



CAYMAN ISLANDS
GOVERNMENT

Ownership Agreements

For the 2018 Financial Year:
1 January to 31 December 2018

&

For the 2019 Financial Year:
1 January to 31 December 2019





OWNERSHIP AGREEMENTS

**FOR THE 2018 FINANCIAL YEAR ENDING 31 DECEMBER 2018
AND THE 2019 FINANCIAL YEAR ENDING 31 DECEMBER 2019**

PREPARED IN ACCORDANCE WITH SECTION 50 OF THE PUBLIC MANAGEMENT AND FINANCE
LAW (2017 REVISION)

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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 financial years ending 31st December 2018 and 31st December 2019.

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

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

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

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

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

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

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OWNERSHIP AGREEMENT

**BETWEEN THE
CAYMAN ISLANDS GOVERNMENT**

AND

AUDITORS OVERSIGHT AUTHORITY

**FOR THE 2018 FINANCIAL YEAR ENDING 31 DECEMBER 2018
AND THE 2019 FINANCIAL YEAR ENDING 31 DECEMBER 2019**

PREPARED IN ACCORDANCE WITH SECTION 50 OF THE PUBLIC MANAGEMENT AND FINANCE LAW
(2017 REVISION)

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

Agreement

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Auditors Oversight Authority* have agreed the *Auditors Oversight Authority* will seek to achieve during the 2018 and 2019 financial years.

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

2. NATURE AND SCOPE OF ACTIVITIES

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

GENERAL NATURE OF ACTIVITIES

The Auditors Oversight Authority currently regulates and supervises auditors who audit the financial statements of market traded, Authority specified and designated companies.

SCOPE OF ACTIVITIES

The current scope of the Auditors Oversight Authority activities is set out above. The Board of the Auditors Oversight Authority is considering expanding the scope of its activities to regulate and supervise auditors who audit financial statements of Public Interest Entities.

CUSTOMERS AND LOCATION OF ACTIVITIES

The Auditors Oversight Authority provides services to auditors who audit the financial statements of market traded, Authority specified and designated companies and the public who rely on those financial statements. The Auditors Oversight Authorities activities are conducted in Grand Cayman.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Auditors Oversight Authority* for the 2018 and 2019 financial years are as follows:

- Expand the scope of our remit to incorporate auditors of financial statements of Public Interest Entities;
- Engage a Caymanian to ultimately replace the existing Managing Director;
- Conduct our third and fourth rounds of inspections of firms subject to our oversight; and
- Consider ways of expanding our sources of revenue.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2017 Revision), as amended for the *Auditors Oversight Authority* for the 2018 and 2019 financial years are as follows.

FINANCIAL PERFORMANCE MEASURE	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
REVENUE FROM CABINET	315	315	472.5
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	-	-	-
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	34	34	7.25
OPERATING EXPENSES	405	380	460
NET SURPLUS DEFICIT	(56)	(31)	19.75
TOTAL ASSETS	283	252	339
TOTAL LIABILITIES	(18)	(18)	(18)
NET WORTH	264.5	234	320
CASH FLOWS FROM OPERATING ACTIVITIES	(55)	(30)	21
CASH FLOWS FROM INVESTING ACTIVITIES	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES	-	-	-
CHANGE IN CASH BALANCES	(55)	(30)	21

FINANCIAL PERFORMANCE RATIO	2018 Budget %	2019 Budget %	2016/17 18 Months Forecast %
CURRENT ASSETS : CURRENT LIABILITIES	15:1	13.4:1	18:1
TOTAL ASSETS : TOTAL LIABILITIES	15.4:1	13.7:1	18.4:1

MAINTENANCE OF CAPABILITY

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
HUMAN CAPITAL MEASURES			
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	1	1	1
STAFF TURNOVER (%)			
SENIOR MANAGER	100%		
PROFESSIONAL AND TECHNICAL STAFF			
ADMINISTRATIVE STAFF			

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
PHYSICAL CAPITAL MEASURES			
VALUE OF TOTAL ASSETS	283	252	339
ASSET REPLACEMENTS : TOTAL ASSETS			
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	1:1.9	1:2.3	1:1.6
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	0	0	0
CHANGES TO ASSET MANAGEMENT POLICIES	None	None	None

	2018 TARGET \$	2019 TARGET \$
MAJOR CAPITAL EXPENDITURE PROJECTS		
None		

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2015/16	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Nothing to Report	N/A	N/A	N/A

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

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

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
OPERATING STATEMENT			
REVENUE	349	349	480
OPERATING EXPENSES	405	380	460
NET SURPLUS/DEFICIT	(56)	(31)	19.75

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
BALANCE SHEET			
ASSETS	283	252	339
LIABILITIES	(18)	(18)	(18)
NET WORTH	264.5	234	320

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
STATEMENT OF CASH FLOW			
CASH FLOWS FROM OPERATING ACTIVITIES	(55)	(30)	21
CASH FLOWS FROM INVESTING ACTIVITIES	-	-	-
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 (2017 Revision).

TRANSACTION	AMOUNT FOR 2018 \$	AMOUNT FOR 2019 \$
Equity Investments		
Capital Withdrawals		
Dividend or Profit Distributions		
Government Loans		
Government Guarantees		
Related Party Payments (Non-Remuneration) made to Key Management Personnel		
Remuneration¹ Payments made to Key Management Personnel (Board)	108,000	108,000
Remuneration Payments made to Senior Management (MD)	110,000	110,000

DESCRIPTION	NUMBERS FOR 2018 \$	NUMBERS FOR 2019 \$
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	6	6
NUMBER OF KEY SENIOR MANAGEMENT (MD)	1	1

¹ Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

AGREEMENT

Scope of this Agreement

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

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

Procedures for Changing this Ownership Agreement

Changes to this Ownership Agreement may be made during the financial years 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 sign the amended Ownership Agreement.
- The amended Ownership Agreement will be attached to and form part of this Agreement.

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Cayman Islands Airports Authority will seek to achieve for the 2018 and 2019 financial years and that the Cabinet will monitor performance against.



Honourable Tara Rivers, JP

Minister of Financial Services and Home Affairs

On behalf of Cabinet



Mr. Michael Austin

Chairman of the Board

Auditors Oversight Authority

27 October 2017

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APPENDIX

FORECAST FINANCIAL STATEMENTS

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AUDITORS OVERSIGHT AUTHORITY
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2017 Revision).

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

To the best of our knowledge the statements are:

- a. Complete and reliable;
- b. Fairly reflect the forecast financial position as at 31 December 2018 and 31 December 2019 and performance for the Auditors Oversight Authority for the financial years ending 31 December 2018 and 31 December 2019; and
- c. Comply with generally accepted accounting practice.

Mr. Michael Austin
Chairman of the Board
Auditor Oversight Board

27 October 2017

AUDITORS OVERSIGHT AUTHORITY
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

1. Background Information

The Auditors Oversight Authority (“the Authority”) is a statutory body established on 30 September 2011 under The Auditors Oversight Law, 2011, and began operations on 2 May, 2012. The registered office of the Authority is P.O. Box 133, Grand Cayman, Cayman Islands, KY1-9000. The Authority had one employee as of 31 December 2017 (June 2016: one employee).

The Authority is principally engaged in regulating and providing a system of oversight for auditors who audit the accounts of market traded companies to ensure the highest levels of audit quality. The relationship between the AOA and those auditors under its supervision is governed by the Auditor Oversight Law (2011).

The operations of the Authority are regulated by the Auditors Oversight Law (as amended) and related Regulations.

2. Significant Accounting Policies

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

a) Basis of accounting

The financial statements of the Authority are prepared on the accrual basis under the historic cost convention in accordance with International Public Sector Accounting Standards.

b) Depreciation

Property plant and equipment are depreciated on the straight-line basis over the estimated useful lives. The estimated useful lives of the other assets are as follows:

Computer	3 years
Furniture	12 years

c) Foreign currency translation

Assets and liabilities denominated in currencies other than Cayman Islands dollars are translated at exchange rates in effect at the financial statement date. 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 and expenditure.

d) Use of estimates

The preparation of financial statements 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.

AUDITORS OVERSIGHT AUTHORITY
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

f) Cash and cash equivalents

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

g) Revenue Recognition

The Authority recognizes revenues in the period in which they are

h) Financial Instruments

(i) Classification

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

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.

(ii) Recognition

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

(iii) De-recognition

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.

(iv) Measurement

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

AUDITORS OVERSIGHT AUTHORITY

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

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.

3. Financial Risk Management

a) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. Concentrations of credit risk relate to groups of customers or counter- parties that have similar economic or industry characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

Financial assets that potentially subject the Authority to credit risk consist principally of, trade receivables, and other receivables. Credit risk with respect to these receivables is limited because the Authority has a policy in place that is monitored by management on a consistent basis to ensure the timely collection of receivables. Accordingly, the Authority has no significant concentrations of credit risk.

b) Interest rate price risk

The Authority has no significant exposure to interest risk.

c) Liquidity Risk

The Authority is subject to minimal liquidity risk. Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they fall due. All financial liabilities are settled in less than six months from the date of the financial statements.

d) Fair values

The carrying amount of cash deposits, other receivables and accounts payables approximate their fair value due to their short-term maturities. Fair values are made at specific points in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions, economic conditions and other factors could cause significant changes in fair value estimates.

AUDITORS OVERSIGHT AUTHORITY
STATEMENT OF FINANCIAL POSITION
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

STATEMENT OF FINANCIAL POSITION	Notes	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19	18-Month Forecast Ending Dec- 17
AS AT 31 DECEMBER 2018 AND 31 DECEMBER 2019				
Current Assets				
Cash and cash equivalents	1	119,300	89,600	174,000
Marketable securities and deposits				
Trade receivables	2	157,500	157,500	157,500
Total Current Assets		276,800	247,100	331,500
Non-Current Assets				
Property, plant and equipment	5	6,100	5,100	7,100
Intangible Assets		0	0	0
Total Non-Current Assets		6,100	5,100	7,100
Total Assets		282,900	252,200	338,600
Current Liabilities				
Trade payables		0	0	0
Other payables and accruals		18,400	18,400	18,400
Total Current Liabilities		18,400	18,400	18,400
Non-Current Liabilities				
Trade payables		0	0	0
Other payables and accruals		0	0	0
Dividends/Surplus Payable		0	0	0
Total Non-Current Liabilities		0	0	0
Total Liabilities		18,400	18,400	18,400
Net Assets		264,500	233,800	320,200
NET WORTH				
Contributed capital		100,000	100,000	100,000
Other Reserves		0	0	0
Revaluation reserve		0	0	0
Accumulated surpluses/(deficits)		164,500	133,800	220,200
Total Net Worth		264,500	233,800	320,200

AUDITORS OVERSIGHT AUTHORITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

STATEMENT OF FINANCIAL PERFORMANCE	Notes	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19	18-Month Forecast Ending Dec-17
AS AT 31 DECEMBER 2018 AND 31 DECEMBER 2019				
Revenue				
Sale of goods and services	3	315,000	315,000	472,500
Investment revenue		0	0	0
Donations		0	0	0
Other revenue	3	34,000	34,000	7,250
Total Revenue		349,000	349,000	479,750
Expenses				
Personnel costs	4	162,700	162,700	184,200
Supplies and consumables		0	0	0
Depreciation and Amortisation		1,000	1,000	1,500
Impairment of Inventory, property, plant and equipment				
Finance costs & overdraft interest		0	0	0
Litigation costs		0	0	0
Other (Gains)/losses		0	0	0
Other Operating expenses		241,000	216,000	274,550
Total Expenses		404,700	379,700	460,250
Surplus or (Deficit) for the period		-55,700	-30,700	19,500

AUDITORS OVERSIGHT AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

CASH FLOW STATEMENT	Notes	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19	18-Month Forecast Ending Dec-17
AS AT 31 DECEMBER 2018 AND 31 DECEMBER 2019				
CASH FLOWS FROM OPERATING ACTIVITIES				
<i>Receipts</i>				
Sale of goods and services to Cabinet	3	315,000	315,000	472,500
Sale of goods and services to Ministries/Portfolios				
Sale of goods and services to Statutory Agencies and Government Companies				
Sale of goods and services - third party	3	34,000	34,000	7,250
Interest received				
Donations / Grants				
Other receipts				
<i>Payments</i>				
Personnel costs	4	-162,700	-162,700	-181,200
Supplies and consumables - Ministries/Portfolios				
Supplies and consumables - Statutory Agencies and Government Companies				
Supplies and consumables - third party				
Interest paid				
Other payments		-241,000	-216,000	-277,550
Net cash flows from operating activities		-54,700	-29,700	21,000
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment				
Proceeds from sale of property, plant and equipment				
Purchase of investments				
Proceeds from sale of investments				
Net cash flows from investing activities		0	0	0
CASH FLOWS FROM FINANCING ACTIVITIES				
Equity Investment from Cabinet				
Repayment of Surplus/Dividends or Capital withdrawal				
Borrowings				
Repayment of Borrowings				
Currency Issues				
Net cash flows from financing activities		0	0	0
Net increase/(decrease) in cash and cash equivalents		-54,700	-29,700	21,000
Cash and cash equivalents at beginning of period		174,000	119,300	153,000
Cash and cash equivalents at end of period		119,300	89,600	174,000

AUDITORS OVERSIGHT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Note 1: Cash and cash equivalents

Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19	18-Month Forecast Ending Dec-17
Cash on hand			
Cash in transit			
CI\$ Account	119,300	89,600	174,000
US\$ Account			
Bank Overdraft			
Payroll Current Account			
Bank Accounts held at other financial institutions			
Short-Term Fixed Deposits			
TOTAL	119,300	89,600	174,000

Note 2: Trade and other receivables

Trade Receivables	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19	18-Month Forecast Ending Dec-17
Sale of goods and services to Cabinet	157,500	157,500	157,500
Sale of goods and services to Ministries/Portfolios			
Sale of goods and services to Statutory Agencies and Government Companies			
Sale of goods and services - third party			
Other			
Less: provision for doubtful debts			
Total trade receivables	157,500	157,500	157,500

AUDITORS OVERSIGHT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Note 3: Sales of Goods & Services

Revenue type	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19	18-Month Forecast Ending Dec-17
Fees and Charges			
General Sales			
Rentals			
Other Goods & Services Revenue	34,900	34,900	7,250
Sale of goods and services to Cabinet	315,000	315,000	472,500
Sale of goods and services to Other Ministries and Portfolios			
Total sales of goods and services	349,000	349,000	479,750

Note 4: Personnel costs

Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19	18-Month Forecast Ending Dec-17
Salaries, wages and allowances	150,000	150,000	165,000
Health care CINICO	12,700	12,700	19,200
Health care other			
Pension			
Leave			
Other personnel related costs			
Total Personnel Costs	162,700	162,700	184,200

AUDITORS OVERSIGHT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Note 5: Property, plant & equipment

Cost of Property, plant & equipment

	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Total</i>
Balance as at 1 July 2016	10,000	1,600	11,600
Additions			0
Disposals and Derecognition			0
Revaluation			0
Transfers			0
Balance as at 31 December 2017	10,000	1,600	11,600

	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Total</i>
Balance as at 1 January 2018	10,000	1,600	11,600
Additions			0
Disposals and Derecognition			0
Revaluation			0
Transfers			0
Balance as at 31 December 2018	10,000	1,600	11,600

	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Total</i>
Balance as at 1 January 2019	10,000	1,600	11,600
Additions			0
Disposals and Derecognition			0
Revaluation			0
Transfers			0
Balance as at 31 December 2019	10,000	1,600	11,600

AUDITORS OVERSIGHT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Accumulated Depreciation and impairment losses

	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Total</i>
Balance as at 1 July 2016	2,400	600	3,000
Transfers			0
Impairment Reserve 2016/17 (closing balance)			0
Depreciation Expense 2016/17	1,000	500	1,500
Eliminate on Disposal or Derecognition 2016/17			0
Balance as at 31 December 2017	3,400	1,100	4,500

	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Total</i>
Balance as at 1 January 2018	3,400	1,100	4,500
Transfers			0
Impairment change 2018			0
Depreciation Expense 2018	1,000		1,000
Eliminate on Disposal or Derecognition 2018			0
Balance as at 31 December 2018	4,400	1,100	5,500

	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Total</i>
Balance as at 1 January 2019	4,400	1,100	5,500
Transfers			0
Impairment change 2019			0
Depreciation Expense 2019	1,000		1,000
Eliminate on Disposal or Derecognition 2019			0
Balance as at 31 December 2019	5,400	1,100	6,500

Net Book value 31 December 2017	6,600	500	7,100
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Net Book value 31 December 2018	5,600	500	6,100
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Net Book value 31 December 2019	4,600	500	5,100
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OWNERSHIP AGREEMENT

**BETWEEN THE
CAYMAN ISLANDS GOVERNMENT**

AND

CAYMAN AIRWAYS LIMITED

**FOR THE 2018 FINANCIAL YEAR ENDING 31 DECEMBER 2018
AND THE 2019 FINANCIAL YEAR ENDING 31 DECEMBER 2019**

PREPARED IN ACCORDANCE WITH SECTION 50 OF THE PUBLIC MANAGEMENT AND FINANCE LAW
(2017 REVISION)

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

Agreement

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of Cayman Airways Limited have agreed to and will seek to achieve during the 2018 and 2019 financial years.

The purpose of the document is to ensure the ownership performance expectations for the 2018 and 2019 financial years are clearly specified and agreed by both parties.

2. NATURE AND SCOPE OF ACTIVITIES

This section outlines the nature and scope of activities within which the *Cayman Airways Limited* is to operate during the 2018 and 2019 financial years.

GENERAL NATURE OF ACTIVITIES

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

SCOPE OF ACTIVITIES

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

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

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

The company also leases a Saab 340 aircraft which provides service between Grand Cayman and the sister island of Cayman Brac.

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

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

Airlift Framework Category	Definition
Core	Routes/Flights/Operations that CAL dominates and knows the market well Routes/Flights/Operations that provide good economic return or at least break-even
Strategic Domestic	Domestic Routes/Flights that are purchased by, and operated on behalf of, the Government
Strategic Tourism	International Routes/Flights that have national tourism importance which are purchased by, and operated on behalf of the Government
Surplus	Assumes prior 3 categories are being adequately serviced (without displacement and not affecting required redundancy to maintain reliability of service). Includes operations which must provide good economic return

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

CUSTOMERS AND LOCATION OF ACTIVITIES

The services provided by *Cayman Airways Limited* are provided to the following Customers both locally and internationally:

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

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 OWNERSHIP GOALS

The key strategic goals and objectives for the *Cayman Airways Limited* for the 2018 and 2019 financial years are as follows:

- The mission of Cayman Airways is to be the premier choice of safe, reliable, and enjoyable air transportation to all markets we serve, in the best interests of the Cayman Islands. A national airline of which we can all be immensely proud of, one which reflects a top quality airline, delivering top quality service; an organization which is attracting the best and brightest Caymanian talent and developing its people and the airline to reach their full potential.
- The Airline is major employer within the Cayman Islands and must strive to attract and develop the best and brightest Caymanian talent. The Airline offers several unique employment opportunities in specialised fields and will continue to create an environment of opportunity for Caymanians. This role has an immeasurable socio-economic impact on the Cayman Islands and is crucial to continued national development and growth. The Airline will therefore, as it continues to target cost reductions, do so in a manner that places emphasis on the retention and provision of services and employment locally, versus overseas when possible.
- The Airline will continue the process of restructuring and operational reform in order to drive revenue, reduce costs, and achieve the maximum levels of efficiency where possible.
- Utilizing the Airlift Framework as a funding model, the Airline and Government shall have a common objective to ensure that the Airline is adequately funded to undertake the core and strategic roles defined in the Airlift Framework. Adequate levels of Government funding and the Airline's continued efforts to operate at maximum efficiency are necessary to ensure that no deficit between revenue and expenses arises.
- After years of historical losses, the Airline is faced with a severe deficiency of working capital. The Government and the Airline must together strive to create adequate levels of working capital in order to ensure that Airline has the ability to invest where necessary to improve efficiency and viability. This working capital deficiency may from time to time require external borrowings or equity injections from the Government in order to ensure the Airline's continued viability. The Airline therefore aims to have its historical debt (formal and informal), refinanced in a manner that improves cash flow and provides adequate levels of working capital to be realised, in order to increase the viability and efficiency of the Airlines of the operations.
- Should a deficit (revenue) arise due to unbudgeted situations during the course of the year, which are beyond the Airline's control, the Government may be asked to provide supplementary funding in order to ensure that the Airline maintains an ability to meet its operating obligations and fulfil the government's strategic objectives for the Airline. The Airline will do all possible to avoid this scenario and will keep the Government promptly educated on all situations that may lead to a need for additional funding within the budget year.

- The Airline is a major contributor to the Cayman Islands economy both directly and indirectly through employment and the purchase of goods and services within the Cayman Islands. The Airline is also a strategic tool used by the Government to drive economic activity, particularly in the tourism industry by providing guaranteed airlift and competitive market environment. This includes providing direct air service to the leading tourist source markets, targeted by the Cayman Islands Department of Tourism. The Airline will therefore continue to work with the Cayman Islands Department of Tourism to realise the maximum benefit from the Department of Tourism's marketing efforts by aligning capacity with the demand generated from the Department of Tourism's efforts.
- The total economic impact or contribution to the Cayman Islands by Cayman Airways (from studies going back more than ten years), is over CI\$150M per annum. The Airline must therefore continue to balance its efforts to operate at peak efficiency with its efforts to create the maximum economic impact possible. The Airline's value on a macroeconomic level outweighs the Governments annual investment through this purchase agreement. Whilst this is an overriding value and an excellent return on investment, the Airline's economic contribution must continue to be provided in the most efficient manner. The Airline and the Government must therefore maintain alignment through consultation in the budget year to ensure the correct balance between the Airline's performance and the Airline's contribution to the local economy.
- Whilst the Airline is equipped with the full infrastructure of a typical Airline, the Airline is challenged to cover all its fixed costs from operating revenues, because of its relatively small size and the relatively small markets served (economies of scale). The Airline must therefore seek out opportunities within the surplus category of the Airlift Framework that increases passenger and cargo throughput, in order to maximise efficiency and reduce dependence on Government funding. This should include the exploration of strategic partnerships with other airlines and potential industry partners, to reduce costs and enhance revenue potential, but in a manner that does not degrade the Airline's strategic value to the Cayman Islands. The Airline expects to continue working with the public sector as well as to embark on joint initiatives with the private sector to coordinate marketing and advertising efforts. A key objective of the Airline is to stimulate incremental visitation through increased visitor arrivals and incremental room nights.
- Fuel is the most volatile and unpredictable cost facing the Airline. The company intends to continue to monitor and aggressively pursue alternatives to minimize the costs of fuel. Cayman Airways however expects to continue to be faced with high fuel prices and extreme volatility for the budget year. The Airline optimistically expects fuel prices to be between US\$85 and US\$100 per barrel for the budget year and has budget fuel expense and associated revenue from airfares accordingly. It must be noted that the Airline is not always able to pass on increases in fuel, without negatively affecting demand and overall revenues. The Airline will therefore strive to recoup fuel increases from the consumer to the maximum extent possible, but will be limited in its efforts so as to not negatively impact the Airline's overall revenue performance nor the Airline's strategic value the local economy and tourism industry.
- The Airline has historically been operating with several outdated or manual systems to manage and control some of its commercial and operating functions. The Airline will continue to strive to implement technological advances that will improve the Airlines operating and financial performance.

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

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2017 Revision) for the *Cayman Airways Limited* for the 2018 and 2019 financial years are as follows.

FINANCIAL PERFORMANCE MEASURE	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
REVENUE FROM CABINET	17,963	17,963	24,695
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	1,354	1,381	1,799
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	51,246	53,020	77,261
OPERATING EXPENSES	70,517	71,425	111,169
NET SURPLUS DEFICIT	46	939	(7,415)
TOTAL ASSETS	37,250	39,205	36,502
TOTAL LIABILITIES	53,744	49,660	58,142
NET WORTH	(16,494)	(10,455)	(21,640)
CASH FLOWS FROM OPERATING ACTIVITIES	1,501	4,224	(6,848)
CASH FLOWS FROM INVESTING ACTIVITIES	(4,230)	(2,306)	(7,225)
CASH FLOWS FROM FINANCING ACTIVITIES	2,717	244	12,274
CHANGE IN CASH BALANCES	(12)	2,162	(1,799)

	2018 Budget %	2019 Budget %	2016/17 18 Months Forecast %
FINANCIAL PERFORMANCE RATIO			
CURRENT ASSETS : CURRENT LIABILITIES	1:3.9	1:3.2	1:4.1
TOTAL ASSETS : TOTAL LIABILITIES	1:1.4	1:1.3	1:1.6

MAINTENANCE OF CAPABILITY

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
HUMAN CAPITAL MEASURES			
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	415	420	420
STAFF TURNOVER (%)	5%	5%	5%
SENIOR MANAGER PROFESSIONAL AND TECHNICAL STAFF ADMINISTRATIVE STAFF	14 Years	14 Years	14 Years

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
PHYSICAL CAPITAL MEASURES			
VALUE OF TOTAL ASSETS	37,250	39,205	36,502
ASSET REPLACEMENTS : TOTAL ASSETS	9:1	17:1	5:1
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	1.74:1	1.82:1	1.69:1
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	1.88:1	1:1.1	2.46:1
CHANGES TO ASSET MANAGEMENT POLICIES	None	None	None

	2018 TARGET \$	2019 TARGET \$
MAJOR CAPITAL EXPENDITURE PROJECTS		
Technology	240,324	240,324
Aircraft/Engines	3,990,000	2,065,600

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2015/16	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Fuel Prices	Risk profile increased due to volatility in fuel prices	Given difficulty in hedging this is managed primarily through price negotiating and operations.	+/- CI\$2,000,000
Capital Structure	Improvement over prior year	Better cash management and improved financial performance targeted	None

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.

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
OPERATING STATEMENT			
REVENUE	70,563	72,364	103,754
OPERATING EXPENSES	70,517	71,425	111,170
NET SURPLUS/DEFICIT	46	939	(7,415)

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
BALANCE SHEET			
ASSETS	37,250	39,205	36,502
LIABILITIES	53,744	49,660	58,142
NET WORTH	(16,494)	(10,455)	(21,640)

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
STATEMENT OF CASH FLOW			
CASH FLOWS FROM OPERATING ACTIVITIES	1,501	4,224	(6,848)
CASH FLOWS FROM INVESTING ACTIVITIES	(4,230)	(2,306)	(7,225)
CASH FLOWS FROM FINANCING ACTIVITIES	2,717	244	12,274

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 (2017 Revision), as amended.

TRANSACTION	AMOUNT FOR 2018 \$	AMOUNT FOR 2019 \$
Equity Investments into Cayman Airways Limited	5,100,000	5,100,000
Capital Withdrawals from Cayman Airways Limited	0	0
Dividend or Profit Distributions to be made by Cayman Airways Limited.	0	0
Government Loans to be made to Cayman Airways Limited	0	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)	Up to CI\$19M for CIG approved borrowing to address informal debt (possible)
Related Party Payments (Non-Remuneration) made to Key Management Personnel ²	0	0
Remuneration³ Payments made to Key Management Personnel	1,759,975	1,759,975
Remuneration Payments made to Senior Management	1,280,000	1,280,000

DESCRIPTION	NUMBERS FOR 2018 \$	NUMBERS FOR 2019 \$
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	6	6
NUMBER OF KEY SENIOR MANAGEMENT (MD)	10	10

² Key Management Personnel as defined by International Public Accounting Standards No 20, e.g. Minister, Board Member and Senior Management Team

³ Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

AGREEMENT

Scope of this Agreement

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

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

Procedures for Changing this Ownership Agreement

Changes to this Ownership Agreement may be made during the financial years 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 sign the amended Ownership Agreement.
- The amended Ownership Agreement will be attached to and form part of this Agreement.

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Cayman Airways Limited will seek to achieve for the 2018 and 2019 financial years and that the Cabinet will monitor performance against.



Honourable Moses Kirkconnell, JP

Minister of District Administration, Tourism and Transport

On behalf of Cabinet



Mr. Philip Rankin, Cert. Hon.

Chairman of the Board

Cayman Airways Limited

27 October 2017

APPENDIX

FORECAST FINANCIAL STATEMENTS

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CAYMAN AIRWAYS LIMITED
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2017 Revision).

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

To the best of our knowledge the statements are:

- a. Complete and reliable;
- b. Fairly reflect the forecast financial position as at 31 December 2018 and 31 December 2019 and performance for the Cayman Airways Limited for the financial years ending 31 December 2018 and 31 December 2019; and
- c. Comply with generally accepted accounting practice.

Mr. Philip Rankin, Cert. Hon.
Chairman of the Board
Cayman Airways Limited

27 October 2017

CAYMAN AIRWAYS LIMITED

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

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 eliminated 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 into 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.

CAYMAN AIRWAYS LIMITED

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

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	
Owned aircraft airframe and related overhauls	12-000-30,000 flight hours or 250-300 months
Airframe and related components	
Other Property Plant and Equipment	
Buildings	20 – 50 years
Rotables	12 Years
Flight equipment	10 years
Ground Equipment	7 years
Other property, plant and equipment	3 – 5 years

Leasehold improvements to aircraft are depreciated over the remainder of the lease. Land is not depreciated.

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

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

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

Foreign currency translation: The accounting records of the Company are maintained in United States dollars. Monetary assets and liabilities in a foreign currency are translated into United States dollars at the prevailing rates of exchange at year end. Revenue receipts and expense payments are translated into United States dollars at the prevailing exchange rate on the respective dates of transactions. The rate of exchange between United States dollars and Cayman Islands Dollars is fixed at US\$1.00: CI\$0.84. All amounts are CI Dollars 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 period and the Company matches such contributions up to 5%. The Company’s US based employees are eligible to participate in a 401K defined contribution pension plan. Contributions are matched by the Company, to a maximum of 3% of the employee’s basic salary. Independent trustees administer both of these plans. The pension contributions paid by the Company under these plans are expensed in the statement of loss.

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

CAYMAN AIRWAYS LIMITED
FORECAST OPERATING STATEMENT
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

	2018	2019	2016/17
	Budget	Budget	18 Month Forecast
Revenue			
Sale of Outputs to Cabinet	17,963,333	17,963,333	24,695,000
Passenger (Sched)	44,942,403	47,113,556	68,807,608
Cargo (Sched)	3,358,114	3,425,276	4,430,762
Cargo (Charter)	-	-	-
Passenger (Charter)	771,120	794,254	845,427
Handling & Maintenance	1,167,852	1,179,531	1,261,288
Other	2,360,400	1,888,320	3,714,540
TOTAL REVENUES	70,563,222	72,364,270	103,754,625
Operating Expenses			
Salaries	19,534,382	19,729,726	30,348,879
Benefits & Other Staff Costs	5,359,948	5,372,492	8,515,015
Fuel and Oil	10,183,278	10,692,442	16,061,452
Maintenance Reserves	1,488,780	1,935,414	2,460,932
Landing and Parking	1,957,901	1,997,059	2,877,908
Aircraft Services	9,862,611	9,867,589	15,953,805
Meals & Beverage	862,003	844,763	1,874,089
Commission & CC	3,098,916	3,036,938	4,965,448
Navigation and Overfly	774,766	790,261	1,358,348
Other Maintenance	2,509,844	2,300,992	4,168,524
Aircraft Rental	3,129,546	4,046,133	4,972,924
Facilities Rental	459,624	459,624	637,582
Communications	623,045	591,893	994,523
Depreciation	3,852,808	3,082,248	5,716,413
General and Administrative	2,110,118	2,096,982	3,063,079
Advertising and Sales Promotions ¹	431,592	498,792	421,500
Customs	314,160	317,302	516,075
Other	3,392,505	3,261,710	5,196,651
Total Operating Expenses	69,945,827	70,922,360	110,103,147
Surplus from Operating Activities	617,395	1,441,910	(6,348,522)
Interest Expense	571,200	502,656	1,066,590
Other Expense (Income)	-	-	-
Total Non-Operating Revenue and Expenses	571,200	502,656	1,066,590
Surplus before extraordinary items	46,195	939,254	(7,415,112)
Extraordinary expenses	-	-	-
Total Extraordinary Items	-	-	-
Net Surplus/(Deficit) after extraordinary items	46,195	939,254	(7,415,112)

CAYMAN AIRWAYS LIMITED
FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31
DECEMBER 2019

	2018 Budget	2019 Budget	2016/17
			18 Month Forecast
Opening balance net worth	(21,640,126)	(16,493,931)	(27,875,014)
Net Surplus	46,195	939,254	(7,415,112)
Property Revaluation	-	-	-
Equity Injection	5,100,000	5,100,000	13,650,000
Closing balance net worth	(16,493,931)	(10,454,677)	(21,640,126)

CAYMAN AIRWAYS LIMITED
FORECAST BALANCE SHEET
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

	2018 Budget	2019 Budget	2016/17 18 Month Forecast
Current Assets			
Cash and cash equivalents	1,843,343	4,005,018	1,856,460
Accounts receivable	3,668,378	3,655,884	4,360,634
Prepaid Expenses	884,607	1,017,298	769,224
Security Deposits	4,622,396	5,072,396	3,662,396
Parts Held for Resale	-	-	-
Total Current Assets	11,018,724	13,750,596	10,648,714
Non-Current Assets			
Property, plant and equipment	26,230,887	25,454,563	25,853,371
Other non-current assets			
Total Non-Current Assets	26,230,887	25,454,563	25,853,371
Total Assets	37,249,611	39,205,159	36,502,085
Current Liabilities			
Bank overdraft	-	-	-
Accounts payable	27,187,341	28,852,430	28,933,829
Unearned Transport Liability	7,907,956	7,117,160	8,069,342
Deferred revenue	2,039,688	1,937,704	2,147,040
Current Portion of Borrowings	4,257,474	4,257,474	4,257,474
Total Current Liabilities	41,392,459	42,164,768	43,407,685
Non-Current Liabilities			
Borrowings	12,351,083	7,495,068	14,734,526
Maintenance Reserve			
Total Non-Current Liabilities	12,351,083	7,495,068	14,734,526
Total Liabilities	53,743,543	49,659,836	58,142,211
TOTAL ASSETS LESS TOTAL LIABILITIES	(16,493,931)	(10,454,677)	(21,640,126)
NET WORTH			
Contributed Capital	112,781,248	117,881,248	107,681,248
Asset revaluation reserve			
Accumulated surpluses	(129,275,179)	(128,335,925)	(129,321,374)
Total Net Worth	(16,493,931)	(10,454,677)	(21,640,126)

CAYMAN AIRWAYS LIMITED

FORECAST STATEMENT OF CASH FLOWS

FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

	2018 Budget	2019 Budget	2016/17 18 Month Forecast
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Surplus/(Deficit)	46,195	939,254	(7,415,112)
Add Back			
Depreciation	3,852,808	3,082,248	5,716,413
Changes in Working Capital			
(Increase)/Decrease in Current Assets	(383,128)	(570,196)	(33,195)
Increase/(Decrease) in Current Liabilities	(2,015,225)	772,308	(5,116,375)
Net cash flows from operating activities	1,500,650	4,223,614	(6,848,267)
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale or Purchase of non-current assets	(4,230,324)	(2,305,924)	(7,224,977)
Net cash flows from investing activities	(4,230,324)	(2,305,924)	(7,224,977)
CASH FLOWS FROM FINANCING ACTIVITIES			
Borrowings and Repayment of borrowings	(2,383,443)	(4,856,015)	(1,375,549)
Shareholder Equity Injection	5,100,000	5,100,000	13,650,000
Net cash flows from financing activities	2,716,557	243,985	12,274,451
Net increase/(decrease) in cash and cash equivalents	(13,117)	2,161,675	(1,798,793)
Cash and cash equivalents at beginning of period	1,856,460	1,843,343	3,655,253
Cash and cash equivalents at end of period	1,843,343	4,005,018	1,856,460

CAYMAN AIRWAYS LIMITED

NOTES TO THE FORECAST FINANCIAL STATEMENTS

FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Note 1 – General

The forecast represents the expected results for the 18 month period ending December 31, 2017. 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 forecast includes the consolidated results of both Cayman Airways Limited and Cayman Airways Express (a wholly-owned subsidiary of Cayman Airways Limited that operates inter-island service utilizing Twin Otter and SAAB 340 aircraft).

All amounts are CI Dollars unless otherwise noted.

Note 2 - Flights and Block Hours

The Company provides air service between Grand Cayman and the sister islands of Cayman Brac and Little Cayman using Twin Otter and Saab 340 aircraft and specific jet supplemental flights. Direct air service is provided to strategic US and regional gateways identified as key source markets for expanding the Cayman Islands tourism base and for facilitating the economic development of the Cayman Islands.

The total number of flights for 2016-17 is projected to be **7,500** for the jet service and **9,500** for the express service.

The total number of block hours for 2016-17 is projected to be **11,500** for the jet service and **17,000** for the express service.

Note 3 – Passenger Revenue

Passenger Revenue for the 18 month period ending December 31, 2017 is expected to be \$ 68,807,608 **68,808K** (2015/16: \$ 59,172,546 59,805k).

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 18 month period ending December 31, 2017 is expected to be \$ 4,430,762 **4,431k** (2015/16: \$ 3,393,932 3,394k).

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.

Charter Revenue for the 18 month period ending December 31, 2017 is expected to be \$ 845,427 **\$845k**

(2015/16: \$ 631,975 632k).

Note 6 – Handling Revenue

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

Handling Revenue for the 18 month period ending December 31, 2017 is expected to be \$ 1,261,288 **1,261k** (2015/16: \$ 1,156,817 1,157k).

Note 7 - Other

Other revenue includes excess baggage, aircraft bar sales, maintenance services, penalties, revenue from the In-Flight Magazine, Butterfield credit card frequent flyer mile sales and Membership Fees for the frequent flyer programme.

Other revenue for the 18 month period ending December 31, 2017 is expected to be \$ 3,714,540 **3,715K** (2015/16: \$ 2,818,157 2,818k).

Note 8 – Salaries

Salaries and Wages for the 18 month period ending December 31, 2017 is expected to be \$ 30,348,879 **30,349k** (2015/16: \$ 22,935,703 22,936k).

Note 9 – Other Staff Costs

Other Staff Costs include overtime, work permits, travel, pension, uniforms, training and health insurance. Other Staff Costs for the 18 month period ending December 31, 2017 are expected to be \$ 8,515,015 **8,515k** (2015/16: \$6,369,760 6,370k).

Note 10 – Fuel

Fuel costs for the 18 month period ending December 31, 2017 are expected to be \$ 16,061,452 **16,061** (2015/16: \$ 11,665,217 11,665k). Fuel prices are expected to rise during the budget years, ranging from US\$50 to US\$85 per barrel.

Note 11 – Maintenance Reserves

The Company will have to pay monthly reserves, for scheduled maintenance of leased aircraft and engines, as “additional rent.”

Maintenance Reserves for the 18 month period ending December 31, 2017 are expected to be \$ 2,460,932 **2,461k** (2015/16: \$ 959,678 960k).

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 expenses for the 18 month period ending December 31, 2017 are expected to be \$ 2,877,908 **2,878k** (2015/16: \$ 2,347,189 2,347k). It is driven largely by the operational schedule.

Note 13– Aircraft Services

Aircraft Services include 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.

Aircraft Services for the 18 month period ending December 31, 2017 are expected to be \$ 15,953,805 **15,954k** (2015/16: \$ 11,691,218 13,672k).

Note 14 – Meal and Beverage

Meal and Beverage for the 18 month period ending December 31, 2017 are expected to be \$ 1,874,089 **1,874k** (2015/16: \$ 1,372,489 1,372k).

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.

Commission and Credit Card expense for the 18 month period ending December 31, 2017 is expected to be \$ 4,965,448 **4,965k** (2015/16: \$ 4,298,914 4,298k).

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 18 month period ending December 31, 2017 is expected to be \$ 1,358,348 **1,358k** (2015/16: \$ 1,037,098 1,037k).

Note 17 - Other Maintenance

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

Other Maintenance expense for the 18 month period ending December 31, 2017 is expected to be \$ 4,168,524 **4,169k** (2015/16: \$ 3,982,935 3,983k).

Note 18 – Aircraft Rental

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

Aircraft Rental expense for the 18 month period ending December 31, 2017 is expected to be \$ 4,972,924 **4,973k** (2015/16: \$ 3,814,380 3,814k).

Note 19 – Facilities Rental

Facilities Rental expense for the 18 month period ending December 31, 2017 is expected to be \$ 637,582 **638k** (2015/16: \$ 498,208 498k).

Note 20 – Communications

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

Communication expense for the 18 month period ending December 31, 2017 is expected to be \$ 994,523 **995k** (2015/16: \$ 724,374 724k).

Note 21 – Depreciation

The primary component of depreciation during the budget year will be the amortization of aircraft.

Depreciation expense for the 18 month period ending December 31, 2017 is expected to be \$ 5,716,413 **5,716k** (2015/16: \$ 3,016,775 3,017k).

Note 22 – General and Administration

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

General and Administrative expense for the 18 month period ending December 31, 2017 is expected to be \$ 3,063,079 **3,063k** (2015/16: \$ 3,002,342 3,002k).

Note 23 – Advertising and Promotion

Advertising and Promotion expense for the 18 month period ending December 31, 2017 is expected to be \$ 421,500 **422k** (2015/16: \$ 215,036 215k).

Note 24 – Customs

Customs represents overtime 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.

Customs expense for the 18 month period ending December 31, 2017 is expected to be \$ 516,075 **516k** (2015/16: \$ 460,882 461k).

Note 25 – Other

Other expense is largely made up by insurance, legal and professional fees and other similar expenses.

Other expense for the 18 month period ending December 31, 2017 is expected to be \$ 5,196,651 **5,197k** (2015/16: \$ 4,178,817 4,179k).

Note 26 – Interest Expense

Interest Expense for the 18 month period ending December 31, 2017 is expected to be \$ 1,066,590 **1,067k** (2015/16: \$ 841,463 841k).

Interest rates are assumed to remain stable during the budget years 2018 and 2019 for the repayment of the loan.

OWNERSHIP AGREEMENT

**BETWEEN THE
CAYMAN ISLANDS GOVERNMENT**

AND

CAYMAN ISLANDS AIRPORTS AUTHORITY

**FOR THE 2018 FINANCIAL YEAR ENDING 31 DECEMBER 2018
AND THE 2019 FINANCIAL YEAR ENDING 31 DECEMBER 2019**

PREPARED IN ACCORDANCE WITH SECTION 50 OF THE PUBLIC MANAGEMENT AND FINANCE LAW
(2017 REVISION)

CONTENTS

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

Agreement

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the Cayman Islands Airports Authority have agreed the Cayman Islands Airports Authority will seek to achieve during the 2018 and 2019 financial years.

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

2. NATURE AND SCOPE OF ACTIVITIES

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

GENERAL NATURE OF ACTIVITIES

The Cayman Islands Airports Authority (CIAA) was established by the Airports Authority Law, 2004 as a Statutory Authority on July 1, 2004. The CIAA has been charged with the task of providing a safe environment for the movement of passengers and aircrafts while facilitating the highest level of customer service experience.

SCOPE OF ACTIVITIES

The CIAA was created with the responsibility for constructing, controlling, and managing airports; providing and maintaining runways, taxiways and terminals for the efficient operation of airports; providing facilities for customs and immigration services; health and security checks; and for incidental and connected purposes.

CUSTOMERS AND LOCATION OF ACTIVITIES

The CIAA currently owns and manages two international airports, Owen Robert International Airport (ORIA) and Charles Kirkconnell International Airport (CKIA) located in Cayman Brac. The CIAA provides services to local and international airlines, , local and international charter aircraft, private aircraft, local businesses, government departments, and the travelling public.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Cayman Islands Airports Authority* for the 2018 and 2019 financial years are as follows:

PROVIDING EXCEPTIONAL CUSTOMER SERVICE

- Develop standards of performance in customer service
- Implement operational and quality metrics (quality management) and set target levels of performance
- Improve facilities at the airport – interim and final plans for relieving congestion
- Create and maintain a culture of service excellence

GROWING THE BUSINESS

- Develop standards of performance in business development
- Implement operational and quality metrics (quality management) and set target levels of performance
- Develop a revenue growth plan and set targets of achievement
- Develop a marketing plan that will drive business growth and customer satisfaction

CREATING A SAFE AND SECURE ENVIRONMENT

- Maintain and exceed compliance with international regulations
- Developing Operational Efficiencies
- Develop an airport emergency response plan
- Develop the cultures of safety and security throughout the organisation

DEVELOPING QUALITY TALENT MANAGEMENT

- Implement the approved organisation chart
- Develop a comprehensive training program
- Develop a talent management program
- Develop a reward and recognition program

EMPLOYEE ENGAGEMENT

- Implement standards and metrics around employee engagement and set target levels of performance
- Establish and cement a performance management process with clear levels of performance
- Establish management routines that drive employee engagement

SOLID MANAGEMENT ROUTINES

- Develop the team concept at leadership level and drive throughout the organisation
- Measure, report, act
- Review policies and processes throughout the business to ensure proper rules are in place and required governance is established and maintained.
- Ensure that the management team of the organisation is aligned in all they say and do.

BUSINESS CULTURE

- Establish regular financial performance discussion at management level
- Drive a culture of cost efficiency
- Develop and maintain business processes around procurement, spend management, revenue collection and revenue growth

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2017 Revision) for the *Cayman Islands Airports Authority* for the 2018 and 2019 financial years are as follows.

FINANCIAL PERFORMANCE MEASURE	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
REVENUE FROM CABINET	0	0	0
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	1,509	1,511	2,199
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	34,388	36,325	46,912
OPERATING EXPENSES	29,364	29,574	33,530
NET SURPLUS DEFICIT	6,483	8,262	15,581
TOTAL ASSETS	125,000	140,815	120,536
TOTAL LIABILITIES	31,638	39,191	33,657
NET WORTH	93,362	101,624	86,879
CASH FLOWS FROM OPERATING ACTIVITIES	7,511	11,685	29,286
CASH FLOWS FROM INVESTING ACTIVITIES	(33,261)	(16,526)	(35,053)
CASH FLOWS FROM FINANCING ACTIVITIES	(36)	(36)	2,464
CHANGE IN CASH BALANCES	(25,786)	(4,877)	(3,302)

FINANCIAL PERFORMANCE RATIO	2018 Budget %	2019 Budget %	2016/17 18 Months Forecast %
CURRENT ASSETS : CURRENT LIABILITIES	5:1	2:1	5:1
TOTAL ASSETS : TOTAL LIABILITIES	4:1	4:1	4:1

MAINTENANCE OF CAPABILITY

	2018 Budget	2019 Budget	2016/17 18 Months Forecast
HUMAN CAPITAL MEASURES			
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	206	210	190
STAFF TURNOVER (%)			
SENIOR MANAGER	0	0	0
PROFESSIONAL AND TECHNICAL STAFF	2%	2%	2%
ADMINISTRATIVE STAFF	1%	1%	1%

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
PHYSICAL CAPITAL MEASURES			
VALUE OF TOTAL ASSETS	125,000	140,815	120,536
ASSET REPLACEMENTS : TOTAL ASSETS	-	-	-
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	1:2	1:3	1:3
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	1:10	1:5	1:7
CHANGES TO ASSET MANAGEMENT POLICIES	None	None	None

	2018 TARGET \$ 000's	2019 TARGET \$ 000's
MAJOR CAPITAL EXPENDITURE PROJECTS		
ORIA Terminal expansion	22,075	3,717
Airside Upgrade	10,725	14,250

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2016/17	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Construction, design and operational risks	None	Insurance, procedural controls and a robust communication strategy	Unknown

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.

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
OPERATING STATEMENT			
REVENUE	35,848	37,836	49,111
OPERATING EXPENSES	29,364	29,574	33,530
NET SURPLUS/DEFICIT	6,483	8,262	15,581

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
BALANCE SHEET			
ASSETS	125,000	140,815	120,536
LIABILITIES	31,638	39,191	33,657
NET WORTH	93,362	101,624	86,879

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
STATEMENT OF CASH FLOW			
CASH FLOWS FROM OPERATING ACTIVITIES	7,511	11,685	29,286
CASH FLOWS FROM INVESTING ACTIVITIES	(33,261)	(16,526)	(35,053)
CASH FLOWS FROM FINANCING ACTIVITIES	(36)	(36)	2,464

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 (2017 Revision).

TRANSACTION	AMOUNT FOR 2018 \$	AMOUNT FOR 2019 \$
Equity Investments into Cayman Islands Airports Authority	0	0
Capital Withdrawals from Cayman Islands Airports Authority	0	0
Dividend or Profit Distributions to be made by Cayman Islands Airports Authority.	0	0
Government Loans to be made to Cayman Islands Airports Authority	0	0
Government Guarantees to be issued in relation to Cayman Islands Airports Authority	0	0
Related Party Payments (Non-Remuneration) made to Key Management Personnel ⁴	0	0
Remuneration⁵ Payments made to Key Management Personnel	904,000	904,000
Remuneration Payments made to Senior Management	874,000	874,000

DESCRIPTION	NUMBERS FOR 2018 \$	NUMBERS FOR 2019 \$
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	10	10
NUMBER OF KEY SENIOR MANAGEMENT (MD)	7	7

⁴ Key Management Personnel as defined by International Public Accounting Standards No 20, e.g. Minister, Board Member and Senior Management Team

⁵ Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

AGREEMENT

Scope of this Agreement

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

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

Procedures for Changing this Ownership Agreement

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

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

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Cayman Islands Airports Authority will seek to achieve for the 2018 and 2019 financial years and that the Cabinet will monitor performance against.



Honourable Moses Kirkconnell, JP

Minister of District Administration, Tourism and Transport

On behalf of Cabinet



Mr. Kirkland Nixon, MBE, QFSM, JP

Chairman of the Board

Cayman Islands Airports Authority

27 October 2017

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APPENDIX

FORECAST FINANCIAL STATEMENTS

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**CAYMAN ISLANDS
GOVERNMENT**

**CAYMAN ISLANDS AIRPORTS AUTHORITY
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019**

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2017 Revision).

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

To the best of our knowledge the statements are:

- a. Complete and reliable;
- b. Fairly reflect the forecast financial position as at 31 December 2018 and 31 December 2019 and performance for the Cayman Islands Airports Authority for the financial years ending 31 December 2018 and 31 December 2019; and
- c. Comply with generally accepted accounting practice.

A handwritten signature in blue ink, appearing to read 'K. Nixon', written over a horizontal line.

Mr. Kirkland Nixon, MBE, QFSM, JP
Chairman of the Board
Cayman Islands Airports Authority

27 October 2017

CAYMAN ISLANDS AIRPORTS AUTHORITY
STATEMENT OF ACCOUNTING POLICIES
FOR THE FINANCIAL YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

1. Background Information

The Cayman Islands Airports Authority (“the Authority”) is a statutory body established on June 14, 2004 under The Airports Authority Law, 2004, and began operations on July 1, 2004. The registered office of the Authority is P.O. Box 10098 APO, Grand Cayman, Cayman Islands, KY1-1001. The Authority had 206 employees as of 31 December 2018 (June 2016: 171 employees).

The Authority is principally engaged in the general management and operation of airports, air traffic, and navigation, within the Cayman Islands as set out in the aforementioned law. The Authority currently operates two airports, one on the island of Grand Cayman and the other on the island of Cayman Brac.

The operations of the Authority are regulated by the Civil Aviation Authority (“CAA”) of the Cayman Islands.

2. Significant Accounting Policies

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

a) 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.

b) Depreciation

Property plant and equipment are depreciated on the straight-line basis over the estimated useful lives. The estimated useful lives of the other assets are as follows:

Computer	3 Years
Furniture and Fixtures	5 years
Motor Vehicles	5 Years
Equipment	10 Years
Building, Runways, Aprons and Car Parks	20- 40 Years
Other Assets	3-10 Years

c) Foreign currency translation

Assets and liabilities denominated in currencies other than Cayman Islands dollars are translated at exchange rates in effect at the balance sheet date. 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 and expenditure.

d) 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.

CAYMAN ISLANDS AIRPORTS AUTHORITY
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
FOR THE FINANCIAL YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

e) 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.

f) 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

g) 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 (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

h) Financial Instruments

(i) Classification

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

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

(ii) Recognition

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

(iii) De-recognition

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.

(iv) Measurement

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

CAYMAN ISLANDS AIRPORTS AUTHORITY
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
FOR THE FINANCIAL YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

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.

3. Financial Risk Management

a) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. Concentrations of credit risk relate to groups of customers or counter- parties that have similar economic or industry characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

Financial assets that potentially subject the Authority to credit risk consist principally of, trade receivables, and other receivables. Credit risk with respect to these receivables is limited because the Authority has a policy in place that is monitored by management on a consistent basis to ensure the timely collection of receivables. Accordingly, the Authority has no significant concentrations of credit risk.

b) Interest rate price risk

The Authority has loans with Government. Details of rates and maturities are presented in Note 7.

c) Liquidity Risk

The Authority has loans with Government. Details of rates and maturities are presented in Note 7.

CIAA is subject to minimal liquidity risk. Liquidity risk is the risk that CIAA will not be able to meet its financial obligations as they fall due. CIAA's approach to managing liquidity is to evaluate current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and restricted investments. To minimize these risks, CIAA has invested in liquid fixed deposits and cash equivalents that if necessary can be sold to generate cash flow. Additionally, long-term investments have been laddered in manner that will allow for sufficient liquidity in subsequent periods, to meet long-term obligations as they become due.

d) Fair values

The carrying amount of cash deposits, other receivables and accounts payables approximate their fair value due to their short-term maturities. Fair values are made at specific points in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions, economic conditions and other factors could cause significant changes in fair value estimates.

CAYMAN ISLANDS AIRPORTS AUTHORITY
FORECAST STATEMENT OF FINANCIAL POSITION

FOR THE FINANCIAL YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

		Notes	12-Month Budget Ending Dec- 18	12-Month Budget Ending Dec-19
Current Assets				
33,967,575	Cash and cash equivalents	1	5,978,344	3,482,123
18,203,998	Trade receivables	2	20,820,010	24,490,843
233,511	Other receivables	2	233,511	233,511
405,697	Prepayments	3	405,697	405,697
52,810,781	Total Current Assets		27,437,562	28,612,174
Non-Current Assets				
67,719,841	Property, plant and equipment	4	97,197,408	111,837,597
5,381	Intangible Assets	5	365,381	365,381
67,725,222	Total Non-Current Assets		97,562,789	112,202,978
120,536,004	Total Assets		125,000,351	140,815,152
Current Liabilities				
5,526,668	Trade payables	6	3,715,128	6,591,640
1,810,042	Other payables and accruals	6	1,920,771	2,331,500
2,203,633	Bank Overdraft	1	253	2,381,072
420,039	Employee entitlements	7	420,039	420,039
33,321	Current Portion of Borrowings	8	33,321	33,321
9,993,705	Total Current Liabilities		6,089,513	11,757,573
Non-Current Liabilities				
12,164,667	Unfunded pension liability	9	13,125,407	14,086,147
11,337,000	Unfunded post-retirement health care	10	12,297,000	13,257,000
161,589	Long Term portion of Borrowings	8	126,015	90,441
23,663,256	Total Non-Current Liabilities		25,548,421	27,433,587
33,656,960	Total Liabilities		31,637,934	39,191,161
86,879,043	Net Assets		93,362,417	101,623,991
NET WORTH				
34,785,400	Contributed capital		34,785,400	34,785,400
52,093,644	Accumulated surpluses/(deficits)		58,577,017	66,838,592
86,879,044	Total Net Worth		93,362,417	101,623,991

CAYMAN ISLANDS AIRPORTS AUTHORITY
FORECAST STATEMENT OF FINANCIAL PERFORMANCE
FOR THE FINANCIAL YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

		Notes	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec- 19
<i>Revenue</i>				
49,105,359	Sale of goods and services	11	35,776,033	37,764,026
4,583	Investment revenue	12	71,507	71,507
1,200	Donations	13	0	0
49,111,142	Total Revenue		35,847,540	37,835,533
<i>Expenses</i>				
17,248,990	Personnel costs	14	14,975,503	15,220,902
10,981,229	Supplies and consumables	15	10,867,313	10,833,905
5,134,983	Depreciation and Amortisation	4	3,423,323	3,423,323
31,308	Finance costs & overdraft interest	16	30,028	32,828
133,403	Litigation costs	17	68,000	63,000
33,529,912	Total Expenses		29,364,167	29,573,958
15,581,230	Surplus or (Deficit) for the period		6,483,373	8,261,575

CAYMAN ISLANDS AIRPORTS AUTHORITY
FORECAST STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

	Notes	12-Month Budget Ending Dec- 18	12-Month Budget Ending Dec-19
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Receipts</i>			
2,199,277		1,508,890	1,510,839
54,411,865		32,582,567	36,324,694
<i>Payments</i>			
(16,998,990)		(15,475,503)	(15,220,902)
(10,161,225)		(11,007,313)	(10,833,905)
(31,308)		(30,028)	(32,828)
(133,403)		(68,000)	(63,000)
29,286,217	18	7,510,613	11,684,898
CASH FLOWS FROM INVESTING ACTIVITIES			
(35,052,769)		(33,260,890)	(16,526,364)
(35,052,769)		(33,260,890)	(16,526,364)
CASH FLOWS FROM FINANCING ACTIVITIES			
2,500,000		0	0
(35,574)		(35,574)	(35,574)
2,464,426		(35,574)	(35,574)
(3,302,126)		(25,785,851)	(4,877,040)
35,066,068		31,763,942	5,978,091
31,763,942		5,978,091	1,101,051

CAYMAN ISLANDS AIRPORTS AUTHORITY
STATEMENT OF CHANGES IN NET WORTH
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

	Contributed Capital	Other Reserves	Revaluation Reserve	Accumulated Surplus/ (deficits)	Total
Balance at 30 June 2016 brought forward	32,285,400			36,512,414	68,797,814
Prior Year Adjustments					
Changes in accounting policy					0
Accounting Errors					0
Restated balance 30 June 2016	32,285,400	0	0	36,512,414	68,797,814
Changes in net worth for 2016/17					
Gain/(loss) on property revaluation					0
Gain/(loss) on revaluation of investments					0
Exchange differences on translating foreign operations					0
Equity Investment from Cabinet	2,500,000				2,500,000
Capital withdrawals by Cabinet					0
Dividends payable to Cabinet					0
Net revenue / expenses recognised directly in net worth	2,500,000	0	0	0	2,500,000
Surplus/(deficit)for the period 2016/17				15,581,230	15,581,230
Total recognised revenues and expenses for the period	2,500,000	0	0	15,581,230	18,081,230
Balance at 31 December 2017	34,785,400	0	0	52,093,644	86,879,044
Balance at 31 December 2017 brought forward	34,785,400	0	0	52,093,644	86,879,044
Prior Year Adjustments					
Changes in accounting policy					0
Accounting Errors					0
Restated balance 31 December 2017	34,785,400	0	0	52,093,644	86,879,044
Changes in net worth for 2018					
Gain/(loss) on property revaluation					0
Gain/(loss) on revaluation of investments					0
Exchange differences on translating foreign operations					0
Equity Investment from Cabinet					0
Capital withdrawals by Cabinet					0
Dividends payable to Cabinet					0
Net revenue / expenses recognised directly in net worth	0	0	0	0	0

Surplus/(deficit)for the period 2018				6,483,373	6,483,373
Total recognised revenues and expenses for the period	0	0	0	6,483,373	6,483,373
Balance at 31 December 2018 carried forward	34,785,400	0	0	58,577,017	93,362,417
	Contributed Capital	Other Reserves	Revaluation Reserve	Accumulated Surplus/(deficits)	Total
Balance at 31 December 2018 brought forward	34,785,400	0	0	58,577,017	93,362,417
Prior Year Adjustments					
Changes in accounting policy					0
Accounting Errors					0
Restated balance 31 December 2018	34,785,400	0	0	58,577,017	93,362,417
Changes in net worth for 2019					
Gain/(loss) on property revaluation					0
Gain/(loss) on revaluation of investments					0
Exchange differences on translating foreign operations					0
Equity Investment from Cabinet					0
Capital withdrawals by Cabinet					0
Dividends payable to Cabinet					0
Net revenue / expenses recognised directly in net worth	0	0	0	0	0
Surplus/(deficit)for the period 2019				8,261,575	8,261,575
Total recognised revenues and expenses for the period	0	0	0	8,261,575	8,261,575
Balance at 31 December 2019	34,785,400	0	0	66,838,592	101,623,991

CAYMAN ISLANDS AIRPORTS AUTHORITY
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Note 1: Cash and cash equivalents

18-Month Forecast Ending Dec-17	Description change as applicable	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
13,972	Cash on hand	13,972	13,972
89,570	Cash in transit	(253)	(253)
(2,203,633)	CI\$ Account	2,496,221	(2,380,819)
3,454,136	US\$ Account	3,454,136	3,454,136
0	Bank Overdraft	0	0
0	Payroll Current Account	0	0
14,014	Bank Accounts held at other financial institutions	14,014	14,014
30,395,883	Short-Term Fixed Deposits	0	0
31,763,942	TOTAL	5,978,091	1,101,051

Note 2: Trade and other receivables

18-Month Forecast Ending Dec-17	Trade Receivables	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
0	Sale of goods and services to Cabinet	0	0
0	Sale of goods and services to Ministries/Portfolios	0	0
10,870,178	Sale of goods and services to Statutory Agencies and Government Companies	10,870,178	10,870,178
7,657,772	Sale of goods and services - third party	10,273,784	13,944,617
	Other		
(323,952)	Less: provision for doubtful debts (Enter -ve number)	(323,952)	(323,952)
18,203,998	Total trade receivables	20,820,010	24,490,843

18-Month Forecast Ending Dec-17	Trade Receivables	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Current		
18,203,998	Past due 1-30 days	20,820,010	24,490,843
	Past due 31-60 days		
	Past due 61-90 days		
	Past due 90 and above		
	Non-Current		
	Past due 1 year and above		
18,203,998	Total	20,820,010	24,490,843

18-Month Forecast Ending Dec-17	Other Receivables	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
9,253	Advances (salary, Official Travel, etc)	9,253	9,253
0	Dishonoured cheques	0	0
0	Interest receivable	0	0
224,258	Other	224,258	224,258
0	Less: provision for doubtful debts (Enter -ve number)	0	0
233,511	Total other receivables	233,511	233,511

18-Month Forecast Ending Dec-17	Other Receivables	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Current		
233,511	Past due 1-30 days	233,511	233,511
	Past due 31-60 days		
	Past due 61-90 days		
	Past due 90 and above		
	Non-Current		
	Past due 1 year and above		
233,511	Total	233,511	233,511

Changes in the provision of doubtful debts:

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
(323,952)	Balance at beginning of period	(323,952)	(323,952)
	Additional provisions made during the year		
	Receivables written off during the period		
(323,952)	Balance at 31st December	(323,952)	(323,952)

Note 3: Prepayments

18-Month Forecast Ending Dec-17	Prepayments	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Current Prepayments		
	Description		
405,697	Prepayments	405,697	405,697
405,697	Prepayments - Current	405,697	405,697
	Non-Current Prepayments		
	Description		
0	Prepayments -Non-Current	0	0
405,697	Total Prepayments	405,697	405,697

CAYMAN ISLANDS AIRPORTS AUTHORITY
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Note 4: Property, plant & equipment

	<i>Land</i>	<i>Plant and equipment</i>	<i>Buildings and Leasehold</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Infrastructure</i>	<i>Motor Vehicles</i>	<i>Assets under construction or development</i>	<i>Total</i>
Balance as at 1 July 2016	9,017,751	8,683,167	28,567,901	1,309,192	1,182,335	8,746,015	1,173,569	12,932,034	71,611,962
Additions		9,238		6,255	21,107		61,154	37,025,468	37,123,223
Disposals and Derecognition									0
Revaluation									0
Transfers									0
Balance as at 31 December 2017	9,017,751	8,692,405	28,567,901	1,315,447	1,203,442	8,746,015	1,234,723	49,957,503	108,735,185

	<i>Land</i>	<i>Plant and equipment</i>	<i>Buildings and Leasehold</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Infrastructure</i>	<i>Motor Vehicles</i>	<i>Assets under construction or development</i>	<i>Total</i>
Balance as at 1 January 2018	9,017,751	8,692,405	28,567,901	1,315,447	1,203,442	8,746,015	1,234,723	49,957,503	108,735,185
Additions		1,689,668	21,550,222	1,016,000	145,000	8,500,000			32,900,890
Disposals and Derecognition									0
Revaluation									0
Transfers									0
Balance as at 31 December 2018	9,017,751	10,382,073	50,118,123	2,331,447	1,348,442	17,246,015	1,234,723	49,957,503	141,636,075

	<i>Land</i>	<i>Plant and equipment</i>	<i>Buildings and Leasehold</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Infrastructure</i>	<i>Motor Vehicles</i>	<i>Assets under construction or</i>	<i>Total</i>
Balance as at 1 January 2019	9,017,751	10,382,073	50,118,123	2,331,447	1,348,442	17,246,015	1,234,723	49,957,503	141,636,075
Additions		3,309,376	474,136			14,250,000	30,000		18,063,512
Disposals and Derecognition									0
Revaluation									0
Transfers			49,957,503					-49,957,503	0
Balance as at 31 December 2019	9,017,751	13,691,449	100,549,761	2,331,447	1,348,442	31,496,015	1,264,723	0	159,699,587

CAYMAN ISLANDS AIRPORTS AUTHORITY
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Accumulated Depreciation and impairment losses

	<i>Land</i>	<i>Plant and equipment</i>	<i>Buildings and Leasehold</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Infrastructure</i>	<i>Motor Vehicles</i>	<i>Assets under construction or development</i>	<i>Total</i>
Balance as at 1 July 2016		6,483,736	20,159,023	1,175,456	1,009,346	6,222,541	830,260		35,880,361
Transfers									0
Impairment Reserve 2016/17 (closing balance)									0
Depreciation Expense 2016/17		822,670	2,957,376	162,887	244,653	811,136	136,261		5,134,983
Eliminate on Disposal or Derecognition 2016/17									0
Balance as at 31 December 2017	0	7,306,406	23,116,399	1,338,343	1,253,999	7,033,677	966,521	0	41,015,344

	<i>Land</i>	<i>Plant and equipment</i>	<i>Buildings and Leasehold</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Infrastructure</i>	<i>Motor Vehicles</i>	<i>Assets under construction or development</i>	<i>Total</i>
Balance as at 1 January 2018	0	7,306,406	23,116,399	1,338,343	1,253,999	7,033,677	966,521	0	41,015,344
Transfers									0
Impairment change 2018									0
Depreciation Expense 2018		548,447	2,155,040	108,592	163,103	357,302	90,841		3,423,323
Eliminate on Disposal or Derecognition 2018									0
Balance as at 31 December 2018	0	7,854,853	25,271,439	1,446,935	1,417,101	7,390,978	1,057,361	0	44,438,667

	<i>Land</i>	<i>Plant and equipment</i>	<i>Buildings and Leasehold</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Infrastructure</i>	<i>Motor Vehicles</i>	<i>Assets under construction or development</i>	<i>Total</i>
Balance as at 1 January 2019	0	7,854,853	25,271,439	1,446,935	1,417,101	7,390,978	1,057,361	0	44,438,667
Transfers									0
Impairment change 2019									0
Depreciation Expense 2019		548,447	2,155,040	108,592	163,103	357,302	90,841		3,423,323
Eliminate on Disposal or Derecognition 2019									0
Balance as at 31 December 2019	0	8,403,300	27,426,478	1,555,527	1,580,204	7,748,280	1,148,202	0	47,861,990

Net Book value 31 December 2017	9,017,751	1,385,999	5,451,502	-22,896	-50,557	1,712,338	268,202	49,957,503	67,719,841
Net Book value 31 December 2018	9,017,751	2,527,220	24,846,684	884,512	-68,659	9,855,036	177,362	49,957,503	97,197,408
Net Book value 31 December 2019	9,017,751	5,288,149	73,123,283	775,920	-231,762	23,747,735	116,521	0	111,837,597

CAYMAN ISLANDS AIRPORTS AUTHORITY
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Note 5: Intangible Assets

Cost of Intangible Assets

	<i>Computer Software</i>	<i>Intangible Assets under construction or development</i>
Balance as at 1 July 2016	5,381	
Additions		
Disposals and Derecognition		
Revaluation		
Transfers		
Balance as at 31 December 2017	5,381	0

	<i>Computer Software</i>	<i>Intangible Assets under construction or development</i>
Balance as at 31 December 2017	5,381	0
Additions	360,000	
Disposals and Derecognition		
Revaluation		
Transfers		
Balance as at 31 December 2018	365,381	0

	<i>Computer Software</i>	<i>Intangible Assets under construction or development</i>
Balance as at 31 December 2018	365,381	0
Additions		
Disposals and Derecognition		
Revaluation		
Transfers		
Balance as at 31 December 2019	365,381	0

CAYMAN ISLANDS AIRPORTS AUTHORITY
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Accumulated Depreciation and impairment losses

	<i>Computer Software</i>	<i>Intangible Assets under construction or development</i>
Balance as at 1 July 2016		
Transfers		
Impairment Reserve 2016/17 (closing balance)		
Depreciation Expense 2016/17		
Eliminate on Disposal or Derecognition		
Balance as at 31 December 2017	0	0

	<i>Computer Software</i>	<i>Intangible Assets under construction or development</i>
Balance as at 31 December 2017	0	0
Transfers		
Impairment change 2018		
Depreciation Expense 2018		
Eliminate on Disposal or Derecognition		
Balance as at 31 December 2018	0	0

	<i>Computer Software</i>	<i>Intangible Assets under construction or development</i>
Balance as at 31 December 2018	0	0
Transfers		
Impairment change 2019		
Depreciation Expense 2019		
Eliminate on Disposal or Derecognition		
Balance as at 31 December 2019	0	0

Net Book value 31 December 2017	5,381	0
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Net Book value 31 December 2018	365,381	0
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Net Book value 31 December 2019	365,381	0
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CAYMAN ISLANDS AIRPORTS AUTHORITY
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Note 6: Trade payables, other payables & Accruals

18-Month Forecast Ending Dec-17		12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Current Trade payables other payables and accruals		
5,180,937	Creditors Third party	3,369,397	6,245,909
345,731	Creditors other Statutory Agencies and Government Companies	345,731	345,731
16,158	Payroll Deductions	16,158	16,158
1,788,453	Accrued Expenses	1,899,182	2,309,911
5,431	Other payables	5,431	5,431
7,336,711	Trade payables other payables and accruals - Current	5,635,899	8,923,141
	Non-Current Trade payables other payables and accruals		
0	Trade payables other payables and accruals - Non-Current	0	0
7,336,711	Total trade payables other payables and accruals	5,635,899	8,923,141

Note 7: Employee entitlements

18-Month Forecast Ending Dec-17		12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Current employee entitlements		
420,039	Annual Leave/Comp-time	420,039	420,039
420,039	Total current portion	420,039	420,039
	Non-current employee entitlements		
0	Total non-current portion	0	0
420,039	Total employee entitlements	420,039	420,039

CAYMAN ISLANDS AIRPORTS AUTHORITY
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Note 8: Borrowings

Statement of Borrowings Maturity Profile
For the Years Ending 31 December 2018 and 31 December 2019

18-Month Forecast Ending Dec-17	Local Currency Debt	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
33,321	Not later than one year	33,321	33,321
66,643	Between one and two years	66,643	66,643
94,946	Between two and five years	59,372	23,798
194,910	Total Local Currency Debt	159,336	123,762
	Foreign Currency Debt (state in \$CI)		
0	Total Foreign Currency Debt	0	0
194,910	Total Outstanding Debt	159,336	123,762

Note 9: Unfunded Pension Liability

Pensions Plan Actuarial Valuation

18-Month Forecast Ending Dec-17		12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Value of pension fund allocated assets		
(12,164,667)	Past service liability	(13,125,407)	(14,086,147)
(12,164,667)	Fund (deficiency)/Surplus	(13,125,407)	(14,086,147)

The principal assumptions (excluding the estimated retirement age which varied with each Plan) used in the computation of the actuarial estimate of the pension liability for each of the three named Pension Plans are as follows:
annual salary increases of 3.5%;
long term inflation rate of 2.5% per annum;
valuation interest rate to discount future benefit payments of 5.2%;
expected long-term rate of return on the Fund's invested assets of 7%;
anticipated future pensions payments increases of 2.5% per annum; and

CAYMAN ISLANDS AIRPORTS AUTHORITY
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Note 10: Unfunded post-retirement health care

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Description		
(11,337,000)	Past service liability	(12,297,000)	(13,257,000)
(11,337,000)	Total Unfunded Health Care Liability	(12,297,000)	(13,257,000)

The principal assumptions are as follows:

Discount rate of 5.2%
Rate of medical inflation 5%

Note 11: Sales of Goods & Services

18-Month Forecast Ending Dec-17	Revenue type	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
44,256,821	Fees and Charges	31,938,177	32,824,913
4,029,724	General Sales	2,559,610	2,611,691
818,814	Rentals	1,278,247	2,327,423
49,105,359	Total sales of goods and services	35,776,033	37,764,026

18-Month Forecast Ending Dec-17	<i>Fees and Charges</i>	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
5,498,193	Aircraft Movement	3,772,224	3,777,098
28,348,079	Passenger taxes	20,871,087	21,607,657
10,410,550	Passenger Facility Charge	7,294,866	7,440,157
44,256,821	Total Fees & Charges	31,938,177	32,824,913

CAYMAN ISLANDS AIRPORTS AUTHORITY

NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

18-Month Forecast Ending Dec-17	General Sales	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
469,447	Advertising revenue	322,100	322,100
1,065,751	Car Parking Revenue	758,123	780,579
202,866	Airport Concierge Services	150,265	165,285
1,323,266	Petrol throughput	1,109,196	1,127,772
60,930	X-ray Cargo fees	39,600	39,600
907,464	Other sales	180,326	176,355
4,029,724	Total General Sales	2,559,610	2,611,691

18-Month Forecast Ending Dec-17	Rentals	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
71,881	Land Lease	42,171	42,171
746,933	Rent	836,076	2,285,252
0	Lease premium	400,000	0
818,814	Total Rentals	1,278,247	2,327,423

49,105,359	Total Goods and Services	35,776,033	37,764,026
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Note 12: Investment revenue

18-Month Forecast Ending Dec-17	Revenue type	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
5,969	Interest on deposits	0	0
-1,387	Interest on cash balances	0	0
0	Royalties	0	0
0	Int on late payments	71,507	71,507
0	Other	0	0
4,583	Total Investment revenue	71,507	71,507

CAYMAN ISLANDS AIRPORTS AUTHORITY
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Note 13: Donations

18-Month Forecast Ending Dec-17	Source	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
1,200	ACI event sponsorship		
1,200	Total donations	0	0

Note 14: Personnel costs

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
12,199,215	Salaries, wages and allowances	11,427,079	11,573,368
0	Health care CINICO	0	0
2,159,320	Health care other	2,328,850	2,426,943
2,770,031	Pension	720,125	734,877
3,917	Leave	0	0
116,506	Other personnel related costs	499,449	485,714
17,248,990	Total Personnel Costs	14,975,503	15,220,902

Note 15: Supplies and consumables

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
1,757,566	Supplies and Materials	2,205,809	1,888,735
6,170,164	Purchase of services	5,132,075	5,582,830
0	Lease of Property and Equipment	0	0
1,808,296	Utilities	2,327,052	2,327,052
490,465	General Insurance	593,981	593,981
120,004	Interdepartmental expenses	0	0
89,073	Travel and Subsistence	47,220	47,220
545,660	Recruitment and Training	561,176	394,088
0	Other	0	0
10,981,229	Total Supplies & consumables	10,867,313	10,833,905

CAYMAN ISLANDS AIRPORTS AUTHORITY

NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Note 16: Finance costs

18-Month Forecast Ending Dec-17	Descriptions	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
5,646	Interest on borrowings	3,100	3,100
25,661	Other borrowing costs	26,928	29,728
0	Interest on overdraft	0	0
31,308	Total Finance cost	30,028	32,828

Note 17: Litigation cost

18-Month Forecast Ending Dec-17	Descriptions	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
133,403	Legal fees	68,000	63,000
133,403	Total Litigation cost	68,000	63,000

Note 18: Reconciliation of net cash flows from operating activities to surplus/(deficit)

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
15,581,230	Surplus/(deficit) from ordinary activities	6,483,373	8,261,575
	Non-cash movements		
5,134,983	Depreciation & Amortisation	3,423,323	3,423,323
	Changes in current assets and liabilities:		
9,500,000	(Increase)/decrease in other current assets - Statutory Agencies and Government Companies	-2,756,083	
-929,996	(Increase)/(decrease) in current liabilities - Other		
29,286,217	Net cash flows from operating activities	7,150,613	11,684,898

CAYMAN ISLANDS AIRPORTS AUTHORITY
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Note 19: Commitments

Type	One year or less	One to five Years	Over five Years	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
Capital Commitments					
Property, plant and equipment	10,700,000			10,700,000	16,270,000
Other fixed assets				0	
Other commitments (list separately if material)				0	
Total Capital Commitments	10,700,000	0	0	10,700,000	16,270,000
Operating Commitments					
Non-cancellable accommodation leases				0	
Other non-cancellable leases				0	
Non-cancellable contracts for the supply of goods and services				0	
Other operating commitments				0	
Total Operating Commitments	0	0	0	0	0
Total Commitments	10,700,000	0	0	10,700,000	16,270,000

Note 20: Related party and key management personnel disclosures

The CIAA is a wholly owned entity of the government from which it derives a major source of its revenue. The CIAA and its key management personnel transact with other government entities on a regular basis. These transactions, summarised below, were consistent with normal operating relationships between entities and were undertaken on terms and conditions that are normal for such transactions.

