NATIONAL HOUSING
DEVELOPMENT TRUST



ANNUAL REPORT
2020



Mandate and Mission

NATIONAL HOUSING DEVELOPMENT TRUST

The mandate of the National Housing Development Trust (NHDT) of the Cayman Islands is to construct and provide **affordable homes** in planned communities to Caymanians in the low- and middle-income categories.

Our mission is to support this mandate by providing **financing opportunities** and a **management system** that adds security, value, and ownership that imparts a sense of pride in hard-working Caymanians in need of such support.







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NATIONAL HOUSING DEVELOPMENT TRUST

Message from the Minister

The National Housing Development Trust is a key organization within the Cayman Islands Government that enhances the lives of many Caymanian families through the provision of safe and affordable housing opportunities.

I am pleased to present this annual report for 2020 to Parliament as required by the Public Management and Finance Act.



Hon. Johany S. "Jay" Ebanks, MP
Ministry of Planning, Agriculture, Housing,Infrastructure,
Transport & Development (PAHITD)
Cayman Islands Government

NATIONAL HOUSING
DEVELOPMENT TRUST

Foreword by the Board Chairperson

On behalf of the Board of Directors, I am pleased to present the Annual Report for the National Housing Development Trust for the year ending December 31, 2020.

I hereby acknowledge the protracted delay in the provision of this report and would like to thank the members of the recently appointed Board for their dedication and dynamism in ensuring that we make transformative changes to reflect the new direction of the Trust.



Mr. Andrew McBean
Chairperson of the Board of Directors

NATIONAL HOUSING DEVELOPMENT TRUST

Message from the General Manager

As General Manager of the National Housing Development Trust, I am proud to present the Annual Report for 2020. The reporting period was challenging yet it was prosperous as the NHDT assisted families in achieving the dream of homeownership.

The continued improvements on the NHDT's processes and controls were key in delivering the housing programs as there were increased Affordable Housing Initiative (AHI) house sales to tenants and new applicants. The efficient administration of the Government Guarantee Home Assisted Mortgage (GGHAM) program has and continues to be a success, in so much that the program is being re-introduced to assist new applicants.

Looking ahead, the NHDT will continue to improve its customer service, reinforce its internal processes and refine its approach in providing housing opportunities to Caymanian families.

Included in this annual report is the NHDT's financial report for 2020. The financial statements were audited by the Office of the Auditor General and receievd an opinion without any qualifications. This was an excellent achievement by the management and staff of the NHDT.

On behalf of the NHDT, I wish to thank the Ministry of PAHI, prior Ministries and the Board for their continued support. I also want to express my gratitude to my fellow employees for their dedicated efforts and service to the public. I wish to express my appreciation to the affordable housing tenants, applicants and the wider community for their patience and continued support.



"Looking ahead, the NHDT will continue to improve its customer service, reinforce its internal process, and refine its approach in providing housing opportunities to Caymanian families."

Mr. Julio Ramos
General Manager, NHDT





Introduction

This Annual Report for the National Housing Development Trust (the NHDT) for the period January 1 to December 31, 2020 was prepared in accordance with the reporting requirements of section 52 of the Public Management and Finance Act (as revised) (the 'PMFA') and Public Authorities Act as revised (PAA).

The NHDT is a government owned not-for-profit company, registered under section 80 of the Cayman Islands Companies Act (2001 Revision) to provide the following outputs:

- Housing
- Accommodations
- Assistance to help house people
- Associated facilities and amenities
- Loans and advances and the giving of guarantees





Introduction

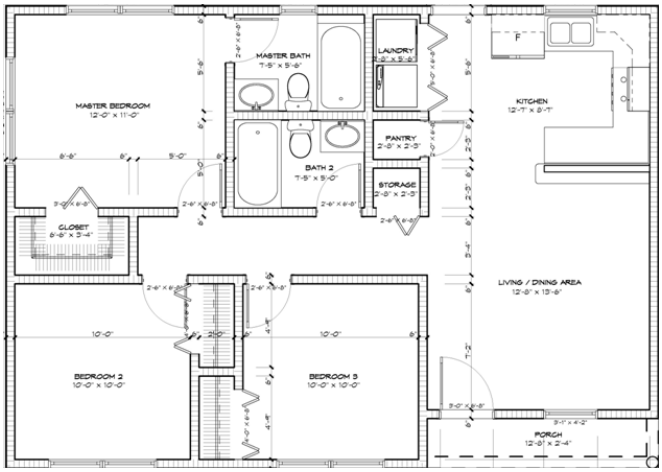
To meet its statutory responsibilities, the NHDT operates three distinct programs

1. AFFORDABLE HOUSING INITIATIVE (AHI) PROGRAM in which-affordable homes are constructed and sold to low-to medium-income Caymanians who qualify under criteria set by the Board of Directors.

2. GOVERNMENT GUARANTEED HOME ASSISTED MORTGAGE (GGHAM) PROGRAM in which the NHDT acts as an administrator and loan processing agent on behalf of the Cayman Islands Government.

3. BUILD ON YOUR OWN PROPERTY (BYOP) PROGRAM, which provides bridge financing, is offered to Caymanians for the construction of homes on the clients' own property, and a local banking institution then refinances the mortgage loan.

Management operates the NHDT with the objective of increasing the number of houses available to low- and medium-income Caymanians across all districts. This makes home ownership more affordable and promotes communities where families can thrive and be successful. In carrying out its responsibilities, the NHDT not only provides benefits for private individuals, but also contributes to the local economy by providing local developers with more opportunities. In support of these goals, the NHDT builds long-term relationships with local contractors for the development of new homes. To ensure that the Government Guaranteed Home Assisted Mortgage Program is managed efficiently and prudently. Management also operates the lease portfolio and counsels clients as an additional service.



