2010/11 Forecast $
Liabilities and fund balances		
Current Liabilities		
Accounts payable and accrued expenses	371,087	6,970
Total Assets Less Total Liabilities	**2,971,371**	**2,317,359**
Fund balances		
Unrestricted general fund	68,944	430,729
Restricted building fund	2,902,427	1,886,630
Total Liabilities and fund balances	**(2,971,371)**	**2,317,359**

NATIONAL GALLERY OF THE CAYMAN ISLANDS
FORECAST STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30 JUNE 2012

Cash flow from operations:	**2011/12**	**2010/11**
Cash from government funding	438,650	450,000
Capital Donations	400,000	
Cash from other sources	181,000	115,000
Payment to suppliers	(107,316)	(312,192)
Payments to employees	(464,556)	(262,000)
Cash flow from operation	447,778	(9,192)
Cash flow from financing	-	-
Cash flow from investing	(575,000)	(1,000)
Net change in cash balances	(575,000)	(10,192)
Cash at beginning of year	124,884	135,076
Cash at the end of the year	(2,338)	124,884

National Gallery's permanent collection not part of balance sheet; this policy is to be reassessed in the future under the advice of our auditors, KPMG.

BUDGET 2011/12

Ownership Agreement

Between

The Cabinet of the Cayman Islands Government

and

National Housing Development Trust

For the year ending 30 June 2012

Content

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

1. Purpose

This Ownership Agreement documents the ownership performance that the Cabinet and the Board of the ***National Housing Development Trust*** have agreed that the ***National Housing Development Trust*** will seek to achieve during the 2011/12 financial year.

The purpose of the document is to ensure that 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 ***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 Caymanian 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 Goals and Objectives

The key strategic goals and objectives (from an ownership perspective) for the ***National Housing Development Trust*** for the 2011/12 financial year are as follows:

STRATEGIC GOALS

1. To become a well structured, efficiently managed organization which 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 2011/12 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 addition 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

5.

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2010 Revision) for the National Housing Development Trust for the 2011/12 financial year are as follows.

Financial Performance

Financial Performance Measure	**2011/12 Budget $**	**2010/11 Forecast $**
Revenue from Cabinet	671,000	550,210
Revenue from ministries, portfolios, statutory authorities and government companies	0	0
Revenue from other persons or organisations	759,300	781,172
Surplus/deficit from outputs	1,430,300	1,334,382
Other expenses	(3,348,739)	(2,630,564)
Net Surplus/Deficit	(1,918,439)	(1,296,182)
Total Assets	20,502,547	20,525,578
Total Liabilities	20,988,673	22,085,502
Net Worth	(486,126)	(1,559,924)
Cash flows from operating activities	(659,763)	(781,909)
Cash flows from investing activities	(564,727)	(4,299,000)
Cash flows from financing activities	1,870,409	9,077,000
Change in cash balances	645,919	(3,996,091)

Financial Performance Ratio	**2011/12 Budget**	**2010/11 Forecast**
Current Assets: Current Liabilities	11.82	12.43
Total Assets: Total Liabilities	0.93 :1	0.92:1

Maintenance of Capability

Human Capital Measures	2011/12 Budget	2010/11 Forecast
Total full time equivalent staff	12	12
Staff turnover (%)	0%	0%
Average length of service (Number) Senior management Professional staff Administrative staff Maintenance staff	 2 5 3 2	 2 5 3 2
Significant changes to personnel management system		

Physical Capital Measures	2011/12 Budget $	2010/11 Forecast $
Value of total assets	20,502,547	11,501,137
Asset replacements: total assets	0%	0%
Book value of depreciated assets: initial cost of those assets	47.69	55.28
Depreciation: Cash flow on asset purchases	0%	0%
Changes to asset management policies	None	None

Major Capital Expenditure Projects	2011/12 Budget $	2010/11 Forecast $
Construction of affordable homes	5,583,000	6,500,000

Risk Management

Key risks	Change in status from previous year	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.

A summary of those forecasts is as follows.

Operating Statement	**2011/12 Budget $**	**2010/11 Forecast $**
Revenue	1,430,300	1,334,382
Operating Expenses	(3,348,739)	(2,630,564)
Net Surplus/Deficit	(1,918,439)	(1,296,182)

Balance Sheet	**As at 30 June 2012 $**	**As at 30 June 2011 $**
Assets	20,502,547	20,525,578
Liabilities	20,988,673	(20,085,502)
Net Worth	*(486,126)*	*(1,559,924)*

Statement of Cash Flows	**2011/12 Budget $**	**2010/11 Forecast $**
Net cash flows from operating activities	(659,763)	(781,909)
Net cash flows from investing activities	(564,727)	(4,299,000)
Net cash flows from financing activities	1,870,409	9,077,000

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 (2010 Revision).

Transaction	**Amount for 2011/12 $**
Equity Investments into *National Housing Development Trust.*	2,992,238
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[37]	0
Remuneration[38] Payments made to Key Management Personnel	152,595
Remuneration Payments made to Senior Management	181,164

	Number for 2011/12
No of Key Management Personnel	10
No of Senior Management	2

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

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

7. 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 that this Ownership Agreement accurately documents the ownership performance that the National Housing Development Trust will seek to achieve for the 2011/12 financial year and that the Cabinet will monitor performance against.

_____

Hon. Mike Adam
Minister of Community Affairs, Gender and Housing
on behalf of Cabinet

_____

Mr. Edward Steve McLaughlin
Chairman of the Board
National Housing Development Trust

30 June 2011

Appendix: Forecast Financial Statements
NATIONAL HOUSING DEVELOPMENT TRUST
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2012

These Forecast Financial Statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2010 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 forecast financial statements are:

(a) complete and reliable;
(b) fairly reflect the forecast financial position as at 30 June 2012 and performance for the National Housing Development Trust for the year ended 30 June 2012; and
(c) comply with generally accepted accounting practice.

_____
Mr. Edward Steve McLaughlin
Chairman
On behalf of the Board
National Housing Development Trust

30 June 2011

NATIONAL HOUSING DEVELOPMENT TRUST
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDING 30 JUNE 2012

1. Organization and Objectives

The National Housing and Community Development Trust (the "Trust") was incorporated on 29th September, 2003 as a not-for-profit company limited by guarantee and not having a share capital. In 2006 the name of the Trust was amended to National Housing Development Trust. The Trust's Mission Statement is to construct and provide affordable homes in planned communities, offer easier financing opportunities and provide a management system that adds security, value and ownership that imparts a sense of pride in hard working Caymanians that are placed in the category of being low income.

9. Significant Accounting Policies

Basis of preparation: These financial statements are prepared in accordance with International Public Sector Accounting Standards ("IPSAS") under the historical cost convention, and are expressed in Cayman Islands Dollars.

Foreign Instruments: Foreign currency transactions are recorder at the exchange rates prevailing on the date of the transactions. Assets and Liabilities are translated at the exchange rate in effect at the Balance Sheet date.

Financial instruments: Financial instruments are measured initially at cost, including transaction costs. The fair value of financial instruments is based on their quoted market price at the balance sheet date without any deduction for transaction costs. If a quoted market price is not available, the fair value of the instrument is estimated using management's best estimates, taking into account current market conditions and the credit quality of the counterparties.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Bank would receive or pay to terminate the contract at the balance sheet date taking into account current market conditions and the current creditworthiness of the counterparties.

Cash and cash equivalents: For the purpose of the Statement of Cash Flows, cash equivalents consist of deposits held at call with banks, net of overdraft maturing within 90 days.

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

Income recognition: Income and expenses are recorded on the accrual basis of accounting.

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

Government grants: The trust is dependant upon annual operating grants from the Cayman Islands Government to meet its obligations

NATIONAL HOUSING DEVELOPMENT TRUST
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDING 30 JUNE 2012

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	10
Leasehold Improvements	5

The gain or loss arising on the disposal or retirement of an asset is determined as difference between the sales proceeds and the carrying amount of the asset and is recognized as income.

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 2012

	Note	2011/12 Forecast	2010/11 Forecast	2009/10 Estimated Actual	2008/9 Estimated Actual
		$000	**$000**	**$000**	**$000**
Revenue					
Outputs to Cabinet		671	550	590	611
Outputs to other government agencies		0	0	0	0
Outputs to others		754	778	801	771
Interest & Other Revenue		5	6	63	89
Total Operating Revenue		1,430	1,467	1,454	1,471
Operating Expenses					
Personnel costs	4	(598)	(599)	(650)	(573)
Supplies and consumables		(14)	(13)	(13)	(17)
Depreciation		(601)	(809)	(809)	(822)
Capital charge					
Other operating expenses		(1,775)	(1,209)	(1,406)	(1,310)
Total Operating Expenses		(3,348)	(2,630)	(2,878)	(2,722)
Surplus from operating activities and before extraordinary items		(1,918)	(1,296)	(1,424)	(1,251)
Extraordinary items					
Net Surplus		(1,918)	(1,296)	(1,424)	(1,251)

NATIONAL HOUSING DEVELOPMENT TRUST
FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDED 30 JUNE 2012

	Note	2011/12 Forecast	2010/11 Forecast	2009/10 Estimated Actual	2008/9 Actual
		$000	$000	$000	$000
Opening balance net worth		**(1,560)**	**(1,524)**	**(1,246)**	**(1,403)**
Prior Year Adjustment					
Net deficit during the year		(1,918)	(1,296)	(1,424)	(1,251)
Property revaluations				-	1,090
Investment revaluations					18
Net revaluations during the period					
Total recognised revenues and expenses		**(3,478)**	**(2,820)**	**(2,670)**	**(1,546)**
Equity investment		2,992	1,260	1,146	300
Repayment of surplus					
Capital withdrawal					
Closing balance net worth		**(486)**	**(1,560)**	**(1,524)**	**(1,246)**

NATIONAL HOUSING DEVELOPMENT TRUST
FORECAST BALANCE SHEET
AS AT 30 JUNE 2012

		2011/12 Forecast	2010/11 Forecast	2009/10 Forecast	2008/9 Estimated Actual
		$000	**$000**	**$000**	**$000**
Current Assets					
Cash and cash equivalents	2	7,572	6,926	2,930	781
Accounts receivable	2	335	544	746	433
Prepaid Expenses		24	37	49	49
Inventories				-	-
Total Current Assets		**7,931**	**7,507**	**3,725**	**1,263**
Non-Current Assets					
Property, plant and equipment		6,194	6,358	9,255	8,404
Other non-current assets		6,377	6,660	-	-
Total Non-Current Assets		**12,571**	**13,018**	**9,255**	**8,404**
Total Assets		**20,502**	**20,525**	**12,980**	**9,667**
Current Liabilities					
Accounts payable & Accrued Liab.		(47)	(95)	(134)	(112)
Current Portion of Bond Payment		(1,148)	(501)	(476)	(452)
Employee entitlements		(5)	(8)	(5)	(8)
Other current liabilities				(301)	(284)
Total Current Liabilities		(1,200)	(604)	(916)	(856)
Non-Current Liabilities					
Bond Payable		(19,362)	(21,130)	(13,549)	(10,026)
Other non-current liabilities		(426)	(351)	(39)	(31)
Total Non-Current Liabilities		(19,788)	(21,481)	(13,588)	(10,057)
Total Liabilities		(20,988)	(22,085)	(14,504)	(10,913)
TOTAL ASSETS LESS TOTAL LIABILITIES		**(486)**	**(1,560)**	**(1,524)**	**(1,246)**
NET WORTH		**(1,560)**	**(1,524)**	**(1,246)**	**(1,403)**
Contributed capital		2,992	1,260	1,146	300
Asset revaluation reserve					1,108
Accumulated surpluses		(1,918)	(1,296)	(1,424)	(1,251)
Total Net Worth		**(486)**	**(1,560)**	**(1,524)**	**(1,246)**