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
4,043,584	Revenue	4,456,030	4,545,150
2,417,451	Expenses	2,500,000	2,550,000
9,446,347	Receivables	10,409,874	10,618,072
684,000	Payables	-	-

No loans were granted to key management personnel or their close relatives during the financial year ended 31 December 2017.

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OWNERSHIP AGREEMENT

**BETWEEN THE
CAYMAN ISLANDS GOVERNMENT**

AND

CAYMAN ISLANDS DEVELOPMENT BANK

FOR THE 2018 FINANCIAL YEAR ENDING 31 DECEMBER 2018

AND THE 2019 FINANCIAL YEAR ENDING 31 DECEMBER 2019

PREPARED IN ACCORDANCE WITH SECTION 50 OF THE PUBLIC MANAGEMENT AND FINANCE
LAW (2017 REVISION)

CONTENTS

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

Agreement

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Cayman Islands Development Bank* have agreed the *Cayman Islands Development Bank* will seek to achieve during the 2018 and 2019 financial years.

The purpose of the document is to ensure the ownership performance expectations for the financial years 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 2018 and 2019 financial years.

GENERAL NATURE OF ACTIVITIES

The Cayman Islands Development Bank (“CIDB” or the “Bank”) was established under the Cayman Islands Development Bank Law (2004 Revision) which came into force on March 1, 2002, and is solely owned by the Cayman Islands Government. Upon the enactment of the Cayman Islands Development Bank Law (2004 Revision), two former statutory financial institutions, the Agricultural and Industrial Development Board and the Housing Development Corporation were dissolved and their functions as well as their assets and liabilities were transferred to the Bank.

SCOPE OF ACTIVITIES

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

1. Provide finance in order to promote and facilitate development in the Islands, with particular reference to Small Businesses especially in construction, electronics, commerce and tourism, and housing and human resource development.
2. Provide an advisory service to give advice and disseminate Information about matters relating to:
 - a) Housing, mortgage finance and the maintenance of dwellings
 - b) Advice in education and counselling in education
 - c) Agricultural, industrial and tourism development.
- Promote agricultural, tourism and industrial development in the Islands.

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

CUSTOMERS AND LOCATION OF ACTIVITIES

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

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Cayman Islands Development Bank* for the 2018 and 2019 financial years are as follows:

Strategic Goals

- To continue to operate as a prudently managed, efficiently operated and highly respected development financial institution while producing sound financial and operating results.
- To focus on the development of the Islands by identifying, funding and implementing programmes, projects and services that will assist Caymanians in improving themselves and their communities especially those with bankable propositions who do not have ready access to conventional financing.

Objectives

The Objectives of the Cayman Islands Development Bank during the 2018 and 2019 financial years are to:

- Enlarge the lending portfolio by adding new quality loans especially in the areas of tertiary education and small business loans, such that its investment will be sound and that the income generated contribute significantly to meeting the Bank's operating costs.
- Introduce new energy efficiency loans to reduce homes/businesses energy costs that will also improve those assets example replacement of windows/doors with hurricane impact products.
- Monitor access to housing market with other financial institutions to re-introduce mortgage loans to ensure housing remains achievable/affordable.
- Ensure that the programmes administered on behalf of the Cayman Islands Government and other agencies are also managed in an efficient and effective manner.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2017 Revision) for the *Cayman Islands Development Bank* for the 2018 and 2019 financial years are as follows.

FINANCIAL PERFORMANCE MEASURE	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
REVENUE FROM CABINET	1,026	526	789
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	40	40	61
REVENUE FROM OTHER PERSONS OR ORGANISATIONS	2,253	2,284	2,959
OPERATING EXPENSES	3,313	2,733	3,649
NET SURPLUS DEFICIT	6	117	160
TOTAL ASSETS	39,989	40,509	41,751
TOTAL LIABILITIES	21,146	17,048	25,164
NET WORTH	18,843	23,461	16,587
CASH FLOWS FROM OPERATING ACTIVITIES	(1,454)	358	(5,515)
CASH FLOWS FROM INVESTING ACTIVITIES	(2,756)	(41)	(1)
CASH FLOWS FROM FINANCING ACTIVITIES	(1,826)	424	1,435
CHANGE IN CASH BALANCES	(6,037)	740	(4,081)

FINANCIAL PERFORMANCE RATIO	2018 Budget %	2019 Budget %	2016/17 18 Months Forecast %
CURRENT ASSETS : CURRENT LIABILITIES	1:1	1:1	7:1
TOTAL ASSETS : TOTAL LIABILITIES	2:1	2:1	2:1

MAINTENANCE OF CAPABILITY

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
HUMAN CAPITAL MEASURES			
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	11	11	11
STAFF TURNOVER (%)			
SENIOR MANAGER	Nil	Nil	Nil
PROFESSIONAL AND TECHNICAL STAFF	Nil	Nil	Nil
ADMINISTRATIVE STAFF	Nil	Nil	Nil

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
PHYSICAL CAPITAL MEASURES			
VALUE OF TOTAL ASSETS	39,989	40,509	41,751
ASSET REPLACEMENTS : TOTAL ASSETS	-	-	-
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	1:2.2	1:2.2	1:0.4
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	0.76:1	-	-
CHANGES TO ASSET MANAGEMENT POLICIES	None	None	None

	2018 TARGET \$	2019 TARGET \$
MAJOR CAPITAL EXPENDITURE PROJECTS		
Nil	-	-

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED 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 *Cayman Islands Development Bank* is provided in the Appendix to this Ownership Agreement.

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
OPERATING STATEMENT			
REVENUE	3,319	2,850	3,809
OPERATING EXPENSES	3,313	2,733	3,649
NET SURPLUS/DEFICIT	6	117	160

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
BALANCE SHEET			
ASSETS	39,989	40,509	41,751
LIABILITIES	21,146	17,048	25,164
NET WORTH	18,843	23,461	16,587

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
STATEMENT OF CASH FLOW			
CASH FLOWS FROM OPERATING ACTIVITIES	(1,454)	358	(5,515)
CASH FLOWS FROM INVESTING ACTIVITIES	(2,756)	(41)	(1)
CASH FLOWS FROM FINANCING ACTIVITIES	(1,826)	424	1,435

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 (2017 Revision).

TRANSACTION	AMOUNT FOR 2018 \$	AMOUNT FOR 2019 \$
Equity Investments into Cayman Islands Development Bank	2,250	4,500
Capital Withdrawals from Cayman Islands Development Bank	-	-
Dividend or Profit Distributions to be made by Cayman Islands Development Bank.	-	-
Government Loans to be made to Cayman Islands Development Bank	-	-
Government Guarantees to be issued in relation to Cayman Islands Development Bank	-	-
Related Party Payments (Non-Remuneration) made to Key Management Personnel ⁶	-	-
Remuneration⁷ Payments made to Key Management Personnel	449	449
Remuneration Payments made to Senior Management	383	383

DESCRIPTION	NUMBERS FOR 2018 \$	NUMBERS FOR 2019 \$
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	6	6
NUMBER OF KEY SENIOR MANAGEMENT (MD)	3	3

⁶ Key Management Personnel as defined by International Public Accounting Standards No 20, e.g. Minister, Board Member and Senior Management Team

⁷ Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

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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 financial years 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 sign the amended Ownership Agreement.
- The amended Ownership Agreement will be attached to and form part of this Agreement.


Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Cayman Islands Development Bank will seek to achieve for the **2018 and 2019** financial years and that the Cabinet will monitor performance against.



Honourable Roy McTaggart, JP
Minister for Finance and Economic Development

On behalf of Cabinet



Chairman of the Board of Directors
Cayman Islands Development Bank

27 October 2017

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APPENDIX

FORECAST FINANCIAL STATEMENTS

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**CAYMAN ISLANDS
GOVERNMENT**

**CAYMAN ISLANDS DEVELOPMENT BANK
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019**

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2017 Revision).

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

To the best of our knowledge the statements are:

- a. Complete and reliable;
- b. Fairly reflect the forecast financial position as at 31 December 2018 and 31 December 2019 and performance for the Cayman Islands Development Bank for the financial years ending 31 December 2018 and 31 December 2019; and
- c. Comply with generally accepted accounting practice.

A handwritten signature in black ink, appearing to be 'D. ...', written over a horizontal line.

**Chairman of the Board of Directors
Cayman Islands Development Bank**

27 October 2017

CAYMAN ISLANDS DEVELOPMENT BANK
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

1. GENERAL INFORMATION

The Cayman Islands Development Bank (“CIDB” or the “Bank”) was established under the Cayman Islands Development Bank Law (2004 Revision) which came into force on March 1, 2002, and is solely owned by the Cayman Islands Government. Upon the enactment of the Cayman Islands Development Bank Law (2004 Revision), two former statutory financial institutions, the Agricultural and Industrial Development Board and the Housing Development Corporation were dissolved and their functions as well as their assets and liabilities were transferred to the Bank. The Bank is regulated by the Cayman Islands Monetary Authority.

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

The registered office of the Bank is at 36B Dr. Roy’s Drive, P.O. Box 2576, George Town, Grand Cayman, KY1-1103, Cayman Islands. As at December 31, 2018 and 2019, the Bank is projected to have 11 employees.

2. ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of CIDB are presented in Cayman Islands Dollars and are prepared on the accrual basis under the historical cost convention. All values are rounded to the nearest dollar, except when otherwise indicated.

Statement of Compliance

The financial statements of CIDB have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

2.2 Significant Accounting Judgments and Estimates

In the process of applying the Bank’s accounting policies, Management has exercised judgment and estimates in determining the amounts recognized in the financial statements. The most significant uses of judgment and estimates are as follows:

Impairment Losses on Loans and Advances to Customers

Loans and advances is stated net of allowance for credit losses. The Bank reviews its individually significant loans and advances at each statement of financial position date to assess whether an impairment loss should be recorded in the statement of comprehensive income. Specific provisions for loan impairment losses are determined for loans that are likely to become uncollectible in light of the borrowers’ inability to repay the debt. The Bank assesses the collateral held and the expected future cash flows in determining the provisions

assigned. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

2. ACCOUNTING POLICIES (CONTINUED)

2.2 Significant Accounting Judgments and Estimates (continued)

Impairment Losses on Loans and Advances to Customers (continued)

Loans are written off, in whole or in part, against the related allowance for impairment losses upon settlement (realization) of collateral or in advance of settlement (no realization) where the determination of the recoverable value is completed and there is no realistic prospect of recovery above the recoverable value. Any subsequent recoveries are credited to the statement of comprehensive income. If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to the statement of comprehensive income.

2.3 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

a) Recognition of Income

Revenue is recognized on the accrual basis to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured.

Interest Income

Interest income is recorded on an accrual basis using the effective interest method until such time as a loan is classified as impaired. Interest on loans that are contractually 90 days in arrears are classified as impaired. Any accrued interest on impaired loans is reversed against income for the current period. Thereafter, interest income on impaired loans is recognized in the period it is collected.

Fee Income

The Bank earns loan commitment fees that are recognized as income in the year loans are advanced to customers.

b) Property and Equipment

Property and equipment are recorded at cost and are depreciated using the straight-line method at rates considered adequate to write-off the cost over their estimated useful lives as listed below. The cost model is used for measurement after initial recognition for property and equipment except for building. The revaluation model is used for building. Under the revaluation model, the accumulated depreciation on building is eliminated against the gross carrying amount of the asset.

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

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of Significant Accounting Policies (continued)

c) Property and Equipment (continued)

Property and equipment are derecognized on disposal or when there are no future economic benefits expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the statement of comprehensive income in the year the asset is derecognized.

d) Foreign Currency Transactions

Transactions during the year in currencies other than the Cayman Islands dollar are converted at exchange rates prevailing at the date of the transactions. Assets and liabilities denominated in foreign currencies are translated at the rate of exchange prevailing at the statement of financial position date. Resulting gains and losses on exchange are recognized in the statement of comprehensive income.

e) Use of Estimates

The preparation of financial statements in conformity with IFRS requires management to make certain significant estimates and judgements that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

f) Employee Benefits

CIDB participates in the Public Service Pension Plan, a defined benefit and contribution pension fund, in accordance with the Public Service Pension Law. The Public Service Pension Fund is administered by the Public Service Pension Board and is operated as a multi-employer non-contributory Fund, whereby the employer pays both the employer and employee contributions.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of Significant Accounting Policies (continued)

f) Financial Instruments

(i) Classification

A financial asset is classified as any asset that is cash, a contractual right to receive cash or another financial asset or to exchange financial instruments under conditions that are potentially favourable or an equity instrument of another enterprise. As of December 31, 2018 and 2019, financial assets are projected to comprise of cash and cash equivalents, deposit accounts and loans and advances 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. As of December 31, 2018 and 2019, financial liabilities are projected to comprise of accounts payable and accrued liabilities and long-term loans.

(ii) Recognition

The Bank recognizes 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.

(iii) Derecognition

A financial asset is derecognised when the Bank realizes 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.

(iv) Measurement

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

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of Significant Accounting Policies (continued)

g) Changes in International Financial Reporting Standards

IFRS 9 – Financial instruments

IFRS 9 – Financial instruments (effective for periods beginning on or after January 1, 2018) – addresses classification and measurement of financial instruments and replaces portions of IAS 39. Under IFRS 9 two criteria are used to determine how financial assets should be classified and measured: (1) the entity’s business model for managing the financial assets and (2) the contractual cash flow characteristics of the financial asset. Financial assets are further classified into measurement categories: those measured at fair value and those measured at amortized cost. Essentially, if a financial asset is a simple debt instrument and the objective of the entity’s business model within which it is held is to collect contractual cash flows, then the financial asset is measured at amortized cost. In contrast, if that asset is held in a business model the objective of which is both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value and amortized cost information is provided through profit or loss. The determination is made at initial recognition. For financial liabilities, the standard retains most of the IAS 39 requirements; the main change relates to cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income as opposed to the income statement.

Additions were also made to the impairment requirements relating to accounting for an entity’s expected credit losses on its financial assets and commitments to extend credit. Under the impairment approach in IFRS 9 it is not necessary for a credit event to have occurred before the credit losses are recognized. An entity has to account for expected credit losses and changes in those expected credit losses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition; therefore, more timely information is provided about expected credit losses. The Bank will assess the full impact of IFRS 9 before adoption in 2018.

3. FAIR VALUE AND RISK ASSESSMENT OF FINANCIAL INSTRUMENT

Risk Management

Financial assets of the Bank include cash, cash equivalents, fixed deposits, loan and advances to customers. Financial liabilities include accounts payable and accrued liabilities and long-term loans.

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest will affect future cash flows or the fair values of financial instruments. CIDB provides loans and technical assistance in the areas of human resource development, housing and small business, in particular in the agricultural, tourism, and industrial sectors. The Bank minimizes interest rate risk principally by on-lending at variable rates of interest from funding provided by long-term debts with variable interest rates.

The Bank manages the interest rate risk by securing funds from international financial institutions which review their lending rates to CIDB quarterly.

Credit Risk

Credit risk is the risk that the Bank will incur a loss because its customers fail to discharge their contractual obligations. The net carrying amount of loans and advances represents the maximum exposure to credit risk for this category of financial assets. However, this risk is partially mitigated by collateral held as security for certain loans. Collateral held includes raw land, commercial and residential properties.

Cash and fixed deposits are held with conventional banks. Total cash and equivalents and fixed deposit as reflected on the statement of Financial of Financial Position represent the Bank's maximum exposure to credit risk for this category of financial assets.

The Bank manages credit risks on loans advanced to individuals and companies, which satisfies the Bank's lending requirements, by requiring borrowers to provide adequate security, limiting the total value of loans to a single borrower to 10% of its total capital and spreading its risk over several developmental sectors.

Fair Value

The carrying values of cash, fixed deposits, loans and advances to customers, other receivables, accrued liabilities and long-term liabilities are not materially different from their fair values.

CAYMAN ISLANDS DEVELOPMENT BANK
FORECAST STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

	2018 Budget	2019 Budget	2016/17 18 Months Forecast
NOTE	\$	\$	\$
Revenue			
Outputs Funded by Cabinet	1,026,317	526,317	789,476
Services provided to the Ministry of Education	40,451	40,451	60,677
Operations	2,253,063	2,283,656	2,958,884
Total Operating Revenue	3,319,831	2,850,424	3,809,037
Operating Expenses			
Personnel	1,067,320	1,067,159	1,629,401
Accommodation Costs	159,885	163,882	233,975
Office Expenses	44,824	45,945	65,597
Directors Fees	5,400	5,400	6,300
Computer Maintenance and Licensing Fees	80,340	82,349	92,700
Marketing, Advertising and Promotions	8,139	8,342	11,910
Depreciation	86,308	86,308	72,945
Professional Fees/Consultancy	100,000	55,000	82,500
Provision for Loan Losses	1,000,000	500,000	450,000
Loss on Foreign Exchange Conversion	10,000	10,000	3,000
Interest Expense	751,373	708,333	1,001,034
Total Operating Expenses	3,313,589	2,732,718	3,649,362
Net Income (loss) from Operations	6,242	117,706	159,675

CAYMAN ISLANDS DEVELOPMENT BANK
FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

	2018 Budget	2019 Budget	2016/2017 18 Months Forecast
	(Restated)		
NOTE	\$	\$	\$
Opening Balance Retained Earnings (Accumulated Losses)	(972,824)	(967,830)	(1,100,565)
Net Income (Loss) for the Year	6,242	117,706	159,675
Transfer to Reserves	(1,248)	(23,541)	(31,934)
Prior Year Adjustment	-	-	-
Closing Balance Retained Earnings (Accumulated Losses)	<u>(967,830)</u>	<u>(873,666)</u>	<u>(972,824)</u>
Opening Balance Revaluation Reserve	396,010	396,010	-
Change in revaluation reserve	-	-	396,010
Closing Balance Revaluation Reserve	<u>396,010</u>	<u>396,010</u>	<u>396,010</u>
Opening Balance Statutory Reserve	94,907	96,155	62,973
Transfer from Operations	1,248	23,541	31,934
Closing Balance Statutory Reserve	<u>96,155</u>	<u>119,696</u>	<u>94,907</u>
Opening Balance Contributed Capital	17,069,185	19,319,185	7,289,185
Movement in Contributed Capital	2,250,000	4,500,000	9,780,000
Closing Balance Contributed Capital	<u>19,319,185</u>	<u>23,819,185</u>	<u>17,069,185</u>
Total	<u>18,843,520</u>	<u>23,461,225</u>	<u>16,587,278</u>

CAYMAN ISLANDS DEVELOPMENT BANK
FORECAST STATEMENT OF FINANCIAL POSITION
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

				2018 Budget	2019 Budget	2016/17 18 Months Forecast (Restated)
			NOTE	\$	\$	\$
Assets						
Cash and Cash Equivalents	2			1,083,880	1,823,737	7,120,858
Deposit Accounts				2,815,961	2,857,295	174,056
Prepayments				20,000	25,000	18,000
Loans, Deposit Interest and Other Receivable				164,009	164,314	149,945
Loans and advances to customers, net of allowance for credit losses	3			35,075,657	34,895,196	33,486,231
Property and equipment	4			829,843	743,535	801,912
TOTAL ASSETS				39,989,350	40,509,077	41,751,002
Liabilities						
Bank Overdraft	2			-	-	-
Accounts Payable and Accruals				60,000	60,000	216,002
Due to Related Parties				1,000,000	1,000,000	995,877
Interest payable – loans and bonds				375,686	354,167	165,243
Current Portion of Long -Term Debt	6			4,076,459	4,076,459	-
Post Retirement Benefit Pension Obligations				-	-	-
Loans from CDB	5			-	-	-
Credit facility	6			15,633,685	11,557,226	23,786,602
Total Liabilities				21,145,830	17,047,852	25,163,724
Equity						
Contributed Capital	7			19,319,185	23,819,185	17,069,185
Statutory Reserve Fund	8			96,155	119,696	94,907
Property Revaluation Reserve				396,010	396,010	396,010
Retained Earnings (Accumulated Losses)				(967,830)	(873,666)	(972,824)
Total Equity				18,843,520	23,461,225	16,587,278
TOTAL LIABILITIES AND EQUITY				39,989,350	40,509,077	41,751,002

CAYMAN ISLANDS DEVELOPMENT BANK
FORECAST STATEMENT OF CASH FLOWS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

	2018 Budget	2019 Budget	2016/17 18 Months Forecast (Restated)
	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income (loss) for the Year	4,994	94,166	127,741
Items not Affecting Cash:			
Depreciation	86,308	86,308	72,945
Loan loss expense	1,000,000	500,000	450,000
Gain on sale of property and equipment	-	-	-
Transfer to reserve fund	1,248	23,541	31,934
	<u>1,092,550</u>	<u>704,015</u>	<u>682,620</u>
Changes in Non-Cash Working Capital Balances Relating to Operations			
Decrease/(increase) in prepayments	(2,000)	(5,000)	0
Decrease/ (Increase) in Loans, Deposit Interest and Other Receivable	(14,064)	(304)	(50,000)
Increase (Decrease) in due to related parties	4,123	0	150,000
(Increase) Decrease in loans and advances to customers	(2,589,422)	(319,539)	(6,212,071)
Increase (Decrease) in post retirement pension obligation	0	0	0
Increase (Decrease) in Accounts Payable & Accruals	(156,006)	0	0
Increase (Decrease) in interest payable – loans and bonds	210,445	(21,520)	(85,997)
Net Cash Provided by (Used in) Operating Activities	<u>(1,454,374)</u>	<u>357,652</u>	<u>(5,515,448)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase)/decrease in Fixed deposits	(2,641,905)	(41,336)	(546)
Purchase of property and equipment	(114,240)	0	0
Proceeds from disposal of property and equipment	0	0	0
Net Cash Provided by (Used in) Investing Activities	<u>(2,756,145)</u>	<u>(41,336)</u>	<u>(546)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from debt issued and other borrowed funds	-	-	0
Repayments of debt issued and other borrowed funds	(4,076,459)	(4,076,459)	(8,344,677)
Bonds (repaid) raised	0	0	0
Capital injection	2,250,000	4,500,000	9,780,000
Net Cash Provided by (Used in) Financing Activities	<u>(1,826,459)</u>	<u>423,541</u>	<u>1,435,323</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(6,036,978)	739,857	(4,080,671)
Cash and Cash Equivalents at Beginning of the Period	7,120,858	1,083,880	11,201,529
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	<u><u>1,083,880</u></u>	<u><u>1,823,737</u></u>	<u><u>7,120,858</u></u>

CAYMAN ISLANDS DEVELOPMENT BANK
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

NOTE 1 – OPERATING REVENUES

	2018 Budget	2019 Budget	2016/17 18 Month Forecast
	\$	\$	\$
Loan interest Income	2,231,743	2,262,161	2,948,700
Outputs funded by Cabinet	1,026,317	526,317	789,476
Services provided to the Ministry of Education	40,451	40,451	60,677
Other Income	21,320	21,495	10,184
Total	<u>3,319,831</u>	<u>2,850,424</u>	<u>3,809,037</u>

NOTE 2 – CASH AND CASH EQUIVALENTS

	2018 Budget	2019 Budget	2016/17 18 Month Forecast
	\$	\$	\$
Current and call accounts	7,120,858	1,083,880	1,823,737
Bank overdraft	-	-	-
Total	<u>7,120,858</u>	<u>1,083,880</u>	<u>1,823,737</u>

NOTE 3 – LOANS AND ADVANCES TO CUSTOMERS

	2018 Budget	2019 Budget	2016/17 18 Month Forecast
	\$	\$	\$
Principal amounts owed by customers	42,693,139	43,012,679	40,103,714
Less: Provision for loan losses	- 7,617,483	- 8,117,483	- 6,617,483
Total	<u>35,075,656</u>	<u>34,895,196</u>	<u>33,486,231</u>

CAYMAN ISLANDS DEVELOPMENT BANK
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTNUED)
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

NOTE 4 – PROPERTY & EQUIPMENT

	2018 Budget	2019 Budget	2016/17 18 Month Forecast (Restated)
<u>Office Furniture and Equipment</u>			
Opening Book Value/Cost	104,782	104,782	104,782
Additions	0	0	0
Disposal	0	0	0
Depreciation	(104,782)	(104,782)	(104,782)
Closing Book Value	0	0	0
<u>Computer Hardware and Software</u>			
Opening Book Value/Cost	369,506	483,746	369,506
Additions	114,240	0	0
Disposal	0	0	0
Depreciation	(407,586)	(445,666)	(369,506)
Closing Book Value	76,160	38,080	0
<u>Motor Vehicle</u>			
Opening Book Value/Cost	47,180	47,180	47,180
Additions	0	0	0
Disposal	0	0	0
Depreciation	(35,040)	(41,016)	(29,064)
Closing Book Value	12,140	6,164	18,116
<u>Real Property – Office Space</u>			
Opening Book Value/Cost	816,065	816,065	816,065
Revaluation Reserve	396,010	396,010	396,010
Additions			0
Disposal			0
Depreciation	(470,532)	(512,784)	(428,279)
Closing Book Value	741,543	699,291	783,796
Total Net Book Value	829,843	743,535	801,912

CAYMAN ISLANDS DEVELOPMENT BANK
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTNUED)
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

NOTE 5 – LOANS FROM CARIBBEAN DEVELOPMENT BANK

The CIDB acted as executing agent for two (2) lines of credit from the Caribbean Development Bank (CDB). In January 2013 and July 2017 both loans held with CDB were fully repaid.

	2018 Budget	2019 Budget	2016/17 18 Month Forecast (Restated)
	\$	\$	\$
Opening balance	0	0	1,557,837
Drawdowns	0	0	0
Repayments	0	0	(1,557,837)
Closing balance	<u>0</u>	<u>0</u>	<u>0</u>

NOTE 6 – OTHER LONG-TERM LIABILITIES

During June 2015, CIDB used funds from its fixed deposit to repay US\$5 Million credit facility which was originally due for repayment in January 2016 and received US\$36.8 Million proceeds under a new credit facility with a local financial institution to consolidate and repay its outstanding credit facilities. The new credit facility is for a term of 10 years (maturing June 30, 2025) at an interest rate of U.S. 3-Month LIBOR plus 1.125% and is secured by a Government Guarantee. Under the terms of the agreement, interest only will be paid in the first 3 years, after which 15 equal semi-annual payments of principal of US\$2,453,333.33 will be made starting July 2018.

	Total	Less than 1 Year	1 - 2 Years	2 - 5 Years	Over 5 Years
Refinanced facilities - 10 years at US 3-Month LIBOR plus 1.125%					
Balance at December 31, 2018	<u>19,710,143</u>	<u>4,076,459</u>	<u>4,076,459</u>	<u>8,152,918</u>	<u>3,404,307</u>
Balance at December 31, 2019	<u>15,633,685</u>	<u>4,076,459</u>	<u>4,076,459</u>	<u>7,480,767</u>	<u>-</u>

CAYMAN ISLANDS DEVELOPMENT BANK
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

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:

	2018 Budget	2019 Budget	2016/17 18 Month Forecast (Restated)
	\$	\$	\$
Opening balance	17,069,185	19,319,185	7,289,185
Capital contributed	<u>2,250,000</u>	<u>4,500,000</u>	<u>9,780,000</u>
Closing balance	<u>19,319,185</u>	<u>23,819,185</u>	<u>17,069,185</u>

During periods 2018, 2019 and 2016/17, the Government will inject capital totalling of \$16,530,000 to assist with the Bank's outstanding debt repayment.

NOTE 8 – STATUTORY RESERVE FUND

Under Section 20 of the *Cayman Islands Development Bank Law, (2004 Revision)*, the Bank is required to establish a reserve. The Bank transfers 20% of its annual net income until the balance reaches the paid-up portion of the authorized capital of the Bank. The Reserve Fund is comprised as follows:

	2018 Budget	2019 Budget	2016/17 18 Month Forecast (Restated)
	\$	\$	\$
Opening balance	94,907	96,155	62,973
Transfer from net income	<u>1,248</u>	<u>23,541</u>	<u>31,934</u>
Closing balance	<u>96,155</u>	<u>119,696</u>	<u>94,907</u>

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OWNERSHIP AGREEMENT

BETWEEN THE

CAYMAN ISLANDS GOVERNMENT

AND

CAYMAN ISLANDS MONETARY AUTHORITY

FOR THE 2018 FINANCIAL YEAR ENDING 31 DECEMBER 2018

AND THE 2019 FINANCIAL YEAR ENDING 31 DECEMBER 2019

PREPARED IN ACCORDANCE WITH SECTION 50 OF THE PUBLIC MANAGEMENT AND FINANCE
LAW (2017 REVISION)

CONTENTS

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

Agreement

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Cayman Islands Monetary Authority* ('CIMA') have agreed the *Cayman Islands Monetary Authority* will seek to achieve during the 2018 and 2019 financial years.

The purpose of the document is to ensure the ownership performance expectations for the financial years 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 2018 and 2019 financial years.

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 Cayman 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 organisations.

CUSTOMERS AND LOCATION OF ACTIVITIES

The services provided by *Cayman Islands Monetary Authority* are provided to the following Customers both locally and internationally:

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

In its Currency function, CIMA customers include the Banks and local residents and visitors. There are a number of Government Departments to whom CIMA provides services, the main one being the collection of fees from the financial services industry on behalf of the Government.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Cayman Islands Monetary Authority* for the 2018 and 2019 financial years are as follows:

To further modify CIMA's organisational structure so that it can more effectively achieve its mission and meet statutory objectives (including any additional functions), and international standards;

To optimize efficiency of resources by developing (and implementing) a comprehensive medium and long-term Facilities Plan;

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

To further modernise regulation and enhance supervision in order to continue to discharge statutory regulatory functions and to ensure that Cayman is prepared for the pending IMF and CFATF assessments thus demonstrating that Cayman continues to meet evolving international regulatory standards and best practices that are relevant to our business ;

To conduct visits to key jurisdictions to not only enhance relationships with regulators in these jurisdictions which is beneficial to CIMA in carrying out its own regulatory and cooperative functions but to also facilitate activity from these countries by ensuring that the regulators (and investors and service providers) recognise that Cayman has a robust regulatory framework;

To continue to enhance collaboration with the Government and private sector to facilitate mutual goals related to the further development the Cayman Islands as an international financial centre;

To increase CIMA's effectiveness and cost-efficiency through implementation of operational, technological and HR enhancements; and

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

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2017 Revision) for the *Cayman Islands Monetary Authority* for the 2018 and 2019 financial years are as follows.

FINANCIAL PERFORMANCE MEASURE	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
REVENUE FROM CABINET	15,916	16,333	21,069
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	-	-	-
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	16,167	15,305	19,013
OPERATING EXPENSES	32,027	31,607	39,564
NET SURPLUS DEFICIT	56	31	518
TOTAL ASSETS	156,248	159,279	153,192
TOTAL LIABILITIES	127,453	130,453	124,453
NET WORTH	28,795	28,826	28,739
CASH FLOWS FROM OPERATING ACTIVITIES	(211)	1,448	4,170
CASH FLOWS FROM INVESTING ACTIVITIES	(814)	(750)	(1,108)
CASH FLOWS FROM FINANCING ACTIVITIES	0	0	0
CHANGE IN CASH BALANCES	(1,025)	698	3,061

FINANCIAL PERFORMANCE RATIO	2018 Budget %	2019 Budget %	2016/17 18 Months Forecast %
CURRENT ASSETS : CURRENT LIABILITIES	128:1	130:1	125:1
TOTAL ASSETS : TOTAL LIABILITIES	1.23:1	1.22:1	1.23:11

MAINTENANCE OF CAPABILITY

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
HUMAN CAPITAL MEASURES			
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	264	264	225
STAFF TURNOVER (%)	12.5%	13%	15%
SENIOR MANAGER			
PROFESSIONAL AND TECHNICAL STAFF			
ADMINISTRATIVE STAFF			
SIGNIFICANT CHANGES TO PERSONNEL MANAGEMENT SYSTEM	none	none	none

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
PHYSICAL CAPITAL MEASURES			
VALUE OF TOTAL ASSETS	156,248	159,279	153,192
ASSET REPLACEMENTS : TOTAL ASSETS	26%	25%	35%
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	28%	25%	31%
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	109%	117%	64%
CHANGES TO ASSET MANAGEMENT POLICIES	none	none	none

	2018 TARGET \$	2019 TARGET \$
MAJOR CAPITAL EXPENDITURE PROJECTS		
Various IT Projects	\$750k	\$700k

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

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2016/17	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Loss and absence of Critical staff	On-going	Regular training, succession planning, regular performance assessments and recognition. Implement salary review.	Unquantifiable
<p>Limited resources resulting in an inadequate regulatory framework and supervision processes. (The underpinning of Cayman as a reputable, international and successful regulator of financial services, in addition to having a strong legal framework, policies and practices; is heavily reliant on experienced and high calibre human resources in sufficient numbers and a robust, secure and efficient information systems and technology infrastructure.)</p> <p>This in turn places the Islands' reputation at stake from an inability to supervise financial services at the level required of an international regulator. Further impairment to the reputation of the Cayman Islands (as a jurisdiction of choice for financial services) could impact the stability of the Cayman economy including the loss of Government revenues, potential failure of financial institutions in the Cayman Islands, financial losses for consumers and unemployment.</p>		<p>Continue to work along with Government with respect to legislative framework and budget.</p> <p>Continue regular review of systems and processes and take full advantage of IS technology to achieve highest efficiency.</p> <p>Continue to enhance/amend CIMA's organizational structure to improve efficiency and effectiveness.</p> <p>Develop (and implement) a comprehensive medium and long-term Facilities Plan.</p> <p>Facilitate more focused HR soft skills training for persons.</p> <p>Take full advantage of the online learning portals for all regulatory staff.</p> <p>Continue partnerships with local professionals and firms to conduct subject matter expert training.</p> <p>Outsource tasks/projects where efficient and or necessary.</p> <p>Maintain recruitment efforts (to expediently fill vacancies and new positions.</p> <p>Continue to develop and implement proposals on enhancement measures to attract and retain highly qualified and experienced staff.</p>	Unquantifiable

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2016/17	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
<p>Inadequate regulatory framework (i.e. limited in range, level and or scope) that, as outlined above, leads to a threat to the Islands' reputation with significant potential dangers E.g. insufficient legislation and or rules and or policies required for compliance with international standards (that are established to promote and ensure a sound financial system through effective regulation, supervision and risk management of the financial sector) can lead to:</p> <ul style="list-style-type: none"> • Unsafe and unsound practices or activities that pose risks to the financial system that in turn could impact the stability of the Cayman economy • The Cayman Islands not receive a sufficiently favourable assessment (IMF and or CFATF) that is necessary in dispelling misconceptions about the character or integrity of the financial industry and of the islands as an international financial centre and is useful in attracting beneficial, legal quality financial activity. 	On-going	<p>Enhance framework and prepare for IMF and CFATF Assessments by:</p> <ul style="list-style-type: none"> • Continuing to work with the Cayman Islands Government's Anti-Money Laundering Steering Committee and the AML Unit on enhancing the Cayman Islands AML/CFT framework including amendment of legislation, regulations and guidance and strengthening of AML oversight and inspection regime for regulated entities. • Continuing the internal CIMA process in identifying and addressing areas for legislative and other regulatory requirements changes. 	Unquantifiable
<p>Inadequate legislation (outdated, delayed or lack of legal requirements) resulting in an impaired regulatory framework that, as outlined above, leads to a threat to the Islands' reputation with significant potential dangers. E.g. inadequate enforcement powers (i.e. limited in range, level and or scope) hinders CIMA's ability to take timely, effective, proportionate and dissuasive actions to address unsafe and unsound practices or activities that pose risks to the financial system.</p>	On-going	<p>Continue to work along with Government with respect to legislative framework and budget.</p> <p>Retain and build on existing technical expert knowledge and expertise and attract new high calibre staff to ensure proactive oversight and enforcement.</p>	Unquantifiable

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2016/17	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
<p>Increasing responsibilities with no corresponding enhancement of resources limits CIMA's ability to carry out effectively and comprehensively the responsibilities of its regulatory functions.</p>		<p>Continue to work along with Government with respect to legislative framework and budget.</p> <p>Continue regular review of systems and processes and take full advantage of IS technology to achieve highest efficiency.</p> <p>Outsourcing tasks/projects where efficient and/or necessary.</p> <p>Defer (relatively) less urgent and or critical work.</p>	Unquantifiable
<p>Failure to achieve and stay current with Industry developments, requirements, and standards (due to inadequate funding and or resources) resulting in:</p> <ul style="list-style-type: none"> • Inability or impaired ability in identifying and analysing risk trends at both the individual financial entity and system wide level. • Negative impact on jurisdiction reputation as a leading IFC 		<p>Continue involvement in and assessment of new or revised international regulatory standards by:</p> <ul style="list-style-type: none"> • Sending high-level delegations to meetings of IOSCO, IAIS, Basel, GFICS, CGBS, GICIS, ASBA and FSB. • Continuing to develop a cadre of representatives from the Legal, Compliance, Policy and Supervisory divisions with specialised knowledge, skills and experience capable of proactive engagement with standard setters and other regulators. • Amending CIMA's organisational structure to enable a greater focus and efficiency in identifying, analysing and addressing developments. 	Unquantifiable
<p>Continued scrutiny and demands by international and or regional organisations or individual foreign jurisdictions, such as the G20, EU and the United States and misinformed allegations from these and other institutions (e.g. Tax Justice Network) can harm the reputation of the jurisdiction and consequently threaten business activity.</p>	On-going	<p>Continue dialogue with, and engagement in the work of standard-setting bodies and international and regional organisations.</p> <p>Send high-level delegations to meetings of IOSCO, IAIS, Basel, GFICS, CGBS, GICIS, ASBA and FSB.</p> <p>Conduct Visits to Key Jurisdictions</p>	Unquantifiable

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2016/17	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
The global review and advancement of regulatory standards, whether prudentially sound or flawed and overreaching, can negatively impact the islands financial industry e.g. financial stability measures, de-risking and impact on correspondent banking relationships, AIFMD,	On-going	Close oversight of, and dialogue with, (impacted) local industry and interaction with other jurisdictions and international organizations to share experiences and develop solutions	Unquantifiable
Increased competition from other jurisdictions (potential risk to market confidence & sound financial system)	On-going	Monitor and analyse jurisdictional developments Develop proposals for enhancing or amending regulatory regime for implementation and or submission to Government for its consideration.	Unquantifiable

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

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

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
OPERATING STATEMENT			
REVENUE	32,083	31,638	40,082
OPERATING EXPENSES	32,027	31,607	39,564
NET SURPLUS/DEFICIT	56	31	518

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
BALANCE SHEET			
ASSETS	156,248	159,279	153,192
LIABILITIES	127,453	130,453	124,453
NET WORTH	28,795	28,826	28,739

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
STATEMENT OF CASH FLOW			
CASH FLOWS FROM OPERATING ACTIVITIES	(211)	1,448	4,170
CASH FLOWS FROM INVESTING ACTIVITIES	(814)	(750)	(1,108)
CASH FLOWS FROM FINANCING ACTIVITIES	0	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 (2017 Revision).

TRANSACTION	AMOUNT FOR 2018 \$	AMOUNT FOR 2019 \$
Equity Investments into Cayman Islands Monetary Authority	0	0
Capital Withdrawals from Cayman Islands Monetary Authority	0	0
Dividend or Profit Distributions to be made by Cayman Islands Monetary Authority	0	0
Government Loans to be made to Cayman Islands Monetary Authority	0	0
Government Guarantees to be issued in relation to Cayman Islands Monetary Authority	0	0
Related Party Payments (Non-Remuneration) made to Key Management Personnel ⁸ .	0	0
Remuneration⁹ Payments made to Key Management Personnel	\$1,305k	\$1,305k
Remuneration Payments made to Senior Management	\$5,659k	\$5,659k

DESCRIPTION	NUMBERS FOR 2018	NUMBERS FOR 2019
NUMBER OF KEY MANAGEMENT PERSONNEL	12	12
NUMBER OF KEY SENIOR MANAGEMENT	39	39

⁸ Key Management Personnel as defined by International Public Accounting Standards No 20, e.g. Minister, Board Member and Senior Management Team

⁹ Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

AGREEMENT

Scope of this Agreement

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

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

Procedures for Changing this Ownership Agreement

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

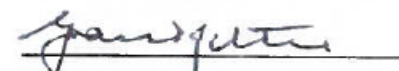
- If either party wish to change the specification of performance contained in this Ownership Agreement, they must notify the other in writing describing the changes that they wish to make.
- The other party will take no more than 15 working days to consider the proposed amendments, or such other time 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 sign the amended Ownership Agreement.
- The amended Ownership Agreement will be attached to and form part of this Agreement.

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Cayman Islands Monetary Authority will seek to achieve for the 2018 and 2019 financial years and that the Cabinet will monitor performance against.



Honourable Tara Rivers, JP
Minister of Financial Services & Home Affairs
On behalf of Cabinet



Mr. Grant J.R. Stein
Chairman of the Board
Cayman Islands Monetary Authority

27 October 2017

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APPENDIX

FORECAST FINANCIAL STATEMENTS

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**CAYMAN ISLANDS
GOVERNMENT**

**CAYMAN ISLANDS MONETARY AUTHORITY
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019**

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2017 Revision).

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

To the best of our knowledge the statements are:

- a. Complete and reliable;
- b. Fairly reflect the forecast financial position as at 31 December 2018 and 31 December 2019 and performance for the Cayman Islands Monetary Authority for the financial years ending 31 December 2018 and 31 December 2019; and
- c. Comply with generally accepted accounting practice.

A handwritten signature in black ink, appearing to read 'Grant J.R. Stein', written over a horizontal line.

Mr. Grant J.R. Stein
Chairman of the Board
Cayman Islands Monetary Authority

27 October 2017

CAYMAN ISLANDS MONETARY AUTHORITY
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Organisation 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 (2016 Revision) (the “Law (2016 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.

The classification of financial instruments at initial recognition depends on the purpose and management’s intention for which the financial assets were acquired.

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 to the Authority. Financial liabilities comprise accounts and other payables, accrued expenses and notes and coins in circulation.

CAYMAN ISLANDS MONETARY AUTHORITY
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Recognition

The Authority recognises financial instruments on its statement of financial position on the date it becomes a party to the contractual provisions of the instrument. From this date, any gains or 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.

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.

De-recognition

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

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 (2016 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/in 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.

When currency is issued, the face value of the currency is also recognised as a liability within the "Demand Liabilities, Currency in Circulation"

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.

CAYMAN ISLANDS MONETARY AUTHORITY
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

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 period, 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.

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. 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.

Obligations for contributions to defined contribution and defined benefits pension plans are recognised as pension expense in the statement of comprehensive income as incurred.

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 (2016 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 (2016 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 (2016 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 (2016 revision) the General Reserve shall represent at least 15% of Demand liabilities.

Currency Issue Reserve

The Currency Issue Reserve was adjusted as the stock of notes printed prior to 2003 was all issued into circulation. The Currency Issue Reserve remained at \$375k

CAYMAN ISLANDS MONETARY AUTHORITY
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Capital and Operational Expenditures Reserves

Under Section 9 of the Law (2016 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 including the Regulatory Electronic Enhancement Filing System (REEFS) 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.

Revenue Recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Authority and the amount of revenue can be measured with reliability. Revenue is measured at the fair value of consideration received or receivable.

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 a straight line basis over the period of the lease.

Related Party Transactions

The Authority obtains various goods and services from other Government departments/entities of the Cayman Islands Government, at prevailing market prices on an arm's length basis.

CAYMAN ISLANDS MONETARY AUTHORITY
FORECAST STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

	2018 Budget Ending Dec-2018	2019 Budget Ending Dec-2019	2016/17 18 Months Forecast
Note			
REVENUE			
Outputs	16,333,100	16,333,100	20,750,000
CIMA Transaction Fees	4,125,000	4,125,000	6,259,710
Directors Fees	8,500,000	8,500,000	9,641,747
Investment/Interest Income	1,000,000	1,000,000	2,146,106
Other Income	2,125,000	1,680,000	1,284,525
Total Operating Revenue	32,083,100	31,638,100	40,082,088
OPERATING EXPENSES			
Personnel	1 23,215,220	23,976,077	28,423,129
Supplies & Consumables	2 7,922,394	6,754,266	10,426,060
Depreciation	3 889,561	877,082	714,585
Total Operating Expenses	32,027,175	31,607,425	39,563,774
Surplus from Operating Activities	55,925	30,675	518,314

CAYMAN ISLANDS MONETARY AUTHORITY
FORECAST STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

	2018 Budget	2019 Budget	2016/17
	Ending	Ending	18 Months
Note	Dec-2018	Dec-2019	Forecast
Opening balance net worth	28,739,067	28,794,992	28,220,753
Surplus	55,925	30,675	518,314
Capital contribution	0	0	0
Distribution of Surplus	0	0	0
Capital withdrawal	0	0	0
Currency Issue Reserve	0	0	0
Closing balance net worth	28,794,992	28,825,667	28,739,067

CAYMAN ISLANDS MONETARY AUTHORITY

FORECAST STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018 AND 31 DECEMBER 2019

		2018 Budget	2019 Budget	2016/17
		Ending	Ending	18 Months
	Note	Dec-2018	Dec-2019	Forecast
<i>Currency Reserve Assets</i>				
<i>Current Assets</i>				
Call Deposits	4	3,391,416	3,411,764	3,470,592
Short-Term Investments		105,823,388	107,205,437	104,286,071
Fixed Deposits	4	1,571,847	1,581,278	1,562,472
Interest Receivable , Deposits		170,000	175,000	175,000
Stocks	6	4,234,353	3,599,352	3,329,354
<i>Non-Current Assets</i>				
Long-Term Investments		17,079,511	18,787,462	15,526,828
Total Currency Reserve Assets		132,270,515	134,760,293	128,350,317
<i>Operating Assets</i>				
<i>Current Assets</i>				
Current and Call Deposits	4	13,299,775	13,923,404	14,298,969
Fixed Deposits	4	3,411,511	3,455,861	3,367,730
Accounts Receivable	5	3,654,400	3,654,400	3,237,500
Interest Receivable , Deposits		500	500	500
Other Receivables and Prepayments	5	500,000	500,000	750,000
<i>Non-Current Assets</i>				
Intangible Assets	7	1,846,197	1,626,453	2,047,852
Fixed Assets	7	1,265,297	1,357,959	1,139,402
Total Operating Assets		23,977,680	24,518,577	24,841,953
TOTAL ASSETS		156,248,195	159,278,870	153,192,270
<i>Liabilities</i>				
Demand Liabilities, Currency in Circulation		119,323,203	122,323,203	116,323,203
Retirement Healthcare Liability	9	1,800,000	1,800,000	1,800,000
Defined Benefit Pension Liability	9	5,130,000	5,130,000	5,130,000
Unearned Revenue - Transaction Fees		200,000	200,000	200,000
Other Liabilities and Payables	8	1,000,000	1,000,000	1,000,000
TOTAL LIABILITIES		127,453,203	130,453,203	124,453,203
<i>Reserves and Capital</i>				
General Reserve	11	22,798,008	23,548,008	21,813,631
Currency Issue Reserve		375,000	375,000	375,000
Capital Expenditures Reserve		3,293,635	2,574,310	4,051,510
Operational Expenditures Reserve				170,577
Total Reserves		26,466,643	26,497,318	26,410,718
Contributed Capital		2,328,349	2,328,349	2,328,349
Total Reserves and Capital		28,794,992	28,825,667	28,739,067
TOTAL LIABILITIES, RESERVES and CAPITAL		156,248,195	159,278,870	153,192,270

CAYMAN ISLANDS MONETARY AUTHORITY
FORECAST STATEMENT OF CASH FLOWS
AS AT 31 DECEMBER 2018 AND 31 DECEMBER 2019

	2018 Budget Ending Dec-2018	2019 Budget Ending Dec-2019	2016/17 18 Months Forecast
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Outputs to Cabinet	15,916,200	16,333,100	21,069,134
Sale of Goods & Services to Others	14,750,000	14,305,000	17,128,344
Investment Income	1,005,000	995,000	2,165,236
Payments			
Personnel Costs	(23,215,221)	(23,976,076)	(24,623,129)
Suppliers and Other Operating Expenses	(8,577,393)	(6,119,266)	(11,292,621)
Net change of Investments	(3,090,000)	(3,090,000)	(9,723,979)
Net change in Demand Liabilities	3,000,000	3,000,000	9,446,735
Change in other assets	0	0	
<i>Net cash flow from Operating activities</i>	<u>(211,414)</u>	<u>1,447,758</u>	<u>4,169,720</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current assets	(813,800)	(750,000)	(1,108,370)
Proceeds on Disposal of Fixed Assets	0	0	0
<i>Cash flows from investing activities</i>	<u>(813,800)</u>	<u>(750,000)</u>	<u>(1,108,370)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Contribution received from CI Government	0	0	0
Capital Withdrawal by CI Government	0	0	0
Repayment of Surplus	0	0	0
<i>Cash flow from Financing Activities</i>	<u>0</u>	<u>0</u>	<u>0</u>
Opening Balance - Cash and Cash Equivalents	22,699,763	21,674,549	19,638,413
Net Change in cash	(1,025,214)	697,758	3,061,350
Closing Balance - Cash and Cash Equivalents	<u>21,674,549</u>	<u>22,372,307</u>	<u>22,699,763</u>

CAYMAN ISLANDS MONETARY AUTHORITY
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

NOTE 1. PERSONNEL COSTS

	2018 Budget	2019 Budget	2016/17
	Ending	Ending	18 Months
	Dec-2018	Dec-2019	Forecast
Salaries, wages, allowances	19,927,737	20,584,666	20,936,726
Health care and other personnel costs	1,938,504	2,000,389	2,243,901
Pension expense	1,348,979	1,391,022	1,442,502
Post retirement healthcare			1,800,000
Movement on Defined Benefit Pension	0	0	2,000,000
Total Personnel Costs	23,215,220	23,976,077	28,423,129

NOTE 2. SUPPLIES AND CONSUMABLES

	2018 Budget	2019 Budget	2016/17
	Ending	Ending	18 Months
	Dec-2018	Dec-2019	Forecast
Supplies and Consumables	2,453,822	2,237,173	3,518,706
Purchase of services	2,144,676	1,595,642	2,369,654
Operating lease rentals	1,349,311	1,288,744	1,899,148
Utilities	433,500	433,500	587,082
General Insurance	70,660	79,662	84,632
Travel and Subsistence	970,425	639,545	544,769
Recruitment and Training	300,000	280,000	461,600
Other Supplies and Consumables	200,000	200,000	960,469
Total Supplies and Consumables	7,922,394	6,754,266	10,426,060

NOTE 3. DEPRECIATION

	2018 Budget	2019 Budget	2016/17
	Ending	Ending	18 Months
	Dec-2018	Dec-2019	Forecast
Vehicles	0	0	0
Furniture and fittings	50,556	46,345	78,092
Computer hardware	298,495	318,680	291,268
Intangible Assets	450,456	419,743	203,186
Office equipment	27,188	29,448	47,482
Leasehold improvements	62,866	62,866	94,557
Total Depreciation	889,561	877,082	714,585

Assets are depreciated on a straight line basis as follows:

	Years
Vehicles	5
Furniture and fittings	5
Computer hardware and Intangibles	3 to 7
Office equipment	5 to 7

CAYMAN ISLANDS MONETARY AUTHORITY
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

NOTE 4. CASH AND CASH EQUIVALENTS

	2018 Budget	2019 Budget	2016/17
	Ending	Ending	18 Months
	Dec-2018	Dec-2019	Forecast
Operating Current and Call Accounts, and Cash on hand	16,691,191	17,335,168	17,769,561
Fixed Deposits	4,983,358	5,037,139	4,930,202
Total Cash and Cash Equivalents	21,674,549	22,372,307	22,699,763

NOTE 5. ACCOUNTS RECEIVABLE

	2018 Budget	2019 Budget	2016/17
	Ending	Ending	18 Months
	Dec-2018	Dec-2019	Forecast
Outputs to Cabinet	3,478,900	3,478,900	3,062,000
Outputs to other government agencies	0	0	0
Outputs to Others	0	0	0
Asset sales	0	0	0
Other Accounts Receivable	175,500	175,500	175,500
Total Gross	3,654,400	3,654,400	3,237,500

NOTE 6. STOCKS

	2018 Budget	2019 Budget	2016/17
	Ending	Ending	18 Months
	Dec-2018	Dec-2019	Forecast
Currency Stocks	4,234,353	3,599,352	3,329,354
Work in Progress	0	0	0
Total Stocks	4,234,353	3,599,352	3,329,354

CAYMAN ISLANDS MONETARY AUTHORITY
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

NOTE 7: FIXED ASSETS AND INTANGIBLE ASSETS

	Opening Balance	Addition	Disposals	Revaluation	Depreciation	Closing Balance 31-Dec-19 Book Value Actual
	\$	\$	\$	\$	\$	\$
Vehicles	0	0	0	0	0	0
Furniture & Fittings	81,634	0	0	0	(46,345)	35,289
Computer Hardware	939,067	500,000	0	0	(318,680)	1,120,387
Intangible Assets	1,846,197	200,000	0	0	(419,743)	1,626,454
Office equipment	92,982	50,000	0	0	(29,448)	113,534
Other Assets-Leasehold Improvements	151,614	0	0	0	(62,866)	88,748
WIP						
Total	3,111,494	750,000	0	0	(877,082)	2,984,412

	Cost or Revalued Amount	Accumulated Depreciation	31-Dec-19 Book Value Actual	31-Dec-18 Book Value Actual
	\$	\$	\$	\$
Vehicles	22,600	(22,600)	0	0
Furniture & Fittings	961,686	(926,398)	35,288	81,634
Computer Hardware	3,361,479	(2,241,090)	1,120,389	939,067
Intangible Assets	5,539,133	(3,912,680)	1,626,453	1,846,197
Office equipment	766,422	(652,888)	113,534	92,982
Other Assets-Leasehold Improvements	1,182,169	(1,093,421)	88,748	151,614
Work in Progress	0	0	0	0
Total	11,833,489	(8,849,077)	2,984,412	3,111,494

CAYMAN ISLANDS MONETARY AUTHORITY
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

NOTE 8. PAYABLES

	2018 Budget	2019 Budget	2016/17
	Ending	Ending	18 Months
	Dec-2018	Dec-2019	Forecast
Trade Creditors	200,000	200,000	200,000
Accruals and other Payables	800,000	800,000	800,000
Total Other Liabilities and Payables	1,000,000	1,000,000	1,000,000

NOTE 9. POST RETIREMENT LIABILITIES

Defined Benefit Pension Liability:

Pension contributions for eligible employees of the Authority are paid to the Public Service Pensions Fund (the "Fund"). The Fund is administered by the Public Service Pensions Board ("the Pensions Board") and is operated as a multi-employer plan. Prior to 1 January 2000 the Fund operated as a defined benefit plan. With effect from 1 January 2000 the Fund had both a defined benefit and a defined contribution element, with participants joining after 1 January 2000.

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 defined Benefit portion of the Fund is valued by an Actuary engaged by the PSPB. 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. 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. 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.

Retirement Healthcare Liability

The liability is in relation to employees who are members of the PSPB Defined Benefit Pension Plan.

CAYMAN ISLANDS MONETARY AUTHORITY
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

NOTE 10. RECONCILIATION OF OPERATING SURPLUS TO CASH FLOWS FROM OPERATING ACTIVITIES

	2018 Budget	2019 Budget	2016/17
	Ending	Ending	18 Months
	Dec-2018	Dec-2019	Forecast
Operating surplus	55,925	30,675	518,314
Adjustments for:-			
Depreciation	889,561	877,082	714,585
Loss on Retirement Healthcare	0	0	1,800,000
Loss on Benefit Assets	0	0	2,000,000
Net change in :-			
Defined Benefit Assets and other Assets			
Interest Receivable	5,000	(5,000)	19,130
Accounts Receivable	(416,900)		263,906
Other Receivables and Prepayments	250,000		(286,348)
Stocks	(905,000)	635,001	(508,153)
Unearned Revenue - CIMA transaction fees			(2,409)
Other liabilities and payables			(72,060)
Investments	(3,090,000)	(3,090,000)	(9,723,980)
Demand Liabilities	3,000,000	3,000,000	9,446,735
Net cash flows from operating activities	(211,414)	1,447,758	4,169,720

NOTE 11. GENERAL RESERVE

	2018 Budget	2019 Budget	2016/17
	Ending	Ending	18 Months
	Dec-2018	Dec-2019	Forecast
General Reserve			
Opening Balance:	21,813,631	22,798,008	20,650,261
Spent from Capital Expenditures Reserve	813,800	750,000	1,108,370
Spent from Operational Expenditures Reserve	170,577		55,000
Closing Balance	22,798,008	23,548,008	21,813,631
Demand Liabilities	119,323,203	122,323,203	116,323,203
15% of Demand Liabilities	17,898,480	18,348,480	17,448,480

NOTE 12. NUMISMATIC COINS IN CIRCULATION

The total nominal value of numismatic coins outstanding is approximately **\$14.5M**. 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.

OWNERSHIP AGREEMENT

**BETWEEN THE
CAYMAN ISLANDS GOVERNMENT**

AND

**CAYMAN ISLANDS NATIONAL INSURANCE
COMPANY LTD.**

**FOR THE 2018 FINANCIAL YEAR ENDING 31 DECEMBER 2018
AND THE 2019 FINANCIAL YEAR ENDING 31 DECEMBER 2019**

PREPARED IN ACCORDANCE WITH SECTION 50 OF THE PUBLIC MANAGEMENT AND FINANCE
LAW (2017 REVISION)

CONTENTS

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

Agreement

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Cayman Islands National Insurance Company Ltd. (CINICO)* have agreed the Cayman Islands National Insurance Company will seek to achieve during the 2018 and 2019 financial years.

The purpose of the document is to ensure the ownership performance expectations for the financial years 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 *CINICO* is to operate during the 2018 and 2019 financial years.

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 Finance and Economic Development (Ministry of F&ED).

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

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

SCOPE OF ACTIVITIES

The scope of CINICO's activities is as follows:

- Provision of health insurance to Civil Servants, Statutory Authorities and Government Companies (SAGCs) under Plan 30100.
- Provision of health insurance to retired Civil Servants & Pensioners on behalf of Cabinet through the CIN 2 output under Plan 30100

30100

- This Health Plan meets or exceeds the Standard Health Insurance Contract (SHIC) per the Health Insurance Law & Regulations Rev. 2013.
 - The Plan has 100% coverage of Medical, Dental & Prescriptions with no co-pays or co-insurance. Vision is limited to CI\$360 per 24 months.
 - The Plan has a lifetime maximum of CI\$5M.
 - The Plan identifies the CIHSA as the Preferred Provider for all care and requires a Chief Medical Officer (CMO) approved referral to access care outside of the CIHSA.
 - The Plan provides emergency care coverage worldwide.
 - The Plan is governed by a Summary Plan Document (SPD) which can be located at www.cinico.ky.
- Provision of health insurance under the Standard Health Insurance contract (March 2013), for third party individuals and their dependants, per Class A Licence requirements. (Plan 30104).

- Provision of health insurance to SAGCs under a special health benefit plan which provides members individual choice of a primary health service provider.

30316 Gold & Platinum

- These Health Plans both, meet or exceed, the Standard Health Insurance Contract (SHIC) per the Health Insurance Law & Regulations Rev. 2013.
- These Plans has coverage for Medical, Dental & Prescriptions with co-insurance and a maximum out of pocket expense per annum. Vision is limited to CI\$360 per 24 months.
- The Plans have a lifetime maximum of: Gold CI\$3M and Platinum CI\$4M.
- The Plan incentivises the use of the CIHSA as the Preferred Provider for all care, but does not require a Chief Medical Officer (CMO) approved referral* to access any care outside of the CIHSA.
- The Plan provides emergency care coverage worldwide.

* Required for Overseas care

- Provision of health insurance on behalf of the Ministry of F&ED, for access to local health care (non-Tertiary) for the seamen and veterans of the Cayman Islands through the **CIN 1 output**.

30101

- This Health Plan meets or exceeds the Standard Health Insurance Contract (SHIC) per the Health Insurance Law & Regulations Rev. 2013.
 - The Plan has 100% coverage of Medical, Dental & Prescriptions with no co-pays or co-insurance. Vision is limited to CI\$360 per 24 months
 - The Plan has a lifetime maximum of CI\$5M.
 - The Plan identifies the CIHSA as the Preferred Provider for all care and requires a Chief Medical Officer (CMO) approved referral to access care outside of the CIHSA.
 - The Plan provides emergency care coverage worldwide.
 - The Plan currently does not have an executed Summary Plan Document, and CINICO utilises the 30100 SPD as a guideline for benefits.
- Claims Adjudication of Indigent claims incurred at the CIHSA on behalf of the Ministry of Ministry of HEC&H. (**HEA-2 output**)
 - Administration of local and overseas (**NGS-55**) health benefits of Indigents. (Plan 30102)
 - Administration of Overseas health coverage, on behalf of the Ministry of F&ED, for seafarers and veterans. (**NGS-55**)
 - Administration on behalf of the Ministry of F&ED for health coverage of Advance Medical Loan recipients (“Advance Patients”) since February 1, 2004. (Plan 30103 – same as Indigent 30102)
 - Through a team of licenced nurses and two licenced doctors, provides in house medical case management services (prior to August 2016, these services were outsourced).

- Effective June 1, 2017, claims adjudication and payment processing functions have been provided in-house (prior to June these services were outsourced).

CUSTOMERS AND LOCATION OF ACTIVITIES

The services provided by CINICO are provided to civil servants, pensioners, various SAGCs, seafarers and veterans, indigents, advance patients and the general public subscribing to the Standard Health Insurance Contract. The services are provided from offices at the Cayman Centre, George Town and Stake bay, Cayman Brac.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *CINICO* for the 2018 and 2019 financial years are as follows:

Strategic Goals

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

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

Objectives/Projects

- Update the current strategic plan for the financial years 2019 to 2024.

In respect to each strategic goal, the following projects would be completed or commenced in the 2018 and 2019 financial years.

Strategic Goal #1:

- **Project 1 – Software System Enhancement:** The following upgrades/developments are envisioned over the next two years:
 - Creation of a customized Member Collaborative Care System which will consist of multiple modules (formerly known as “Core One System”)
 - HR administration software
 - General Ledger upgrade
 - Full integration of insurance/claims administration system – Hi-Tech System.
- **Project 3 - Development of additional health insurance plans:** There is a potential scope for expanding the health insurance products to create an additional revenue stream, provide a wider range of products to meet the expressed wishes of Civil Servants and SHIC members, and respond to changing needs in the healthcare market in the Cayman Islands.

- Project 4 – Development of Non-US Preferred Provider Networks locally and internationally
- Project 6 – Documentation of Management of Overseas Costs: Update as necessary the policy and procedures manual to reflect how oversight of the costs of overseas care will be implemented and documentation maintained to support this operating procedure.

Strategic Goal #2:

- Project 2 – NGS 55: To implement a new payment protocol regarding the ASO function (NGS 55 output) performed for the Ministry of Health that would mitigate future financial exposure to CINICO.
- Project 3 – Elimination of Premium Discounting: At the request of the Shareholder, CINICO has not increased its premium to the Government plans (Civil Servants, Retired Civil Servants and Seafarer and Veterans) for the last five and a half years ending December 31, 2017. Although premium for 2018 and 2019 has been increased, it is below the actuarial calculated rate, which causing a net loss. This practice is financially unsustainable. CINICO would engage and work with the shareholder to eliminate the practice of premium discounting, however it is mindful of the financial constraints of the shareholder and the commitment of the shareholder to ensure that CINICO is properly capitalized in accordance with CIMA's regulations.
- Project 4 – Key quality control measures and internal audit requirements: Identify key quality control measures and internal audit requirements for all parties with whom CINICO contracts for services and establish a reporting protocol.
- Project 5 – Co-ordination of Benefits: Development and implementation of a co-ordination of benefits procedure.
- Project 6 – Subrogation Procedure: Development and implementation of a subrogation procedure.

Strategic Goal #3:

- Project 1 – Preventive Care: Complete the development and promotion of a 'Wellness and Lifestyle management program, which was started in 2015.
- Project 2 – New lines of business: Determination and prioritisation by the Board, which additional lines of business should be pursued, instruction of the appropriate feasibility studies, and early engagement with the sole shareholder on policy and legal considerations for the mission and scope of business of the company.
- Project 3 – Member communication / Enhanced perception: Continue to develop and

implement a program, to improve communication to member and enhance their perception of CINICO. (The process commenced in 2015).

Strategic Goal #4:

- Project 1 – Enhanced Quality of Customer Service: Continued customer service training and product / procedures education for CINICO staff.
- Project 2 – Succession Planning and Cross-Training: Continue to maintain the staff training plan which includes a technical education program and “buddy system” of cross training.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2017 Revision) for the *CINICO* for the 2018 and 2019 financial years are as follows.

FINANCIAL PERFORMANCE MEASURE	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
REVENUE FROM CABINET	32,322	33,535	42,491
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	42,833	44,290	56,109
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	4,725	4,806	5,195
OPERATING EXPENSES	84,892	90,746	109,636
NET SURPLUS DEFICIT	(5,012)	(8,115)	(5,841)
TOTAL ASSETS	23,261	12,856	28,816
TOTAL LIABILITIES	14,849	12,559	15,392
NET WORTH	8,412	297	13,425
CASH FLOWS FROM OPERATING ACTIVITIES	(5,780)	(10,432)	(14,268)
CASH FLOWS FROM INVESTING ACTIVITIES	(139)	(32)	(359)
CASH FLOWS FROM FINANCING ACTIVITIES	-	-	-
CHANGE IN CASH BALANCES	(5,919)	(10,464)	(7,527)

FINANCIAL PERFORMANCE RATIO	2018 Budget %	2019 Budget %	2016/17 18 Months Forecast %
CURRENT ASSETS : CURRENT LIABILITIES	154%	101%	184%
TOTAL ASSETS : TOTAL LIABILITIES	157%	102%	187%

MAINTENANCE OF CAPABILITY

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
HUMAN CAPITAL MEASURES			
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	40	40	34
STAFF TURNOVER (%)			
SENIOR MANAGER	0	0	0
PROFESSIONAL AND TECHNICAL STAFF	0	0	0
ADMINISTRATIVE STAFF	0	0	14.5%

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
PHYSICAL CAPITAL MEASURES			
VALUE OF TOTAL ASSETS	\$23,261	\$12,856	\$28,816
ASSET REPLACEMENTS : TOTAL ASSETS	0.6%	0.2%	1.2%
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	17.4%	10.5%	21.4%
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	141.1%	554%	78.7%
CHANGES TO ASSET MANAGEMENT POLICIES	None	None	none

	2018 TARGET \$	2019 TARGET \$
MAJOR CAPITAL EXPENDITURE PROJECTS		
GL, HR admin, and Member care collaboration system	112,000	
IT server upgrade		25,000

RISK MANAGEMENT

KEY RISKS FACED BY CINICO	CHANGED IN STATUS FROM 2016/17	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Claim losses higher than what can be supported by revenues	<p>Full implementation of In-house case management unit staffed with nurses and two doctors</p> <p>Full adoption of the Wellness program including disease management component</p> <p>Reduced Reinsurance rates sought in next RFP</p> <p>Completion of case management software development and member care collaboration</p>	<ul style="list-style-type: none"> • CINICO direct provider contracts. • Improved overseas discounts as a result of completion of an RFP in 2013. • Utilization of CINICO in-house, Medical Case Management Unit (MCMU). • Review of medical necessity. • Monitoring, control and follow-up of local and overseas referrals through referral system and Apollo guidelines. • Reinsurance arrangement in place to limit the Company's risk to large claims (30100 Group only). • Weekly concurrent review with UHC of overseas inpatient. • Coordination of discharge plan both locally and overseas. • Capital preservation policy • Monthly Risk & Appeals committee meetings • Quarterly meetings with overseas network provider. 	Not quantifiable
TPAs not delivering against expectations	No longer use TPAs for claims adjudication and Case Management		Not quantifiable
Issues with lease claims system	Starting June 2017 CINICO is adjudicating claims in house through the use of a leased claim system	<ul style="list-style-type: none"> • Offsite disaster recovery of data. • Robust contracting with vendor supplying system, stipulating functions, penalties, etc. • Vendor required to take an annual internal controls audit • 24 hour support • In-house claims department staffed with experienced claim adjudicators • Internal control review of CINICO's claim handling/system processes 	Not quantifiable

Risk that CINICO's reinsurer 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+ XV stable.	Approximately \$500k - \$1m based on historical amounts
Non-compliance to CIMA's rules and regulations	Employment of Compliance officer Review of compliance at the Board level	<ul style="list-style-type: none"> • Documented Corporate Governance, policies and procedures • Compliance calendar 	CIMA fines
Risk that government would not honor its liabilities under the ASO agreement (Output NGS 55)		<ul style="list-style-type: none"> • Creation of an ASO Agreement between CINICO and Government • Frequent monitoring • Suspension of services to Government, when it becomes apparent that the NGS-55 budget would be exhausted and no guarantee of funds is made 	\$4 million to \$8 million
Negative operating cash flow and below CIMA's required capital levels, resulting from shareholder's requirement to discount premium rates below actuary rates, thus depleting capital and exposing Company to liquidity risk		<ul style="list-style-type: none"> • Enforcement of Company's credit and liquidity risk policy. • Aggressive collection of Government outstanding premium. • Request for equity injection to meet CIMA's capital requirements • Immediate suspension of NGS-55 output once budget is exhausted 	Premium rate reduction led to a decrease in capital of \$7.8 million in 2018 and \$10.9 million in 2019

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

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

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
OPERATING STATEMENT			
REVENUE	79,880	82,631	103,794
OPERATING EXPENSES	84,892	90,746	109,635
NET SURPLUS/DEFICIT	(5,012)	(8,115)	(5,841)

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
BALANCE SHEET			
ASSETS	23,261	12,856	28,816
LIABILITIES	14,849	12,559	15,391
NET WORTH	\$8,412	\$297	\$13,425

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
STATEMENT OF CASH FLOW			
CASH FLOWS FROM OPERATING ACTIVITIES	(5,780)	(10,432)	(14,268)
CASH FLOWS FROM INVESTING ACTIVITIES	(139)	(32)	(359)
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 (2017 Revision).