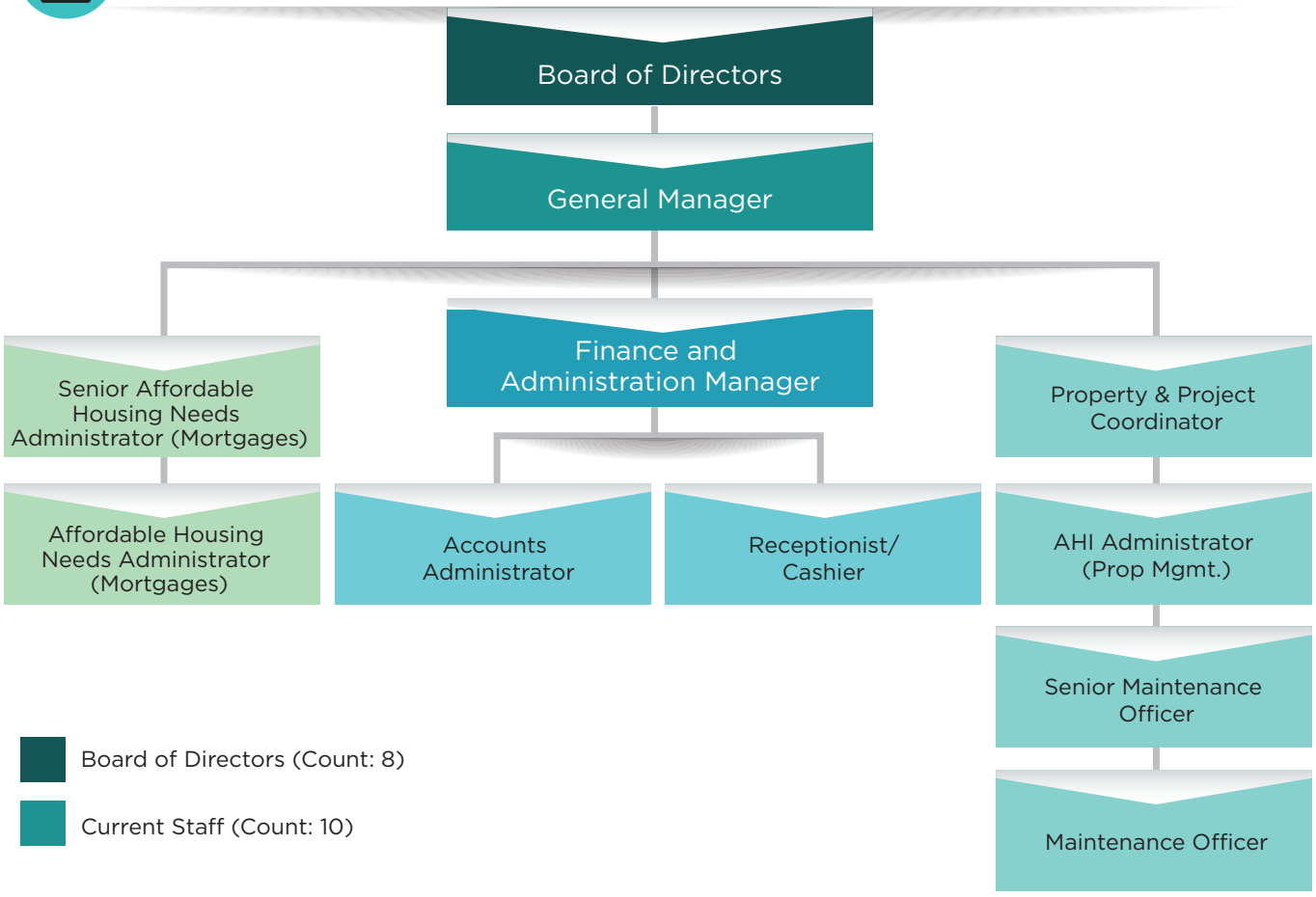




Organization Overview

The NHDT is governed by a Board of Directors that is responsible for setting the organization's strategic direction, approving its operational plans and company policies, and overseeing the work of the NHDT's General Manager and staff.

ORGANIZATION CHART:

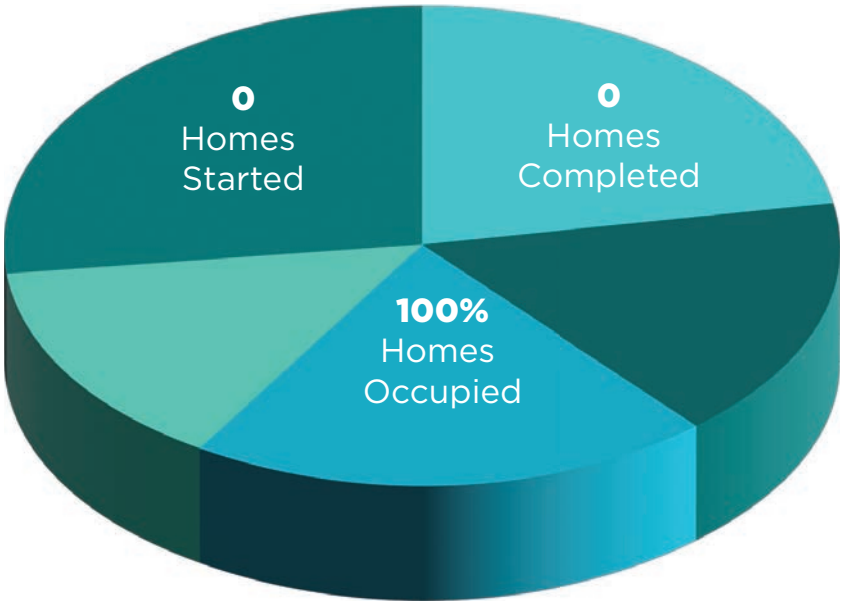




Financial and Operational Highlights

OPERATIONAL HIGHLIGHTS:

44
Housing Applications Processed



$254K
Total Value of Mortgages Issued

FINANCIAL HIGHLIGHTS:

FINANCIAL PERFORMANCE	2020 $000's
REVENUE	1,115
LESS: COST OF GOODS SOLD	391
GROSS PROFIT/(LOSS)	724
LESS: OPERATING EXPENSES	1,831
NET SURPLUS/(DEFICIT)	(1,107)





FINANCIAL POSITION	31 December 2020 $000's
ASSETS	22,328
LESS: LIABILITIES	4,186
NET WORTH	18,142



NATIONAL HOUSING
DEVELOPMENT TRUST

Audited Financial Statements for the Year Ended 31 December 2020

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NATIONAL HOUSING DEVELOPMENT TRUST

NATIONAL HOUSING DEVELOPMENT TRUST

STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by the National Housing Development Trust in accordance with the provisions of the *Public Management and Finance Act (2020 Revision).*

We accept responsibility for the accuracy and integrity of the financial information in these financial statements and their compliance with the *Public Management and Finance Act (2020 Revision).*

As Chairman and General Manager, we are responsible for establishing; and have established and maintain a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorised by law, and properly record the financial transactions of the National Housing Development Trust.

As Chairman and General Manager, we are responsible for the preparation of the National Housing Development Trust financial statements and for the judgments made in them.

The financial statements fairly present the statement of financial position, statement of financial performance, statement of cash flows, and statement of changes in net worth for the financial year ended 31 December 2020.

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

(a) completely and reliably reflect the financial transactions of the National Housing Development Trust for the year ended 31 December 2020;
(b) fairly reflect the financial position as at 31 December 2020 and performance for the year ended 31 December 2020;
(c) comply with International Public Sector Accounting Standards under the responsibility of the International Public Sector Accounting Standards Board.

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

.....
George Anthony Powell
Chairman
National Housing Development Trust

Date _ April 30 _, 2021

.....
Julio Ramos
General Manager
National Housing Development Trust

Date _ April 30 _, 2021

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CAYMAN ISLANDS

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AUDITOR GENERAL'S REPORT

To the Board of Directors of the National Housing Development Trust

Opinion

I have audited the financial statements of the National Housing Development Trust (the "Trust"), which comprise the statement of financial position as at 31 December 2020 and the statement of financial performance, statement of changes in net worth and statement of cash flows for the year ended 31 December 2020, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 8 to 29.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at 31 December 2020 and its financial performance and its cash flows for the year ended 31 December 2020 in accordance with International Public Sector Accounting Standards.