NATIONAL HOUSING DEVELOPMENT TRUST
FORECAST CASH FLOW STATEMENT
FOR YEAR ENDED 30 JUNE 2012

		2011/12 Forecast	2010/11 Forecast	2009/10 Forecast	2008/9 Estimated Actual
	Note	**$000**	**$000**	**$000**	**$000**
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts					
Outputs to Cabinet		671	550	590	611
Outputs to other government agencies					
Outputs to others		898	769	848	771
Interest received		5	15	15	89
Payments					
Personnel costs & operating costs		(589)	(599)	(650)	(573)
Suppliers		(383)	(285)	(409)	(651)
Other payments		(1,262)	(1,132)	(1,015)	(741)
Net cash flows from operating activities	13	(660)	-782	(620)	(622)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of non-current assets		(5,013)	(4,299)	(1,901)	(428)
Proceeds from sale of non-current assets		4,448		0	
Net cash flows from investing activities		(565)	(4,299)	(1,901)	(428)
CASH FLOWS FROM FINANCING ACTIVITIES					
Equity investment		2,992	1,260	1,146	300
Proceeds from borrowings			8,083	4,000	
Repayment of surplus		(1,121)	(266)	(476)	(429)
Capital withdrawal					
Net cash flows from financing activities		1,871	9,077	4,670	(129)
Net increase/(decrease) in cash and cash equivalents		646	3,996	2,149	(1,051)
Cash and cash equivalents at beginning of period		6,926	2,930	781	1,832
Cash and cash equivalents at end of period	4	**7,572**	**6,926**	**2,930**	**781**

Note 1: OPERATING REVENUES	**$000**
Revenue from Cabinet	671
Lease Income	320
GGHAM Income	160
Interest income	269
	1,420
Note 2: CASH & CASH EQUIVALENTS	
Current and Call Accounts	7,572
Accounts Receivable & Pre-paid exp	
Short-term Fixed Deposits within 6 months	
	7,572
Note 4: PERSONNEL COSTS	
Salaries and wages	(473)
Pension (Employee/Government)	(50)
Medical	(60)
Other (Duty/overtime)	(6)
	(589)

BUDGET 2011/12

Ownership Agreement

Between

The Cabinet of the
Cayman Islands Government

and

National Roads Authority

For the year ending 30 June 2012

Contents

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

1. Purpose

This Ownership Agreement documents the ownership performance that the Cabinet and the Board of *the* ***National Roads Authority*** have agreed that *the* ***National Roads Authority*** will seek to achieve during the 2011/12 financial year.

The purpose of the document is to ensure that 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.

3. Strategic Goals and Objectives

The key strategic goals and objectives (from an ownership perspective) for The National Roads Authority for the 2011/12 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 (2010 Revision)) for *the* ***National Roads Authority*** for the 2011/12 financial year are as follows.

Financial Performance

Financial Performance Measure	**2011/12 Target $**	**2010/11 Forecast $**
Revenue from Cabinet	5,594,000	11,879,016
Revenue from ministries, portfolios, statutory authorities and government companies	75,000	147,837
Revenue from third parties	8,000,000	0
Surplus/deficit from outputs	6,587,496	6,253,963
Other expenses	6,583,569	6,016,049
Net Surplus	3,927	237,914
Total Assets	6,321,359	7,003,319
Total Liabilities	1,866,314	2,552,200
Net Worth	4,455,045	4,451,119
Cash flows from operating activities	(951,739)	(318,933)
Cash flows from investing activities	0	(23,051)
Cash flows from financing activities	0	0
Change in cash balances	(951,739)	(341,984)

Financial Performance Ratio	**2011/12 Target $**	**2010/11 Forecast $**
Current Assets: Current Liabilities	2.7:1	2.1:1
Total Assets: Total Liabilities	3.3:1	2.7:1

Maintenance of Capability

Human Capital Measures	**2011/12 Budget**	**2010/11 Forecast**
Total full time equivalent staff	109	110
Staff turnover (%)	0%	4.4%
Average length of service (Number)		
Senior management	11.6	10.6
Professional staff	8.9	7.9
Administrative staff	8.4	7.4
Significant changes to personnel management system	None	None

Physical Capital Measures	**2011/12 Budget $**	**2010/11 Forecast $**
Value of total assets	6,321,359	7,003,319
Asset replacements: total assets	Nil	Nil
Book value of depreciated assets: initial cost of those assets		
Depreciation: Cash flow on asset purchases		
Changes to asset management policies	None	None

Major Capital Expenditure Projects	**2011/12 Budget $**	**2010/11 Forecast $**
Purchase of vehicles and other equipment	NIL	23,051

Risk Management

Key risks	Change in status from previous year	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 ***the National Roads Authority*** is provided in the Appendix to this Ownership Agreement.

A summary of those forecasts is as follows.

Operating Statement	**2011/12 Budget $**	**2010/11 Forecast $**
Revenue	13,669,000	12,026,853
Operating Expenses	13,665,073	11,788,939
Net Surplus	*3,927*	237,914

Balance Sheet	**As at 30 June 2012 $**	**As at 30 June 2011 $**
Assets	6,321,359	7,003,319
Liabilities	1,866,314	2,552,200
Net Worth	4,455,045	4,451,119

Statement of Cash Flows	**2011/12 Budget $**	**2010/11 Forecast $**
Net cash flows from operating activities	(951,739)	(318,933)
Net cash flows from investing activities	0	(23,051)
Net cash flows from financing activities	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 (2010 Revision).

Transaction	**Amount for 2011/12 $**
Equity Investments into *the National Roads Authority.*	0
Capital Withdrawals from *the National Roads Authority.*	0
Dividend or Profit Distributions to be made by *the National Roads Authority.*	0
Government Loans to be made to *the National Roads Authority.*	0
Government Guarantees to be issued in relation to *the National Roads Authority.*	Nil
Related Party Payments (Non Remuneration) made to Key Management Personnel[39]	Nil
Remuneration[40] Payments made to Key Management Personnel	600,440
Remuneration Payments made to Senior Management	522,840

	Number for 2011/12
No of Key Management Personnel	14
No of Senior Management	4

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

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

7. 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 that this Ownership Agreement accurately documents the ownership performance that *the* ***National Roads Authority*** will seek to achieve for the 2011/12 financial year and that the Cabinet will monitor performance against.

_____

Hon. Juliana O Connor- Conolly

Minister of District Administration, Works and Gender Affairs

on behalf of Cabinet

_____

Chairman of the Board
The National Roads Authority

30 June 2011

Appendix: Forecast Financial Statements

THE NATIONAL ROADS AUTHORITY
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2012

These Forecast Financial Statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2010 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 forecast financial statements are:

(a) complete and reliable;
(b) fairly reflect the forecast financial position as at 30 June 2012 and performance for *the* ***National Roads Authority*** for the year ended 30 June 2012; and
(c) comply with generally accepted accounting practice.

_____
Chairman of the Board
The National Roads Authority

30 June 2011

THE NATIONAL ROADS AUTHORITY
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDING 30 JUNE 2012

Significant Accounting Policies

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.

Cash and cash equivalents: This comprises cash at bank and short term investments with maturity at inception of three months or less.

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.

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	4 Years

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

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 collect ability 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 collect ability and prior bad debts experience.

Inventory: Inventory is valued at the lower of net realizable value or cost, on a last-in first-out basis.

Accounts Payable: Accounts payable is recorded at the amount owing after allowing for credit notes and other adjustments.

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.

Revenue recognition: Revenue from sale of services to Cabinet and other government agencies is recognised when it is earned. Investment revenue is recognised in the period in which it is earned. Donations are recognised at fair value at the time of receipt.

Expense recognition: Expenses are recognised when incurred.

Financial Instruments:

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.

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.

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.

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.

Credit Risk: Cash and short term investments are held with substantial financial institutions. Receivables are short term and settled after the year-end.

Interest Rate Risk: The Authority's income and operating cash flows are substantially independent of changes in market interest rates.

THE NATIONAL ROADS AUTHORITY
FORECAST OPERATING STATEMENT
FOR THE YEAR ENDING 30 JUNE 2012

	2011/12	2010/11
	Budget	**Forecast**
	$	**$**
Revenue		
Outputs funded by Cabinet	5,594,000	11,879,016
Revenue from Third Parties (sales)	8,075,000	147,837
Interest		
Total Operating revenue	**13,669,000**	**12,026,853**
Operating Expenses		
Personnel	6,019,447	5,374,909
Depreciation	416,952	476,250
Interest		
Other operating expenses	7,228,674	5,937,780
Total Operating Expenses	**13,665,073**	**11,788,939**
Surplus from Operating Activities	3,927	237,914
Gains/losses on asset sales	0	0
Total Other Revenue	**0**	**0**
Surplus from Ordinary Activities	3,927	237,914
Extraordinary items	0	0
Net Surplus after Extraordinary Items	**3,927**	**237,914**

THE NATIONAL ROADS AUTHORITY
FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30 JUNE 2012

	2011/12	2010/11
	Budget	**Forecast**
	$	**$**
Opening Balance Net Worth	**4,451,119**	**4,213,205**
Surplus	3,927	*237,914*
Net Revaluations during the period		
Total Recognised Revenues and Expenses		
Contribution of Initial Capital		
Equity Investment	0	0
Capital Withdrawals		
Distributions of Surplus		
Closing Balance Net Worth	**4,455,046**	**4,451,119**

THE NATIONAL ROADS AUTHORITY
FORECAST BALANCE SHEET
AS AT 30 JUNE 2012

	2011/12	2010/11
	Budget	Forecast
	$	$
Assets		
***Current* Assets**		
Cash	1,801,753	2,753,492
Debtors	3,156,237	2,474,506
Fixed Assets		
Office Furniture and Fittings: comprising		
Office Furniture, Equipment and Fittings		
Computers, Printers, and Projectors		
Total: Office Furniture and Fittings	441,095	441,095
Less Accumulated Depreciation	413,943	401,086
Residual value	27,152	40,009
Less Depreciation		
Plant and Equipment:	1,008,466	1,008,466
Less Accumulated Depreciation	568,319	463,564
Residual value	440,147	544,902
Less Depreciation		
Vehicles	3,048,519	3,048,519
Less Accumulated Depreciation	2,379,865	2,080,525
Residual value	668,654	967,994
Add purchases		
Less Depreciation		
Leasehold Improvement		
Less Depreciation	187,769	187,769
	187,669	187,669
Total Assets	**6,321,359**	**7,003,319**
Liabilities		
Current Liabilities		
Creditors	1,866,314	2,552,200
Term Liabilities		
Roading Finance		
Total Liabilities	1,866,314	2,552,200
Net Assets	**4,455,045**	**4,451,119**
Equity		
Contributed Capital	4,543,555	4,543,555
Retained Earnings	(88,510)	(92,436)
Total Equity	**4,455,045**	**4,451,119**

THE NATIONAL ROADS AUTHORITY
FORECAST STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30 JUNE 2012

	2011/12	2010/11
	Budget	**Forecast**
	$	**$**
Cash Flows from Operating Activities		
Operating Receipts	13,669,000	12,026,853
Operating Payments	14,620,739	12,345,786
Net Cash Flows from Operating Activities	**(951,739)**	**(318,933)**
Cash Flows from Investing Activities		
Purchase of Fixed Assets	0	(23,051)
Proceeds from the sale of Fixed Assets	0	0
Net Cash Flows from Investing Activities	**0**	(23,051)
Cash Flows from Financing Activities		
Equity Investment	0	0
Roading Finance	0	0
Net Cash Flows from Financing Activities	**0**	**0**
Net Movement in Cash Balances	**(951,739)**	**(341,984)**
Cash and Cash Equivalent at the start	**2,753,492**	3,095,477
Cash and Cash Equivalent at the end	**1,801,753**	**2,753,492**

BUDGET 2011/12

Ownership Agreement

Between

The Cabinet of the Cayman Islands Government

and

Port Authority of the Cayman Islands

For the year ending 30 June 2012

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Appendix: Forecast Financial Statements

1. Purpose

This Ownership Agreement documents the ownership performance that the Cabinet and the Board of **Port Authority of the Cayman Islands** have agreed that **Port Authority of the Cayman Islands** will seek to achieve during the 2011/12 financial year.

The purpose of the document is to ensure that 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 management of the maritime affairs of the Cayman Islands.

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 Goals and Objectives

The key strategic goals and objectives (from an ownership perspective) for ***The Port Authority of the Cayman Islands*** for the 2011/12 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 (2010 Revision) for ***Port Authority of the Cayman Islands*** for the 2011/12 financial year are as follows.