TRANSACTION	AMOUNT FOR 2018 \$	AMOUNT FOR 2019 \$
Equity Investments into CINICO		
Capital Withdrawals from CINICO		
Dividend or Profit Distributions to be made by CINICO.		
Government Loans to be made to CINICO		
Government Guarantees to be issued in relation to CINICO		
Related Party Payments (Non-Remuneration) made to Key Management Personnel ¹⁰		
Remuneration ¹¹ Payments made to Key Management Personnel	493,717	494,629
Remuneration Payments made to Senior Management	448,567	449,479

DESCRIPTION	NUMBERS FOR 2018 \$	NUMBERS FOR 2019 \$
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	8	8
NUMBER OF KEY SENIOR MANAGEMENT (MD)		

¹⁰ Key Management Personnel as defined by International Public Accounting Standards No 20, e.g. Minister, Board Member and Senior Management Team

¹¹ Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

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AGREEMENT

Scope of this Agreement

In signing this document, CINICO 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 financial years 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 sign the amended Ownership Agreement.
- The amended Ownership Agreement will be attached to and form part of this Agreement.

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the CINICO will seek to achieve for the 2018 and 2019 financial years and that the Cabinet will monitor performance against.



Honourable Roy McTaggart, JP
Minister of Finance & Economic Development
On behalf of Cabinet



Ms. Patricia Estwick
Chairman of the Board
CINICO

27 October 2017

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APPENDIX

FORECAST FINANCIAL STATEMENTS

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**CAYMAN ISLANDS
GOVERNMENT**

**CAYMAN ISLANDS NATIONAL INSURANCE COMPANY LTD. (CINICO)
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019**

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2017 Revision).

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

To the best of our knowledge the statements are:

- a. Complete and reliable;
- b. Fairly reflect the forecast financial position as at 31 December 2018 and 31 December 2019 and performance for the CINICO for the financial years ending 31 December 2018 and 31 December 2019; and
- c. Comply with generally accepted accounting practice.

A handwritten signature in blue ink, appearing to read 'Patricia Estwick', written over a horizontal line.

**Ms. Patricia Estwick
Chairman of the Board
CINICO**

27 October 2017

CAYMAN ISLANDS NATIONAL INSURANCE COMPANY LTD.

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

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

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

Critical accounting estimates and judgements

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

The ultimate liability arising from claims made under insurance contracts

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

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

Insurance and reinsurance contracts – classification

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

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

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

Insurance/reinsurance assets and liabilities

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

CAYMAN ISLANDS NATIONAL INSURANCE COMPANY LTD.
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Claims

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

Cash and cash equivalents

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

Premiums

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

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

Leases

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

Disclosures about fair value of financial instruments

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

CAYMAN ISLANDS NATIONAL INSURANCE COMPANY LTD.
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Depreciation

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

Office Equipment	5 years
Computer and Telecommunications Equipment	3 years
Leasehold Improvements	Over the term of the lease
System Development Costs	Various

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

Income taxes

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

Administrative Services Only Fees

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

Investment and other income

Investment and other income are accrued as earned.

Foreign currency translation

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

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

CAYMAN ISLANDS NATIONAL INSURANCE COMPANY LTD.
FORECAST OPERATING STATEMENT
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

	Notes	2018 Budget	2019 Budget	Forecast 2016/17
Revenue				
Revenue from Civil Servants & Dependents		42,117,276	43,570,617	55,122,823
Revenue from Ministry of Health – Seamen & Veterans		10,586,020	11,064,478	11,526,358
Revenue from Portfolio of Civil Service - Pensioners		21,736,080	22,468,281	30,964,414
Revenue from Other	1	5,386,392	5,437,807	6,106,228
Total Revenue		79,825,768	82,541,183	103,719,822
Incurred Claims	2	78,659,760	84,427,826	101,224,064
Claims administration Fees	3	1,365,609	1,381,245	2,391,480
Indigent Fund Fees	4	299,264	306,980	441,976
Administration expenses	5	4,567,909	4,629,885	5,578,119
Total Expenses		84,892,543	90,745,936	109,635,639
Underwriting Income/(Loss)		(5,066,775)	(8,204,753)	(5,915,817)
Investment Income		54,400	89,399	74,408
Net Income/(Loss)		(5,012,375)	(8,115,354)	(5,841,409)

CAYMAN ISLANDS NATIONAL INSURANCE COMPANY LTD.
FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

	Notes	<u>2018 Budget</u>	<u>2019 Budget</u>	<u>2016/17 Forecast</u>
Net Income/(loss)		(5,012,375)	(8,115,354)	(5,841,409)
Equity - Beginning of Year		13,424,767	8,412,392	12,166,176
Equity received/ (Capital withdrawal)		-	-	7,100,000
Equity – End of Year		8,412,392	297,038	13,424,767
Share capital & share premium		3,000,000	3,000,000	3,000,000
Accumulated Deficit		(24,780,859)	(32,896,213)	(19,768,484)
Additional Paid-in-Capital		30,193,251	30,193,251	30,193,251
Equity - End of Year	6	8,412,392	297,038	13,424,767

CAYMAN ISLANDS NATIONAL INSURANCE COMPANY LTD.
FORECAST BALANCE SHEET
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

	<u>Notes</u>	<u>2018 Budget</u>	<u>2019 Budget</u>	<u>2016/17 Forecast</u>
<u>Assets</u>				
Cash		14,263,336	3,799,011	20,182,263
Receivables/Prepays		8,620,911	8,825,375	8,200,000
Fixed assets	7	377,116	231,851	434,123
Total Assets		23,261,363	12,856,237	28,816,386
<u>Liabilities</u>				
Accounts payable		20,000	20,001	19,999
Premiums received in advance		160,000	168,000	200,000
Accruals and other liabilities		1,800,000	1,990,000	1,900,000
Provision for claims incurred		12,868,971	10,381,198	13,271,620
Total Liabilities		14,848,971	12,559,199	15,391,619
<u>Equity</u>				
Initial Paid-in-Capital		3,000,000	3,000,000	3,000,000
Additional Paid-in-Capital		30,193,251	30,193,251	30,193,251
Retained Earnings		(24,780,859)	(32,896,213)	(19,768,484)
Total Equity		8,412,392	297,038	13,424,767
Total Liabilities & Equity		23,261,363	12,856,237	28,816,386

CAYMAN ISLANDS NATIONAL INSURANCE COMPANY LTD.
FORECAST STATEMENT OF CASH FLOWS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

	<u>2018 Budget</u>	<u>2019 Budget</u>	<u>2016/17 Forecast</u>
<u>Operating activities:</u>	-		
Net Income/(Loss)	(5,012,375)	(8,115,354)	(5,841,409)
Non Cash adjustments	(767,752)	(2,316,971)	(8,426,274)
Cash flows from operating activities	<u>(5,780,127)</u>	<u>(10,432,325)</u>	<u>(14,267,684)</u>
<u>Investing activities:</u>	-		
Purchase on fixed assets	(138,800)	(32,000)	(358,942)
Cash flows from investing activities	<u>(138,800)</u>	<u>(32,000)</u>	<u>(358,942)</u>
<u>Financing activities:</u>	-		
Equity investment	-	-	7,100,000
Additional paid-in capital	-	-	-
Cash flows from financing activities	<u>-</u>	<u>-</u>	<u>7,100,000</u>
Net cash inflow	(5,918,927)	(10,464,325)	(7,526,626)
Opening cash balances	<u>20,182,263</u>	<u>14,263,336</u>	<u>27,708,889</u>
Closing cash balances	14,263,336	3,799,011	20,182,263

CAYMAN ISLANDS NATIONAL INSURANCE COMPANY LTD.
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

1 <u>Revenue from Other</u>	<u>2018 Budget</u>	<u>2019 Budget</u>	<u>2016/17 - Forecast</u>
Premium from Standard Health Insurance contracts	5,754,559	5,855,898	6,981,968
ASO fees	716,292	721,025	985,800
Reinsurance premium	(1,084,459)	(1,139,116)	(1,861,540)
	<u>5,386,392</u>	<u>5,437,807</u>	<u>6,106,228</u>

ASO fees ("Administrative Services Only) are earned for the administration of the overseas Indigent claims on behalf of the Ministry of Health, Youth Sports and Culture and are assessed based on \$38 per Indigent member per month (\$38 for 2016/17).

CINICO has contracted with IRM, an underwriting agent of Munich Re (Canada) to provide specific excess loss reinsurance coverage on a per covered person basis.

2 <u>Incurred Claims</u>	<u>2018 Budget</u>	<u>2019 Budget</u>	<u>2016/17 - Forecast</u>
Claims - HSA	55,358,970	61,494,895	68,830,757
Claims paid - Cayman Airways	885,102	580,000	974,293
Claims - Non - HSA	22,401,832	24,438,303	38,384,116
Repricing fees	1,284,072	1,313,694	1,992,778
Reinsured Claims	(867,567)	(911,293)	(438,681)
Claims paid	<u>79,062,408</u>	<u>86,915,598</u>	<u>109,743,264</u>
Movement in reserves	(402,649)	(2,487,773)	(8,519,199)
Total Incurred claims	<u>78,659,759</u>	<u>84,427,826</u>	<u>101,224,064</u>

- 3 Claims administration fees (TPA fees) are payable to various third parties and comprise of the following: Claims adjudication and insurance administration costs, based on a per member per month fee. Case management fees are based on the number of CINICO members. Claims administration fees also include administration for the wellness program including wellness rewards, and case management administration software access to Apollo guidelines.

CINICO insourced the case management functions in August 2016 and the claims adjudication insurance administration costs in June 2017 by leasing a claims and insurance administration system on a per member per month basis. As such TPA fees decreased significantly. The decreases in TPA fees is offset by an increase in administration fees, however there has been an overall savings in expenses of approximately \$600k per year.

Claims administration fees are detailed as follows:

	<u>2018 Budget</u>	<u>2019 Budget</u>	<u>2016/17 - Forecast</u>
Third party administration fees (TPA) and other vendors (Apollo)	121,840	121,840	1,549,709
Jamaica case management	38,341	38,341	59,177
Claims system leasing (Hi-Tech)	999,243	1,009,702	569,869
Other	206,186	211,361	212,725
	<u>1,365,609</u>	<u>1,381,245</u>	<u>2,391,480</u>

CAYMAN ISLANDS NATIONAL INSURANCE COMPANY LTD.
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

- 4 Segregated Fund fees are payable to the Health Insurance Commission. Fees are assessed on a monthly basis - \$20 for every couple/family insurance contract and \$10 for every single insurance contract. The following insurance contracts are exempt from the Segregate Fund fees: Civil Servant plans, Seafarer and Veterans plans, and Pensioner plans.

<u>Administration expenses</u>	<u>2018 Budget</u>	<u>2019 Budget</u>	<u>2016/17 - Forecast</u>
Salaries	2,528,250	2,608,746	2,892,752
Other Employee Exp.	736,616	751,671	939,639
Rent /Utilities/Maintenance	420,046	425,013	577,313
Depreciation	195,807	177,265	282,461
Office Equip / Supplies	46,000	50,000	60,000
Legal costs	60,000	60,000	150,000
Class A licence fees/other	75,000	75,000	112,500
Director fees	45,150	45,150	46,300
Marketing/Sales/Promotion	80,000	85,000	90,000
Actuarial consulting	80,000	70,000	105,000
Audit fees	147,000	122,000	200,000
Currency exchange losses	(60,000)	(60,000)	(110,500)
Training expenses	60,500	60,500	34,000
Bank charges	38,000	41,000	55,000
Other	115,540	118,540	143,655
Total	4,567,909	4,629,885	5,578,119

6 Capital Compliance with CIMA's Minimum Capital Requirement (MCR) and Prescribed Capital Requirement (PCR)

As a Class A insurance company CINICO is required to maintain capital levels in accordance with the Insurance (Capital and solvency)(Class A Insurers) regulations, 2012 which is a risk based approach in assessing the adequacy of the required capital. CINICO has performed the calculations under Schedule 1 to Schedule 3 of the regulation. Compliance with MCR and PCR is listed below:

	<u>2018 Budget</u>	<u>2019 Budget</u>	<u>2016/17 - Forecast</u>
CINICO's available capital (per schedule 1 to 3 of regulations)	7,845,006	(374,398)	12,212,930
CIMA's capital requirements:			
MCR	10,702,154	10,474,657	9,723,386
PCR	13,377,693	13,093,321	12,154,232
Compliance with CIMA (Yes/No)	No	No	Yes

CAYMAN ISLANDS NATIONAL INSURANCE COMPANY LTD.
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Per the above, CINICO is non-compliant with CIMA's MCR and PCR. The underlying cause of the non-compliance status stems from the shareholder requiring CINICO charge a premium rate below the actuarial calculated premium rates for all the Government insurance plans (Civil Servants, Pensioners, and Seamen & Veterans. Had the actuarial premium have been charged the capital position would have been compliant with CIMA's capital requirements. The effects of the reduction of premium are as follows:

	<u>2018 Budget</u>	<u>2019 Budget</u>
Premium discount required by Government	\$7,846,575	\$10,966,377

It is understood with the shareholder that once CINICO goes below the capital requirement, the shareholder would provide any immediate equity injection to ensure compliance.

7 Fixed assets

	<u>System Develop ment Costs</u>	<u>Leasehold Improvem ents</u>	<u>Automo bile</u>	<u>Office Equipm ent</u>	<u>Computer & Telecoms Equipmen t</u>	<u>Total</u>
Cost at July 1, 2016	810,913	323,119	-	132,807	401,227	1,668,066
Additions	129,000	25,536	35,000	45,136	124,270	358,942
Cost at December 31, 2017	939,913	348,655	35,000	177,943	525,497	2,027,008
Accumulated depreciation at July 1, 2016	685,552	252,190	-	88,508	284,174	1,310,424
Depreciation for period	94,394	61,287	1,167	27,891	97,722	282,461
Accumulated depreciation at December 31, 2017	779,946	313,477	1,167	116,399	381,896	1,592,885
Carrying value at December 31, 2017	159,967	35,178	33,833	61,544	143,601	434,123
Cost at January 1, 2018	939,913	348,655	35,000	177,943	525,497	2,027,008
Additions	-	-	-	12,300	126,500	138,800
Cost at December 31, 2018	939,913	348,655	35,000	190,243	651,997	2,165,808
Accumulated depreciation at January 1, 2018	779,946	313,477	1,167	116,399	381,896	1,592,885
Depreciation for period	47,964	23,715	7,000	22,523	94,605	195,807

Accumulated depreciation at December 31, 2018	827,910	337,192	8,167	138,922	476,501	1,788,692
Carrying value at December 31, 2018	112,003	11,463	26,833	51,321	175,496	377,116
Cost at January 1, 2019	939,913	348,655	35,000	190,243	651,997	2,165,808
Additions	-	-	-	1,000	31,000	32,000
Cost at December 31, 2019	939,913	348,655	35,000	191,243	682,997	2,197,808
Accumulated depreciation at January 1, 2019	827,910	337,192	8,167	138,922	476,501	1,788,692
Depreciation for period	46,848	10,343	7,000	17,232	95,842	177,265
Accumulated depreciation at December 31, 2019	874,758	347,535	15,167	156,154	572,343	1,965,957
Carrying value at December 31, 2019	65,155	1,120	19,833	35,089	110,654	231,851

OWNERSHIP AGREEMENT

**BETWEEN THE
CAYMAN ISLANDS GOVERNMENT**

AND

CAYMAN ISLANDS NATIONAL MUSEUM

**FOR THE 2018 FINANCIAL YEAR ENDING 31 DECEMBER 2018
AND THE 2019 FINANCIAL YEAR ENDING 31 DECEMBER 2019**

PREPARED IN ACCORDANCE WITH SECTION 50 OF THE PUBLIC MANAGEMENT AND FINANCE
LAW (2017 REVISION)

CONTENTS

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

Agreement

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the **Cayman Islands National Museum** have agreed the **Cayman Islands National Museum** will seek to achieve during the 2018 and 2019 financial years.

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

2. NATURE AND SCOPE OF ACTIVITIES

This section outlines the nature and scope of activities within which the **Cayman Islands National Museum** is to operate during the 2018 and 2019 financial years.

GENERAL NATURE OF ACTIVITIES

The **Cayman Islands National Museum** was established as a permanent institution committed to the preservation of the tangible and intangible cultural and natural heritage of the Cayman Islands: to collect, care for, conserve, research, interpret and display objects of historical, cultural, environmental, artistic, or scientific value to the Cayman Islands, both terrestrial and underwater, for the benefit of present and future generations.

Through the organisation's dynamic programmes, exhibits, and collections the National Museum is the living connection with the Cayman Islands' past and ensures that future generations value our unique natural and cultural heritage

SCOPE OF ACTIVITIES

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

- Collection and preservation of material evidence significant to our culture, history and heritage, including:
 - Collection, documentation and preservation of material; and
 - Protection, scientific research of, and limited (controlled) 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 Cayman Islands National Museum including:
 - Providing museum facilities, exhibitions and displays, and general public access to them
 - 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 artefacts and exhibits, and the exchange of knowledge and information

- Services to support the Ministry, Cabinet, and Other Departments:
 - Direct, manage and assist the National Museum in fulfilling its mission and purposes
 - Support Government's requests for information to further the cultural well-being of the Cayman Islands
 - Assist the Ministry in creating National Culture Policies and plans; and any necessary legislation
 - Provide reports and other documentation requested by the Ministry, Cabinet and other Government Departments

CUSTOMERS AND LOCATION OF ACTIVITIES

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

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the **Cayman Islands National Museum** for the 2018 and 2019 financial years are as follows:

CINM 1 – COLLECTIONS, CONSERVATION, CURATION & RESEARCH

1.1 Continue to collect, conserve, protect, research, and manage material evidence of artistic, historic, or scientific significance to the Cayman Islands, both terrestrial and underwater (***Note - The Museum would like to re-establish and revitalise the Museum Conservation Programme by employing a Conservator and developing a Conservation Policy and revitalised Conservation Plan - see supporting funding request document as this would be dependent upon the CINM additional funding request**).

1.2 As common practice, incorporate on-going research findings on collections, terrestrial and underwater archaeological sites into public exhibitions, programmes and publications.

1.3 Liaise with local, regional and international groups having similar objectives, for loan or exchange of artefacts and exhibits, and the exchange of knowledge and information.

CINM 2 – OPERATIONS, EDUCATION & EXHIBITS

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

2.2 Align organisational structure in support of vision, mission and core values.

2.3 Acquire a proposed Collections facility (***Note – This is dependent upon Governmental Capital Funding being granted & supplemental fundraising**)

2.4 Assess and evaluate non-Collections items (e.g. old furniture and equipment; old exhibition panels and props; old maintenance equipment) currently housed at the Museum Support Facility at Pasadora Place.

2.5 Move the Collections to the proposed Collections facility (***Note – This is dependent upon capital funding for acquisition of a proposed facility**).

2.6 Provide exhibitions and displays and general public access to them.

2.7 Develop and promote a variety of educational programmes in support of the Museum’s mission, vision and goals (***Note – see supporting funding request document as this would be enhanced & enlarged dependent upon the CINM additional funding request to employ educational staff**).

2.8 Re-establish and revitalise the Museum Archaeology Programme by employing an Archaeologist, developing an Archaeology Policy, and updating a National Archaeology Plan (**see supporting funding request document as this would be enhanced/dependent upon the CINM additional funding request**).

2.9 Continue to partner with our Maritime Heritage Trail Partners in initiatives of the Cayman Islands Maritime Archaeology Programme (CIMAP): National Archive, National Trust and the Department

of Environment on maritime related issues in the protection, research, legislation, and educational programmes and activities relating to the Islands maritime heritage e.g. shipwrecks. Work with all partners to develop a marketing plan that maximises learning and visibility.

- 2.10 Continue to partner with cultural organisations: Cayman National Cultural Foundation, National Trust, National Archive, National Gallery, and the Cayman Brac Museum to promote Cayman Islands cultural heritage.
- 2.11 Assist the Department of Tourism and other related organisations/institutions in marketing the cultural product of the Cayman Islands.
- 2.12 Coordinate the following special events: Looky Ya! (bi-monthly), International Museums Day (May), VIP Pirates Landing and Parade Event (November), Museum Anniversary (November), Museum Friends & Volunteers Christmas Party (December), Kitchen Dance.
- 2.13 Continue to assist the Sister Islands and the districts in Grand Cayman with Museum related issues and activities as needed.
- 2.14 Provide a Cafe, a Gift Shop, and other facilities to include a Museum Library (reference and research books and digital/virtual images of the Collection), Education & Research Centre, and Interpretive Gardens for the benefit and enjoyment of the public, and to enhance income streams for the Museum.
- 2.15 Maintain an up-to-date Emergency Management Plan that addresses professional standards of protection and security for Museum visitors, staff, collections, building contents, and facilities, and that addresses continuity of business in the event of an emergency or disaster.
- 2.16 Continue to develop a robust Membership plan and network to ensure appreciation of the Museum, its mission, vision and goals, and to provide income to the Museum.
- 2.17 Regularly update Gift Shop and Visitor Services Policies.

CINM 3 – MINISTRY AND GOVERNMENTAL DEPARTMENT SUPPORT

- 3.1 Continue to prepare and support Government's requests for information in a timely manner to further the cultural well-being of the Cayman Islands.
- 3.2 Provide reports and other documents requested by the Ministry on a monthly, quarterly and annual basis, and as needs arise.
- 3.3 Assist the Ministry in creating a National Cultural Policy, a National Youth Policy, and other culture-related plans as requested.
- 3.4 Assist the Ministry and Board in review or development of any necessary legislation.
- 3.5 Seek Cabinet approval for extending the lease for the Old Courts Building to 99 years (Current 50-year lease term is 5 June 1990 – 5 June 2040).

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2017 Revision) for the **Cayman Islands National Museum** for the 2018 and 2019 financial years are as follows.

FINANCIAL PERFORMANCE MEASURE	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
REVENUE FROM CABINET	821	855	1,231
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	-	-	-
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	198	209.5	336
OPERATING EXPENSES	1,019	1,064.5	1,567
NET SURPLUS DEFICIT	0	0	0
TOTAL ASSETS	3,009.5	3,004	3,021
TOTAL LIABILITIES	42.2	37	53.9
NET WORTH	2,967	2,967	2,967
CASH FLOWS FROM OPERATING ACTIVITIES	116	116	385
CASH FLOWS FROM INVESTING ACTIVITIES	0	0	(266.6)
CASH FLOWS FROM FINANCING ACTIVITIES	0	0	240
CHANGE IN CASH BALANCES	116	116	358

FINANCIAL PERFORMANCE RATIO	2018 Budget %	2019 Budget %	2016/17 18 Months Forecast %
CURRENT ASSETS : CURRENT LIABILITIES	26:1	33:1	18:1
TOTAL ASSETS : TOTAL LIABILITIES	71:1	81:1	56:1

MAINTENANCE OF CAPABILITY

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
HUMAN CAPITAL MEASURES			
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	7.5	8	7.5
STAFF TURNOVER (%)			
SENIOR MANAGER	3	3	3
PROFESSIONAL AND TECHNICAL STAFF	1	1	1
ADMINISTRATIVE STAFF	3.5	4	3.5

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
PHYSICAL CAPITAL MEASURES			
VALUE OF TOTAL ASSETS	3,009.5	3,004	3,021
ASSET REPLACEMENTS : TOTAL ASSETS	n/a	n/a	n/a
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	n/a	n/a	n/a
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	n/a	n/a	n/a
CHANGES TO ASSET MANAGEMENT POLICIES	n/a	n/a	n/a

	2018 TARGET \$	2019 TARGET \$
MAJOR CAPITAL EXPENDITURE PROJECTS		
None	n/a	n/a

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2016/17	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
1. Loss or damage to the non-renewable National Collection by:	No		N.B. see note (h) on accounting policies regarding the Collection
a) Fire	No	Sufficient fire extinguishers that are regularly serviced. Hired security during after-hours events i.e. street dances. Determine the feasibility of installing fire sprinklers in the Museum and any purpose built facilities.	Replacement or restoration cost of items lost or damaged as a result of the event
b) Hurricane or Severe Storm Due to the close proximity to the water the National Collection is at risk throughout the year	No	Annual hurricane preparedness exercises and updating of the plan and supplies. Removal and/or safe storage of artefacts when a hurricane is approaching. Continuous internal and external building maintenance.	Replacement or restoration cost of items lost or damaged as a result of the event
c) Pest infestation The building's materials and construction increase its vulnerability	No	Regular pest control management	Replacement or restoration cost of items lost or damaged as a result of the event
d) Insurance	No	Basic insurance coverage is in place for the buildings and their contents. Need to review and revise as needed. Seek the expertise of a certified art appraiser to establish the replacement values of the Museum's National Art Collection for insurance purposes.	Financial loss of the replacement value of the Museum's art collection and other measurable items

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2016/17	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
2. Inadequate shelving and storage facilities and inactive conservation programme result in gradual deterioration of the National Collection	No	The collection is in new rental storage post Ivan. Plan and build a purpose-built facility to accommodate the current and future needs of the National Collection.	Replacement or restoration cost of items lost or damaged as a result of the event.
3. The Museum needs specialized staff in the areas of conservation, curation, collections management, design, archaeology, business, public relations, programmes and operations.	No	Staffs are being encouraged to undertake studies and obtain qualifications. The Museum is working to improve professional staffing of the organization to create a positive professional environment and to address the specialized needs of the Museum.	Inability to professionally manage, research, care for, curate, interpret, and exhibit the Museum's collections – resulting in replacement or restoration cost of items lost.

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

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

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
OPERATING STATEMENT			
REVENUE	1,019	1,064.5	1,567
OPERATING EXPENSES	1,019	1,064.5	1,567
NET SURPLUS/DEFICIT	0	0	0

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
BALANCE SHEET			
ASSETS	3,009.5	3,004	3,021
LIABILITIES	42.2	37.0	53.9
NET WORTH	2,967	2,967	2,967

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
STATEMENT OF CASH FLOW			
CASH FLOWS FROM OPERATING ACTIVITIES	116	116	385
CASH FLOWS FROM INVESTING ACTIVITIES	0	0	(267)
CASH FLOWS FROM FINANCING ACTIVITIES	0	0	240

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 (2017 Revision).

TRANSACTION	AMOUNT FOR 2018 \$	AMOUNT FOR 2019 \$
Equity Investments into Cayman Islands National Museum	0	0
Capital Withdrawals from Cayman Islands National Museum	0	0
Dividend or Profit Distributions to be made by Cayman Islands National Museum.	0	0
Government Loans to be made to Cayman Islands National Museum	0	0
Government Guarantees to be issued in relation to Cayman Islands National Museum	0	0
Related Party Payments (Non-Remuneration) made to Key Management Personnel ¹²		
Remuneration¹³ Payments made to Key Management Personnel	185.3	185.3
Remuneration Payments made to Senior Management	185.3	185.3

DESCRIPTION	NUMBERS FOR 2018 \$	NUMBERS FOR 2019 \$
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	9	9
NUMBER OF KEY SENIOR MANAGEMENT (MD)	3	3

¹² Key Management Personnel as defined by International Public Accounting Standards No 20, e.g. Minister, Board Member and Senior Management Team

¹³ Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

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AGREEMENT

Scope of this Agreement

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

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

Procedures for Changing this Ownership Agreement

Changes to this Ownership Agreement may be made during the financial years 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 sign the amended Ownership Agreement.
- The amended Ownership Agreement will be attached to and form part of this Agreement.

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Cayman Islands National Museum will seek to achieve for the 2018 and 2019 financial years and that the Cabinet will monitor performance against.



Honourable Dwayne Seymour, JP
Minister of Health, Environment, Culture & Housing
On behalf of Cabinet



Mr. Alfonso Wright
Chairman of the Board
Cayman Islands National Museum

27 October 2017

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APPENDIX

FORECAST FINANCIAL STATEMENTS

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**CAYMAN ISLANDS
GOVERNMENT**

**CAYMAN ISLANDS NATIONAL MUSEUM
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019**

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2017 Revision).

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

To the best of our knowledge the statements are:

- a. Complete and reliable;
- b. Fairly reflect the forecast financial position as 31 December 2018 and 31 December 2019 and performance for the Cayman Islands National Museum for period ending 31 December 2018 and 31 December 2019; and
- c. Comply with generally accepted accounting practice.

A handwritten signature in blue ink, appearing to read 'Alfonso Wright', written over a horizontal line.

Mr. Alfonso Wright
Chairman of the Board
Cayman Islands National Museum

27 October 2017

**CAYMAN ISLANDS NATIONAL MUSEUM
FORECAST STATEMENT OF FINANCIAL POSITION
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019**

18-Month Forecast Ending Dec-17	STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER	Notes	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Current Assets			
914,596	Cash and cash equivalents	1	1,030,248	1,145,900
	Marketable securities and deposits			
7,234	Trade receivables	2	8,000	6,000
51,122	Inventories	3	45,000	47,000
23,377	Prepayments	4	17,115	11,876
996,329	Total Current Assets		1,100,363	1,210,776
	Non-Current Assets			
2,024,780	Property, plant and equipment	5	1,909,128	1,793,476
2,024,780	Total Non-Current Assets		1,909,128	1,793,476
3,021,109	Total Assets		3,009,491	3,004,252
	Current Liabilities			
17,000	Trade payables	6	15,239	10,000
21,309	Other payables and accruals	6	15,000	15,000
15,548	Employee entitlements	7	12,000	12,000
53,857	Total Current Liabilities		42,239	37,000
	Total Non-Current Liabilities		0	0
53,857	Total Liabilities		42,239	37,000
2,967,252	Net Assets		2,967,252	2,967,252
	NET WORTH			
1,272,370	Contributed capital		1,272,370	1,272,370
287,300	Other Reserves		287,300	287,300
0	Revaluation reserve		0	0
1,407,582	Accumulated surpluses/(deficits)		1,407,582	1,407,582
2,967,252	Total Net Worth		2,967,252	2,967,252

CAYMAN ISLANDS NATIONAL MUSEUM
 FORECAST STATEMENT OF FINANCIAL PERFORMANCE
 FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

18-Month Forecast Ending Dec-17	STATEMENT OF FINANCIAL PERFORMANCE AS AT 31 DECEMBER 2018 AND 31 DECEMBER 2019	Notes	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Revenue			
1,475,200	Sale of goods and services	8	993,000	1,035,500
91,600	Donations	9	26,000	29,000
1,566,800	Total Revenue		1,019,000	1,064,500
	Expenses			
654,300	Personnel costs	10	436,364	463,864
686,600	Supplies and consumables	11	466,984	484,984
223,200	Depreciation and Amortisation	5	115,652	115,652
2,700	Other Operating expenses			
1,566,800	Total Expenses		1,019,000	1,064,500
0	Surplus or (Deficit) for the period		0	0

**CAYMAN ISLANDS NATIONAL MUSEUM
FORECAST STATEMENT OF CASH FLOWS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019**

18-Month Forecast Ending Dec-17	CASH FLOW STATEMENT AS AT 31 DECEMBER 2018 AND 31 DECEMBER 2019		12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	CASH FLOWS FROM OPERATING ACTIVITIES			
	<i>Receipts</i>			
1,231,200	Sale of goods and services to Cabinet		821,000	855,000
	Sale of goods and services to Ministries/Portfolios			
	Sale of goods and services to Statutory Agencies and Government Companies			
334,000	Sale of goods and services - third party		197,000	208,000
	Interest received			
1,600	Donations / Grants		1,000	1,500
	Other receipts			
	<i>Payments</i>			
(654,300)	Personnel costs		(436,364)	(463,864)
	Supplies and consumables - Ministries/Portfolios			
	Supplies and consumables - Statutory Agencies and Government Companies			
	Supplies and consumables - third party			
	Interest paid			
(527,522)	Other payments		(466,984)	(484,984)
384,978	Net cash flows from operating activities	12	115,652	115,652
	CASH FLOWS FROM INVESTING ACTIVITIES			
(266,622)	Purchase of property, plant and equipment			
	Proceeds from sale of property, plant and equipment			
	Purchase of investments			
	Proceeds from sale of investments			
(266,622)	Net cash flows from investing activities		0	0
	CASH FLOWS FROM FINANCING ACTIVITIES			
240,000	Equity Investment from Cabinet			
	Repayment of Surplus/Dividends or Capital withdrawal			
	Borrowings			

	Repayment of Borrowings			
	Currency Issues			
240,000	Net cash flows from financing activities		0	0
358,356	Net increase/(decrease) in cash and cash equivalents		115,652	115,652
556,240	Cash and cash equivalents at beginning of period		914,596	1,030,248
914,596	Cash and cash equivalents at end of period		1,030,248	1,145,900

**CAYMAN ISLANDS NATIONAL MUSEUM
STATEMENT OF CHANGES IN NET WORTH
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019**

	Contributed Capital	Other Reserves	Revaluation Reserve	Accumulated Surplus/ (deficits)	Total
Balance at 30 June 2016 brought forward	1,032,370	287,300		1,407,582	2,727,252
Prior Year Adjustments					
Changes in accounting policy					0
Accounting Errors					0
Restated balance 30 June 2016	1,032,370	287,300	0	1,407,582	2,727,252
Changes in net worth for 2016/17					
Gain/(loss) on property revaluation					0
Gain/(loss) on revaluation of investments					0
Exchange differences on translating foreign operations					0
Equity Investment from Cabinet	240,000				240,000
Capital withdrawals by Cabinet					0
Dividends payable to Cabinet					0
Net revenue / expenses recognised directly in net worth	240,000	0	0	0	240,000
Surplus/(deficit) for the period 2016/17				0	0
Total recognised revenues and expenses for the period	240,000	0	0	0	240,000
Balance at 31 December 2017	1,272,370	287,300	0	1,407,582	2,967,252
Balance at 31 December 2017 brought forward	1,272,370	287,300	0	1,407,582	2,967,252
Prior Year Adjustments					
Changes in accounting policy					0
Accounting Errors					0
Restated balance 31 December 2017	1,272,370	287,300	0	1,407,582	2,967,252
Changes in net worth for 2018					
Gain/(loss) on property revaluation					0

Gain/(loss) on revaluation of investments					0
Exchange differences on translating foreign operations					0
Equity Investment from Cabinet					0
Capital withdrawals by Cabinet					0
Dividends payable to Cabinet					0
Net revenue / expenses recognised directly in net worth	0	0	0	0	0
Surplus/(deficit)for the period 2018				0	0
Total recognised revenues and expenses for the period	0	0	0	0	0
Balance at 31 December 2018 carried forward	1,272,370	287,300	0	1,407,582	2,967,252
Balance at 31 December 2018 brought forward	1,272,370	287,300	0	1,407,582	2,967,252
Prior Year Adjustments					
Changes in accounting policy					0
Accounting Errors					0
Restated balance 31 December 2018	1,272,370	287,300	0	1,407,582	2,967,252
Changes in net worth for 2019					
Gain/(loss) on property revaluation					0
Gain/(loss) on revaluation of investments					0
Exchange differences on translating foreign operations					0
Equity Investment from Cabinet					0
Capital withdrawals by Cabinet					0
Dividends payable to Cabinet					0
Net revenue / expenses recognised directly in net worth	0	0	0	0	0
Surplus/(deficit)for the period 2019				0	0
Total recognised revenues and expenses for the period	0	0	0	0	0
Balance at 31 December 2019	1,272,370	287,300	0	1,407,582	2,967,252

**CAYMAN ISLANDS NATIONAL MUSEUM
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019**

Note 1: Cash and cash equivalents

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
988	Cash on hand	988	988
1,651	Cash in transit	0	0
593,324	CI\$ Account	709,260	822,912
318,633	US\$ Account	320,000	322,000
	Bank Overdraft		
	Payroll Current Account		
	Bank Accounts held at other financial institutions		
	Short-Term Fixed Deposits		
914,596	TOTAL	1,030,248	1,145,900

Note 2: Trade and other receivables

18-Month Forecast Ending Dec-17	Trade Receivables	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Sale of goods and services to Cabinet		
	Sale of goods and services to Ministries/Portfolios		
	Sale of goods and services to Statutory Agencies and Government Companies		
11,528	Sale of goods and services - third party	10,000	8,000
	Other		
-4,294	Less: provision for doubtful debts (Enter -ve number)	-2,000	-2,000
7,234	Total trade receivables	8,000	6,000

18-Month Forecast Ending Dec-17	Trade Receivables	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Current		
7,234	Past due 1-30 days	8,000	6,000
	Past due 31-60 days		
	Past due 61-90 days		
	Past due 90 and above		
	Non-Current		
	Past due 1 year and above		
7,234	Total	8,000	6,000

Changes in the provision of doubtful debts:

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Balance at beginning of period	-4,294	-2,000
	Additional provisions made during the year		
	Receivables written off during the period	2,294	
0	Balance at 31st December	-2,000	-2,000

Note 3: Inventories

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Current Inventories		
51,122	Inventory held for sale	45,000	47,000
51,122	INVENTORIES - Current	45,000	47,000
	Non-Current Inventories		
	Inventory held for use in the provision of goods and services		
	Inventory held for sale		
	Inventory Other		
	Impairment of Inventory		
0	INVENTORIES - Non-Current	0	0
51,122	TOTAL INVENTORIES	45,000	47,000

Note 4: Prepayments

18-Month Forecast Ending Dec- 17	Prepayments	12-Month Budget Ending Dec- 18	12-Month Budget Ending Dec- 19
	Current Prepayments		
18,262	Prepaid expenses	12,000	6,761
5,115	Deposits	5,115	5,115
23,377	Prepayments - Current	17,115	11,876
	Non-Current Prepayments		
	Description		
0	Prepayments - Non-Current	0	0
23,377	Total Prepayments	17,115	11,876

Note 5: Plant, Property & Equipment

Cost of Property, plant & equipment

	<i>Buildings and Leasehold</i>	<i>Leasehold Improvements</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Motor Vehicles</i>	<i>Other assets</i>	<i>Total</i>
Balance as at 1 July 2016		2,207,885	392,519	135,541	24,900	442,804	3,203,650
Additions	240,000			26,622			266,622
Disposals and Derecognition							0
Revaluation							0
Transfers							0
Balance as at 31 December 2017	240,000	2,207,885	392,519	162,163	24,900	442,804	3,470,272

	<i>Buildings and Leasehold</i>	<i>Leasehold Improvements</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Motor Vehicles</i>	<i>Other assets</i>	<i>Total</i>
Balance as at 1 January 2018	240,000	2,207,885	392,519	162,163	24,900	442,804	3,470,272
Additions							0
Disposals and Derecognition							0
Revaluation							0
Transfers							0
Balance as at 31 December 2018	240,000	2,207,885	392,519	162,163	24,900	442,804	3,470,272

	<i>Buildings and Leasehold</i>	<i>Leasehold Improvements</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Motor Vehicles</i>	<i>Other assets</i>	<i>Total</i>
Balance as at 1 January 2019	240,000	2,207,885	392,519	162,163	24,900	442,804	3,470,272
Additions							0
Disposals and Derecognition							0
Revaluation							0
Transfers							0
Balance as at 31 December 2019	240,000	2,207,885	392,519	162,163	24,900	442,804	3,470,272

Accumulated Depreciation and impairment losses

	<i>Buildings and Leasehold</i>	<i>Leasehold Improvements</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Motor Vehicles</i>	<i>Other assets</i>	<i>Total</i>
Balance as at 1 July 2016		606,259	368,584	133,741	24,900	88,808	1,222,292
Transfers							0
Impairment Reserve 2016/17 (closing balance)							0
Depreciation Expense 2016/17		143,290	23,935			55,975	223,200
Eliminate on Disposal or Derecognition 2016/17							0
Balance as at 31 December 2017	0	749,549	392,519	133,741	24,900	144,782	1,445,492

	<i>Buildings and Leasehold</i>	<i>Leasehold Improvements</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Motor Vehicles</i>	<i>Other assets</i>	<i>Total</i>
Balance as at 1 January 2018	0	749,549	392,519	133,741	24,900	144,782	1,445,492
Transfers							0
Impairment change 2018							0
Depreciation Expense 2018		95,527		5,324		14,801	115,652
Eliminate on Disposal or Derecognition 2018							0
Balance as at 31 December 2018	0	845,076	392,519	139,065	24,900	159,584	1,561,144

	<i>Buildings and Leasehold</i>	<i>Leasehold Improvements</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Motor Vehicles</i>	<i>Other assets</i>	<i>Total</i>
Balance as at 1 January 2019	0	845,076	392,519	139,065	24,900	159,584	1,561,144
Transfers							0
Impairment change 2019							0
Depreciation Expense 2019		95,527		5,324		14,801	115,652
Eliminate on Disposal or Derecognition 2019							0
Balance as at 31 December 2019	0	940,602	392,519	144,389	24,900	174,385	1,676,796

Net Book value 31 December 2017	240,000	1,458,336	0	28,422	0	298,021	2,024,780
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Net Book value 31 December 2018	240,000	1,362,810	0	23,098	0	283,220	1,909,128
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Net Book value 31 December 2019	240,000	1,267,283	0	17,774	0	268,419	1,793,476
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Note 6: Trade payables, other payables & Accruals

18-Month Forecast Ending Dec-17		12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Current Trade payables other payables and accruals		
17,000	Creditors Third party	15,239	10,000
	Creditors Ministries/Portfolios		
	Creditors other Statutory Agencies and Government Companies		
2,170	Payroll Deductions	0	0
	Operating Lease		
19,139	Accrued Expenses	15,000	15,000
	Other payables		
	Dividends/Surplus Payable		
38,309	Trade payables other payables and accruals - Current	30,239	25,000
	Non-Current Trade payables other payables and accruals		
	Creditors Third party		
	Creditors Ministries/Portfolios		
	Creditors other Statutory Agencies and Government Companies		
	Payroll Deductions		
	Operating Lease		
	Accrued Expenses		
	Other payables		
	Dividends/Surplus Payable		
0	Trade payables other payables and accruals - Non-Current	0	0
38,309	Total trade payables other payables and accruals	30,239	25,000

Note 7: Employee entitlements

18-Month Forecast Ending Dec- 17		12-Month Budget Ending Dec- 18	12-Month Budget Ending Dec- 19
	<i>Current employee entitlements</i>		
15,548	Annual Leave/Comp-time	12,000	12,000
	Retirement and long service leave		
	Accrued salaries		
	Travel		
	Other		
15,548	Total current portion	12,000	12,000
	<i>Non-current employee entitlements</i>		
	Retirement and long service leave		
	Other		
0	Total non-current portion	0	0
15,548	Total employee entitlements	12,000	12,000

Note 8: Sales of Goods & Services

18-Month Forecast Ending Dec-17	Revenue type	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
77,000	Fees and Charges	54,000	57,500
140,000	General Sales	100,000	105,000
27,000	Rentals	18,000	18,000
0	Other Goods & Services Revenue	0	0
1,231,200	Sale of goods and services to Cabinet	821,000	855,000
0	Sale of goods and services to Other Ministries and Portfolios	0	0
1,475,200	Total sales of goods and services	993,000	1,035,500

18-Month Forecast Ending Dec-17	<i>Fees and Charges</i>	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
68,000	Admissions	45,000	48,000
9,000	Membership	9,000	9,500
77,000	Total Fees & Charges	54,000	57,500

18-Month Forecast Ending Dec-17	General Sales	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
140,000	Giftshop Sales	100,000	105,000
140,000	Total General Sales	100,000	105,000

18-Month Forecast Ending Dec-17	Rentals	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
27,000	Café Rental	18,000	18,000
27,000	Total Rentals	18,000	18,000

	Sales of Outputs to Cabinet		
1,231,200	Sales of Outputs to Cabinet	821,000	855,000
	Other Outputs		
1,231,200	Total Sales of Outputs to Cabinet	821,000	855,000

	Other Interdepartmental Revenue		
	Revenue from Ministries/Portfolios		
	Revenue from Statutory Authorities and Government Companies		
0	Total Other Interdepartmental Revenue	0	0
1,475,200	Total Goods and Services	993,000	1,035,500

Note 9: Donations

18-Month Forecast Ending Dec-17	Source	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
1,600	Donations	1,000	1,500
90,000	Fundraising	25,000	27,500
91,600	Total donations	26,000	29,000

Note 10: Personnel costs

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
530,000	Salaries, wages and allowances	374,109	399,109
92,000	Health care CINICO	33,192	35,692
	Health care other	8,196	8,196
26,500	Pension	18,567	18,567
	Leave		
5,800	Other personnel related costs	2,300	2,300
654,300	Total Personnel Costs	436,364	463,864

Note 11: Supplies and consumables

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
144,800	Supplies and Materials	166,307	174,307
186,400	Purchase of services	91,364	96,364
175,500	Lease of Property and Equipment	131,029	131,029
129,900	Utilities	60,010	65,010
50,000	General Insurance	18,274	18,274
	Interdepartmental expenses		
	Travel and Subsistence		
	Recruitment and Training		
	Other		
686,600	Total Supplies & consumables	466,984	484,984

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

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
0	Surplus/(deficit) from ordinary activities	0	0
	Non-cash movements		
223,200	Depreciation & Amortisation	115,652	115,652
	Changes in current assets and liabilities:		
	(Increase)/decrease in other current assets - Cabinet		
	(Increase)/decrease in other current assets - Statutory Agencies and Government Companies		
	(Increase)/decrease in other current assets - Ministries Portfolios		
	(Increase)/decrease in other current assets - Other		
	(Increase)/(decrease) in current liabilities - Statutory Agencies and Government Companies		
	(Increase)/(decrease) in current liabilities - Ministries Portfolios		
	(Increase)/(decrease) in current liabilities - Other		
223,200	Net cash flows from operating activities	115,652	115,652

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OWNERSHIP AGREEMENT

**BETWEEN THE
CAYMAN ISLANDS GOVERNMENT**

AND

CAYMAN ISLANDS STOCK EXCHANGE

**FOR THE 2018 FINANCIAL YEAR ENDING 31 DECEMBER 2018
AND THE 2019 FINANCIAL YEAR ENDING 31 DECEMBER 2019**

PREPARED IN ACCORDANCE WITH SECTION 50 OF THE PUBLIC MANAGEMENT AND FINANCE
LAW (2017 REVISION)

CONTENTS

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

Agreement

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Cayman Islands Stock Exchange* have agreed the *Cayman Islands Stock Exchange* will seek to achieve during the 2018 and 2019 financial years.

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

2. NATURE AND SCOPE OF ACTIVITIES

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

GENERAL NATURE OF ACTIVITIES

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

SCOPE OF ACTIVITIES

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

To operate the Exchange for the trading of securities, including the operation of an electronic trading platform and related trading and clearance tracking processes and the operation of a crossing market.

- To admit persons (brokers) as Exchange members;
- To list securities on the Exchange and to appoint Listing Agents;
- To regulate listed issuers and broker members through the establishment and monitoring of Listing Rules and Membership Rules; and
- To promote listing, membership and use of the Exchange.

CUSTOMERS AND LOCATION OF ACTIVITIES

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

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Cayman Islands Stock Exchange* for the 2018 and 2019 financial years are as follows:

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2017 Revision))

FINANCIAL PERFORMANCE MEASURE	2018 Budget \$	2019 Budget \$	2016/17 18 Months Forecast \$
REVENUE FROM CABINET	-	-	-
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	-	-	-
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	2,050	2,050	3,050
OPERATING EXPENSES	1,412	1,397	2,184
NET SURPLUS DEFICIT	638	653	866
TOTAL ASSETS	3,002.5	3,166	2,857.5
TOTAL LIABILITIES	1801	181	195
NET WORTH			
	2,823	2,985	2,662
CASH FLOWS FROM OPERATING ACTIVITIES			
	643	657	900.5
CASH FLOWS FROM INVESTING ACTIVITIES			
	-	-	(6.6)
CASH FLOWS FROM FINANCING ACTIVITIES			
	(478)	(490)	(649.5)
CHANGE IN CASH BALANCES			
	164	167.5	244

FINANCIAL PERFORMANCE RATIO	2018 Budget %	2019 Budget %	2016/17 18 Months Forecast %
CURRENT ASSETS : CURRENT LIABILITIES	16.55:1	17.47:1	14.48:1
TOTAL ASSETS : TOTAL LIABILITIES	16.61:1	17.51:1	14.63:1

MAINTENANCE OF CAPABILITY

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
HUMAN CAPITAL MEASURES			
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	5	5	5
STAFF TURNOVER (%)			
SENIOR MANAGER	-	-	20.00% (equal to 1 person)
PROFESSIONAL AND TECHNICAL STAFF	-	-	-
ADMINISTRATIVE STAFF	-	-	-
SIGNIFICANT CHANGES TO PERSONNEL MANAGEMENT SYSTEM	-	-	-

	2018 Budget \$	2019 Budget \$	2016/17 18 Months Forecast \$
PHYSICAL CAPITAL MEASURES			
VALUE OF TOTAL ASSETS	3,002.5	3,165.8	2,857.5
ASSET REPLACEMENTS : TOTAL ASSETS	-	-	0.18:1
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	0.01:1	0.01:1	0.02:1
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	-	-	14.86:1
CHANGES TO ASSET MANAGEMENT POLICIES	None	None	None

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2016/17	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Loss of key personnel	Risk unchanged	Creating incentives to retain such personnel	Unquantifiable
Loss of international reputation	Risk unchanged	Active programme to maintain reputation including management of suitability of applications for listing and broker membership, monitoring of ongoing compliance with listing and membership rules and gaining and maintaining international recognitions	Potentially equal to the total assets of the Exchange
Loss of listed issuers	Risk unchanged	Establishment and maintenance of relationships with issuers and listing agents and a programme of diversification into different types of products	Loss of turnover
Inability to obtain international recognitions	Risk unchanged	Active programme to persuade international regulatory bodies to grant recognitions and diversification into different geographical markets	Unquantifiable
Loss of CUSIP agency	Risk unchanged	Programme of diversification into different business activities and growth of the core listing business	Loss of turnover

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

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

	2018 Budget \$	2019 Budget \$	2016/17 18 Months Forecast \$
OPERATING STATEMENT			
REVENUE	2,050	2,050	3,050
OPERATING EXPENSES	1,412	1,397	2,184
NET SURPLUS/DEFICIT	638	653	866

	2018 Budget \$	2019 Budget \$	2016/17 18 Months Forecast \$
BALANCE SHEET			
ASSETS	3,002	3,165	2,857
LIABILITIES	180	180	195
NET WORTH	2,822	2,985	2,662

	2018 Budget \$	2019 Budget \$	2016/17 18 Months Forecast \$
STATEMENT OF CASH FLOW			
CASH FLOWS FROM OPERATING ACTIVITIES	643	657	900.5
CASH FLOWS FROM INVESTING ACTIVITIES	-	-	(6.6)
CASH FLOWS FROM FINANCING ACTIVITIES	(478)	(490)	(649.5)

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 (2017 Revision).

TRANSACTION	AMOUNT FOR 2018 \$	AMOUNT FOR 2019 \$
Equity Investments into Cayman Islands Stock Exchange	-	-
Capital Withdrawals from Cayman Islands Stock Exchange	-	-
Dividend or Profit Distributions to be made by Cayman Islands Stock Exchange .	(478,460)	(489,850)
Government Loans to be made to Cayman Islands Stock Exchange	-	-
Government Guarantees to be issued in relation to Cayman Islands Stock Exchange	-	-
Related Party Payments (Non-Remuneration) made to Key Management Personnel ¹⁴	-	-
Remuneration¹⁵ Payments made to Key Management Personnel	487,000	487,000
Remuneration Payments made to Senior Management	487,000	487,000

DESCRIPTION	NUMBERS FOR 2018 \$	NUMBERS FOR 2019 \$
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	3	3
NUMBER OF KEY SENIOR MANAGEMENT (MD)	3	3

¹⁴ Key Management Personnel as defined by International Public Accounting Standards No 20, e.g. Minister, Board Member and Senior Management Team

¹⁵ Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

AGREEMENT

Scope of this Agreement

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

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

Procedures for Changing this Ownership Agreement

Changes to this Ownership Agreement may be made during the financial years 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 sign the amended Ownership Agreement.
- The amended Ownership Agreement will be attached to and form part of this Agreement.

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Cayman Islands Stock Exchange will seek to achieve for the 2018 and 2019 financial years and that the Cabinet will monitor performance against.



Honourable Tara Rivers, JP
Minister of Financial Services & Home Affairs
On behalf of Cabinet



Chief Executive Officer
For and on behalf of the
Chairman of the Board
Cayman Islands Stock Exchange

27 October 2017

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APPENDIX

FORECAST FINANCIAL STATEMENTS

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CAYMAN ISLANDS STOCK EXCHANGE
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2017 Revision).

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

To the best of our knowledge the statements are:

- a. Complete and reliable;
- b. Fairly reflect the forecast financial position as at 31 December 2018 and 31 December 2019 and performance for the Cayman Islands Stock Exchange for the financial years ending 31 December 2018 and 31 December 2019; and
- c. Comply with generally accepted accounting practice.

Chief Executive Officer
For and on behalf of the
Chairman of the Board
Cayman Islands Stock Exchange

27 October 2017

CAYMAN ISLANDS STOCK EXCHANGE
STATEMENT OF ACCOUNTING POLICIES / STATEMENT OF COMPLIANCE
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

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

Cash and Cash Equivalents

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

Revenue Recognition

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

Accounts Receivable

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

Translation of Foreign Currencies

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

Depreciation

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

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

Fair value of financial instruments

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

Critical Accounting Judgement and Key Source of Estimation Uncertainty

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates are continually evaluated and based on historical experience and other factors including expectation of future events that are believed to be reasonable under circumstances. The key areas of judgment or estimation are with regard to recoverability of accounts receivable. Accounts receivable are considered to be recoverable in full by the Company after taking into consideration the age of the receivable, the financial stability of the debtors and the post year end receipts to the date of the report.

**CAYMAN ISLANDS STOCK EXCHANGE
FORECAST STATEMENT OF FINANCIAL POSITION
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019**

18-Month Forecast Ending Dec-17	STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER	Notes	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Current Assets			
2,338,413	Cash and cash equivalents	1	2,502,891	2,670,468
462,295	Trade receivables	2	462,295	462,295
26,600	Prepayments	3	26,600	26,600
2,827,308	Total Current Assets		2,991,786	3,159,363
	Non-Current Assets			
13,192	Property, plant and equipment	4	7,253	4,266
17,053	Intangible assets	5	3,499	2,187
30,245	Total Non-Current Assets		10,752	6,453
2,857,553	Total Assets		3,002,538	3,165,816
	Current Liabilities			
153,730	Trade payables	6	139,241	139,241
41,569	Employee entitlements	7	41,569	41,569
195,299	Total Current Liabilities		180,810	180,810
2,662,254	Net Assets		2,821,728	2,985,006
	NET WORTH			
2,662,254	Accumulated surpluses/(deficits)		2,821,728	2,985,006
2,662,254	Total Net Worth		2,821,728	2,985,006

**CAYMAN ISLANDS STOCK EXCHANGE
FORECAST STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019**

18-Month Forecast Ending Dec-17	STATEMENT OF FINANCIAL PERFORMANCE AS AT 31 DECEMBER 2018 AND 31 DECEMBER 2019	Notes	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Revenue			
3,050,415	Sale of goods and services	8	2,050,178	2,050,178
3,050,415	Total Revenue		2,050,178	2,050,178
	Expenses			
1,101,970	Purchase of property, plant and equipment	4	799,175	799,175
994,560	Supplies and consumables	10	593,576	593,576
87,792	Depreciation and amortisation	4	19,493	4,299
2,184,322	Total Expenses		1,412,244	1,397,050
866,093	Surplus or (Deficit) for the Period		637,934	653,128

CAYMAN ISLANDS STOCK EXCHANGE
 FORECAST STATEMENT OF CASH FLOWS
 FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

18-Month Forecast Ending Dec-17	CASHFLOW STATEMENT AS AT 31 DECEMBER 2018 AND 31 DECEMBER 2019	Notes	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	CASHFLOWS FROM OPERATING ACTIVITIES			
	Receipts			
2,894,200	Sale of goods and services – third party		2,024,578	2,024,578
1,359	Interest received		1,000	1,000
28,035	Other receipts		24,600	24,600
	Payments			
(1,101,970)	Sale of goods and services – third party		(799,175)	(799,175)
(24,043)	Interest received		(7,500)	(7,500)
(897,028)	Other receipts		(600,565)	(586,076)
900,553	Net cash flows from operating activities	11	642,938	657,427
	CASHFLOWS FROM INVESTING ACTIVITIES			
(6,623)	Purchase of property, plant and equipment		-	-
(6,623)	Net cash flows from investing activities		-	-
	CASHFLOWS FROM FINANCING ACTIVITIES			
(649,570)	Repayment of Surplus/Dividends or Capital withdrawal		(478,460)	(489,850)
(649,570)	Net cash flows from investing activities		(478,460)	(489,850)
244,360	Net increase/(decrease) in cash and cash equivalents		164,478	167,577
2,094,053	Cash and cash equivalents at beginning of period		2,338,413	2,502,891
2,338,413	Cash and cash equivalents at end of period		2,502,891	2,670,468

CAYMAN ISLANDS STOCK EXCHANGE
 FORECAST STATEMENT OF CHANGES IN NET WORTH
 FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

STATEMENT OF CHANGES IN NET WORTH AS AT 31 DECEMBER 2018 AND 31 DECEMBER 2019	Accumulated Surplus/ (Deficits)	Total
Balance at 30 June 2016 brought forward	2,445,731	2,445,731
Changes in net worth for 2016/17		
Dividends payable to Cabinet	(649,570)	(649,570)
Net revenue/expenses recognised directly in net worth	(649,570)	(649,570)
Surplus/(deficit) for the period 2016/17	866,093	866,093
Total recognised revenues and expenses for the period	216,523	216,523
Balance at 31 December 2017	2,662,254	2,662,254
Balance at 31 December 2017 brought forward	2,662,254	2,662,254
Changes in net worth for 2018		
Dividends payable to Cabinet	(478,460)	(478,460)
Net revenue/expenses recognised directly in net worth	(478,460)	(478,460)
Surplus/(deficit) for the period 2018	637,934	637,934
Total recognised revenues and expenses for the period	159,474	159,474
Balance at 31 December 2018	2,821,728	2,821,728
Balance at 31 December 2018 brought forward	2,821,728	2,821,728
Changes in net worth for 2019		
Dividends payable to Cabinet	(489,850)	(489,850)
Net revenue/expenses recognised directly in net worth	(489,850)	(489,850)
Surplus/(deficit) for the period 2019	653,128	653,128
Total recognised revenues and expenses for the period	163,278	163,278
Balance at 31 December 2019	2,985,006	2,985,006

CAYMAN ISLANDS STOCK EXCHANGE
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Note 1: Cash and cash equivalents

18-Month Forecast Ending Dec-17		12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
200	Cash on hand	200	200
647,119	CI\$ Account	647,119	647,119
1,043,354	US\$ Account	1,207,832	1,375,409
600	Payroll current account	600	600
647,140	Short-term fixed deposits	647,140	647,140
2,338,413	Total	2,502,891	2,670,468

Note 2: Trade and other receivables

18-Month Forecast Ending Dec-17		12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Trade receivables		
462,295	Sale of goods and services – third party	462,295	462,295
462,295	Total	462,295	462,295

18-Month Forecast Ending Dec-17		12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Trade receivables		
	Current		
462,295	Past due 1-30 days	462,295	462,295
462,295	Total	462,295	462,295

Note 3: Prepayments

18-Month Forecast Ending Dec-17		12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Prepayments		
	Current prepayments		
26,600	Prepayments	26,600	26,600
26,600	Total	26,600	26,600

Note 4: Property, plant & equipment

Cost of property, plant & equipment

	Leasehold improvements	Furniture and Fittings	Computer Hardware	Office Equipment	Total
Balance as at 1 July 2016	145,494	114,614	132,323	51,887	444,318
Additions	-	-	5,907	-	5,907
Balance as at 31 December 2017	145,494	114,614	138,230	51,887	450,225

	Leasehold improvements	Furniture and Fittings	Computer Hardware	Office Equipment	Total
Balance as at 1 January 2018	145,494	114,614	138,230	51,887	450,225
Additions	-	-	-	-	-
Balance as at 31 December 2018	145,494	114,614	138,230	51,887	450,225

	Leasehold improvements	Furniture and Fittings	Computer Hardware	Office Equipment	Total
Balance as at 1 January 2019	145,494	114,614	138,230	51,887	450,225
Additions	-	-	-	-	-
Balance as at 31 December 2019	145,494	114,614	138,230	51,887	450,225

Accumulated depreciation and impairment losses

	Leasehold improvements	Furniture and Fittings	Computer Hardware	Office Equipment	Total
Balance as at 1 July 2016	145,494	108,543	118,344	51,622	424,003
Depreciation expense 2016/17	-	991	12,012	27	13,030
Balance as at 31 December 2017	145,494	109,534	130,356	51,649	437,033

	Leasehold improvements	Furniture and Fittings	Computer Hardware	Office Equipment	Total
Balance as at 1 January 2018	145,494	109,534	130,356	51,649	437,033
Depreciation expense 2018	-	991	4,921	27	5,939
Balance as at 31 December 2018	145,494	110,525	135,277	51,676	442,972

	Leasehold improvements	Furniture and Fittings	Computer Hardware	Office Equipment	Total
Balance as at 1 January 2019	145,494	110,525	135,277	51,676	442,972
Depreciation expense 2019	-	991	1,969	27	2,987
Balance as at 31 December 2019	145,494	111,516	137,246	51,703	445,959

Net Book Value 31 December 2017	-	5,081	7,874	237	13,192
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Net Book Value 31 December 2018	-	4,090	2,953	210	7,253
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Net Book Value 31 December 2019	-	3,099	984	183	4,266
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Note 5: Intangible Assets

Cost of intangible assets

	Computer Software	Other Intangible Assets	Total
Balance as at 1 July 2016	992,799	6,560	999,359
Additions/Transfers	-	-	-
Balance as at 31 December 2017	992,799	6,560	999,359

	Computer Software	Other Intangible Assets	Total
Balance as at 31 December 2017	992,799	6,560	999,359
Additions/Transfers	-	-	-
Balance as at 31 December 2018	992,799	6,560	999,359

	Computer Software	Other Intangible Assets	Total
Balance as at 31 December 2018	992,799	6,560	999,359
Additions/Transfers	-	-	-
Balance as at 31 December 2019	992,799	6,560	999,359

Accumulated depreciation and impairment losses

	Computer Software	Other Intangible Assets	Total
Balance as at 1 July 2016	907,106	437	907,544
Depreciation expense 2016/17	73,450	1,312	74,762
Balance as at 31 December 2017	980,556	1,749	982,306

	Computer Software	Other Intangible Assets	Total
Balance as at 31 December 2017	980,556	1,749	982,306
Depreciation expense 2018	12,242	1,312	13,554
Balance as at 31 December 2018	992,798	3,061	995,860

	Computer Software	Other Intangible Assets	Total
Balance as at 31 December 2018	992,798	3,061	995,860
Depreciation expense 2019	-	1,312	1,312
Balance as at 31 December 2019	992,798	4,373	997,172

Net Book value 31 December 2017	12,242	4,811	17,053
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Net Book value 31 December 2018	-	3,499	3,499
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Net Book value 31 December 2019	-	2,187	2,187
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Note 6: Trade Payables, Other Payables & Accruals

18-Month Forecast Ending Dec-17		12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Current trade payables, Other payables and accruals		
153,730	Creditors third party	139,241	139,241
153,730	Total	139,241	139,241

Note 7: Employee Entitlements

18-Month Forecast Ending Dec-17		12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Current employee entitlements		
41,569	Annual leave/comp-time	41,569	41,569
41,569	Total	41,569	41,569

Note 8: Sales of Goods & Services

18-Month Forecast Ending Dec-17	Revenue Type	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
3,050,415	Other goods and services revenue	2,050,178	2,050,178
3,050,415	Total Sales of Goods and Services	2,050,178	2,050,178

18-Month Forecast Ending Dec-17	Other Good and Services Revenue	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
2,424,638	Operations	1,617,512	1,617,512
593,085	Cusip	407,066	407,066
31,333	Consultancy & miscellaneous	24,600	24,600
1,359	Interest	1,000	1,000
3,050,415	Total Other Good and Services Revenue	2,050,178	2,050,178

Note 9: Personnel Costs

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
1,101,970	Salaries, wages and allowances	799,175	799,175
1,101,970	Total Personnel Costs	799,175	799,175

Note 10: Supplies and consumables

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
24,043	Supplies and materials	7,500	7,500
128,520	Lease of property and equipment	85,659	85,659
74,322	Utilities	49,548	49,548
2,474	General insurance	1,659	1,659
765,201	Other	449,210	449,210
994,560	Total Other Good and Services Revenue	593,576	593,576

Note 11: Reconciliation of net cash flows from operating activities to surplus/(deficit)

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
866,093	Surplus/(deficit) from ordinary activities	637,934	653,128
	Non-cash movements		
87,792	Depreciation and amortisation	19,493	4,299
	Changes in current assets and liabilities:		
(83,547)	(Increase)/decrease in other current assets - Other	-	-
30,215	Increase/(decrease) in other current liabilities - Other	(14,489)	-
900,553	Net Cash Flows from Operating Activities	642,938	657,427

OWNERSHIP AGREEMENT

**BETWEEN THE
CAYMAN ISLANDS GOVERNMENT**

AND

CAYMAN NATIONAL CULTURAL FOUNDATION

**FOR THE 2018 FINANCIAL YEAR ENDING 31 DECEMBER 2018
AND THE 2019 FINANCIAL YEAR ENDING 31 DECEMBER 2019**

PREPARED IN ACCORDANCE WITH SECTION 50 OF THE PUBLIC MANAGEMENT AND FINANCE LAW
(2017 REVISION)

CONTENTS

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

Agreement

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the **Cayman National Cultural Foundation** have agreed the **Cayman National Cultural Foundation** will seek to achieve during the 2018 and 2019 financial years.

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

2. NATURE AND SCOPE OF ACTIVITIES

This section outlines the nature and scope of activities within which the **Cayman National Cultural Foundation** is to operate during the 2018 and 2019 financial years.

GENERAL NATURE OF ACTIVITIES

The **Cayman National Cultural Foundation** 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 OWNERSHIP GOALS

The key strategic goals and objectives for the **Cayman National Cultural Foundation** for the 2018 and 2019 financial years are as follows:

Continue to produce meaningful cultural programming, which helps unearth, develop and promote the talents and creative potential of Caymanian artists, and shed a vivid light on the value of culture and the arts to national identity, and thereby responding to a number of the priorities within the National Culture and Heritage Policy, namely:

i. NCHPP Policy Direction 2: GOVERNANCE

Strategic Aim 3: With existing culture and heritage organisations, help to build and sustain culture and heritage programming at district to national levels;

ii. NCHPP Policy Direction 4: KNOWLEDGE

Strategic Aim 15: Encourage research to uncover, redress or celebrate hidden or under-explored aspects of Caymanian heritage;

iii. NCHPP Policy Direction 5: DEVELOPMENT

Strategic Aim 4: Identify aspects of the culture and heritage of the Cayman Islands which are underrepresented or silenced and introduce or expand efforts to recognize these aspects.

iv. NCHPP Policy Direction 5: DEVELOPMENT

Strategic Aim 2: Research, promulgate and protect traditional Caymanian sites, objects, mores and cultural practices, in particular the preservation, conservation and promotion of the Mind's Eye Heritage Site.

v. NCHPP Policy Direction 6: STATUS OF THE ARTIST

Strategic Aim 6: Encourage greater scope for international artistic exchange, including Caymanian artists' tenures, residencies and tours in the international arena, and hosting visiting artists locally.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2017 Revision) for the **Cayman National Cultural Foundation** for the 2018 and 2019 financial years are as follows.

FINANCIAL PERFORMANCE MEASURE	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
REVENUE FROM CABINET	660	660	943
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES			
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	321	321	528
OPERATING EXPENSES	1,095	1,098	1,704
NET SURPLUS DEFICIT	(118)	(114)	(233)
TOTAL ASSETS	4,503	4,389	4,629
TOTAL LIABILITIES	230	230	237
NET WORTH	4,273	4,159	4,391
CASH FLOWS FROM OPERATING ACTIVITIES	(27)	(27)	(50)
CASH FLOWS FROM INVESTING ACTIVITIES	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES	-	-	50
CHANGE IN CASH BALANCES	(27)	(27)	-

FINANCIAL PERFORMANCE RATIO	2018 Budget %	2019 Budget %	2016/17 18 Months Forecast %
CURRENT ASSETS : CURRENT LIABILITIES	2:1	2:1	2:1
TOTAL ASSETS : TOTAL LIABILITIES	20:1	19:1	19.5:1

MAINTENANCE OF CAPABILITY

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
HUMAN CAPITAL MEASURES			
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	8	8	7
STAFF TURNOVER (%)	15%	15%	33%
SENIOR MANAGER	27	28	26
PROFESSIONAL AND TECHNICAL STAFF	5	5	2
ADMINISTRATIVE STAFF	5	5	2

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
PHYSICAL CAPITAL MEASURES			
VALUE OF TOTAL ASSETS	4,503	4,389	4,629
ASSET REPLACEMENTS : TOTAL ASSETS	-	-	-
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	79%	78%	81%
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	-	-	-
CHANGES TO ASSET MANAGEMENT POLICIES	-	-	-

	2018 TARGET \$	2019 TARGET \$
MAJOR CAPITAL EXPENDITURE PROJECTS		
	NIL	NIL

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2016/17	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Nothing to Report	N/A	N/A	N/A

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

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

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
OPERATING STATEMENT			
REVENUE	981	980	1,471
OPERATING EXPENSES	1,095	1,098	1,704
NET SURPLUS/DEFICIT	(118)	(114)	(233)

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
BALANCE SHEET			
ASSETS	4,503	4,389	4,629
LIABILITIES	230	230	237
NET WORTH	4,273	4,159	4,391

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
STATEMENT OF CASH FLOW			
CASH FLOWS FROM OPERATING ACTIVITIES	(27)	(27)	(50)
CASH FLOWS FROM INVESTING ACTIVITIES	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES	-	-	50

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 (2017 Revision).

TRANSACTION	AMOUNT FOR 2018 \$	AMOUNT FOR 2019 \$
Equity Investments into Cayman National Cultural Foundation	-	-
Capital Withdrawals from Cayman National Cultural Foundation	-	-
Dividend or Profit Distributions to be made by Cayman National Cultural Foundation .	-	-
Government Loans to be made to Cayman National Cultural Foundation	-	-
Government Guarantees to be issued in relation to Cayman National Cultural Foundation	-	-
Related Party Payments (Non-Remuneration) made to Key Management Personnel ¹⁶	-	-
Remuneration¹⁷ Payments made to Key Management Personnel	\$176,112	\$176,112
Remuneration Payments made to Senior Management	\$176,112	\$176,112

¹⁶ Key Management Personnel as defined by International Public Accounting Standards No 20, e.g. Minister, Board Member and Senior Management Team

¹⁷ Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

DESCRIPTION	NUMBERS FOR 2018 \$	NUMBERS FOR 2019 \$
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	12	12
NUMBER OF KEY SENIOR MANAGEMENT (MD)	2	2

AGREEMENT

Scope of this Agreement

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

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

Procedures for Changing this Ownership Agreement

Changes to this Ownership Agreement may be made during the financial years 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 sign the amended Ownership Agreement.
- The amended Ownership Agreement will be attached to and form part of this Agreement.

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Cayman National Cultural Foundation will seek to achieve for the 2018 and 2019 financial years and that the Cabinet will monitor performance against.



Honourable Dwayne Seymour, JP
Minister of Health, Environment, Culture & Housing
On behalf of Cabinet

 (Foe)

Mr. Martyn Bould, MBE
Chairman of the Board
Cayman National Cultural Foundation

27 October 2017

APPENDIX

FORECAST FINANCIAL STATEMENTS

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**CAYMAN ISLANDS
GOVERNMENT**

**CAYMAN NATIONAL CULTURAL FOUNDATION
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019**

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2017 Revision).

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

To the best of our knowledge the statements are:

- a. Complete and reliable;
- b. Fairly reflect the forecast financial position as at 31 December 2018 and 31 December 2019 and performance for the Cayman National Cultural Foundation for the financial years ending 31 December 2018 and 31 December 2019; and
- c. Comply with generally accepted accounting practice.

A handwritten signature in blue ink, appearing to read 'M. Bould', followed by the initials '(Foe)' in parentheses. The signature is written over a horizontal line.