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Trust in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, together with the ethical requirements that are relevant to my audit of the financial statements in the Cayman Islands, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust 's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I have undertaken the audit in accordance with the provisions of Section 60(1)(a) of the *Public Management and Finance Act (2020 Revision)*. I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Sue Winspear, CPFA
Auditor General

30 April 2021
Cayman Islands

NATIONAL HOUSING DEVELOPMENT TRUST
Statement of Financial Position
As at 31 December 2020
(Expressed in Cayman Islands Dollars)

Prior Year Actual (As Restated)		Note	Current Year Actual	Original Budget	Variance (Budget vs. Actual)
$000			$000	$000	$000
	Current Assets				
1,564	Cash and cash equivalents	**2**	937	5,179	4,242
1,227	Trade receivables	**3**	1,859	326	(1,533)
107	Other receivables - BYOP		-	-	-
2	Prepayments		4	-	(4)
303	Inventory Assets	**1(n), 18**	156	1,735	1,579
3,203	**Total Current Assets**		2,956	7,240	4,284
	Non-Current Assets				
19,801	Property, plant and equipment	**4, 18**	19,372	18,712	(660)
19,801	**Total Non-Current Assets**		**19,372**	**18,712**	**(660)**
23,004	**Total Assets**		**22,328**	**25,952**	**3,624**
	Current Liabilities				
155	Payables and accruals	**5**	147	187	40
89	Employee entitlements	**6**	204	14	(190)
7,592	Current portion – Bonds Payable	**7**	820	820	-
7,836	**Total Current Liabilities**		**1,171**	**1,021**	**(150)**
	Non-Current Liabilities				
3,551	Long term – Bonds Payable	**7**	2,731	2,731	-
272	Deferred Liabilities	**1(p)**	284	267	(17)
3,823	**Total Non-Current Liabilities**		**3,015**	**2,998**	**(17)**
11,659	**Total Liabilities**		**4,186**	**4,019**	**(167)**
11,345	**Net Assets**		**18,142**	**21,933**	**3,791**
	Net Worth				
30,313	Contributed capital		38,335	46,403	8,068
8,473	Revaluation surplus	**18**	8,355	4,398	(3,957)
(27,441)	Accumulated deficits	**18**	(28,548)	(28,868)	(320)
11,345	**Total Net Worth**		**18,142**	**21,933**	**3,791**

The accounting policies and notes on pages 8 -29 form part of these financial statements.

NATIONAL HOUSING DEVELOPMENT TRUST
Statement of Financial Performance
For the year ended 31 December 2020
(Expressed in Cayman Islands Dollars)

Prior Year Actual (As Restated) $000		Note	Current Year Actual $000	Original Budget $000	Variance (Budget vs. Actual) $000
	Revenue				
581	Outputs to Cabinet	**8**	675	675	-
206	Sale of goods and services		193	282	89
1,409	House sales	**8**	247	2,044	1,797
2,196	**Total Revenue**		**1,115**	**3,001**	**1,886**
	Cost of Goods Sold				
1,630	Cost of house sales	**8, 18**	391	2,453	2,062
566	**Gross Profit**		**724**	**548**	**(176)**
	Expenses				
693	Personnel costs	**9**	854	798	(56)
328	Supplies and consumables	**10**	341	382	41
203	Depreciation	**4**	265	226	(39)
668	Financing expense	**11**	371	413	42
1,892	**Total Expenses**		**1,831**	**1,818**	**(13)**
(1,326)	**Deficit for the year**		**(1,107)**	**(1,270)**	**(163)**

The accounting policies and notes on pages 8 - 29 form part of these financial statements.

NATIONAL HOUSING DEVELOPMENT TRUST
Statement of Changes in Net Worth
For the year ended 31 December 2020
(Expressed in Cayman Islands Dollars)

	Contributed Capital	Accumulated Deficits (As Restated)	Revaluation Surplus (As Restated)	Total Net Worth	Original Budget	Variance (Budget vs Actual)
	$000	$000	$000	$000	$000	$000
Balance at 31 December 2018	**28,261**	**(26,112)**	**4,397**	**6,546**	**7,045**	**499**
Capital injection	2,052	-	-	**2,052**	9,268	7,216
Deficit for the year	-	(1,327)	-	**(1,327)**	(1,132)	195
Revaluation surplus transfer to accumulated surplus	-	(2)	4,076	**4,074**	-	(4,074)
Balance at 31 December 2019	**30,313**	**(27,441)**	**8,473**	**11,345**	**15,181**	**3,836**
Capital injection	8,022	-	-	**8,022**	8,022	-
Deficit for the year	-	(1,107)	-	**(1,107)**	(1,270)	(163)
Reversal of revaluation surplus from disposal of assets	-	-	(118)	**(118)**	-	118
Balance at 31 December 2020	**38,335**	**(28,548)**	**8,355**	**18,142**	**21,933**	**3,791**

The accounting policies and notes on pages 8 - 29 form part of these financial statements.

NATIONAL HOUSING DEVELOPMENT TRUST
Statement of Cash Flows
For the year ended 31 December 2020
(Expressed in Cayman Islands Dollars)

Prior Year Actual $000		Note	Current Year Actual $000	Original Budget $000	Variance (Budget vs Actual) $000
	CASH FLOWS FROM OPERATING ACTIVITIES				
	Receipts				
-	Outputs to Cabinet		-	675	675
236	Sale of goods and services - third party		158	282	124
1,409	House sales - Inventory		247	-	(247)
	Payments				
(635)	Personnel costs		(739)	(798)	(59)
(283)	Suppliers		(261)	(382)	(121)
(663)	Interest paid		(371)	(413)	(42)
	Other payments		(14)	-	14
64	**Net cash flows generated from (used in) operating activities**	**12**	**(980)**	**(636)**	**(344)**
	CASH FLOWS FROM INVESTING ACTIVITIES				
(3,065)	Purchase of property, plant and equipment		(199)	(6,030)	(5,831)
-	Proceeds from sale of non-current assets		122	-	(122)
(1,154)	Investment – Low Income Housing Properties		-	2,044	2,044
(4,219)	**Net cash flows used in investing activities**		**(77)**	**(3,985)**	**(3,908)**
	CASH FLOWS FROM FINANCING ACTIVITIES				
(1,360)	Payments on bonds payable		(7,592)	(7,592)	-
2,052	Equity investment		8,022	8,022	-
692	**Net cash flows from financing activities**		**430**	**430**	**-**
(3,462)	**Net increase/(decrease) in cash and cash equivalents**		(627)	(4,191)	(3,564)
5,026	Cash and cash equivalents at beginning of period/year		1,564	9,369	7,805
1,564	**Cash and cash equivalents at end of period/ year**	**2**	**937**	**5,179**	**4,242**

The accounting policies and notes on pages 8 – 29 form part of these financial statements

Description and principal activities

The National Housing Development Trust (the "Trust") was incorporated on September 29, 2003, as a not for profit company by guarantee without share capital. The Trust provides affordable housing to Caymanian citizens of the Cayman Islands.