Financial Performance

Financial Performance Measure	**2011/12 Budget $**	**2010/11 Projected Actual $**
Revenue from Cabinet	None	None
Revenue from ministries, portfolios, statutory authorities and government companies	Not Separately Identified	Not Separately Identified
Revenue from other persons or organisations	**18,021,306**	18,358,986
Surplus/deficit from outputs		
Other expenses	**17,062,553**	16,618,282
Net Surplus/Deficit	**958,753**	1,740,704
Total Assets	**53,027,321**	54,510,161
Total Liabilities	**10,806,250**	13,247,846
Net Worth	**42,221,071**	41,262,315
Cash flows from operating activities	**2,949,839**	1,447,972
Cash flows from investing activities	**(950,000)**	
Cash flows from financing activities	**(2,355,648)**	(1,177,821)
Change in cash balances	**(355,809)**	270,151

Financial Performance Ratio	**2011/12 Budget $**	**2010/11 Projected Actual $**
Current Assets: Current Liabilities	**1.7:1**	1.6:1
Total Assets: Total Liabilities	**4.9:1**	3.8:1

Maintenance of Capability

Human Capital Measures	**2011/12 Budget $**	**2010/11 Projected - Actual $**
Total full time equivalent staff	160	160
Staff turnover (%)	2 max	2 max
Average length of service (Number) Senior management Professional staff Administrative staff	 10 10 25	 10 10 25
Significant changes to personnel management system	None	None

Physical Capital Measures	**2011/12 Budget $**	**2010/11 Projected - Actual $**
Value of total assets	Unknown	Unknown
Asset replacements: total assets	Less than 1%	Less than 1%
Book value of depreciated assets: initial cost of those assets	69%	71%
Depreciation: Cash flow on asset purchases	Not separately Identified	Not separately Identified
Changes to asset management policies	Non Planned	Non Planned

Major Capital Expenditure Projects	**2011/12 Budget $**
Asset additions & Replacements	CI$950,000

Risk Management

Key risks	**Change in status from previous year**	**Actions to manage risk**	**Financial value of risk**
Hurricanes & Storms	None	Hurricane Plan practised on a continuous basis	CI$2 million
Personal injury or fatality during operation	None	Employee safety procedures	unknown

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.

A summary of those forecasts is as follows.

Operating Statement	**2011/12 Budget $**	**2010/11 Projected Actual $**
Revenue	18,021,306	18,358,986
Operating Expenses	17,062,553	16,618,282
Net Surplus/Deficit	*958,753*	*1,740,704*

Balance Sheet	**As at 30 June 2012 $**	**As at 30 June 2011 $**
Assets	53,027,321	54,510,161
Liabilities	10,806,250	13,247,846
Net Worth	*42,221,071*	*41,262,315*

Statement of Cash Flows	**2011/12 Budget $**	**2010/11 Projected Actual $**
Net cash flows from operating activities	2,949,839	1,447,972
Net cash flows from investing activities	(950,000)	
Net cash flows from financing activities	(2,355,648)	(1,177,821)

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 (2010 Revision).

Transaction	**Amount for 2011/12 $**
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[41]	NONE
Remuneration[42] Payments made to Key Management Personnel	NONE
Remuneration Payments made to Senior Management	NONE

	Number for 2011/12
No of Key Management Personnel	3
No of Senior Management	7

[41] Key Management Personnel as defined by International Public Accounting Standards No 20, eg Minister, Board Member and Senior Management Team
[42] Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

7. Agreement

Scope of this Agreement

In signing this document:

- ***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 that this Ownership Agreement accurately documents the ownership performance that ***Port Authority of the Cayman Islands*** will seek to achieve for the 2011/12 financial year and that the Cabinet will monitor performance against.

_____

Hon. Premier W. McKeeva Bush, OBE, JP.

Minister of Finance, Tourism and Development

on behalf of the Cabinet

_____

Stefan Baraud

Chairman of the Board

Port Authority of the Cayman Islands

30 June 2011

Appendix: Forecast Financial Statements

PORT AUTHORITY OF THE CAYMAN ISLANDS
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2012

These Forecast Financial Statements have been prepared in accordance with the provisions of the Public Management and Finance Law 2010 (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 forecast financial statements are:

(a) complete and reliable;
(b) fairly reflect the forecast financial position as at 30 June 2012 and performance for *Port Authority of the Cayman Islands* for the year ended 30 June 2012
(c) comply with generally accepted accounting practice.

_____

Stefan Baraud

Chairman of the Board

Port Authority of the Cayman Islands

30 June 2011

PORT AUTHORITY OF THE CAYMAN ISLANDS
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDING 30 JUNE 2012

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:

Basis of accounting

The financial statements of the Port Authority are prepared on an accruals basis under the historical cost convention.

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.

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 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)

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.

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.

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.

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)

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

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.

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.

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.

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

2. Significant accounting policies (continued)

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 arm length basis.

PORT AUTHORITY OF THE CAYMAN ISLANDS
FORECAST OPERATING STATEMENT
FOR THE YEAR ENDING 30 JUNE 2012

	NOTE	2011/12 Budget $	2010/11 Forecast $
Outputs to Ministries, Portfolios, SAs & GCs			
Outputs to Others		18,021,306	18,358,986
Investment Revenue		0	0
Total Operating Revenue		**18,021,306**	**18,358,986**
Operating Expenses			
Personnel		9,632,037	9, 744,724
Supplies and consumables		5,091,420	4,688,741
Depreciation		2,075,048	2,075,048
Financing		264,048	109,769
Total Operating Expenses		**17,062,553**	**16,618,282**
Surplus/Deficit from Operating Activities		**958,753**	**1,740,704**
Extraordinary Items			
Loss on disposal of Fixed Asset		0	
Net Surplus/Deficit after Extraordinary Items		**958,753**	**1,740,704**

PORT AUTHORITY OF THE CAYMAN ISLANDS
FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30 JUNE 2012

	NOTE	2011/12 Budget $	2010/11 Forecast $
Opening Balance Net Worth		41,262,318	39,521,611
Net Surplus		958,753	
Transfer to Reserve Fund			1,740,704
Total Recognized Revenues and Expenses		**42,221,071**	**41,262,315**
Dividend		**0**	0
Closing Balance Net Worth		**4,221,071**	**41,262,315**

PORT AUTHORITY OF THE CAYMAN ISLANDS
FORECAST BALANCE SHEET
AS AT 30 JUNE 2012

	NOTE	2011/12 Budget $	2010/11 Forecast $
Current Assets			
Cash and Cash Equivalents	2	1,391,005	1,746,814
Accounts Receivable Prepaid & Other Assets		2,021,707	2,023,698
Inventories		275,971	275,971
Total Current Assets		**3,688,683**	**4,046,483**
Non-Current Assets			
Property, plant and equipment		49,338,638	50,463,678
TOTAL ASSETS		**53,027,321**	**54,510,161**
Current Liabilities			
Accounts Payable		**2,163,906**	2,513,906
Other current liabilities			
Total Current Liabilities		**2,163,906**	**2,513,906**
Non-Current Liabilities			
Non-current liabilities		**8,642,344**	10,733,940
Total Liabilities		**10,806,250**	**13,247,846**
TOTAL ASSETS LESS TOTAL LIABILITIES		**42,221,071**	**41,262,315**
Net Worth			
Dividend		0	0
Accumulated surpluses		42,221,071	41,262,315
Total Net Worth		**42,221,071**	**41,262,315**

PORT AUTHORITY OF THE CAYMAN ISLANDS
FORECAST STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30 JUNE 2012

	NOTE	2011/12 Budget $	2010/11 Forecast $
Cash Flows from Operating Activities			
Receipts			
Outputs to Ministries, Portfolios, SAs & GCs		-	0
Outputs to Others		18,021,306	18,358,986
Interest Received		0	0
Payments			
Personnel Costs		9,632,037	9,744,724
Other Payments		348,010	2,477,549
Suppliers		5,091,420	4,688,741
Net Cash Flows from Operating Activities		**2,949,839**	**1,447,972**
Cash Flows from Investing Activities			
Purchase of non-current assets		(950,000)	
Net Cash Flows from Investing Activities		**(950,000)**	
Cash Flows from Financing Activities			
Capital Withdrawal		0	0
Repayment of Borrowings		(2,355,648)	(1,177,821)
Net Cash Provided by Financing Activities		**(2,355,648)**	**(1,177,821)**
Opening Balance Cash & Cash Equivalents		**1,746,814**	**1,476,663**
Net Change in Cash & Cash Equivalents		(355,809)	270,151
Closing Balance Cash & Cash Equivalents	**2**	**1,391,005**	**1,746,814**

PORT AUTHORITY OF THE CAYMAN ISLANDS
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2012

	2011/12 Budget $	2010/11 Forecast $
NOTE 1. OPERATING REVENUES		
Consignee Income	9,435,730	9,435,729
Owner/Agent Income	7,326,956	7,361,074
Other Income	1,258,620	1,562,183
Total Operating Revenue	**18,021,306**	**18,358,986**
NOTE 2. CASH AND CASH EQUIVALENTS		
Current accounts	1,243,943	1,599,752
Short-Term fixed deposits	147,062	147,062
Total Cash and Cash Equivalents	**1,391,005**	**1,746,814**
NOTE 3. INVENTORIES		
Mechanical Parts & Diesel	**275,971**	275,971
Total Inventories	**275,971**	**275,971**

PORT AUTHORITY OF THE CAYMAN ISLANDS
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2012

	2011/12 Budget $	2010/11 Forecast $
NOTE 4. DEPRECIATION AND FIXED ASSETS		
Land		
Opening Book Value/Cost	14,436,076	14,436,076
Closing Book Value	**14,436,076**	**14,436,076**
Buildings		
Opening Book Value/Cost	42,754,339	42,642,652
Additions	889,207	111,687
Depreciation	(13,297,830)	(12,193,632)
Closing Book Value	**30,345,716**	**30,560,707**
Plant, Equipment & Vehicles		
Opening Book Value/Cost	10,843,236	10,796,604
Additions	500,000	47,232
Accumulated Depreciation	(7,397,111)	(6,678,084)
Closing Book Value	**3,946,125**	**4,165,152**
Other Fixed Assets		
Opening Book Value/Cost	716,904	716,904
Additions	300,000	
Accumulated Depreciation	(602,025)	(495,145)
Closing Book Value	**414,879**	**221,759**
Furniture		
Opening Book Value/Cost	839,272	839,272
Additions	100,000	
Accumulated Depreciation	(783,802)	(706,363)
Closing Book Value	**155,470**	**132,909**
Computers		
Opening Book Value/Cost	995,367	995,367
Additions	50,000	
Accumulated Depreciation	(1,004,996)	(937,494)
Closing Book Value	40,371	57,873
Work In Process	0	889,202
Total Fixed Assets	**49,338,638**	**50,463,678**

BUDGET 2011/12

Ownership Agreement

Between

The Cabinet of the Cayman Islands Government

and

Public Service Pensions Board (PSPB)

For the year ending 30 June 2012

Contents

1. Purpose
2. Nature and Scope of Activities
3. Strategic Goals and Objectives
4. Ownership Performance Targets
5. Summarised Forecast Financial Statements
6. Other Financial Information
7. Agreements
8. Appendix: Forecast Financial Statements

1. Purpose

This Ownership Agreement documents the ownership performance that the Cabinet and the Board of ***Public Service Pensions Board*** have agreed that Public Service Pensions Board will seek to achieve during the 2011/12 financial year.

The purpose of the document is to ensure that 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 ***Public Service Pensions Board*** is to operate during the year 2011/12.