**Mr. Martyn Bould, MBE
Chairman of the Board
Cayman National Cultural Foundation**

27 October 2017

CAYMAN NATIONAL CULTURAL FOUNDATION
FORECAST STATEMENT OF FINANCIAL POSITION
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

18-Month Forecast Ending Dec- 17	STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018 AND 31 DECEMBER 2019	Notes	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Current Assets			
100,887	Cash and cash equivalents	1	73,691	46,495
190,558	Trade receivables	2	182,989	182,989
3,431	Prepayments	3	3,431	3,431
294,876	Total Current Assets		260,111	232,915
	Non-Current Assets			
4,333,789	Property, plant and equipment	4	4,243,177	4,155,891
4,333,789	Total Non-Current Assets		4,243,177	4,155,891
4,628,665	Total Assets		4,503,288	4,388,806
	Current Liabilities			
133,294	Other payables and accruals	5	102,196	102,196
9,000	Employee entitlements	6	9,000	9,000
142,294	Total Current Liabilities		111,196	111,196
	Non-Current Liabilities			
95,154	Other payables and accruals	5	118,684	118,684
95,154	Total Non-Current Liabilities		118,684	118,684
237,448	Total Liabilities		229,880	229,880
4,391,217	Net Assets		4,273,408	4,158,926
	NET WORTH			
3,387,305	Contributed capital		3,387,305	3,387,305
1,355,089	Other Reserves		1,355,089	1,355,089
0	Revaluation reserve		0	0
(351,178)	Accumulated surpluses/(deficits)		(468,986)	(583,468)
4,391,216	Total Net Worth		4,273,408	4,158,926

CAYMAN NATIONAL CULTURAL FOUNDATION
 FORECAST STATEMENT OF FINANCIAL PERFORMANCE
 FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

18-Month Forecast Ending Dec- 17	STATEMENT OF FINANCIAL PERFORMANCE AS AT 31 DECEMBER 2018 AND 31 DECEMBER 2019	Notes	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Revenue			
1,168,350	Sale of goods and services	7	810,000	810,000
302,457	Donations	8	170,538	170,538
1,470,807	Total Revenue		980,538	980,538
	Expenses			
686,638	Personnel costs	9	467,706	467,706
881,537	Supplies and consumables	10	540,028	540,028
135,918	Depreciation and Amortisation	4	90,612	87,286
1,704,093	Total Expenses		1,098,346	1,095,020
(233,286)	Surplus or (Deficit) for the period		(117,808)	(114,482)

CAYMAN NATIONAL CULTURAL FOUNDATION
FORECAST STATEMENT OF CASH FLOWS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

18-Month Forecast Ending Dec- 17	CASH FLOW STATEMENT AS AT 31 DECEMBER 2018 AND 31 DECEMBER 2019	Notes	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	CASH FLOWS FROM OPERATING ACTIVITIES			
	<i>Receipts</i>			
943,350	Sale of goods and services to Cabinet		660,000	660,000
225,000	Sale of goods and services - third party		150,000	150,000
302,457	Donations / Grants		170,538	170,538
	<i>Payments</i>			
(686,637)	Personnel costs		(467,706)	(467,706)
(784,170)	Supplies and consumables - Ministries/Portfolios		(540,028)	(540,028)
(50,000)	Other payments			
(50,000)	Net cash flows from operating activities	11	(27,196)	(27,196)
	CASH FLOWS FROM INVESTING ACTIVITIES			
0	Net cash flows from investing activities		0	0
	CASH FLOWS FROM FINANCING ACTIVITIES			
50,000	Equity Investment from Cabinet			
50,000	Net cash flows from financing activities		0	0
0	Net increase/(decrease) in cash and cash equivalents		(27,196)	(27,196)
100,887	Cash and cash equivalents at beginning of period		100,887	73,691
100,887	Cash and cash equivalents at end of period		73,691	46,495

**CAYMAN NATIONAL CULTURAL FOUNDATION
FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019**

	Contributed Capital	Other Reserves	Revaluation Reserve	Accumulated Surplus/ (deficits)	Total
Balance at 30 June 2016 brought forward	3,387,305	1,355,089		(117,892)	4,624,502
Prior Year Adjustments					
Changes in accounting policy					0
Accounting Errors					0
Restated balance 30 June 2016	3,387,305	1,355,089	0	(117,892)	4,624,502
Changes in net worth for 2016/17					
Gain/(loss) on property revaluation					0
Gain/(loss) on revaluation of investments					0
Exchange differences on translating foreign operations					0
Equity Investment from Cabinet					0
Capital withdrawals by Cabinet					0
Dividends payable to Cabinet					0
Net revenue / expenses recognised directly in net worth	0	0	0	0	0
Surplus/(deficit)for the period 2016/17				(233,286)	(233,286)
Total recognised revenues and expenses for the period	0	0	0	(233,286)	(233,286)
Balance at 31 December 2017	3,387,305	1,355,089	0	(351,178)	4,391,216
Balance at 31 December 2017 brought forward	3,387,305	1,355,089	0	(351,178)	4,391,216
Prior Year Adjustments					
Changes in accounting policy					0
Accounting Errors					0
Restated balance 31 December 2017	3,387,305	1,355,089	0	(351,178)	4,391,216
Changes in net worth for 2018					
Gain/(loss) on property revaluation					0
Gain/(loss) on revaluation of investments					0
Exchange differences on translating foreign operations					0

Equity Investment from Cabinet					0
Capital withdrawals by Cabinet					0
Dividends payable to Cabinet					0
Net revenue / expenses recognised directly in net worth	0	0	0	0	0
Surplus/(deficit)for the period 2018				(117,808)	(117,808)
Total recognised revenues and expenses for the period	0	0	0	(117,808)	(117,808)
Balance at 31 December 2018 carried forward	3,387,305	1,355,089	0	(468,986)	4,273,408
	Contributed Capital	Other Reserves	Revaluation Reserve	Accumulated Surplus/ (deficits)	Total
Balance at 31 December 2018 brought forward	3,387,305	1,355,089	0	(468,986)	4,273,408
Prior Year Adjustments					
Changes in accounting policy					0
Accounting Errors					0
Restated balance 31 December 2018	3,387,305	1,355,089	0	(468,986)	4,273,408
Changes in net worth for 2019					
Gain/(loss) on property revaluation					0
Gain/(loss) on revaluation of investments					0
Exchange differences on translating foreign operations					0
Equity Investment from Cabinet					0
Capital withdrawals by Cabinet					0
Dividends payable to Cabinet					0
Net revenue / expenses recognised directly in net worth	0	0	0	0	0
Surplus/(deficit)for the period 2019				(114,482)	(114,482)
Total recognised revenues and expenses for the period	0	0	0	(114,482)	(114,482)
Balance at 31 December 2019	3,387,305	1,355,089	0	(583,468)	4,158,926

CAYMAN NATIONAL CULTURAL FOUNDATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Note 1: Cash and cash equivalents

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec- 18	12-Month Budget Ending Dec- 19
	Cash on hand		
	Cash in transit		
65,565	CI\$ Account	38,369	11,173
21,112	US\$ Account	21,112	21,112
	Bank Overdraft		
	Payroll Current Account		
	Bank Accounts held at other financial institutions		
14,210	Short-Term Fixed Deposits	14,210	14,210
100,887	TOTAL	73,691	46,495

Note 2: Trade and other receivables

18-Month Forecast Ending Dec-17	Trade Receivables	12-Month Budget Ending Dec- 18	12-Month Budget Ending Dec- 19
165,558	Sale of goods and services to Cabinet	157,225	157,225
	Sale of goods and services to Ministries/Portfolios		
	Sale of goods and services to Statutory Agencies and Government Companies		
	Sale of goods and services - third party		
25,000	Other	25,764	25,764
	Less: provision for doubtful debts (Enter -ve number)		
190,558	Total trade receivables	182,989	182,989

18-Month Forecast Ending Dec-17	Trade Receivables	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Current		
190,558	Past due 1-30 days	182,989	182,989
	Past due 31-60 days		
	Past due 61-90 days		
	Past due 90 and above		
	Non-Current		
	Past due 1 year and above		
190,558	Total	182,989	182,989

Note 3 Prepayments

18-Month Forecast Ending Dec-17	Prepayments	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Current Prepayments		
3,431	Description	3,431	3,431
3,431	Prepayments - Current	3,431	3,431
	Non-Current Prepayments		
	Description		
0	Prepayments -Non-Current	0	0
3,431	Total Prepayments	3,431	3,431

Note 4: Property, plant & equipment

Cost of Property, plant & equipment

	<i>Land</i>	<i>Buildings and Leasehold</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Motor Vehicles</i>	<i>Other assets</i>	<i>Total</i>
Balance as at 1 July 2016	963,151	3,767,820	227,406	64,527	23,611	300,255	5,346,770
Additions							0
Disposals and Derecognition							0
Revaluation							0
Transfers							0
Balance as at 31 December 2017	963,151	3,767,820	227,406	64,527	23,611	300,255	5,346,770

	<i>Land</i>	<i>Buildings and Leasehold</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Motor Vehicles</i>	<i>Other assets</i>	<i>Total</i>
Balance as at 1 January 2018	963,151	3,767,820	227,406	64,527	23,611	300,255	5,346,770
Additions							0
Disposals and Derecognition							0
Revaluation							0
Transfers							0
Balance as at 31 December 2018	963,151	3,767,820	227,406	64,527	23,611	300,255	5,346,770

	<i>Land</i>	<i>Buildings and Leasehold</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Motor Vehicles</i>	<i>Other assets</i>	<i>Total</i>
Balance as at 1 January 2019	963,151	3,767,820	227,406	64,527	23,611	300,255	5,346,770
Additions							0
Disposals and Derecognition							0
Revaluation							0
Transfers							0
Balance as at 31 December 2019	963,151	3,767,820	227,406	64,527	23,611	300,255	5,346,770

Accumulated Depreciation and impairment losses

	<i>Land</i>	<i>Buildings and Leasehold</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Motor Vehicles</i>	<i>Other assets</i>	<i>Total</i>
Balance as at 1 July 2016		663,675	136,334	53,443	23,611		877,063
Transfers							0
Impairment Reserve 2016/17 (closing balance)							0
Depreciation Expense 2016/17		113,034	16,708	6,176			135,918
Eliminate on Disposal or Derecognition 2016/17							0
Balance as at 31 December 2017	0	776,709	153,042	59,619	23,611	0	1,012,981

	<i>Land</i>	<i>Buildings and Leasehold</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Motor Vehicles</i>	<i>Other assets</i>	<i>Total</i>
Balance as at 1 January 2018	0	776,709	153,042	59,619	23,611	0	1,012,981
Transfers							0
Impairment change 2018							0
Depreciation Expense 2018		75,356	11,139	4,117			90,612
Eliminate on Disposal or Derecognition 2018							0
Balance as at 31 December 2018	0	852,065	164,181	63,736	23,611	0	1,103,593

	<i>Land</i>	<i>Buildings and Leasehold</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Motor Vehicles</i>	<i>Other assets</i>	<i>Total</i>
Balance as at 1 January 2019	0	852,065	164,181	63,736	23,611	0	1,103,593
Transfers							0
Impairment change 2019							0
Depreciation Expense 2019		75,356	11,139	791			87,286
Eliminate on Disposal or Derecognition 2019							0
Balance as at 31 December 2019	0	927,421	175,320	64,527	23,611	0	1,190,879

Net Book value 31 December 2017	963,151	2,991,111	74,364	4,908	0	300,255	4,333,789
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Net Book value 31 December 2018	963,151	2,915,755	63,225	791	0	300,255	4,243,177
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Net Book value 31 December 2019	963,151	2,840,399	52,086	0	0	300,255	4,155,891
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Note 5: Trade payables, other payables & Accruals

18-Month Forecast Ending Dec-17		12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Current Trade payables other payables and accruals		
	Creditors Third party		
	Creditors Ministries/Portfolios		
	Creditors other Statutory Agencies and Government Companies		
	Payroll Deductions		
	Operating Lease		
	Accrued Expenses		
133,294	Other payables	102,196	102,196
	Dividends/Surplus Payable		
133,294	Trade payables other payables and accruals - Current	102,196	102,196
	Non-Current Trade payables other payables and accruals		
	Creditors Third party		
	Creditors Ministries/Portfolios		
	Creditors other Statutory Agencies and Government Companies		
	Payroll Deductions		
	Operating Lease		
	Accrued Expenses		
95,154	Other payables	118,684	118,684
	Dividends/Surplus Payable		
95,154	Trade payables other payables and accruals - Non-Current	118,684	118,684
228,448	Total trade payables other payables and accruals	220,880	220,880

Note 6: Employee entitlements

18-Month Forecast Ending Dec-17		12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	<i>Current employee entitlements</i>		
9,000	Annual Leave/Comp-time	9,000	9,000
9,000	Total current portion	9,000	9,000
	<i>Non-current employee entitlements</i>		
0	Total non-current portion	0	0
9,000	Total employee entitlements	9,000	9,000

Note 7: Sales of Goods & Services

18-Month Forecast Ending Dec-17	Revenue type	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
0	Fees and Charges	0	0
135,000	General Sales	90,000	90,000
90,000	Rentals	60,000	60,000
0	Other Goods & Services Revenue	0	0
943,350	Sale of goods and services to Cabinet	660,000	660,000
0	Sale of goods and services to Other Ministries and Portfolios	0	0
1,168,350	Total sales of goods and services	810,000	810,000

18-Month Forecast Ending Dec-17	General Sales	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
135,000	(e.g.,xxxxxx yyyyyy)	90,000	90,000
135,000	Total General Sales	90,000	90,000

18-Month Forecast Ending Dec-17	Rentals	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
90,000	(e.g.,xxxxxx yyyyyy)	60,000	60,000
90,000	Total Rentals	60,000	60,000

	Sales of Outputs to Cabinet		
943,350	Sales of Outputs to Cabinet	660,000	660,000
	Other Outputs		
943,350	Total Sales of Outputs to Cabinet	660,000	660,000

	Other Interdepartmental Revenue		
	Revenue from Ministries/Portfolios		
	Revenue from Statutory Authorities and Government Companies		
0	Total Other Interdepartmental Revenue	0	0
1,168,350	Total Goods and Services	810,000	810,000

Note 8: Donations

18-Month Forecast Ending Dec-17	Source	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
302,457	Description	170,538	170,538
302,457	Total donations	170,538	170,538

Note 9: Personnel costs

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
585,440	Salaries, wages and allowances	400,241	400,241
71,363	Health care other	47,575	47,575
29,835	Pension	19,890	19,890
686,638	Total Personnel Costs	467,706	467,706

Note 10: Supplies and consumables

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
703,643	Supplies and Materials	421,432	421,432
82,500	Utilities	55,000	55,000
93,294	General Insurance	62,196	62,196
2,100	Travel and Subsistence	1,400	1,400
881,537	Total Supplies & consumables	540,028	540,028

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

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
(233,286)	Surplus/(deficit) from ordinary activities	(117,808)	(114,482)
	Non-cash movements		
135,918	Depreciation & Amortisation	90,612	87,286
0	Impairment	0	0
0	(Gain)/losses on sale of property plant and equipment	0	0
0	(Gain) / loss on derecognition and revaluation of assets	0	0
	Other Non-cash movement		
	Changes in current assets and liabilities:		
	(Increase)/decrease in other current assets - Cabinet		
	(Increase)/decrease in other current assets - Statutory Agencies and Government Companies		
	(Increase)/decrease in other current assets - Ministries Portfolios		
	(Increase)/decrease in other current assets - Other		
	(Increase)/(decrease) in current liabilities - Statutory Agencies and Government Companies		
	(Increase)/(decrease) in current liabilities - Ministries Portfolios		
	(Increase)/(decrease) in current liabilities - Other		
(97,368)	Net cash flows from operating activities	(27,196)	(27,196)

OWNERSHIP AGREEMENT

**BETWEEN THE
CAYMAN ISLANDS GOVERNMENT**

AND

**CAYMAN TURTLE CONSERVATION AND EDUCATION
CENTRE LIMITED**

FOR THE 2018 FINANCIAL YEAR ENDING 31 DECEMBER 2018

AND THE 2019 FINANCIAL YEAR ENDING 31 DECEMBER 2019

PREPARED IN ACCORDANCE WITH SECTION 50 OF THE PUBLIC MANAGEMENT AND FINANCE LAW
(2017 REVISION)

CONTENTS

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

Agreement

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Cayman Turtle Conservation and Education Centre Limited* have agreed the *Cayman Turtle Conservation and Education Centre Limited* will seek to achieve during the 2018 and 2019 financial years.

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

2. NATURE AND SCOPE OF ACTIVITIES

This section outlines the nature and scope of activities within which the Cayman Turtle Conservation and Education Centre Ltd is to operate during the 2018 and 2019 financial years.

GENERAL NATURE OF ACTIVITIES

The Cayman Turtle Conservation and Education Centre Ltd activities involve the rearing of marine turtles for conservation, research and education reasons, as well as the supply of turtle meat to the resident population as a means of minimising poaching of turtles from the wild. From its early days, the facility also doubled as a tourist attraction, including a gift shop. Commencing in fiscal year 2004, the “Boatswain’s 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 restaurant with a bar. The major portion of the company’s revenues is derived from the tourist attraction components of the business. In 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. The official company name was changed from “Cayman Turtle Farm (1983) Ltd.” to “Cayman Turtle Conservation and Education Centre Ltd.” in 2017 following Cabinet approval. Its conservation, education, research and tourist attraction functions now trade as “Cayman Turtle Centre: Island Wildlife Encounter” (hereinafter referred to as “CTC”). Turtle meat products are sold under the trade name “Cayman Turtle Products”.

SCOPE OF ACTIVITIES

The scope of Cayman Turtle Conservation and Education Centre Ltd activities is as follows:

- Conservation of sea turtles, with education and research on those and other related animals;
- 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 restaurant and bar;
- Hosting of events;
- Sale of farmed green sea turtle meat to the local population, which contributes significantly to sea turtle conservation by eliminating the need to take turtles from the wild to sustain those popular traditions, and in turn enables sustenance of popular local culinary traditions without the need to negatively impact wild turtle populations.;
- Leasing of space to another marine park facility offering dolphin encounters.

CUSTOMERS AND LOCATION OF ACTIVITIES

The revenue-earning services provided by Cayman Turtle Conservation and Education Centre Ltd. are provided mainly to tourists, as well as residents. All services are provided in Grand Cayman, the main site being at 786 North West Point Road, West Bay, Grand Cayman. Turtle meat sales, aimed at satisfying the demand from residents and local restaurants, take place at the company’s site across the street, 825 North West Point Road, West Bay, Grand Cayman.

The largest portion of revenues of Cayman Turtle Conservation and Education Centre Ltd. are derived from sale of admission to the park, the majority of this being as the main feature of an “island tour” shore excursion, the primary customers of which are day-visitors arriving on cruise ships. Other important customer segments

for park admissions are stay-over visitors, and residents.

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

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

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

Customer segments for turtle meat products are individual residents, and local restaurants.

In keeping with the CITES conventions and related regulations, products derived from sea turtles cannot be exported.

The tenant for the dolphinarium which is on the company's property adjacent to the car park across the street from the main site is Dolphin Discovery (Cayman) Ltd. That same company currently owns both dolphinariums in Grand Cayman.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Cayman Turtle Conservation and Education Centre Limited* for the 2018 and 2019 financial years are as follows:

Turtle Conservation & Ecotourism

- Continue annual releases of “head-started” sea turtles into the wild:
 - Pre-release quarantine tests and protocols to be sustained to continue to support clinical health status of “head-started” turtles for release;
 - Collaborate with beach-front tourist accommodation properties in Grand Cayman, Cayman Brac and Little Cayman as sites for turtle release events in various months and seasons of the year, so as to:
 - Create new eco-tourism products and promotional opportunities, thereby supporting development and enhancement of our country’s tourism industry;
 - Encourage properties to implement “turtle-friendly” beach-front lighting, beach grooming, and beach furniture placement thereby enhancing the likelihood and success rate of sea turtles attempting to nest on tourist-zone beaches;
- Continue annual translocations of captive-bred sea turtle eggs into the wild:
 - Collaborate with beach-front tourist accommodation properties in Grand Cayman, Cayman Brac and Little Cayman as sites for turtle nest implantation and hatchling emergence events using translocated captive-bred sea turtle eggs during turtle breeding season each year, so as to:
 - Create new eco-tourism products and promotional opportunities, thereby supporting development and enhancement of our country’s tourism industry;
 - Encourage properties to implement “turtle-friendly” beach-front lighting, beach grooming, and beach furniture placement thereby enhancing the likelihood and success rate of sea turtles attempting to nest on tourist-zone beaches;
- Thereby release a combined total of at least 500 sea turtle hatchlings and “head-starts” per annum into Cayman Islands waters.
- Develop, document and implement strategies aimed at restoring endangered indigenous sea turtle species.
- **SPS alignment:** *These initiatives contribute to achievement of:*
 - 2018 and 2019 SPS Broad Outcome 1: A Strong Economy to Help Families and Businesses
 - *b) Implement a new National Tourism Plan;*
 - *f) Develop and implement sector-based plans that support the diversification of the Caymanian economy;*

- *g) Develop and implement area-based plans that support economic growth across Grand Cayman and the Sister Islands;*
- 2018 and 2019 SPS Broad Outcome 7: Ensuring Caymanians Benefit from a Healthy Environment
- *This also supports continued achievement of 2016/17 SPS Broad Outcome 10: Conservation of our biological diversity and ecologically sustainable development; and more specifically Outcome 10(b): Contribute to the conservation of sea turtles in the wild around the Cayman Islands, by resuming annual releases of turtles ...*

Turtle Conservation & Cultural Traditions

- Contribute to the conservation of sea turtles in the wild around the Cayman Islands, and to sustaining local culinary traditions practiced by residents, by making available from self-sustaining closed-cycle farming a stock of green sea turtle meat for local consumption thus suppressing the risk of turtles being poached from the wild.
 - Production Rate: Maintain turtle meat products production capacity of at least 40,000 pounds per annum (equivalent to at least approx. 900 turtles per annum), unless and until demand for such products is reduced below that level.
- **SPS alignment:** *This program contributes to achievement of:*
 - 2018 and 2019 SPS Broad Outcome 7: Ensuring Caymanians Benefit from a Healthy Environment
- *This also supports continued achievement of 2016/17 SPS Broad Outcome 10: Conservation of our biological diversity and ecologically sustainable development; and more specifically Outcome 10(b): Contribute to the conservation of sea turtles in the wild around the Cayman Islands...*

Research & Education

- Continue participation in research on sea turtles in-house and in collaboration with overseas researchers.
- Host students from local and overseas schools, educating them on sea turtles and other island wildlife.
 - Host at least 2,000 students and chaperones per year.
 - Host interns where possible.
 - Host Masters and PhD level university students conducting research where possible.
- **SPS alignment:** *This program contributes to achievement of:*
 - 2018 and 2019 SPS Broad Outcome 3: The Best Education Opportunities for All Our Children, and in particular
 - *f) Invest in programmes that support improved attainment in academic disciplines at all levels with a key focus on ... science ...*

- *This also supports continued achievement of 2016/17 SPS Broad Outcome 7: A centre of excellence in education*

Tourist Attraction

- Provide a high-quality attraction for visitors to Grand Cayman offering display and interaction with sea turtles and other island wildlife.
 - Sustain CTC admission market shares of stay-over and cruise visitors above 10% of visitors per annum in each category.
- Collaborate with other entities and entrepreneurs in the tourism industry to offer visitors “packages” incorporating a visit to CTC together with other products and services (e.g. transportation, visits to other attractions) thereby producing additional positive impact on the islands’ economy and employment.
 - Maintain and develop relations with tour bus companies, watersports companies, other attractions and other tourism service providers to offer “combination” packages for cruise shore excursions.
 - Maintain relations with independent car rental companies, hotels and tourist condos to promote CTC visitation by stay-over visitors, through admission discount offers.
 - Maintain relations with taxis that have a high percentage of tourist clientele, to promote visitation to CTC by offering CTC admission discount vouchers to their patrons.
 - Further develop relations for cross-promotion with Cayman Airways:
 - Conduct cross-promotion on social media and CTC admission discount to visitors on presentation of Cayman Airways boarding pass stubs
 - Offer CTC admission passes as prizes for in-flight “competitions”/raffles on inbound Cayman Airways flights from international gateways
- **SPS alignment:** *These initiatives contribute to achievement of:*
 - 2018 and 2019 SPS Broad Outcome 1: A Strong Economy to Help Families and Businesses
 - 2018 and 2019 SPS Broad Outcome 2: Achieving Full Employment - Jobs for All Caymanians
 - *This also supports continued achievement of 2016/17 SPS Outcome 1 (d): Encourage collaboration between the Cayman Turtle Centre and other local attractions, with entities and entrepreneurs in the tourism industry (such as tour bus companies, watersports companies, hotels) to offer visitors “packages” thereby producing additional positive impact on the island’s economy and employment*
- Revenue goals:
 - Tours:
 - Increase CTC admissions sold to “stay-over” guests by at least a factor of 50% of the

percentage increase in air arrivals per annum (Year-on-Year for the fiscal period).

- Gift Shop:
 - Increase Retail (gift shop sales) Contribution per annum by at least a factor of 50% of the same percentage as annual increase in cruise tourist arrivals (Year-on-Year for the fiscal period).
- Food & Beverage:
 - Increase F&B Contribution per annum by at least a factor of 50% of the same percentage as annual increase in cruise tourist arrivals (Year-on-Year for the fiscal period).
- **SPS alignment:** *These initiatives contribute to achievement of:*
 - 2018 and 2019 SPS Broad Outcome 1: A Strong Economy to Help Families and Businesses
 - 2018 and 2019 SPS Broad Outcome 2: Achieving Full Employment - Jobs for All Caymanians

Events Hosting

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

Debt reduction

- Continue reducing and extinguishing debt in accordance with the debt repayment schedule:
 - Continue quarterly bond debt payments in accordance with the schedule;
 - The bond debt to be finally paid off upon bond maturity in March 2019.
 - (*Note:* The last remaining bank loan was paid off in August 2017.)
- **SPS alignment:** *This program contributes to achievement of:*
 - 2018 and 2019 SPS Broad Outcome 8: Stable, Effective and Accountable Government

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2017 Revision) for the Cayman Turtle Conservation and Education Centre Ltd for the 2018 and 2019 financial years are as follows.

FINANCIAL PERFORMANCE MEASURE	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
REVENUE FROM CABINET	0	0	0
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	0	0	0
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	8,151	8,532	11,419
OPERATING EXPENSES	15,028	15,375	22,250
NET SURPLUS OR DEFICIT	(6,877)	(6,842)	(10,831)
TOTAL ASSETS	25,276	23,239	27,206
TOTAL LIABILITIES	7,316	2,620	10,870
NET WORTH	17,960	20,618	16,337
CASH FLOWS FROM OPERATING ACTIVITIES	(3,727)	(3,535)	(6,498)
CASH FLOWS FROM INVESTING ACTIVITIES	(1,100)	(1,100)	(1,500)
CASH FLOWS FROM FINANCING ACTIVITIES	4,979	4,964	7,385
CHANGE IN CASH BALANCES	(262)	(110)	351

FINANCIAL PERFORMANCE RATIO	2018 Budget %	2019 Budget %	2016/17 18 Months Forecast %
CURRENT ASSETS : CURRENT LIABILITIES	0.58:1	3.22:1	0.66:1
TOTAL ASSETS : TOTAL LIABILITIES	3.45:1	8.87:1	2.50:1

MAINTENANCE OF CAPABILITY

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
HUMAN CAPITAL MEASURES			
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	110	110	100
STAFF TURNOVER (%)	5%	5%	6%
SENIOR MANAGERS (avg yrs served)	6.7	6.8	7.5
PROFESSIONAL AND TECHNICAL STAFF (avg yrs served)	8.3	8.4	8.2
ADMINISTRATIVE STAFF (avg yrs served)	9.0	9.1	8.9

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
PHYSICAL CAPITAL MEASURES			
VALUE OF TOTAL ASSETS	21,650	19,556	23,647
ASSET REPLACEMENTS : TOTAL ASSETS	1.9%	1.8%	2.6%
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	1:41	1:37	1:33
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	2.11:1	2.96:1	4.17:1
CHANGES TO ASSET MANAGEMENT POLICIES	No Changes	No Changes	No Changes

	2018 TARGET \$ 000'S	2019 TARGET \$ 000'S	2016/17 18 Months Forecast \$ 000'S
MAJOR CAPITAL EXPENDITURE PROJECTS			
Animal life support system	0	0	345
Saltwater pumping station	90	0	370
Schooner freezer	0	0	100
Turtle tanks	0	300	0
Refurbishing/Rebuilding Restroom (Saltwater Lagoon)	225	0	0
MEP office/Cayman street offices and storage building	430	0	0
Multipurpose building	0	320	0
Schooners Restrooms	0	0	140
Water Park	0	200	0
Expand Quarantine Tank Area - Shading	100	0	0
Visitor and Veterinarian Centre	0	100	0
Delivery freezer van, Skid steer tractor & Tele-handler	100	30	45
Other capital projects	155	150	500

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2016/17	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Insufficient cash flows to service debt.	Not changed	<p>Obtained equity injection from Cabinet to ensure bond payments made;</p> <p>Aggressive sales and marketing strategies to increase cash flows.</p>	Undefined. Places going concern risk on operations
Insufficient operational cash flows.	Not changed	Continue to evaluate viability of different business segments and cash generating options and will make recommendations to shareholder on such suitable options.	Undefined. Places going concern risk on operations
Unable to meet licence conditions for discharge of effluents into the marine environment.	<p>The last Marine Discharge Permit was issued by the Water Authority (WA) for 24 months commencing 19th Oct 2013 expiring 31st Oct 2015, identifying four “Phases” of six months each with specified targets for each phase. The WA confirmed in writing that the 31st Oct 2014 six month milestone could be met by CTC submitting to WA for review a “final draft RFP for a performance based treatment system.”</p>	<p>CTC submitted the RFP on the deadline date 31st Oct 2014. To date (4th Oct 2017) the WA has not confirmed to CTC as to completion of the review.</p> <p>In addition, CTC submitted the application for the renewal of CTC’s Marine Discharge Permit and on 29th Oct 2015 the WA confirmed that it had “received the application for the renewal of [CTC’s] discharge permit.”</p> <p>While CTC awaits further communication from the WA, CTC continues to work cooperatively with the WA doing the various other required measurements and reporting.</p> <p>For further details see audited 30th Jun 2016 Financial Statements.</p>	Undefined.

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

A full set of forecast financial statements for Cayman Turtle Conservation and Education Centre Ltd is provided in the Appendix to this Ownership Agreement.

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
OPERATING STATEMENT			
REVENUE	8,151	8,533	11,419
OPERATING EXPENSES	15,028	15,375	22,250
NET SURPLUS/DEFICIT	(6,877)	(6,842)	(10,831)

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
BALANCE SHEET			
ASSETS	25,276	23,239	27,206
LIABILITIES	7,316	2,621	10,869
NET WORTH	17,960	20,618	16,337

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
STATEMENT OF CASH FLOW			
CASH FLOWS FROM OPERATING ACTIVITIES	(3,727)	(3,535)	(6,498)
CASH FLOWS FROM INVESTING ACTIVITIES	(1,100)	(1,100)	(1,500)
CASH FLOWS FROM FINANCING ACTIVITIES	4,979	4,964	7,385

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 (2017 Revision).

TRANSACTION	AMOUNT FOR 2018 \$	AMOUNT FOR 2019 \$
Equity Investments into Cayman Turtle Conservation and Education Centre Limited	8,500,000	9,500,000
Capital Withdrawals from Cayman Turtle Conservation and Education Centre Limited	0	0
Dividend or Profit Distributions to be made Cayman Turtle Conservation and Education Centre Limited	0	0
Government Loans to be made to Cayman Turtle Conservation and Education Centre Limited	0	0
Government Guarantees to be issued in relation to Cayman Turtle Conservation and Education Centre Limited	0	0
Related Party Payments (Non-Remuneration) made to Key Management Personnel ¹⁸	0	0
Remuneration¹⁹ Payments made to Key Management Personnel	615,744	616,532
Remuneration Payments made to Senior Management	600,000	600,000

DESCRIPTION	NUMBERS FOR 2018 \$	NUMBERS FOR 2019 \$
NUMBER OF KEY MANAGEMENT PERSONNEL (incl. BOARD)	15	15
NUMBER OF KEY SENIOR MANAGEMENT (MD)	6	6

¹⁸ Key Management Personnel as defined by International Public Accounting Standards No 20, e.g. Minister, Board Member and Senior Management Team

¹⁹ Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

AGREEMENT

Scope of this Agreement

In signing this document the Cayman Turtle Conservation and Education Centre 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 financial years only with the express and explicit agreement of both parties to the Agreement. Changes will be made in the following way:

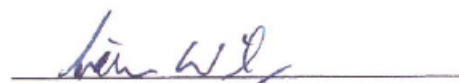
- If either party wish to change the specification of performance contained in this Ownership Agreement, they must notify the other in writing describing the changes that they wish to make.
- The other party will take no more than 15 working days to consider the proposed amendments, or such other time 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 sign the amended Ownership Agreement.
- The amended Ownership Agreement will be attached to and form part of this Agreement.

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance Cayman Turtle Conservation and Education Centre Ltd will seek to achieve for the 2018 and 2019 financial years and that the Cabinet will monitor performance against.



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



Mr. Kenneth Hydes
Chairman of the Board
Cayman Turtle Conservation and Education Centre Limited

27 October 2017

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APPENDIX

FORECAST FINANCIAL STATEMENTS

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**CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LIMITED
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019**

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2017 Revision).

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

To the best of our knowledge the statements are:

- a. Complete and reliable;
- b. Fairly reflect the forecast financial position as at 31 December 2018 and 31 December 2019 and performance for the Cayman Turtle Conservation and Education Centre Limited for the financial years ending 31 December 2018 and 31 December 2019; and
- c. Comply with generally accepted accounting practice.



Mr. Kenneth Hydes
Chairman of the Board
Cayman Turtle Conservation and Education Centre Limited

27 October 2017

CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LIMITED
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Basis of preparation

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

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

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

Cash and cash equivalents

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

Accounts receivable

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

Biological assets - Secondary herd

The secondary herd, which is reared for the purpose of selling the herd's meat and by-product to satisfy local market demand, is valued at fair value calculated using market prices and expected yields of each type of product based on historical data.

CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LIMITED
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Changes in the carrying amount attributable to physical change in such biological assets and changes attributable to price change are recognised as income or expense in the statement of comprehensive loss.

Biological assets - Breeder herd

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

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

Property, plant, equipment and exhibits

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

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

The estimated useful lives, residual values and depreciation method are reviewed at year-end and the effect of any changes in the estimate is accounted for on a prospective basis.

Cost comprises the purchase price of an asset plus any directly attributable costs of bringing the asset to working condition for its intended use such as import duties (if/when applicable), 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.

CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LIMITED
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

New and redeveloped assets are not depreciated until the assets are placed into service. Capitalized cost includes direct labour and benefits for employees specifically identified with the project. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable.

Repairs and maintenance are charged to production or overhead expenses in the statement of comprehensive loss as incurred.

Donated assets are recorded at their estimated fair value at the date of receipt.

Exhibits represent the cost of various marine life, including acquisition costs, contained within the salt water lagoons at the park. Management estimate that the total life of these marine life to be approximately 10-12 years. As the Company has acquired these marine life at a mature status in their life cycle, management have assumed that the remaining useful life for the exhibits from the date of acquisition to be approximately 4 years.

Financial assets and liabilities

(i) Classification

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset, or to exchange financial instruments with another enterprise under conditions that are potentially favourable or an equity instrument of another enterprise. A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

(ii) Recognition

The Company recognises financial assets and liabilities on the date it becomes a party to the contractual provisions of the instrument. From this date, any gains and losses arising from changes in financial liabilities measured at amortised cost are recognised in the statement of comprehensive loss.

Financial assets comprise cash and cash equivalents, accounts receivable and prepayments and accrued interest. Financial liabilities comprise bank overdraft, accounts payable, guaranteed senior notes, long term bank debt and the provisions for pensions payable and severance payable. Management determines the classification of its financial assets and liabilities at initial recognition.

CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LIMITED
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

(iii) Measurement

Financial instruments are measured initially at cost, including transaction costs. For financial assets acquired, cost is the fair value of the consideration given, while for financial liabilities cost is the fair value of consideration received. Financial assets classified as loans and receivables and financial liabilities measured at amortised cost are carried at amortised cost using the effective interest rate method, less impairment losses, if any, for financial assets.

(iv) De-recognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Company has transferred all the risks and rewards of ownership. A financial liability is derecognised when it is discharged, cancelled or expires.

(v) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Company has a legally enforceable right to set off the recognized amounts and the transactions are intended to be settled on a net basis.

(vi) Impairment

A financial asset is impaired if there is objective evidence indicating that one or more events have had a negative effect on the estimated future cash flows of that asset. The amount of the impairment loss for assets carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the financial instrument's original effective interest rate. All impairment losses are recognised in the statement of comprehensive loss.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition or development of an asset which takes a substantial period of time to ready it for its intended use are capitalised and included as part of the cost of the asset. Such costs include interest, the amortisation of discounts or premiums on issue, and amortisation of transaction costs associated with the arrangement of the borrowings. To the extent funds borrowed for the acquisition or development of a specific asset are invested on a temporary basis, the interest income is netted with the related borrowing costs to determine the amount of borrowing costs eligible for capitalisation. Capitalisation ceases when the related asset, or completed part thereof, is effectively ready for use. All other borrowing costs are expensed in the statement of comprehensive loss during the period in which they are incurred.

CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LIMITED
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Employee benefits

(a) Defined contribution pension plan

The Company's contributions are charged to the statement of comprehensive loss in the period to which the contributions relate.

(b) Defined benefit plan

Pension costs are recognised based upon the results of periodic actuarial assessments conducted in respect of the Cayman Islands Public Service Pension Plan. The cost of providing pensions is charged to the statement of comprehensive loss so as to spread the regular cost over the service lives of employees. The pension obligation is measured as the present value of the estimated future cash outflows using interest rates of government securities which have terms to maturity approximating the terms of the related liability. Actuarial gains and losses are recognised over the average remaining service lives of employees. Changes in the estimate of the amount required to fund past service pension benefits are recognised immediately when advised to the Company.

(c) Severance benefits for long-serving retired employees

Employees with over 25 years of service at retirement are entitled to an additional benefits package comprising a cash payment and payment of medical insurance premiums for a specified period. The costs of the benefits are accrued over the period of employment based on estimated valuations of these obligations determined by the Board of Directors.

Foreign currencies

The Company's transactions occur in United States dollars ("US\$") and Cayman Islands dollars ("CI\$"). The Company translates US\$ transactions into CI\$ using a rate of US\$1.00 to CI\$0.84.

Notes issued

The Guaranteed Senior Notes (the "Notes") were initially recognised at "cost", being the issue proceeds net of transaction costs incurred. The liability is subsequently stated at amortised cost and the difference between the net proceeds of the issue of the Notes and the principal amount of the Notes is amortised over the term to the maturity of the Notes using the effective yield method and accounted for in accordance with the accounting policy described under "borrowing costs". Transaction costs include those incremental fees, commissions and payments to agents and advisors that are directly attributable to the Notes issuance.

CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LIMITED
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Inventories of marketable products

Farm produced marketable products are valued at net realisable value. Products purchased for resale and food & beverage are valued at the lower of cost on the first in, first out basis, and estimated net realisable value.

Inventories of feeds and other supplies

Feed and other supplies are valued using the weighted average cost basis.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of returns, rebates and discounts. The Company sells merchandise and turtle meat and charges admission fees to customers for entry to the park. Sales of goods or services are recognised when the Company sells a product to the customer or the customer is admitted to the park. Retail sales are usually in cash or by credit card.

Comparative figures

Certain of the prior year's figures have been reclassified to conform with the current year's presentation.

Fair value of financial instruments

When measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable input).

If the inputs used to measure the fair value of an asset or liability fall in to different levels of the fair value hierarchy then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The carrying value reflected in the financial statements for cash and cash equivalents, accounts receivable, accrued interest, bank overdraft, interest payable and accounts payable are assumed to approximate to their fair values due to their short-term nature. Bank debt and notes are carried at their contracted settlement value. Additionally, the cost of all monetary assets and liabilities has been appropriately adjusted to reflect estimated losses on realisation or discounts on settlement.

CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LIMITED
FORECAST STATEMENT OF FINANCIAL POSITION
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

(expressed in Cayman Islands dollars)

	Note	2018 Budget	2019 Budget	2016/17 18 Months Forecast
Assets				
Current assets				
Cash and cash equivalents	1	733,481	853,481	613,481
Accounts receivable	2	464,495	441,270	461,076
Inventories	3	2,097,588	2,172,808	2,014,349
Prepayments and accrued interest	4	103,600	61,600	145,600
Total current assets		3,399,164	3,529,159	3,234,506
Non-current assets				
Accounts receivable	2	143,401	136,231	178,815
Property, plant, equipment and exhibits	6	21,649,545	19,555,989	23,646,930
Intangible assets	5	83,456	17,012	146,071
Total non-current assets		21,876,402	19,709,232	23,971,816
Total assets		25,275,566	23,238,391	27,206,322
Liabilities and shareholder's equity				
Current liabilities				
Bank overdraft	1	843,481	634,310	875,263
Accounts payable and accrued expenses	7	444,106	462,420	480,733
Interest payable	7	18,333	-	32,565
Notes payable	8	4,536,000	-	3,521,280
Bank debt	8	-	-	-
Total current liabilities		5,841,920	1,096,730	4,909,841
Non-current liabilities				
Long term notes payable	8	-	-	4,536,000
Long term bank debt	8	-	-	-
Pensions payable	9	1,473,772	1,523,772	1,423,772
Total non-current liabilities		1,473,772	1,523,772	5,959,772
Total liabilities		7,315,692	2,620,502	10,869,613
Shareholder's equity				
Share capital		1,250,000	1,250,000	1,250,000
- Authorised, issued and fully paid 400,000 shares of \$3 each and 50,000 shares of \$1 each				
Contributed capital	16	120,535,093	130,035,093	112,035,093
Accumulated loss	16	(103,825,219)	(110,667,204)	(96,948,384)
Total shareholder's equity		17,959,874	20,617,889	16,336,709

CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LIMITED
FORECAST STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Total liabilities and shareholder's equity		25,275,566	23,238,391	27,206,322
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(expressed in Cayman Islands dollars)

	Note	2018 Budget	2019 Budget	2016/17 18 Months Forecast
Revenue				
Sales of goods and services	10	7,387,383	7,769,028	10,338,865
Other revenue	10	763,548	763,548	1,080,493
Total revenue		8,150,931	8,532,576	11,419,358
Expenses				
Personnel costs	12	4,124,961	4,331,209	6,026,656
Supplies and consumables	13	7,272,805	7,583,352	10,615,607
Depreciation and amortisation	14	3,160,000	3,260,000	4,590,000
Finance costs & overdraft interest	15	450,000	150,000	968,000
Other operating expenses		50,000	50,000	50,000
Total expenses		15,027,766	15,374,561	22,250,263
Surplus/(deficit) for the period		(6,876,835)	(6,841,985)	(10,830,905)

CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LIMITED
FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

(expressed in Cayman Islands dollars)

	Share Capital	Contributed capital	Accumulated Loss	Total
Balance at June 30, 2016	1,250,000	98,220,631	(86,117,479)	13,353,152
Capital contribution from shareholder	-	13,814,462	-	13,814,462
Net loss for the year	-	-	(10,830,905)	(10,830,905)
Balance at December 31, 2017	1,250,000	112,035,093	(96,948,384)	16,336,709
Capital contribution from shareholder	-	8,500,000	-	8,500,000
Net loss for the year	-	-	(6,876,835)	(6,876,835)
Balance at December 31, 2018	1,250,000	120,535,093	(103,825,219)	17,959,874
Capital contribution from shareholder	-	9,500,000	-	9,500,000
Net loss for the year	-	-	(6,841,985)	(6,841,985)
Balance at December 31, 2019	1,250,000	130,035,093	(110,667,204)	20,617,889

CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LIMITED
FORECAST CASH FLOW STATEMENT
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

(expressed in Cayman Islands dollars)

	Note	2018 Budget	2019 Budget	2016/17 18 Months Forecast
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Sale of outputs (goods and services) to others	10	7,387,383	7,769,028	10,338,865
Change in fair value of biological assets	10	763,548	763,548	1,080,493
Change in fair value of defined benefit liability		(50,000)	(50,000)	(50,000)
Payments				
Personnel costs	12	(4,124,961)	(4,331,209)	(6,026,656)
Suppliers	13	(7,272,805)	(7,583,352)	(10,615,607)
Interest paid	15	(420,000)	(150,000)	(968,000)
(Increase)/decrease in biological assets		(69,415)	(69,413)	(98,227)
(Increase)/decrease in accounts receivable		31,995	30,395	33,678
(Increase)/decrease in inventories		(13,825)	(5,807)	(138,254)
(Increase)/decrease in prepayments		42,000	42,000	169,234
Increase/(decrease) in interest payable		(14,232)	(18,333)	(19,956)
Increase/(decrease) in accounts payable and accruals		(36,627)	18,314	(253,416)
Increase/(decrease) in defined benefit liability		50,000	50,000	50,000
Net cash flows from operating activities	17	(3,726,939)	(3,534,829)	(6,497,845)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	6/14	(1,100,000)	(1,100,000)	(1,500,000)
Net cash flows from investing activities		(1,100,000)	(1,100,000)	(1,500,000)
CASH FLOWS FROM FINANCING ACTIVITIES				
Equity investment from cabinet	16	8,500,000	9,500,000	13,814,462
Repayment of borrowings	8	(3,521,280)	(4,536,000)	(6,429,030)
Net cash flows from financing activities		4,978,720	4,964,000	7,385,432
Net increase/(decrease) in cash and cash equivalents				
		151,781	329,171	(612,413)
Cash and cash equivalents at beginning of period	9	(261,781)	(110,000)	350,632
Cash and cash equivalents at end of period	9	(110,000)	219,171	(261,781)

CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LIMITED
STATEMENT OF ACTUAL COMMITMENTS & ACTUAL CONTINGENT LAIBILITIES
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

(expressed in Cayman Islands dollars)

AS AT 31 December 2018 & 2019	2018 Budget	2019 Budget	2016/17 18 Months 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	-	-	-
Guarantees			
Item 1 heading	-	-	-
Item 1 description	-	-	-
Item 2 heading	-	-	-
Item 2 description	-	-	-
Total quantifiable guarantees	-	-	-
Legal proceedings and disputes			
Item 1 heading	-	-	-
Item 1 description	-	-	-
Total legal proceedings and disputes	-	-	-
Other contingent liabilities			
Item 1 heading	-	-	-
Item 1 description	-	-	-
Item 2 heading	-	-	-
Item 2 description	-	-	-
Total other contingent liabilities	-	-	-

CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LIMITED
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

(expressed in Cayman Islands dollars)

	2018	2019	2016/17
	Budget	Budget	18 Months
			Forecast
1. CASH AND CASH EQUIVALENTS			
Cash on hand (including petty cash)	733,481	853,481	613,481
Bank overdrafts	(843,481)	(634,310)	(875,263)
Total cash and cash equivalents	(110,000)	219,171	(261,782)
2. ACCOUNTS RECEIVABLE			
Sale of outputs (goods and services) to others	636,388	605,993	668,388
Less provision for doubtful debts	(28,492)	(28,492)	(28,492)
Total net accounts receivable	607,896	577,501	639,891
Accounts receivable maturity schedule			
Not later than one year	464,495	441,270	461,076
Later than one year and not later than 2 Years	143,401	136,231	178,815
Later than 2 Years and not later than 5 Years	-	-	-
Later than 5 Years	-	-	-
Total	607,896	577,501	639,891
3. INVENTORIES			
Consumable stores	1,807,254	1,876,668	1,737,841
Inventory – Live stock	290,334	296,140	276,508
Total inventories	2,097,588	2,172,808	2,014,349
4. PREPAYMENTS			
Conservation – Science writer	84,000	42,000	126,000
Marketing, admin and accounting	19,600	19,600	19,600
Total prepayments	103,600	61,600	145,600
5. INTANGIBLE ASSETS			
Cost or opening valuation – Computer software	446,678	456,678	436,678
Accumulated depreciation	(363,222)	(439,666)	(290,607)
Total net book value	83,456	17,012	146,071

CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LIMITED
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

(expressed in Cayman Islands dollars)

	2018 Budget	2019 Budget	2016/17 18 Months Forecast
6. PROPERTY, PLANT AND EQUIPMENT			
Cost or opening valuation			
Land	1,251,349	1,251,349	1,251,349
Buildings	50,501,241	51,461,241	49,696,241
Vehicles	605,426	635,426	505,426
Furniture & fittings	1,217,849	1,237,849	1,217,849
Plant and equipment	3,438,156	3,468,156	3,323,156
Computer hardware	783,054	833,054	733,054
Other assets	682,787	692,787	672,787
Total cost or valuation	58,489,862	59,579,862	57,399,862
Accumulated depreciation			
Buildings	31,340,017	34,046,379	28,766,820
Vehicles	435,836	506,476	378,706
Furniture & fittings	1,185,186	1,199,349	1,166,123
Plant and equipment	2,507,832	2,832,315	2,155,845
Computer hardware	697,646	762,221	613,305
Other assets	673,800	677,133	672,133
Total depreciation	36,840,317	40,023,873	33,752,932
Net book value			
Land	1,251,349	1,251,349	1,251,349
Buildings	19,161,224	17,414,862	20,929,421
Vehicles	169,590	128,950	126,720
Furniture & fittings	42,663	38,500	51,726
Plant and equipment	930,324	635,841	1,167,311
Computer hardware	85,408	70,833	119,749
Other assets	8,987	15,654	654
Total net book value	21,649,545	19,555,989	23,646,930

CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LIMITED
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

(expressed in Cayman Islands dollars)

	2018	2019	2016/17
	Budget	Budget	18 Months
			Forecast
7. ACCOUNTS PAYABLE			
Creditors	444,106	462,420	480,733
Operating lease rental	-	-	-
Accrued expenses (short term portion)	-	-	-
Other accounts payable	18,333	-	32,565
Total accounts payable	462,439	462,420	513,298
8. BORROWINGS			
Maturity profile as at 31 December year at book values.			
Outstanding debt			
Local Currency debt			
Not later than one year	-	-	-
Between one and two years	-	-	-
Between two and five years	-	-	-
Later than five Years	-	-	-
Total local currency debt	-	-	-
Foreign currency debt (state in \$CI)			
Not later than one year	4,536,000	-	3,521,280
Between one and two years	-	-	4,536,000
Between two and five years	-	-	-
Later than five years	-	-	-
Total foreign currency debt	4,536,000	-	8,057,280
Total outstanding debt	4,536,000	-	8,057,280
9. OTHER CURRENT LIABILITIES			
Provisions	-	-	-
Unfunded pension liability	1,473,772	1,523,772	1,423,772
Other	-	-	-
Total other current liabilities	1,473,772	1,523,772	1,423,772

CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LIMITED
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

(expressed in Cayman Islands dollars)

	2018	2019	2016/17
	Budget	Budget	18 Months
			Forecast
10. GOODS AND SERVICES (INCLUDING FEES AND CHARGES)			
General sales			
Other sales	7,185,783	7,567,428	10,031,425
Other revenue	763,548	763,548	1,080,493
Total sales of goods	7,949,331	8,330,976	11,111,918
Rentals			
Rentals - other properties	201,600	201,600	307,440
Total rentals	201,600	201,600	307,440
Total goods and services	8,150,931	8,532,576	11,419,358
11. 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	-	-	-
Total operating expenses	-	-	-
12. PERSONNEL COSTS			
Salaries, wages and allowances	3,732,099	3,918,704	5,488,381
Employer pension expense	205,021	215,272	301,501
Health care other	187,841	197,233	236,774
Other personnel related expenses	-	-	-
Total personnel costs	4,124,961	4,331,209	6,026,656

CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LIMITED
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

(expressed in Cayman Islands dollars)

	2018	2019	2016/17
	Budget	Budget	18 Months
			Forecast
13. SUPPLIES AND CONSUMABLES			
Supplies and consumables	3,295,141	3,475,636	4,713,324
Purchase of services	1,717,257	1,793,610	2,612,204
Utilities	1,718,609	1,757,536	2,491,806
Other supplies and consumables	541,798	556,570	798,273
Total supplies and consumables	7,272,805	7,583,352	10,615,607

14. DEPRECIATION

Buildings	2,573,197	2,706,362	3,787,923
Furniture and fittings	19,063	14,163	30,810
Plant and equipment	351,987	324,483	417,559
Computer software	72,615	76,444	93,826
Computer hardware	84,341	64,575	198,543
Motor vehicles	57,130	70,640	61,339
Other assets	1,667	3,333	0
Total	3,160,000	3,260,000	4,590,000

Assets are depreciated on a straight-line basis as follows:

Buildings	10-20 years
Furniture and fittings	4-5 years
Plant and equipment	4-10 years
Computer software	3 years
Computer hardware	3 years
Motor vehicles	3-4 years
Other assets	6 years

15. FINANCING EXPENSE

Interest on borrowing	327,448	55,000	867,746
Interest on bank overdraft and other interest	92,552	95,000	100,254
Total financing expense	420,000	150,000	968,000

CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LIMITED
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

(expressed in Cayman Islands dollars)

	2018 Budget	2019 Budget	2016/17 18 Months Forecast
16. GAINS/LOSSES ON FOREIGN EXCHANGE TRANSACTIONS			
Gains/losses on foreign exchange transactions			
List separately if material	-	-	-
Total gains/losses on foreign exchange transactions	-	-	-
16. CONTRIBUTED CAPITAL AND RESERVES & ACCUMULATED SURPLUS/(DEFICITS)			
Opening surplus/(deficit)	(96,948,384)	(103,825,219)	(86,117,479)
Operating surplus/(deficit)	(6,876,835)	(6,841,985)	(10,830,905)
Total accumulated surplus/(deficit)	(103,825,219)	(110,667,204)	(96,948,384)
Opening contributed capital and other reserves	112,035,093	120,535,093	98,220,631
Equity Investment from cabinet	8,500,000	9,500,000	13,814,462
Total contributed capital and other reserves	120,535,093	130,035,093	112,035,093
17. RECONCILIATION OF OPERATING SURPLUS TO CASH FLOWS FROM OPERATING ACTIVITIES			
Operating surplus/(deficit)	(6,876,835)	(6,841,985)	(10,830,905)
Non-cash movements			
Depreciation	3,160,000	3,260,000	4,590,000
(Increase)/decrease in biological assets	(69,415)	(69,413)	(98,227)
(Increase)/decrease in accounts receivable	31,995	30,395	33,678
(Increase)/decrease in inventories	(13,825)	(5,807)	(138,254)
(Increase)/decrease in prepayments	42,000	42,000	169,234
Increase/(decrease) in interest payable	(14,232)	(18,333)	(19,956)
Increase/(decrease) in accounts payable and accruals	(36,627)	18,314	(253,416)
Increase/(decrease) in defined benefit liability	50,000	50,000	50,000
Net cash flows from operating activities	(3,726,939)	(3,534,829)	(6,497,845)

OWNERSHIP AGREEMENT

**BETWEEN THE
CAYMAN ISLANDS GOVERNMENT**

AND

CHILDREN AND YOUTH SERVICES FOUNDATION

**FOR THE 2018 FINANCIAL YEAR ENDING 31 DECEMBER 2018
AND THE 2019 FINANCIAL YEAR ENDING 31 DECEMBER 2019**

PREPARED IN ACCORDANCE WITH SECTION 50 OF THE PUBLIC MANAGEMENT AND FINANCE LAW
(2017 REVISION)

CONTENTS

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

Agreement

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Children and Youth Services (CAYS) Foundation* have agreed the *Children and Youth Services (CAYS) Foundation* will seek to achieve during the 2018 and 2019 financial years.

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

2. NATURE AND SCOPE OF ACTIVITIES

This section outlines the nature and scope of activities within which the *Children and Youth Services (CAYS) Foundation* is to operate during the 2018 and 2019 financial years.

GENERAL NATURE OF ACTIVITIES

The Children and Youth Services (CAYS) Foundation activities involve providing 24 hour residential care to youth who have been committed by the Courts in to residential treatment due to care and protection needs and/or offending behaviours. The programme adopts a strength-based approach to decision making and self-awareness.

SCOPE OF ACTIVITIES

- Operate Bonaventure Boys Home and Frances Bodden Girls Home; twenty-four hour residential facilities for youth who require residential care due to being deemed in need of care and protection, as well as youth exhibiting offending behaviours that have been Court ordered.
- Provide administration and supervision of the programmes offered.
- Provide policy advice to the Minister of Human Resources, Immigration & Community Affairs on the direction of youth rehabilitation and effective interventions to assist in their integration back into society. The therapeutic process will utilise a strength based approach and positive youth development to foster change in the lives of its participants. The programme will also seek to engage families and community in the rehabilitative process.
- Develop and deliver specific programmes to address the behaviour problems (including drug and alcohol misuse, promiscuity and other risky behaviours) and the educational needs of the youth. This will include individual and group counselling.
- Prepare residents for independent living including pre-employment preparation, and life skills training.
- Maintain the government owned residential facilities, namely the Frances Bodden Girls Home and Bonaventure Boys Home, to facilitate programmes and treatment principles of the highest standards.

CUSTOMERS AND LOCATION OF ACTIVITIES

The customers of the Foundation are youth who have been committed by the Courts into the residential facility. The services of the Children and Youth Services (CAYS) Foundation are primarily provided on behalf of the Ministry of Human Resources, Immigration & Community Affairs. The services cater to the youth, their parents/families and other Government Departments and agencies, i.e., Department of Children and Family Services (DCFS), the Court, the Family Support Unit (FSU) Department of Counselling Services (DCS), and the Department of Education Services to facilitate care and reintegration into society.

The location of the activities is in the Cayman Islands, with the physical location of the residential Homes being in Grand Cayman..

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Children and Youth Services (CAYS) Foundation* for the 2018 and 2019 financial years are as follows:

- CAYS implements programmes that address the care needs and the anti-social attitudes, beliefs and behaviours of its residents in a safe nurturing therapeutic environment. They will focus on changing resident's attitudes and behaviours by working to build trusting relationships between them and their peers and a trusting relationship with their parents. This will assist residents to develop appropriate behaviours and coping skills that will assist with their reintegration into their family, school and community.
- CAYS implements programmes that promote the principles of individual growth, personal development and peer accountability. The programmes will assist residents in setting and meeting educational and vocational goals.
- CAYS assist residents with reintegration into the mainstream education system. This is accomplished by a treatment team meeting to develop a comprehensive plan. This team will consist of key stakeholders.
- CAYS address the vocational issues for residents and partners with the public and private sector to afford the residents every opportunity to participate in some form of vocational training.
- CAYS develops comprehensive treatment plans to address core issues, issues relating to drug and alcohol use, also education and vocational issues, family issues and aftercare plans.
- CAYS provides on-going training to staff to facilitate the delivery of strength-based, individualized treatment in order to ensure that the best practices are maintained.
- CAYS provide training to staff on treatment planning, to include emphasis on family treatment and aftercare planning.
- CAYS will enhance services to families by providing family education groups to help improve family dynamics and create more supportive and productive relationships.
- CAYS will continue to enhance relationships with private sector entities for fundraising and programme support.

Government Obligations

- Nominate one of its officers to be the primary contact for the Government with the Foundation for the purpose of the programmes.
- Provide the Foundation with any policies, operational guidelines and documents held by the Government, which may be reasonably required by the Foundation to perform the services.
- Pay to the Foundation throughout the term of the agreement (so long as the Foundation shall continue to perform the services) the operational budget specified in the Budget.
- Evaluate and monitor the programmes provided by the Foundation.

CAYS Obligations

- Shall perform the services agreed with the Government.
- Nominate a member of the Board who will be the primary contact with the Government for the Foundation.
- Provide the Government with any policies, operational guidelines and documents held by the Foundation which may be reasonably required by the Government to evaluate the services.
- Provide such appropriate trained staff to meet the demands of the programmes.
- Inspect the facilities to ensure that it upholds therapeutic principles, structure, cleanliness and order.
- Staff with the necessary skills and expertise as may be required to perform the services in accordance with recognised professional standards.
- Cooperate fully in the performance of the services with the Government and with any other party, Foundation, consultant or agency identified by Government.
- Ensure that all supplies and materials required for the performance of the services are obtained at the lowest practical cost.
- Perform the services within the financial limits specified in the Budget.
- Not assign or sub-contract any part of the services without prior written approval of the Government.
- Not recruit or hire staff without the prior written approval of the Board and Government.
- Keep all books and records and other documents as may be necessary to evaluate the performance indicators set out in the Purchase Agreement.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2017 Revision) for the *Children and Youth Services (CAYS) Foundation* for the 2018 and 2019 financial years are as follows.

FINANCIAL PERFORMANCE MEASURE	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
REVENUE FROM CABINET	2,178	2,178	3,617
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES			
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	55	55	472
OPERATING EXPENSES	2,978	2,978	4,266
NET SURPLUS DEFICIT	(745)	(745)	(177)
TOTAL ASSETS	2,030.5	1,285.5	2,775
TOTAL LIABILITIES	(56.5)	(56.5)	(56.5)
NET WORTH	1,974	1,229	2,719
CASH FLOWS FROM OPERATING ACTIVITIES	(609)	(679)	502
CASH FLOWS FROM INVESTING ACTIVITIES	(41.5)	-	(64)
CASH FLOWS FROM FINANCING ACTIVITIES	-	-	1,400
CHANGE IN CASH BALANCES	(650.5)	(679)	1,838

FINANCIAL PERFORMANCE RATIO	2018 Budget %	2019 Budget %	2016/17 18 Months Forecast %
CURRENT ASSETS : CURRENT LIABILITIES	28:1	16:1	41:1
TOTAL ASSETS : TOTAL LIABILITIES	36:1	23:1	49:1

MAINTENANCE OF CAPABILITY

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
HUMAN CAPITAL MEASURES			
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	58	67	49
STAFF TURNOVER (%)			
SENIOR MANAGER	0%	0%	0%
PROFESSIONAL AND TECHNICAL STAFF	13%	13%	13%
ADMINISTRATIVE STAFF	0%	0%	0%

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
PHYSICAL CAPITAL MEASURES			
VALUE OF TOTAL ASSETS	2,030.5	1,285.5	2,775
ASSET REPLACEMENTS : TOTAL ASSETS	0.37:1	0.58:1	0.25:1
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	0.58:1	0.49:1	0.65:1
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	0.09:1	0.09:1	0.12:1
CHANGES TO ASSET MANAGEMENT POLICIES	NA	NA	NA

	2018 TARGET \$	2019 TARGET \$
MAJOR CAPITAL EXPENDITURE PROJECTS		
General maintenance & upgrade to premises	30,000	
Computers	4,000	
Equipment to upgrade premises	7,500	

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2016/17	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Revenue to be raised above and beyond Government Grant	Increase to due having to raise more funds than previous years to cover expenses	Cut down on employees and maintenance of premises	799,992

5. 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.

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
OPERATING STATEMENT			
REVENUE	2,233	2,233	4,089
OPERATING EXPENSES	2,978	2,978	4,266
NET SURPLUS/DEFICIT	(745)	(745)	(177)

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
BALANCE SHEET			
ASSETS	2,030.5	1,285.5	2,775
LIABILITIES	(56.5)	(56.5)	(56.5)
NET WORTH	1,974	1,229	2,719

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
STATEMENT OF CASH FLOW			
CASH FLOWS FROM OPERATING ACTIVITIES	(609)	(679)	502
CASH FLOWS FROM INVESTING ACTIVITIES	(41.5)	-	(64)
CASH FLOWS FROM FINANCING ACTIVITIES	-	-	1,400

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 (2017 Revision).

TRANSACTION	AMOUNT FOR 2018 \$	AMOUNT FOR 2019 \$
Equity Investments into Children and Youth Services (CAYS) Foundation	NA	NA
Capital Withdrawals from Children and Youth Services (CAYS) Foundation	NA	NA
Dividend or Profit Distributions to be made by Children and Youth Services (CAYS) Foundation	NA	NA
Government Loans to be made to Children and Youth Services (CAYS) Foundation	NA	NA
Government Guarantees to be issued in relation to Children and Youth Services (CAYS) Foundation	NA	NA
Related Party Payments (Non-Remuneration) made to Key Management Personnel ²⁰	NA	NA
Remuneration²¹ Payments made to Key Management Personnel	NA	NA
Remuneration Payments made to Senior Management	86,000	86,000

DESCRIPTION	NUMBERS FOR 2018 \$	NUMBERS FOR 2019 \$
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	10	10
NUMBER OF KEY SENIOR MANAGEMENT (MD)	1	1

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

²¹ Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

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AGREEMENT

Scope of this Agreement

In signing this document the 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.

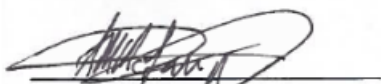
Procedures for Changing this Ownership Agreement

Changes to this Ownership Agreement may be made during the financial years 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 sign the amended Ownership Agreement.
- The amended Ownership Agreement will be attached to and form part of this Agreement.

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Children and Youth Services (CAYS) Foundation will seek to achieve for the 2018 and 2019 financial years and that the Cabinet will monitor performance against.



Honourable Alden McLaughlin, MBE, JP

Minister of Human Resources, Immigration and Community Affairs

On behalf of Cabinet



Mr. Garth Arch

Chairman of the Board

Children and Youth Services (CAYS) Foundation

27 October 2017

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APPENDIX

FORECAST FINANCIAL STATEMENTS

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CHILDREN AND YOUTH SERVICES (CAYS) FOUNDATION
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2017 Revision).

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

To the best of our knowledge the statements are:

- a. Complete and reliable;
- b. Fairly reflect the forecast financial position as at 31 December 2018 and 31 December 2019 and performance for the Children and Youth Services (CAYS) Foundation for the financial years ending 31 December 2018 and 31 December 2019; and
- c. Comply with generally accepted accounting practice.



Mr. Garth Arch
Chairman of the Board
Children and Youth Services (CAYS) Foundation

27 October 2017

CHILDREN AND YOUTH SERVICES (CAYS) FOUNDATION
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Significant Accounting Policies

Cash and cash equivalents – For the purpose of the cash flow statement, cash and cash equivalents comprise deposits held at call with banks, net of overdrafts.

Income recognition – Income and expenses are recorded on the accrual basis.

Government grants – Grants relating to income are presented as a credit in the income statements. Grants relating to assets are presented as a credit in the income statement and an increase in assets.