National Housing Development Trust offers several programs:

a) The Government Guaranteed Home Assitance Mortgage (GGHAM) - The Cayman Islands Government (CIG), working along with local banks, provide mortgage funding to persons who cannot qualify for a traditional mortgage from a commercial bank and who are unable to accumulate the required 5-20% required for acquiring a mortgage. As of 31 December 2020, there were no new loans processed as the program agreement expired in 2012 and remains to be re-iniated to facilitate new mortages. The Trust continues to provide administration for the portfolio of 325 mortgages issued between 2007-2012.

b) The Affordable Housing Initiative ("AHI") is designed to assist low-income families in having their housing needs met. As of 31 December 2020 there were 2 registered clients under Tenancy agreement that purchased the house that they occupied under the Affordable Housing Initiative program.

c) The Affordable Housing Initiative ("AHI") is also designed to provide low-income families with the opportunity of homeownership. As of 31 December 2020 there were 85 Affordable Houses sold to families under the Affordable Housing Initiative program.

d) The Build on Your Own Property ("BYOP") is an option for a person owning their own home if they have their own land. The National Housing Development Trust assists Caymanians to construct affordable homes on their own property. As of 31 December 2020 there was one client that achieved homeownership under the Build on Your Own Property Program.

The Trust is a Government owned company with its registered office situated at the Government Administration Building on Elgin Avenue, George Town, Grand Cayman, and its office operation located at Cayman Centre, Bldg E Unit 4, Dorcy Drive, George Town, Grand Cayman.

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

Note 1: Significant accounting policies

Certain new accounting standards have been published that are not mandatory for the 31 December 2020 reporting period and have not been early adopted by the Trust. The Trust's assessments of the impact of these new standards are set out below:

IPSAS 41, Financial Instruments, was issued in August 2018 and shall be applied for financial statements covering periods beginning on or after 1 January 2023. IPSAS 41 establishes new requirements for classifying, recognizing**,** and measuring financial instruments to replace those in *IPSAS 29, Financial instruments: Recognition and Measurement*.

IPSAS 42, Social Benefits was issued in December 2018 and shall be applied for financial statements covering periods beginning on or after 1 January 2023. IPSAS 42 defines social benefits and determines when expenses and liabilities for social benefits are recognized and how they are measured.

Based on our assessment, it is anticipated that these standards will not be applicable to the Trust in future periods; however, we will reassess IPSAS 41, Financial Instruments, more fully closer to the effective date of adoption.

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

(a) Basis of preparation

The financial statements are presented in Cayman Islands dollars and are prepared on the accrual basis of accounting unless otherwise stated. The measurement base applied to these financial statements is the historical cost basis, except for land and buildings, which are included in Property, Plant, and Equipment. These items are stated at fair value. These Financial Statements are rounded to the nearest thousand.

Changes in accounting policies

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

(b) Budget amounts

The original budget amounts for the financial year are as presented in the 2020 Ownership Agreement and approved by the Legislative Assembly on 8th November 2019. The Final Budget reflects changes to the original budget and the amounts are approved in the Supplementary Budget. There was no change to the original budget during the financial year.

Note 1: Significant accounting policies (continued)

(c) Reporting period
The financial statements are prepared for the 12 months from 1 January 2020 to 31 December 2020 with comparative figures for the 12-month period from 1 January 2019 to 31 of December 2019.

(d) Judgments and estimates
The preparation of financial statements in conformity with the IPSAS require judgments, estimates, and assumptions affecting the application of policies and reported amounts of assets and liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

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

(e) Revenue
Revenue is recognized in the accounting year in which it is earned. Revenue received but not yet earned at the end of the reporting year is recognized as a liability (unearned revenue). The Trust derives its revenue from outputs to cabinet, mortgage interest, strata fees, donations, sale of homes, and rental of houses to the Caymanian public at fair value of services provided.

Revenue is recognized based on contract prices of affordable homes.

(f) Expenses
Expenses are recognized when incurred on the accrual basis of accounting. In addition, an expense is recognized for the consumption of the estimated fair value of contributed goods and services received.

(g) Operating leases
Leases, where a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made under the operating leases are recognized as an expense on a straight-line basis over the lease term.

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

(i) Prepayments
The portion of recognized expenditure paid in advance of receiving goods or services have been recognized as a prepayment in these financial statements.

Note 1: Significant accounting policies (continued)

(j) Other receivables –Build Your Own Property (BYOP)

Other receivables-BYOP are amounts advanced by the Trust for properties under construction for specific clients approved under the BYOP. The Trust disburses funds as the construction project progresses and accumulates all funds in this account. Under the programme, the Trust is entitled to be reimbursed through bridge financing arranged with the lending institutions once the properties are completed and approved for occupancy by the Planning Department.

In addition the Trust charges interest to the Client at the agreed market rate (prime + 1%) are recorded as miscellaneous income under sales of goods and services.

(k) Property, plant and equipment

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

Asset Revaluation

Property (buildings and structures) were revalued by JEC Property Consultants Ltd with the exception of road formation and road structure works which are carried at historical cost.

In accordance with IPSAS 17, when an item of property, plant, and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset.

Depreciation is charged as to write off the cost or valuation of assets 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
Road Formation Works	50
Road Structure	20
Low-income housing properties	10 - 50
Leasehold improvements	Over the unexpired period of lease or useful life of the improvement

Depreciation on the new AHI houses started upon the issuance of the Certificate of Occupancy, which signals the point at which they are available for use. At this point, they are in the location and condition necessary for them to be operating in the manner intended by Management, as outlined in IPSAS 17.

Note 1: Significant accounting policies (continued)

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

(m) Work in progress
This account consists of costs incurred attributable to bringing the asset condition necessary for it to be capable of operating in the manner intended by management. It is categorized as current assets for the actual cost related to each project. When the Affordable Housing Initiative (AHI) houses are complete, then a reclass will be made to the relevant property, plant, and equipment. The Trust objective is to complete projects within approximately an eighteen (18) month period.

(n) Inventory assets
AHI Houses
This account consists of completed AHI houses, for which have been allocated parcels, issued Certificate of Occupancy, and held specifically for re-sale. Homes are valued at lower of cost and net realizable value.

Houses that are held as rental property or lease-to-own are held in property, plant, and equipment –AHI Houses.

Land
Inventory assets also consist of land lots held for transfer on sale of the completed AHI houses held in inventory. In accordance with IPSAS 12, where inventory is acquired as a non-exchange transaction, the costs are measured at the fair value on acquisition. The fair value of the land is based on the first valuation carried out on acquisition.

(o) Land
Land is acquired from the government at no cost and is recorded at fair market value at the date of acquisition. A revaluation of this asset is undertaken every 5 years.

(p) Deferred liabilities
Payments/ accrued amounts made by purchasers on their mortgage principal are recorded as deferred liabilities.

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

Note 1: Significant accounting policies (continued)

(q) Employee benefits (continued)

Pension contributions for employees of the Trust are paid to the Silver Thatch Pension Fund and administered by the Silver Thatch Pension Plan. The Silver Thatch Pensions is governed by a board of trustees who appoint agents to handle administration, management and investment functions. Intertrust is the plan administrator, Saxon Pensions is the Client Services Agent and Coutts Cayman is the Investment Manager.