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

The scope of ***Public Service Pensions Board*** activities is as follows:

Administration of:

- The Public Service Pensions Plan
- The Parliamentary Pensions Plan
- The Judicial Pension Plan
- The Ex-Gratia Pensions
- Policy advice on pension requirements for public service pension plans
- and related legislation
- Administration and management of the Public Service Pensions fund

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 Goals and Objectives

The key strategic goals and objectives (from an ownership perspective) for The Public Service Pensions Board for the 2011/12 financial year are as follows:

- Preparation and submission of Financial Statements as at 30 June 2011 and resulting Annual Report in accordance with Public Management and Finance Law (2010 Revision).
- Prepare project scope document for DB/DC funds separation incorporating assistance of various stakeholders and suppliers to provide greater equity for all classes of participants.
- Complete 1st January 2011 funding Actuarial Valuation as required by statute. Once the report has been accepted by Cabinet, pension contribution rates established by regulations and the report tabled in the Legislative Assembly, the Board is to insure implementation and collection of the pension contribution rates as prescribed by regulations to secure the long term sustainability of the Fund.
- To ensure that the appropriate penalty is applied to pension contributions in arrears thereby mitigating the risk of lost investment income to participants as a result of late payments by Employers.
- Finalise implementation of LynchVal Pension Administration and Payment system.
- Following the Validation Analysis of the Pension Administration data, agree an action plan to resolve any resulting audit issues. Commence the process of data cleansing. Validation analysis and data cleansing is an ongoing administrative process and is a key component to achieving efficient administration.
- To continue the process review programs on all Plan Administration Department standard operating procedures. This is an ongoing departmental process and extended to include Managing Director's Office, Human Resources & Operations and Financial Reporting Departments in the next fiscal year, which is a key component to achieving organizational efficiencies.
- In conjunction with process review program for the organization, a scoping process will take place in order to identify suitable workflow tracking and electronic data management system, the objective of which is to increase efficiencies and controls for all processes including meeting statutory deadlines.
- Review existing communication components and develop a strategic communication program designed to meet statutory obligations and increase stakeholders' public sector pension awareness.

4. Ownership Performance Targets

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2010 Revision) for Public Service Pensions Board for the 2011/12 financial year are as follows.

Financial Performance

Financial Performance Measure	**2011/12 Target $**	**2010/11 Forecast $**
Revenue from Cabinet	$540,000	$540,000
Revenue from ministries, portfolios, statutory authorities and government companies	0	0
Revenue from other persons or organisations		
Surplus/deficit from outputs	0	0
Other expenses		
Net Surplus/Deficit	0	0
Net Assets of PSPB (30 June 2012)	Information not available	Information not available
Total Liabilities of PSPB (1 January 2005 – as per latest actuarial valuation report)	Information not available	Information not available
Net Worth of PSPB (fund deficit subject to next actuarial valuation)	Information not available	Information not available
Cash flows from operating activities	0	0
Cash flows from investing activities	0	0
Cash flows from financing activities	0	0
Change in cash balances	0	0

Financial Performance Ratio	**2011/12 Target**	**2010/11 Forecast**
Current Assets: Current Liabilities	Information not available	Information not available
Total Assets: Total Liabilities	Information not available	Information not available

Maintenance of Capability

Human Capital Measures	**2011/12 Budget**	**2010/11 Forecast**
Total full time equivalent staff	28	27
Staff turnover (%)	7%	3%
Average length of service (Number) Executive and Senior management Professional staff Administrative staff	 8 4 5	 7 4 5
Significant changes to personnel management system	N/A	N/A

Physical Capital Measures	**2011/12 Budget**	**2010/11 Forecast**
Value of total assets	Information not available	Information not available
Asset replacements: total assets	Information not available	Information not available
Book value of depreciated assets: initial cost of those assets	Information not available	Information not available
Depreciation: Cash flow on asset purchases	Information not available	Information not available
Changes to asset management policies	Information not available	Information not available

Major Capital Expenditure Projects	**2011/12 Budget**	**2010/11 Forecast**
Upgrades to Pension Administration System and Installation and Implementation of Investment Software System	Fully operational	-

Risk Management

Key risks	Change in status from previous year	Actions to manage risk	Financial value of risk
Hurricane	Risk reduced for the PSPB Filing System, as not located in safe room. Risk reduced due to individual server installed in PSPB offices. Further, reduction of risk, as PSPB has a Hurricane Preparedness Plan in place and the staff are informed.	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
Investment strategy not suitable for its purpose	New	Investment strategy review following DB/DC split	Unquantifiable

5. Summarised Forecast Financial Statements

A full set of forecast financial statements for ***Public Service Pensions 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 (2010 Revision).

Transaction	**Amount for 2011/12 $**
Equity Investments into Public Service Pensions Board	0
Capital Withdrawals from Public Service Pensions Board.	0
Dividend or Profit Distributions to be made by *Public Service Pensions Board.*	0
Government Loans to be made to *Public Service Pensions Board.*	0
Government Guarantees to be issued in relation to *Public Service Pensions Board.*	0
Related Party Payments (Non Remuneration) made to Key Management Personnel[43]	0
Remuneration[44] Payments made to Key Management Personnel	638,734
Remuneration Payments made to Senior Management	970,781

	Number for 2010/11
No of Key Management Personnel	4

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

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

7. Agreement

Scope of this Agreement

In signing this document:

- ***Public Service Pensions 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 that this Ownership Agreement accurately documents the ownership performance that ***Public Service Pensions Board*** will seek to achieve for the 2011/12 financial year and that the Cabinet will monitor performance against.

_____

Donovan Ebanks
Deputy Governor

_____

Chairman of the Board
Financial Secretary
Public Service Pensions Board

30 June 2011

Appendix: Forecast Financial Statements

PUBLIC SERVICE PENSIONS BOARD
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2012

These Forecast Financial Statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2010 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 forecast financial statements are:

(a) complete and reliable;
(b) fairly reflect the forecast financial position as at 30 June 2012 and performance for ***Public Service Pensions Board*** for the year ended 30 June 2012; and
(c) comply with generally accepted accounting practice.

_____
Chairman
On behalf of the Board

30 June 2011

BUDGET 2011/12

Ownership Agreement

Between

The Cabinet of the Cayman Islands Government

and

Sister Islands Affordable Housing Corporation

For the year ending 30 June 2012

Contents

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

Appendix: Forecast Financial Statements

1. Purpose

This Ownership Agreement documents the ownership performance that the Cabinet and the Board of ***Sister Islands Affordable Housing Development Corporation*** have agreed that ***Sister Islands Affordable Housing Development Corporation*** will seek to achieve during the 2011/12 financial year.

The purpose of the document is to ensure that 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 ***Sister Islands Affordable Housing Development Corporation*** is to operate during the year.

General Nature of Activities

The ***Sister Islands Affordable Housing Development Corporation*** activities involve being an important factor in the economic development of the Cayman Islands by providing homes to Caymanians in the Sister Islands at an affordable price.

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 with the Sister Islands.

3. Strategic Goals and Objectives

The key strategic goals and objectives (from an ownership perspective) for The ***Sister Islands Affordable Housing Development Corporation*** for the 2011/12 financial year are as follows:

STRATEGIC GOALS

- To become a well structured, efficiently managed organization that is fair and prudent in its selection processing of eligible applicants for the affordable homes offered by the Corporation.

- To identify the housing needs of Caymanians in the Sister Islands and to proceed with the processing of future development of affordable homes that 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 2011/12 financial year are as follows:

OBJECTIVES

- 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

- development of new homes for the households in the Sister Islands community.

- Ensure that 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 (2010 Revision) for ***Sister Islands Affordable Housing Development Corporation*** for the 2011/12 financial year are as follows.

Financial Performance

Financial Performance Measure	**2011/12 Budget $**	**2010/11 Forecast $**
Revenue from Cabinet	75,000	75,000
Revenue from ministries, portfolios, statutory authorities and government companies	0	0
Revenue from other persons or organisations	0	0
Surplus/deficit from outputs	0	0
Other expenses	75,000	79,773
Net Surplus/Deficit	0	(4,773)
Total Assets	1,650,787	1,150,849
Total Liabilities	0	0
Net Worth	1,650,787	1,150,849
Cash flows from operating activities	0	103,812
Cash flows from investing activities	500,000	0
Cash flows from financing activities	0	0
Change in cash balances	500,000	103812

Financial Performance Ratio	**2011/12 Budget $**	**2010/11 Forecast $**
Current Assets: Current Liabilities	No Liabilities	No Liabilities
Total Assets: Total Liabilities	No Liabilities	No Liabilities

Maintenance of Capability

Human Capital Measures	2011/12 Budget	2010/11 Forecast
Total full time equivalent staff	1	1
Staff turnover (%)	0	0
Average length of service (Number) Senior management Professional staff Administrative staff	1	1
Significant changes to personnel management system		

Physical Capital Measures	2011/12 Budget $	2010/11 Forecast $
Value of total assets	1,650,787	1,150,849
Asset replacements: total assets		
Book value of depreciated assets: initial cost of those assets		
Depreciation: Cash flow on asset purchases		
Changes to asset management policies		

Major Capital Expenditure Projects	2011/12 Budget $

Risk Management

Key risks	Change in status from previous year	Actions to manage risk	Financial value of risk
			NIL

5. Summarised Forecast Financial Statements

A full set of forecast financial statements for ***Sister Islands Affordable Housing Development Corporation*** is provided in the Appendix to this Ownership Agreement.

A summary of those forecasts is as follows:

Operating Statement	**2011/12 Budget $**	**2010/11 Forecast $**
Revenue	75,000	75,000
Operating Expenses	(75000)	(79,773)
Net Surplus/Deficit	*(0)*	*(4,773)*

Balance Sheet	**As at 30 June 2012 $**	**As at 30 June 2011 $**
Assets	1,650,787	1,150,849
Liabilities		0
Net Worth	*1,650,787*	*1,150,849*

Statement of Cash Flows	**2011/12 Budget $**	**2010/11 Forecast $**
Net cash flows from operating activities	0	103,812
Net cash flows from investing activities	0	0
Net cash flows from financing activities	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 (2010 Revision).

Transaction	**Amount for 2011/12 $**
Equity Investments into Sister Islands Affordable Housing Development Corporation	500,000
Capital Withdrawals from Sister Islands Affordable Housing Development Corporation.	0
Dividend or Profit Distributions to be made by Sister Islands Affordable Housing Development Corporation.	0
Government Loans to be made to Sister Islands Affordable Housing Development Corporation.	0
Government Guarantees to be issued in relation to Sister Islands Affordable Housing Development Corporation.	0
Related Party Payments (Non Remuneration) made to Key Management Personnel[45]	0
Remuneration[46] Payments made to Key Management Personnel	0
Remuneration Payments made to Senior Management	0

	Number for 2011/12
No of Key Management Personnel	12
No of Senior Management	1

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

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

7. Agreement

Scope of this Agreement

In signing this document:

- ***Sister Islands Affordable Housing Development 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 that this Ownership Agreement accurately documents the ownership performance that ***Sister Islands Affordable Housing Development Corporation*** will seek to achieve for the 2011/12 financial year and that the Cabinet will monitor performance against.

_____

Hon. Juliana O'Connor-Connolly
Minister of District Administration, Works, Lands and Agriculture
on behalf of the Cabinet

_____

Christine Maltman
Chairman of the Board
Sister Islands Affordable Housing Development Corporation

30 June 2011

Appendix: Forecast Financial Statements

SISTER ISLANDS AFFORDABLE HOUSING DEVELOPMENT CORPORATION
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2012

These Forecast Financial Statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2010 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 forecast financial statements are:

(a) complete and reliable;
(b) fairly reflect the forecast financial position as at 30 June 2012 and performance for *Sister Islands Affordable Housing Development Corporation* for the year ended 30 June 2012; and
(c) comply with generally accepted accounting practice.