Fixed assets – Fixed assets are recorded at cost. Depreciation, which is based on the cost of the asset, is computed using the straight-line method at the following annual rates:

Office equipment	25%
Computer equipment	33%
Motor vehicles	25%
Leasehold improvements	25%

CHILDREN AND YOUTH SERVICES (CAYS) FOUNDATION
 STATEMENT OF FINANCIAL POSITION
 FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

18-Month Forecast Ending Dec- 17	STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018 AND 31 DECEMBER 2019	Notes	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Current Assets			
2,043,668	Cash and cash equivalents	1	1,393,122	714,077
251,500	Trade receivables	2	181,500	181,500
4,454	Prepayments	3	4,455	4,455
2,299,622	Total Current Assets		1,579,077	900,032
	Non-Current Assets			
21,000	Pension Plan Surplus	8	21,000	21,000
454,872	Property, plant and equipment	4	430,426	364,479
475,872	Total Non-Current Assets		451,426	385,479
2,775,495	Total Assets		2,030,503	1,285,511
	Current Liabilities			
18,255	Trade payables	5	18,255	18,255
18,333	Unearned revenue	6	18,333	18,333
19,931	Employee entitlements	7	19,931	19,931
56,519	Total Current Liabilities		56,519	56,519
0	Total Non-Current Liabilities		0	0
56,519	Total Liabilities		56,519	56,519
2,718,976	Net Assets		1,973,984	1,228,992
	NET WORTH			
2,641,134	Contributed capital		2,641,134	2,641,134
0	Other Reserves		0	0
0	Revaluation reserve		0	0
77,842	Accumulated surpluses/(deficits)		(667,150)	(1,412,142)
2,718,976	Total Net Worth		1,973,984	1,228,992

CHILDREN AND YOUTH SERVICES (CAYS) FOUNDATION
 STATEMENT OF FINANCIAL PERFORMANCE
 FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

18-Month Forecast Ending Dec-17	STATEMENT OF FINANCIAL PERFORMANCE AS AT 31 DECEMBER 2018 AND 31 DECEMBER 2019	Notes	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Revenue			
3,617,000	Sale of goods and services	9	2,178,000	2,178,000
471,796	Donations	10	55,000	55,000
4,088,796	Total Revenue		2,233,000	2,233,000
	Expenses			
3,578,582	Personnel costs	11	2,502,633	2,502,633
604,775	Supplies and consumables	12	409,412	409,412
82,503	Depreciation and Amortisation	4	65,947	65,947
4,265,860	Total Expenses		2,977,992	2,977,992
(177,064)	Surplus or (Deficit) for the period		(744,992)	(744,992)

CHILDREN AND YOUTH SERVICES (CAYS) FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

18-Month Forecast Ending Dec-17	CASH FLOW STATEMENT AS AT 31 DECEMBER 2018 AND 31 DECEMBER 2019	Notes	12-Month Budget Ending Dec- 18	12-Month Budget Ending Dec- 19
	CASH FLOWS FROM OPERATING ACTIVITIES			
	<i>Receipts</i>			
4,246,513	Sale of goods and services to Cabinet		2,248,000	2,178,000
	Sale of goods and services to Ministries/Portfolios			
	Sale of goods and services to Statutory Agencies and Government Companies			
	Sale of goods and services - third party			
	Interest received			
471,796	Donations / Grants		55,000	55,000
	Other receipts			
	<i>Payments</i>			
(3,578,582)	Personnel costs		(2,502,633)	(2,502,633)
	Supplies and consumables - Ministries/Portfolios			
(435,276)	Supplies and consumables - Statutory Agencies and Government Companies		(264,491)	(264,489)
	Supplies and consumables - third party			
	Interest paid			
(202,203)	Other payments		(144,922)	(144,922)
502,248	Net cash flows from operating activities	13	(609,046)	(679,044)
	CASH FLOWS FROM INVESTING ACTIVITIES			
(63,911)	Purchase of property, plant and equipment		(41,500)	0
	Proceeds from sale of property, plant and equipment			
	Purchase of investments			
	Proceeds from sale of investments			
(63,911)	Net cash flows from investing activities		(41,500)	0
	CASH FLOWS FROM FINANCING ACTIVITIES			
1,400,000	Equity Investment from Cabinet			
	Repayment of Surplus/Dividends or Capital withdrawal			
	Borrowings			
	Repayment of Borrowings			

	Currency Issues			
1,400,000	Net cash flows from financing activities		0	0
1,838,337	Net increase/(decrease) in cash and cash equivalents		(650,546)	(679,044)
205,331	Cash and cash equivalents at beginning of period		2,043,668	1,393,122
2,043,668	Cash and cash equivalents at end of period		1,393,122	714,077

**CHILDREN AND YOUTH SERVICES (CAYS) FOUNDATION
STATEMENT OF CHANGES IN NET WORTH
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019**

	Contributed Capital	Other Reserves	Revaluation Reserve	Accumulated Surplus/ (deficits)	Total
Balance at 30 June 2016 brought forward	1,241,134			254,906	1,496,040
Prior Year Adjustments					
Changes in accounting policy	1,400,000				1,400,000
Accounting Errors					0
Restated balance 30 June 2016	2,641,134	0	0	254,906	2,896,040
Changes in net worth for 2016/17					
Gain/(loss) on property revaluation					0
Gain/(loss) on revaluation of investments					0
Exchange differences on translating foreign operations					0
Equity Investment from Cabinet					0
Capital withdrawals by Cabinet					0
Dividends payable to Cabinet					0
Net revenue / expenses recognised directly in net worth					0
Surplus/(deficit)for the period 2016/17				(177,064)	(177,064)
Total recognised revenues and expenses for the period	0	0	0	(177,064)	(177,064)
Balance at 31 December 2017	2,641,134	0	0	77,842	2,718,976
Balance at 31 December 2017 brought forward	2,641,134	0	0	77,842	2,718,976
Prior Year Adjustments					
Changes in accounting policy					0
Accounting Errors					0
Restated balance 31 December 2017	2,641,134	0	0	77,842	2,718,976
Changes in net worth for 2018					
Gain/(loss) on property revaluation					0
Gain/(loss) on revaluation of investments					0
Exchange differences on translating foreign operations					0

Equity Investment from Cabinet					0
Capital withdrawals by Cabinet					0
Dividends payable to Cabinet					0
Net revenue / expenses recognised directly in net worth	0	0	0	0	0
Surplus/(deficit)for the period 2018				(744,992)	(744,992)
Total recognised revenues and expenses for the period	0	0	0	(744,992)	(744,992)
Balance at 31 December 2018 carried forward	2,641,134	0	0	(667,150)	1,973,984
	Contributed Capital	Other Reserves	Revaluation Reserve	Accumulated Surplus/ (deficits)	Total
Balance at 31 December 2018 brought forward	2,641,134	0	0	(667,150)	1,973,984
Prior Year Adjustments					
Changes in accounting policy					0
Accounting Errors					0
Restated balance 31 December 2018	2,641,134	0	0	(667,150)	1,973,984
Changes in net worth for 2019					
Gain/(loss) on property revaluation					0
Gain/(loss) on revaluation of investments					0
Exchange differences on translating foreign operations					0
Equity Investment from Cabinet					0
Capital withdrawals by Cabinet					0
Dividends payable to Cabinet					0
Net revenue / expenses recognised directly in net worth	0	0	0	0	0
Surplus/(deficit)for the period 2019				(744,992)	(744,992)
Total recognised revenues and expenses for the period	0	0	0	(744,992)	(744,992)
Balance at 31 December 2019	2,641,134	0	0	(1,412,142)	1,228,992

CHILDREN AND YOUTH SERVICES (CAYS) FOUNDATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Note 1: Cash and cash equivalents

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
2,043,668	Cash on hand	1,393,122	714,077
	Cash in transit		
	CI\$ Account		
	US\$ Account		
	Bank Overdraft		
	Payroll Current Account		
	Bank Accounts held at other financial institutions		
	Short-Term Fixed Deposits		
2,043,668	TOTAL	1,393,122	714,077

Note 2: Trade and other receivables

18-Month Forecast Ending Dec-17	Trade Receivables	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
251,500	Sale of goods and services to Cabinet	181,500	181,500
	Sale of goods and services to Ministries/Portfolios		
	Sale of goods and services to Statutory Agencies and Government Companies		
	Sale of goods and services - third party		
	Other		
	Less: provision for doubtful debts		
251,500	Total trade receivables	181,500	181,500

18-Month Forecast Ending Dec-17	Trade Receivables	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Current		
251,500	Past due 1-30 days	181,500	181,500
	Past due 31-60 days		
	Past due 61-90 days		
	Past due 90 and above		
	Non-Current		
	Past due 1 year and above		
251,500	Total	181,500	181,500

Note 3: Prepayments

18-Month Forecast Ending Dec-17	Prepayments	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Current Prepayments		
	Description		
4,454	Other Prepayments	4,455	4,455
4,454	Prepayments - Current	4,455	4,455
	Non-Current Prepayments		
	Description		
0	Prepayments -Non-Current	0	0
4,454	Total Prepayments	4,455	4,455

Note 4: Property, plant & equipment

Cost of Property, plant & equipment

	<i>Leasehold Improvements</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Office Equipment</i>	<i>Motor Vehicles</i>	<i>Assets under construct ion or develop ment</i>	<i>Total</i>
Balance as at 1 July 2016	448,804	88,752	21,573	11,256	67,671		638,056
Additions	28,965	1,092	2,965	25,889	5,000		63,911
Disposals and Derecognition							0
Revaluation							0
Transfers							0
Balance as at 31 December 2017	477,769	89,844	24,538	37,145	72,671	0	701,967

	<i>Leasehold Improvements</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Office Equipment</i>	<i>Motor Vehicles</i>	<i>Assets under construct ion or develop ment</i>	<i>Total</i>
Balance as at 1 January 2018	477,769	89,844	24,538	37,145	72,671	0	701,967
Additions	30,000		4,000	7,500			41,500
Disposals and Derecognition							0
Revaluation							0
Transfers							0
Balance as at 31 December 2018	507,769	89,844	28,538	44,645	72,671	0	743,467

	<i>Leasehold Improvements</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Office Equipment</i>	<i>Motor Vehicles</i>	<i>Assets under construct ion or develop ment</i>	<i>Total</i>
Balance as at 1 January 2019	507,769	89,844	28,538	44,645	72,671	0	743,467
Additions							0
Disposals and Derecognition							0
Revaluation							0
Transfers							0
Balance as at 31 December 2019	507,769	89,844	28,538	44,645	72,671	0	743,467

Accumulated Depreciation and impairment losses

	<i>Leasehold Improvements</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Office Equipment</i>	<i>Motor Vehicles</i>	<i>Assets under construction or development</i>	<i>Total</i>
Balance as at 1 July 2016	31,672	69,563	18,057	3,524	41,775		164,591
Transfers							0
Impairment Reserve 2016/17 (closing balance)							0
Depreciation Expense 2016/17	39,563	11,077	3,943	11,465	16,455		82,503
Eliminate on Disposal or Derecognition 2016/17							0
Balance as at 31 December 2017	71,235	80,640	22,000	14,989	58,230	0	247,094

	<i>Leasehold Improvements</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Office Equipment</i>	<i>Motor Vehicles</i>	<i>Assets under construction or development</i>	<i>Total</i>
Balance as at 1 January 2018	71,235	80,640	22,000	14,989	58,230	0	247,094
Transfers							0
Impairment change 2018							0
Depreciation Expense 2018	34,291	5,405	4,182	10,726	11,343		65,947
Eliminate on Disposal or Derecognition 2018							0
Balance as at 31 December 2018	105,526	86,045	26,182	25,715	69,573	0	313,041

	<i>Leasehold Improvements</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Office Equipment</i>	<i>Motor Vehicles</i>	<i>Assets under construction or development</i>	<i>Total</i>
Balance as at 1 January 2019	105,526	86,045	26,182	25,715	69,573	0	313,041
Transfers							0
Impairment change 2019							0
Depreciation Expense 2019	34,291	5,405	4,182	10,726	11,343		65,947
Eliminate on Disposal or Derecognition 2019							0
Balance as at 31 December 2019	139,817	91,450	30,364	36,441	80,915	0	378,988

Net Book value 31 December 2017	406,533	9,204	2,538	22,156	14,441	0	454,872
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Net Book value 31 December 2018	402,243	3,799	2,356	18,930	3,098	0	430,426
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Net Book value 31 December 2019	367,952	(1,606)	(1,826)	8,205	(8,245)	0	364,479
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Note 5: Trade payables, other payables & Accruals

18-Month Forecast Ending Dec-17		12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Current Trade payables other payables and accruals		
18,255	Creditors Third party	18,255	18,255
	Creditors Ministries/Portfolios		
	Creditors other Statutory Agencies and Government Companies		
	Payroll Deductions		
	Operating Lease		
	Accrued Expenses		
	Other payables		
	Dividends/Surplus Payable		
18,255	Trade payables other payables and accruals - Current	18,255	18,255
	Non-Current Trade payables other payables and accruals		
0	Trade payables other payables and accruals - Non-Current	0	0
18,255	Total trade payables other payables and accruals	18,255	18,255

Note 6: Unearned Revenue

18-Month Forecast Ending Dec-17	Details	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Current Unearned Revenue		
18,333	Description	18,333	18,333
18,333	Total current portion	18,333	18,333
	Non-Current Unearned Revenue		
	Description		
0	Total non-current portion	0	0
18,333	Total Unearned Revenue	18,333	18,333

Note 7: Employee entitlements

18-Month Forecast Ending Dec-17		12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	<i>Current employee entitlements</i>		
	Annual Leave/Comp-time		
	Retirement and long service leave		
	Accrued salaries		
	Travel		
19,931	Other	19,931	19,931
19,931	Total current portion	19,931	19,931
	<i>Non-current employee entitlements</i>		
	Retirement and long service leave		
	Other		
0	Total non-current portion	0	0
19,931	Total employee entitlements	19,931	19,931

Note 8: Unfunded Pension Liability

Pensions Plan Actuarial Valuation

18-Month Forecast Ending Dec-17		12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
21,000	Value of pension fund allocated assets	21,000	21,000
	Past service liability (Enter -No.)		
21,000	Fund (deficiency)/Surplus	21,000	21,000

Note 9: Sales of Goods & Services

18-Month Forecast Ending Dec-17	Revenue type	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
0	Fees and Charges	0	0
0	General Sales	0	0
0	Rentals	0	0
0	Other Goods & Services Revenue	0	0
3,617,000	Sale of goods and services to Cabinet	2,178,000	2,178,000
0	Sale of goods and services to Other Ministries and Portfolios	0	0
3,617,000	Total sales of goods and services	2,178,000	2,178,000
	Sales of Outputs to Cabinet		
3,617,000	Sales of Outputs to Cabinet	2,178,000	2,178,000
	Other Outputs		
3,617,000	Total Sales of Outputs to Cabinet	2,178,000	2,178,000
	Other Interdepartmental Revenue		
	Revenue from Ministries/Portfolios		
	Revenue from Statutory Authorities and Government Companies		
0	Total Other Interdepartmental Revenue	0	0
3,617,000	Total Goods and Services	2,178,000	2,178,000

Note 10: Donations

18-Month Forecast Ending Dec-17	Source	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
52,410	Other	55,000	55,000
369,500	BBH Expansion Project		
49,885	FBGH Expansion Project Donation		
471,796	Total donations	55,000	55,000

Note 11: Personnel costs

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
2,828,906	Salaries, wages and allowances	1,969,378	1,969,378
376,899	Health care CINICO	261,025	261,025
	Health care other		
309,176	Pension	216,632	216,632
	Leave		
63,601	Other personnel related costs	55,598	55,598
3,578,582	Total Personnel Costs	2,502,633	2,502,633

Note 12: Supplies and consumables

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
402,572	Supplies and Materials	264,490	264,490
34,893	Purchase of services	33,382	33,382
	Lease of Property and Equipment		
165,586	Utilities	110,391	110,391
1,725	General Insurance	1,150	1,150
	Interdepartmental expenses		
	Travel and Subsistence		
	Recruitment and Training		
	Other		
604,775	Total Supplies & consumables	409,412	409,412

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

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec- 18	12-Month Budget Ending Dec- 19
-177,064	Surplus/(deficit) from ordinary activities	-744,992	-744,992
	Non-cash movements		
82,503	Depreciation & Amortisation	65,947	65,947
0	Impairment	0	0
0	(Gain)/losses on sale of property plant and equipment	0	0
0	(Gain) / loss on derecognition and revaluation of assets	0	0
	Other Non-cash movement		
	Changes in current assets and liabilities:		
629,513	(Increase)/decrease in other current assets - Cabinet	70,000	0
	(Increase)/decrease in other current assets - Statutory Agencies and Government Companies		
	(Increase)/decrease in other current assets - Ministries Portfolios		
	(Increase)/decrease in other current assets - Other		
	(Increase)/(decrease) in current liabilities - Statutory Agencies and Government Companies		
	(Increase)/(decrease) in current liabilities - Ministries Portfolios		
-32,704	(Increase)/(decrease) in current liabilities - Other	-1	-1
502,248	Net cash flows from operating activities	-609,046	-679,046

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OWNERSHIP AGREEMENT

**BETWEEN THE
CAYMAN ISLANDS GOVERNMENT**

AND

CIVIL AVIATION AUTHORITY

**FOR THE 2018 FINANCIAL YEAR ENDING 31 DECEMBER 2018
AND THE 2019 FINANCIAL YEAR ENDING 31 DECEMBER 2019**

PREPARED IN ACCORDANCE WITH SECTION 50 OF THE PUBLIC MANAGEMENT AND FINANCE LAW
(2017 REVISION)

CONTENTS

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

Agreement

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Civil Aviation Authority* have agreed the *Civil Aviation Authority* will seek to achieve during the 2018 and 2019 financial years.

The purpose of the document is to ensure the ownership performance expectations for the 2018 and 2019 financial years 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 2018 and 2019 financial years.

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 on the Cayman Islands Aircraft Register and operate globally.

SCOPE OF ACTIVITIES

The scope of The Civil Aviation Authority activities is as follows:

Local Aviation Industry – Regulation to International Civil Aviation Organisation (ICAO) safety standards

- Certification, licensing and regulation of airports, air navigation facilities and air traffic control services
- Economic regulation of services provided by airports, airlines and air transport operators
- Certification, licensing and regulation of Air Operator Certificate holders and aircraft maintenance facilities
- Registration and certification of locally based aircraft for airworthiness and flight operations
- Personnel licensing for pilot, air traffic control and aircraft maintenance engineers

Cayman Islands Aircraft Registry- Regulation to International Civil Aviation Organisation (ICAO) safety standards

- Registration and certification of globally based aircraft for airworthiness and flight operations
- Certification, licensing and regulation of aircraft maintenance organisations to support safe operation of Cayman Islands registered aircraft.
- Validation of flight crew licenses to operate Cayman Islands registered aircraft.

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 Charles Kirkconnell International Airports
- The Cayman Islands Government in respect of Edward Bodden Airfield, Little Cayman
- The Cayman Islands Government in respect of the RCIPS Police Air Support Unit and Mosquito Research Control Unit aerial spraying operations
- The Cayman Islands Government in respect of economic regulatory services
- Cayman Airways Ltd., Cayman Express Ltd., and Cayman Islands Helicopters
- All Cayman Islands registered aircraft operated worldwide, expected to be 250 by December 2017.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Civil Aviation Authority* for the 2018 and 2019 financial years are as follows:

- a) To achieve the financial results of the approved annual budgets herein.
- b) To recruit and retain qualified personnel required to meet the Authority's oversight obligations.
- c) To continue staff succession planning initiatives to achieve optimal staffing as a means of ensuring the Authority's business continuity.
- d) To maintain financial independence and continue making dividend contributions to CIG.
- e) To retain full designation by the Governor for safety oversight of all functional areas.
- f) To continue to promote aviation safety through collaborative efforts with industry and key stakeholders throughout the three Cayman Islands.
- g) To continue promoting local and global awareness of the Cayman Islands Aircraft Registry by execution of an annual integrated communication plan.
- h) To develop permanent administrative office headquarters for the CAACI: in accordance with the approved project schedule.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2017 Revision) for the *Civil Aviation Authority* for the 2018 and 2019 financial years are as follows.

FINANCIAL PERFORMANCE MEASURE	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
REVENUE FROM CABINET			
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	1,250	1,250	2,000
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	6,927	7,143	9,517
OPERATING EXPENSES	4,832	4,867	6,872
NET SURPLUS DEFICIT	3,345	3,526	4,645
TOTAL ASSETS	14,920	16,146	14,413
TOTAL LIABILITIES	7,794	8,138	8,100
NET WORTH	7,126	8,008	6,313
CASH FLOWS FROM OPERATING ACTIVITIES	3,400	3,647	4,688
CASH FLOWS FROM INVESTING ACTIVITIES	(3,170)	(450)	(450)
CASH FLOWS FROM FINANCING ACTIVITIES	(3,484)	(2,532)	(2,201)
CHANGE IN CASH BALANCES	(3,254)	665	2,037

FINANCIAL PERFORMANCE RATIO	2018 Budget %	2019 Budget %	2016/17 18 Months Forecast %
CURRENT ASSETS : CURRENT LIABILITIES	10.14%	10.21%	11.06%
TOTAL ASSETS : TOTAL LIABILITIES	1.91%	1.98%	1.78%

MAINTENANCE OF CAPABILITY

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
HUMAN CAPITAL MEASURES			
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	23	24	22
STAFF TURNOVER (%)	1%	1%	1%
SENIOR MANAGER (Divisional Directors)	5	5	5
PROFESSIONAL AND TECHNICAL STAFF (includes Tech Admin)	11	11	10
ADMINISTRATIVE STAFF	7	8	7

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
PHYSICAL CAPITAL MEASURES			
VALUE OF TOTAL PHYSICAL ASSETS (NET OF DEPRECIATION)	3,656	4,078	1,611
ASSET REPLACEMENTS : TOTAL ASSETS	LESS THAN 1%	1%	1%
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	87%	86%	78%
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	2%	14%	14%
CHANGES TO ASSET MANAGEMENT POLICIES	BECOMING OWNER OF OFFICE BUILDING	NONE	NONE

	2018 TARGET \$	2019 TARGET \$
MAJOR CAPITAL EXPENDITURE PROJECTS		
Development of former Cayman Airways building on Airport Road for permanent office accommodation for the CAA. This project has been approved by Cabinet in 2017 and \$450k is expected be expended by 31 December 2017 on land purchase and structural and architectural plans.	3,100	450

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2016/17	ACTIONS TO MANAGE RISK
1. Contingent liabilities – potential lawsuits for action or inaction, aircraft accident investigation costs, vehicle accidents	None/Medium	Adequate professional indemnity, accident investigation, vehicle and general insurance policies are in place
2. Internal or external fraud perpetrated due to inadequate internal controls (unauthorised payments from bank account)	None/Low	Adequate internal controls are in place surrounding security of cheques and cash and authorisation of payments. Controls have been audited by the Office of the Auditor General as well Government Internal Audit Office and have been found to comply with International Accounting Standards
3. Loss of control of funds - Inadequate fiscal controls, or insufficient information provided to CAA managers, leading to excess spending in approved budget	None/Low	Annual budgets are prepared with department heads to provide sufficient resources to obtain optimal performance in all departments with long term sustainability of the Authority being a primary strategic objective. Budgets are approved by CAA Board of Directors. Comparisons of actual financial results to the budget are prepared and reported to Senior Management and Board of Directors on a quarterly basis
4. Not achieving financial targets due to competition and global market force	None/High	Closely monitoring Key Performance Indicators and researching related market activity to analyse and determine possible correlations to revise internal policies to respond to market requirements
5. Bad debt exposure - being exposed to a client's liquidity problems	None/Medium	Procedures are in place to prompt clients to pay their outstanding invoices in a timely manner or services and documents are withheld. Adequate due diligence is conducted on all new clients and KYC information on current clients is updated every 2 years. International media is monitored for possible client activity
6. Potential clients to the Aircraft Register submitting false information to be accepted. Clients turn out to be a legal, financial and reputational risk.	None/Low	Adherence to local and global Anti-Money Laundering (AML) Regulations and Standards which includes use of due diligence tools for all new client background checks For current clients – bi-annual review of due diligence files for updated client information
7. Online banking fraud	None/Low	Strict internal control and monitoring policies by bank and CAA

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.

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
OPERATING STATEMENT			
REVENUE	8,177	8,393	11,517
OPERATING EXPENSES	4,832	4,867	6,872
NET SURPLUS/DEFICIT	3,345	3,526	4,645

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
BALANCE SHEET			
ASSETS	14,920	16,146	14,413
LIABILITIES	7,794	8,138	8,100
NET WORTH	7,126	8,008	6,313

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
STATEMENT OF CASH FLOW			
CASH FLOWS FROM OPERATING ACTIVITIES	3,400	3,647	4,688
CASH FLOWS FROM INVESTING ACTIVITIES	(3,170)	(450)	(450)
CASH FLOWS FROM FINANCING ACTIVITIES	(3,484)	(2,532)	(2,201)

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 (2017 Revision).

TRANSACTION	AMOUNT FOR 2018 \$	AMOUNT FOR 2019 \$
Equity Investments into Civil Aviation Authority	NONE	NONE
Capital Withdrawals from Civil Aviation Authority (PURCHASE PROPERTY AND CONSTRUCTION OF OFFICE BUILDING)	3,170	450
Dividend or Profit Distributions to be made by Civil Aviation Authority for prior year profit	3,484	2,532
Government Loans to be made to Civil Aviation Authority	NONE	NONE
Government Guarantees to be issued in relation to Civil Aviation Authority	NONE	NONE
Related Party Payments (Non-Remuneration) made to Key Management Personnel ²²	NONE	NONE
Remuneration²³ Payments made to Key Management Personnel (Board of Directors only)	9	9
Remuneration Payments made to Senior Management	875	875

DESCRIPTION	NUMBERS FOR 2018	NUMBERS FOR 2019
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	8	8
NUMBER OF KEY SENIOR MANAGEMENT (MD & 4 Divisional (Directors	5	5

²² Key Management Personnel as defined by International Public Accounting Standards No 20, e.g. Minister, Board Member and Senior Management Team

²³ Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

AGREEMENT

Scope of this Agreement

In signing this document the 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 financial years 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 sign the amended Ownership Agreement.
- The amended Ownership Agreement will be attached to and form part of this Agreement.

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Civil Aviation Authority will seek to achieve for the 2018 and 2019 financial years and that the Cabinet will monitor performance against.



Honourable Franz Manderson, Cert Hon., JP

Deputy Governor

On behalf of Cabinet



Mr. Ian Pairaudeau

Chairman of the Board

Civil Aviation Authority

27 October 2017

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APPENDIX

FORECAST FINANCIAL STATEMENTS

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CIVIL AVIATION AUTHORITY
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2017 Revision).

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

To the best of our knowledge the statements are:

- a. Complete and reliable;
- b. Fairly reflect the forecast financial position as at 31 December 2018 and 31 December 2019 and performance for the Civil Aviation Authority for the financial years ending 31 December 2018 and 31 December 2019; and
- c. Comply with generally accepted accounting practice.



Mr. Ian Pairaudeau
Chairman of the Board
Civil Aviation Authority

27 October 2017

CIVIL AVIATION AUTHORITY

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

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 and licensed software	3 years
Office Equipment, Vehicles	5 years
Leasehold Improvements	Life of lease
Furniture and Fixtures	10 years
Amortisation of developed software (VP-C Online and Performance Path)	6 years

Foreign currency translation: Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transactions. Gains and losses on exchange are credited or charged in the statement of income. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities are recognized in the income statement.

Assets and liabilities denominated in currencies other than Cayman Islands dollars are translated at exchange rates in effect at the balance sheet dates.

Cash and cash equivalents: Cash and cash equivalents include cash held on demand and at short notice and all deposits with an original maturity of three months or less.

Revenue Recognition: The Authority recognizes revenues in the period in which they are earned. All income from short term deposits is credited to the Income and Expense Statement in the period in which it is earned.

Lease of premises: The Authority leases office space from Cayman Grand Harbour, Grand Cayman. 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 May 2013.

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

July 1 2017 to December 31 2018 (18 months)	
Cayman Grand Harbour, Cayman Islands	CI\$259,848

CIVIL AVIATION AUTHORITY

STATEMENT OF FINANCIAL POSITION

FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

	Notes	12-Month Budget Ending Dec-18 ('000)	12-Month Budget Ending Dec-19 ('000)
Current Assets			
Cash and cash equivalents	1	8,757	9,422
Trade receivables	2	2,281	2,406
Other receivables	3	27	0
Prepayments	4	97	97
Total Current Assets		11,162	11,925
Non-Current Assets			
Property, plant and equipment	5	3,656	4,078
Intangible Assets	6	102	143
Total Non-Current Assets		3,758	4,221
Total Assets		14,920	16,146
Current Liabilities			
Trade payables	7	129	135
Other payables and accruals	7	262	270
Unearned revenue	8	415	457
Employee entitlements	9	295	306
Total Current Liabilities		1,101	1,168
Non-Current Liabilities			
Trade payables	9	0	0
Dividends/Surplus Payable	7	2,532	2,670
Unfunded pension liability	10	2,061	2,200
Unfunded post-retirement health care	11	2,100	2,100
Total Non-Current Liabilities		6,693	6,970
Total Liabilities		7,794	8,138
Net Assets		7,126	8,008
NET WORTH			
Accumulated surpluses/(deficits)		7,126	8,008
Total Net Worth		7,126	8,008

CIVIL AVIATION AUTHORITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

	Notes	12-Month Budget Ending Dec-18 (‘000)	12-Month Budget Ending Dec-19 (‘000)
Revenue			
Sale of goods and services	12	8,125	8,339
Investment revenue (deposit interest)		52	54
Total Revenue		8,177	8,393
Expenses			
Personnel costs	13	2,802	2,858
Supplies and consumables	14	1,707	1,580
Depreciation and Amortisation	5&6	55	122
Other Operating expenses		268	307
Total Expenses		4,832	4,867
Surplus or (Deficit) for the period		3,345	3,526

CIVIL AVIATION AUTHORITY

STATEMENT OF CHANGES IN NET WORTH

FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

	Contributed Capital	Other Reserves	Revaluation Reserve	Accumulated Surplus/ (deficits)	Total
				5,152	5,152
Prior Year Adjustments					
Changes in accounting policy					0
Accounting Errors					0
Restated balance 30 June 2016				5,152	0
Changes in net worth for 2016/17					
Gain/(loss) on property revaluation					0
Gain/(loss) on revaluation of investments					0
Exchange differences on translating foreign operations					0
Equity Investment from Cabinet					0
Capital withdrawals by Cabinet					0
Dividends payable to Cabinet				(3,484)	(3,484)
Net revenue / expenses recognised directly in net worth					0
Surplus/(deficit)for the period 2016/17				4,645	4,645
Total recognised revenues and expenses for the period	0	0	0	1,161	1,161
Balance at 31 December 2017	0	0	0	6,313	6,313
Changes in net worth for 2018					
Equity Investment from Cabinet					0
Capital withdrawals by Cabinet					0
Dividends payable to Cabinet				(2,532)	(2,532)
Net revenue / expenses recognised directly in net worth	0	0	0	(2,532)	(2,532)
Surplus/(deficit)for the period 2018				3,345	3,345
Total recognised revenues and expenses for the period	0	0	0	813	813
Balance at 31 December 2018 carried forward	0	0	0	7,126	7,126

STATEMENT OF CHANGES IN NET WORTH (CONTINUED)	Contributed Capital	Other Reserves	Revaluation Reserve	Accumulated Surplus/ (deficits)	Total
Balance at 31 December 2018 brought forward	0	0	0	7,126	7,126
Prior Year Adjustments					
Changes in accounting policy					0
Accounting Errors					0
Restated balance 31 December 2018	0	0	0	7,126	7,126
Changes in net worth for 2019					
Gain/(loss) on property revaluation					0
Gain/(loss) on revaluation of investments					0
Exchange differences on translating foreign operations					0
Equity Investment from Cabinet					0
Capital withdrawals by Cabinet					0
Dividends payable to Cabinet				(2,644)	(2,644)
Net revenue / expenses recognised directly in net worth	0	0	0	(2,644)	(2,644)
Surplus/(deficit) for the period 2019				3,526	3,526
Total recognised revenues and expenses for the period	0	0	0	882	882
Balance at 31 December 2019	0	0	0	8,008	8,008

CIVIL AVIATION AUTHORITY

STATEMENT OF CHANGES CASH FLOWS

FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

STATEMENT OF CASH FLOWS	12-Month Budget Ending Dec 2018 ('000)	12-Month Budget Ending Dec 2019 ('000)
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Receipts</i>		
Sale of goods and services to Statutory Agencies and Government Companies	1,250	1,250
Sale of goods and services - third party	6,875	7,088
Interest received	52	54
<i>Payments</i>		
Personnel costs	(2,802)	(2,858)
Supplies and consumables - Ministries/Portfolios	(77)	(81)
Supplies and consumables - third party	(1,630)	(1,499)
Other payments	(268)	(307)
Net cash flows from operating activities	3,400	3,647
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,170)	(520)
Proceeds from sale of property, plant and equipment		70
Net cash flows from investing activities	(3,170)	(450)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Surplus/Dividends or Capital withdrawal	(3,484)	(2,532)
Net cash flows from financing activities	(3,484)	(2,532)
Net increase/(decrease) in cash and cash equivalents	(3,254)	665
Cash and cash equivalents at beginning of period	12,011	8,757
Cash and cash equivalents at end of period	8,757	9,422

CIVIL AVIATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Note 1 – Cash and Cash Equivalents

18-Month Forecast Ending Dec-17	Cash and Cash Equivalents	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Cash on hand		
	Cash in transit		
	CI\$ Account		
	US\$ Account		
	Bank Overdraft		
	Payroll Current Account		
4,475	Bank Accounts held at other financial institutions	3,164	2,941
7,536	Short-Term Fixed Deposits	5,593	6,481
12,011	TOTAL	8,757	9,422

Note 2 - Trade Receivables

18-Month Forecast Ending Dec-17	Trade Receivables	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Sale of goods and services to Cabinet		
	Sale of goods and services to Ministries/Portfolios		
301	Sale of goods and services to Statutory Agencies and Government Companies	407	419
1,461	Sale of goods and services - third party	1,886	2,002
	Other		
(25)	Less: provision for doubtful debts	(12)	(15)
1,737	Total trade receivables	2,281	2,406
	Current		
1,737	Past due 1-30 days	1,643	1,805
	Past due 31-60 days	587	550
	Past due 61-90 days	51	51
	Past due 90 and above		
	Non-Current		
	Past due 1 year and above		
1,737	Total	2,281	2,406

Note 3 - Other Receivables

18-Month Forecast Ending Dec-17	Other Receivables	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
11	Advances (salary, Official Travel, etc)	15	
	Dishonoured cheques		
7	Interest receivable	12	
	Other		
	Less: provision for doubtful debts		
18	Total other receivables	27	0

Note 4 - Prepayments

18-Month Forecast Ending Dec-17	Prepayments	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Current Prepayments		
	Description		
62	Prepaid insurance	55	55
27	Prepaid travel/Business development expenses	42	42
89	Prepayments - Current	97	97
	Non-Current Prepayments		
	Description		
0	Prepayments -Non-Current	0	0
89	Total Prepayments	97	97

NOTE 5 – Property, Plant and Equipment

	<i>Leasehold Improvements</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Office Equipment</i>	<i>Motor Vehicles</i>	<i>Assets Under Construction or Development</i>	<i>Total</i>
Historical cost as at 31 December 2017	145	122	177	43	72	450	1,009
Additions 2018		35	35	0		3,100	3,170
Historical cost as at 31 December 2018	145	157	212	43	72	3,550	4,179
Additions 2019			35	35		450	520
Historical cost at 31 December 2019	145	157	247	325	72	4,000	4,699
Accumulated Depreciation as at 31 December 2017	145	110	144	41	51	0	491
Depreciation expense 2018		9	8	1	14	0	32
Accumulated Depreciation as at 31 December 2018	145	119	152	42	65	0	523
Depreciation expense 2019		3	10	3	7	75	98
Accumulated Depreciation as at 31 December 2019	145	122	162	45	72	75	621
Net Book value 31 Dec 2018	0	38	60	1	7	3,550	3,656
Net Book value 31 Dec 2019	0	35	85	33	0	3,925	4,078

Note 6 – Intangible Assets

<i>COST OF ASSET</i>	<i>Computer Software</i>	<i>Other Intangible Assets</i>	<i>Intangible Assets under construction or development</i>	<i>Total</i>
Balance as at 31 December 2017	168	0	0	168
Additions	85			85
Disposals and Derecognition				0
Revaluation				0
Transfers				0
Balance as at 31 December 2018	253	0	0	253
Balance as at 31 December 2018	253	0	0	253
Additions	65			65
Disposals and Derecognition				0
Revaluation				0
Transfers				0
Balance as at 31 December 2019	318	0	0	318

<i>AMORTISATION OF ASSET</i>	<i>Computer Software</i>	<i>Other Intangible Assets</i>	<i>Intangible Assets under construction or development</i>	<i>Total</i>
Balance as at 31 December 2017	128	0	0	128
Transfers				0
Depreciation Expense 2018	23			23
Eliminate on Disposal or Derecognition				0
Balance as at 31 December 2018	151	0	0	151

Note 6 – Intangible Assets (Continued)

<i>AMORTISATION OF ASSET</i>	<i>Computer Software</i>	<i>Other Intangible Assets</i>	<i>Intangible Assets under construction or development</i>	<i>Total</i>
Balance as at 31 December 2018	151	0	0	151
Transfers				0
Depreciation Expense 2019	24			24
Eliminate on Disposal or Derecognition				0
Balance as at 31 December 2019	175	0	0	175
Net Book value 31 December 2017	40	0	0	40
Net Book value 31 December 2018	102	0	0	102
Net Book value 31 December 2019	143	0	0	143

NOTE 7 – TRADE PAYABLES

	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
Current Trade payables other payables and accruals		
Creditors Third party	124	127
Creditors Ministries/Portfolios	5	8
Accrued Expenses – insurance expense, ASSI, audit fees and other expected expenses – unbilled at year end	185	214
Other payables – travel costs and other monthly paid expenses – due at month end	77	56
Dividends/Surplus Payable		
Trade payables other payables and accruals - Current	391	405
Non-Current Trade payables other payables and accruals		
Dividends/Surplus Payable	2,532	2,670
Trade payables other payables and accruals - Non-Current	2,532	2,670
Total trade payables other payables and accruals	2,923	3,075

NOTE 8 – UNEARNED REVENUE

Details	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
Current Unearned Revenue		
Description		
Prepayments for aircraft certificates (fees)	415	457
Total current portion	415	457
Non-Current Unearned Revenue		
Description		
Total non-current portion	0	0
Total Unearned Revenue	415	457

NOTE 9 – EMPLOYEE ENTITLEMENTS

	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
<i>Current employee entitlements</i>		
Annual Leave/Comp-time	124	125
Retirement and long service leave		
Accrued salaries		
Travel		
Other	171	181
Total current portion	295	306
<i>Non-current employee entitlements</i>		
Retirement and long service leave		
Other		
Total non-current portion	0	0
Total employee entitlements	295	306

Note 10 – Unfunded Pension Liability

Actuarial Valuations with an effective date of 30 June 2016 were conducted for the Plan. These Actuarial Valuation Reports were accepted by the Board of Directors.

Unfunded Pension Liability of \$2,061,750 represents the Fund Deficiencies calculated by the valuation arising mainly as a result of participants having accrued considerable Defined Benefit entitlements prior to establishment of the Fund. The amounts reflected in the long term liability as at 31 December 2018 and 2019 are estimates based on historical adjustments made to the Plan on the basis of the annual actuarial valuations.

Defined Benefit Pension Plan	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
Fund deficiency/pension liability	(2,061)	(2,200)

Note 11 – Unfunded post-retirement healthcare

An Actuarial Valuation with an effective date of 30 June 2016 was conducted for a post-retirement Health Care benefit for long serving employees. The Actuarial Valuation Reports and assumption were accepted and approved by Board of Directors. The liability of \$1,858,000 determined by the Valuation represents the anticipated cost of providing post-retirement health care based on the assumed life expectancy. The amounts reflected in the long term liability as at 31 December 2018 and 2019 are estimates based on historical adjustments made to the Plan on the basis of the annual actuarial valuations

Post- retirement healthcare	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
Total Unfunded Health Care Liability	(2,100)	(2,100)

Note 12 – Sale of Good and Services

Revenue type	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
Revenue from Cayman Islands Aircraft Register(Global) and operating permit fees for incoming foreign aircraft	6,875	7,089
Sale of goods and services to Cabinet	0	0
Sale of goods and services to Other Ministries and Portfolios (MOU between CAACI and CIAA for Aerodrome oversight- \$1 million and to local aircraft on the Cayman Islands Aircraft register \$250k)	1,250	1,250
Total sales of goods and services	8,125	8,339

Note 13 – Personnel costs

Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
Salaries, wages and allowances	2,269	2,303
Health care other	378	400
Pension	155	155
Leave		
Other personnel related costs		
Total Personnel Costs	2,802	2,858

Note 14 – Supplies and consumables

Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
Supplies and Materials	32	35
Purchase of services	893	922
Lease of Property and Equipment	184	7
Utilities	68	70
General Insurance	35	38
Interdepartmental expenses	77	81
Travel and Subsistence	268	274
Recruitment and Training	150	153
Other		
Total Supplies & consumables	1,707	1,580

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OWNERSHIP AGREEMENT

**BETWEEN THE
CAYMAN ISLANDS GOVERNMENT**

AND

HEALTH SERVICES AUTHORITY

FOR THE 2018 FINANCIAL YEAR ENDING 31 DECEMBER 2018

AND THE 2019 FINANCIAL YEAR ENDING 31 DECEMBER 2019

PREPARED IN ACCORDANCE WITH SECTION 50 OF THE PUBLIC MANAGEMENT AND FINANCE LAW
(2017 REVISION)

CONTENTS

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

Agreement

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Health Services Authority* have agreed the *Health Services Authority* will seek to achieve during the 2018 and 2019 financial years.

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

2. NATURE AND SCOPE OF ACTIVITIES

This section outlines the nature and scope of activities within which the *Health Services Authority* is to operate during the 2018 and 2019 financial years.

GENERAL NATURE OF ACTIVITIES

The Health Services Authority is responsible for the provision and administration of health care services in the Cayman Islands.

SCOPE OF ACTIVITIES

The scope of *Health Services Authority* provides primary and secondary levels of healthcare services, and public health functions for the residents of the Cayman Islands in accordance with the National Strategic Plan for Health as agreed with the Ministry of Health.

The Health Services Authority provides patient care through the 124-beds at the Cayman Islands Hospital, and the 18-beds at the Faith Hospital on Cayman Brac. Primary Health care is offered at district health centres in Grand Cayman and a health centre in Little Cayman. This care being supplemented with dental and eye care services on site at the Health Service Complex in Grand Cayman.

As the nation's principal health care facility, the Cayman Islands Hospital in George Town provides a full range of inpatient and outpatient medical and specialist services.

Specialist services are available in the fields of: surgery, gynaecology & obstetrics, paediatrics, internal medicine, dermatology, anaesthesiology, public health, orthopaedics, psychiatry, cardiology, gastroenterology, radiology, neurology, ophthalmology, ear, nose and throat, periodontology, reconstructive surgery, faciomaxillary surgery, and urology.

In the Sister Islands, residents and visitors can turn for their health care needs to the Faith Hospital in Cayman Brac and the Little Cayman Clinic. The 18-beds hospital serves both islands and provides primary, secondary and emergency care. It features a modern inpatient unit, as well as an operating theatre, maternity, accident and emergency department, outpatient clinics and a public health department. This service is rendered through a purchase agreement with the Ministry of Health Services.

The Health Services Authority also provides a full range of dental and ophthalmologic services.

The Little Cayman Clinic is a new purpose-built facility, complete with waiting and triage areas, a treatment room, doctors' office and a dental office. A resident registered nurse is on call around-the-clock.

The Health Services Authority through the Public Health Department is responsible for public health programmes through a purchase agreement with the Ministry of Health Services. A team of public health nurses, a public health surveillance officer, a health promotion officer, a genetics counsellor, a nutritionist and administrative staff provide this service under the direction of the Medical Officer of Health.

Public Health services include:

- Health advice and vaccines for international travellers;
 - Health assessment, including vision and hearing tests for children;
 - Nutrition and dietary counselling;
 - Child growth and development monitoring;
 - Health Promotion;
 - Communicable disease screening; and
- Disease prevention and control programmes, including immunization

CUSTOMERS AND LOCATION OF ACTIVITIES

The services provided by *Health Services Authority* are provided to all members of the community and visitors. It serves as the primary source of healthcare services to groups of people entitled to healthcare by the Cayman Islands' Government. This includes civil servants and their dependants, public office pensioners and their dependents, school age children, seamen and veterans, indigents and prisoners and mental ill patients.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Health Services Authority* for the 2018 and 2019 financial years are as follows:

- *Develop a phased implementation plan for accreditation*
- *Review and revise financial processes to improve efficiencies and increase accountability at every level*
- *Implement consistent, user-friendly directional signage throughout the organization*
- *Review and upgrade Master Facility Plan*
- *Establish a maintenance team that adequately addresses the needs of the infrastructure*
- *Create a secure environment for patients and staff*
- *Develop a Bariatric service in alignment with international best practice*
- *Develop and implement an innovative marketing plan*
- *Develop and implement a talent management program to support continuing growth and succession planning*
- *Review salary and benefits*
- *Establish and expand the current Diabetes Education Services to include management of diabetic patients in a dedicated clinic.*
- *Monitor, improve and increase the visibility of existing Chronic Disease Awareness media campaign (CDAMC)(e.g. Be Fit)*

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2017 Revision) for the *Health Services Authority* for the 2018 and 2019 financial years are as follows.

FINANCIAL PERFORMANCE MEASURE	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
REVENUE FROM CABINET	29,573	29,573	44,228
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	43,309	43,309	64,934
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	33,825	33,825	46,760
OPERATING EXPENSES	106,370	106,370	155,793
NET SURPLUS DEFICIT	337	337	159
TOTAL ASSETS	122,868	124,365	121,370
TOTAL LIABILITIES	24,979	26,139	23,819
NET WORTH	97,888	98,226	97,551
CASH FLOWS FROM OPERATING ACTIVITIES	5,423	4,423	21,460
CASH FLOWS FROM INVESTING ACTIVITIES	(3,500)	(3,500)	(2,642)
CASH FLOWS FROM FINANCING ACTIVITIES	-	-	2,415
CHANGE IN CASH BALANCES	1,923	923	21,234

FINANCIAL PERFORMANCE RATIO	2018 Budget %	2019 Budget %	2016/17 18 Months Forecast %
CURRENT ASSETS : CURRENT LIABILITIES	7:1	7:1	7:1
TOTAL ASSETS : TOTAL LIABILITIES	5:1	5:1	5:1

MAINTENANCE OF CAPABILITY

	2018 Budget	2019 Budget	2016/17 18 Months Forecast
HUMAN CAPITAL MEASURES			
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	933	933	886
STAFF TURNOVER (%)	10%	10%	10%
SENIOR MANAGER	16	16	15.45
PROFESSIONAL AND TECHNICAL STAFF	9	9	8.78
ADMINISTRATIVE STAFF	10	10	9.11
SIGNIFICANT CHANGES TO PERSONNEL MANAGEMENT SYSTEM	None	None	None

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
PHYSICAL CAPITAL MEASURES			
VALUE OF TOTAL ASSETS	122,868	124,365	121,370
ASSET REPLACEMENTS : TOTAL ASSETS	3.42%	3.31%	2.67%
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	68.86%	66.66%	71.22%
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	97.71%	97.71%	187%
CHANGES TO ASSET MANAGEMENT POLICIES	None	None	None

	2018 TARGET \$	2019 TARGET \$
MAJOR CAPITAL EXPENDITURE PROJECTS (BY HSA)		
Master Facility Plan	300,000	
Materials Inventory Software	400,000	
PFS Computer Software	300,000	
Generator Fuel Storage	240,000	
IT Infrastructure (document scanning, nurse call system, et al)	600,000	
Medical Equipment (ECG, arthroscopy tower, tomographer, et al)	1,300,000	
Other items	360,000	600,000
Facility upgrade in various location of hospital (2018 carried to 2019)		1,400,000
Medical Equipment (Mammogram, forensic equipment, OR Table, et al)		1,500,000
Total Funded by Health Authority	3,500,000	3,500,000
MAJOR CAPITAL EXPENDITURE PROJECTS (BY HSA)	2018 TARGET \$	2019 TARGET \$
Total Funded by Ministry	NIL	NIL

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2016/17	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Strategic			
Potential for vicarious liability exposure for claims against underinsured privileged physicians		Setting of reasonable limits of insurance cover for physicians who are granted privilege to practice at the HSA	\$5M
Potential loss of revenue (loss of market share) from increased competition from private healthcare providers in the community	N/A	<ol style="list-style-type: none"> 1. Identify opportunities and implement measures to improve quality of services and patient experience 2. Focus on measures that will reduce waiting list and waiting time 	\$1.3M
Difficulty/inability to provide current level of services due lack of office and clinical space	N/A	<ol style="list-style-type: none"> 1. Rental of space for administrative staff 2. Development of a new Master Facility Plan 3. Phasing and Funding of the plan 4. Prioritisation and completion of preventive maintenance, construction and refurbishment projects 	\$9M
Financial			
Potential overpayment of final monies upon exit	N/A	Clear guidelines for checks and balances	\$20K
Inability to charge appropriately for services due to inconsistency of charge master pricing		Comprehensive review of charge master to ensure alignment with standard health insurance fees	\$5M
Operational			
Potential loss of key staff in single incumbent positions due to retirement , resignation, lack of trained personnel on island and difficulty in recruiting and retaining professionals	N/A	<ol style="list-style-type: none"> 1. Development and ongoing review of recruitment and retention strategies 2. Development of succession plan 3. Funding of succession plan 	900K
Potential Security breach of IT system		<ol style="list-style-type: none"> 1. Intrusion detection assessment 2. Audit of active directory 	45K
Security of Staff and Facilities	CCTV installed in selected areas	<ol style="list-style-type: none"> 1. Installation of additional CCTV cameras 2. Access control and maintenance of alarms on exits 	50K

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2016/17	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Potential for business interruption due to natural, internal or external disaster	Disaster and Emergency operations plans in place	Continuous review and testing of emergency plans Identified downtime procedures	Insurance deductible
Potential for difficulty in evacuating patients on beds the OR due to congestion in the main exit corridor adjacent to CSR with storage trolleys causing reduced corridor width.		Alternative arrangements for storage of trolleys is being explored	\$250K
Potential for the inappropriate use of company vehicles		1. Policy for the use and maintenance of vehicles 2. Use of log book to sign out and return vehicles	\$30K
Clinical			
Poor patient experience or clinical outcome due to quality issues or system failure		1. Increased focus on improving the patient experience 2. Increased focus on staff training and development plan 3. Provision of continuing education to reduce risk of adverse outcome	50K
Inadequate funding for the replacement of aging clinical equipment	Continued depreciation of clinical equipment	1. Review replacement schedule 2. Replace equipment as funding becomes available 3. Develop an item catalog to seek donations	\$2.2M
Potential delays in Pharmacy services due to the conversion to a new pharmacy IT system	Switch over from ENCOM	1. Develop testing and training plan 2. Develop implementation guideline 3. Develop and practice downtime procedures	20K
Potential for inadequate Blood Supply with poor patient outcome		1. SLA established with overseas Blood Bank 2. Frequent Blood Donor drives	100K

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.

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
OPERATING STATEMENT			
REVENUE	106,707	106,707	155,952
OPERATING EXPENSES	106,370	106,370	155,793
NET SURPLUS/DEFICIT	337	337	159

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
BALANCE SHEET			
ASSETS	122,867	124,365	121,370
LIABILITIES	24,979	26,139	23,819
NET WORTH	97,888	98,226	97,551

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
STATEMENT OF CASH FLOW			
CASH FLOWS FROM OPERATING ACTIVITIES	5,423	4,423	21,460
CASH FLOWS FROM INVESTING ACTIVITIES	(3,500)	(3,500)	(2,641)
CASH FLOWS FROM FINANCING ACTIVITIES	-	-	2,415

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 (2017 Revision).

TRANSACTION	AMOUNT FOR 2018 \$	AMOUNT FOR 2019 \$
Equity Investments into Health Services Authority	NIL	NIL
Capital Withdrawals from Health Services Authority	NIL	NIL
Dividend or Profit Distributions to be made by Health Services Authority.	NIL	NIL
Government Loans to be made to Health Services Authority	NIL	NIL
Government Guarantees to be issued in relation to Health Services Authority	NIL	NIL
Related Party Payments (Non-Remuneration) made to Key Management Personnel ²⁴	NIL	NIL
Remuneration²⁵ Payments made to Key Management Personnel	\$1,725,375	\$1,725,375
Remuneration Payments made to Senior Management	\$1,715,375	\$1,715,375

DESCRIPTION	NUMBERS FOR 2018 \$	NUMBERS FOR 2019 \$
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	17	17
NUMBER OF KEY SENIOR MANAGEMENT (MD)	10	10

²⁴ Key Management Personnel as defined by International Public Accounting Standards No 20, e.g. Minister, Board Member and Senior Management Team

²⁵ Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

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AGREEMENT

Scope of this Agreement

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

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

Procedures for Changing this Ownership Agreement

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

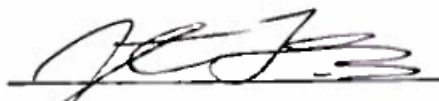
- If either party wish to change the specification of performance contained in this Ownership Agreement, they must notify the other in writing describing the changes that they wish to make.
- The other party will take no more than 15 working days to consider the proposed amendments, or such other time 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 sign the amended Ownership Agreement.
- The amended Ownership Agreement will be attached to and form part of this Agreement.

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Health Services Authority will seek to achieve for the 2018 and 2019 financial years and that the Cabinet will monitor performance against.



Honourable Dwayne Seymour, JP
Minister of Health, Environment, Culture & Housing
On behalf of Cabinet



Mr. Jonathan Tibbetts
Chairperson of the Board
Health Services Authority

27 October 2017

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APPENDIX

FORECAST FINANCIAL STATEMENTS

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**CAYMAN ISLANDS
GOVERNMENT**

HEALTH SERVICES AUTHORITY

**STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019**

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2017 Revision).

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

To the best of our knowledge the statements are:

- a. Complete and reliable;
- b. Fairly reflect the forecast financial position as at 31 December 2018 and 31 December 2019 and performance for the Health Services Authority for the financial years ending 31 December 2018 and 31 December 2019;
- c. Comply with generally accepted accounting practice.

A handwritten signature in black ink, appearing to read 'J. Tibbetts', written over a horizontal line.

Mr. Jonathan Tibbetts
Chairperson of the Board
Health Services Authority

27 October 2017

HEALTH SERVICES AUTHORITY
STATEMENT OF FINANCIAL POSITION
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

18-Month Forecast Ending Dec-17	STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018 AND 31 DECEMBER 2019	Notes	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
25,130,985	Current Assets Cash and cash equivalents	1	27,053,727	27,976,471
	Marketable securities and deposits			
16,788,429	Trade receivables	2	16,622,294	16,456,159
2,564,485	Other receivables	2	1,621,020	1,677,554
5,287,170	Inventories	3	5,787,170	6,287,170
1,263,539	Prepayments	4	1,368,539	1,473,539
51,034,608	Total Current Assets		52,452,750	53,870,893
	Non-Current Assets Property, plant and equipment	5	70,415,084	70,494,443
70,335,725				
70,335,725	Total Non-Current Assets		70,415,084	70,494,443
121,370,333	Total Assets		122,867,834	124,365,336
	Current Liabilities Trade payables	6	1,819,897	1,919,898
1,719,896	Other payables and accruals	6	5,247,327	5,327,327
5,167,327	Employee entitlements	7	151,259	131,259
171,259				
7,058,482	Total Current Liabilities		7,218,483	7,378,484
	Non-Current Liabilities Unfunded pension liability	8	17,761,000	18,761,000
16,761,000				
16,761,000	Total Non-Current Liabilities		17,761,000	18,761,000
23,819,482	Total Liabilities		24,979,483	26,139,484
97,550,851	Net Assets		97,888,351	98,225,852
	NET WORTH Contributed capital		141,444,753	141,444,753
141,444,753	Other Reserves		(1,367,000)	(1,367,000)
(1,367,000)	Revaluation reserve		27,582,538	27,582,538
27,582,538	Accumulated surpluses/(deficits)		(69,771,940)	(69,434,439)
(70,109,440)				
97,550,851	Total Net Worth		97,888,351	98,225,852

HEALTH SERVICES AUTHORITY
 STATEMENT OF FINANCIAL PERFORMANCE
 FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

18-Month Forecast Ending Dec- 17	STATEMENT OF FINANCIAL PERFORMANCE AS AT 31 DECEMBER 2018 AND 31 DECEMBER 2019	Notes	12-Month Budget Ending Dec- 18	12-Month Budget Ending Dec- 19
	Revenue			
155,802,727	Sale of goods and services	9	106,557,562	106,557,562
150,000	Donations	10	150,000	150,000
	Other revenue			
155,952,727	Total Revenue		106,707,562	106,707,562
	Expenses			
99,212,469	Personnel costs	11	65,469,590	65,469,590
34,207,086	Supplies and consumables	12	25,640,758	25,640,758
4,954,451	Depreciation and Amortisation	5	3,420,641	3,420,641
950,135	Litigation costs	13	820,000	820,000
16,469,613	Other Operating expenses		11,019,073	11,019,073
155,793,754	Total Expenses		106,370,062	106,370,062
158,973	Surplus or (Deficit) for the period		337,500	337,500

HEALTH SERVICES AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

18-Month Forecast Ending Dec- 17	CASH FLOW STATEMENT AS AT 31 DECEMBER 2018 AND 31 DECEMBER 2019		12-Month Budget Ending Dec- 18	12-Month Budget Ending Dec- 19
	CASH FLOWS FROM OPERATING ACTIVITIES			
	<i>Receipts</i>			
52,299,076	Sale of goods and services to Cabinet		29,573,600	29,573,600
5,250,000	Sale of goods and services to Ministries/Portfolios		3,500,000	3,500,000
67,972,779	Sale of goods and services to Statutory Agencies and Government Companies		45,315,186	45,315,186
33,119,701	Sale of goods and services - third party		21,413,134	20,413,134
150,000	Donations / Grants		150,000	150,000
737,690	Other receipts		442,500	442,500
	<i>Payments</i>			
(99,212,468)	Personnel costs		(65,469,591)	(65,469,589)
(680,996)	Supplies and consumables - Ministries/Portfolios		(645,000)	(645,000)
(367,391)	Supplies and consumables - Statutory Agencies and Government Companies		(326,185)	(136,186)
(33,158,699)	Supplies and consumables - third party		(24,669,573)	(24,859,572)
(4,649,608)	Other payments		(3,861,329)	(3,861,329)
21,460,084	Net cash flows from operating activities	14	5,422,742	4,422,744
	CASH FLOWS FROM INVESTING ACTIVITIES			
(2,641,803)	Purchase of property, plant and equipment		(3,500,000)	(3,500,000)
-2,641,803	Net cash flows from investing activities		-3,500,000	-3,500,000
	CASH FLOWS FROM FINANCING ACTIVITIES			
3,804,470	Equity Investment from Cabinet			
(1,388,608)	Repayment of Borrowings			
2,415,862	Net cash flows from financing activities		0	0
21,234,143	Net increase/(decrease) in cash and cash equivalents		1,922,742	922,744
3,896,842	Cash and cash equivalents at beginning of period		25,130,985	27,053,727
25,130,985	Cash and cash equivalents at end of period		27,053,727	27,976,471

HEALTH SERVICES AUTHORITY
STATEMENT OF CHANGES IN NET WORTH
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

STATEMENT OF CHANGES IN NET WORTH

	Contributed Capital	Other Reserves	Revaluation Reserve	Accumulated Surplus/ (deficits)	Total
Balance at 31 December 2017 brought forward	141,444,753	-1,367,000	27,582,538	-70,109,440	97,550,851
Prior Year Adjustments					
Changes in accounting policy					0
Accounting Errors					0
Restated balance 31 December 2017	141,444,753	-1,367,000	27,582,538	-70,109,440	97,550,851
Changes in net worth for 2018					
Dividends payable to Cabinet					0
Net revenue / expenses recognised directly in net worth	0	0	0	0	0
Surplus/(deficit)for the period 2018				337,500	337,500
Total recognised revenues and expenses for the period	0	0	0	337,500	337,500
Balance at 31 December 2018 carried forward	141,444,753	-1,367,000	27,582,538	-69,771,940	97,888,351
	Contributed Capital	Other Reserves	Revaluation Reserve	Accumulated Surplus/ (deficits)	Total
Balance at 31 December 2018 brought forward	141,444,753	-1,367,000	27,582,538	-69,771,940	97,888,351
Prior Year Adjustments					
Changes in accounting policy					0
Accounting Errors					0
Restated balance 31 December 2018	141,444,753	-1,367,000	27,582,538	-69,771,940	97,888,351
Changes in net worth for 2019					
Dividends payable to Cabinet					0
Net revenue / expenses recognised directly in net worth	0	0	0	0	0
Surplus/(deficit)for the period 2019				337,500	337,500
Total recognised revenues and expenses for the period	0	0	0	337,500	337,500
Balance at 31 December 2019	141,444,753	-1,367,000	27,582,538	-69,434,439	98,225,852

HEALTH SERVICES AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Note 1: Cash and cash equivalents

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
8,900	Cash on hand	8,900	8,900
1,172,316	CI\$ Account	1,172,315	1,172,316
833,044	US\$ Account	833,044	833,044
13,912,676	Payroll Current Account	15,835,419	16,758,162
	Bank Accounts held at other financial institutions		
9,204,049	Short-Term Fixed Deposits	9,204,049	9,204,049
25,130,985	TOTAL	27,053,727	27,976,471

Note 2: Trade and other receivables

18-Month Forecast Ending Dec-17	Trade Receivables	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
9,012,114	Sale of goods and services to Cabinet	9,596,275	10,180,437
1,957,459	Sale of goods and services to Ministries/Portfolios	2,084,341	2,211,223
19,510,181	Sale of goods and services to Statutory Agencies and Government Companies	20,774,823	22,039,465
77,175,499	Sale of goods and services - third party	82,177,984	87,180,468
2,570,644	Other	2,737,272	2,903,900
-93,437,468	Less: provision for doubtful debts (Enter -ve number)	-100,748,401	-108,059,334
16,788,429	Total trade receivables	16,622,294	16,456,159

18-Month Forecast Ending Dec-17	Trade Receivables	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Current		
6,508,016	Past due 1-30 days	6,443,912	6,379,508
2,923,571	Past due 31-60 days	2,894,343	2,865,414
1,408,799	Past due 61-90 days	1,394,858	1,380,917
5,948,043	Past due 90 and above	5,889,181	5,830,320
	Non-Current		
	Past due 1 year and above		
16,788,429	Total	16,622,294	16,456,159

18-Month Forecast Ending Dec-17	Other Receivables	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
61,352	Advances (salary, Official Travel, etc)	61,352	61,352
	Dishonoured cheques		
	Interest receivable		
7,256,529	Other (OUTPUT PROGRAMS AND H.S.A MEDICAL)	6,818,248	7,379,965
-4,753,396	Less: provision for doubtful debts (Enter -ve number)	-5,258,580	-5,763,763
2,564,485	Total other receivables	1,621,020	1,677,554

18-Month Forecast Ending Dec-17	Other Receivables	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Current		
1,960,942	Past due 1-30 days	1,054,069	1,147,196
393,000	Past due 31-60 days	393,000	393,000
51,308	Past due 61-90 days	51,308	51,308
159,235	Past due 90 and above	122,643	86,050
	Non-Current		
	Past due 1 year and above		
2,564,485	Total	1,621,020	1,677,554

Note 3: Inventories

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Current Inventories		
4,556,016	Inventory held for use in the provision of goods and services	5,056,016	5,556,016
731,154	Impairment of Inventory	731,154	731,154
5,287,170	TOTAL INVENTORIES	5,787,170	6,287,170

Note 4: Prepayments

18-Month Forecast Ending Dec-17	Prepayments	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Current Prepayments		
901,553	Advances to suppliers	1,001,553	1,101,553
361,986	Others	366,986	371,986
1,263,539	Prepayments - Current	1,368,539	1,473,539

Note 5: Property, plant & equipment

Cost of Property, plant & equipment

	<i>Land</i>	<i>Plant and equipment</i>	<i>Buildings and Leasehold</i>	<i>Other assets</i>	<i>Total</i>
Balance as at 1 July 2016	8,298,000	16,696,838	55,557,715	15,560,492	96,113,045
Additions		677,504	1,334,244	630,056	2,641,804
Disposals and Derecognition					0
Revaluation					0
Transfers					0
Balance as at 31 December 2017	8,298,000	17,374,342	56,891,959	16,190,548	98,754,849

	<i>Land</i>	<i>Plant and equipment</i>	<i>Buildings and Leasehold</i>	<i>Other assets</i>	<i>Total</i>
Balance as at 1 January 2018	8,298,000	17,374,342	56,891,959	16,190,548	98,754,849
Additions		1,500,000	500,000	1,500,000	3,500,000
Disposals and Derecognition					0
Revaluation					0
Transfers					0
Balance as at 31 December 2018	8,298,000	18,874,342	57,391,959	17,690,548	102,254,849

	<i>Land</i>	<i>Plant and equipment</i>	<i>Buildings and Leasehold</i>	<i>Other assets</i>	<i>Total</i>
Balance as at 1 January 2019	8,298,000	18,874,342	57,391,959	17,690,548	102,254,849
Additions		1,500,000	500,000	1,500,000	3,500,000
Disposals and Derecognition					0
Revaluation					0
Transfers					0
Balance as at 31 December 2019	8,298,000	20,374,342	57,891,959	19,190,548	105,754,849

Accumulated Depreciation and impairment losses

	<i>Land</i>	<i>Plant and equipment</i>	<i>Buildings and Leasehold</i>	<i>Other assets</i>	<i>Total</i>
Balance as at 1 July 2016		12,278,144		11,186,529	23,464,673
Transfers					0
Impairment Reserve 2016/17 (closing balance)					0
Depreciation Expense 2016/17		1,937,666	2,037,593	979,193	4,954,451
Eliminate on Disposal or Derecognition 2016/17					0
Balance as at 31 December 2017	0	14,215,810	2,037,593	12,165,722	28,419,124

	<i>Land</i>	<i>Plant and equipment</i>	<i>Buildings and Leasehold</i>	<i>Other assets</i>	<i>Total</i>
Balance as at 1 January 2018	0	14,215,810	2,037,593	12,165,722	28,419,124
Transfers					0
Impairment change 2018					0
Depreciation Expense 2018		1,291,777	1,358,395	770,469	3,420,641
Eliminate on Disposal or Derecognition 2018					0
Balance as at 31 December 2018	0	15,507,587	3,395,988	12,936,191	31,839,765

	<i>Land</i>	<i>Plant and equipment</i>	<i>Buildings and Leasehold</i>	<i>Other assets</i>	<i>Total</i>
Balance as at 1 January 2019	0	15,507,587	3,395,988	12,936,191	31,839,765
Transfers					0
Impairment change 2019					0
Depreciation Expense 2019		1,291,777	1,358,395	770,469	3,420,641
Eliminate on Disposal or Derecognition 2019					0
Balance as at 31 December 2019	0	16,799,364	4,754,383	13,706,660	35,260,406

Net Book value 31 December 2017	8,298,000	3,158,533	54,854,367	4,024,826	70,335,725
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Net Book value 31 December 2018	8,298,000	3,366,756	53,995,972	4,754,357	70,415,084
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Net Book value 31 December 2019	8,298,000	3,574,979	53,137,577	5,483,888	70,494,443
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Note 6: Trade payables, other payables & Accruals

18-Month Forecast Ending Dec-17		12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Current Trade payables other payables and accruals		
1,136,209	Creditors Third party	1,231,897	1,369,898
583,687	Creditors Ministries/Portfolios	588,000	550,000
	Creditors other Statutory Agencies and Government Companies		
1,000,223	Payroll Deductions	1,000,223	1,000,223
	Operating Lease		
3,037,811	Accrued Expenses	3,017,811	2,997,811
1,129,293	Other payables	1,229,293	1,329,293
	Dividends/Surplus Payable		
6,887,223	Trade payables other payables and accruals - Current	7,067,224	7,247,225

Note 7: Employee entitlements

18-Month Forecast Ending Dec-17		12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	<i>Current employee entitlements</i>		
171,259	Annual Leave/Comp-time	151,259	131,259
	Retirement and long service leave		
	Accrued salaries		
	Travel		
	Other		
171,259	Total current portion	151,259	131,259
	<i>Non-current employee entitlements</i>		
0	Total non-current portion	0	0
171,259	Total employee entitlements	151,259	131,259

Note 8: Unfunded Pension Liability

Pensions Plan Actuarial Valuation

18-Month Forecast Ending Dec-17		12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
9,843,000	Value of pension fund allocated assets	9,843,000	9,843,000
(26,604,000)	Past service liability (Enter -No.)	(27,604,000)	(28,604,000)
(16,761,000)	Fund (deficiency)/Surplus	(17,761,000)	(18,761,000)

Note 9: Sales of Goods & Services

18-Month Forecast Ending Dec-17	Revenue type	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
45,731,537	Fees and Charges	33,126,969	33,126,969
81,327	Rentals	82,350	82,350
796,998	Other Goods & Services Revenue	465,000	465,000
44,228,400	Sale of goods and services to Cabinet	29,573,600	29,573,600
64,964,465	Sale of goods and services to Other Ministries and Portfolios	43,309,643	43,309,643
155,802,727	Total sales of goods and services	106,557,562	106,557,562

Note 10: Donations

18-Month Forecast Ending Dec-17	Source	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
150,000	Description	150,000	150,000
150,000	Total donations	150,000	150,000

Note 11: Personnel costs

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
76,926,229	Salaries, wages and allowances	55,577,489	55,577,489
11,731,784	Health care other	3,901,550	3,901,550
7,532,969	Pension	4,173,182	4,173,182
	Leave		
3,021,487	Other personnel related costs	1,817,369	1,817,369
99,212,469	Total Personnel Costs	65,469,590	65,469,590

Note 12: Supplies and consumables

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
21,116,560	Supplies and Materials	15,100,667	15,100,667
3,928,772	Purchase of services	3,012,147	3,012,147
1,011,121	Lease of Property and Equipment	939,480	939,480
3,796,299	Utilities	2,942,614	2,942,614
3,422,051	General Insurance	2,645,000	2,645,000
	Interdepartmental expenses		
593,098	Travel and Subsistence	528,999	528,999
339,185	Recruitment and Training	471,851	471,851
	Other		
34,207,086	Total Supplies & consumables	25,640,758	25,640,758

Note 13: Litigation cost

18-Month Forecast Ending Dec-17	Descriptions	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
950,135	Settlement and contingency provision	820,000	820,000
950,135	Total Litigation cost	820,000	820,000

Note 14: Reconciliation of net cash flows from operating activities to surplus/(deficit)

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
158,973	Surplus/(deficit) from ordinary activities	337,500	337,500
	Non-cash movements		
4,954,451	Depreciation & Amortisation	3,420,641	3,420,641
0	Impairment	0	0
0	(Gain)/losses on sale of property plant and equipment	0	0
0	(Gain) / loss on derecognition and revaluation of assets	0	0
	Other Non-cash movement		
	Changes in current assets and liabilities:		
-1,077,430	(Increase)/decrease in other current assets - Cabinet	906,873	-93,127
	(Increase)/decrease in other current assets - Statutory Agencies and Government Companies		
	(Increase)/decrease in other current assets - Ministries Portfolios		
13,932,413	(Increase)/decrease in other current assets - Other	-402,272	-402,270
	(Increase)/(decrease) in current liabilities - Statutory Agencies and Government Companies		
	(Increase)/(decrease) in current liabilities - Ministries Portfolios		
3,491,677	(Increase)/(decrease) in current liabilities - Other	1,160,000	1,160,000
21,460,084	Net cash flows from operating activities	5,422,742	4,422,744

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OWNERSHIP AGREEMENT

**BETWEEN THE
CAYMAN ISLANDS GOVERNMENT**

AND

MARITIME AUTHORITY OF THE CAYMAN ISLANDS

FOR THE 2018 FINANCIAL YEAR ENDING 31 DECEMBER 2018

AND THE 2019 FINANCIAL YEAR ENDING 31 DECEMBER 2019

PREPARED IN ACCORDANCE WITH SECTION 50 OF THE PUBLIC MANAGEMENT AND FINANCE LAW
(2017 REVISION)

CONTENTS

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

Agreement

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Maritime Authority of the Cayman Islands* have agreed the *Maritime Authority of the Cayman Islands* will seek to achieve during the 2018 and 2019 financial years.

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

2. NATURE AND SCOPE OF ACTIVITIES

This section outlines the nature and scope of activities within which the *Maritime Authority of the Cayman Islands* is to operate during the 2018 and 2019 financial years.

GENERAL NATURE OF ACTIVITIES

The Maritime Authority of the Cayman Islands (MACI) activities involve the national maritime administration for the Cayman Islands, MACI will facilitate the development of Cayman as an international maritime centre and help foster a dynamic environment that supports its clients' efforts to maximise their respective stakeholders' growth opportunities and returns in global shipping; whilst promoting compliance with international standards, regional agreements, and Cayman's legislation in the areas of maritime safety and security, marine environmental pollution prevention, and social responsibility.

SCOPE OF ACTIVITIES

1. The original CISR's vessel and mortgage Registration, Advisory, and marine Survey and Audit services.
2. The overall responsibility for implementing Cayman's marine pollution prevention, maritime safety and security, and seafarers' welfare obligations²⁶ 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* 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 sixteen locations, the head office in George Town, the European Regional Office - United Kingdom, representatives in Greece, United States of America, France, Japan, Singapore, The Netherlands, Brazil, Philippines, Italy, South Africa, Germany, Panama, China and the Cayman Islands Government Office in the United Kingdom.

²⁶ The statutory responsibility for this falls to the Office of the Cayman Islands Shipping Master.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Maritime Authority of the Cayman Islands* for the 2018 and 2019 financial years are as follows:

1. Provide services to our Cayman Islands Public Sector clients at the most economic cost;
2. Utilise our 6 authorised classification societies where and when it is in the best interests of the client and MACI to do so;
3. Provide on-going and responsive support to seafarers that sail on Cayman-flagged vessels and arrange for the repatriation of stranded crew members of Cayman-flagged vessels;
4. Continue to update and streamline relevant domestic legislation;
5. Provide client-focused and distinctive maritime administration and related services that add value to the operations of a select group of merchant ship owners/operators with a view to flagging-in the majority of their respective fleets;
6. Provide client-focused and distinctive large Commercial Yacht advisory services to yacht owners/managers, designers, and builders that add value to their operations with a view to obtaining the majority of the global market share in Cayman Yacht Code (CCA), Large Yacht (LY) and Passenger Yacht Code (PYC) advisory services for vessels of 30 metres and over in length;
7. Maintain a diverse, qualified, experienced global team within a learning organisation where employee rewards are based on merit;
8. Develop working alliances with other maritime administrations and their respective governments, international and regional regulatory bodies, and shipping industry organisations;
9. Develop mutually beneficial working partnerships with our clients and with other public sector bodies and non-governmental organisations in Cayman and
10. Ensure that MACI attends each Large Commercial Yacht registered in the Cayman Islands at least once every 2 years.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2017 Revision) for the *Maritime Authority of the Cayman Islands* for the 2018 and 2019 financial years are as follows.

FINANCIAL PERFORMANCE MEASURE	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
REVENUE FROM CABINET	347	426	498
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	-	-	-
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	9,129	9,420	12,233
OPERATING EXPENSES	9,166	9,350	13,110
NET SURPLUS DEFICIT	310	496	(379)
TOTAL ASSETS	4,441	4,845	4,035
TOTAL LIABILITIES	1,449	1,356	1,353
NET WORTH	2,992	3,488	2,682
CASH FLOWS FROM OPERATING ACTIVITIES	494	193	(1,227)
CASH FLOWS FROM INVESTING ACTIVITIES	(150)	(150)	(150)
CASH FLOWS FROM FINANCING ACTIVITIES	-	-	-
CHANGE IN CASH BALANCES	344	43	(1,377)

FINANCIAL PERFORMANCE RATIO	2018 Budget %	2019 Budget %	2016/17 18 Months Forecast %
CURRENT ASSETS : CURRENT LIABILITIES	4.79:1	5.07:1	5.86:1
TOTAL ASSETS : TOTAL LIABILITIES	3.06:1	3.57:1	2.98:1

MAINTENANCE OF CAPABILITY

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
HUMAN CAPITAL MEASURES			
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	46	46	45
STAFF TURNOVER (%)	0%	0%	5%
SENIOR MANAGER	5	5	4
PROFESSIONAL AND TECHNICAL STAFF	10	10	10
ADMINISTRATIVE STAFF	21	21	21
SIGNIFICANT CHANGES TO PERSONNEL MANAGEMENT SYSTEM	NONE	NONE	NONE

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
PHYSICAL CAPITAL MEASURES			
VALUE OF TOTAL ASSETS	4,441	4,844	4,035
ASSET REPLACEMENTS : TOTAL ASSETS	23%	24%	21%
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	33%	31%	34%
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	62%	82%	81%
CHANGES TO ASSET MANAGEMENT POLICIES	Nil	Nil	Nil

MAJOR CAPITAL EXPENDITURE PROJECTS	2018 TARGET \$	2019 TARGET \$
Migrate Accounts Receivable from CISIS and redevelop CISIS into an e-register system. Continue to roll-out SharePoint and implement Microsoft CRM	150	150

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2015/16	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Nothing to Report	NIL	NIL	NIL

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.

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
OPERATING STATEMENT			
REVENUE	9,476	9,846	12,731
OPERATING EXPENSES	9,166	9,350	13,110
NET SURPLUS/DEFICIT	310	496	(379)

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
BALANCE SHEET			
ASSETS	4,441	4,844	4,035
LIABILITIES	1,449	1,356	1,353
NET WORTH	2,992	3,488	2,682

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
STATEMENT OF CASH FLOW			
CASH FLOWS FROM OPERATING ACTIVITIES	493	193	(1,227)
CASH FLOWS FROM INVESTING ACTIVITIES	(150)	(150)	(150)
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 (2017 Revision).

TRANSACTION	AMOUNT FOR 2018 \$	AMOUNT FOR 2019 \$
Equity Investments into Maritime Authority of the Cayman Islands	Nil	Nil
Capital Withdrawals from Maritime Authority of the Cayman Islands	Nil	Nil
Dividend or Profit Distributions to be made by Maritime Authority of the Cayman Islands.	\$50,000	\$100,000
Government Loans to be made to Maritime Authority of the Cayman Islands	Nil	Nil
Government Guarantees to be issued in relation to Maritime Authority of the Cayman Islands	Nil	Nil
Related Party Payments (Non-Remuneration) made to Key Management Personnel ²⁷	\$0	\$0
Remuneration ²⁸ Payments made to Key Management Personnel	\$731,093	\$745,715
Remuneration Payments made to Senior Management	\$679,349	\$692,937

DESCRIPTION	NUMBERS FOR 2018 \$	NUMBERS FOR 2019 \$
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	2	2
NUMBER OF KEY SENIOR MANAGEMENT (MD)	12	12

²⁷ Key Management Personnel as defined by International Public Accounting Standards No 20, e.g. Minister, Board Member and Senior Management Team

²⁸ Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

AGREEMENT

Scope of this Agreement

In signing this document the 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 financial years 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 sign the amended Ownership Agreement.
- The amended Ownership Agreement will be attached to and form part of this Agreement.

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Maritime Authority of the Cayman Islands will seek to achieve for the 2018 and 2019 financial years and that the Cabinet will monitor performance against.



Honourable Tara Rivers, JP

Minister of Financial Services & Home Affairs

On behalf of Cabinet



Mr. Phillip A. Barnes

Chairman of the Board

Maritime Authority of the Cayman Islands

27 October 2017

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APPENDIX

FORECAST FINANCIAL STATEMENTS

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MARITIME AUTHORITY OF THE CAYMAN ISLANDS
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2017 Revision).

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

To the best of our knowledge the statements are:

- a. Complete and reliable;
- b. Fairly reflect the forecast financial position as at 31 December 2018 and 31 December 2019 and performance for the Maritime Authority of the Cayman Islands for the financial years ending 31 December 2018 and 31 December 2019; and
- c. Comply with Generally Accepted Accounting Practice.