(r) Financial instruments

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

A financial asset is classified as any asset that is cash, a contractual right to receive cash or another financial asset, exchange financial instruments under conditions that are potentially favourable. Financial assets comprise of cash and cash equivalents and 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 instruments comprise of accounts payable and accrued expenses, employee entitlements, and long-term debt.

Recognition

The Trust recognizes 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 and liabilities are recognized in the Statements of Financial Performance.

Measurement

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

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

De-recognition

A financial asset is derecognized when the Trust realizes the rights to the benefits specified in the contract or loses control over any right that comprises that asset. A financial liability is derecognized when it is extinguished, that is when the obligation is discharged, canceled, or expired.

Note 1: Significant accounting policies (continued)

(s) Contingent liabilities and assets (including guarantees)

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

(t) Foreign currency

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

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

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

Note 2: Cash and cash equivalents

2019 Actual $000	Description	Currency	Exchange Rate	2020 Actual $000
1	Cash on hand (Petty Cash)	CI $	1	1
1,563	Bank Accounts held at other financial institutions ***(Scotia Bank & Trust Cayman Ltd and Butterfield Bank Cayman Ltd]***	CI $	1	936
1,564	**TOTAL**	**CI $**	**1**	**937**

Cash and cash equivalents include cash on hand, bank accounts in the name of the Trust maintained at the Scotiabank & Trust (Cayman) Limited and Butterfield Bank (Cayman) Limited. No restricted cash balances were held by the Trust at 31 December 2019 and 31 December 2020.

Note 3: Trade receivables and other receivables

At year-end, all overdue receivables have been assessed and appropriate provisions were made. The provision for doubtful debts has been calculated based on expected losses for the Trust and review of specific debtors. Expected losses have been determined based on the analysis of the Trust's losses in previous periods.

2019 Actual $000	Description	2020 Actual $000
1,340	Debtors	2,049
69	Other Receivable	77
(182)	Less: provision for doubtful debts	(267)
1,227	**Total trade & other receivables**	**1,859**

As at December 31, 2020, the aging analysis of trade receivables is as follows:

	Gross Receivables 31-Dec-19	Gross Receivables 31-Dec-20
Current	576	28
Past due 1-30 days	3	2
Past due 31-60 days	1	2
Past due 61-90 days	2	4
Past due 90 and above	758	2,013
Total	**1,340**	**2,049**

Changes in the provision for doubtful debts

2019 Actual $000	Description	2020 Actual $000
(163)	Balance as at 1 January	(182)
(19)	Additional provisions made during the year	(90)
-	Receivables written off during the year	5
(182)	**Balance as at 31 December**	**(267)**

As at 31 December 2020 and 31 December 2019, trade and other receivables are due within one year from financial position date. Approximately $267K had been provided up to 31 December 2020 (2019:$182K). These balances relate to client receivables for the new AHI houses that were allocated under Tenancy Arrangments.

Note 4: Property, plant and equipment

	Land	*Buildings*	*Leasehold Improvement*	*Furniture & Fixtures*	*Computer Equipment*	*Office & Tel Equipment*	*Vehicle*	*Land Improvement*	*Road Formation Works*	*Road Structure*	*Work in Progress*	*Total*
Cost	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Balance as at 31 Dec 19	**12,278**	**4,714**	**135**	**45**	**20**	**41**	**67**	**885**	**1,349**	**1,136**	**0**	**20,670**
Additions	-	-	-	-	3	-	-	-	-	-	196	199
Revaluation	-	-	-	-	-	-	-	-	-	-	-	-
Impairment loss 2020	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	(90)	-	-	-	-	-	-	-	-	-	-	(90)
Transfers		(280)	-	-	-	-	-	-	-	-	-	(280)
Balance as at 31 Dec 20	**12,188**	**4,434**	**135**	**45**	**23**	**41**	**67**	**885**	**1,349**	**1,136**	**196**	**20,499**
Accumulated Depreciation												
Balance as at 31 Dec 19	-	**-**	**135**	**38**	**14**	**31**	**33**	**-**	**187**	**431**	**-**	**869**
Depreciation Expense 2020	-	154	-	2	5	5	15	-	27	57	-	265
Eliminate on Disposal 2020	-	(7)	-	-	-	-	-	-	-	-	-	(7)
Balance as at 31 Dec 20	**-**	**147**	**135**	**40**	**19**	**36**	**48**	**-**	**214**	**488**	**-**	**1,127**
Net Book value 31 Dec 19	**12,278**	**4,714**	**-**	**7**	**6**	**10**	**34**	**885**	**1,162**	**705**	**-**	**19,801**
Net Book value 31 Dec 20	**12,188**	**4,287**	**-**	**5**	**4**	**5**	**19**	**885**	**1,135**	**648**	**196**	**19,372**

Note 4: Property, plant, and equipment (continued)

a) The Trust retained the services of JEC Property Consultants an independent valuer to provide a fair market valuation for the NHDT Properties in the District of East End, Bodden Town, Windsor Park, and West Bay. The valuation undertaken was for the Affordable Houses that remain registered under the NHDT and also the portions of lands that are developed and undeveloped. As part of this exercise the valuation also included valuation assessment of infrastructure and road formation throughout the various affordable housing sites.

b) The outcome of the valuation required a revaluation adjustment in property, plant, and equipment that are stated at revalued amounts less accumulated depreciation. In accordance with accounting policy, when an item of property, plant, and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset.

Land Asset	2019 (As Restated)	Adjustments during the Year			2020
		Additions (Land Purchase)	Revaluation Adjustment	Disposal of Land	
West Bay Land (Blk4C/P585)	1,625	-	-	-	1,625
Windsor Park Land (Blk14E/P719)	793	-	-	-	793
Eastern Ave Land (Blk13E/P166)	2,785	-	-	-	2,785
East End Land (Blk72B/P149)	1,088	-	-	-	1,088
Lighthouse Land (Blk4B/P673)	1,368	-	-	(90)	1,278
Bodden Town Land (Blk43A/P56)	534	-	-	-	534
George Town Land (Blk20E/P213R3)	3,500	-	-	-	3,500
North Side Land- Blk 49C/P12&15	585	-	-	-	585
Total	**12,278**	**-**	**-**	**(90)**	**12,188**

c) The Depreciated Replacement Cost and the Sales Comparison Approach were used to derive the Open Market Value. For the AHI Houses and the Sales Comparison Approach used. Major assumptions for the AHI Houses are that no encumbrances or encroachments exist, that the buildings are structurally sound, and that the land is free from any defects. For the AHI Land, it was assumed that apart from being cleared and filled, the land is undeveloped and only the land value was included.