_____

Andre Scott
Chairman
On behalf of the Board

30 June 2011

SISTER ISLANDS AFFORDABLE HOUSING CORPORATION
FORECAST OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2012

	Note	2011/12 Budget	2010/11 Forecast
		$000	**$000**
Revenue			
Outputs to Cabinet		85	75
Outputs to other government agencies			
Outputs to others			
Interest revenue			
Total Operating Revenue		85	75
Operating Expenses			
Personnel costs	**1**	(58)	(60)
Supplies and consumables	**2**	(27)	(20)
Depreciation	**3**		
Capital charge			
Other operating expenses			
Total Operating Expenses		85	80
Surplus from operating activities and before extraordinary items		0	(5)
Extraordinary items			
Net Surplus		0	(5)

FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDED 30 JUNE 2012

	Note	2011/12 Budget	2010/11 Forecast
		$000	$000
Opening balance net worth		**1,150**	**1,168**
Net surplus		0	(18)
Property revaluations			
Investment revaluations			
Net revaluations during the period		0	(18)
Total recognised revenues and expenses		**1,150**	**1,150**
Equity investment			
Repayment of surplus			
Capital withdrawal			
Closing balance net worth		**1,150**	**1,150**

SISTER ISLANDS AFFORDABLE HOUSING CORPORATION
FORECAST BALANCE SHEET
AS AT 30 JUNE 2012

	Note	2011/12 Budget	2010/11 Forecast
		$000	$000
Current Assets			
Cash and cash equivalents	4	1,025	1,024
Accounts receivable	5		
Inventories	6		
Total Current Assets		**1,025**	**1,024**
Non-Current Assets			
Property, plant and equipment	7	126	126
Other non-current assets			
Total Non-Current Assets		**126**	**126**
Total Assets		**1,150**	**1,150**
Current Liabilities			
Accounts payable	8		
Unearned revenue	9		
Employee entitlements	10		
Other current liabilities			
Total Current Liabilities		0	0
Non-Current Liabilities			
Employee entitlements	11		
Other non-current liabilities	12		
Total Non-Current Liabilities		0	0
Total Liabilities		0	0
TOTAL ASSETS LESS TOTAL LIABILITIES		**1,150**	**1,150**
NET WORTH		**1,150**	**1,150**
Contributed capital			
Asset revaluation reserve			
Accumulated surpluses		0	0
Total Net Worth		**1,150**	**1,150**

SISTER ISLANDS AFFORDABLE HOUSING CORPORATION
FORECAST CASH FLOW STATEMENT
FOR YEAR ENDED 30 JUNE 2012

		2011/12 Budget	2010/11 Forecast
	Note	**$000**	**$000**
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Outputs to Cabinet		85	75
Outputs to other government agencies			
Outputs to others			109
Interest received			
Payments			
Personnel costs		(58)	(60)
Suppliers		(27)	(20)
Other payments			
Net cash flows from operating activities		0	104
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current assets			
Proceeds from sale of non-current assets			
Net cash flows from investing activities			
CASH FLOWS FROM FINANCING ACTIVITIES			
Equity investment			
Repayment of surplus			
Capital withdrawal			
Net cash flows from financing activities			
Net increase/(decrease) in cash and cash equivalents		0	104
Cash and cash equivalents at beginning of period		1,024	920
Cash and cash equivalents at end of period		**1,024**	**1,024**

SISTER ISLANDS AFFORDABLE HOUSING CORPORATION
NOTES TO THE FORECAST FINANCIAL STATEMENTS

NOTE 1. PERSONNEL COSTS

	2011/12 Budget	2010/11 Forecast
	$000	$000
Salaries and wages (including employee pension contributions)	55	59
Employer/Government pension expense	3	1
Total Personnel Costs	**58**	**60**

NOTE 2. SUPPLIES AND CONSUMABLES

	2011/12 Budget	2010/11 Forecast
	$000	$000
Supply of goods and services	20	20
Operating lease rentals	7	0
Other		
Total Supplies and Consumables	**27**	**20**

NOTE 3. DEPRECIATION

	2011/12 Budget	2010/11 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

	2011/12 Budget	**2010/11 Forecast**
	$000	**$000**
Cash on hand		
Bank accounts	1,024	1,024
Deposits with Portfolio Finance and Economic (Treasury)		
Total Cash and Cash Equivalents	**1,024**	**1,024**

NOTE 5. ACCOUNTS RECEIVABLE

	2011/12 Budget	**2010/11 Forecast**
	$000	**$000**
Outputs to Cabinet		
Outputs to other government agencies		
Outputs to others		
Interest receivable		
Prepayments		
Interest Receivable		
Other Receivables		
Total Gross	0	0
Less provision for doubtful debts		
Total Net	0	0

NOTE 6. INVENTORIES

	2011/12 Budget	2010/11 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 2011/12 Budget
	$000	$000	$000	$000	$000	$000
Land	126					126
Buildings						
Vehicles						
Aeroplanes						
Boats						
Furniture and fittings						
Computer hardware and software						
Office equipment						
Other plant and equipment						
Construction in progress						
Other assets						
Total	126					126

	HC or Revalued Amount	Accum Depr	2011/12 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

	2011/12 Budget	2010/11 Forecast
	$000	$000
Trade Creditors		
Operating lease rental		
Accruals		
Total	0	

NOTE 9. UNEARNED REVENUE

	2011/12 Budget	2010/11 Forecast
	$000	$000
Revenue received in advance		
Total	0	0

NOTE 10. EMPLOYEE ENTITLEMENTS (CURRENT)

	2011/12 Budget	2010/11 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)

	2011/12 Budget	2010/11 Forecast
	$0	$0
Long service leave and other leave entitlements		
Other salary related entitlements		
Total	0	0

NOTES TO THE FORECAST FINANCIAL STATEMENTS

NOTE 12. OTHER NON-CURRENT LIABILITIES

	2011/12 Budget	2010/11 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

	2011/12 Budget	2010/11 Forecast
Operating surplus/(deficit)		
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		
Increase in receivables		
Net cash flows from operating activities		

SISTER ISLANDS AFFORDABLE HOUSING CORPORATION
STATEMENT OF ACCOUNTING POLICIES

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 2011.

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.

BUDGET 2011/12

Ownership Agreement

Between

The Cabinet of the Cayman Islands Government

and

The Tourism Attraction Board

For the year ending 30 June 2012

Contents

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

Appendix: Forecast Financial Statements

1. Purpose

This Ownership Agreement documents the ownership performance that the Cabinet and the Board of the ***Tourism Attraction Board*** have agreed that the ***Tourism Attraction Board*** will seek to achieve during the 2011/12 financial year.

The purpose of the document is to ensure that 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 ***Tourism Attraction 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 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 and Heritage Garden; 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; café and 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 from events, 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 Goals and Objectives

The key strategic goals and objectives (from an ownership perspective) for the Tourism Attraction Board for the 2011/12 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 provide research 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 (2010 Revision) for ***Tourism Attraction Board*** for the 2011/12 financial year are as follows.

Financial Performance

Financial Performance Measure	**2011/12 Target $**	**2010/11 Forecast $**
Revenue from Cabinet	2,090,591	2,208,025
Revenue from ministries, portfolios, statutory authorities and government companies	20,900	11,400
Revenue from other persons or organisations	469,000	518,300
Surplus/deficit from outputs	0	0
Other expenses	2,631,101	0
Net Surplus/Deficit	(50,610)	0
Total Assets	8,640,515	8,661,155
Total Liabilities	2,764,187	2,327,065
Net Worth	5,876,328	6,334,090
Cash flows from operating activities	117,827	164,490
Cash flows from investing activities	0	0
Cash flows from financing activities	0	0
Change in cash balances	347,580	229,753

Financial Performance Ratio	**2011/12 Target $**	**2010/11 Forecast $**
Current Assets: Current Liabilities	517%	124%
Total Assets: Total Liabilities	313%	373%

Maintenance of Capability

Human Capital Measures	**2011/12 Target $**	**2010/11 Forecast $**
Total full time equivalent staff	38	37
Staff turnover (%)	0%	6%
Average length of service (Number) Senior management Professional staff Administrative staff	7 5 1 6	7 5 1 6
Significant changes to personnel management system	None planned	None planned

Physical Capital Measures	**2011/12 Target $**	**2010/11 Forecast $**
Value of total assets	8,640,515	8,661,155
Asset replacements: total assets	0.3%	0.25%
Book value of depreciated assets: initial cost of those assets	72%	76%
Depreciation: Cash flow on asset purchases	0%	25%
Changes to asset management policies	None Planned	None Planned

Major Capital Expenditure Projects	**2011/12 Target $**

Risk Management

Key risks	Change in status from previous year	Actions to manage risk	Financial value of risk
Queen Elizabeth II Botanic Park:			
Public Liability	None	Insurance	Unknown
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.	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.	Cost of debris removal plus insurance deductible.
Pirates' Week:			
Rain	None	None*	<= $50,000
Accidents	None	Insurance	Unknown
Craft Market:			
Public Liability	None	Insurance	Unknown
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.	Cost of debris removal plus insurance deductible.
Tourism Attraction Board:			
Property Loss Due to Hurricanes or other Natural Disasters	None	Take necessary precautions on-site to minimize damage in the event of a hurricane or other forecasted natural disaster and review insurance policy to ensure adequate coverage is in place.	Cost of debris removal plus insurance deductible.

5. Summarised Forecast Financial Statements

A full set of forecast financial statements for ***Tourism Attraction Board*** is provided in the Appendix to this Ownership Agreement.

A summary of those forecasts is as follows.

Operating Statement	**2011/12 Target $**	**2010/11 Forecast $**
Revenue	2,580,491	2,697,725
Operating Expenses	2,631,101	2,737,725
Net Surplus/Deficit	*(50,610)*	*(40,000)*

Balance Sheet	**As at 30 June 2012 $**	**As at 30 June 2011 $**
Assets	8,640,515	8,661,155
Liabilities	2,764,187	2,327,065
Net Worth	*5,876,328*	*6,334,090*

Statement of Cash Flows	**2011/12 Target $**	**2010/11 Forecast $**
Net cash flows from operating activities	117,827	53,600
Net cash flows from investing activities	0	0
Net cash flows from financing activities	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 (2010 Revision).

Transaction	**Amount for 2011/12 $**
Equity Investments into Tourism Attraction Board	-
Capital Withdrawals from Tourism Attraction Board.	-
Dividend or Profit Distributions to be made by Tourism Attraction Board	-
Government Loans to be made to Tourism Attraction Board	-
Government Guarantees to be issued in relation to Tourism Attraction Board	-
Related Party Payments (Non Remuneration) made to Key Management Personnel[47]	-
Remuneration[48] Payments made to Key Management Personnel	-
Remuneration Payments made to Senior Management	-

	Number for 2011/12
No of Key Management Personnel	7
No of Senior Management	6

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

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

7. Agreement

Scope of this Agreement

In signing this document:

- The ***Tourism Attraction 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 that this Ownership Agreement accurately documents the ownership performance that ***Tourism Attraction Board*** will seek to achieve for the 2011/12 financial year and that the Cabinet will monitor performance against.

_____

Hon. W. McKeeva Bush, OBE, JP
Minister of Finance, Tourism and Development
on behalf of the Cabinet

_____

Kirkland Nixon

Chairman of the Board
Tourism Attraction Board

Date: June 30, 2011

Appendix: Forecast Financial Statements
TOURISM ATTRACTION BOARD
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2012

These Forecast Financial Statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2010 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 forecast financial statements are:

(a) complete and reliable;
(b) fairly reflect the forecast financial position as at 30 June 2012 and performance for ***Tourism Attraction Board*** for the year ended 30 June 2012
(c) comply with generally accepted accounting practice.

Kirkland Nixon

Chairman of the Board

Tourism Attraction Board

30 June 2011

TOURISM ATTRACTION BOARD
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDING 30 JUNE 2012

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:

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.

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.

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.

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.

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.

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.

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.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents represents cash deposits with original maturities of three months or less. All cash and cash equivalents are held at banks In the Cayman Islands.