Mr. Phillip A. Barnes
Chairman of the Board
Maritime Authority of the Cayman Islands

27 October 2017

**MARITIME AUTHORITY OF THE CAYMAN ISLANDS
FORECAST STATEMENT OF FINANCIAL POSITION
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019**

18-MONTH FORECAST ENDING DEC-17	STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018 AND 31 DECEMBER 2019	NOTES	12-MONTH BUDGET ENDING DEC-18	12-MONTH BUDGET ENDING DEC-19
	CURRENT ASSETS			
1,728,548	CASH AND CASH EQUIVALENTS	1	2,072,378	2,115,650
	MARKETABLE SECURITIES AND DEPOSITS			
2,022,565	TRADE RECEIVABLES	2	2,027,919	2,360,898
3,751,113	TOTAL CURRENT ASSETS		4,100,297	4,476,548
	NON-CURRENT ASSETS			
284,247	PROPERTY, PLANT AND EQUIPMENT	7	341,183	368,120
284,247	TOTAL NON-CURRENT ASSETS		341,183	368,120
4,035,360	TOTAL ASSETS		4,441,480	4,844,668
	CURRENT LIABILITIES			
212,265	TRADE PAYABLES	9	378,239	350,746
398,089	UNEARNED REVENUE	10	450,111	507,647
30,022	EMPLOYEE ENTITLEMENTS	11	28,000	25,000
640,376	TOTAL CURRENT LIABILITIES		856,350	883,393
	NON-CURRENT LIABILITIES			
713,000	UNFUNDED PENSION LIABILITY	13	593,000	473,000
-	UNFUNDED POST RETIREMENT HEALTH CARE	14	-	-
	CURRENCY ISSUED			
713,000	TOTAL NON-CURRENT LIABILITIES		593,000	473,000
1,353,376	TOTAL LIABILITIES		1,449,350	1,356,393
2,681,984	NET ASSETS		2,992,130	3,488,275
	NET WORTH			
1,500,000	CONTRIBUTED CAPITAL		1,500,000	1,500,000
1,181,984	ACCUMULATED SURPLUSES/(DEFICITS)		1,492,130	1,988,275
2,681,984	TOTAL NET WORTH		2,992,130	3,488,275

**MARITIME AUTHORITY OF THE CAYMAN ISLANDS
FORECAST STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019**

18-Month Forecast Ending Dec- 17	STATEMENT OF FINANCIAL PERFORMANCE AS AT 31 DECEMBER 2018 AND 31 DECEMBER 2019	Notes	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec- 19
	Revenue			
12,731,593	Sale of goods and services	15	9,476,146	9,846,146
-	Investment revenue	16	-	-
-	Donations	17	-	-
	Other revenue			
12,731,593	Total Revenue		9,476,146	9,846,146
	Expenses			
6,278,415	Personnel costs	18	4,202,105	4,286,105
6,836,774	Supplies and consumables	19	4,870,831	4,940,832
122,082	Depreciation and Amortisation	7	93,064	123,063
	Impairment of Inventory, property, plant and equipment			
(126,872)	Other (Gains)/losses	22	-	-
	Other Operating expenses			
13,110,399	Total Expenses		9,166,000	9,350,000
(378,806)	Surplus or (Deficit) for the period		310,147	496,145

**MARITIME AUTHORITY OF THE CAYMAN ISLANDS
FORECAST STATEMENT OF CASH FLOWS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019**

18-MONTH FORECAST ENDING DEC- 17	CASH FLOW STATEMENT AS AT 31 DECEMBER 2018 AND 31 DECEMBER 2019	NOTES	12-MONTH BUDGET ENDING DEC-18	12-MONTH BUDGET ENDING DEC-19
	CASH FLOWS FROM OPERATING ACTIVITIES			
	<i>RECEIPTS</i>			
497,966	SALE OF GOODS AND SERVICES TO CABINET		347,213	426,975
12,174,854	SALE OF GOODS AND SERVICES - THIRD PARTY		9,016,510	9,153,692
	<i>PAYMENTS</i>			
(6,301,679)	PERSONNEL COSTS		(4,166,360)	(4,215,804)
	SUPPLIES AND CONSUMABLES - MINISTRIES/PORTFOLIOS			
(374,904)	SUPPLIES AND CONSUMABLES - THIRD PARTY		(375,918)	(378,200)
	INTEREST PAID			
(7,223,222)	OTHER PAYMENTS		(4,327,615)	(4,793,391)
-1,226,986	NET CASH FLOWS FROM OPERATING ACTIVITIES	23	493,830	193,272
	CASH FLOWS FROM INVESTING ACTIVITIES			
(150,000)	PURCHASE OF PROPERTY, PLANT AND EQUIPMENT		(150,000)	(150,000)
	PROCEEDS FROM SALE OF PROPERTY, PLANT AND EQUIPMENT			
(150,000)	NET CASH FLOWS FROM INVESTING ACTIVITIES		(150,000)	(150,000)
	CASH FLOWS FROM FINANCING ACTIVITIES			
	EQUITY INVESTMENT FROM CABINET			
	REPAYMENT OF SURPLUS/DIVIDENDS OR CAPITAL WITHDRAWAL			
	CURRENCY ISSUES			
-	NET CASH FLOWS FROM FINANCING ACTIVITIES		-	-
(1,376,986)	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		343,830	43,272
3,105,534	CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		1,728,548	2,072,378
1,728,548	CASH AND CASH EQUIVALENTS AT END OF PERIOD		2,072,378	2,115,650

**MARITIME AUTHORITY OF THE CAYMAN ISLANDS
 FORECAST STATEMENT OF CHANGES IN NET WORTH
 FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019**

STATEMENT OF CHANGES IN NET WORTH			
AS AT 31 DECEMBER 2018 AND 31 DECEMBER 2019			
	CONTRIBUTED CAPITAL	ACCUMULATED SURPLUS/ (DEFICITS)	TOTAL
BALANCE AT 30 JUNE 2016 BROUGHT FORWARD	1,500,000	1,560,789	3,060,789
CHANGES IN NET WORTH FOR 2016/17			
SURPLUS/(DEFICIT)FOR THE PERIOD 2016/17		(378,806)	(378,806)
BALANCE AT 31 DECEMBER 2017	1,500,000	1,181,984	2,681,984
BALANCE AT 31 DECEMBER 2017 BROUGHT FORWARD	1,500,000	1,181,984	2,681,984
SURPLUS/(DEFICIT)FOR THE PERIOD 2018		310,146	310,146
BALANCE AT 31 DECEMBER 2018	1,500,000	1,492,130	2,992,130
BALANCE AT 31 DECEMBER 2018 BROUGHT FORWARD	1,500,000	1,712,644	3,212,644
SURPLUS/(DEFICIT)FOR THE PERIOD 2019		496,146	496,146
BALANCE AT 31 DECEMBER 2019	1,500,000	1,988,275	3,488,275

**MARITIME AUTHORITY OF THE CAYMAN ISLANDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019**

NOTE 1: CASH AND CASH EQUIVALENTS

18-MONTH FORECAST ENDING DEC-17	DESCRIPTION	12-MONTH BUDGET ENDING DEC- 18	12-MONTH BUDGET ENDING DEC- 19
1,728,548	CASH ON HAND	2,072,378	2,115,650
-	BANK OVERDRAFT	-	-
	SHORT-TERM FIXED DEPOSITS		
1,728,548	TOTAL	2,072,378	2,115,650

NOTE 2: TRADE AND OTHER RECEIVABLES

18-MONTH FORECAST ENDING DEC-17	TRADE RECEIVABLES	12-MONTH BUDGET ENDING DEC- 18	12-MONTH BUDGET ENDING DEC- 19
118,965	SALE OF GOODS AND SERVICES TO CABINET	83,829	76,000
2,103,600	SALE OF GOODS AND SERVICES - THIRD PARTY	2,144,090	2,484,898
	OTHER		
(200,000)	LESS: PROVISION FOR DOUBTFUL DEBTS	(200,000)	(200,000)
2,022,565	TOTAL TRADE RECEIVABLES	2,027,919	2,360,898

NOTE 7: PROPERTY, PLANT & EQUIPMENT

COST OF PROPERTY, PLANT & EQUIPMENT			
	COMPUTER HARDWARE	OTHER ASSETS	TOTAL
BALANCE AS AT 1 JULY 2016	561,449	170,691	732,140
ADDITIONS	101,221	48,779	150,000
TRANSFERS	170,691	(170,691)	-
BALANCE AS AT 31 DECEMBER 2017	833,361	48,779	882,140
BALANCE AS AT 1 JANUARY 2018	833,361	48,779	882,140
ADDITIONS	150,000	-	150,000
TRANSFERS	48,779	(48,779)	-
BALANCE AS AT 31 DECEMBER 2018	1,032,140	-	1,032,140
BALANCE AS AT 1 JANUARY 2019	1,032,140	-	1,032,140
ADDITIONS	150,000	-	150,000
TRANSFERS	-	-	-
BALANCE AS AT 31 DECEMBER 2019	1,182,140	-	1,182,140
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES			
BALANCE AS AT 1 JULY 2016	475,811	-	475,811
DEPRECIATION EXPENSE 2016/17	122,082	-	122,082
BALANCE AS AT 31 DECEMBER 2017	597,893	-	597,893
BALANCE AS AT 1 JANUARY 2018	597,893	-	597,893
DEPRECIATION EXPENSE 2018	93,064	-	93,064
BALANCE AS AT 31 DECEMBER 2018	690,957	-	690,957
BALANCE AS AT 1 JANUARY 2019	690,957	-	690,957
DEPRECIATION EXPENSE 2019	123,063	-	123,063
BALANCE AS AT 31 DECEMBER 2019	814,020	-	814,020
NET BOOK VALUE 31 DECEMBER 2017	235,468	48,779	284,247
NET BOOK VALUE 31 DECEMBER 2018	341,183	-	341,183
NET BOOK VALUE 31 DECEMBER 2019	368,120	-	368,120

NOTE 9: TRADE PAYABLES, OTHER PAYABLES & ACCRUALS

18-MONTH FORECAST ENDING DEC-17		12-MONTH BUDGET ENDING DEC- 18	12-MONTH BUDGET ENDING DEC- 19
	CURRENT TRADE PAYABLES OTHER PAYABLES AND ACCRUALS		
212,265	CREDITORS THIRD PARTY	378,239	350,745
	DIVIDENDS/SURPLUS PAYABLE		
212,265	TRADE PAYABLES OTHER PAYABLES AND ACCRUALS - CURRENT	378,239	350,745

18-MONTH FORECAST ENDING DEC-17	DETAILS	12-MONTH BUDGET ENDING DEC- 18	12-MONTH BUDGET ENDING DEC- 19
	CURRENT UNEARNED REVENUE		
164,111	REVENUE DEPOSITS	154,133	148,169
233,978	CASUALTY INVESTIGATION FUND	295,978	359,478
398,089	TOTAL UNEARNED REVENUE	450,111	507,647

NOTE 11: EMPLOYEE ENTITLEMENTS

18-MONTH FORECAST ENDING DEC-17		12-MONTH BUDGET ENDING DEC- 18	12-MONTH BUDGET ENDING DEC- 19
	<i>CURRENT EMPLOYEE ENTITLEMENTS</i>		
30,022	ANNUAL LEAVE/COMP-TIME	28,000	25,000
30,022	TOTAL EMPLOYEE ENTITLEMENTS	28,000	25,000

NOTE 13: UNFUNDED PENSION LIABILITY

	ACTUARIAL VALUATIONS WITH AN EFFECTIVE DATE OF SEPTEMBER 22 2016 WERE CONDUCTED FOR THE PLAN. THESE ACTUARIAL VALUATION REPORTS WERE ACCEPTED BY THE BOARD OF DIRECTORS			
	UNFUNDED PENSION LIABILITY 1.613 (MILLION) REPRESENTS THE FUND DEFICIENCIES ARISING MAINLY AS A RESULT OF PARTICIPANTS HAVING ACCRUED CONSIDERABLE DEFINED BENEFIT ENTITLEMENTS PRIOR TO ESTABLISHMENT OF THE FUND.			
	THE ACTUARIAL VALUATION CALCULATED A FUND DEFICIENCY AS AT JUNE 30 2016			

PENSIONS PLAN ACTUARIAL VALUATION		12-MONTH BUDGET ENDING DEC-18	12-MONTH BUDGET ENDING DEC-19
18-MONTH FORECAST ENDING DEC-17			
	VALUE OF PENSION FUND ALLOCATED ASSETS		
(713,000)	PAST SERVICE LIABILITY	(593,000)	(473,000)
(713,000)	FUND (DEFICIENCY)/SURPLUS	(593,000)	(473,000)

THE PRINCIPAL ASSUMPTIONS (EXCLUDING THE ESTIMATED RETIREMENT AGE WHICH VARIED WITH EACH PLAN) USED IN THE COMPUTATION OF THE ACTUARIAL ESTIMATE OF THE PENSION LIABILITY FOR EACH OF THE THREE NAMED PENSION PLANS ARE AS FOLLOWS:
ANNUAL SALARY INCREASES OF 3.5%;
LONG TERM INFLATION RATE OF 2.5% PER ANNUM;
VALUATION INTEREST RATE TO DISCOUNT FUTURE BENEFIT PAYMENTS OF 4%;
EXPECTED LONG-TERM RATE OF RETURN ON THE FUND'S INVESTED ASSETS OF __%;
ANTICIPATED FUTURE PENSIONS PAYMENTS INCREASES OF 2.5% PER ANNUM; AND

NOTE 15: SALES OF GOODS & SERVICES

18-MONTH FORECAST ENDING DEC-17	REVENUE TYPE	12-MONTH BUDGET ENDING DEC-18	12-MONTH BUDGET ENDING DEC-19
12,174,437	FEES AND CHARGES	9,057,000	9,427,000
557,156	SALE OF GOODS AND SERVICES TO CABINET	419,146	419,146
12,731,593	TOTAL SALES OF GOODS AND SERVICES	9,476,146	9,846,146

18-MONTH FORECAST ENDING DEC-17	FEES AND CHARGES	12-MONTH BUDGET ENDING DEC-18	12-MONTH BUDGET ENDING DEC-19
12,174,437	SURVEY, REGISTRATION AND TONNAGE SALES	9,476,146	9,846,146
12,174,437	TOTAL FEES & CHARGES	9,476,146	9,846,146

18-MONTH FORECAST ENDING DEC-17	SALES OF OUTPUTS TO CABINET	12-MONTH BUDGET ENDING DEC- 18	12-MONTH BUDGET ENDING DEC- 19
557,156	SALES OF OUTPUTS TO CABINET	419,146	419,146
557,156	TOTAL SALES OF OUTPUTS TO CABINET	419,146	419,146

NOTE 18: PERSONNEL COSTS

18-MONTH FORECAST ENDING DEC-17	DESCRIPTION	12-MONTH BUDGET ENDING DEC- 18	12-MONTH BUDGET ENDING DEC- 19
5,126,985	SALARIES, WAGES AND ALLOWANCES	3,375,323	3,459,323
489,776	HEALTH CARE OTHER	300,000	300,000
324,770	PENSION	297,254	297,254
71,449	LEAVE	20,000	20,000
265,435	OTHER PERSONNEL RELATED COSTS	209,528	209,528
6,278,415	TOTAL PERSONNEL COSTS	4,202,105	4,286,105

NOTE 19: SUPPLIES AND CONSUMABLES

18-MONTH FORECAST ENDING DEC-17	DESCRIPTION	12-MONTH BUDGET ENDING DEC- 18	12-MONTH BUDGET ENDING DEC- 19
	SUPPLIES AND MATERIALS		
2,374,383	PURCHASE OF SERVICES	1,652,000	1,691,845
806,914	LEASE OF PROPERTY AND EQUIPMENT	564,000	570,000
	UTILITIES		
85,912	GENERAL INSURANCE	44,004	68,004
	INTERDEPARTMENTAL EXPENSES		
867,067	TRAVEL AND SUBSISTENCE	677,927	631,717
88,456	RECRUITMENT AND TRAINING	40,895	40,895
2,614,042	OTHER	1,892,005	1,938,371
6,836,774	TOTAL SUPPLIES & CONSUMABLES	4,870,831	4,940,832

NOTE 23: RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO SURPLUS/(DEFICIT)

18-MONTH FORECAST ENDING DEC-17	DESCRIPTION	12-MONTH BUDGET ENDING DEC- 18	12-MONTH BUDGET ENDING DEC- 19
(378,806)	SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES	310,146	496,146
	NON-CASH MOVEMENTS		
122,082	DEPRECIATION & AMORTISATION	93,064	123,063
(59,190)	(INCREASE)/DECREASE IN OTHER CURRENT ASSETS - CABINET	35,136	7,829
225,417	(INCREASE)/DECREASE IN OTHER CURRENT ASSETS - OTHER	(40,490)	(340,808)
(1,136,489)	(INCREASE)/(DECREASE) IN CURRENT LIABILITIES - OTHER	95,974	(92,957)
(1,226,986)	NET CASH FLOWS FROM OPERATING ACTIVITIES	493,830	193,273

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OWNERSHIP AGREEMENT

**BETWEEN THE
CAYMAN ISLANDS GOVERNMENT**

AND

THE NATIONAL DRUG COUNCIL

**FOR THE 2018 FINANCIAL YEAR ENDING 31 DECEMBER 2018
AND THE 2019 FINANCIAL YEAR ENDING 31 DECEMBER 2019**

PREPARED IN ACCORDANCE WITH SECTION 50 OF THE PUBLIC MANAGEMENT AND FINANCE LAW
(2017 REVISION)

CONTENTS

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

Agreement

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *National Drug Council* have agreed *The National Drug Council* will seek to achieve during the 2018 and 2019 financial years.

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

2. NATURE AND SCOPE OF ACTIVITIES

This section outlines the nature and scope of activities within which *The National Drug Council* is to operate during the 2018 and 2019 financial years.

GENERAL NATURE OF ACTIVITIES

The National Drug Council activities involve:

- **Policy formulation, feedback and advice** (advocacy, provision of feedback and support to the development of policy and legislation aimed at reducing substance misuse and abuse). These will include but is not limited to:
 - The National Drug Council Law (2010 Revision)
 - Liquor Licensing Law (2015) Revision and subsequent Regulations
 - Mental Health Policy development
 - Misuse of Drugs Law (2014 Revision)
- **Prevention and Education** (initiatives such as presentations, workshops, programs, public information/media campaigns etc., aimed at reducing the negative impacts of alcohol and other drugs in our communities).
 - Continued prevention and education activities in the Cayman Islands
 - Develop and implement programming for primary schools
 - Develop and implement consistent programming in Cayman Brac
 - Increase involvement in Youth To Youth
 - Deliver training for servers and sellers of alcohol in accordance with the revised liquor licencing legislation and supporting regulations.
- **Research** (instrument design, data collection (surveillance), data analysis and reporting)
 - Conduct student survey, or Primary School Pilot
 - Develop Cayman Brac specific research initiative for implementation
 - Increase data collection, facilitate the use of information required to reduce the negative impacts of alcohol and other drugs in our communities.
 - Formulate a policy for an ethics committee to support research initiatives
- **Evaluation** (coordinate/conduct program evaluations in a systematic approach of collecting and analysing programme data to answer questions about projects, policies and programmes especially about their effectiveness).

SCOPE OF ACTIVITIES

The scope of The 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.
- **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; and
- **Evaluation**- : Evaluate programming related to reducing the impacts of drug and alcohol abuse in the Cayman

islands in an effort to improve activities and programming and determine effectiveness whenever possible.

CUSTOMERS AND LOCATION OF ACTIVITIES

The services provided by The National Drug Council are provided primarily in the Cayman Islands.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for *The National Drug Council* for the 2018 and 2019 financial years are as follows:

- Provide **policy advice**, advocate for policy and legislative change, and review matters as it relates to alcohol and other substance misuse and abuse in the Cayman Islands.
- Educate the public (youth, adults, special interest groups, communities as a whole) on issues of alcohol and other drug misuse and abuse with the goal **prevention** and of reducing the negative impacts to our society.
- Conduct **research** and provide information that is culturally relevant and based on scientific research and local data.
- **Evaluate** relevant programmes to ensure effective programming.
- Ensure best practice and adherence to relevant regional and international policies related to alcohol and other drug issues.
- Encourage and foster affiliations and exchange of information on a local, regional and international level.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2017 Revision) for the *National Drug Council* for the 2018 and 2019 financial years are as follows.

FINANCIAL PERFORMANCE MEASURE	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
REVENUE FROM CABINET	637	637	955
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	-	-	-
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	17.5	20	13.5
OTHER EXPENSES	654.5	657	968.5
NET SURPLUS DEFICIT	-	-	-
TOTAL ASSETS	372	438	601
TOTAL LIABILITIES	45	44	58
NET WORTH	328	393	543
CASH FLOWS FROM OPERATING ACTIVITIES	(17.5)	28	(107)
CASH FLOWS FROM INVESTING ACTIVITIES	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES	-	-	-
CHANGE IN CASH BALANCES	(17.5)	28	(107)

	2018 Budget %	2019 Budget %	2016/17 18 Months Forecast %
FINANCIAL PERFORMANCE RATIO			
CURRENT ASSETS : CURRENT LIABILITIES	8.2:1	9.8:1	10.25:1
TOTAL ASSETS : TOTAL LIABILITIES	8.3:1	9.9:1	10.33:1

MAINTENANCE OF CAPABILITY

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
HUMAN CAPITAL MEASURES			
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	7	7	7
STAFF TURNOVER (%)			
SENIOR MANAGER	0	0	0
PROFESSIONAL AND TECHNICAL STAFF	0	0	15%
ADMINISTRATIVE STAFF	0	0	0

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
PHYSICAL CAPITAL MEASURES			
VALUE OF TOTAL ASSETS	372	438	601
ASSET REPLACEMENTS : TOTAL ASSETS	0:1	0:1	0:1
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	1:61.3	1:36.7	1:21.3
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	0:0	0:0	0:0
CHANGES TO ASSET MANAGEMENT POLICIES	Ongoing revision of policies	Ongoing revision of policies	Ongoing revision of policies

	2018 TARGET \$	2019 TARGET \$
MAJOR CAPITAL EXPENDITURE PROJECTS		
NIL	0	0

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2016/17	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Staff Turnover	20%	Performance Management / Training	Increased time in lieu due to staff taking on other duties from vacant post
Budget Cuts	0%	Increase opportunities for non-governmental funds	Unknown

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

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

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
OPERATING STATEMENT			
REVENUE	654.5	657	968.5
OPERATING EXPENSES	654.5	657	968.5
NET SURPLUS/DEFICIT	-	-	-

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
BALANCE SHEET			
ASSETS	372	438	601
LIABILITIES	45	44	58
NET WORTH	328	393	543

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
STATEMENT OF CASH FLOW			
CASH FLOWS FROM OPERATING ACTIVITIES	(17.5)	28	(107)
CASH FLOWS FROM INVESTING ACTIVITIES	-	-	-
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 (2017 Revision).

TRANSACTION	AMOUNT FOR 2018 \$	AMOUNT FOR 2019 \$
Equity Investments into The National Drug Council	0	0
Capital Withdrawals from The National Drug Council	0	0
Dividend or Profit Distributions to be made by The National Drug Council.	0	0
Government Loans to be made to The National Drug Council	0	0
Government Guarantees to be issued in relation to The National Drug Council	0	0
Related Party Payments (Non-Remuneration) made to Key Management Personnel ²⁹	0	0
Remuneration³⁰ Payments made to Key Management Personnel	108,300	108,300
Remuneration Payments made to Senior Management	67,016	67,016

DESCRIPTION	NUMBERS FOR 2018 \$	NUMBERS FOR 2019 \$
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	12	12
NUMBER OF KEY SENIOR MANAGEMENT (MD)	1	1

²⁹ Key Management Personnel as defined by International Public Accounting Standards No 20, e.g. Minister, Board Member and Senior Management Team

³⁰ Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

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AGREEMENT

Scope of this Agreement

In signing this document The National Drug Council undertakes to seek to achieve the performance specified in sections 2 to 6 to the best of its ability; and

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

Procedures for Changing this Ownership Agreement

Changes to this Ownership Agreement may be made during the financial years 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 sign the amended Ownership Agreement.
- The amended Ownership Agreement will be attached to and form part of this Agreement.

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance The National Drug Council will seek to achieve for the 2018 and 2019 financial years and that the Cabinet will monitor performance against.



Honourable Dwayne Seymour, JP
Minister of Health, Environment, Culture & Housing
On behalf of Cabinet



Mrs. Dorothy Scott
Chairman of the Board
The National Drug Council

27 October 2017

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APPENDIX

FORECAST FINANCIAL STATEMENTS

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NATIONAL DRUG COUNCIL
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2017 Revision).

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

To the best of our knowledge the statements are:

- a. Complete and reliable;
- b. Fairly reflect the forecast financial position as at 31 December 2018 and 31 December 2019 and performance for the **National Drug Council** for the financial years ending 31 December 2018 and 31 December 2019; and
- c. Comply with Generally Accepted Accounting Practice.



Mrs. Dorothy Scott
Chairman of the Board
National Drug Council

27 October 2017

**NATIONAL DRUG COUNCIL
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019**

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:

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

	Contributed Assets Years remaining at acquisition	Purchased assets Useful lives
Office equipment	0	3
Office furniture	0	6
Computer equipment	0	3
Leasehold Improvement	0	3

- 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 YEARS ENDING 31 December 2018 and 31 December 2019**

	Notes	Budget 2019	Budget 2018	Forecast 2016/17
General surplus:				
Revenues				
Outputs to Government		637,000	637,000	955,000
Non-government grant income:		20,000	17,500	13,500
Total revenues	1	657,000	654,500	968,500
Expenses				
Personnel Emoluments	6	497,584	495,484	718,076
Prevention, Research and Evaluation	4	21,500	23,500	37,685
Operating maintenance		9,750	8,550	26,505
Rent	5	66,000	66,000	99,000
Training, Travelling and subsistence	4	14,500	15,050	20,319
Depreciation – assets purchased	3	1,729	2,513	3,702
Audit and accounting fees		16,500	15,833	20,000
Utilities		21,554	18,740	27,795
Supplies & materials	4	7,550	8,830	15,418
Total expenses		657,000	654,500	968,500
Net surplus for period		0	0	0
Retained Earnings at beginning of period		215,778	215,778	426,560
Retained Earnings at end of period		215,778	215,778	215,778

**NATIONAL DRUG COUNCIL
FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEARS ENDING 31 December 2018 and 31 December 2019**

	Notes	2019	2018	2016/17
Balance, beginning of year		328	543	359
Prior Year Adjustments				
As Restated Net Income/Loss for the Year		66	(215)	184.5
Balance at end of year		393	328	543

**NATIONAL DRUG COUNCIL
FORECAST BALANCE SHEET
FOR THE YEARS ENDING 31 December 2018 and 31 December 2019**

	Notes	Budget 2019	Budget 2018	Forecast 2016/17
ASSETS				
Current Assets				
Cash and cash equivalents	2	243,750	215,800	233,377
Fund Due From Cabinet	7	182,781	144,750	200,941
Prepaid expenses and other receivables		7,707	6,927	159,036
Total current assets		434,238	367,477	593,354
Fixed assets	3	3,466	5,174	7,721
Total assets		437,704	372,651	601,075
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts payable		9,750	10,500	11,415
Accrued consultancy		0	5,040	0
Accrued other liabilities		24,582	19,360	36,466
Accrued Audit Fees		10,000	10,000	10,000
Total current liabilities		44,332	44,900	57,881
EQUITY				
Retained earnings		215,778	215,778	215,778
Net Income		0	0	0
Total current liabilities and equity		437,704	372,651	601,075

**NATIONAL DRUG COUNCIL
 FORECAST STATEMENT OF CASH FLOWS
 FOR THE YEARS ENDING 31 December 2018 and 31 December 2019**

	Notes	Budget 2019	Budget 2018	Forecast 2016/17
Operating activities				
Net cash provided by operations		0	0	0
Investing activity				
Purchase of fixed assets		0	0	0
Net cash (used) in investing activities		0	0	0
Net change in cash and cash equivalents				
Cash, beginning of year		215,800	233,377	340,250
Net Change in Cash		27,950	-17,577	-106,873
Cash, end of year		243,750	215,800	233,377

**NATIONAL DRUG COUNCIL
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEARS ENDING 31 December 2018 and 31 December 2019**

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. Donations are recorded as income when received. Special grant income relating to other projects is allocated to income during the period over which the project is expected to be commenced and completed.

NOTE 2: CASH AND CASH EQUIVALENTS

Cash and Cash equivalents include amounts due from bank on demand. All cash and cash equivalents are held with a bank in the Cayman Islands.

	Budget 2019	Budget 2018	Forecast 2016/17
Current and call accounts	243,750	215,800	233,377
Short-term fixed deposits maturing within one month	0	0	0
TOTAL	243,750	215,800	233,377

NOTE 3: DEPRECIATION AND FIXED ASSETS

	Budget 2019	Budget 2018	Forecast 2016/17
Leasehold Improvement			
Opening Book Value/Cost	0	0	0
Additions	0	0	0
Depreciation	0	0	0
Closing Book Value	0	0	0
Office Furniture and Equipment			
Opening Book Value/Cost	3,764	5,617	8,383
Additions	0	0	0
Depreciation	1,242	1,853	2,766
Closing Book Value	2,522	3,764	5,617
Computer Hardware and Software			
Opening Book Value/Cost	1,410	2,104	3,141
Additions	0	0	
Depreciation	465	694	1,037
Closing Book Value	945	1,410	2,104

NATIONAL DRUG COUNCIL
NOTES TO THE FORECAST FINANCIAL STATEMENTS (Cont.)
FOR THE YEARS ENDING 31 December 2018 and 31 December 2019

NOTE 4: Prevention, Research, Monitoring and Evaluation

Portions of the Government grant income and public contributions have been made to support prevention and education initiatives, surveys and research, and evaluation as well as and materials. Not all items are always broken out in the Expenses and may be summarised in other items:

Surveys and other public information projects	Budget 2019	Budget 2018	Forecast 2016/17
Prevention, Education & Awareness	12,833	14,500	15,685
Research & Information & License	5,500	5,500	5,698
Evaluation Activities	3,500	3,500	7,500
Travel	13,000	13,050	7,500
Training	1,500	2,000	4,500
Office supplies to support outputs	6,720	7500	9,500
Total	43,053	46,050	50,383

NOTE 5: Rental Expense

On 1st November 2007, the NDC entered into a three-year lease agreement with Orville Williams for the premises at Caymanian Village for \$5,500 per month, due to sale of property on 6th April 2015 the NDC entered into an agreement with International Logistics and Consulting LLC (c/o Meri Tarlova).The terms and conditions along with the monthly cost remained the same. The lease expires on the 5th April 2020.

NOTE 6: Pension

The NDC participates in a defined contribution plan. Contributions of 5% are made by the employee and matched by the employer as required under the National Pensions Law. The total amount expensed and paid for the year ended **30 June 2016 was \$15,727** (2015: \$15,235). This amount is included in personnel emoluments in the Statement of Net Surplus and Retained Earnings.

NOTE 7: Related Parties

The NDC is a statutory body of the Government of the Cayman Islands. The Council is economically dependent upon the Ministry for the purchase of its services in accordance with the purchase agreement with Government. For the year ended 30 June 2016, the Council billed \$552,958 (2015: \$552,958) to the Government for services sold.

Summary of Quantifiable Contingent Liabilities

Legal Proceedings and Disputes	48,559
Item 1 description	
Item 2 description	
Total Legal Proceedings and Disputes	\$48,559

Other Contingent Liabilities

Item 1 description
Item 2 description
Total Other Contingent Liabilities

Summary of Non-Quantifiable Contingent Liabilities

Item 1 description
Item 2 description

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OWNERSHIP AGREEMENT

**BETWEEN THE
CAYMAN ISLANDS GOVERNMENT**

AND

**THE UTILITY REGULATION AND COMPETITION
OFFICE**

**FOR THE 2018 FINANCIAL YEAR ENDING 31 DECEMBER 2018
AND THE 2019 FINANCIAL YEAR ENDING 31 DECEMBER 2019**

PREPARED IN ACCORDANCE WITH SECTION 50 OF THE PUBLIC MANAGEMENT AND FINANCE LAW
(2017 REVISION)

CONTENTS

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

Agreement

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance that the Cabinet and the Board of the Utility Regulation and Competition Office ('OfReg') have agreed that OfReg will seek to achieve during the 2018 and 2019 financial years.

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 OfReg is to operate during the year.

General Nature of Activities

OfReg is the independent multisector authority established by the enactment of the Utility Regulation and Competition Law (2016) and commenced operations on January 16, 2017.

The Office's primary functions are provided in the URC Law as:

According to the URC Law –

- To promote objectives set out in Policy
- To promote appropriate effective and fair competition
- To protect the short and long term interests of consumers in relation to utility services
- To promote innovation and facilitate economic and national development

Although the Office's genesis has come about from an amalgamation of the Information and Communications Technology Authority ('ICTA'), the Electricity Regulatory Authority ('ERA') and the Petroleum Inspectorate, which hitherto had been a Department of the Government of the Cayman Islands its responsibilities have been broadened to encompass the following sectors and activities.

- Information and communication technology
- Energy/electricity
- Water
- Fuels/Dangerous Substances; and
- Innovation for the facilitation of economic development.
- Enhanced consumer protection functions

The URC Law sets out broad duties, functions and powers while sector specific laws provides for sector specific powers and functions (which may differ from sector to sector)

The enabling laws are:

Utility Regulation and Competition (URC) Law 2016

Information and Communication and Technology (ICT) Law 2016

Electricity Sector Regulation (ESR) Law 2016

Dangerous Substances Law 2016

Fuel sector Regulation Law 2017

Water Sector Regulation Law 2017

Scope of Activities

The scope of *OfReg* activities include:

- (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 and the Utility Regulation and Competition 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 CEO; and

- (o) Issue Licences for generation, transmission, distribution and supply; monitor the continued relevance of licence conditions set out in Licences, monitor the performance of licensees and take enforcement action as necessary.
- (p) Encourage the introduction of competition within the electricity generation industry within the Cayman Islands by running a competitive solicitation for new firm electrical power, with new licence(s) to be issued to any new entrants to the market including the issuance of licences to new entrants involved in the generation of electricity from renewable resources.
- (q) Ensure that all licence fees and regulatory fees (where applicable) are collected in a timely fashion in correct amounts.
- (r) Ensure that all reports due under the ESR Law 2016, the Utility Regulation and Competition Law and subsidiary legislation from licensees or as detailed under existing licences are received and evaluated in a timely manner.
- (s) Implement Government policy as expressed in the National Energy Policy approved by the Legislative Assembly in February 2017 with particular emphasis on regulatory facilitation of the attainment by the country of the electricity and water sector strategic aims
- (t) Issue Licences for water and wastewater service, monitor the performance of licensees and take enforcement action as necessary.
- (u) Encourage the introduction of competition where possible
- (v) Ensure that all licence fees and regulatory fees (where applicable) are collected in a timely fashion in correct amounts.
- (w) Ensure that all reports due under the WSR Law 2016, the Utility Regulation and Competition Law and subsidiary legislation from licensees or as detailed under existing licences are received and evaluated in a timely manner.
- (x) Ensure that the Office works closely with licensees and the Department of the Environment and other C.I. Government departments or agencies to ensure that all licensees comply with environmental laws.
- (y) Administration of the Dangerous Substances Handling and Storage law, including inspection of fuel storage terminals. Advising on the safe handling and storage of hazardous substances. Inspection of workplaces to ensure compliance with safety, health and environmental standards for hazardous materials.
- (z) Promotes competition in the fuel markets; facilitates the development of robust competition in the fuels market through the development and enforcement of market rules; conducts regular analyses of the state of competition in the market and to prescribe appropriate measures where market failure is deemed to have occurred.

Customers and Location of Activities

The services provided by *OfReg* are within the Cayman Islands.

3. STRATEGIC GOALS AND OBJECTIVES

Vision Statement

To be a leader in regulatory excellence, demonstrating our commitment to the public, to the companies we regulate, and our colleagues by building an environment of mutual respect, professionalism and diversity, while promoting competition and innovation.

Mission

To ensure safe, reliable, economic public utilities to businesses and the people of the Cayman Islands. To achieve this, we will:

- Ensure that service providers operate in an environment which is fair, and provides an opportunity to realize reasonable returns on investments.
- Advocate on behalf of consumers.
- Adopt and enforce regulations that are in the public interest and ensure that service providers comply with established regulations.
- Create standards and policies that protect the safety of the public.
- Explore innovation that will encourage the efficient and cost-effective delivery of utility services.
- Consider the economic and environmental impacts of all matters before OfReg.
- Encourage the conservation of natural resources and environmental preservation.
- Ensure effective methods of communicating OfReg's areas of regulation, decisions, and their impacts on the public.
- Develop and promote activities that encourage stakeholders trust and confidence.
- Serve the public interest through a commitment to professionalism, diversity, mutual respect, and ethical conduct.

Focus 2017 - 2021

To identify opportunities, develop and implement strategies designed to enable the people of the Cayman Islands to have access to and utilise new technologies so as to improve their lives through increased economic activity while ensuring that the traditional utility services are delivered efficiently and at least economic cost.

Goals and Objectives

The key strategic goals and objectives (from an ownership perspective) for *the Utility Regulation and Competition Office* for the 2018 and 2019 financial years are as follows:

- Increase access to a variety of innovative, high-quality utility regulation and competition services, at reasonable prices, that meet the consumers' needs and reflect their values.
- Encourage the development of a sustainable competitive utility regulation and competition environment.
- 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 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-run 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 Utility Regulation and Competition Office.
-
- The expansion of electrical energy generated from renewable resources within the Cayman Islands.
 - Negotiate a new licence with Cayman Brac Power and Light to replace the existing Licence which expires 16th December 2018.
 - Implement, monitor and enforce performance standards on Licensees in each of the islands. Continue to ensure that performance standards are designed to incentivise improved operating efficiency by licensees and that such standards are at a minimum generally met in order to ensure that consumers receive dependable power at the most reasonable cost.
 - Agree with licensees on any relevant modifications to licences/the regulatory framework as appropriate to better protect the interests of electricity consumers of the Cayman Islands and ensure the continued economic sustainability of the licensees.
 - Continue to offer strategic advice to the Government on the continued development of a National Energy Policy.
 - Complete the negotiations and issue a new Licence to Cayman Water Company.
 - Issue the Administrative Determination, as required by the WSR Law, setting out the regulatory framework for the Water Authority.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2017 Revision) for OfReg for the 2018 and 2019 financial years are as follows.

Financial Performance

Financial Performance Measure	2018 Budget 12 Months \$ 000's	2019 Budget 12 Months \$ 000's	2017 Forecast 11.5 Months \$ 000's
Revenue from Cabinet	475	475	698
Revenue from ministries, portfolios, statutory authorities and government companies	Nil	Nil	Nil
Revenue from other persons or organisations	5,602	5,591	4,257
Other expenses	5,683	5,516	4,604
Net Surplus/Deficit	394	550	351
Total Assets	4,545	4,965	4,126
Total Liabilities	382	253	357
Net Worth	4,163	4,713	351
Cash flows from operating activities	377	689	130
Cash flows from investing activities	(770)	(110)	(1,642)
Cash flows from financing activities	-	-	-
Change in cash balances	(393)	579	(1,512)

Financial Performance Ratio	2018 Budget 12 Months \$ 000's	2019 Budget 12 Months \$ 000's	2017 Forecast 11.5 Months \$ 000's
Current Assets: Current Liabilities	8.16:1	14.66:1	8.88:1
Total Assets: Total Liabilities	11.88:1	19.66:1	11.54:1

Maintenance of Capability

Human Capital Measures	2018 Budget 12 Months \$ 000's	2019 Budget 12 Months \$ 000's	2017 Forecast 11.5 Months \$ 000's
Total full time equivalent staff	28	29	24
Staff turnover (%)	Nil	Nil	Nil
Average length of service (Number)			
Senior management	7	7	8
Professional staff	15	16	10
Administrative staff	6	6	6
Significant changes to personnel management system	None	None	None

Physical Capital Measures	2018 Budget 12 Months \$ 000's	2019 Budget 12 Months \$ 000's	2017 Forecast 11.5 Months \$ 000's
Value of total assets	4,545	4,965	4,126
Asset replacements: total assets	N/A	N/A	N/A
Book value of depreciated assets: initial cost of those assets	0.57:1	0.48:1	0.55:1
Depreciation: Cash flow on asset purchases	0.38:1	2.49:1	0.16:1
Changes to asset management policies	None	None	None

Major Capital Expenditure Projects	2018 Target \$	2019 Target \$
Leasehold Fit-Out (New Premises)	770,000	110,000

Risk Management

Key risks	Change in status from 2016/17	Actions to manage risk	Financial value of risk

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

A full set of forecast financial statements for OfReg is provided in the Appendix to this Ownership Agreement.

A summary of those forecasts is as follows.

Operating Statement	2018 Budget 12 Months \$ 000's	2019 Budget 12 Months \$ 000's	2017 Forecast 11.5 Months \$ 000's
Revenue	6,077	6,066	4,955
Operating Expenses	5,683	5,516	4,604
<i>Net Surplus/(Deficit)</i>	394	550	351

Balance Sheet	2018 Budget 12 Months \$ 000's	2019 Budget 12 Months \$ 000's	2017 Forecast 11.5 Months \$ 000's
ASSETS	4,545	4,965	4,126
Liabilities	382	253	357
<i>Net Worth</i>	4,163	4,713	351

Statement of Cash Flows	2018 Budget 12 Months \$ 000's	2019 Budget 12 Months \$ 000's	2017 Forecast 11.5 Months \$ 000's
Net cash flows from operating activities	377	689	130
Net cash flows from investing activities	(770)	(110)	(942)
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 (2017 Revision).

Transaction	Amount for 2018 \$	Amount for 2019 \$
Equity Investments into OfReg	Nil	Nil
Capital Withdrawals from OfReg	Nil	Nil
Dividend Distributions to be made by OfReg	Nil	Nil
Government Loans to be made to OfReg	Nil	Nil
Government Guarantees to be issued in relation to OfReg	Nil	Nil
Related Party Payments (Non-Remuneration) made to Key Management Personnel ³¹	Nil	Nil
Remuneration ² Payments made to Key Management Personnel	1,487,801	1,487,801
Remuneration Payments made to Senior Management	1,331,801	1,331,801

	Number for 2018	Number for 2019
No of Key Management Personnel	14	17
No of Senior Management	9	9

³¹ 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)

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AGREEMENT

Scope of this Agreement

In signing this document:

- OfReg 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.

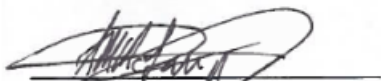
Procedures for Changing this Ownership Agreement

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 *OfReg* will seek to achieve for the 2018 and 2019 financial years and that the Cabinet will monitor performance against.



Premier Honourable Alden McLaughlin, MBE, JP

On behalf of Cabinet



Dr. the Hon. Linford Pierson, OBE, JP

Chair of the Board

Utility Regulation and Competition Office

27 October 2017

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APPENDIX

FORECAST FINANCIAL STATEMENTS

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CAYMAN ISLANDS
GOVERNMENT

THE UTILITY REGULATION AND COMPETITION OFFICE
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEARS 31 DECEMBER 2018 AND 31 DECEMBER 2019

These Forecast Financial Statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2017 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 31 December 2018 and 31 December 2019 and performance for *the Utility Regulation and Competition Office* for the financial years 2018 and 2019.
- c. Comply with generally accepted accounting practice.

A handwritten signature in blue ink, appearing to read 'Linford Pierson', written over a horizontal line.

Dr. the Hon. Linford Pierson, OBE, JP
Chair of the Board
Utility Regulation and Competition Office

27 October 2017

THE UTILITY REGULATION AND COMPETITION OFFICE
STATEMENT OF ACCOUNTING POLICIES
FOR THE FINANCIAL YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Significant accounting policies

These financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB. The significant accounting policies adopted by the Utility Regulation and Competition Office in these financial statements are as follows:

(a) Basis of preparation

The financial statements of the Utility Regulation and Competition Office are presented in Cayman Island dollars and are prepared on the accruals basis under the historical cost convention.

(b) Use of estimates

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of income and expenses during the year. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

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

(c) Foreign currency translation

Assets and liabilities denominated in currencies other than Cayman Islands dollars are translated at exchange rates in effect at the financial statements date. Revenue and expense transactions denominated in currencies other than Cayman Islands dollars are translated at exchange rates at the date of those transactions. Gains and losses arising on translation are included in the statement of comprehensive income.

(d) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents are considered as cash held on demand and fixed deposits with an original maturity of three months or less.

THE UTILITY REGULATION AND COMPETITION OFFICE
STATEMENT OF ACCOUNTING POLICIES
FOR THE FINANCIAL YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Significant accounting policies (continued)

(e) Accounts receivable

Accounts receivable are recognized initially at fair value and are subsequently reviewed for impairment. Where there is objective evidence that a debt will not be collectible by the Authority according to the agreed terms a provision for bad debt is established.

(f) Property, plant and equipment/depreciation and amortization

Property, Plant and Equipment are stated at cost less accumulated depreciation and amortization, and any impairment losses.

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 - 10 Years

Management reviews the depreciation and amortization method and useful life periodically to ensure that they are consistent with the expected economic benefits from property, plant and equipment.

(g) Revenue recognition

Services provided to Cabinet are recognized when the services agreed in the purchase agreement are performed and the Government is invoiced. Services are billed at cost to the Utility Regulation and Competition Office (see also Related Party Note 5).

Regulatory and licensing fees are recognised as revenue when they are due to the Authority. Radio licence fees are recorded when received by the Authority. Application and licence fees are non-refundable.

(h) Operating lease

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

THE UTILITY REGULATION AND COMPETITION OFFICE
STATEMENT OF ACCOUNTING POLICIES
FOR THE FINANCIAL YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Significant accounting policies (continued)

(i) *Financial Instruments*

(i) *Classification*

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

(ii) *Recognition*

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

(iii) *Measurement*

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

(iv) *Derecognition*

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

(j) *Provisions and Contingencies*

Provisions are recognized when an obligation (legal or constructive) is incurred as a result of a past event and where it is probable that an outflow of assets embodying economic benefits will be

required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities are not recognized but are disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized but are disclosed in the financial statements when an inflow of economic benefits is probable.

(k) Subsequent Events

Post-year-end events that provide additional information about the Office'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 UTILITY REGULATION AND COMPETITION OFFICE
 STATEMENT OF FINANCIAL POSITION
 FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

	Notes	Budget 2018 12 Months \$	Budget 2019 12 Months \$	Forecast 2017 11.5 Months \$
Current Assets				
Cash and cash equivalents	1	1,646,705	2,225,980	2,040,081
Marketable securities and deposits				
Trade receivables	2	1,419,122	1,417,462	1,081,670
Other receivables	2	-	-	-
Inventories		-	-	-
Investments		-	-	-
Prepayments	3	54,871	61,479	51,267
Loans		-	-	-
Total Current Assets		3,120,698	3,704,921	3,173,018
Non-Current Assets				
Property, plant and equipment	4	1,424,437	1,260,343	953,385
Total Non-Current Assets		1,424,437	1,260,343	953,385
Total Assets		4,545,135	4,965,264	4,126,403
Current Liabilities				
Trade payables	5	284,448	158,850	229,477
Other payables and accruals	5	63,000	61,485	73,000
Employee entitlements	6	35,000	32,242	55,000
Total Current Liabilities		382,448	252,577	357,477
Total Liabilities		382,448	252,577	357,477
Net Assets		4,162,687	4,712,687	3,768,926
NET WORTH				
Contributed capital		1,494,333	1,494,333	1,494,333
Other Reserves		2,024,000	2,274,000	1,924,000
Revaluation reserve		-	-	-
Accumulated surpluses/(deficits)		644,354	944,354	350,593
Total Net Worth		4,162,687	4,712,687	3,768,926

THE UTILITY REGULATION AND COMPETITION OFFICE
 STATEMENT OF FINANCIAL PERFORMANCE
 FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

	Notes	Budget 2018 12 Months \$	Budget 2019 12 Months \$	Forecast 2017 11.5 Months \$
Revenue				
Sale of goods and services	7	6,076,907	6,065,850	4,954,919
Other revenue				
Total Revenue		6,076,907	6,065,850	4,954,919
Expenses				
Personnel costs	8	3,574,522	3,615,358	2,622,262
Supplies and consumables	9	1,809,676	1,626,396	1,832,636
Depreciation	4	298,948	274,095	149,428
Total Expenses		5,683,146	5,515,850	4,604,326
Surplus or (Deficit) for the period before transfer		393,761	550,000	350,593

THE UTILITY REGULATION AND COMPETITION OFFICE
CASH FLOW STATEMENT
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

	Budget 2018 12 Months \$	Budget 2019 12 Months \$	Forecast 2017 11.5 Months \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income for the year	393,762	550,000	350,593
Adjustments for non-cash transactions:			
Depreciation and amortization	298,948	274,095	149,428
	<u>298,948</u>	<u>274,095</u>	<u>149,428</u>
Net changes in non-cash operating balances:			
(Increase)/decrease in:			
Accounts receivable	(337,454)	1,660	(292,232)
Prepaid expenses	(3,604)	(6,608)	(3,975)
Accounts payable and accrued liabilities	24,972	(129,872)	(73,629)
Net cash flows from operating activities	<u>376,624</u>	<u>689,275</u>	<u>130,185</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(770,000)	(110,000)	(942,388)
Net cash flows from investing activities	<u>(770,000)</u>	<u>(110,000)</u>	<u>(942,388)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to Government			
Net cash flows from financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	<u>(393,376)</u>	<u>579,275</u>	<u>(812,203)</u>
Cash and cash equivalents at beginning of year	2,040,081	1,646,705	2,852,284
Cash and cash equivalents at end of year	<u>1,646,705</u>	<u>2,225,980</u>	<u>2,040,081</u>

**THE UTILITY REGULATION AND COMPETITION OFFICE
STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019**

	Contributed Capital	Reserves	Accumulated Surplus/ (deficits)	Total
Balance at 31 December 2017	1,494,333	1,924,000	350,593	3,768,926
Transfer to reserves		100,000	(100,000)	-
Surplus/(deficit)for the year			393,761	393,761
Balance at 31 December 2018	1,494,333	2,024,000	644,354	4,162,687
Changes in net worth for 2019				
Transfer to reserve		250,000	(250,000)	-
Net revenue / expenses recognised directly in net worth		250,000	(250,000)	-
Surplus/(deficit)for the year			550,000	550,000
Total recognised revenues and expenses for the period				
Payment to Government				
Balance at 31 December 2019	1,494,333	2,274,000	944,354	4,712,687

Note 1: Cash and cash equivalents

Description	Budget	Budget	Forecast
	2018	2019	2017
	12 Months	12 Months	11.5 Months
	\$	\$	\$
Cash on hand	500	1,000	500
Cash in transit			
CI\$ Account	593,728	1,158,459	1,356,638
US\$ Account	160,308	171,852	100,015
Payroll Current Account			
Bank Accounts held at other financial institutions			
Short-Term Fixed Deposits	892,169	894,669	583,928
TOTAL	1,646,705	2,225,980	2,040,081

Note 2: Trade and other receivables

Trade Receivables	Budget	Budget	Forecast
	2018	2019	2017
	12 Months	12 Months	11.5 Months
	\$	\$	\$
Sale of goods and services to Cabinet	118,827	118,827	196,184
Sale of goods and services to other government agencies			
Sale of goods and services - third party	1,300,295	1,298,635	885,486
Other			
Less: provision for doubtful debts			
Total trade receivables	1,419,122	1,417,462	1,081,670

Other Receivables	Budget	Budget	Forecast
	2018	2019	2017
	12 Months	12 Months	11.5 Months
	\$	\$	\$
Advances (salary, Official Travel, etc)			
Dishonoured cheques			
Interest receivable			
Other			
Less: provision for doubtful debts			
Total other receivables			

	Budget 2018 12 Months \$	Budget 2019 12 Months \$	Forecast 2017 11.5 Months \$
Current			
Past due 1-30 days	1,419,122	1,417,462	1,081,670
Past due 31-60 days			
Past due 61-90 days			
Past due 90 and above			
Non-Current			
Past due 1 year and above			
Total	1,419,122	1,417,462	1,081,670

		Budget 2018 12 Months \$	Budget 2019 12 Months \$	Forecast 2017 11.5 Months
Note 3 Prepayments				
Description	Current	Non-Current		
Prepayments	54,871		54,871	61,479
Total	54,871		54,871	61,479

Note 4: Property, plant & equipment

Cost of Property, plant & equipment

	<i>Plant and equipment</i>	<i>Leasehold improvements</i>	<i>Furniture and fittings</i>	<i>Computer Hardware</i>	<i>Motor Vehicles</i>	<i>Other</i>	<i>Total</i>
Balance as at 31 December 2017	11,637	938,672	128,631	337,258	247,080	56,290	1,719,568
Additions		700,000	20,000	50,000			770,000
Disposals							
Transfers							
Balance as at 31 December 2018	11,637	1,638,672	148,631	387,258	247,080	56,290	2,489,568
Additions			30,000	30,000	50,000		110,000
Disposals							
Transfers							
Balance as at 31 December 2019	11,637	1,638,672	178,631	417,258	297,080	56,290	2,599,568

Accumulated depreciation of Property, plant & equipment

	<i>Plant and equipment</i>	<i>Leasehold improvements</i>	<i>Furniture and fittings</i>	<i>Computer Hardware</i>	<i>Motor Vehicles</i>	<i>Other</i>	<i>Total</i>
Balance as at 31 December 2017	9,842	250,613	122,894	249,107	120,912	12,815	766,183
Impairment loss							
Depreciation Expense	1,091	141,353	11,300	64,993	62,144	18,067	298,948
Eliminate on Disposal							
Balance as at 31 December 2018	10,933	391,966	134,194	314,100	183,056	30,882	1,065,131
Impairment loss							
Depreciation Expense	573	141,353	2,517	48,597	63,980	17,075	274,095
Eliminate on Disposal							
Balance as at 31 December 2019	11,506	533,319	136,711	362,697	247,036	47,956	1,339,225
Net Book value 31 December 2017	1,795	688,059	5,737	88,151	126,168	43,475	953,385
Net Book value 31 December 2018	704	1,246,706	14,437	73,158	64,024	25,408	1,424,437
Net Book value 31 December 2019	131	1,105,353	41,920	54,561	50,044	8,334	1,260,343

Note 5: Trade payables, other payables & Accruals

		Budget 2018 12 Months	Budget 2019 12 Months	Forecast 2017 11.5 Months
Current	\$	\$	\$	\$
Creditors Third party	284,448	284,448	158,850	264,102
Creditors Ministries/Portfolios				
Creditors other government agencies				
Payroll Deductions				
Operating Lease				
Accrued Expenses	63,000	63,000	61,485	38,375
Other payables				
Total trade payables other payables and accruals	347,448	347,448	220,335	302,477

Note 6: Employee entitlements

	Budget 2018 12 Months \$	Budget 2019 12 Months \$	Forecast 2017 11.5 Months \$
Annual Leave/Comp-time	35,000	32,242	55,000
Retirement and long service leave			
Accrued salaries			
Travel			
Total current portion	35,000	32,242	55,000
<i>Non-current employee entitlements are represented by:</i>			
Retirement and long service leave			
Total employee entitlements	35,000	32,242	55,000

Note 7: Sales of Goods & Services

	Budget 2018 12 Months \$	Budget 2019 12 Months \$	Forecast 2017 11.5 Months \$
Revenue type			
Fees and Charges	5,581,598	5,590,541	4,256,432
General Sales			
Rentals			
Other Goods & Services Revenue			
Sale of goods and services to Cabinet	475,309	475,309	698,487
Sale of goods and services to Other Ministries and Portfolios			
Total sales of goods and services	6,056,907	6,065,850	4,954,919
Other Goods & Services Revenue			
Regulatory fees	5,098,181	5,091,041	3,768,453
Radio Licences	120,000	105,000	115,000
Licensing fees	355,000	355,000	351,250
other income	28,417	39,500	21,729
Total Other Goods & Services Revenue	5,581,598	5,590,541	4,256,432
Sales of Outputs to Cabinet			
Sales of Outputs to Cabinet	475,309	475,309	698,487
Total Sales of Outputs to Cabinet	475,309	475,309	698,487

Note 8: Personnel costs

	Budget 2018 12 Months \$	Budget 2019 12 Months \$	Forecast 2017 11.5 Months \$
Description			
Salaries, wages and allowances	2,736,075	2,766,075	1,941,268
Health care	410,676	417,612	338,318
Pension	355,690	359,590	259,515
Leave			55,000
Other personnel related costs	72,081	72,081	28,161
Total Personnel Costs	3,574,522	3,615,358	2,622,262

Note 9: Supplies and consumables

Description	Budget	Budget	Forecast
	2018	2019	2017
	12 Months	12 Months	11.5 Months
	\$	\$	\$
Supplies and Materials	19,500	21,000	24,246
Purchase of services	1,361,378	1,192,187	1,443,540
Lease of Property and Equipment	133,151	126,912	106,386
Utilities	50,200	50,235	49,200
General Insurance	20,447	21,062	32,847
Interdepartmental expenses	50,000	50,000	-
Travel and Subsistence	80,000	80,000	82,667
Recruitment and Training	95,000	85,000	93,750
Total Supplies & consumables	1,809,676	1,626,396	1,832,636

Note 10: Reconciliation of net cash flows from operating activities to surplus/(deficit)

Description	Budget	Budget	Forecast
	2018	2019	2017
	12 Months	12 Months	11.5 Months
	\$	\$	\$
Surplus/(deficit) from ordinary activities	393,761	550,000	350,593
Non-cash movements			
Depreciation expense	298,947	274,095	149,429
Impairment			
(Gain)/losses on sale of property plant and equipment			
Changes in current assets and liabilities:			
(Increase)/decrease in other current assets	(337,454)	1,660	(292,232)
(Increase)/decrease in receivables – Cabinet	(3,604)	(6,608)	(3,975)
(Increase)/(decrease) in current liabilities	24,972	(129,872)	(73,629)
Net cash flows from operating activities	376,624	689,275	130,185

Note 11: Key Management Personnel

Description	Budget	Budget	Forecast
	2018	2019	2017
	12 Months	12 Months	11.5 Months
	\$	\$	\$
Salaries & other short-term employee benefits	1,331,801	1,331,801	892,461
Past employee benefits			
Other long-term benefits			
Termination benefits			
Loans			
Total	1,331,801	1,331,801	892,461

OWNERSHIP AGREEMENT

**BETWEEN THE
CAYMAN ISLANDS GOVERNMENT**

AND

NATIONAL GALLERY OF THE CAYMAN ISLANDS

**FOR THE 2018 FINANCIAL YEAR ENDING 31 DECEMBER 2018
AND THE 2019 FINANCIAL YEAR ENDING 31 DECEMBER 2019**

PREPARED IN ACCORDANCE WITH SECTION 50 OF THE PUBLIC MANAGEMENT AND FINANCE LAW
(2017 REVISION)

CONTENTS

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

Agreement

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the National Gallery of the Cayman Islands have agreed the National Gallery of the Cayman Islands will seek to achieve during the 2018 and 2019 financial years.

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

2. NATURE AND SCOPE OF ACTIVITIES

This section outlines the nature and scope of activities within which the National Gallery of the Cayman Islands is to operate during the 2018 and 2019 financial years.

GENERAL NATURE OF ACTIVITIES

The mission of the National Gallery of **the Cayman Islands** is to promote the appreciation and practice of the visual arts, of and in the Cayman Islands and to encourage dialogue relating to cultural heritage, national identity, Caymanian history and the history of art.

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

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

In an enriching, inclusive, environment that places Caymanian culture at the forefront while embracing the diverse cultures and traditions co-existing within the community, the Gallery seeks to serve a broad and far-reaching audience.

The functions of the National Gallery of the Cayman Islands (as per National Gallery Law 1999) are:

- To organise and maintain permanent and temporary public works of art;
- To collect and preserve significant works of art for a public collection;
- To facilitate the public exhibition of works of art or collections of works of art loaned by persons or bodies for that purpose;
- To present, or facilitate the presentation by others, of programmes of instruction in the visual arts;
- To lend works of art in the national collection to other art galleries for the purpose of promoting the culture of the Islands abroad;
- To encourage the evolution and enjoyment of the arts in the Islands;
- To promote the appreciation and interpretation of the visual arts as an integral component of education;
- To foster and encourage research in the visual arts;
- To provide facilities for the curation and restoration of works of art; and
- To perform such other functions as may be necessary to direct, manage and control the National Gallery and to fulfil its purpose specified in the National Gallery Law section 4.

SCOPE OF ACTIVITIES

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

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

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

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

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

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

In addition, NGCI manages the island-wide public art project *The Blue Dragon Trail*.

New programme initiatives will be added in 2018 and 2019 to promote access to culture and heritage for all and to align with demographics who report being historically disempowered economically and socially. These will include The Emerging Artist award for youth, district community exhibitions, and an exhibition at the Cayman Catboat Club Museum. These will allow for greater engagement with Caymanian traditional arts and culture throughout the various districts, increasing knowledge of our cultural identity within the community.

- **National Art Collection [GAL 2]** - NGCI is charged with managing, conserving, exhibiting and promoting the National Art Collection, in addition to actively acquiring works of art of national significance. The collection is centered on a core of quality Caymanian artworks and supplemented with additional works from the region and abroad. Increased resources will continue to be directed into this area in 2018 and 2019 in order to secure artwork and to increase access to the collection, and to develop related educational resources and scholarship including cross-curricular lesson plans aimed at visual arts and cultural heritage learning.

NGCI's Art on the Road (school visits) district education programme (piloted in 2017) will commence in 2018. This collection-based programme has NGCI staff visiting Year 5 class in public and private schools to facilitate lessons using art from the National Art Collection to transmit knowledge of Caymanian culture and heritage. Each visit will focus on a discussion about a particular aspect of heritage and related art activity.

- **Arts Education, Outreach and Training [GAL 3]** - The NGCI is the leading education centre for visual arts education in the Cayman Islands. 55% of our annual staffing and financial resources are allotted to the outreach, educational and training department. Our programme schedule is designed to be fully inclusive with programmes ranging from primary level through to senior citizens, and across all three islands. These include but are not limited to Meet Me for the elderly in Grand Cayman and Cayman Brac; Walkers Art Club for primary/secondary students and teens; Creative Careers Programme; Art Camps and weekly art club in the Sister Islands; and Family Fun sessions, and school tours and workshops. Our outreach programmes are specific to various groups of people: Inside Art (Northward and Fairbanks) for the incarcerated; Art Haven for those struggling with substance abuse; Lighthouse and Sunrise Art Clubs; and continuing education programmes for adults, to name a just few.

NGCI also offers an unparalleled arts scholarship, internship and work experience opportunities throughout the year, in addition to offering careers advice to arts students and participating in annual career expos to raise awareness about the breadth and depth of creative careers.

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

NGCI hosted two international conferences (Museums Association of the Caribbean Conference, October 2016 and Tilting Axis 3, May 2017), attracting delegates from institutions including the Guggenheim and Smithsonian National Museum of African American History and Culture. Staff also regularly present at international conferences. By hosting lectures and conferences featuring international guests, we bring greater awareness and visibility to Cayman’s art, culture, and heritage, in addition to fostering dialogue and transferrable skills to further develop our cultural sectors.

CUSTOMERS AND LOCATION OF ACTIVITIES

The services provided by *National Gallery of the Cayman Islands* are intended to be accessible to all members of the Cayman Islands community including all ages of students; amateur and professional artists; targeted outreach participants - the incarcerated, the recovering institutionalised substance abuser, at-risk youth; specialised groups such as seniors, researchers, teachers; and both residents and visitors to the islands in general. NGCI attracts approximately 20,000 visitors per year

The NGCI manages the majority of programming from its 9,000 facility on a 4 acre site on the Esterley Tibbetts Bypass. This centre houses two temporary exhibition areas, an art studio, library, the Dart Auditorium and multi-purpose areas designed to help generate revenue. In addition, there is a permanent gallery for the National Collection. This centre is a state-of-the-art civic resource, providing a home for schoolchildren, teachers, researchers, artists, archivists, seniors and students of all ages and space for artists to exhibit the very best of our cultural production.

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

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the National Gallery of the Cayman Islands for the 2018 and 2019 financial years are as follows:

Strategic Goal 1 – Collections

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

Key Objectives

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

Strategic Goal 2 – Exhibitions

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

Key Objectives

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

Strategic Goal 3 – Education

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

Key Objectives

1. Maintain NGCI as a leading education facility and resource in the Cayman Islands.
2. Enhance Intellectual Access to NGCI Education, Exhibitions and Collections.
3. Continue to offer high quality outreach programming to different sectors of the community which is inclusive, accommodates marginalised members of the community and includes the concepts of art therapy (where appropriate).
4. Help to facilitate the establishment of secondary- and tertiary-level arts education in the Cayman Islands in order to encourage the development of local artists, art appreciation and careers in or related to the creative arts.

5. Continue to ensure that NGCI's education department programmes are executed to a high standard and all efforts are made to keep them sustainable.
6. Recruit, train and retain qualified educational instructors.

Strategic Goal 4 – Marketing & Communication

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

Key Objectives

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

Strategic Goal 5 – Board Member Participation

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

Key Objectives

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

Strategic Goal 6 – Finance & Business

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

Key Objectives

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

5. Continue to identify all opportunities to control costs.

Strategic Goal 7 – Human Resources

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

Key Objectives

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

Strategic Goal 8 - Operations & Facilities

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

Key Objectives

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

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2017 Revision) for the **National Gallery of the Cayman Islands** for the 2018 and 2019 financial years are as follows.

FINANCIAL PERFORMANCE MEASURE	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
REVENUE FROM CABINET	540	586	594
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	-	-	-
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	595	599	1,242
OPERATING EXPENSES	1,196	1,250	1,882
NET SURPLUS DEFICIT	(61)	(65.5)	(46)
TOTAL ASSETS	2,746	2,662	2,783
TOTAL LIABILITIES	153	134	129
NET WORTH	2,593	2,528	2,654
CASH FLOWS FROM OPERATING ACTIVITIES	(19)	23.5	(31)
CASH FLOWS FROM INVESTING ACTIVITIES	(5)	(5)	(21)
CASH FLOWS FROM FINANCING ACTIVITIES	-	-	-
CHANGE IN CASH BALANCES	(24)	18.5	(52)

	2018 Budget %	2019 Budget %	2016/17 18 Months Forecast %
FINANCIAL PERFORMANCE RATIO			
CURRENT ASSETS : CURRENT LIABILITIES	1.4:1	1.6:1	1.3:1
TOTAL ASSETS : TOTAL LIABILITIES	18:1	20:1	22:1

MAINTENANCE OF CAPABILITY

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
HUMAN CAPITAL MEASURES			
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	9	9	8
STAFF TURNOVER (%)			
SENIOR MANAGER	0%	0%	0%
PROFESSIONAL AND TECHNICAL STAFF	50%	50%	77%
ADMINISTRATIVE STAFF	100%	100%	200%

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
PHYSICAL CAPITAL MEASURES			
VALUE OF TOTAL ASSETS	2,746	2,622	2,783
ASSET REPLACEMENTS : TOTAL ASSETS	1.21:1	1.24:1	1.18:1
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	0.78:1	0.75:1	0.8:1
DEPRECIATION (in year): CASH FLOW ON ASSET PURCHASES (in year)	17.53:1	17.83:1	6.17:1
CHANGES TO ASSET MANAGEMENT POLICIES	NA	NA	NA

	2018 TARGET \$	2019 TARGET \$
MAJOR CAPITAL EXPENDITURE PROJECTS		
NA – DUE TO NO GRANT BEING PROVIDED FOR CAPITAL EXPENDITURE ALL FUTURE CAPITAL EXPENDITURE HAVE BEEN POSTPONED	0	0

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2016/17	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Revenue to be raised above and beyond Government Grant	Increase to due having to raise more funds than previous years	Cut programmes and public offerings	609,735

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.

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
OPERATING STATEMENT			
REVENUE	1,135,004	1,184,799	1,835,749
OPERATING EXPENSES	1,195,734	1,250,346	1,882,022
NET SURPLUS/DEFICIT	(60,730)	(65,547)	(46,273)

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
BALANCE SHEET			
ASSETS	2,746	2,662	2,783
LIABILITIES	153	134	129
NET WORTH	2,593	2,528	2,654

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
STATEMENT OF CASH FLOW			
CASH FLOWS FROM OPERATING ACTIVITIES	(19)	23.5	(31)
CASH FLOWS FROM INVESTING ACTIVITIES	(5)	(5)	(21)
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 (2017 Revision).

TRANSACTION	AMOUNT FOR 2018 \$	AMOUNT FOR 2019 \$
Equity Investments into National Gallery of the Cayman Islands	-	-
Capital Withdrawals from National Gallery of the Cayman Islands	-	-
Dividend or Profit Distributions to be made by National Gallery of the Cayman Islands.	-	-
Government Loans to be made to National Gallery of the Cayman Islands	-	-
Government Guarantees to be issued in relation to National Gallery of the Cayman Islands	-	-
Related Party Payments (Non-Remuneration) made to Key Management Personnel ³²	-	-
Remuneration³³ Payments made to Key Management Personnel	-	-
Remuneration Payments made to Senior Management	144,585	144,585

DESCRIPTION	NUMBERS FOR 2018 \$	NUMBERS FOR 2019 \$
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	10	10
NUMBER OF KEY SENIOR MANAGEMENT (MD)	2	2

³² Key Management Personnel as defined by International Public Accounting Standards No 20, e.g. Minister, Board Member and Senior Management Team

³³ Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

AGREEMENT

Scope of this Agreement

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

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

Procedures for Changing this Ownership Agreement

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

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

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the National Gallery of the Cayman Islands will seek to achieve for the 2018 and 2019 financial years and that the Cabinet will monitor performance against.



Honourable Dwayne Seymour, JP
Minister of Health, Environment, Culture & Housing
On behalf of Cabinet



Mrs. Susan Olde, OBE
Chairman of the Board
National Gallery of the Cayman Islands

27 October 2017

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APPENDIX

FORECAST FINANCIAL STATEMENTS

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NATIONAL GALLERY OF THE CAYMAN ISLANDS
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2017 Revision).

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

To the best of our knowledge the statements are:

- a. Complete and reliable;
- b. Fairly reflect the forecast financial position as 31 December 2018 and 31 December 2019 and performance for the National Gallery of the Cayman Islands for the financial years ending 31 December 2018 and 31 December 2019; and
- c. Comply with generally accepted accounting practice.