Note 4: Property, plant and equipment (continued)

d) Road Formation is the category of our Road Asset, which relates to the preparation for the road structure along with the installation of utility mains and other formative works. These have been depreciated using a useful life of 50 years. The break-down by Districts are as follows;

Asset	Bodden Town $000	East End $000	West Bay $000	Windsor Park $000	Grand Total $000
Formation works	219	385	292	453	1,349

e) Road Structure is the category of our road asset, which refers to the physical road structures, including paved roadways. These have been depreciated using a useful life of 20 years. The break-down by the district is as follows;

Asset	Bodden Town $000	East End $000	West Bay $000	Windsor Park $000	Grand Total $000
Road Structure	214	282	458	182	1,136

Buildings:

Asset - Affordable Houses	2019 Actual $000 (As Restated)	Additions (Affordable Houses) $000	Revaluation Adjustment $000	Disposalof Land (Affordable House Sales) $000	2020 Actual $000
West Bay	2,057	-	-	(280)	1,777
Windsor Park	2,512	-	-	-	2,512
East End	145	-	-	-	145
Total	**4,714**	**-**	**-**	**(280)**	**4,434**

The Buildings pertaining to affordable low-income property houses are located in West Bay, East End, and Windsor Park. During the financial year, 2 homes previously held as property, plant, and equipment from the West Bay location was purchased by clients. At December 31, 2020, there were 19 homes held as lease to own and 12 held as rental properties.

Note 5: Trade payables, accruals, and other payables

2019 Actual $000	Description	2020 Actual $000
146	Trade Payables	138
9	Housing Rental Deposits	9
155	**Total trade payables, accruals and other payables**	**147**

Trade and other payables are non-interest bearing and are normally settled on 30-day terms. The Housing rental deposits are advance payments made by clients on lease agreements with the NHDT.

Trade payables, accruals and other payables are all due within one year from financial position date.

Note 6: Employee entitlements

2019 Actual $000	Description	2020 Actual $000
	Current employee entitlements are represented by:	
43	Accrued Salary	173
2	Annual Leave	18
44	Health Insurance & Pension Liability	13
89	**Total employee entitlements**	**204**

Note 7: Bonds payable

Scotiabank Bond

In October 2004, the Trust secured funding in the form of a bond issuance from Scotia Capital in the amount of US$14.5 million at a fixed interest rate of 5.238%. Bi-annual payments of US $607,032 commenced on April 28, 2006, and the loan will be paid in full by October 2024. The bond issue has been guaranteed by the Cayman Islands Government. The bond payable balance was translated at 0.82 at the financial year-end reporting period. As per wire instruction on the bond, payments are made to Sun Life Financial, Waterloo, Ontario, Canada.

Scotiabank Bond	Reported in the Notes of the Audited Financials			
	USD		CI at (0.82)	
Particulars	2019 ($000)	2020 ($000)	2019 ($000)	2020 ($000)
Principal- Beginning of Year	6,182	5,280	5,069	4,330
Principal repayments	(902)	(950)	(740)	(779)
Bond balance at the end of the year	5,280	4,331	4,330	3,551
Current portion	950	1,000	779	820
Long term portion	4,331	3,330	3,551	2,731

Note 7: Bonds payable (continued)

Butterfield Bond

In August 2009, the Trust secured a bond issuance from Butterfield Bank (Cayman) Ltd in the amount of KYD$12,083,000 at the Applicable Margin per annum above the Butterfield Bank Cayman Islands Dollar Base Rate (currently 3.25%).

This bond issuance is to provide long term financing to finance the costs of constructing homes to low-income Caymanians. Repayments are being made in equal bi-annual principal payments of KYD 310,000, plus accrued interest.

The Cayman Islands Government agreed to execute a Guaranty Agreement for the full amount of the Bond. This Guaranty Agreement was signed by the Premier and dated 2nd January 2010. As laid out in the Guaranty Agreement the Bond balloon payment commitment of $6.8m balance was fully setteled on June 20, 2020.

Butterfield Bond	**Reported in the Notes of the Audited Financials**			
	USD		**CI at (0.82)**	
Particulars	**2019 ($000)**	**2020 ($000)**	**2019 ($000)**	**2020 ($000)**
Principal- Beginning of Year	9,065	8,309	7,433	6,813
Principal repayments	(756)	(8,309)	(620)	(6,813)
Total paid at the end of the year	8,309	-	6,813	-
Current portion	8,309	-	6,813	-
Long term portion	-	-	-	-

Total NHDT - Bonds (Scotiabank & Butterfield)	**Reported in the Notes of the Audited Financials**			
	USD		**CI at (0.82)**	
Particulars	**2019 ($000)**	**2020 ($000)**	**2019 ($000)**	**2020 ($000)**
Bond balance – begining of year	13,589	4,331	11,143	3,551
Current portion	9,259	1,000	7,592	820
Long term portion	4,331	3,330	3,551	2,731

Note 8: Revenue

Income from Sale of AHI houses represents the sale of homes held in inventory and is made up of payments made by clients for the AHI Houses at the Bodden Town location.

House Sale - Cost of Goods Sold represents the cost of the AHI houses sold from inventory.

2019 Actual $000 (As Restated)	Revenue Description	2020 Actual $000	Final/Original Budget $000	Variance (Budget vs. Actual) $000
581	Outputs Sold to EXCO -	675	675	-
116	Income from Rental Property	108	124	16
64	Income from Mortgage Property	65	65	-
1,409	Income from Sale of AHI Houses	247	2,044	1,797
8	Strata Fees - Charges on Mortgage Property	2	-	(2)
18	Miscellaneous Income	18	18	-
-	Other Income	-	75	75
2,196	**Total Revenue**	**1,115**	**3,001**	**1,886**
1,630	Cost of Goods Sold - AHI Houses	391	2,453	2,062
566	**Gross Profit**	**724**	**548**	**(176)**

During the year ended 31 December 2020 and 31 December 2019, outputs sold to EXCO is as follows:

2019 Actual $000	Description	2020 Actual $000
146	AHI Output 4	240
231	GGHAM Output 5	231
187	Project Development Output 6	187
17	BYOP Output 7	17
581	**Total**	**675**

Note 8: Revenue (continued)

As at 31 December 2020 and 31 December 2019, income from mortgaged property by location is as follows:

2019 Actual $000	Description	2020 Actual $000
26	West Bay	22
38	Windsor Park, George Town	35
-	East End	8
64	**Total**	**65**

As at 31 December 2020 and 31 December 2019, income from rental property by location is as follows:

2019 Actual $000	Description	2020 Actual $000
63	West Bay	55
-	East End	-
53	Windsor Park, George Town	53
116	**Total**	**108**

Note 9: Personnel Costs

2019 Actual $000	Description	2020 Actual $000
452	Salaries, wages and allowances	618
117	Health care	140
46	Pension	50
53	Leave	26
25	Other personnel related costs	20
693	**Total Personnel Costs**	**854**

Note 10: Supplies and consumables

2019 Actual $000	Description	2020 Actual $000
47	Doubtful debt expense	90
74	Repairs and maintenance	40
43	Insurance	45
46	Lease of buildings	46
96	Other Supplies and Consumables	96
22	Utilities	24
328	**Total Supplies and consumables**	**341**

Note 10: Supplies and consumables (continued)

The Trust signed a lease agreement with Bodwin Investments Ltd. for the rental of National Housing Development Trust operating premises in the amount of $41,250 (US dollar) annually, effective 01 October 2007 for a period of five (5) years. This contract expired on 01 October 2012, and the option to renew for an additional five (5) years was not effected. The Trust now operates on a month by month rental.