TOURISM ATTRACTION BOARD
FORECAST OPERATING STATEMENT
FOR THE YEAR ENDING 30 JUNE 2012

	NOTE	2011/12 Budget $
Revenue		
Sale of goods and services	9	2,570,991
Investment revenue	10	0
Donations	11	9,500
Other revenue		0
Total Revenue		**2,580,491**
Expenses		
Personnel costs	12	1,551,501
Supplies and consumables	13	778,125
Depreciation	6	187,595
Impairment of property, plant and equipment	6	0
Impairment of inventory	4	0
Finance costs (overdraft interest)	14	115,204
Litigation costs	15	0
Gains/(losses) on foreign exchange transactions	16	(1,324)
Gains/(losses) on disposal/revaluation of property, plant and equipment	16	0
Extraordinary items		0
Other expenses		0
Total Expenses		**2,631,101**
Surplus or (Deficit) for the period		**(50,610)**

TOURISM ATTRACTION BOARD
FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30 JUNE 2012

		2011/12 Budget $
NET WORTH		
Contributed capital		11,296,601
Other Reserves		0
Revaluation reserve		0
Accumulated surpluses/(deficits)		(5,420,273)
Total Net Worth		**5,876,328**

TOURISM ATTRACTION BOARD
FORECAST BALANCE SHEET
AS AT 30 JUNE 2012

	NOTE	2011/12 Budget $
Current Assets		
Cash and cash equivalents	**2**	347,580
Marketable securities and deposits		0
Trade receivables	**3**	399,454
Other receivables	**3**	0
Inventories	**4**	86,534
Investments	**5**	**0**
Prepayments		
Total Current Assets		**833,568**
Non-Current Assets		
Trade receivables	**3**	0
Other receivables	**3**	0
Inventories	**4**	0
Prepayments		
Property, plant and equipment	**6**	**7,806,947**
Total Non-Current Assets		**7,806,947**
Total Assets		**8,640,515**
Current Liabilities		
Trade payables	**7**	137,865
Other payables and accruals	**7**	23,620
Bank Overdraft	**2**	0
Unearned revenue		0
Employee entitlements	**8**	0
Repayment of surplus		0
Total Current Liabilities		**161,485**
Non-Current Liabilities		
Trade payables	**7**	**149,451**
Other payables and accruals	**7**	**2,453,251**
Employee entitlements	**8**	0
Total Non-Current Liabilities		**2,602,702**
Total Liabilities		**2,764,187**
Net Assets		**5,876,328**

TOURISM ATTRACTION BOARD
FORECAST STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30 JUNE 2012

	2011/12 Budget $
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts	
Sale of goods and services to Cabinet	2,090,591
Sale of goods and services to other government agencies	11,400
Sale of goods and services - third party	314,579
Interest received	24
Donations / Grants	6,000
Other receipts	0
Payments	
Personnel costs	(1,551,501)
Supplies and consumables	(638,063)
Interest paid	(115,204)
Other payments	0
Net cash flows from operating activities	**117,827**
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property, plant and equipment	
Proceeds from sale of property, plant and equipment	0
Purchase of sale of investments	0
Proceeds from sale of investments	0
Cash advances	0
Cash receipts from repayment of advances	0
Net cash flows from investing activities	**0**
CASH FLOWS FROM FINANCING ACTIVITIES	
Equity Investment	0
Repayment of Surplus/Dividends/*Borrowings*	0
Capital withdrawal	0
Net cash flows from financing activities	**0**
Net increase/(decrease) in cash and cash equivalents	**117,827**
Cash and cash equivalents at beginning of period	229,753
Cash and cash equivalents at end of period	**347,580**

TOURISM ATTRACTION BOARD
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2012

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 2. Cash and Cash Equivalents			
Description change as applicable	**Foreign Currency**	**Exchange Rate**	**2011/12 Budget $**
Cash on hand	5,226	1	5,226
Cash in transit	0	1	0
CI$ Account	152,635	1	152,635
US$ Account	213,423	0.82	175,007
Payroll Current Account	0	1	0
Bank Accounts held at other financial institutions	0	1	0
Fixed Deposits	14,712	1	14,712
TOTAL			**347,580**
Note 3: Trade and other receivables			
Trade Receivables			**2011/12 Budget $**
Sale of goods and services to Cabinet			**0**
Sale of goods and services to other government agencies			**0**
Sale of goods and services - third party			**434,652**
Other			
Less: provision for doubtful debts			**(35,198)**
Total trade receivables			**399,454**
Other Receivables			**2011/12 Budget $**
Advances (salary, Official Travel, etc)			**0**
Dishonoured cheques			**0**
Interest receivable			**0**
Other			**0**
Less: provision for doubtful debts			**0**
Total other receivables			**0**
Current	**Trade Receivables**	**Other Receivables**	**2011/12 Budget $**
Past due 1-30 days			
Past due 31-60 days			
Past due 61-90 days	214,239		214,239
Past due 90 and above	89,918		89,918
Non-Current	59,945		59,945
Past due 1 year and above	35,352		35,352
Total			
			0
Changes in the provision of doubtful debts:	**399,454**	**0**	**399,454**

Description			2011/12 Budget $
Balance at 1 July			0
Additional provisions made during the year			(35,198)
Receivables written off during the period			0
Balance at 30 June			(35,198)
Note 4: Inventories			
Description	**Current**	**Non-Current**	**2011/12 Budget $**
Inventory held for use in the provision of goods and services			0
Inventory held for sale	86,534		86,534
Impairment of Inventory			0
TOTAL INVENTORIES	**86,534**	**0**	**86,534**
Note 5: Investments			
Investments			**2011/12 Budget $**
Total Investments at the lower of cost or market value			**0**

Note 6: Property, plant & equipment								
Cost of Property, plant & equipment								
	Land	***Plant and equipment***	***Buildings***	***Furniture***	***Computers***	***Other assets***	***Infra-structure***	***Motor Vehicles***
Balance as at 1 July 2010	1,270,881	58,941	8,343,945	819,294	75,207	138,591	44,960	73,585
Additions								
Disposals								
Transfers								
Balance as at 30 June 2011	1,270,881	58,941	8,343,945	819,294	75,207	138,591	44,960	73,585
	Land	***Plant and equipment***	***Buildings***	***Furniture***	***Computers***	***Other assets***	***Infra-structure***	***Motor Vehicles***
Balance as at 1 July 2011	1,270,881	58,941	8,343,945	819,294	75,207	138,591	44,960	73,585
Additions								
Disposals								
Transfers								
Balance as at 30 June 2012	**1,270,881**	**58,941**	**8,343,945**	**819,294**	**75,207**	**138,591**	**44,960**	**73,585**

Note 6: Property, plant & equipment *(continued)*								
Accumulated Depreciation and impairment losses	***Land***	***Plant and equipment***	***Buildings***	***Furniture***	***Computers***	***Other assets***	***Infra-structure***	***Motor Vehicles***
Balance as at 1 July 2010		33,068	1,587,579	706,214	68,002	138,591	40,148	49,585
Impairment loss 2010/11								
Depreciation Expense 2010/11			135,638	64,253	3,261			4,523
Eliminate on Disposal 2010/11								
Balance as at 30 June 2011	0	33,068	1,723,217	770,467	71,263	138,591	40,148	54,108
	Land	***Plant and equipment***	***Buildings***	***Furniture***	***Computers***	***Other assets***	***Infra-structure***	***Motor Vehicles***
Balance as at 1 July 2011	0	33,068	1,723,217	770,467	71,263	138,591	40,148	54,108
Impairment loss 2011/12								
Depreciation Expense 2011/12			131,364	48,827	2,968			4,436
Eliminate on Disposal 2011/12								
Balance as at 30 June 2012	0	33,068	1,854,581	819,294	74,231	138,591	40,148	58,544
Net Book value 30 June 2011	1,270,881	25,873	6,620,728	48,827	3,944	0	4,812	19,477
Net Book value 30 June 2012	1,270,881	25,873	6,489,364	0	976	0	4,812	15,041

Note 7: Trade payables, other payables & Accruals			
	Current	**Non-Current**	**2011/12 Budget $**
Creditors Third party	0	0	0
Creditors Ministries/Portfolios	0	0	0
Creditors other government agencies	137,865	149,451	287,316
Payroll Deductions	0	0	0
Operating Lease	0	0	0
Accrued Expenses	23,620	0	23,620
Other payables	0	2,453,251	2,453,251
Total trade payables other payables and accruals	**161,485**	**2,602,702**	**2,764,187**
Note 8: Employee entitlements			**2011/12 Budget $**
Annual Leave			0
Retirement and long service leave			0
Accrued salaries			0
Travel			0
Total current portion			**0**
Non-current employee entitlements are represented by:			
Retirement and long service leave			
Total employee entitlements			**0**

Note 9a: Sales of Goods & Services			
Revenue type			**2011/12 Budget $**
Fees and Charges			**395,000**
General Sales			**56,000**
Rentals			**18,000**
Other Goods & Services Revenue			**0**
Sale of goods and services to Cabinet			**2,090,591**
Sale of goods and services to Other Ministries and Portfolios			**11,400**
Total sales of goods and services			**2,570,991**

Fees and Charges			
Admissions & Gift Shops			395,000
Total Fees & Charges			395,000
General Sales			
Events, Plants, Site Rentals, etc.			56,000
Total General Sales			56,000
Rentals			
Hell Shops			18,000
Total Rentals			18,000
Other Goods & Services Revenue			
Total Other Goods & Services Revenue			0
Sales of Outputs to Cabinet			
Sales of Outputs to Cabinet			2,090,591
Total Sales of Outputs to Cabinet			2,090,591
Other Interdepartmental Revenue			
Revenue from Ministries/Portfolios & Public Authorities			11,400
Total Other Interdepartmental Revenue			11,400
Total Goods and Services			**2,570,991**

Note 9b: Revenue concessions			
Revenue type			**2011/12 Budget $**
Total concessions			**0**
Note 10: Investment revenue			
Revenue type			**2011/12 Budget $**
Interest on deposits			
Interest on cash balances			
Royalties			
Other			
Total Investment revenue			**0**

Note 11: Donations			
Source			**2011/12 Budget $**
General Donations from Patrons			**9,500**
Total donations			**9,500**
Note 12: Personnel costs			
Description			**2011/12 Budget $**
Salaries, wages and allowances			1,444,371
Health care			50,076
Pension			57,054
Leave			0
Other personnel related costs			0
Total Personnel Costs			**1,551,501**
Note 13: Supplies and consumables			
Description			**2011/12 Budget $**
Supplies and Materials			304,648
Purchase of services			123,426
Lease of Property and Equipment			67,200
Utilities			144,986
General Insurance			137,865
Interdepartmental expenses			0

Travel and Subsistence			0
Other			0
Total Supplies & consumables			**778,125**
Note 14: Finance costs			
			2011/12 Budget $
Interest on overdraft			
Loan Interest			115,204
Total Finance cost			**115,204**
Note 15. Litigation cost			
			Budget 2011/12
Description			
Description			
Total Litigation cost			**0**

Note 16: Gains / (losses)			
			2011/12 Budget $
Net gain / (loss) on disposal of property, plant and equipment			
Net gain / (loss) on foreign exchange Transactions			(1,324)
Total gains/ (losses)			**(1,324)**
Note 17: Reconciliation of net cash flows from operating activities to surplus/(deficit)			
Description			**2011/12 Budget $**
Surplus/(deficit) from ordinary activities			(50,610)
Non-cash movements			
Depreciation expense			187,595
Amortisation			
(Gain)/losses on sale of property plant and equipment			
Foreign exchange gains/(losses)			1,324
Changes in current assets and liabilities:			
(Increase)/decrease in other current assets			
(Increase)/decrease in receivables			22,100
(Increase)/decrease in receivables - Cabinet			
(Increase)/decrease in inventories			
Increase/(decrease) in payables			31,523
Increase/(decrease) in provisions relating to employee costs			
Net cash flows from operating activities			**191,932**

BUDGET 2011/12

Ownership Agreement

Between

The Cabinet of the Cayman Islands Government

and

University College of the Cayman Islands

For the year ending 30 June 2012

Contents

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

Appendix: Forecast Financial Statements

1. Purpose

This Ownership Agreement documents the ownership performance that the Cabinet and the Board of *the* ***University College of the Cayman Islands*** have agreed that *the* ***University College of the Cayman Islands*** will seek to achieve during the 2011/12 financial year.

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

2. Nature and Scope of Activities

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

General Nature of Activities

The ***University College of the Cayman Islands*** activities involve developing and teaching Tertiary Level Educational Programmes and Continuing Education courses and complimentary Educational services that satisfy the Islands' need for qualified, trained citizens.

Scope of Activities

The scope of the ***University College of the Cayman Islands*** activities is as follows:

- To provide high quality education in career, liberal arts and transfer programmes.
- To prepare students in career programmes to meet the standards and competencies required for employment.
- To respond to varied educational needs of the local University through a range of continuing education, career training and University service programmes.
- To develop new educational programmes in response to the economic development needs of the University in collaboration with the Cayman Islands Government, the Chamber of Commerce, and other local associations.