Mrs. Susan Olde, OBE
Chairman of the Board
National Gallery of the Cayman Islands

27 October 2017

NATIONAL GALLERY OF CAYMAN ISLANDS
STATEMENT OF FINANCIAL POSITION FORECASTED
AS AT 31 DECEMBER 2017

		2017 18 MONTH FORECAST	2018 FORECAST	2019 FORECAST
Current Assets				
Cash and cash equivalents	1	\$ (34,252)	\$ (58,358)	\$ (39,843)
Trade receivables	2	115,629	161,667	161,667
Other receivables	2	320	320	320
Prepayments	4	10,715	10,716	10,715
Inventory	3	38,409	38,409	38,409
Total Current Assets		<u>130,821</u>	<u>152,754</u>	<u>171,268</u>
Non-Current Assets				
Property, plant and equipment	5	2,617,644	2,534,984	2,450,924
Total Non-Current Assets		<u>2,617,644</u>	<u>2,534,984</u>	<u>2,450,924</u>
Total assets		<u>\$ 2,748,465</u>	<u>\$ 2,687,738</u>	<u>\$ 2,622,192</u>
Current Liabilities				
Trade payables	6	\$ 20,718	\$ 20,719	\$ 20,720
Other payables and accruals	6	2,820	2,822	2,821
Unearned revenue	7	70,983	70,983	70,984
Total Current Liabilities		<u>94,521</u>	<u>94,524</u>	<u>94,525</u>
Total Liabilities		<u>94,521</u>	<u>94,524</u>	<u>94,525</u>
Net Assets		<u>2,653,944</u>	<u>2,593,214</u>	<u>2,527,667</u>
NET WORTH				
Accumulated surpluses		2,653,944	2,593,214	2,527,667
Total Net Worth		<u>\$ 2,653,944</u>	<u>\$ 2,593,214</u>	<u>\$ 2,527,667</u>

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

NATIONAL GALLERY OF CAYMAN ISLANDS
STATEMENT OF FINANCIAL PERFORMANCE FORECASTED
FOR THE YEAR ENDED 31 DECEMBER 2017

		2017 18 MONTH FORECAST	2018 FORECAST	2019 FORECAST
Revenue and support from operations				
Donations	9	\$ 390,098	\$ 267,797	\$ 275,760
Events and exhibitions income	8	591,965	161,704	201,146
Gallery gift shop income	8	49,895	33,928	34,607
Facility rental	8	80,433	54,695	55,787
		<u>1,112,391</u>	<u>518,124</u>	<u>567,300</u>
Other Income				
Government grant	8	602,775	586,000	586,000
Membership fees	8	37,045	25,190	25,694
Mischellaneous	8	83,538	5,690	5,805
		<u>723,358</u>	<u>616,880</u>	<u>617,499</u>
Total Revenue		<u>1,835,749</u>	<u>1,135,004</u>	<u>1,184,799</u>
Expenditure				
Administration expenses	10; 11	987,316	459,704	468,225
Facility expenses	10; 11	297,426	215,013	219,314
Program expenses	10; 11	31,292	114,861	137,834
Depreciation	5	129,990	87,660	89,060
Exhibition expenses	10; 11	52,629	85,000	85,000
Other operating expenses	10; 11	383,369	233,496	250,913
Total operating expenses		<u>1,882,022</u>	<u>1,195,734</u>	<u>1,250,346</u>
Net Income/ (Loss) For Year		<u>\$ (46,273)</u>	<u>\$ (60,730)</u>	<u>\$ (65,547)</u>

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

**NATIONAL GALLERY OF CAYMAN ISLANDS
STATEMENT OF CHANGES IN NET WORTH FORECASTED
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Accumulated Surplus	Total	Total Net Worth
Balance at 30 June 2016	\$ 2,700,217	\$ 2,700,217	\$ 2,700,217
Changes in accounting policy	-	-	-
Prior Year Adjustments	-	-	-
Restated Balance	<u>2,700,217</u>	<u>2,700,217</u>	<u>2,700,217</u>
Surplus/(deficit) for the period 2016/17	<u>(46,273)</u>	<u>(46,273)</u>	<u>(46,273)</u>
Total recognised rev and exp for the period	<u>(46,273)</u>	<u>(46,273)</u>	<u>(46,273)</u>
Balance at 31 December 2017 carried forward	<u>\$ 2,653,944</u>	<u>\$ 2,653,944</u>	<u>\$ 2,653,944</u>
	Accumulated Surplus	Total	Total Net Worth
Balance at 31 December 2017 brought forward	\$ 2,653,944	\$ 2,653,944	\$ 2,653,944
Changes in accounting policy	-	-	-
Prior Year Adjustments	-	-	-
Restated Balance	<u>2,653,944</u>	<u>2,653,944</u>	<u>2,653,944</u>
Surplus/(deficit) for the period 2018	<u>(60,730)</u>	<u>(60,730)</u>	<u>(60,730)</u>
Total recognised rev and exp for the period	<u>(60,730)</u>	<u>(60,730)</u>	<u>(60,730)</u>
Balance at 31 December 2018	<u>\$ 2,593,214</u>	<u>\$ 2,593,214</u>	<u>\$ 2,593,214</u>
	Accumulated Surplus	Total	Total Net Worth
Balance at 31 December 2018 brought forward	\$ 2,593,214	\$ 2,593,214	\$ 2,593,214
Changes in accounting policy	-	-	-
Prior Year Adjustments	-	-	-
Restated Balance	<u>2,593,214</u>	<u>2,593,214</u>	<u>2,593,214</u>
Surplus/(deficit) for the period 2019	<u>(65,547)</u>	<u>(65,547)</u>	<u>(65,547)</u>
Total recognised rev and exp for the period	<u>(65,547)</u>	<u>(65,547)</u>	<u>(65,547)</u>
Balance at 31 December 2019	<u>\$ 2,527,667</u>	<u>\$ 2,527,667</u>	<u>\$ 2,527,667</u>

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

NATIONAL GALLERY OF THE CAYMAN ISLANDS

STATEMENT OF CASH FLOWS FORECASTED

FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

18-Month Forecast Ending Dec-17	CASH FLOW STATEMENT AS AT 31 DECEMBER 2018 AND 31 DECEMBER 2019		12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	CASH FLOWS FROM OPERATING ACTIVITIES			
	<i>Receipts</i>			
594,391	Sale of goods and services to Cabinet		539,964	586,000
842,875	Sale of goods and services - third party		281,207	323,040
310,026	Donations / Grants		267,797	275,760
	<i>Payments</i>			
(912,818)	Personnel costs		(419,515)	(427,856)
(865,501)	Supplies and consumables - third party		(688,560)	(733,431)
(31,027)	Net cash flows from operating activities	12	(19,106)	23,513
	CASH FLOWS FROM INVESTING ACTIVITIES			
(21,058)	Purchase of property, plant and equipment		(5,000)	(5,000)
(21,058)	Net cash flows from investing activities		(5,000)	(5,000)
	CASH FLOWS FROM FINANCING ACTIVITIES			
0	Net cash flows from financing activities		0	0
(52,085)	Net increase/(decrease) in cash and cash equivalents		(24,106)	18,513
17,833	Cash and cash equivalents at beginning of period		(34,252)	(58,358)
(34,252)	Cash and cash equivalents at end of period		(58,358)	(39,845)

NATIONAL GALLERY OF THE CAYMAN ISLANDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Note 1: Cash and cash equivalents

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Cash on hand		
	Cash in transit		
	CI\$ Account		
	US\$ Account		
(34,252)	Bank Overdraft	(58,358)	(39,843)
	Payroll Current Account		
	Bank Accounts held at other financial institutions		
	Short-Term Fixed Deposits		
(34,252)	TOTAL	(58,358)	(39,843)

Note 2: Trade and other receivables

18-Month Forecast Ending Dec-17	Trade Receivables	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
100,463	Sale of goods and services to Cabinet	146,500	146,500
	Sale of goods and services to Ministries/Portfolios		
	Sale of goods and services to Statutory Agencies and Government Companies		
15,487	Sale of goods and services - third party	15,487	15,487
	Other		
	Less: provision for doubtful debts		
115,949	Total trade receivables	161,987	161,987

18-Month Forecast Ending Dec-17	Trade Receivables	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Current		
115,949	Past due 1-30 days	161,987	161,987
	Past due 31-60 days		
	Past due 61-90 days		
	Past due 90 and above		
	Non-Current		
	Past due 1 year and above		
115,949	Total	161,987	161,987

Note 3: Inventories

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Current Inventories		
38,409	Inventory held for use in the provision of goods and services	38,409	38,409
	Inventory held for sale		
	Inventory Other		
	Impairment of Inventory		
38,409	INVENTORIES - Current	38,409	38,409
	Non-Current Inventories		
	Inventory held for use in the provision of goods and services		
	Inventory held for sale		
	Inventory Other		
	Impairment of Inventory		
0	INVENTORIES - Non-Current	0	0
38,409	TOTAL INVENTORIES	38,409	38,409

Note 4 Prepayments

18-Month Forecast Ending Dec-17	Prepayments	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Current Prepayments		
	Description		
3,915	Insurance	3,913	3,913
6,802	Other	6,802	6,802
10,717	Prepayments - Current	10,716	10,716
	Non-Current Prepayments		
	Description		
0	Prepayments -Non-Current	0	0
10,717	Total Prepayments	10,716	10,716

Note 5: Property, plant & equipment

Cost of Property, plant & equipment

	<i>Buildings and Leasehold</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Office Equipment</i>	<i>Other assets</i>	<i>Total</i>
Balance as at 1 July 2016	2,948,243	159,519	64,323	58,926		3,231,011
Additions	0	6,290	2,644	0	12,125	21,059
Disposals and Derecognition						0
Revaluation						0
Transfers						0
Balance as at 31 December 2017	2,948,243	165,809	66,967	58,926	12,125	3,252,070

	<i>Buildings and Leasehold</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Office Equipment</i>	<i>Other assets</i>	<i>Total</i>
Balance as at 1 January 2018	2,948,243	165,809	66,967	58,926	12,125	3,252,070
Additions	0	5,000				5,000
Disposals and Derecognition						0
Revaluation						0
Transfers						0
Balance as at 31 December 2018	2,948,243	170,809	66,967	58,926	12,125	3,257,070

	<i>Buildings and Leasehold</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Office Equipment</i>	<i>Other assets</i>	<i>Total</i>
Balance as at 1 January 2019	2,948,243	170,809	66,967	58,926	12,125	3,257,070
Additions	0	5,000				5,000
Disposals and Derecognition						0
Revaluation						0
Transfers						0
Balance as at 31 December 2019	2,948,243	175,809	66,967	58,926	12,125	3,262,070

Accumulated Depreciation and impairment losses

	<i>Buildings and Leasehold</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Office Equipment</i>	<i>Other assets</i>	<i>Total</i>
Balance as at 1 July 2016	262,035	129,286	58,097	55,019		504,437
Transfers						0
Impairment Reserve 2016/17 (closing balance)						0
Depreciation Expense 2016/17	68,153	46,284	4,635	10,917		129,989
Eliminate on Disposal or Derecognition 2016/17						0
Balance as at 31 December 2017	330,188	175,570	62,732	65,936	0	634,426

	<i>Buildings and Leasehold</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Office Equipment</i>	<i>Other assets</i>	<i>Total</i>
Balance as at 1 January 2018	330,188	175,570	62,732	65,936	0	634,426
Transfers						0
Impairment change 2018						0
Depreciation Expense 2018	45,436	31,856	3,090	7,278		87,660
Eliminate on Disposal or Derecognition 2018						0
Balance as at 31 December 2018	375,624	207,426	65,822	73,214	0	722,086

	<i>Buildings and Leasehold</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Office Equipment</i>	<i>Other assets</i>	<i>Total</i>
Balance as at 1 January 2019	375,624	207,426	65,822	73,214	0	722,086
Transfers						0
Impairment change 2019						0
Depreciation Expense 2019	45,836	32,856	3,090	7,278		89,060
Eliminate on Disposal or Derecognition 2019						0
Balance as at 31 December 2019	421,460	240,282	68,912	80,492	0	811,146

Net Book value 31 December 2017	2,618,055	(9,761)	4,235	(7,010)	12,125	2,617,644
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Net Book value 31 December 2018	2,572,619	(36,617)	1,145	(14,288)	12,125	2,534,984
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Net Book value 31 December 2019	2,526,783	(64,473)	(1,945)	(21,566)	12,125	2,450,924
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Note 6: Trade payables, other payables & Accruals

18-Month Forecast Ending Dec-17		12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Current Trade payables other payables and accruals		
20,719	Creditors Third party	20,719	20,720
2,820	Payroll Deductions	2,820	2,821
23,540	Trade payables other payables and accruals - Current	23,540	23,542
	Non-Current Trade payables other payables and accruals		
0	Trade payables other payables and accruals - Non-Current	0	0
23,540	Total trade payables other payables and accruals	23,540	23,542

Note 7 : Unearned Revenue

18-Month Forecast Ending Dec-17	Details	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Current Unearned Revenue		
	Description		
3,466	Gift Card outstanding	3,466	3,466
67,518	Deferred revenue	67,518	67,518
70,983	Total current portion	70,983	70,983
	Non-Current Unearned Revenue		
0	Total non-current portion	0	0
70,983	Total Unearned Revenue	70,983	70,983

Note 8: Sales of Goods & Services

18-Month Forecast Ending Dec-17	Revenue type	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
0	Fees and Charges	0	0
0	General Sales	0	0
0	Rentals	0	0
842,875	Other Goods & Services Revenue	281,208	323,039
602,775	Sale of goods and services to Cabinet	586,000	586,000
0	Sale of goods and services to Other Ministries and Portfolios	0	0
1,445,650	Total sales of goods and services	867,208	909,039

18-Month Forecast Ending Dec-17	Other Goods & Services Revenue	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
8,367	Education	5,690	5,804
80,433	Facility rental	54,694	55,788
540,965	Events	149,704	189,146
51,000	Exhibitions	12,000	12,000
162,110	Other	59,119	60,301
842,875	Total Other Goods & Services Revenue	281,208	323,039

	Sales of Outputs to Cabinet		
602,775	Sales of Outputs to Cabinet	586,000	586,000
602,775	Total Sales of Outputs to Cabinet	586,000	586,000

	Other Interdepartmental Revenue		
	Revenue from Ministries/Portfolios		
	Revenue from Statutory Authorities and Government Companies		
0	Total Other Interdepartmental Revenue	0	0
1,445,650	Total Goods and Services	867,208	909,039

Note 9: Donations

18-Month Forecast Ending Dec-17	Source	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Description		
379,595	Education donations	260,655	268,475
10,503	General donations	7,142	7,285
390,098	Total donations	267,797	275,760

Note 10: Personnel costs

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
822,462	Salaries, wages and allowances	368,203	375,567
29,669	Health care other	15,498	15,808
41,123	Pension	19,510	19,911
19,564	Other personnel related costs	16,303	16,569
912,818	Total Personnel Costs	419,515	427,856

Note 11: Supplies and consumables

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
452,684	Supplies and Materials	333,530	371,923
274,268	Purchase of services	280,103	285,081
71,929	Utilities	48,912	49,890
40,334	General Insurance	26,015	26,536
839,215	Total Supplies & consumables	688,560	733,430

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

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
(46,273)	Surplus/(deficit) from ordinary activities	(60,730)	(65,547)
	Non-cash movements		
129,989	Depreciation & Amortisation	87,660	89,060
	Changes in current assets and liabilities:		
(8,383)	(Increase)/decrease in other current assets - Cabinet	(46,036)	
(20,265)	(Increase)/decrease in other current assets - Other		
(86,095)	(Increase)/(decrease) in current liabilities - Other		
(31,027)	Net cash flows from operating activities	(19,106)	23,513

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OWNERSHIP AGREEMENT

**BETWEEN THE
CAYMAN ISLANDS GOVERNMENT**

AND

NATIONAL HOUSING DEVELOPMENT TRUST

**FOR THE 2018 FINANCIAL YEAR ENDING 31 DECEMBER 2018
AND THE 2019 FINANCIAL YEAR ENDING 31 DECEMBER 2019**

PREPARED IN ACCORDANCE WITH SECTION 50 OF THE PUBLIC MANAGEMENT AND FINANCE LAW
(2017 REVISION)

CONTENTS

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

Agreement

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the **National Housing Development Trust** have agreed the **National Housing Development Trust** will seek to achieve during the 2018 and 2019 financial years.

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

2. NATURE AND SCOPE OF ACTIVITIES

This section outlines the nature and scope of activities within which the **National Housing Development Trust** is to operate during the 2018 and 2019 financial years.

GENERAL NATURE OF ACTIVITIES

The **National Housing Development Trust** activities involve being an important factor in the economic development of the Cayman Islands by providing to Caymanians, homes at an affordable price and mortgage financing through its Government Guarantee Home Assisted Mortgage Program.

SCOPE OF ACTIVITIES

The scope of the **National Housing Development Trust** activities is as follows:

- Construction of low-income affordable homes to be sold to the Caymanian public at an affordable price
- Provide financing to low-income Caymanian who qualifies under the criteria set by the Board of Directors for the purchase of an affordable home constructed under the supervision of the Trust.
- Perform the duties as an administrator and loan processing agent on behalf of the Cayman Islands Government for the Government Guaranteed Assisted Home Mortgage Programme.

Provide bridge financing to Caymanian in the construction of a home on the clients own property, whereby the mortgage loan is then refinance by a participating banks under the Government Guarantee Home Assisted Mortgage Program.

CUSTOMERS AND LOCATION OF ACTIVITIES

The services provided by the **National Housing Development Trust** are provided only within the Cayman Islands.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives (from an ownership perspective) for the **National Housing Development Trust** for the 2018 and 2019 financial years are as follows:

STRATEGIC GOALS

1. To become a well-structured, efficiently managed organization that is fair and prudent in its selection processing of eligible applicants for affordable homes offered by the Trust.
2. To identify the housing needs of low-income Caymanians and to proceed with the processing of future development of affordable homes that will contribute to the economic development of the Cayman Islands.
3. To administer the Government Guaranteed Home Assisted Mortgage Program in collaboration with the commercial banks to provide financing to Caymanian whose income level is classified as low-to-middle income.
4. To administer the Build on Your Own Property Program in collaboration with the commercial banks to provide financing to Cayman whose income level is classified as low-to-middle income.

The key objectives (from an ownership perspective) for **National Housing Development Trust** for the 2018 and 2019 financial years are as follows:

OBJECTIVES

1. Continue to manage the lease portfolio of the Trust and to offer counselling to clients as it becomes necessary.
2. To seek out additional funding for future development of low-income housing that has 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.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2017 Revision) for the *National Housing Development Trust* for the 2018 and 2019 financial years are as follows.

Financial Performance Measure	2018 Budget \$ 000's	2019 Budget \$ 000's	2016/17 18 Months Forecast \$000's
Revenue from Cabinet	581	581	871
Revenue from ministries, portfolios, statutory authorities and government companies	-	-	-
Revenue from other persons or organizations	383	383	625
OPERATING EXPENSES	2,105	2,095	3,230
Net Surplus/Deficit	(1,141)	(1,131)	(1,734)
Total Assets	19,978	19,942	19,551
Total Liabilities	12,851	4,679	14,171
Net Worth	7,127	15,263	5,380
Cash flows from operating activities	(1,080)	(1,063)	(1,453)
Cash flows from investing activities	(1,400)	(186)	(1,505)
Cash flows from financing activities	1,529	1,056	1,436
Change in cash balances	(951)	(193.5)	(1,522)

Financial Performance Ratio	2018 Budget %	2019 Budget %	2016/17 18 Months Forecast %
Current Assets: Current Liabilities	3.5:1	5:1	4:1
Total Assets: Total Liabilities	1.5:1	4:1	1.4:1

MAINTENANCE OF CAPABILITY

Human Capital Measures	2018 Budget \$ 000's	2019 Budget \$ 000's	2016/17 18 Months Forecast \$000's
Total full time equivalent staff	9	9	9
Staff turnover (%)	0%	0%	0%
Average length of service (Number)			
Senior management	2	2	2
Professional staff	5	5	5
Administrative staff	1	1	1
Maintenance staff	2	2	2
Significant changes to personnel management system			

Physical Capital Measures	2018 Budget \$ 000's	2019 Budget \$ 000's	2016/17 18 Months Forecast \$000's
Value of total assets	19,978	19,942	19,551
Asset replacements: total assets	0%	0%	0%
Book value of depreciated assets: initial cost of those assets			
Depreciation: Cash flow on asset purchases	0%	0%	0%
Changes to asset management policies	None	None	None

Major Capital Expenditure Projects	2018 Budget \$ 000's	2019 Budget \$ 000's	2016/17 18 Months Forecast \$000's
Construction of affordable homes	(3,200)	(1,986)	(1,505)

RISK MANAGEMENT

Major Capital Expenditure Projects	2018 Budget \$ 000's	2019 Budget \$ 000's	2016/17 18 Months Forecast \$000's
Construction of affordable homes	(3,200)	(1,986)	(1,505)

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

A full set of forecast financial statements for **National Housing Development Trust** is provided in the Appendix to this Ownership Agreement.

Operating Statement	2018 Budget \$ 000's	2019 Budget \$ 000's	2016/17 18 Months Forecast \$000's
Revenue	964	964	1,496
Operating Expenses	2,105	2,095	3,230
Net Surplus/Deficit	(1,141)	(1,131)	(1,734.5)

Balance Sheet	2018 Budget \$ 000's	2019 Budget \$ 000's	2016/17 18 Months Forecast \$000's
Assets	19,978	19,942	19,551
Liabilities	12,851	4,679	14,171
Net Worth	7,127	15,263	5,380

Statement of Cash Flows	2018 Budget \$ 000's	2019 Budget \$ 000's	2016/17 18 Months Forecast \$000's
Net cash flows from operating activities	(1,080)	(1,063)	(1,453)
Net cash flows from investing activities	(1,400)	(186)	(1,505)
Net cash flows from financing activities	1,529	1,056	1,436

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 (2017 Revision).

Transaction	2018 Budget \$ 000's	2019 Budget \$ 000's
Equity Investments into <i>National Housing Development Trust</i> .	2,889	9,268
Capital Withdrawals from <i>National Housing Development Trust</i> .	-	-
Dividend or Profit Distributions to be made by <i>National Housing Development Trust</i> .	-	-
Government Loans to be made to <i>National Housing Development Trust</i> .	-	-
Government Guarantees to be issued in relation to <i>National Housing Development Trust</i> .	-	-
Related Party Payments (Non-Remuneration) made to Key Management Personnel[1]	-	-
Remuneration[2] Payments made to Key Management Personnel	11.4	11.4
Remuneration Payments made to Senior Management	198	198

	2018 Budget \$ 000's	2019 Budget \$ 000's
No. of Key Management Personnel	8	8
No. of Senior Management	2	2

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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 financial years 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 sign the amended Ownership Agreement.
- The amended Ownership Agreement will be attached to and form part of this Agreement.

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the **National Housing Development Trust** will seek to achieve for the 2018 and 2019 financial years and that the Cabinet will monitor performance against.



Honourable Dwayne Seymour, JP

Minister of Health, Environment, Culture & Housing

On behalf of Cabinet



Mr. George Anthony Powell

Chairman of the Board

National Housing Development Trust

27 October 2017

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APPENDIX

FORECAST FINANCIAL STATEMENTS

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**NATIONAL HOUSING DEVELOPMENT TRUST
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019**

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2017 Revision).

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

To the best of our knowledge the statements are:

- a. Complete and reliable;
- b. Fairly reflect the forecast financial position as at 31 December 2018 and 31 December 2019 and performance for the National Housing Development Trust for the financial years ending 31 December 2018 and 31 December 2019; and
- c. Comply with generally accepted accounting practice.



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

27 October 2017

NATIONAL HOUSING DEVELOPMENT TRUST
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

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.

2. Significant Accounting Policies

Sector Accounting Standards (“IPSAS”) under the historical cost convention, and are expressed in Cayman Islands Dollars.

Foreign Instruments: Foreign currency transactions are recorded 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 period. 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 YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Fixed Assets: Fixed assets are recorded at cost. Depreciation, which is based on the cost Fixed assets and low-income housing properties are stated at cost less accumulated depreciation and any recognized impairment loss. Depreciation is charged as to write off the cost or valuation of asset over their estimated useful lives, using the straight-line method, on the following bases:

	Years
Computer equipment	3
Furniture and fixtures	12
Office and telephone equipment	5
Vehicle	5
Affordable housing properties	50
Leasehold Improvements	5

The gain or loss arising on the disposal or retirement of an asset is determined as difference between the sales proceeds and the carrying amount of the asset and is recognized as income.

Employees Benefits: Obligations for contributions to defined contribution pension plans are recognized as an expense in the income statement as incurred. Pension contributions for eligible employees of the Trust are paid to the Silver Thatch Pension Fund. The fund is administered by the Silver Thatch Pension Fund Board.

NATIONAL HOUSING DEVELOPMENT TRUST
FORECAST OPERATING STATEMENT
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 2019

	2018	2019	2016/17	
Note	Budget	Budget	18 Months Forecast	
	\$000'S	\$000'S	\$000'S	
Outputs to Cabinet	1	581	581	871
Outputs to other government agencies		0	0	0
Outputs to others	1	383	383	625
Interest & Other Revenue		0	0	0
Total Operating Revenue		964	964	1,496
Operating Expenses				
Personnel costs	4	(758)	(796)	(1,104)
Supplies and consumables		(474)	(487)	(709)
Depreciation		(150)	(149)	(225)
Capital charge				
Other operating expenses		(723)	(664)	(1,191)
Total Operating Expenses		(2,105)	(2,096)	(3,230)
Surplus from operating activities and before extraordinary items		(1,142)	(1,132)	(1,735)
Extraordinary items				
Net Surplus		(1,142)	(1,132)	(1,735)

NATIONAL HOUSING DEVELOPMENT TRUST
FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 2019

	2018	2019	2016/17
Note	Budget	Budget	18 Months
	\$000'S	\$000'S	Forecast
Opening Balance Net worth	5,380	7,127	3,761
Prior Year Adjustment			
Net deficit during the year	(1,142)	(1,132)	(1,735)
Property revaluations			
Investment revaluations			
Net revaluations during the period			
Total recognized revenues and expenses	4,238	5,995	2,027
Equity investment	2,889	9,268	3,354
Repayment of surplus			
Capital withdrawal			
Closing balance net worth	7,127	15,263	5,380

NATIONAL HOUSING DEVELOPMENT TRUST
FORECAST BALANCE SHEET
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 2019

		2018	2019	2016/17
	Note	Budget	Budget	18 Months Forecast
		\$000'S	\$000'S	\$000'S
Current Assets				
Cash and cash equivalents	2	1,768	1,575	2,719
Accounts receivable	2	126	245	126
Prepaid Expenses	2	39	39	39
Inventories		3,525	3,211	2,925
Total Current Assets		5,459	5,070	5,809
Non-Current Assets				
Property, plant and equipment		14,520	14,871	13,742
Other non-current assets		0	0	0
Total Non-Current Assets		14,520	14,871	13,742
Total Assets		19,978	19,942	19,551
Current Liabilities				
Accounts payable & Accrued Liab.		90	90	88
Current Portion of Bond Payment		1,360	779	1,322
Employee entitlements		49	49	49
Other current liabilities		37	37	37
Total Current Liabilities		1,536	955	1,496
Non-Current Liabilities				
Bond Payable		11,143	3,551	12,502
Other non-current liabilities		173	173	173
Total Non-Current Liabilities		11,315	3,724	12,675
Total Liabilities		12,851	4,679	14,171
TOTAL ASSETS LESS TOTAL LIABILITIES		7,127	15,263	5,380

Net worth

Contributed capital	28,664	37,932	25,775
Asset revaluation reserve	496	496	496
Accumulated surpluses	(22,033)	(23,165)	(20,892)
Total Net Worth	7,127	15,263	5,380

NATIONAL HOUSING DEVELOPMENT TRUST
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEARS ENDING 30 JUNE 2018 AND 2019

Note	2018 Budget \$000'S	2019 Budget \$000'S	2016/17 18 Months Forecast \$000'S
Note 1: OPERATING REVENUES			
Revenue from Cabinet	581	581	870,893
Lease Income	249	249	372,887
GGHAM Income	135	135	251,931
Interest income	0	0	
	964	964	1,496
Note 2: CASH & CASH EQUIVALENTS			
Current and Call Accounts	1,768	1,575	2,719,232
Accounts Receivable & Pre-paid exp	165	284	164,864
Short-term Fixed Deposits within 6 months	0	0	0
	1,933	1,859	2,884
Note 4: PERSONNEL COSTS			
Salaries and wages	572	600	827
Pension (Employee/Government)	54	57	78
Medical	116	122	174
Other (Duty/overtime)	17	18	25
	758	796	1,104

OWNERSHIP AGREEMENT

**BETWEEN THE
CAYMAN ISLANDS GOVERNMENT**

AND

NATIONAL ROADS AUTHORITY

**FOR THE 2018 FINANCIAL YEAR ENDING 31 DECEMBER 2018
AND THE 2019 FINANCIAL YEAR ENDING 31 DECEMBER 2019**

PREPARED IN ACCORDANCE WITH SECTION 50 OF THE PUBLIC MANAGEMENT AND FINANCE LAW
(2017 REVISION)

CONTENTS

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

Agreement

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *National Roads Authority* have agreed the *National Roads Authority* will seek to achieve during the 2018 and 2019 financial years.

The purpose of the document is to ensure the ownership performance expectations for the financial years 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 2018 and 2019 financial years.

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 OWNERSHIP GOALS

The key strategic goals and objectives for the *National Roads Authority* for the 2018 and 2019 financial years 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 (2017 Revision) for the *National Roads Authority* for the 2018 and 2019 financial years are as follows.

FINANCIAL PERFORMANCE MEASURE	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
REVENUE FROM CABINET	-	-	7,739
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	205	215	269
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	10,115	10,120	15,280
OPERATING EXPENSES	11,888	12,027	24,434
NET SURPLUS DEFICIT	(1,567.5)	(1,692)	(1,147)
TOTAL ASSETS	7,331	7,574.5	8,300
TOTAL LIABILITIES	22,208	24,143	21,610
NET WORTH	(14,877)	(16,569)	(13,309)
CASH FLOWS FROM OPERATING ACTIVITIES	1,372.5	1,037	780
CASH FLOWS FROM INVESTING ACTIVITIES	(850)	(850)	(1,300)
CASH FLOWS FROM FINANCING ACTIVITIES	-	-	-
CHANGE IN CASH BALANCES	522.5	187	(520)

FINANCIAL PERFORMANCE RATIO	2018 Budget %	2019 Budget %	2016/17 18 Months Forecast %
CURRENT ASSETS : CURRENT LIABILITIES	5:1	4:1	2.7:1
TOTAL ASSETS : TOTAL LIABILITIES	1:3	1:3.2	1:2.6

MAINTENANCE OF CAPABILITY

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
HUMAN CAPITAL MEASURES			
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	92	92	90
STAFF TURNOVER (%)	-	-	-
SENIOR MANAGER	21.33 (3)	22.33 (3)	20.33 (3)
PROFESSIONAL AND TECHNICAL STAFF	16.38 (29)	17.41 (29)	15.93 (28)
ADMINISTRATIVE STAFF	15.02 (60)	16.01 (60)	14.25 (59)

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
PHYSICAL CAPITAL MEASURES			
VALUE OF TOTAL ASSETS	7,331	7,574.5	8,300
ASSET REPLACEMENTS : TOTAL ASSETS	0.12:1	0.11:1	0.16:1
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	0.31:1	0.31:1	0.30:1
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	0.67:1	0.65:1	0.56:1
CHANGES TO ASSET MANAGEMENT POLICIES	nil	nil	nil

	2018 TARGET \$	2019 TARGET \$
MAJOR CAPITAL EXPENDITURE PROJECTS		
Proposed Capital Projects	9,000,000	11,000,000

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2016/17	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Work related injuries to persons	No change	Introduction, training and implementation of safety standards for explosive management, heavy equipment machinery and workforce personnel.	Undefined: depends on extent of injury
Accidents related to the operation of vehicles and heavy equipment	No change	Implement driver-training courses. HOD to exercise appropriate disciplinary action for each offence or repeating offender, such as loss of authority to drive or financial contribution by driver. Appropriate training in operation of vehicle to reduce operational misuse of the vehicle.	Undefined: depends on extent of damage

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

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

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
OPERATING STATEMENT			
REVENUE	10,320	10,335	23,288
OPERATING EXPENSES	11,888	12,027	24,434
NET SURPLUS/DEFICIT	(1,567.5)	(1,692)	(1,147)

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
BALANCE SHEET			
ASSETS	7,331	7,574.5	8,300
LIABILITIES	22,208	24,143	21,610
NET WORTH	(14,877)	(16,569)	(13,309)

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
STATEMENT OF CASH FLOW			
CASH FLOWS FROM OPERATING ACTIVITIES	1,372.5	1,037	780
CASH FLOWS FROM INVESTING ACTIVITIES	(850)	(850)	(1,300)
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 (2017 Revision).

TRANSACTION	AMOUNT FOR 2018 \$	AMOUNT FOR 2019 \$
Equity Investments into National Roads Authority	-	-
Capital Withdrawals from National Roads Authority	-	-
Dividend or Profit Distributions to be made by National Roads Authority.	-	-
Government Loans to be made to National Roads Authority	-	-
Government Guarantees to be issued in relation to National Roads Authority	-	-
Related Party Payments (Non-Remuneration) made to Key Management Personnel ³⁴	-	-
Remuneration³⁵ Payments made to Key Management Personnel	414,897	414,897
Remuneration Payments made to Senior Management	113,070	113,070

³⁴ Key Management Personnel as defined by International Public Accounting Standards No 20, e.g. Minister, Board Member and Senior Management Team

³⁵ Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

DESCRIPTION	NUMBERS FOR 2018 \$	NUMBERS FOR 2019 \$
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	10	10
NUMBER OF KEY SENIOR MANAGEMENT (MD)	4	4

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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 financial years 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 sign the amended Ownership Agreement.
- The amended Ownership Agreement will be attached to and form part of this Agreement.

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the National Roads Authority will seek to achieve for the 2018 and 2019 financial years and that the Cabinet will monitor performance against.



Honourable Joseph Hew, JP

Minister of Commerce, Planning, & Infrastructure

On behalf of Cabinet



Mr. Donovan Ebanks, MBE, JP

Chairman of the Board

National Roads Authority

27 October 2017

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APPENDIX

FORECAST FINANCIAL STATEMENTS

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**CAYMAN ISLANDS
GOVERNMENT**

**NATIONAL ROADS AUTHORITY
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019**

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2017 Revision).

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

To the best of our knowledge the statements are:

- a. Complete and reliable;
- b. Fairly reflect the forecast financial position as at 31 December 2018 and 31 December 2019 and performance for the National Roads Authority of the Cayman Islands for the financial years ending 31 December 2018 and 31 December 2019; and
- c. Comply with generally accepted accounting practice.

A handwritten signature in blue ink, appearing to read 'Donovan Ebanks', written over a horizontal line.

Mr. Donovan Ebanks, MBE, JP

**Chairman of the Board
National Roads Authority**

27 October 2017

NATIONAL ROADS AUTHORITY
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Significant Accounting Policies

(a) 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.

(b) Cash & cash equivalents

This comprises cash at bank and short term investments with maturity at inception of three months or less.

(c) 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.

(d) 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 Equipment	4 - 12 Years
Furniture and Fixtures	3 - 15 Years
Computer Hardware and Software	3 - 6 Years
Other Plant and Equipment	3 - 25 Years

(e) Receivables

Receivables are stated at original invoice amounts less provision for doubtful debts.

(f) Allowance for bad debts

NATIONAL ROADS AUTHORITY
STATEMENT OF ACCOUNTING POLICIES (CONTNUED)
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

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

(g) Inventory

Inventory is valued at the lower of net realizable value or cost, on an average basis.

(h) Accounts Payable

Accounts payable are recorded at the amount owing after allowing for credit notes and other adjustments.

(i) Employee entitlements

Pension Plans. The Authority makes pension contributions for its eligible employees to the Public Service Pensions Fund, which is administered by the Public Service Pensions Board. The Fund has both a defined benefit and a defined contribution element.

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

A defined benefit plan is one that defines an amount of benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation. The asset or liability in respect of defined benefit plans is the difference between the present value of the defined benefit obligation at the balance sheet date and the fair value of plan assets, adjusted for unrecognised actuarial gains/losses and past service cost. Where a pension asset arises, the amount recognised is limited to the net total of any cumulative unrecognised net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reduction in future contributions to the plan. The pension costs are assessed using the Projected Unit Credit Method. Under this method the cost of providing pensions is charged in the Income Statement so as to spread the regular cost over the service lives of employees in accordance with advise of the actuary, (who is due to carry out a full valuation of the plans every year). The pension obligation is measured at the present value of the estimated future cash outflows using discount estimated rates based on market yields on high quality corporate bonds at the time of the accounting date which have terms to maturity approximating the terms of the related liability. Obligations for contributions to defined contribution and defined benefits pension plans are recognized as an expense in the income statement as incurred. (See also Note 11).Amounts incurred but not paid at the end of the reporting period is accrued. Annual leave due, but not taken, is recognized as a liability.

NATIONAL ROADS AUTHORITY
STATEMENT OF ACCOUNTING POLICIES (CONTNUED)
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

(j) Revenue recognition

Revenue from sale of services to Cabinet and other government agencies is recognised when it is earned (see also Related Party Note 12). Investment revenue is recognised in the period in which it is earned. Donations are recognised at fair value at the time of receipt.

(k) Expense recognition

Expenses are recognised when incurred.

(l) Financial Instruments

(i) Classification

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

(ii) Recognition

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

(iii) Measurement

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

(iv) 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.

(v) Credit Risk

Cash and short term investments are held with substantial financial institutions. Receivables are short term and settled after the year-end.

(vi) Interest Rate Risk

The Authority's income and operating cash flows are substantially independent of changes in market interest rates.

(m) Classification

Certain prior year figures have been reclassified to conform to current year presentation.

NATIONAL ROADS AUTHORITY

STATEMENT OF FINANCIAL POSITION

FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

18-Month Forecast Ending Dec- 17	STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER	Notes	12-Month Budget Ending Dec- 18	12-Month Budget Ending Dec- 19
	Current Assets			
4,083,984	Cash and cash equivalents	1	3,890,516	4,077,316
790,289	Trade receivables	2	286,976	250,291
702	Other receivables	2	0	0
120,245	Inventories	3	65,950	65,950
841,235	Prepayments	4	341,250	141,500
5,836,455	Total Current Assets		4,584,692	4,535,057
	Non-Current Assets			
162,296	Trade receivables	2	162,296	162,296
2,301,684	Property, plant and equipment	5	2,583,657	2,877,192
2,463,980	Total Non-Current Assets		2,745,953	3,039,488
8,300,435	Total Assets		7,330,645	7,574,545
	Current Liabilities			
1,713,795	Trade payables	6	731,676	859,901
275,642	Other payables and accruals	6	131,500	135,400
130,486	Employee entitlements	7	50,486	50,128
2,119,923	Total Current Liabilities		913,662	1,045,429
	Non-Current Liabilities			
3,325,994	Unfunded pension liability	8	3,629,990	3,933,986
16,164,000	Unfunded post-retirement health care	9	17,664,000	19,164,000
19,489,994	Total Non-Current Liabilities		21,293,990	23,097,986
21,609,917	Total Liabilities		22,207,652	24,143,415
(13,309,482)	Net Assets		(14,877,007)	(16,568,870)
	NET WORTH			
4,541,535	Contributed capital		4,541,535	4,541,535
0	Other Reserves		0	0

0	Revaluation reserve		0	0
(17,851,017)	Accumulated surpluses/(deficits)		(19,418,542)	(21,110,405)
(13,309,482)	Total Net Worth		(14,877,007)	(16,568,870)

NATIONAL ROADS AUTHORITY

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

18-Month Forecast Ending Dec- 17	STATEMENT OF FINANCIAL PERFORMANCE AS AT 31 DECEMBER 2018 AND 31 DECEMBER 2019	Notes	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Revenue			
23,287,720	Sale of goods and services	10	10,320,184	10,335,184
23,287,720	Total Revenue		10,320,184	10,335,184
	Expenses			
9,105,450	Personnel costs	11	5,851,053	5,912,571
13,473,093	Supplies and consumables	12	3,968,630	4,058,010
730,821	Depreciation and Amortisation	5	568,026	556,466
1,125,000	Other Operating expenses		1,500,000	1,500,000
24,434,364	Total Expenses		11,887,709	12,027,047
(1,146,644)	Surplus or (Deficit) for the period		(1,567,525)	(1,691,863)

NATIONAL ROADS AUTHORITY

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

18-Month Forecast Ending Dec- 17	CASH FLOW STATEMENT AS AT 31 DECEMBER 2018 AND 31 DECEMBER 2019		12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	CASH FLOWS FROM OPERATING ACTIVITIES			
	<i>Receipts</i>			
7,479,319	Sale of goods and services to Cabinet		0	0
269,273	Sale of goods and services to Statutory Agencies and Government Companies		204,918	214,918
15,153,697	Sale of goods and services - third party		10,115,266	10,120,266
	<i>Payments</i>			
(8,649,450)	Personnel costs		(5,547,057)	(5,608,575)
(13,473,093)	Supplies and consumables - third party		(3,400,604)	(3,689,809)
779,746	Net cash flows from operating activities	13	1,372,523	1,036,800
	CASH FLOWS FROM INVESTING ACTIVITIES			
(1,299,663)	Purchase of property, plant and equipment		(850,000)	(850,000)
(1,299,663)	Net cash flows from investing activities		(850,000)	(850,000)
	CASH FLOWS FROM FINANCING ACTIVITIES			
0	Net cash flows from financing activities		0	0
(519,917)	Net increase/(decrease) in cash and cash equivalents		522,523	186,800
3,887,910	Cash and cash equivalents at beginning of period		3,367,993	3,890,516
3,367,993	Cash and cash equivalents at end of period		3,890,516	4,077,316

NATIONAL ROADS AUTHORITY

STATEMENT OF CHANGES IN NET WORTH

FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

	Contributed Capital	Other Reserves	Revaluation Reserve	Accumulated Surplus/ (deficits)	Total
Balance at 30 June 2016 brought forward	4,541,535			(16,704,373)	(12,162,838)
Prior Year Adjustments					
Changes in accounting policy					0
Accounting Errors					0
Restated balance 30 June 2016	4,541,535	0	0	(16,704,373)	(12,162,838)
Changes in net worth for 2016/17					
Gain/(loss) on property revaluation					0
Gain/(loss) on revaluation of investments					0
Exchange differences on translating foreign operations					0
Equity Investment from Cabinet					0
Capital withdrawals by Cabinet					0
Dividends payable to Cabinet					0
Net revenue / expenses recognised directly in net worth					0
Surplus/(deficit)for the period 2016/17				(1,146,644)	(1,146,644)
Total recognised revenues and expenses for the period	0	0	0	(1,146,644)	(1,146,644)
Balance at 31 December 2017	4,541,535	0	0	(17,851,017)	(13,309,482)
Balance at 31 December 2017 brought forward	4,541,535	0	0	(17,851,017)	(13,309,482)
Prior Year Adjustments					
Changes in accounting policy					0
Accounting Errors					0
Restated balance 31 December 2017	4,541,535	0	0	(17,851,017)	(13,309,482)
Changes in net worth for 2018					
Gain/(loss) on property revaluation					0
Gain/(loss) on revaluation of investments					0

Exchange differences on translating foreign operations					0
Equity Investment from Cabinet					0
Capital withdrawals by Cabinet					0
Dividends payable to Cabinet					0
Net revenue / expenses recognised directly in net worth	0	0	0	0	0
Surplus/(deficit)for the period 2018				(1,567,525)	(1,567,525)
Total recognised revenues and expenses for the period	0	0	0	(1,567,525)	(1,567,525)
Balance at 31 December 2018 carried forward	4,541,535	0	0	(19,418,542)	(14,877,007)
Balance at 31 December 2018 brought forward	4,541,535	0	0	(19,418,542)	(14,877,007)
Prior Year Adjustments					
Changes in accounting policy					0
Accounting Errors					0
Restated balance 31 December 2018	4,541,535	0	0	(19,418,542)	(14,877,007)
Changes in net worth for 2019					
Gain/(loss) on property revaluation					0
Gain/(loss) on revaluation of investments					0
Exchange differences on translating foreign operations					0
Equity Investment from Cabinet					0
Capital withdrawals by Cabinet					0
Dividends payable to Cabinet					0
Net revenue / expenses recognised directly in net worth	0	0	0	0	0
Surplus/(deficit)for the period 2019				(1,691,863)	(1,691,863)
Total recognised revenues and expenses for the period	0	0	0	(1,691,863)	(1,691,863)
Balance at 31 December 2019	4,541,535	0	0	(21,110,405)	(16,568,870)

NATIONAL ROADS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Note 1: Cash and cash equivalents

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Cash on hand		
	Cash in transit		
4,078,984	CI\$ Account	3,885,516	4,072,316
	US\$ Account		
	Bank Overdraft		
5,000	Payroll Current Account	5,000	5,000
	Bank Accounts held at other financial institutions		
	Short-Term Fixed Deposits		
4,083,984	TOTAL	3,890,516	4,077,316

Note 2: Trade and other receivables

18-Month Forecast Ending Dec-17	Trade Receivables	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
618,042	Sale of goods and services to Cabinet		
172,719	Sale of goods and services to Ministries/Portfolios	162,296	162,296
31,207	Sale of goods and services to Statutory Agencies and Government Companies	18,507	18,507
130,616	Sale of goods and services - third party	268,469	231,784
	Other		
	Less: provision for doubtful debts		
952,585	Total trade receivables	449,272	412,587

18-Month Forecast Ending Dec-17	Trade Receivables	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Current		
273,136	Past due 1-30 days	286,976	250,291
278,714	Past due 31-60 days		
120,613	Past due 61-90 days		
117,826	Past due 90 and above		
	Non-Current		
162,296	Past due 1 year and above	162,296	162,296
952,585	Total	449,272	412,587

18-Month Forecast Ending Dec-17	Other Receivables	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
702	Advances (salary, Official Travel, etc)		
	Dishonoured cheques		
	Interest receivable		
	Other		
	Less: provision for doubtful debts		
702	Total other receivables	0	0

18-Month Forecast Ending Dec-17	Other Receivables	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Current		
702	Past due 1-30 days	0	0
	Past due 31-60 days		
	Past due 61-90 days		
	Past due 90 and above		
	Non-Current		
	Past due 1 year and above		
702	Total	0	0

Note 3: Inventories

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Current Inventories		
120,245	Inventory held for use in the provision of goods and services	65,950	65,950
	Inventory held for sale		
	Inventory Other		
	Impairment of Inventory		
120,245	INVENTORIES - Current	65,950	65,950
	Non-Current Inventories		
	Inventory held for use in the provision of goods and services		
	Inventory held for sale		
	Inventory Other		
	Impairment of Inventory		
0	INVENTORIES - Non-Current	0	0
120,245	TOTAL INVENTORIES	65,950	65,950

Note 4: Prepayments

18-Month Forecast Ending Dec-17	Prepayments	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Current Prepayments		
	Description		
841,235		341,250	141,500
841,235	Prepayments - Current	341,250	141,500
	Non-Current Prepayments		
	Description		
0	Prepayments -Non-Current	0	0
841,235	Total Prepayments	341,250	141,500

Note 5: Property, plant & equipment

Cost of Property, plant & equipment

	<i>Plant and equipment</i>	<i>Leasehold Improvements</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Office Equipment</i>	<i>Motor Vehicles</i>	<i>Total</i>
Balance as at 1 July 2016	2,117,115	273,836	136,795	130,389	28,267	3,302,367	5,988,768
Additions	886,310			4,061	10,935	398,356	1,299,663
Disposals and Derecognition						294,055	294,055
Revaluation							0
Transfers							0
Balance as at 31 December 2017	3,003,426	273,836	136,795	134,450	39,202	3,994,778	7,582,486

	<i>Plant and equipment</i>	<i>Leasehold Improvements</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Office Equipment</i>	<i>Motor Vehicles</i>	<i>Total</i>
Balance as at 1 January 2018	3,003,426	273,836	136,795	134,450	39,202	3,994,778	7,582,486
Additions	425,000					425,000	850,000
Disposals and Derecognition							0
Revaluation							0
Transfers							0
Balance as at 31 December 2018	3,428,426	273,836	136,795	134,450	39,202	4,419,778	8,432,486

	<i>Plant and equipment</i>	<i>Leasehold Improvements</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Office Equipment</i>	<i>Motor Vehicles</i>	<i>Total</i>
Balance as at 1 January 2019	3,428,426	273,836	136,795	134,450	39,202	4,419,778	8,432,486
Additions	425,000					425,000	850,000
Disposals and Derecognition							0
Revaluation							0
Transfers							0
Balance as at 31 December 2019	3,853,426	273,836	136,795	134,450	39,202	4,844,778	9,282,486

Accumulated Depreciation and impairment losses

	<i>Plant and equipment</i>	<i>Leasehold Improvements</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Office Equipment</i>	<i>Motor Vehicles</i>	<i>Total</i>
Balance as at 1 July 2016	1,188,937	251,102	117,031	99,184	27,413	2,572,259	4,255,926
Transfers							0
Impairment Reserve 2016/17 (closing balance)							0
Depreciation Expense 2016/17	350,120	22,734	5,285	12,258	1,963	338,461	730,821
Eliminate on Disposal or Derecognition 2016/17						294,055	294,055
Balance as at 31 December 2017	1,539,057	273,836	122,316	111,442	29,376	3,204,775	5,280,802

	<i>Plant and equipment</i>	<i>Leasehold Improvements</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Office Equipment</i>	<i>Motor Vehicles</i>	<i>Total</i>
Balance as at 1 January 2018	1,539,057	273,836	122,316	111,442	29,376	3,204,775	5,280,802
Transfers							0
Impairment change 2018							0
Depreciation Expense 2018	291,969		3,076	8,158	395	264,428	568,026
Eliminate on Disposal or Derecognition 2018							0
Balance as at 31 December 2018	1,831,026	273,836	125,393	119,600	29,772	3,469,203	5,848,829

	<i>Plant and equipment</i>	<i>Leasehold Improvements</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Office Equipment</i>	<i>Motor Vehicles</i>	<i>Total</i>
Balance as at 1 January 2019	1,831,026	273,836	125,393	119,600	29,772	3,469,203	5,848,829
Transfers							0
Impairment change 2019							0
Depreciation Expense 2019	289,967		2,881	5,649	382	257,587	556,466
Eliminate on Disposal or Derecognition 2019							0
Balance as at 31 December 2019	2,120,993	273,836	128,273	125,249	30,154	3,726,789	6,405,295

Net Book value 31 December 2017	1,464,369	0	14,478	23,008	9,826	790,003	2,301,684
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Net Book value 31 December 2018	1,597,400	0	11,402	14,850	9,430	950,576	2,583,657
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Net Book value 31 December 2019	1,732,433	0	8,521	9,201	9,048	1,117,989	2,877,192
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Note 6: Trade payables, other payables & Accruals

18-Month Forecast Ending Dec-17		12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Current Trade payables other payables and accruals		
1,638,321	Creditors Third party	706,676	834,901
	Creditors Ministries/Portfolios		
75,474	Creditors other Statutory Agencies and Government Companies	25,000	25,000
87,121	Payroll Deductions	81,500	85,400
	Operating Lease		
108,233	Accrued Expenses	50,000	50,000
80,287	Other payables		
	Dividends/Surplus Payable		
1,989,437	Trade payables other payables and accruals - Current	863,176	995,301
	Non-Current Trade payables other payables and accruals		
	Creditors Third party		
	Creditors Ministries/Portfolios		
	Creditors other Statutory Agencies and Government Companies		
	Payroll Deductions		
	Operating Lease		
	Accrued Expenses		
	Other payables		
	Dividends/Surplus Payable		
0	Trade payables other payables and accruals - Non-Current	0	0
1,989,437	Total trade payables other payables and accruals	863,176	995,301

Note 7: Employee entitlements

18-Month Forecast Ending Dec-17		12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	<i>Current employee entitlements</i>		
130,486	Annual Leave/Comp-time	50,486	50,128
	Retirement and long service leave		
	Accrued salaries		
	Travel		
	Other		
130,486	Total current portion	50,486	50,128
	<i>Non-current employee entitlements</i>		
	Retirement and long service leave		
	Other		
0	Total non-current portion	0	0
130,486	Total employee entitlements	50,486	50,128

Note 8: Unfunded Pension Liability

Pensions Plan Actuarial Valuation

18-Month Forecast Ending Dec-17		12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
3,833,000	Value of pension fund allocated assets	4,129,000	4,425,000
(7,158,994)	Past service liability	(7,758,990)	(8,358,986)
(3,325,994)	Fund (deficiency)/Surplus	(3,629,990)	(3,933,986)

Note 9: Unfunded post-retirement health care

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
375,000	Value of medical liability allocated assets	375,000	375,000
(16,539,000)	Defined benefit obligation	(18,039,000)	(19,539,000)
(16,164,000)	Total Unfunded Health Care Liability	(17,664,000)	(19,164,000)

The principal assumptions are as follows:

Discount rate to determine service costs 4.2%
Discount rate to determine interest on benefit obligation 3.75%
Discount rate to determine interest on service costs 4.24%
Health Care costs trends 5.0%

Note 10: Sales of Goods & Services

18-Month Forecast Ending Dec-17	Revenue type	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
0	Fees and Charges	0	0
15,000,000	General Sales	10,000,000	10,000,000
0	Rentals	0	0
279,090	Other Goods & Services Revenue	148,000	120,266
7,739,357	Sale of goods and services to Cabinet	0	0
269,273	Sale of goods and services to Other Ministries and Portfolios	172,184	214,918
23,287,720	Total sales of goods and services	10,320,184	10,335,184

18-Month Forecast Ending Dec-17	General Sales	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
15,000,000	Road Fund/Vehicle DL Fees	10,000,000	10,000,000
15,000,000	Total General Sales	10,000,000	10,000,000

18-Month Forecast Ending Dec-17	Other Goods & Services Revenue	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
279,090	Sale services public	148,000	120,266
279,090	Total Other Goods & Services Revenue	148,000	120,266
	Sales of Outputs to Cabinet		
7,739,357	Sales of Outputs to Cabinet		
	Other Outputs		
7,739,357	Total Sales of Outputs to Cabinet	0	0
	Other Interdepartmental Revenue		
	Revenue from Ministries/Portfolios		
269,273	Revenue from Statutory Authorities and Government Companies	172,184	214,918
269,273	Total Other Interdepartmental Revenue	172,184	214,918
23,287,720	Total Goods and Services	10,320,184	10,335,184

Note 11: Personnel costs

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
5,959,810	Salaries, wages and allowances	3,825,547	3,825,547
1,772,928	Health care CINICO	1,230,360	1,291,878
	Health care other		
769,757	Pension	493,746	493,746
	Leave		
602,955	Other personnel related costs	301,400	301,400
9,105,450	Total Personnel Costs	5,851,053	5,912,571

Note 12: Supplies and consumables

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
4,591,491	Supplies and Materials	948,530	995,957
5,631,092	Purchase of services	900,311	945,327
59,088	Lease of Property and Equipment	18,654	19,586
59,175	Utilities	45,245	47,507
18,255	General Insurance	15,170	15,929
471,508	Interdepartmental expenses	314,339	330,056
13,156	Travel and Subsistence	20,000	20,000
62,646	Recruitment and Training	43,000	43,000
2,566,682	Other	1,663,381	1,640,649
13,473,093	Total Supplies & consumables	3,968,630	4,058,010

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

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
(1,146,644)	Surplus/(deficit) from ordinary activities	(1,567,525)	(1,691,863)
	Non-cash movements		
730,821	Depreciation & Amortisation	568,026	556,466
0	Impairment	0	0
0	(Gain)/losses on sale of property plant and equipment	0	0
0	(Gain) / loss on derecognition and revaluation of assets	0	0
	Other Non-cash movement		
	Changes in current assets and liabilities:		
	(Increase)/decrease in other current assets - Cabinet		
14,907	(Increase)/decrease in other current assets - Statutory Agencies and Government Companies		
(701,462)	(Increase)/decrease in other current assets - Ministries Portfolios	539,166	166,580
946,360	(Increase)/decrease in other current assets - Other	294,070	(199,750)
32,714	(Increase)/(decrease) in current liabilities - Statutory Agencies and Government Companies		
	(Increase)/(decrease) in current liabilities - Ministries Portfolios		
479,176	(Increase)/(decrease) in current liabilities - Other	(1,206,261)	131,767
355,872	Net cash flows from operating activities	(1,372,523)	(1,036,800)

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OWNERSHIP AGREEMENT

**BETWEEN THE
CAYMAN ISLANDS GOVERNMENT**

AND

PORT AUTHORITY OF THE CAYMAN ISLANDS

**FOR THE 2018 FINANCIAL YEAR ENDING 31 DECEMBER 2018
AND THE 2019 FINANCIAL YEAR ENDING 31 DECEMBER 2019**

PREPARED IN ACCORDANCE WITH SECTION 50 OF THE PUBLIC MANAGEMENT AND FINANCE LAW
(2017 REVISION)

CONTENTS

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

Agreement

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Port Authority of the Cayman Islands* have agreed the *Port Authority of the Cayman Islands* will seek to achieve during the 2018 and 2019 financial years.

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

2. NATURE AND SCOPE OF ACTIVITIES

This section outlines the nature and scope of activities within which the *Port Authority of the Cayman Islands* is to operate during the 2018 and 2019 financial years.

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 OWNERSHIP GOALS

The key strategic goals and objectives for the *Port Authority of the Cayman Islands* for the 2018 and 2019 financial years are as follows:

- 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.
- 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.
- To improve operations through the continued upkeep to existing equipment.
- 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 (2017 Revision) for the *Port Authority of the Cayman Islands* for the 2018 and 2019 financial years are as follows.

FINANCIAL PERFORMANCE MEASURE	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
REVENUE FROM CABINET	-	-	-
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	-	-	-
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	22,964	22,931	33,748
OPERATING EXPENSES	(26,698)	(26,824)	(39,157)
NET SURPLUS / (DEFICIT)	(3,734)	(3,893)	(5,409)
TOTAL ASSETS	55,283	54,610	55,580
TOTAL LIABILITIES	43,191	46,411	39,754
NET WORTH	12,092	8,199	15,826
CASH FLOWS FROM OPERATING ACTIVITIES	1,653	1,413	4,635
CASH FLOWS FROM INVESTING ACTIVITIES	(2,551)	(1,025)	(5,985)
CASH FLOWS FROM FINANCING ACTIVITIES	-	-	(1,753)
CHANGE IN CASH BALANCES	(898)	387	(3,102)

FINANCIAL PERFORMANCE RATIO	2018 Budget %	2019 Budget %	2016/17 18 Months Forecast %
CURRENT ASSETS : CURRENT LIABILITIES	5.5:1	4.5:1	6.5:1
TOTAL ASSETS : TOTAL LIABILITIES	1.3:1	1.2:1	1.4:1

MAINTENANCE OF CAPABILITY

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
HUMAN CAPITAL MEASURES			
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	159	158	160
STAFF TURNOVER (%)			
SENIOR MANAGER	0	0	0
PROFESSIONAL AND TECHNICAL STAFF	Less than 1%	Less than 1%	Less than 1%
ADMINISTRATIVE STAFF	0	0	0

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
PHYSICAL CAPITAL MEASURES			
VALUE OF TOTAL ASSETS	55,283	54,610	55,580
ASSET REPLACEMENTS : TOTAL ASSETS	0.05:1	0.02:1	0.11:1
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	0.62:1	0.60:1	0.64:1
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	0.80:1	2.02:1	0.42:1
CHANGES TO ASSET MANAGEMENT POLICIES	None	None	None

	2018 TARGET \$	2019 TARGET \$
CAPITAL EXPENDITURE		
Other Fixed Asset Purchases	811,100	646,300
Crane, Vehicles and Specialized Equipment	740,000	379,000
Paving of CDC Complex	1,000,000	-

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2016/17	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Hurricanes and Storms	None	Hurricane Plan practised on a continuous basis	CI\$2 Million
Personal Injury or fatality during operations	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.

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
OPERATING STATEMENT			
REVENUE	22,964	22,931	33,748
OPERATING EXPENSES	26,698	26,824	39,157
NET SURPLUS/DEFICIT	(3,734)	(3,893)	(5,409)

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
BALANCE SHEET			
ASSETS	55,283	54,610	55,580
LIABILITIES	43,191	46,411	39,754
NET WORTH	12,092	8,199	15,826

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
STATEMENT OF CASH FLOW			
CASH FLOWS FROM OPERATING ACTIVITIES	1,653	1,413	4,635
CASH FLOWS FROM INVESTING ACTIVITIES	(2,551)	(1,025)	(5,985)
CASH FLOWS FROM FINANCING ACTIVITIES	-	-	(1,753)

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 (2017 Revision).

TRANSACTION	AMOUNT FOR 2018 \$	AMOUNT FOR 2019 \$
Equity Investments into Port Authority of the Cayman Islands	-	-
Capital Withdrawals from Port Authority of the Cayman Islands	-	-
Dividend or Profit Distributions to be made by Port Authority of the Cayman Islands.	-	-
Government Loans to be made to Port Authority of the Cayman Islands	-	-
Government Guarantees to be issued in relation to Port Authority of the Cayman Islands	-	-
Related Party Payments (Non-Remuneration) made to Key Management Personnel ³⁶	-	-
Remuneration³⁷ Payments made to Key Management Personnel	926,000	926,000
Remuneration Payments made to Senior Management	1,110,000	1,110,000

DESCRIPTION	NUMBERS FOR 2018	NUMBERS FOR 2019
NUMBER OF KEY MANAGEMENT PERSONNEL	7	7
NUMBER OF KEY SENIOR MANAGEMENT	9	9

³⁶ Key Management Personnel as defined by International Public Accounting Standards No 20, e.g. Minister, Board Member and Senior Management Team

³⁷ Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

AGREEMENT

Scope of this Agreement

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

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

Procedures for Changing this Ownership Agreement

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

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

Agreement

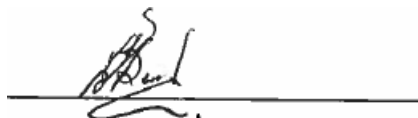
We jointly agree this Ownership Agreement accurately documents the ownership performance the Port Authority of the Cayman Islands will seek to achieve for the 2018 and 2019 financial years and that the Cabinet will monitor performance against.



Honourable Moses Kirkconnell, JP

Minister of District Administration, Tourism and Transport

On behalf of Cabinet



Mr. Errol L. Bush, MBE

Chairman of the Board

Port Authority of the Cayman Islands

27 October 2017

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APPENDIX

FORECAST FINANCIAL STATEMENTS

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PORT AUTHORITY OF THE CAYMAN ISLANDS
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2017 Revision).

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

To the best of our knowledge the statements are:

- a. Complete and reliable;
- b. Fairly reflect the forecast financial position as at 31 December 2018 and 31 December 2019 and performance for the Port Authority of the Cayman Islands for the financial years ending 31 December 2018 and 31 December 2019; and
- c. Comply with generally accepted accounting practice.

Mr. Errol L. Bush MBE

Chairman of the Board

Port Authority of the Cayman Islands

27 October 2017

PORT AUTHORITY OF THE CAYMAN ISLANDS
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Background information

The Port Authority of the Cayman Islands (“the Port Authority”) is a statutory body established on September 15, 1976 under the Port Authority Law.

The Port Authority is principally engaged in the management of the maritime affairs of the Cayman Islands.

2. Significant accounting policies

These financial statements are prepared in accordance with International Public Accounting Standards. The principal accounting policies adopted by the Port Authority are as follows:

(a) Basis of accounting

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

(b) Use of estimates

The preparation of the financial statements in accordance with International Public Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the year. Actual results could differ from these estimates.

(c) Financial instruments

(i) Classification

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset, exchange financial instruments under conditions that are potentially favourable or an equity instrument of another enterprise. Financial assets comprise unrestricted and restricted bank balances and accounts receivable.

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

(ii) Recognition

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

(iii) Measurement

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

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

(iv) Specific instruments

Cash and cash equivalents

PORT AUTHORITY OF THE CAYMAN ISLANDS
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

For the purposes of the statements of cash flows, cash and cash equivalents includes current and money market accounts and term deposits with an original maturity of three months or less, and include unrestricted and restricted bank balances.

Interest income and expense

Interest income and expense are recognised in the statements of income on an accruals basis. Interest income represents the interest earned on term deposits. Interest expense includes interest paid on long term debt.

(v) Derecognition

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

(d) Depreciation

Depreciation is charged to the statements of income on a straight-line basis at the following rates estimated to write off the cost of the assets over their expected useful lives:

Land	Nil
Buildings	4% per annum
Marine Dock	2% per annum
Other fixed assets	4% - 20% per annum

(e) Foreign currency translation

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheets dates are translated to Cayman Islands dollars at the foreign exchange rate ruling at those dates. Foreign exchange differences arising on translation are recognised in the statements of income. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated at the foreign exchange rate ruling at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the reporting currency at the foreign exchange rates ruling at the dates that the values were determined.

(f) Allowance for bad debts

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

(g) Inventory

Inventory is valued at the lower of net realisable value or cost, on a first in, first out basis.

(h) Revenue recognition

Fee income on services provided is recognised in the statements of income when the rendering of a service is completed or substantially completed, and the customer is invoiced.

(i) Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

PORT AUTHORITY OF THE CAYMAN ISLANDS
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

(j) Pensions and other post-retirement benefits

The Port Authority participates in the Silver Thatch Pension Plan, a defined contribution pension fund, in accordance with the Cayman Islands National Pension Law. The Port Authority makes monthly contributions at a rate of 10% of an employee's salary depending on the employee's position. Contributions are charged to expenses as they are incurred based on set contribution rates.

3. Restricted bank balances

Management has placed restrictions on the use of certain bank balances in order to fund the future emergency expenditures. The Emergency Reserve is established to cover the costs of repairs to the premises or equipment from storm damage and to cover the insurance deductible on the dock.

4. Related party transactions

The Port Authority also engages the services of other government departments of the Cayman Islands Government. Such services are provided on an arm's length basis.

PORT AUTHORITY OF THE CAYMAN ISLANDS
FORECAST OPERATING STATEMENT
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

	NOTE	2018 Budget \$	2019 Budget \$
Revenue			
Outputs to Ministries, Portfolios SA's and GC's			
Outputs to Others	1	22,963,669	22,931,353
Investment Revenue		0	0
Total Operating Revenue		22,963,669	22,931,353
Operating Expenses			
Personnel		14,586,238	14,913,041
Supplies and consumables		6,081,184	6,344,255
Depreciation		2,030,320	2,067,000
Financing		0	0
Total Operating Expenses		22,697,742	23,324,296
Surplus/Deficit from Operating Activities		265,927	(392,944)
Other Income / Expenses			
Annual Expense Defined Benefit Health Care		4,000,000	3,500,000
Net Surplus/ (Deficit) after Extraordinary items		(3,734,073)	(3,892,944)

PORT AUTHORITY OF THE CAYMAN ISLANDS
FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

	2018	2019
	Budget	Budget
NOTE	\$	\$
Opening Balance Net Worth	15,826,282	12,092,209
Net Surplus / (Deficit)	(3,734,073)	(3,892,944)
Prior year adjustment		
Total Recognized Revenues and Expenses	12,092,209	8,199,265
Dividends	0	0
Closing Balance Net Worth	12,092,209	8,199,265

PORT AUTHORITY OF THE CAYMAN ISLANDS
FORECAST BALANCE SHEET
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

	NOTE	2018 Budget \$	2019 Budget \$
Current Asset			
Cash and Cash Equivalents		2,233,182	2,620,475
Accounts receivable, Prepaid and Other Assets		1,686,118	1,799,330
Inventories		964,279	832,270
Total Current Assets		4,883,579	5,252,075
Non - Current Assets			
Property Plant and Equipment	4	50,399,630	49,357,930
Total Assets		55,283,209	54,610,005
Current Liabilities			
Accounts Payable		275,000	557,740
Other current liabilities		605,000	605,000
Total Current Liabilities		880,000	1,162,740
Non-Current Liabilities			
Non-current liabilities		42,311,000	45,248,000
Total Liabilities		43,191,000	46,410,740
TOTAL ASSETS LESS TOTAL LIABILITIES		12,092,209	8,199,265
Net Worth			
Revaluation Reserve		1,395,505	1,395,505
Accumulated Surpluses		10,696,704	6,803,760
TOTAL NET WORTH		12,092,209	8,199,265

PORT AUTHORITY OF THE CAYMAN ISLANDS
FORECAST STATEMENT OF CASH FLOWS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

NOTE	2018 Budget \$	2019 Budget \$
Cash Flows from Operating Activities		
<i>Receipts</i>		
Outputs to Ministries, Portfolios, SAs & GCs		
Outputs to Others	22,903,703	22,773,353
Interest Received	0	0
Payments		
Personnel Costs	(14,531,237)	(14,898,041)
Other Payments	(401,294)	(462,458)
Suppliers	(6,318,217)	(6,040,261)
Net Cash Flows from Operating Activities	1,652,955	1,412,593
Cash Flows from Investing Activities		
Purchase of non-current assets	(2,551,100)	(1,025,300)
Net Cash Flows from Investing Activities	(2,551,100)	(1,025,300)
Cash Flows from Financing Activities		
Capital Withdrawal	0	0
Repayment of Borrowings	0	0
Net Cash used by Financing Activities	0	0
Opening Balance Cash & Cash Equivalents	3,131,327	2,233,182
Net Change in Cash & Cash Equivalents	(898,145)	387,293
Closing Balance Cash & Cash Equivalents	2,233,182	2,620,475

PORT AUTHORITY OF THE CAYMAN ISLANDS
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

NOTE 1. OPERATING REVENUES

	2018	2019
	Budget	Budget
	\$	\$
Cargo Income	15,799,098	15,878,094
Cruise Income	4,265,153	4,135,555
Other income	2,899,418	2,917,704
Total Operating Revenue	22,963,669	22,931,353

NOTE 2. CASH AND CASH EQUIVALENTS

	2018	2019
	Budget	Budget
	\$	\$
Current Accounts	1,032,665	1,299,958
Short Term Fixed Deposits	1,200,517	1,320,517
Total Cash and Cash Equivalents	2,233,182	2,620,475

NOTE 3. INVENTORIES

	2018	2019
	Budget	Budget
	\$	\$
Mechanical Parts and Diesel	964,279	832,271
Total Inventories	964,279	832,271

PORT AUTHORITY OF THE CAYMAN ISLANDS
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

NOTE 4. DEPRECIATION AND FIXED ASSETS

	2018	2019
	Budget	Budget
	\$	\$
Land		
Opening Book Value / Cost	12,534,119	12,534,119
Closing Book Value	12,534,119	12,534,119
Buildings		
Opening Book Value / Cost	49,092,736	50,202,736
Additions	1,110,000	0
Accumulated Depreciation	20,604,001	21,576,001
Closing Book Value	29,598,735	28,626,735
Plant Equipment and Vehicles		
Opening Book Value / Cost	12,666,690	13,629,690
Additions	963,000	779,000
Disposal	0	0
Accumulated Depreciation	6,836,494	7,707,536
Closing Book Value	6,793,196	6,701,154
Other Fixed Assets		
Opening Book Value / Cost	798,649	798,649
Additions	0	0
Accumulated Depreciation	740,349	750,139
Closing Book Value	58,300	48,510
Furniture		
Opening Book Value / Cost	1,148,549	1,148,549
Additions	0	10,000
Accumulated Depreciation	726,696	737,637
Closing Book Value	421,853	420,912

PORT AUTHORITY OF THE CAYMAN ISLANDS
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Computers

Opening Book Value / Cost	1,810,166	2,288,266
Additions	478,100	236,300
Accumulated Depreciation	1,294,839	1,498,066
Closing Book Value	993,427	1,026,500

Work in Progress	919,895	0
Additions	0	0
Closing Book Value	0	0
Total Fixed Assets	50,399,630	49,357,930

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OWNERSHIP AGREEMENT

**BETWEEN THE
CAYMAN ISLANDS GOVERNMENT**

AND

PUBLIC SERVICE PENSIONS BOARD

**FOR THE 2018 FINANCIAL YEAR ENDING 31 DECEMBER 2018
AND THE 2019 FINANCIAL YEAR ENDING 31 DECEMBER 2019**

PREPARED IN ACCORDANCE WITH SECTION 50 OF THE PUBLIC MANAGEMENT AND FINANCE LAW
(2017 REVISION)

CONTENTS

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

Agreement

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Public Service Pensions Board* have agreed the *Public Service Pensions Board* will seek to achieve during the 2018 and 2019 financial years.

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

2. NATURE AND SCOPE OF ACTIVITIES

This section outlines the nature and scope of activities within which the *Public Service Pensions Board* is to operate during the 2018 and 2019 financial years.

GENERAL NATURE OF ACTIVITIES

The Public Service Pensions Board's activities involve pension administration and fund management services.

SCOPE OF ACTIVITIES

The scope of Public Service Pensions Board activities is as follows:

- a) Administration of the:
 - Public Service Pensions Plan
 - Parliamentary Pensions Plan
 - Judicial Pension Plan
 - Ex-Gratia Pensions Schemeincluding engagement with Government on funding
- b) Management of the Public Service Pensions Fund
- c) Policy advice on pension requirements for public service pension plans, pension reform and directing the drafting of related legislation.

CUSTOMERS AND LOCATION OF ACTIVITIES

The Public Service Pensions Board provides pension administration and fund management services to its membership comprised of:

- Eligible employees of the;
 - Cayman Islands Government;
 - Participating statutory authorities (Cayman Islands Development Bank, National Housing Trust, Cayman Islands Monetary Authority, Water Authority, Cayman Turtle Conservation and Education Centre, National Roads Authority, Civil Aviation Authority, Airports Authority, Maritime Authority of the Cayman Islands, Health Services Authority, CAYS Foundation, Information Communication Technology Authority and Public Service Pensions Board);
 - The Speaker and elected members of the Legislative Assembly; and
 - Judges of the Grand Court
- Deferred Vested participants; and
- Pensioners.

Industry advisory services are provided to the Cayman Islands Government and non-core services provided to other stakeholders.

The Public Service Pensions Board services are provided locally.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *Public Service Pensions Board* for the 2018 and 2019 financial years are as follows:

STRATEGIC GOALS

PSPB 2022 Strategy: Driving Plan Sustainability (The Strategy)

1. Aligns with our “Member Services” focus;
2. Sets the operational direction for the next 5 years; and
3. Sets out a stakeholder driven 5-year roadmap to advance PSPB toward our vision to provide best in class investment programme and excellence in Member Services whilst maintaining Plan sustainability.

The Strategy is focused on the following strategic goals:

1. Improve the long-term sustainability of the Plan;
2. Cultivate at all levels a high-performing, risk-intelligent and innovative organization focusing on Member Services; and
3. Engage in Government policy development to enhance the long-term sustainability and effectiveness of our pension schemes.

STRATEGIC OBJECTIVES and ACTIVITIES

The fundamental mission of the Public Service Pensions Board is to administer the Plans, manage the Fund, and provide quality and timely service to its members and other stakeholders. Its strategic objective and activities are membership focused, aligns with the strategic goals of the organisation, and sets the operational direction for the 2018 and 2019 financial years, as we build toward achieving the PSPB 2022 Strategy.

These objectives and activities are detailed in the Public Service Pensions Board’s Annual Business Plan document.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets as specified in schedule 5 to the Public Management and Finance Law (2017 Revision) for the *Public Service Pensions Board* for the 2018 and 2019 financial years are as follows.

FINANCIAL PERFORMANCE MEASURE	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
REVENUE FROM CABINET	0	0	0
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	0	0	0
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	\$4,240,909	\$4,452,954	\$4,748,040
OPERATING EXPENSES	\$4,240,909	\$4,452,954	\$4,748,040
NET SURPLUS DEFICIT	0	0	0
TOTAL ASSETS	0	0	0
TOTAL LIABILITIES	0	0	0
NET WORTH	0	0	0
CASH FLOWS FROM OPERATING ACTIVITIES	0	0	0
CASH FLOWS FROM INVESTING ACTIVITIES	0	0	0
CASH FLOWS FROM FINANCING ACTIVITIES	0	0	0
CHANGE IN CASH BALANCES	0	0	0

FINANCIAL PERFORMANCE RATIO	2018 Budget %	2019 Budget %	2016/17 18 Months Forecast %
CURRENT ASSETS : CURRENT LIABILITIES			
TOTAL ASSETS : TOTAL LIABILITIES			

MAINTENANCE OF CAPABILITY

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
HUMAN CAPITAL MEASURES			
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	29	29	23
STAFF TURNOVER (%)	0	0	0
SENIOR MANAGEMENT	9.56	10.56	8.56
PROFESSIONAL AND TECHNICAL STAFF	8.74	9.74	7.74
ADMINISTRATIVE STAFF	6.81	7.81	8.73

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
PHYSICAL CAPITAL MEASURES			
VALUE OF TOTAL ASSETS			
ASSET REPLACEMENTS : TOTAL ASSETS			
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS			
DEPRECIATION : CASH FLOW ON ASSET PURCHASES			
CHANGES TO ASSET MANAGEMENT POLICIES			

	2018 TARGET \$	2019 TARGET \$
MAJOR CAPITAL EXPENDITURE PROJECTS		
NIL		

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2016/17	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Hurricane	Risk unchanged	Hurricane Preparedness Plan in place	Unquantifiable
Public Liability	Risk unchanged	Seeking public liability coverage (tendered process)	Unquantifiable
Loss of key personnel	Risk unchanged	Training and development in place as retention incentive.	Unquantifiable

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

A full set of forecast financial statements for *Public Service Pensions Board* is provided in the Appendix to this Ownership Agreement.