Note 11: Finance Costs

2019 Actual $000	Description	2020 Actual $000
418	Interest Payment to Scotia Bank	209
249	Interest Payment to Butterfield Bank	162
668	**Total Finance Costs**	**371**

Note 12: Reconciliation of net cash flows from operating activities to surplus/ (deficit)

2019 Actual $000	Description	2020 Actual $000
(1,326)	**Deficit for the year**	**(1,107)**
	Non-cash movements	
19	Provision for doubtful expense	90
203	Depreciation Expense	265
-	Loss on sale of property, plant and equipment	123
(573)	Increase in receivables (Net of Provision for doubtful debts)	(722)
(107)	Increase (decrease) in other receivables - BYOP	107
-	Increase in prepaid expense	(2)
1,737	Decrease in inventory	147
(38)	Decrease in accounts payable and accrued expenses	(8)
59	Increase in employee entitlements	115
39	Increase in bond Liability	-
51	Increase in deferred Liabilities	12
64	**Net cash flows generated from (used in) operating activities**	**(980)**

Note 13: Contingencies

	Beginning Balance	Additions	Disbursements	Ending Balance
Contingent Liabilities				
Security Center Limited	12	-	-	12

There was legal action against the Trust by the Security Centre Limited in the amount $12,000 for breach of contract for work performed in August 2005. The case is currently inactive, and the amount is not reflected in the statement of financial position. Attempts were made to obtain an update from the Security Centre Limted on this matter, however there was no response.

Note 14: Explanation of major variances against budget

Explanations for major variances for the Trust's performance against the original/final budget are as follows:

Statement of Financial Performance

Revenue
Revenue was $1.9M below budget and approximatly $1.1M on prior and this is mainly attriubuted as the construction projects were held up during the pandemic. The sale of goods and services were slightly below budget and this is attributed to two tenants purchasing their house and also the deferred six months payment commitment deferral that was approved for the Client under tenancy arrangment.

Cost of Sales
Cost of House Sales was $2M below budget and this is attributed to not completing the planned affordable housing project and the sale of houses within the financial year.

Personnel costs
Personnel cost was $56K above budget and $161K above prior year. The variance on budget is attributed to the approved 2020 Cost of Living Adjustment and accrued salary adjustments following the completion of the POCS Job Evaluation exercise in 2019. Salary adjustments were not approved by the Board as at year end.

Supplies and consumables
Supplies and consumables were $41K below budget and $13K above on prior year. The variance is mainly attributed to the maintenance of the Affordable Houses inclusive of the houses that were constructed in 2004 that are condemned. The reduced cost year on year is due to being limited to undertake repairs during the COVID-19 lockdown.

Finance Cost
Finance Expense was $42K below budget and this attributed to the foreign exchange of USD currency to settle the bond commitment. There is also a decrease year on year as one of the two bonds was fully settled mid year on Jun 2020.

Note 14: Explanation of major variances against budget (continued)

Statement of Financial Position

Cash and cash equivalents
The Cash and cash equivalents were appromitately $4.2M below budget and approximately $627K on prior year. The significant variance is due not completing the plan projects and sale of the houses during the financial year due to the COVID-19 lockdown restrictions.

Debtors and other receivables
Trades receivables is over by $1.5M on budget and this is mainly due to uncollected Outputs to the CIG for the 2018-2020 reporting period. The level of delinquency with the AHI Clients remain constant in comparison to previous periods as the Clients paid up the commitments for the reporting period.

Property, Plant, and Equipment
Property, plant and equipment remain constant on budget and prior year. The positive variance on budget is due to the revaluation exercise undertaken in 2020. The decrease on year is due to two house sales that required recognition of disposal from fixed assets.

Current Portion – Bonds Payable
There is no variance on the current bond payables as these were provided for accurately. The decrease year on year is due to the balloon payout balance that was due on one of the two bonds.

Statement of Cash Flows

Cash from operating activities
The negative net of $344K cash on the budget from operating activities is mainly attributed to cash inflows from three sale of the affordable houses and the pending outputs refunds for NHDT Operations from the Cayman Islannds Government.

Cash from investing activities
The negative net of $77K on cash from investing activities is due to minor transaction recored on project development that were suspended due to the COVID-19 restrictions.

Cash from financing activities
The net effect on cash flows from financing activities on budget is due to equity injection for project refunds that were not realized as project were not undertaken due to COVID-9 Restrictions.

Note 15: Related party and key management personnel disclosures

The Trust is a government company from which it derives a major source of its revenue from Cabinet through Output funding. The Trust and its key management personnel transact with other government entities on a regular basis.

Note 15: Related party and key management personnel disclosures (continued)

These transactions were provided free of cost during the financial year ended December 31, 2020, and were consistent with normal operating relationships between entities and were undertaken on terms and conditions that are normal for such transactions.

Due to its uniqueness and set up of the Trust, the operation of the Trust relies on the Board of Directors. The Directors offer their services through Board and Committee Meetings, for which they earn directors fees. The total Board and Directors Fees and Committees fees paid out for 2020 was $19.4K (2019 $24.5K). The decrease in the fees is due to suspension of meeting during the year due to the COVID-19 restrictions.

Key management personnel

There are two full-time equivalent personnel considered at the senior management level. The total remuneration includes regular salary, allowances, pension contributions, and health insurance contributions. Total remuneration for senior management in 2020 was $240K (2019 $210K). There were no loans made to key management personnel in 2020 (2019: $0). There were no transactions with Government entities that could be reliably measured.

Note 16: Subsequent events

Further Project Development - Additional Houses

With its continued trend of the affordable project development and the increase in demand for the affordable houses, the Trust undertook the process of submitting plans for seven additional houses to be constructed in East End. As of year end 2020 earthworks were completed for the project and the coordination of infrastructure and construction of the houses will be carried out in the early part of the year of 2021.

The planning process for 14 additional houses with new designs continues to be undertaken for the undeveloped portion of the Light House Garden Site in West Bay.

COVID – 19 Impact

In December 2019, a novel strain of coronavirus was reported to have surfaced in China. On 30 January, 2020, the WHO declared the outbreak a Public Health Emergency of International Concern. World governments' efforts to contain the spread of the coronavirus, often referred to as the COVID-19, have significantly impacted many businesses globally, as well as the local economy. While the situation continued to evolve rapidly the full impact is unkown as this pandemic has called on countries to develop policies to suppress the virus spread. This unprecedented event caused disruption across the world as it continues to affect business and consumer activities worldwide.

The effects of COVID-19 has delayed the NHDT approximately one year with it project development of constructing affordable houses within its various sites. It is anticipated that the NHDT will proceed with building approximately 21 houses in East End and have the earth works and partial infrastructure works carried out in the new site in West Bay. In addition to this the NHDT will also be carrying out two-three build on your own property project for applicants that are currently going through the vetting process with the banks and the trust.

Note 16: Subsequent events (continued)

General Election

With the anticipated election and the possibility of an NHDT Board Restructure that will be in effect by the existing Board Tenure with the expire tenure date of September 2021, it is anticipated that the NHDT will remain on track with its current project project development plan.