To pursue plans for the implementation of Baccalaureate Degree Programmes

Customers and Location of Activities

The customers of the ***University College*** **of the** ***Cayman Islands*** are all residents of the Cayman Islands and the services provided , are provided only in the Cayman Islands.

3. Strategic Goals and Objectives

The key strategic goals and objectives (from an ownership perspective) for The ***University College of the Cayman Islands*** for the 2011/12 financial year are as follows:

- Teaching/development of Baccalaureate Degree/Postgraduate Programmes.
- Increase enrolment in all Programmes.
- Increase retention in Vocational Programme.
- Respond in a timely manner to changing training needs**.**

4. Ownership Performance Targets

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2010 Revision) for **The *University College of the Cayman Islands*** for the 2011/12 financial year are as follows.

Financial Performance

Financial Performance Measure	**2011/12 Budget $**	**2010/11 Forecast $**
Revenue from Cabinet	3,925,000	3,925,000
Revenue from ministries, portfolios, statutory authorities, government companies	245,000	247,354
Revenue from others	2,697,477	2,868,732
Surplus/deficit from outputs		
Ownership expenses	6,867,477	7,041,086
Operating Surplus/Deficit	-	(596,687)
Net Worth	5,044,885	4,810,192
Cash flows from operating activities	725,808	(388,775)
Cash flows from investing activities	(273,000)	(82,318)
Cash flows from financing activities	(294,675)	(88,225)
Change in cash balances	(158,133)	(559,318)

Financial Performance Ratio	**2011/12 Budget**	**2010/11 Forecast**
Current Assets: Current Liabilities (Working Capital)	4.79:1	3.48:1
Total Assets: Total Liabilities	3.06:1	2.69:1

Maintenance of Capability

Human Capital Measures	**2011/12 Budget $**	**2010/11 Forecast $**
Total full time equivalent staff employed	81	86
Staff turnover (%)		
Managers	20	33
Professional and technical staff	25	0
Clerical and labourer staff	20	0
Average length of service (number of years in current position)		
Managers	2.5	4.0
Professional and technical staff	4.0	5.7
Clerical and labourer staff	4.0	3.0
Changes to personnel management system:	Two additional Lecturers Math and Business Departments	

Physical Capital Measures	**2011/12 Budget $**	**2010/11 Forecast $**
Value of total assets	7,490,046	8,056,676
Asset replacements: total assets	-	-
Book value of assets: initial cost of those assets	54.8%	56.8%
Depreciation: cash flow on asset purchases	1.83	5.48
Changes to asset management policies	None Planned	None Planned

Major <u>New</u> Entity Capital Expenditures for the Year	**2011/12 Budget $**
None Planned	

Major Entity Capital Expenditure Commenced but not completed in previous years	**Anticipated Project Status at 1st July 2011**
None	N/A

5. Summarised Forecast Financial Statements

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

A summary of those forecasts is as follows.

Operating Statement	**2011/12 Budget $**	**2010/11 Forecast $**
Revenue	6,867,477	7,041,086
Operating Expenses	6,867,477	7,637,773
Net Surplus/Deficit	-	(596,687)

Balance Sheet	**2011/12 Budget $**	**2010/11 Forecast $**
Assets	7,490,046	8,056,676
Liabilities	2,445,161	3,011,794
Net Worth	5,044,885	5,044,885

Statement of Cash Flows	**2011/12 Budget $**	**2010/11 Forecast $**
Net cash flows from operating activities	725,808	(225,966)
Net cash flows from investing activities	(273,000)	(82,318)
Net cash flows from financing activities	(294,675)	(88,225)

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 (2010 Revision).

Transaction	**Amount for 2011/12 $**
Remuneration Payments made to Key Management Personnel	333,977
Remuneration Payments made to Senior Management	426,407

	Number for 2011/12
No of Key Management Personnel	3
No of Senior Management	4

6. 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 that this Ownership Agreement accurately documents the ownership performance that **The *University College of the Cayman Islands*** will seek to achieve for the 2011/12 financial year and that the Cabinet will monitor performance against.

_____

Hon Rolston Anglin

Minister of Education, Training, Employment, Youth, Sports and Culture

on behalf of the Cabinet

_____

Chairman of the Board

University College of the Cayman Islands

30 June 2011

Appendix: Forecast Financial Statements

THE UNIVERSITY COLLEGE OF THE CAYMAN ISLANDS
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2012

These Forecast Financial Statements have been prepared in accordance with the provisions of the Public Management and Finance Law 2010 (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 forecast financial statements are:

(a) complete and reliable;
(b) fairly reflect the forecast financial position as at 30 June 2012 and performance for **The *University College of the Cayman Islands*** for the year ended 30 June 2012
(c) comply with generally accepted accounting practice.

_____
Chairman
On behalf of the Board

30 June 2011

THE UNIVERSITY COLLEGE OF THE CAYMAN ISLANDS
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDING 30 JUNE 2012

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 2012.

The Budget forecast is the accrualised version of the original forecast for the financial year, as presented in the 2011/12 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 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.

THE UNIVERSITY COLLEGE OF THE CAYMAN ISLANDS
FORECAST OPERATING STATEMENT
FOR THE YEAR ENDING 30 JUNE 2012

	Note	2011/12 Budget $	2010/11 Est. Actual $	2009/10 Actual $
Revenue				
Outputs to Cabinet		3,925,000	3,925,000	3,924,982
Outputs to other government agencies		245,000	247,354	425,059
Outputs to others		2,695,677	2,866,932	2,819,454
Interest revenue		1,800	1,800	1,005
Insurance proceeds		-	-	
Total Operating Revenue		6,867,477	7,041,086	7,170,500
Operating Expenses				
Personnel costs	1	4,675,875	5,139,134	5,226,241
Supplies and consumables	2	627,690	424,030	452,066
Depreciation	3	506,630	451,208	514,805
Interest Expense		10,400	1,598	8
Other operating expenses		1,046,882	1,621,803	1,530,721
Total Operating Expenses		6,867,477	7,637,773	7,723,841
Surplus from operating activities and before extraordinary items		-	(596,687)	(553,341)
Extraordinary items		-	-	-
Net Surplus		-	(596,687)	(553,341)

THE UNIVERSITY COLLEGE OF THE CAYMAN ISLANDS
FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDING 30 JUNE 2012

	Note	2011/12 Budget $	2010/11 Est. Actual $	2009/10 Actual $
Opening balance net worth		5,044,885	5,120,293	5,673,634
Net surplus		-	(596,687)	(553,341)
Property revaluations		-	-	-
Investment revaluations		-	-	-
Net reserve adj during the period		-	521,279	
Total recognised revenues and expenses		5,044,885	5,044,885	5,120,293
Interest Earned on Capital Fund		-	-	-
Equity investment		-	-	-
Repayment of surplus		-	-	-
Capital withdrawal		-	-	-
Closing balance net worth		5,044,885	5,044,885	5,120,293

THE UNIVERSITY COLLEGE OF THE CAYMAN ISLANDS
FORECAST BALANCE SHEET
AS AT 30 JUNE 2012

		2011/12	2010/11	2009/10
		Budget	Est. Actual	Actual
	Note	$	$	$
Current Assets				
Cash and cash equivalents	4	899,471	741,338	1,137,847
Accounts receivable & prepayments	5	532,700	1,088,247	730,347
Marketable Securities		-	-	-
Inventories	6	55,000	85,000	208,672
Total Current Assets		**1,487,171**	**1,914,585**	**2,076,866**
Non-Current Assets				
Property, plant and equipment	7	5,908,461	6,142,091	6,492,088
Other non-current assets		94,414		
Total Non-Current Assets		**6,002,875**	**6,142,091**	**6,492,088**
Total Assets		**7,490,046**	**8,056,676**	**8,568,954**
Current Liabilities				
Accounts payable	8	100,000	190,000	470,198
Unearned revenue	9	-	-	33,250
Employee entitlements	10	-	230,000	280,396
Other current liabilities		210,600	54,576	90,118
Total Current Liabilities		**310,600**	**474,576**	**873,962**
Non-Current Liabilities				
Employee entitlements	11			
Other non-current liabilities	12	2,134,561	2,537,215	2,574,699
Total Non-Current Liabilities		**2,134,561**	**2,537,215**	**2,574,699**
Total Liabilities		**2,445,161**	**3,011,791**	**3,448,661**
TOTAL ASSETS LESS TOTAL LIABILITIES		5,044,885	5,044,885	5,120,293
NET WORTH				
Contributed capital		4,249,942	4,249,942	4,249,942
Capital Fund		732,443	732,443	1,253,722
Accumulated surpluses		62,500	62,500	(383,371)
Total Net Worth		**5,044,885**	**5,044,885**	**5,120,293**

THE UNIVERSITY COLLEGE OF THE CAYMAN ISLANDS
FORECAST STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30 JUNE 2012

		2011/12 Forecast	2010/11 Est. Actual	2009/10 Actual
	Note	**$**	**$**	**$**
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Outputs to Cabinet		3,845,099	3,891,929	3,925,982
Outputs to other government agencies		245,000	247,354	425,059
Outputs to others		3,130,876	2,934,332	2,855,247
Interest received		1,800	1,800	1,005
Other Receipts		16,000	-	-
Payments				
Personnel costs		(4,861,475)	(5,059,134)	(5,286,255)
Suppliers Interest Paid		(1,734,136) (10,400)	(2,240,649) (1,598)	(2,019,024) (8)
Other payments		13,044	-	-
Net cash flows from operating activities	13	725,808	(225,966)	(97,994)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of non-current assets		(273,000)	(82,318)	(348,560)
Gain on sale of non-current asset		-	-	-
Net cash flows from investing activities		(273,000)	(82,318)	(348,560)
CASH FLOWS FROM FINANCING ACTIVITIES				
Equity investment		-	-	
Repayment of long term debt		(294,675)	(88,225)	(48,226)
Capital withdrawal		-	-	-
Net cash flows from financing activities		(294,675)	(88,225)	(48,226)
Net increase/(decrease) in cash and cash equivalents		(158,133)	(396,509)	(494,780)
Cash and cash equivalents at beginning of period		741,338	1,137,847	1,632,628)
Cash and cash equivalents at end of period	4	899,471	741,338	1,137,847

THE UNIVERSITY COLLEGE OF THE CAYMAN ISLANDS
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2012

Note 1. Personnel costs			
	2011/12 Budget	**2010/11 Est Actual**	**2009/10 Actual**
	$	**$**	**$**
Salaries and wages (including employee pension contributions)	4,297,162	4,570,634	4,578,635
Employer Pension Expense	232,416	257,948	303,207
Other personnel related expenses	146,297	310,552	344,399
Total Personnel Costs	**4,675,875**	**5,139,134**	**5,226,241**
Note 2. Supplies and consumables			
	2011/12 Budget	**2010/11 Est Actual**	**2009/10 Actual**
	$	**$**	**$**
Supply and consumables Purchase of services	627,690	424,030	452,066
Operating lease rentals			
Other			
Total Supplies and Consumables	**627,690**	**424,030**	**452,066**
Note 3. Depreciation			
	2011/12 Budget	**2010/11 Est Actual**	**2009/10 Actual**
	$	**$**	**$**
Buildings	240,864	233,778	232,464
Vehicles	-	-	2,328
Aeroplanes	-	-	-
Boats	-	-	-
Furniture and fittings	105,300	137,564	114,893
Computer hardware and software	153,264	68,496	137,628
Office equipment	-	-	-
Other plant and equipment	-	-	-
Other assets	7,202	11,370	27,492
Total Depreciation	**506,630**	**451,208**	**514,805**

Assets are depreciated on a straight-line basis as follows:	
	Years
Buildings	40
Vehicles	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			
	2011/12 Budget	**2010/11 Est Actual**	**2009/10 Actual**
	$	**$**	**$**
Cash on hand	3,000	3,000	2,262
Bank accounts	896,471	738,338	1,35,585
Deposits with Portfolio Finance and Economic (Treasury)	-	-	-
Total Cash and Cash Equivalents	**899,471**	**741,338**	**1,137,847**
Note 5. Accounts Receivable			
	2011/12 Budget	**2010/11 Est Actual**	**2009/10 Actual**
	$	**$**	**$**
Outputs to Cabinet	327,083	327,182	327,082
Outputs to other government agencies	80,000	-	47,446
Outputs to others	169,989	649,502	229,663
Interest receivable	-	-	313
Prepayments	40,391	25,225	142,029
Other Receivables	266,566	437,667	335,143
Total Gross	**884,029**	**1,439,576**	**1,081,676**
Less provision for doubtful debts	(351,329)	(351,329)	(351,329)
Total Net	**532,700**	**1,088,247**	**730,347**