Note 17: Financial instrument risks

National Housing Development Trust (NHDT) is exposed to a variety of financial risks, including interest rate risk, credit risk, and liquidity risk. NHDT's risk management policies are designed to identify and manage these risks, to set appropriate risk limits and controls, and to monitor the risks and adhere to limits by means of up to date and reliable information systems. These risks are managed within the parameters established by the CIG Financial Regulations.

Interest Rate Risk

NHDT is subject to interest rate risk on the cash placed with a local bank that attracts interest. A late fee of $15.00 is charged to tenants on late payments on accounts receivable and not late interest payments. The NHDT is not exposed to significant interest rate risk as the cash and cash equivalents are placed on call, and short term fixed deposits, which are available on demand.

Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the NHDT. Financial assets that potentially expose the NHDT to credit risk comprise the development of property investments, house construction, cash equivalents and accounts receivable. The NHDT is exposed to the potential loss that would be incurred if the counterparty to the bank balances failed to discharge its obligation to repay. All bank balances are with two financial institutions located in the Cayman Islands, which management and the Board consider them being financially secure and well managed.

NHDT is also exposed to a significant concentration of credit risk in relation to accounts receivables, all of which are due from persons who have a lease or mortgage agreements with the NHDT. The maximum amount of these accounts varies with a month to month payment of $699 or $579 for both the rental and mortgage accounts with the total cost of the homes being stated as $69,900 and $56,900 respectively for mortgages. As at 31 December 2020 provision, for doubtful debts have been made for these accounts in the amount of $90k for the movement in the accounts receivalbles.

The carrying amount of financial assets recorded in the financial statements represents NHDT's maximum exposure to credit risk. In the case of the mortgage accounts, the collateral for these accounts is the house itself, and for the rental, no collateral is required from NHDT's debtors.

Note 17: Financial instrument risks (continued)

Liquidity Risk

Liquidity risk is the risk that the NHDT is unable to meet its payment obligations associated with the financial liabilities when they fall due. The ability of the NHDT to meet its debts and obligations is dependent upon its ability to collect the debts outstanding to the NHDT on a timely basis and from proceeds of capital injection that are received from the Cayman Islands Government. In the event of being unable to collect its outstanding debt, it is expected that the Cayman Islands Government would fund any shortfalls.

Note 18: Prior period adjustments

The Trust corrected the prior year classification of inventory account to property, plant and equipment amounting to $111K and other receivables for BYOP amounting to $107K and adjusted the related fair value of land and building for AHI houses transferred to property, plant and equipment amounting to $57K. Prior year revalaution surplus also includes errorneous recognition of revaluation surplus for land classified as inventory amounting to $58K. Prior year cost of sales was also understated by $24K.

The following illustrates the adjustments for each item affected by the above prior period adjustments:

	As of and for the year ended 31 December 2019		
	As previously reported	Adjustment required	As Restated
	$000	$000	$000
Statement of financial position:			
Other receivables	-	107	107
Inventory	522	(219)	303
Total current assets	3,315	(112)	3,203
Property, plant and equipment	19,668	133	19,801
Total assets	22,983	21	23,004
Net assets	11,324	21	11,345
Revaluation surplus	8,475	(2)	8,473
Accumulated (deficits)	(27,464)	23	(27,441)
Total networth	11,324	21	11,345
Statement of financial performance:			
Cost of sales	1,654	(24)	1,630
Gross profit	542	24	566
Deficit for the year	(1,350)	24	(1,326)

Note 18: Prior period adjustments (continued)

	As of and for the year ended 31 December 2019		
	As previously reported	Adjustment required	As Restated
	$000	$000	$000
Statement of changes in networth			
Deficit for the year	(1,350)	24	(1,326)
Accumulated deficits	(27,464)	24	(27,440)
Revaluation surplus	8,475	(2)	8,473

Note 19:Compliance with the Public Authorities Act, 2020

The Trust is required to comply with the Public Authorities Act, 2020, (the "PAL"). Amongst other matters, Section 39 (2) of the PAL requires that where a public authority has surplus cash reserves for a period of more than ninety days, the surplus shall be paid to core government unless otherwise directed by Cabinet, after written consultation with the Board. Cabinet has approved the exemption of public authorities from paying over surplus cash reserves as at 31 December 2020.

Section 39 (3) of the PAL also requires that a public authority pay dividends in accordance with the formulae established by the Minister of Finance and Economic Development (the "Ministry") after written consultation with the Board, unless otherwise directed by Cabinet.

The Ministry has advised the Trust that it will not be required to pay a dividend out of its surplus as at 31 December 2020 because its operations are not self-sustaining. Going forward, the Trust may be required to pay a dividend in accordance with Government's policy for the payment of annual dividends unless the Trust continues to satisfy the exemption criteria noted under the policy.

Note 20: Authorization date

These Financial Statements for the National Housing Development Trust were authorized for issue on April 30, 2021 by the Trust's Board of Directors.



Appendix 1:

Ownership Performance Reporting and Statement of Outputs Delivered to Cabinet

Information about specific financial transactions required to be included in the Ownership Agreement by the Public Management and Finance Act (2021 Revision) is detailed below.

OUTPUTS / PURCHASE AGREEMENT

ITEM #	PURCHASE AGREEMENT OF NHDT OPERATIONAL OUTPUTS	2020 $000's
NHT 4	Administer the lease of the Affordable Housing Initiative (AHI) Program and provide support services to low income Caymanian families.	240
NHT 5	Administer the lease of the Government Home Assisted Mortgage (GGHAM) Program and provide support services to low income Caymanian families.	231
NHT 6	Administer the New Affordable Housing Initiative (AHI) Program which provides support services to low income Caymanian families.	187
NHT 7	Administer the Build On Your Own Property Program which provides assistance and support to low income Caymanian families.	17
	Total Outputs - Purchase Agreement for Operations	**$675**

CAPITAL/OWNERSHIP AGREEMENT

ITEM #	NHDT- BOND COMMITMENTS & PROJECT DEVELOPMENT	2020 $000's
1	NHDT - Equity Injection - Bond Repayment Sunlife Assurance (Bond Maturity to 2024)	1,013
2	NHDT - Equity Injection - Bond Repayment Butterfield Bank (Balloon Pymt of $6.8m due Jun 2020)	7,009
3	NHDT - Equity Injection EI57 - NHDT Project Dev for Affordable Housing Sites	0
	Total Outputs - Capital/Ownership Agreement	**8,022**



Appendix 2:

List of Acronyms and Abbreviations

ACRONYM	DESCRIPTION
AHI	Affordable Housing Initiative Program
BYOP	Build Your Own Property Program
GGHAM	Government Guaranteed Home Assisted Mortgage Program
HECH	Ministry of Heath, Environment, Culture and Housing
IFRS	International Financial Reporting Standards
IPSAS	International Public Sector Accounting Standards
NHDT	National Housing Development Trust
PAA	Public Authorities Act
PLAHI	Ministry of Planning, Agriculture, Housing & Infrastructure
PMFA	Public Management and Finance Act

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