Note 6. Inventories			
	2011/12 Budget	2010/11 Est Actual	2009/10 Actual
	$	$	$
Raw Materials (including Consumable Stores)	-	-	-
Work in Progress	-	-	-
Finished Goods	55,000	85,000	208,672
Total Inventories	**55,000**	**85,000**	**208,672**

Note 7. Property, Plant and Equipment						
	Opening Balance	Addition	Disposals	Revalue	Depr.	Closing Balance 2011/12 Forecast
Land	273,090	-	-	-	-	273,090
Buildings	5,554,864	183,000	-	-	240,864	5,497,000
Vehicles	-	-	-	-	-	-
Aeroplanes	-	-	-	-	-	-
Boats	-	-	-	-	-	-
Furniture and fittings	199,916	25,000	-	-	105,300	119,616
Computer hardware and software						-
	94,626	65,000	-	-	153,264	6,362
Office equipment	-	-	-	-	-	-
Other plant and equipment	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-
Other assets	19,595	-	-	-	7,202	12,393
Total	**6,142,091**	**273,000**	**-**	**-**	**506,630**	**5,908,461**

	HC or Revalued Amount 2011/12	Accum Depr 2011/12	2011/12 Budget	2010/11 Est Actual
Land	273,090	-	273,090	090
Buildings	9,548,810	4,051,810	5,497,000	5,554,864
Vehicles	9,285	9,285	-	-
Aeroplanes	-	-	-	-
Boats	-	-	-	-
Furniture and fittings	987,824	868,208	119,616	199,916
Computer hardware and software	1,025,336	1,018,974	6,362	94,626
Office equipment	-	-	-	-
Other plant and equipment	-	-	-	-
Construction in progress	-	-	-	-
Other assets (list if material)	419,833	407,440	12,393	19,595
Total	**12,264,178**	**6,355,717**	**5,908,461**	**6,142,091**

Note 8. Accounts Payable			
	2011/12 Budget $000	**201011 Est Actual $000**	**2009/10 Actual $00-**
Trade Creditors	100,000	190,000	470,198
Operating lease rental	-	-	-
Accruals	-	-	-
Total	**100,000**	**190,000**	**470,198**
Note 9. Unearned Revenue			
	2011/12 Budget	**2010/11 Est Actual**	**2009/10 Actual**
	$	**$**	**$**
Revenue received in advance	-	-	33,250
Total	**-**	**-**	**33,250**
Note 10. Employee entitlements (Current)			
	2011/12 Forecast	**2010/11 Est Actual**	**2009/10 Actual**
	$	**$**	**$**
Long service leave and other leave entitlements	**-**	**-**	**-**
Other salary related entitlements	**-**	230,000	280,396
Total Employee Entitlements	**-**	230,000	280,396

Note 11.Employee entitlements (Non-current)			
	2011/12 Budget	**2010/11 Est Actual**	**2009/10 Actual**
	$	**$**	**$**
Long service leave and other leave entitlements	**-**	**-**	**-**
Other salary related entitlements	**-**	**-**	**-**
Total	**-**	**-**	**-**
Note 12. Other Non-Current Liabilities			
	2011/12 Budget	**2010/11 Est Actual**	**2009/10 Actual**
	$	**$**	**$**
Provision for agency revenue repayable		**-**	**-**
Provision for restructuring		**-**	**-**
Accounts payable		**-**	**-**
Unearned revenue		**-**	**-**
Other (Long Term Loans)	2,134,561	2,537,215	2,574,699
Total	**2,134,561**	**2,537,215**	**2,574,699**
Note 13. Reconciliation of Operating Surplus to Cash Flows from Operating Activities			
	2011/12 Budget	**2010/11 Est Actual**	**2009/10 Actual**
	$	**$**	**$**
Operating surplus/(deficit)	-	(596,687)	(553,341)
Non-cash movements			
Depreciation	506,630	451,208	514,805
Interest and foreign exchanges Retained Earnings Adjustments	-	220,947	- -
Increase in payables/accruals	(271,956)	(666,411)	148,234
Net gain/loss from sale of fixed assets	-	-	-
Net gain/loss from sale of investments	-	-	-
Increase in other current assets	41,134	-	(279,576)
Increase in receivables	450,000	198,434	(71,884)

BUDGET 2011/12

Ownership Agreement

Between

The Cabinet of the
Cayman Islands Government

and

Water Authority - Cayman

For the year ending 30 June 2012

Contents

1. Purpose
2. Nature and Scope of Activities
3. Strategic Goals and Objectives
4. Ownership Performance Targets
5. Summarised Forecast Financial Statements
6. Other Financial Information
7. Agreements
8. Appendix: Forecast Financial Statements

1. Purpose

This Ownership Agreement documents the ownership performance that the Cabinet and the ***Water Authority*** - Cayman Board of Directors have agreed that Water Authority - Cayman will seek to achieve during the 2011/12 financial year.

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

It should be noted that the projections as provided in this document are for the entire ***Water Authority*** Operations, inclusive of the Sewerage Assets. The Authority is working diligently with the Government of the Cayman Islands to divest itself of the Sewerage Assets prior to the end of the 2010/11 fiscal period; however at this time management felt it prudent to include the operations as no formal offer has been received.

2. Nature and Scope of Activities

This section outlines the nature and scope of activities within which Water Authority – Cayman is to operate during the year.

General Nature and Scope of Activities

The Water Authority – Cayman's activities are;

- To ensure that the entire population of the Cayman Islands have access to a pure, wholesome and affordable supply of potable water; and to regulate other entities who are licensed by the Government to provide public water supplies.

- To protect and develop groundwater resources for the benefit of present and future populations of these islands.

- To provide for the collection, treatment and disposal of sewage within these islands in a manner that is safe, efficient and affordable.

- To operate in such a manner as to be financially self-sufficient, while contributing to the economy of these islands and achieving a reasonable and acceptable return on capital investments.

Customers and Location of Activities

Water Authority – Cayman provides sewer services on Grand Cayman and potable water to both Grand Cayman and Cayman Brac. The administrative offices are located at 13G Red Gate Road (949-2837) with a satellite office on the island of Cayman Brac (947-1403).

3. Strategic Goals and Objectives

The key strategic goals and objectives (from an ownership perspective) for The Water Authority - Cayman for the 2011/12 financial year are as follows:

- Grand Cayman: Misc. extensions, system connections, new road expansion – to provide water to unserviced areas within the general distribution grid.

- Red Gate Site: File storage Building and Vehicle Maintenance Building – to facilitate the file storage needs of the Authority and construct a special purpose building for fleet maintenance, relocating the buildings and equipment staff and operations from the WWTP to the Red Gate Site.

- Cayman Brac Extension: WAC portion of design costs and preliminary investigations into the extension of piped water to residents living on the north side of Cayman Brac.

- Cayman Brac: Expansion of Existing RO Plant - Additional 60,000gpd (gallons per day) containerized SWRO Plant – to increase operational flexibility, reliability and minimize exposure to natural disasters.

4. Ownership Performance Targets

The ownership performance targets as specified in schedule 5 to the Public Management and Finance Law (2010 Revision) for Water Authority – Cayman for the 2011/12 financial year are as follows:

Financial Performance

Financial Performance Measure	**2011/12 Budget $**	**2010/11 Forecast $**
Revenue from Cabinet	N/A	N/A
Revenue from ministries, portfolios, statutory authorities and government companies	N/A	N/A
Revenue from other persons or organisations (including Sundry Income)	23,374,228	25,194,747
Surplus/deficit from outputs (Operating Surplus)	6,381,368	8,228,091
Other expenses	6,137,421	5,859,086
Net Surplus/Deficit	243,947	2,369,005
Total Assets	64,396,337	66,605,882
Total Liabilities	22,118,479	24,471,957
Net Worth	42,277,858	42,133,925
Cash flows from operating activities	3,446,005	5,087,759
Cash flows from investing activities	(5,121,911)	13,304,633
Cash flows from financing activities	(2,532,066)	(18,258,445)
Change in cash balances	(4,207,972)	133,947

Financial Performance Ratio	**2011/12 Budget $**	**2010/11 Forecast $**
Current Assets: Current Liabilities	0.99	1.72
Total Assets: Total Liabilities	2.91	2.72

Maintenance of Capability

Human Capital Measures	**2011/12 Budget $**	**2010/11 Forecast $**
Total full time equivalent staff	110	110
Staff turnover (%)	14%	14%
Average length of service (Number) Senior management Professional staff Administrative staff	 14 8 10	 13 7 9
Significant changes to personnel management system	None	None

Physical Capital Measures	**2011/12 Budget $**	**2010/11 Forecast $**
Value of total assets (NBV of Fixed Assets, inclusive of CIP)	**64,396,337**	**66,605,882**
Asset replacements: total assets (Fixed Assets Purchased during the year / Total NBV of Assets)	5.7%	9.1%
Book value of depreciated assets: initial cost of those assets (NBV of Depreciated assets / initial cost of those assets)	71.7%	72.1%
Depreciation: Cash flow on asset purchases (Annual Depreciation / Cost of Fixed Assets Purchased)	54.9%	76.4%
Changes to asset management policies	None	None

Major Capital Expenditure Projects	**2011/12 Budget $**
Island of Grand Cayman – Misc. extensions, system connections, new road expansion	$1,000,000
Red Gate Site – New File Storage	$778,000
Red Gate Site – Replace Storage Tank	$956,000
Red Gate Site – Maintenance Building	$830,000
Cayman Brac Extension (WAC & Managed Contract)	$881,300
Cayman Brac Expansion of existing RO Plant	$500,000
Little Cayman Water Production Facility	$486,000

Risk Management

Key risks	**Change in status from previous year**	**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

Operating Statement	2011/12 Budget $	2010/11 Forecast $
Revenue	23,374,228	25,194,747
Operating / Administrative Expenses	23,130,281	22,825,742
Net Surplus/Deficit	243,947	2,369,005

Balance Sheet	2011/12 Budget $	2010/11 Forecast $
Assets	64,396,337	66,605,882
Liabilities	22,118,479	24,471,957
Net Worth	42,277,858	42,133,925

Statement of Cash Flows	2011/12 Budget $	2010/11 Forecast $
Net cash flows from operating activities	3,446,005	5,087,759
Net cash flows from investing activities	(5,121,911)	13,304,633
Net cash flows from financing activities	(2,532,066)	(18,258,445)

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 (2010 Revision).

Transaction	Amount for 2011/12 $
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[49]	Nil
Remuneration[50] Payments made to Key Management Personnel (Director, Deputy Director, Operations Manager, Human Resources, Customer Service, Finance, IT, Water Resources and Cayman Brac)	Approx. 1,150,000
Remuneration Payments made to Senior Management	Same as above

	Number for 2011/12
No of Key Management Personnel (Director, Deputy Director, Operations Manager, Human Resources, Customer Service, Finance, IT, Water Resources and Cayman Brac)	8
No of Senior Management	8

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

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

7. Agreement

Scope of this Agreement

In signing this document:

- Water Authority – Cayman 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 that this Ownership Agreement accurately documents the ownership performance that Water Authority – Cayman will seek to achieve for the 2011/12 financial year and that the Cabinet will monitor performance against.

_____

Hon Juliana O'Connor-Connolly
on behalf of the Cabinet

_____

Chairman of the Board
Water Authority - Cayman

30 June 2011

Appendix: Forecast Financial Statements

WATER AUTHORITY - CAYMAN

These Forecast Financial Statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2010 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 forecast financial statements are:

(a) complete and reliable;
(b) fairly reflect the forecast financial position as at 30 June 2012 and performance for Water Authority Cayman for the year ended 30 June 2012; and
(c) comply with generally accepted accounting practice.

_____

Chairman
On behalf of the Board

30 June 2011