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
OPERATING STATEMENT			
REVENUE	4,240,909	4,452,954	4,748,040
OPERATING EXPENSES	4,240,909	4,452,954	4,748,040
NET SURPLUS/DEFICIT	0	0	0

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
BALANCE SHEET			
ASSETS			
LIABILITIES			
NET WORTH			

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
STATEMENT OF CASH FLOW			
CASH FLOWS FROM OPERATING ACTIVITIES			
CASH FLOWS FROM INVESTING ACTIVITIES			
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 (2017 Revision).

TRANSACTION	AMOUNT FOR 2018 \$	AMOUNT FOR 2019 \$
Equity Investments into Public Service Pensions Board	0	0
Capital Withdrawals from Public Service Pensions Board	0	0
Dividend or Profit Distributions to be made by Public Service Pensions Board.	0	0
Government Loans to be made to Public Service Pensions Board	0	0
Government Guarantees to be issued in relation to Public Service Pensions Board	0	0
Related Party Payments (Non-Remuneration) made to Key Management Personnel ³⁸	0	0
Remuneration³⁹ Payments made to Key Management Personnel	\$1,127,536	\$1,127,536
Remuneration Payments made to Senior Management	\$ 848,237	\$ 848,237

DESCRIPTION	NUMBERS FOR 2018 \$	NUMBERS FOR 2019 \$
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	9	9
NUMBER OF KEY SENIOR MANAGEMENT (SMT)	6	6

³⁸ Key Management Personnel as defined by International Public Accounting Standards No 20, e.g. Minister, Board Member and Senior Management Team

³⁹ Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

AGREEMENT

Scope of this Agreement

In signing this document the Public Service 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 financial years only with the express and explicit agreement of both parties to the Agreement. Changes will be made in the following way:

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

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Public Service Pensions Board will seek to achieve for the 2018 and 2019 financial years and that the Cabinet will monitor performance against.



Honourable Franz Manderson, Cert Hon., JP

Deputy Governor

On behalf of Cabinet



Mr. Kenneth Jefferson, JP

Chairman of the Board

Public Service Pensions Board

27 October 2017

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APPENDIX

FORECAST FINANCIAL STATEMENTS

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PUBLIC SERVICE PENSIONS BOARD

**STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019**

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2017 Revision).

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

To the best of our knowledge the statements are:

- a. Complete and reliable;
- b. Fairly reflect the forecast financial position as at 31 December 2018 and 31 December 2019 and performance for the Public Service Pensions Board for the financial years ending 31 December 2018 and 31 December 2019; and
- c. Comply with generally accepted accounting practice.



Mr. Kenneth Jefferson, JP
Chairman of the Board
Public Service Pensions Board

27 October 2017

**PUBLIC SERVICE PENSIONS BOARD
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019**

18-Month Forecast Ending Dec-17	STATEMENT OF FINANCIAL PERFORMANCE AS AT 31 DECEMBER 2018 AND 31 DECEMBER 2019	Notes	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Revenue			
0	Sale of goods and services		0	0
0	Investment revenue		0	0
0	Donations		0	0
4,748,040	Other revenue		4,240,909	4,452,954
4,748,040	Total Revenue		4,240,909	4,452,954
	Expenses			
3,161,364	Personnel costs	1	2,634,938	2,766,684
1,586,676	Supplies and consumables	2	1,605,971	1,686,271
0	Depreciation and Amortisation		0	0
	Impairment of Inventory, property, plant and equipment			
0	Finance costs & overdraft interest		0	0
0	Litigation costs		0	0
0	Other (Gains)/losses		0	0
	Other Operating expenses			
4,748,040	Total Expenses		4,240,909	4,452,954
0	Surplus or (Deficit) for the period		0	0

**PUBLIC SERVICE PENSIONS BOARD
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019**

18-Month Forecast Ending Dec-17	CASH FLOW STATEMENT AS AT 31 DECEMBER 2018 AND 31 DECEMBER 2019	Notes	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec- 19
	CASH FLOWS FROM OPERATING ACTIVITIES			
	<i>Receipts</i>			
	Sale of goods and services to Cabinet			
	Sale of goods and services to Ministries/Portfolios			
	Sale of goods and services to Statutory Agencies and Government Companies			
	Sale of goods and services - third party			
	Interest received			
	Donations / Grants			
4,748,040	Other receipts		4,240,909	4,452,954
	<i>Payments</i>			
(3,161,364)	Personnel costs		(2,634,938)	(2,766,685)
	Supplies and consumables - Ministries/Portfolios			
	Supplies and consumables - Statutory Agencies and Government Companies			
(65,170)	Supplies and consumables - third party	2	(51,695)	54,280
	Interest paid			
(1,521,506)	Other payments	2	(1,554,276)	(1,740,549)
0	Net cash flows from operating activities		0	0
	CASH FLOWS FROM INVESTING ACTIVITIES			
0	Net cash flows from investing activities		0	0
	CASH FLOWS FROM FINANCING ACTIVITIES			
0	Net cash flows from financing activities		0	0
0	Net increase/(decrease) in cash and cash equivalents		0	0
	Cash and cash equivalents at beginning of period		0	0
0	Cash and cash equivalents at end of period		0	0

**PUBLIC SERVICE PENSIONS BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019**

Note 1: Personnel costs

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec- 18	12-Month Budget Ending Dec- 19
2,615,609	Salaries, wages and allowances	2,068,740	2,172,177
281,073	Health care CINICO	327,984	344,383
	Health care other		
254,987	Pension	233,414	245,084
	Leave		
9,695	Other personnel related costs	4,800	5,040
3,161,364	Total Personnel Costs	2,634,938	2,766,684

Note 2: Supplies and consumables

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec- 18	12-Month Budget Ending Dec- 19
41,329	Supplies and Materials	31,895	33,489
763,965	Purchase of services	926,227	972,541
378,756	Lease of Property and Equipment	256,302	269,117
	Utilities		
1,891	General Insurance	32,663	34,296
67,000	Interdepartmental expenses	87,000	91,350
38,439	Travel and Subsistence	53,000	55,650
121,349	Recruitment and Training	119,874	125,868
173,947	Other	99,010	103,960
1,586,676	Total Supplies & consumables	1,605,971	1,686,271

OWNERSHIP AGREEMENT

**BETWEEN THE
CAYMAN ISLANDS GOVERNMENT**

AND

**SISTER ISLANDS AFFORDABLE HOUSING
CORPORATION**

FOR THE 2018 FINANCIAL YEAR ENDING 31 DECEMBER 2018

AND THE 2019 FINANCIAL YEAR ENDING 31 DECEMBER 2019

PREPARED IN ACCORDANCE WITH SECTION 50 OF THE PUBLIC MANAGEMENT AND FINANCE LAW
(2017 REVISION)

CONTENTS

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

Agreement

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *Sister Islands Affordable Housing Corporation* have agreed the *Sister Islands Affordable Housing Corporation* will seek to achieve during the 2018 and 2019 financial years.

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

2. NATURE AND SCOPE OF ACTIVITIES

This section outlines the nature and scope of activities within which the *Sister Islands Affordable Housing Corporation* is to operate during the 2018 and 2019 financial years.

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 affordable homes to Caymanians in the Sister Islands.

SCOPE OF ACTIVITIES

The scope of the 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 the Sister Islands Affordable Housing Development Corporation are provided only within the Sister Islands.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the Sister Islands Affordable Housing Corporation for the 2018 and 2019 financial years are as follows:

STRATEGIC GOALS

- To become a well-structured, efficiently managed organization that is fair and prudent in its processing and selection of eligible applicants for the affordable homes offered by the Corporation.
- To identify the housing needs of Caymanians in the Sister Islands and to continue developing affordable homes to meet these needs and which will contribute to the economic development of the Sister Islands.

OBJECTIVES

- Where necessary, to seek out additional funding for future development of affordable housing that have been identified as an imperative need in the economic development of the Sister Islands.
- To continue a close working relationship with the local construction industry in the Sister Islands
- To develop new homes for the households in the Sister Islands community.
- To ensure that the Sister Islands Affordable Housing Development Corporation is managed in an efficient and prudent manner.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2017 Revision) for the *Sister Islands Affordable Housing Corporation* for the 2018 and 2019 financial years are as follows.

FINANCIAL PERFORMANCE MEASURE	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
REVENUE FROM CABINET	76	75	54
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	-	-	-
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	360	361	56
OPERATING EXPENSES	521	521	118
NET SURPLUS DEFICIT	(851)	(85)	(8)
TOTAL ASSETS	1,379	1,294	1,439
TOTAL LIABILITIES	56	56	31
NET WORTH	1,324	1,239	1,408
CASH FLOWS FROM OPERATING ACTIVITIES	20	(3)	(42)
CASH FLOWS FROM INVESTING ACTIVITIES	-	-	214
CASH FLOWS FROM FINANCING ACTIVITIES	-	-	-
CHANGE IN CASH BALANCES	20	-3	172

FINANCIAL PERFORMANCE RATIO	2018 Budget %	2019 Budget %	2016/17 18 Months Forecast %
CURRENT ASSETS : CURRENT LIABILITIES	16.5:1	16.5:1	29:1
TOTAL ASSETS : TOTAL LIABILITIES	25:1	23:1	47:1

MAINTENANCE OF CAPABILITY

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
HUMAN CAPITAL MEASURES			
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	0	0	0
STAFF TURNOVER (%)			
SENIOR MANAGER	-	-	-
PROFESSIONAL AND TECHNICAL STAFF	-	-	-
ADMINISTRATIVE STAFF	-	-	-

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
PHYSICAL CAPITAL MEASURES			
VALUE OF TOTAL ASSETS	1,379	1,294	1,439
ASSET REPLACEMENTS : TOTAL ASSETS	1:1	1:1	1:1
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	1:1	1:1	1:1
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	0	0	0
CHANGES TO ASSET MANAGEMENT POLICIES	None	None	None

	2018 TARGET \$	2019 TARGET \$
MAJOR CAPITAL EXPENDITURE PROJECTS		
Construction of three houses for sale	378,000	378,000

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2016/17	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Loss and/or absence of critical staff	Ongoing	Provide on the job training Support staff in times of sickness	Undetermined
Destruction, damage or loss of assets	Ongoing	Safeguard assets Contracts All Risk Insurance	Undetermined
Dwindling number of eligible applicants due to small community in Sister Islands	Ongoing	Closely monitor the need for this service Begin construction on a house only if a pre-qualifying applicant is available	Going concern of the Corporation
Applicants not qualifying for bank loans or opting out after the house has been completed	Ongoing	Board of Directors perform financial due diligence on clients prior to breaking ground	Not being able to sell a house for a long period of time therefore incurring maintenance costs
Potential budget reductions from Government to cover administrative costs of the Corporation	Ongoing	Two Ministry representatives attend all board meetings to keep abreast of the operations of the Corporation	Going concern of the Corporation

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

A full set of forecast financial statements for *Sister Islands Affordable Housing Corporation* is provided in the Appendix to this Ownership Agreement.

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
OPERATING STATEMENT			
REVENUE	436	436	110
OPERATING EXPENSES	521	521	118
NET SURPLUS/DEFICIT	(85)	(85)	(8)

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
BALANCE SHEET			
ASSETS	1,379	1,294	1,439
LIABILITIES	56	56	31
NET WORTH	1,324	1,239	1,408

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
STATEMENT OF CASH FLOW			
CASH FLOWS FROM OPERATING ACTIVITIES	20	-3	172
CASH FLOWS FROM INVESTING ACTIVITIES			
CASH FLOWS FROM FINANCING ACTIVITIES	20	-3	172

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 (2017 Revision).

TRANSACTION	AMOUNT FOR 2018 \$	AMOUNT FOR 2019 \$
Equity Investments into Sister Islands Affordable Housing Corporation	0	0
Capital Withdrawals from Sister Islands Affordable Housing Corporation	0	0
Dividend or Profit Distributions to be made by Sister Islands Affordable Housing Corporation.	0	0
Government Loans to be made to Sister Islands Affordable Housing Corporation	0	0
Government Guarantees to be issued in relation to Sister Islands Affordable Housing Corporation	0	0
Related Party Payments (Non-Remuneration) made to Key Management Personnel ⁴⁰	0	0
Remuneration ⁴¹ Payments made to Key Management Personnel	0	0
Remuneration Payments made to Senior Management	0	0

DESCRIPTION	NUMBERS FOR 2018 \$	NUMBERS FOR 2019 \$
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	NONE	NONE
NUMBER OF KEY SENIOR MANAGEMENT (MD)	NONE	NONE

⁴⁰ Key Management Personnel as defined by International Public Accounting Standards No 20, e.g. Minister, Board Member and Senior Management Team

⁴¹ Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

AGREEMENT

Scope of this Agreement

In signing this document the Sister Islands Affordable Housing Corporation undertakes to seek to achieve the performance specified in sections 2 to 6 to the best of its ability; and

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

Procedures for Changing this Ownership Agreement

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

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

Agreement

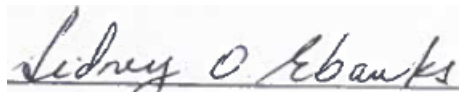
We jointly agree this Ownership Agreement accurately documents the ownership performance the Sister Islands Affordable Housing Corporation will seek to achieve for the 2018 and 2019 financial years and that the Cabinet will monitor performance against.



Honourable Moses Kirkconnell, JP

Minister of District Administration, Tourism & Transport

On behalf of Cabinet



Chairman of the Board

Sister Islands Affordable Housing Corporation

27 October 2017

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APPENDIX

FORECAST FINANCIAL STATEMENTS

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**CAYMAN ISLANDS
GOVERNMENT**

**SISTER ISLANDS AFFORDABLE HOUSING CORPORATION
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019**

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2017 Revision).

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

To the best of our knowledge the statements are:

- a. Complete and reliable;
- b. Fairly reflect the forecast financial position as at 31 December 2018 and 31 December 2019 and performance for the Sister Islands Affordable Housing Corporation for the financial years ending 31 December 2018 and 31 December 2019; and
- c. Comply with generally accepted accounting practice.

A handwritten signature in black ink that reads "Sidney O. Banks".

**Chairman of the Board
Sister Islands Affordable Housing Corporation**

27 October 2017

SISTER ISLANDS AFFORDABLE HOUSING CORPORATION
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

1. Establishment and principal activities

The Sister Islands Affordable Housing Development Corporation (SIAHDC) was incorporated as a non-profit company on 1st June 2006 and is a wholly-owned Government entity.

The main purpose of the Organization is to promote affordable home ownership on Cayman Brac and Little Cayman. Two properties are currently owned on Cayman Brac: Watering Place and West End with spaces for 15 homes and 20-30 homes respectively.

The Sister Islands Affordable Housing Development Corporation aims to provide quality concrete construction freehold homes which are owned outright by the successful applicants. The Organization works closely with the Public Works Department and the Ministry of District Administration, Tourism & Transport.

The main office is located at the Avistar Building III, Unit# 48, West End, Cayman Brac and correspondences may be sent to P.O. Box 141, Cayman Brac KY2-2101.

2. Significant accounting policies

These Forecast Financial Statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2017 Revision). The significant accounting policies adopted by the SIAHDC in these financial statements are as follows:

(a) Basis of preparation

The Forecast Financial Statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2017 Revision). The measurement base applied is historical cost adjusted for revaluations of assets.

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

(b) Use of estimates

The preparation Forecast Financial Statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2017 Revision) 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 forecast financial statements as well as the reported amounts of income and expense. 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.

SISTER ISLANDS AFFORDABLE HOUSING CORPORATION
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

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.

(c) 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.

(e) Reporting Period

The reporting period is for the financial years ending 31 December 2018 and 31 December 2019.

(f) Foreign currency translation

Assets and liabilities denominated in currencies other than Cayman Islands dollars are translated at exchange rates in effect at the financial statement 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 Financial Performance.

(g) 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.

(h) 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 collected by the SIAHDC according to the agreed terms, a provision for bad debt is established.

(i) Property, plant and equipment/depreciation

In keeping the accounting policies of the Government of the Cayman Islands, who is the sole shareholder, all fixed asset purchases under CI \$1,000 are immediately expensed. Property, Plant and Equipment are stated at cost less accumulated depreciation and amortization and any impairment losses.

Depreciation is charged to the statement of Financial Performance on a straight-line basis based on the estimated useful life of the Asset.

SISTER ISLANDS AFFORDABLE HOUSING CORPORATION
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

(j) Revenue recognition

Revenue is recognized at the point the Organization meets the obligations to the purchaser. Revenue from housing sales is recognized at the point of sale.

(k) Expense

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.

(l) Operating lease

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

Significant accounting policies cont'd

(n) Land

Land was acquired from the Government at no cost and is recorded at fair market value at the date of acquisition.

(o) Employee Benefits

Employee entitlements to salaries and wages, annual leave, long service leave, retiring leave and other similar benefits are recognized in the Operating Statement 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.

Pension contributions for employees of SIAHDC are paid to the Silver Thatch Pension Fund and administered by the Silver Thatch Pension Board.

Silver Thatch Pensions is governed by a board of trustees who appoint agents to handle administration. Saxon Pensions are the Client Services Agent and Couetts Cayman are the Investment Managers.

(p) Financial Instruments

i. Classification

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

SISTER ISLANDS AFFORDABLE HOUSING CORPORATION
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

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 unfavorable. Financial liabilities are comprised of accounts payables and accrued expenses.

ii. Recognition

The Sister Islands Affordable Housing Development Corporation recognizes 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 recognized in the statement of Financial Performance.

iii. Measurement

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

iv. De-recognition

A financial asset is derecognized when the Sister Islands Affordable Housing Development Corporation realizes the rights to the benefits specified in the contract or loses control over any right that comprise that asset. A financial liability is derecognized when it is extinguished, that is when the obligation is discharged, cancelled or expired.

(q) 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 disclosed when there is a possible obligation or present obligation that may, but probably will not, require an outflow of resources. Contingent assets are not recognized but are disclosed in the financial statements when an inflow of economic benefits is probable.

(r) Subsequent Events

Post year-end events that provide additional information about the Sister Islands Affordable Housing Development Corporation's position at the 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.

SISTER ISLANDS AFFORDABLE HOUSING CORPORATION
 STATEMENT OF FINANCIAL POSITION
 FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

18-Month Forecast Ending Dec-17	STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018 AND 31 DECEMBER 2019	Notes	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Current Assets			
857,292	Cash and cash equivalents	1	877,372	873,952
40,044	Other receivables	2	42,644	43,744
897,336	Total Current Assets		920,016	917,696
	Non-Current Assets			
541,750	Property, plant and equipment	3	459,250	376,750
541,750	Total Non-Current Assets		459,250	376,750
1,439,086	Total Assets		1,379,266	1,294,446
	Current Liabilities			
30,560	Trade payables	4	55,560	55,560
30,560	Total Current Liabilities		55,560	55,560
0	Total Non-Current Liabilities		0	0
30,560	Total Liabilities		55,560	55,560
1,408,526	Net Assets		1,323,706	1,238,886
	NET WORTH			
2,252,850	Contributed capital		2,252,850	2,252,850
0	Other Reserves		0	0
0	Revaluation reserve		0	0
(844,324)	Accumulated surpluses/(deficits)		(929,144)	(1,013,964)
1,408,526	Total Net Worth		1,323,706	1,238,886

SISTER ISLANDS AFFORDABLE HOUSING CORPORATION
 STATEMENT OF FINANCIAL PERFORMANCE
 FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

18-Month Forecast Ending Dec-17	STATEMENT OF FINANCIAL PERFORMANCE AS AT 31 DECEMBER 2018 AND 31 DECEMBER 2019	Notes	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Revenue			
108,000	Sale of goods and services	5	435,000	435,000
1,650	Investment revenue	6	1,100	1,100
109,650	Total Revenue		436,100	436,100
	Expenses			
117,955	Supplies and consumables	7	520,920	520,920
117,955	Total Expenses		520,920	520,920
(8,305)	Surplus or (Deficit) for the period		(84,820)	(84,820)

SISTER ISLANDS AFFORDABLE HOUSING CORPORATION
 STATEMENT OF CASH FLOWS
 FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

18-Month Forecast Ending Dec- 17	CASH FLOW STATEMENT AS AT 31 DECEMBER 2018 AND 31 DECEMBER 2019		12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	CASH FLOWS FROM OPERATING ACTIVITIES			
	<i>Receipts</i>			
54,000	Sale of goods and services to Cabinet		73,500	75,000
	Sale of goods and services - third party		360,000	360,000
(95,586)	Supplies and consumables - third party		(413,420)	(438,420)
(41,586)	Net cash flows from operating activities	8	(20,080)	(3,420)
	CASH FLOWS FROM INVESTING ACTIVITIES			
213,750	Proceeds from sale of investments			
213,750	Net cash flows from investing activities		0	0
	CASH FLOWS FROM FINANCING ACTIVITIES			
0	Net cash flows from financing activities		0	0
172,164	Net increase/(decrease) in cash and cash equivalents		20,080	-3,420
685,128	Cash and cash equivalents at beginning of period		857,292	877,372
857,292	Cash and cash equivalents at end of period		877,372	873,952

SISTER ISLANDS AFFORDABLE HOUSING CORPORATION
STATEMENT OF CHANGES IN NET WORTH
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

	Contributed Capital	Other Reserves	Revaluation Reserve	Accumulated Surplus/ (deficits)	Total
Balance at 30 June 2016 brought forward	1,820,335			(644,185)	1,176,150
Prior Year Adjustments					
Changes in accounting policy					0
Accounting Errors	432,515			(191,834)	240,681
Restated balance 30 June 2016	2,252,850	0	0	(836,019)	1,416,831
Changes in net worth for 2016/17					
Gain/(loss) on property revaluation					0
Gain/(loss) on revaluation of investments					0
Exchange differences on translating foreign operations					0
Equity Investment from Cabinet					0
Capital withdrawals by Cabinet					0
Dividends payable to Cabinet					0
Net revenue / expenses recognised directly in net worth					0
Surplus/(deficit) for the period 2016/17				(8,305)	(8,305)
Total recognised revenues and expenses for the period	0	0	0	(8,305)	(8,305)
Balance at 31 December 2017	2,252,850	0	0	(844,324)	1,408,526
Balance at 31 December 2017 brought forward	2,252,850	0	0	(844,324)	1,408,526
Prior Year Adjustments					
Changes in accounting policy					0
Accounting Errors					0
Restated balance 31 December 2017	2,252,850	0	0	(844,324)	1,408,526
Changes in net worth for 2018					
Gain/(loss) on property revaluation					0
Gain/(loss) on revaluation of investments					0
Exchange differences on translating foreign operations					0

Equity Investment from Cabinet					0
Capital withdrawals by Cabinet					0
Dividends payable to Cabinet					0
Net revenue / expenses recognised directly in net worth	0	0	0	0	0
Surplus/(deficit)for the period 2018				(84,820)	(84,820)
Total recognised revenues and expenses for the period	0	0	0	(84,820)	(84,820)
Balance at 31 December 2018 carried forward	2,252,850	0	0	(929,144)	1,323,706
	Contributed Capital	Other Reserves	Revaluation Reserve	Accumulated Surplus/ (deficits)	Total
Balance at 31 December 2018 brought forward	2,252,850	0	0	(929,144)	1,323,706
Prior Year Adjustments					
Changes in accounting policy					0
Accounting Errors					0
Restated balance 31 December 2018	2,252,850	0	0	(929,144)	1,323,706
Changes in net worth for 2019					
Gain/(loss) on property revaluation					0
Gain/(loss) on revaluation of investments					0
Exchange differences on translating foreign operations					0
Equity Investment from Cabinet					0
Capital withdrawals by Cabinet					0
Dividends payable to Cabinet					0
Net revenue / expenses recognised directly in net worth	0	0	0	0	0
Surplus/(deficit)for the period 2019				(84,820)	(84,820)
Total recognised revenues and expenses for the period	0	0	0	(84,820)	(84,820)
Balance at 31 December 2019	2,252,850	0	0	(1,013,964)	1,238,886

SISTER ISLANDS AFFORDABLE HOUSING CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Note 1: Cash and cash equivalents

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
153,799	CI\$ Account	173,879	170,459
703,493	Short-Term Fixed Deposits	703,493	703,493
857,292	TOTAL	877,372	873,952

Note 2: Trade and other receivables

18-Month Forecast Ending Dec-17	Other Receivables	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
2,044	Interest receivable	3,144	4,244
38,000	Other	39,500	39,500
	Less: provision for doubtful debts		
40,044	Total other receivables	42,644	43,744

18-Month Forecast Ending Dec-17	Other Receivables	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Current		
40,044	Past due 1-30 days	42,644	43,744
	Past due 31-60 days		
	Past due 61-90 days		
	Past due 90 and above		
	Non-Current		
	Past due 1 year and above		
40,044	Total	42,644	43,744

Note 3: Property, plant & equipment**Cost of Property, plant & equipment**

	<i>Land</i>	<i>Total</i>
Balance as at 1 July 2016	541,750	541,750
Additions		0
Disposals and Derecognition		0
Revaluation		0
Transfers		0
Balance as at 31 December 2017	541,750	541,750

	<i>Land</i>	<i>Total</i>
Balance as at 1 January 2018	541,750	541,750
Additions		0
Disposals and Derecognition	(82,500)	(82,500)
Revaluation		0
Transfers		0
Balance as at 31 December 2018	459,250	459,250

	<i>Land</i>	<i>Total</i>
Balance as at 1 January 2019	459,250	459,250
Additions		0
Disposals and Derecognition	(82,500)	(82,500)
Revaluation		0
Transfers		0
Balance as at 31 December 2019	376,750	376,750

Accumulated Depreciation and impairment losses

	<i>Land</i>	<i>Total</i>
Balance as at 1 July 2016		0
Transfers		0
Impairment Reserve 2016/17 (closing balance)		0
Depreciation Expense 2016/17		0
Eliminate on Disposal or Derecognition 2016/17		0
Balance as at 31 December 2017	0	0

	<i>Land</i>	<i>Total</i>
Balance as at 1 January 2018	0	0
Transfers		0
Impairment change 2018		0
Depreciation Expense 2018		0
Eliminate on Disposal or Derecognition 2018		0
Balance as at 31 December 2018	0	0

	<i>Land</i>	<i>Total</i>
Balance as at 1 January 2019	0	0
Transfers		0
Impairment change 2019		0
Depreciation Expense 2019		0
Eliminate on Disposal or Derecognition 2019		0
Balance as at 31 December 2019	0	0

Net Book value 31 December 2017	541,750	541,750
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Net Book value 31 December 2018	459,250	459,250
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Net Book value 31 December 2019	376,750	376,750
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Note 4: Trade payables, other payables & Accruals

18-Month Forecast Ending Dec-17		12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Current Trade payables other payables and accruals		
30,560	Creditors Third party	55,560	55,560
	Creditors Ministries/Portfolios		
	Creditors other Statutory Agencies and Government Companies		
	Payroll Deductions		
	Operating Lease		
	Accrued Expenses		
	Other payables		
	Dividends/Surplus Payable		
30,560	Trade payables other payables and accruals - Current	55,560	55,560
	Non-Current Trade payables other payables and accruals		
	Creditors Third party		
	Creditors Ministries/Portfolios		
	Creditors other Statutory Agencies and Government Companies		
	Payroll Deductions		
	Operating Lease		
	Accrued Expenses		
	Other payables		
	Dividends/Surplus Payable		
0	Trade payables other payables and accruals - Non-Current	0	0
30,560	Total trade payables other payables and accruals	55,560	55,560

Note 5: Sales of Goods & Services

18-Month Forecast Ending Dec-17	Revenue type	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
0	Rentals	0	0
0	Other Goods & Services Revenue	360,000	360,000
108,000	Sale of goods and services to Cabinet	75,000	75,000
0	Sale of goods and services to Other Ministries and Portfolios	0	0
108,000	Total sales of goods and services	435,000	435,000

18-Month Forecast Ending Dec-17	Other Goods & Services Revenue	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Housing Sales	360,000	360,000
0	Total Other Goods & Services Revenue	360,000	360,000
	Sales of Outputs to Cabinet		
108,000	Sales of Outputs to Cabinet	75,000	75,000
	Other Outputs		
108,000	Total Sales of Outputs to Cabinet	75,000	75,000
	Other Interdepartmental Revenue		
	Revenue from Ministries/Portfolios		
	Revenue from Statutory Authorities and Government Companies		
0	Total Other Interdepartmental Revenue	0	0
108,000	Total Goods and Services	435,000	435,000

Note 6: Investment revenue

18-Month Forecast Ending Dec-17	Revenue type	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
1,650	Interest on deposits	1,100	1,100
1,650	Total Investment revenue	1,100	1,100

Note 7: Supplies and consumables

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
45,817	Purchase of services	43,960	43,960
9,000	Lease of Property and Equipment	6,000	6,000
3,665	Utilities	3,780	3,780
59,473	Other	467,180	467,180
117,955	Total Supplies & consumables	520,920	520,920

Note 8: Reconciliation of net cash flows from operating activities to surplus/(deficit)

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
(8,305)	Surplus/(deficit) from ordinary activities	(84,820)	(84,820)
	Non-cash movements		
0	Depreciation & Amortisation	0	0
0	Impairment	0	0
0	(Gain)/losses on sale of property plant and equipment	0	0
0	(Gain) / loss on derecognition and revaluation of assets	0	0
	Other Non-cash movement		
	Changes in current assets and liabilities:		
(248)	(Increase)/decrease in other current assets - Cabinet	(1,500)	
	(Increase)/decrease in other current assets - Statutory Agencies and Government Companies		
	(Increase)/decrease in other current assets - Ministries Portfolios		
212,100	(Increase)/decrease in other current assets - Other	81,400	81,400
	(Increase)/(decrease) in current liabilities - Statutory Agencies and Government Companies		
	(Increase)/(decrease) in current liabilities - Ministries Portfolios		
(31,383)	(Increase)/(decrease) in current liabilities - Other	25,000	
172,164	Net cash flows from operating activities	20,080	(3,420)

OWNERSHIP AGREEMENT

**BETWEEN THE
CAYMAN ISLANDS GOVERNMENT**

AND

TOURISM ATTRACTION BOARD

**FOR THE 2018 FINANCIAL YEAR ENDING 31 DECEMBER 2018
AND THE 2019 FINANCIAL YEAR ENDING 31 DECEMBER 2019**

PREPARED IN ACCORDANCE WITH SECTION 50 OF THE PUBLIC MANAGEMENT AND FINANCE LAW

(2017 REVISION)

CONTENTS

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

Agreement

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the **Tourism Attraction Board** have agreed the **Tourism Attraction Board** will seek to achieve during the 2018 and 2019 financial years.

The purpose of the document is to ensure the ownership performance expectations for the 2018 and 2019 financial years are clearly specified and agreed by both parties.

2. NATURE AND SCOPE OF ACTIVITIES

This section outlines the nature and scope of activities within which the **Tourism Attraction Board** is to operate during the 2018 and 2019 financial years.

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 the Floral Colour Garden, Heritage Garden, Orchid Garden, Xerophytic Garden, and Palm Walk; maintenance of nature trail; plant sales and maintenance; educational seminars; operation of a gift shop; and the promotion and rental of the site for special events.

PEDRO ST. JAMES – Operational management and custody of a historic site; operation of a gift shop and the theatre audio-visual show; bar operation; promote rental of the site for special events; generate revenue from onsite activities.

PIRATES' WEEK OFFICE – Organise and schedule units of the national festival; generation of revenue from events, sponsorship, and donations; assist and coordinate with District Heritage Day presentations.

CAYMAN CRAFT MARKET – Organize and manage the activities of artists and vendors; maintenance of building and site; promotion of Caymanian arts and craft.

HELL GEOLOGICAL SITE – 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 Pedro St. James, Savannah.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the **Tourism Attraction Board** for the 2018 and 2019 financial years are as follows:

- To increase attendance to the attractions and the national festival by redeveloping and maintaining a compelling offer for all visitors.
- To ensure the sustainability of the attractions and the national festival as essential tourism products in the Cayman Islands.
- To preserve and further enhance the physical environment of the attractions.
- To enrich the visitor experience through education, improved signage, and technological enhancements.
- To maintain existing partnership with the Cayman Turtle Centre, aimed at cross-promotion of government owned tourist attractions, and develop new partnerships with other private and public-sector tourist attractions.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2017 Revision) for the *Tourism Attraction Board* for the 2018 and 2019 financial years are as follows:

FINANCIAL PERFORMANCE MEASURE	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
REVENUE FROM CABINET	2,000	2,000	2,928
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	311	612	904
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	802	553	695
OPERATING EXPENSES	3,113	3,159	4,527
NET SURPLUS DEFICIT	-	6	-
TOTAL ASSETS	9,155	9,146	9,022
TOTAL LIABILITIES	202	187	69
NET WORTH	8,953	8,959	8,953
CASH FLOWS FROM OPERATING ACTIVITIES	353	60	11.8
CASH FLOWS FROM INVESTING ACTIVITIES	-	-	(76)
CASH FLOWS FROM FINANCING ACTIVITIES	-	-	-
CHANGE IN CASH BALANCES	353	60	(64.2)

FINANCIAL PERFORMANCE RATIO	2018 Budget %	2019 Budget %	2016/17 18 Months Forecast %
CURRENT ASSETS : CURRENT LIABILITIES	8.5:1	10:1	21:1
TOTAL ASSETS : TOTAL LIABILITIES	45:1	49:1	131:1

MAINTENANCE OF CAPABILITY

	2018 Budget	2019 Budget	2016/17 18 Months Forecast
HUMAN CAPITAL MEASURES			
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	36	36	36
STAFF TURNOVER (%)	2.8%	2.8%	13.9%
AVERAGE LENGTH OF SERVICE			
SENIOR MANAGER	5	5	5
PROFESSIONAL AND TECHNICAL STAFF	6	6	5
ADMINISTRATIVE STAFF	5	5	4

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
PHYSICAL CAPITAL MEASURES			
VALUE OF TOTAL ASSETS	9,155	9,146	9,022
ASSET REPLACEMENTS: TOTAL ASSETS	0%	0%	0%
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	78%	77%	81%
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	0%	0%	0%
CHANGES TO ASSET MANAGEMENT POLICIES	None Planned	None Planned	None Planned

	2018 TARGET \$	2019 TARGET \$
MAJOR CAPITAL EXPENDITURE PROJECTS		
NIL	NIL	NIL

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2016/17	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
<p>Queen Elizabeth II Botanic Park:</p> <p>Public Liability</p> <p>Natural Disasters</p>	<p>None</p> <p>None</p>	<p>Insurance</p> <p>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.</p>	<p>Unknown</p> <p>Cost of debris removal plus insurance deductible.</p>
<p>Pedro St. James Castle:</p> <p>Property Loss Due to Hurricanes or other Natural Disasters</p>	<p>None</p>	<p>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.</p>	<p>Cost of debris removal plus insurance deductible.</p>
<p>Pirates' Week:</p> <p>Rain</p> <p>Accidents</p>	<p>None</p> <p>None</p>	<p>None*</p> <p>Insurance</p>	<p><= \$50,000</p> <p>Unknown</p>
<p>Craft Market:</p> <p>Public Liability</p> <p>Natural Disasters</p>	<p>None</p> <p>None</p>	<p>Insurance</p> <p>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.</p>	<p>Unknown</p> <p>Cost of debris removal plus insurance deductible.</p>
<p>Tourism Attraction Board:</p> <p>Property Loss Due to Hurricanes or other Natural Disasters</p>	<p>None</p>	<p>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.</p>	<p>Cost of debris removal plus insurance deductible.</p>

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

A full set of forecast financial statements for the *Tourism Attraction Board* is provided in the Appendix to this Ownership Agreement.

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
OPERATING STATEMENT			
REVENUE	3,113	3,165	4,527
OPERATING EXPENSES	3,113	3,159	4,527
NET SURPLUS/DEFICIT	0	6	0

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
BALANCE SHEET			
ASSETS	9,155	9,146	9,022
LIABILITIES	(202)	(187)	(69)
NET WORTH	8,953	8,959	8,953

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
STATEMENT OF CASH FLOW			
CASH FLOWS FROM OPERATING ACTIVITIES	353	60	11.8
CASH FLOWS FROM INVESTING ACTIVITIES	0	0	(76)
CASH FLOWS FROM FINANCING ACTIVITIES	0	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 (2017 Revision).

TRANSACTION	AMOUNT FOR 2018 \$	AMOUNT FOR 2019 \$
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 ⁴²	-	-
Remuneration⁴³ Payments made to Key Management Personnel	425,640	425,640
Remuneration Payments made to Senior Management	425,640	425,640

DESCRIPTION	NUMBERS FOR 2018	NUMBERS FOR 2019
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	7	7
NUMBER OF KEY SENIOR MANAGEMENT (MD)	6	6

⁴² Key Management Personnel as defined by International Public Accounting Standards No 20, e.g. Minister, Board Member and Senior Management Team

⁴³ Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

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 financial years 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 sign the amended Ownership Agreement.
- The amended Ownership Agreement will be attached to and form part of this Agreement.

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the Tourism Attraction Board will seek to achieve for the 2018 and 2019 financial years and that the Cabinet will monitor performance against.



Honourable Moses Kirkconnell, JP

Minister of District Administration, Tourism & Transport

On behalf of Cabinet



Chairman of the Board

Tourism Attraction Board

27 October 2017

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APPENDIX

FORECAST FINANCIAL STATEMENTS

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**CAYMAN ISLANDS
GOVERNMENT**

TOURISM ATTRACTION BOARD

**STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019**

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2017 Revision).

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

To the best of our knowledge the statements are:

- a. Complete and reliable;
- b. Fairly reflect the forecast financial position as at 31 December 2018 and 31 December 2019 and performance for the Tourism Attraction Board for the financial years 31 December 2018 and 31 December 2019; and
- c. Comply with generally accepted accounting practice.

A handwritten signature in black ink, appearing to read 'Andrew Reid', written over a horizontal line.

**Chairman of the Board
Tourism Attraction Board**

27 October 2017

**TOURISM ATTRACTION BOARD
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019**

The forecast financial statements of the Tourism Attraction Board are stated in Cayman Islands Dollars. These financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS). A summary of the significant accounting and reporting policies used in preparing these statements are as follows:

(a) Basis of Preparation

In compliance with the Public Management and Finance Law (2017 Revision) these financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS), on an accrual basis. The continued existence of the Tourism Attraction Board is contingent on the ongoing support from the Government. As management consider that this support will be ongoing and there are no indications that suggest otherwise, management consider the preparation of the financial statements under the going concern assumption to be appropriate.

The measurement base applied to these financial statements is the historical cost basis, adjusted for revaluations of certain assets. No account is taken of the effects of inflation.

(b) Use of Estimates

The preparation of the financial statements 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 year. Actual results could differ from these estimates, the impact of which would be recorded in future periods.

(c) New and revised standards and interpretations that are not yet effective:

Certain new, revised and amended standards and interpretations came into effect during the current financial year. There was no material impact on the financial statements as a result of those amendments.

(d) Depreciation

Property, plant and equipment are stated at revalued cost less accumulated depreciation and impairment losses, with the exception of Heritage Assets. Items of property, plant and equipment are initially recorded at cost. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of financial performance. Property, plant and equipment are depreciated using the straight-line method. The following rates estimated to write off the cost of the assets over their expected useful lives are shown below:-

Buildings & External Works	1.25 - 2.0%
Multimedia, Furniture and Fixtures	12.5%
Motor Vehicles	20.0%
Start-up Costs and Computer Equipment	33.3%

The capital costs of the Great House, Period Furnishings and the Botanical Gardens are not included and therefore have not been depreciated since these will be maintained in perpetuity. These assets are considered heritage assets. All future expenditures on these assets will be expensed in the year that these costs are incurred.

TOURISM ATTRACTION BOARD
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

(e) Foreign Currency Translation

Assets and liabilities denominated in currencies other than the Cayman Islands Dollar are translated at exchange rates in effect at the date of the Statement of Financial Position. Revenue and expense transactions denominated in currencies other than Cayman Islands Dollar are translated at exchange rates at the time of those transactions. Gains and losses on exchange are taken to the Statement of Financial Performance.

(f) Inventory

Inventory is valued at the lower of cost and net realisable value on a first-in, first-out method. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(g) Pensions and Other Post-Retirement Benefits

In accordance with the Cayman Islands National Pensions Law, the Tourism Attraction Board joined a defined contribution pension plan. The employer and employees began monthly contributions at a rate of 5%. The employer's contributions are recognized as employee benefit expenses when they are due. Prepaid contributions are recognized as an asset to the extent that the cash refund or a reduction in the future payments is available.

A defined contribution plan is a pension plan under which the Tourism Attraction Board pays fixed contribution into a separate entity. The Tourism Attraction Board has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Defined pension scheme contributions are charged to the Statement of Financial Performance based on a set contribution rate.

(h) Borrowing Cost

Borrowing costs are capitalised against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalisation ceases when construction of the asset is complete. Further borrowing costs are charged to the Statement of Financial Performance.

(i) Revenue Recognition

Revenue comprises the fair value of the consideration, received or receivable for the sale of goods or services in the ordinary course of the Tourism Attraction Board's activities. Revenue is shown net of returns and discounts. Income is recognised upon delivery of goods and customer acceptance, or on the performance of services

(k) Government Grants

Grants that compensate the Tourism Attraction Board for expenses incurred are recognised as revenue in the Statement of Financial Performance on a systematic basis in the same period in which the expenses are incurred.

**TOURISM ATTRACTION BOARD
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019**

(l) Expenses

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

(m) Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments are recognised as an expense on a straight-line basis over the lease term, where this is representative of the pattern of benefits to be derived from the leased property. Where incentives are received under an operating lease, the expenses are recognised on a straight-line basis over the lease term. Lease incentives received are recognised evenly over the term of the lease as a reduction in rental expense.

(n) Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at cost less provisions for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Tourism Attraction Boards will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquencies in payments (more than 180 days overdue) are considered indicators that the trade receivable is impaired.

(o) Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents includes cash in hand and cash deposits with original maturities of three months or less. All cash and cash equivalents are held at commercial banks in the Cayman Islands.

(p) Financial assets and liabilities

Classification

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset, or to exchange financial instruments with another enterprise under conditions that are potentially favourable or an equity instrument of another enterprise. A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

Recognition

The Tourism Attraction Board recognises financial assets and liabilities on the date it becomes a party to the contractual provisions of the instrument. From this date, any gains and losses arising from changes in financial liabilities measured at amortised cost are recognised in the statement of financial performance.

Financial assets comprise cash and cash equivalents, accounts receivable and deposits. Financial liabilities comprise accounts payable and accrued liabilities. Management determines the classification of its financial assets and liabilities at initial recognition.

Measurement

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

**TOURISM ATTRACTION BOARD
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019**

Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Tourism Attraction Board has a legally enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis.

Impairment

A financial asset is impaired if there is objective evidence indicating that one or more events have had a negative effect on the estimated future cash flows of that asset. The amount of the impairment loss for assets carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the financial instrument's original effective interest rate. All impairment losses are recognised in the statement of financial performance.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Tourism Attraction Boards has transferred all the risks and rewards of ownership. A financial liability is derecognised when it is discharged, cancelled or expires.

Fair value

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

(q) Budget amounts

The budget amounts for each financial year are presented in the Ownership Agreement and approved by the Minister of District Administration, Tourism and Transport.

**TOURISM ATTRACTION BOARD
FORECAST STATEMENT OF FINANCIAL POSITION
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019**

18-Month Forecast Ending Dec- 17	STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018 AND 31 DECEMBER 2019	Notes	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Current Assets			
1,293,823	Cash and cash equivalents	1	1,646,769	1,706,775
77,000	Trade receivables	2	37,730	121,503
61,360	Inventories	3	42,000	46,200
4,750	Prepayments	4	0	0
1,436,933	Total Current Assets		1,726,499	1,874,478
	Non-Current Assets			
7,585,290	Property, plant and equipment	5	7,428,603	7,271,916
7,585,290	Total Non-Current Assets		7,428,603	7,271,916
9,022,222	Total Assets		9,155,102	9,146,394
	Current Liabilities			
29,466	Trade payables	6	144,553	124,278
27,896	Other payables and accruals	6	43,000	47,300
5,400	Unearned revenue	7	7,377	8,115
6,288	Employee entitlements	8	7,000	7,700
69,050	Total Current Liabilities		201,930	187,393
0	Total Non-Current Liabilities		0	0
69,050	Total Liabilities		201,930	187,393
8,953,172	Net Assets		8,953,172	8,959,001
	NET WORTH			
11,637,590	Contributed capital		11,637,590	11,637,590
0	Other Reserves		0	0
2,969,784	Revaluation reserve		2,969,784	2,969,784
(5,654,202)	Accumulated surpluses/(deficits)		(5,654,202)	(5,648,373)
8,953,172	Total Net Worth		8,953,172	8,959,001

**TOURISM ATTRACTION BOARD
FORECAST STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019**

18-Month Forecast Ending Dec- 17	STATEMENT OF FINANCIAL PERFORMANCE AS AT 31 DECEMBER 2018 AND 31 DECEMBER 2019	Notes	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Revenue			
4,527,496	Sale of goods and services	9	3,113,550	3,165,550
	Other revenue			
4,527,496	Total Revenue		3,113,550	3,165,550
	Expenses			
2,204,946	Personnel costs	10	1,469,964	1,506,713
2,087,520	Supplies and consumables	11	1,486,899	1,496,321
235,031	Depreciation and Amortisation	5	156,687	156,687
4,527,496	Total Expenses		3,113,550	3,159,721
0	Surplus or (Deficit) for the period		0	5,829

**TOURISM ATTRACTION BOARD
FORECAST STATEMENT OF CASH FLOWS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019**

18-Month Forecast Ending Dec- 17	CASH FLOW STATEMENT AS AT 31 DECEMBER 2018 AND 31 DECEMBER 2019	Notes	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	CASH FLOWS FROM OPERATING ACTIVITIES			
	<i>Receipts</i>			
2,928,022	Sale of goods and services to Cabinet		2,000,000	2,000,000
17,100	Sale of goods and services to Ministries/Portfolios		8,550	8,550
8,000	Sale of goods and services to Statutory Agencies and Government Companies		7,000	7,700
695,000	Sale of goods and services - third party		802,452	552,697
	<i>Payments</i>			
(2,147,622)	Personnel costs		(1,439,964)	(1,506,713)
(1,105,258)	Supplies and consumables - third party		(820,463)	(879,409)
(383,429)	Other payments		(204,630)	(122,818)
11,813	Net cash flows from operating activities	12	352,945	60,007
	CASH FLOWS FROM INVESTING ACTIVITIES			
(76,000)	Purchase of property, plant and equipment		0	0
(76,000)	Net cash flows from investing activities		0	0
	CASH FLOWS FROM FINANCING ACTIVITIES			
0	Net cash flows from financing activities		0	0
(64,187)	Net increase/(decrease) in cash and cash equivalents		352,945	60,007
1,358,010	Cash and cash equivalents at beginning of period		1,293,823	1,646,769
1,293,823	Cash and cash equivalents at end of period		1,646,769	1,706,775

**TOURISM ATTRACTION BOARD
FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019**

	Contributed Capital	Other Reserves	Revaluation Reserve	Accumulated Surplus/ (deficits)	Total
Balance at 30 June 2016 brought forward	11,637,590	0	2,969,784	(5,654,202)	8,953,172
Prior Year Adjustments					
Changes in accounting policy					0
Accounting Errors					0
Restated balance 30 June 2016	11,637,590	0	2,969,784	(5,654,202)	8,953,172
Changes in net worth for 2016/17					
Gain/(loss) on property revaluation					0
Gain/(loss) on revaluation of investments					0
Exchange differences on translating foreign operations					0
Equity Investment from Cabinet					0
Capital withdrawals by Cabinet					0
Dividends payable to Cabinet					0
Net revenue / expenses recognised directly in net worth					0
Surplus/(deficit) for the period 2016/17				(0)	(0)
Total recognised revenues and expenses for the period	0	0	0	(0)	(0)
Balance at 31 December 2017	11,637,590	0	2,969,784	(5,654,202)	8,953,172
Balance at 31 December 2017 brought forward	11,637,590	0	2,969,784	(5,654,202)	8,953,172
Prior Year Adjustments					
Changes in accounting policy					0
Accounting Errors					0
Restated balance 31 December 2017	11,637,590	0	2,969,784	(5,654,202)	8,953,172
Changes in net worth for 2018					
Gain/(loss) on property revaluation					0
Gain/(loss) on revaluation of investments					0
Exchange differences on translating foreign operations					0

Equity Investment from Cabinet					0
Capital withdrawals by Cabinet					0
Dividends payable to Cabinet					0
Net revenue / expenses recognised directly in net worth	0	0	0	0	0
Surplus/(deficit)for the period 2018				0	0
Total recognised revenues and expenses for the period	0	0	0	0	0
Balance at 31 December 2018 carried forward	11,637,590	0	2,969,784	(5,654,202)	8,953,172
	Contributed Capital	Other Reserves	Revaluation Reserve	Accumulated Surplus/ (deficits)	Total
Balance at 31 December 2018 brought forward	11,637,590	0	2,969,784	(5,654,202)	8,953,172
Prior Year Adjustments					
Changes in accounting policy					0
Accounting Errors					0
Restated balance 31 December 2018	11,637,590	0	2,969,784	(5,654,202)	8,953,172
Changes in net worth for 2019					
Gain/(loss) on property revaluation					0
Gain/(loss) on revaluation of investments					0
Exchange differences on translating foreign operations					0
Equity Investment from Cabinet					0
Capital withdrawals by Cabinet					0
Dividends payable to Cabinet					0
Net revenue / expenses recognised directly in net worth	0	0	0	0	0
Surplus/(deficit)for the period 2019				5,829	5,829
Total recognised revenues and expenses for the period	0	0	0	5,829	5,829
Balance at 31 December 2019	11,637,590	0	2,969,784	(5,648,373)	8,959,001

**TOURISM ATTRACTION BOARD
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019**

BACKGROUND INFORMATION

The Tourism Attraction Board (TAB) 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 the 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 Pedro St. James, Pedro Castle Road, Savannah, Grand Cayman. Its mailing address is P. O. Box 305, Grand Cayman KY1-1501.

**TOURISM ATTRACTION BOARD
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019**

Note 1: Cash and cash equivalents

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
4,200	Cash on hand	7,124	7,837
0	Cash in transit	0	0
460,661	CI\$ Account	396,638	416,302
714,095	US\$ Account	1,228,923	1,267,144
0	Bank Overdraft	0	0
99,660	Payroll Current Account	0	0
0	Bank Accounts held at other financial institutions	0	0
15,207	Short-Term Fixed Deposits	14,084	15,492
1,293,823	TOTAL	1,646,769	1,706,775

Note 2: Trade and other receivables

18-Month Forecast Ending Dec-17	Trade Receivables	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Sale of goods and services to Cabinet		
	Sale of goods and services to Ministries/Portfolios		
4,000	Sale of goods and services to Statutory Agencies and Government Companies	22,600	54,860
79,000	Sale of goods and services - third party	41,000	95,100
	Other		0
(6,000)	Less: provision for doubtful debts	(25,870)	(28,457)
77,000	Total trade receivables	37,730	121,503

18-Month Forecast Ending Dec-17	Trade Receivables	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Current		
48,907	Past due 1-30 days	13,083	94,391

TOURISM ATTRACTION BOARD
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

15,644	Past due 31-60 days	14,226	15,649
7,226	Past due 61-90 days	5,864	6,450
5,223	Past due 90 and above	4,557	5,013
	Non-Current		
	Past due 1 year and above		
77,000	Total	37,730	121,503

Changes in the provision of doubtful debts:

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
(4,996)	Balance at beginning of period	(6,000)	(25,870)
(3,004)	Additional provisions made during the year	(19,870)	(5,007)
2,000	Receivables written off during the period		2,420
(6,000)	Balance at 31st December	(25,870)	(28,457)

Note 3: Inventories

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Current Inventories		
	Inventory held for use in the provision of goods and services	47,922	52,714
62,535	Inventory held for sale		0
	Inventory Other	(5,922)	(6,514)
(1,175)	Impairment of Inventory		0
61,360	INVENTORIES - Current	42,000	46,200
	Non-Current Inventories		
0	INVENTORIES - Non-Current	0	0
61,360	TOTAL INVENTORIES	42,000	46,200

**TOURISM ATTRACTION BOARD
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019**

Note 4 Prepayments

18-Month Forecast Ending Dec-17	Prepayments	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Current Prepayments		
4,750	Description		
4,750	Prepayments - Current	0	0
	Non-Current Prepayments		
	Description		
0	Prepayments -Non-Current	0	0
4,750	Total Prepayments	0	0

Note 5: Property, plant & equipment

Cost of Property, plant & equipment

	<i>Land</i>	<i>Buildings and Leasehold</i>	<i>Leasehold Improvements</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Motor Vehicles</i>	<i>Total</i>
Balance as at 1 July 2016	3,973,000	4,307,972	214,838	692,098	134,551	84,063	9,406,522
Additions		72,000		1,000	3,000		76,000
Disposals and Derecognition							0
Revaluation							0
Transfers							0
Balance as at 31 December 2017	3,973,000	4,379,972	214,838	693,098	137,551	84,063	9,482,522

**TOURISM ATTRACTION BOARD
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019**

	<i>Land</i>	<i>Buildings and Leasehold</i>	<i>Leasehold Improvements</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Motor Vehicles</i>	<i>Total</i>
Balance as at 1 January 2018	3,973,000	4,379,972	214,838	693,098	137,551	84,063	9,482,522
Additions							0
Disposals and Derecognition							0
Revaluation							0
Transfers							0
Balance as at 31 December 2018	3,973,000	4,379,972	214,838	693,098	137,551	84,063	9,482,522

	<i>Land</i>	<i>Buildings and Leasehold</i>	<i>Leasehold Improvements</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Motor Vehicles</i>	<i>Total</i>
Balance as at 1 January 2019	3,973,000	4,379,972	214,838	693,098	137,551	84,063	9,482,522
Additions							0
Disposals and Derecognition							0
Revaluation							0
Transfers							0
Balance as at 31 December 2019	3,973,000	4,379,972	214,838	693,098	137,551	84,063	9,482,522

Accumulated Depreciation and impairment losses

	<i>Land</i>	<i>Buildings and Leasehold</i>	<i>Leasehold Improvements</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Motor Vehicles</i>	<i>Total</i>
Balance as at 1 July 2016		596,762	214,838	638,822	129,757	82,023	1,662,202
Transfers							0
Impairment Reserve 2016/17 (closing balance)							0
Depreciation Expense 2016/17		205,236		22,380	5,741	1,674	235,031
Eliminate on Disposal or Derecognition 2016/17							0
Balance as at 31 December 2017	0	801,998	214,838	661,202	135,498	83,697	1,897,233

**TOURISM ATTRACTION BOARD
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019**

	<i>Land</i>	<i>Buildings and Leasehold</i>	<i>Leasehold Improvements</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Motor Vehicles</i>	<i>Total</i>
Balance as at 1 January 2018	0	801,998	214,838	661,202	135,498	83,697	1,897,233
Transfers							0
Impairment change 2018							0
Depreciation Expense 2018		136,824		14,920	3,827	1,116	156,687
Eliminate on Disposal or Derecognition 2018							0
Balance as at 31 December 2018	0	938,822	214,838	676,122	139,325	84,813	2,053,920

	<i>Land</i>	<i>Buildings and Leasehold</i>	<i>Leasehold Improvements</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Motor Vehicles</i>	<i>Total</i>
Balance as at 1 January 2019	0	938,822	214,838	676,122	139,325	84,813	2,053,920
Transfers							0
Impairment change 2019							0
Depreciation Expense 2019		136,824		14,920	3,827	1,116	156,687
Eliminate on Disposal or Derecognition 2019							0
Balance as at 31 December 2019	0	1,075,646	214,838	691,042	143,152	85,929	2,210,607

Net Book value 31 December 2017	3,973,000	3,577,974	0	31,896	2,054	366	7,585,290
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Net Book value 31 December 2018	3,973,000	3,441,150	0	16,976	(1,774)	(750)	7,428,603
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Net Book value 31 December 2019	3,973,000	3,304,326	0	2,056	(5,601)	(1,866)	7,271,916
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**TOURISM ATTRACTION BOARD
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019**

Note 6: Trade payables, other payables & Accruals

18-Month Forecast Ending Dec-17		12-Month Budget Ending Dec- 18	12-Month Budget Ending Dec- 19
	Current Trade payables other payables and accruals		
16,855	Creditors Third party	97,553	101,200
	Creditors Ministries/Portfolios		0
12,611	Creditors other Statutory Agencies and Government Companies	47,000	23,078
4,966	Payroll Deductions	6,000	6,600
	Operating Lease		0
11,599	Accrued Expenses	25,000	27,500
11,331	Other payables	12,000	13,200
	Dividends/Surplus Payable		0
57,362	Trade payables other payables and accruals - Current	187,553	171,578
	Non-Current Trade payables other payables and accruals		
0	Trade payables other payables and accruals - Non-Current	0	0
57,362	Total trade payables other payables and accruals	187,553	171,578

Note 7: Unearned Revenue

18-Month Forecast Ending Dec-17	Details	12-Month Budget Ending Dec- 18	12-Month Budget Ending Dec- 19
	Current Unearned Revenue		
5,400	Description	7,377	8,115
5,400	Total current portion	7,377	8,115
	Non-Current Unearned Revenue		
	Description		
0	Total non-current portion	0	0
5,400	Total Unearned Revenue	7,377	8,115

TOURISM ATTRACTION BOARD
 NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Note 8: Employee entitlements

18-Month Forecast Ending Dec-17		12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	<i>Current employee entitlements</i>		
6,288	Annual Leave/Comp-time	7,000	7,700
6,288	Total current portion	7,000	7,700
	<i>Non-current employee entitlements</i>		
	Retirement and long service leave		
	Other		
0	Total non-current portion	0	0
6,288	Total employee entitlements	7,000	7,700

Note 9: Sales of Goods & Services

18-Month Forecast Ending Dec-17	Revenue type	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
950,000	Fees and Charges	751,013	801,013
605,374	General Sales	335,987	337,987
27,000	Rentals	18,000	18,000
0	Other Goods & Services Revenue	0	0
2,945,122	Sale of goods and services to Cabinet	2,008,550	2,008,550
0	Sale of goods and services to Other Ministries and Portfolios	0	0
4,527,496	Total sales of goods and services	3,113,550	3,165,550

18-Month Forecast Ending Dec-17	<i>Fees and Charges</i>	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
950,000	Admissions & Gift Shops	751,013	801,013
950,000	Total Fees & Charges	751,013	801,013

TOURISM ATTRACTION BOARD
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

18-Month Forecast Ending Dec-17	General Sales	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
605,374	Events, Plants, Site Rentals, etc.	335,987	337,987
605,374	Total General Sales	335,987	337,987

18-Month Forecast Ending Dec-17	Rentals	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
27,000	Hell Shops	18,000	18,000
27,000	Total Rentals	18,000	18,000
	Sales of Outputs to Cabinet		
2,928,022	Sales of Outputs to Cabinet	2,000,000	2,000,000
17,100	Other Outputs	8,550	8,550
2,945,122	Total Sales of Outputs to Cabinet	2,008,550	2,008,550
	Other Interdepartmental Revenue		
	Revenue from Ministries/Portfolios		
	Revenue from Statutory Authorities and Government Companies		
0	Total Other Interdepartmental Revenue	0	0
4,527,496	Total Goods and Services	3,113,550	3,165,550

Note 10: Personnel costs

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
1,973,191	Salaries, wages and allowances	1,315,461	1,348,347
124,249	Health care other	82,833	84,904
85,405	Pension	56,937	58,360
22,100	Leave	14,733	15,101
0	Other personnel related costs		
2,204,946	Total Personnel Costs	1,469,964	1,506,713

TOURISM ATTRACTION BOARD
NOTES TO THE FORECAST FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Note 11: Supplies and consumables

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
859,000	Supplies and Materials	510,000	500,000
721,557	Purchase of services	649,067	665,294
59,373	Lease of Property and Equipment	39,582	40,572
280,000	Utilities	200,000	200,000
142,500	General Insurance	79,000	80,975
0	Interdepartmental expenses	0	0
10,000	Travel and Subsistence	3,250	3,331
11,250	Recruitment and Training	2,000	2,050
3,840	Other	4,000	4,100
2,087,520	Total Supplies & consumables	1,486,899	1,496,321

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

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
0	Surplus/(deficit) from ordinary activities	0	5,829
	Non-cash movements		
235,031	Depreciation & Amortisation	156,687	156,687
	Changes in current assets and liabilities:		
	(Increase)/decrease in other current assets - Cabinet		
	(Increase)/decrease in other current assets - Statutory Agencies and Government Companies		
	(Increase)/decrease in other current assets - Ministries Portfolios		
(148,293)	(Increase)/decrease in other current assets - Other	70,300	(113,066)
	(Increase)/(decrease) in current liabilities - Statutory Agencies and Government Companies		
	(Increase)/(decrease) in current liabilities - Ministries Portfolios		
(74,924)	(Increase)/(decrease) in current liabilities - Other	125,958	10,558
11,813	Net cash flows from operating activities	352,945	60,007

OWNERSHIP AGREEMENT

**BETWEEN THE
CAYMAN ISLANDS GOVERNMENT**

AND

UNIVERSITY COLLEGE OF THE CAYMAN ISLANDS

**FOR THE 2018 FINANCIAL YEAR ENDING 31 DECEMBER 2018
AND THE 2019 FINANCIAL YEAR ENDING 31 DECEMBER 2019**

PREPARED IN ACCORDANCE WITH SECTION 50 OF THE PUBLIC MANAGEMENT AND FINANCE LAW
(2017 REVISION)

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1. PURPOSE

This Ownership Agreement documents the ownership performance the Cabinet and the Board of the *University College of the Cayman Islands* have agreed the *University College of the Cayman Islands* will seek to achieve during the 2018 and 2019 financial years.

The purpose of the document is to ensure the ownership performance expectations for the financial years 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 2018 and 2019 financial years.

GENERAL NATURE OF ACTIVITIES

The University College of the Cayman Islands operates under the University College Law (2012 revision) of which its principal 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 College through a range of continuing education, career training and University service programmes.
- To develop new tertiary educational programmes in response to the economic development needs of the University College in collaboration with the Cayman Islands Government, the Chamber of Commerce, and other local associations.

* To function in accordance with the University College Law, including Section (4) Functions of the College and Section (13) Powers of the Board.

CUSTOMERS AND LOCATION OF ACTIVITIES

The customers of the University College of the Cayman Islands are all residents of the Cayman Islands and the services provided, are provided only in the Cayman Islands.

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives for the *University College of the Cayman Islands* for the 2018 and 2019 financial years are as follows:

- Adhere to high standards of governance and management, while ensuring that UCCI, in its unique role as our national tertiary institution, contributes to realizing the National Vision for Tertiary Education in the Cayman Islands.
- Deliver internationally recognized educational programmes that will position citizens to successfully participate in, and contribute to, the core and developing industries in the Cayman Islands.
- Deliver programmes that meet the social and economic needs of the country and its workforce, and engage the support of the private sector.
- Make education accessible through enhanced use of technology, facilities, scheduling and special needs accommodation.
- Ensure the financial stability and long term viability of the UCCI.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2017 Revision) for the *University College of the Cayman Islands* for the 2018 and 2019 financial years are as follows.

	2018 Budget	2019 Budget	2016/17 18 Months Forecast
FINANCIAL PERFORMANCE MEASURE			
REVENUE FROM CABINET	4,217	4,217	6,325
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	423	423	635
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	3,068	3,068	4,604
OPERATING EXPENSES	7,708	7,708	11,564
NET SURPLUS DEFICIT	-	-	-
TOTAL ASSETS	8,420	8,819	7,287
TOTAL LIABILITIES	1,976	2,054	1,704.5
NET WORTH	6,444	6,765	5,583
CASH FLOWS FROM OPERATING ACTIVITIES	592	526	512
CASH FLOWS FROM INVESTING ACTIVITIES	(1,194)	(653)	(336)
CASH FLOWS FROM FINANCING ACTIVITIES	861	320	-
CHANGE IN CASH BALANCES	260	194	176

	2018 Budget %	2019 Budget %	2016/17 18 Months Forecast %
FINANCIAL PERFORMANCE RATIO			
CURRENT ASSETS : CURRENT LIABILITIES	2.92:1	3.16:1	1.29:1
TOTAL ASSETS : TOTAL LIABILITIES	4.26:1	4.29:1	4.28:1

MAINTENANCE OF CAPABILITY

	2018 Budget	2019 Budget	2016/17 18 Months Forecast
HUMAN CAPITAL MEASURES			
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	89	89	89
STAFF TURNOVER (%)			
SENIOR MANAGER	8	8	8
PROFESSIONAL AND TECHNICAL STAFF	9.5	9.5	9.5
ADMINISTRATIVE STAFF	9	9	9

	2018 Budget	2019 Budget	2016/17 18 Months Forecast
PHYSICAL CAPITAL MEASURES			
VALUE OF TOTAL ASSETS	8,420	8,819	7,287
ASSET REPLACEMENTS : TOTAL ASSETS	14%	7%	6%
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	40%	40%	38%
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	34%	69%	254%
CHANGES TO ASSET MANAGEMENT POLICIES	None Planned	None Planned	None Planned

	2018 TARGET \$	2019 TARGET \$
MAJOR CAPITAL EXPENDITURE PROJECTS		
Nursing Programme Building	861,470	320,491

RISK MANAGEMENT

Key Risks Faced By Ministry/Portfolio	Changed in Status From 2015/16	Actions to Manage Risk	Financial Value of Risk
High staff turnover and loss of key personnel leading to inability to offer promised programmes.	Teaching loads have increased in excess of relevant benchmarks. Staff have not had a cost of living adjustment since 2008.	Implement salary grades and increases under sections 46 and 47 of The Public Authorities Law, 2017	Unquantified
Inadequate Nursing Programme Facilities to meet accreditation standards	Obtain capital funding to construct new Nursing Programme facilities budgeted for the 2018 and 2019 financial years.	Seek Cabinet funding to construct a purpose-built Nursing Programme facility.	\$1,281,961
Growing unfunded Past Service Pensions Liabilities which may give rise to a going concern risk.	Continues to grow out of the control of UCCI.	Seek equity injection from Cabinet to fully fund pension obligations	\$1,098,000 as at June 30, 2016 actuarial report.
Negative perceptions regarding the lack of institutional and program accreditation at UCCI - UCCI faces considerable challenges as the tertiary institution of choice, stemming from students' (current and prospective) concerns that their credit transfers may not be accepted by Universities overseas, and that degrees may not be accepted by employers.	International Accreditation Council for Business Education (IACBE) has granted UCCI accreditation of the business and management programmes offered through its Department of Business Studies.	Board has approved seeking American institutional accreditation from the Commission on Institutions of Higher Education (NEASC) and documenting a pathway to accreditation with timelines for phased implementation.	Unquantified
General deterioration in the building facilities, and improvements required to the University campus to accommodate special needs students. Loss of appeal to new students, and diminished sense of pride among existing students. Also, potential risk of injury to students and staff possibly resulting in costly litigation, and contravention of the Bill of Rights.	Unchanged	Seek additional sources of funding.	Unquantified

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.

	2018 Budget \$	2019 Budget \$	2016/17 18 Months Forecast \$
OPERATING STATEMENT			
REVENUE	7,708	7,708	11,564
OPERATING EXPENSES	7,708	7,708	11,564
NET SURPLUS/DEFICIT	-	-	-

	2018 Budget \$	2019 Budget \$	2016/17 18 Months Forecast \$
BALANCE SHEET			
ASSETS	8,420	8,819	7,287
LIABILITIES	1,976	2,054	1,704.5
NET WORTH	6,444	6,765	5,583

	2018 Budget \$	2019 Budget \$	2016/17 18 Months Forecast \$
STATEMENT OF CASH FLOW			
CASH FLOWS FROM OPERATING ACTIVITIES	592	526	512
CASH FLOWS FROM INVESTING ACTIVITIES	(1,194)	(653)	(336)
CASH FLOWS FROM FINANCING ACTIVITIES	861	320	-

6. OTHER FINANCIAL INFORMATION

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2017 Revision).

TRANSACTION	AMOUNT FOR 2018 \$	AMOUNT FOR 2019 \$
Equity Investments into the University College of the Cayman Islands	861,470	320,491
Capital Withdrawals from the University College of the Cayman Islands	NIL	NIL
Dividend or Profit Distributions to be made by the University College of the Cayman Islands	NIL	NIL
Government Loans to be made to the University College of the Cayman Islands	NIL	NIL
Government Guarantees to be issued in relation to the University College of the Cayman Islands	NIL	NIL
Related Party Payments (Non-Remuneration) made to Key Management Personnel ⁴⁴	NIL	NIL
Remuneration⁴⁵ Payments made to Key Management Personnel	924,713	924,713
Remuneration Payments made to Senior Management	924,713	924,713

⁴⁴ Key Management Personnel as defined by International Public Accounting Standards No 20, e.g. Minister, Board Member and Senior Management Team

⁴⁵ Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

DESCRIPTION	NUMBERS FOR 2018	NUMBERS FOR 2019
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	10	10
NUMBER OF KEY SENIOR MANAGEMENT (MD)	10	10

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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.

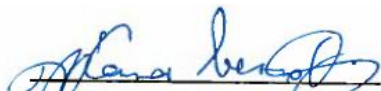
Procedures for Changing this Ownership Agreement

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

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

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the University College of the Cayman Islands will seek to achieve for the 2018 and 2019 financial years that the Cabinet will monitor performance against.



Honourable Juliana O'Connor-Connolly, JP

Minister of Education, Youth, Sports, Agriculture & Lands

On behalf of Cabinet



Mr. John Lemuel Hurlston, CVO, MBE, JP, Hon. D.Litt.

Chairman of the Board

The University College of the Cayman Islands

27 October 2017

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APPENDIX

FORECAST FINANCIAL STATEMENTS

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THE UNIVERSITY COLLEGE OF THE CAYMAN ISLANDS
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2017 Revision).

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

To the best of our knowledge the statements are:

- a. Complete and reliable;
- b. Fairly reflect the forecast financial position as at 31 December 2018 and 31 December 2019 and performance for the University College of the Cayman Islands for the financial years ending 31 December 2018 and 31 December 2019; and
- c. Comply with generally accepted accounting practice.



Mr. John Lemuel Hurlston, CVO, MBE, JP, Hon. D.Litt.
Chairman of the Board
The University College of the Cayman Islands

27 October 2017

THE UNIVERSITY COLLEGE OF THE CAYMAN ISLANDS
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

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 31 December 2018 and 31 December 2019.

The Budget forecast is the accrualised version of the original forecast for the financial year, as presented in the 2016/17 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 University's bank accounts and on hand.

Receivables and advances

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

THE UNIVERSITY COLLEGE OF THE CAYMAN ISLANDS
STATEMENT OF ACCOUNTING POLICIES (CONT.)
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Inventory

Inventories are recorded at the lower of cost and net current value. Where inventories are valued at cost, specific identification or the FIFO method has been used. Appropriate allowance has been made for obsolescence.

Property, Plant and Equipment (including Infrastructure Assets)

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

Other plant and equipment, which includes motor vehicles and office equipment, is recorded at cost (or fair value if acquired prior to 2010) less accumulated depreciation.

Computer Hardware and Software

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

Liabilities

Accounts Payable

Accounts payable are recorded at the amount owing after allowing for credit notes and other adjustments.

Provisions

Provisions are recognised in accordance with IPSAS 19 Provisions, Contingent Liabilities and Contingent Assets.

Employee entitlements

Amounts incurred but not paid at the end of the reporting financial years 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 YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

	Note	2018	2019	2016/17
		Budget \$	Budget \$	18 Months Forecast \$
Revenue				
Outputs to Cabinet		4,216,815	4,216,815	6,325,223
Outputs to other government agencies		423,367	423,367	635,050
Outputs to others		2,296,833	2,296,833	3,445,250
Other Income		770,545	770,545	1,158,080
Total Operating Revenue		7,707,560	7,707,560	11,563,603
Operating Expenses				
Personnel costs	1	4,780,050	4,780,050	7,170,075
Supplies and consumables	2	2,466,844	2,456,161	3,700,266
Depreciation	3	442,917	437,193	664,375
Finance Costs		17,750	23,474	28,887
Other operating expenses		-	-	-
Total Operating Expenses		7,707,560	7,707,560	11,563,603
Net Surplus / Deficit for the year		-	-	-

THE UNIVERSITY COLLEGE OF THE CAYMAN ISLANDS
FORECAST STATEMENT OF CHANGES IN NET WORTH
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

	Note	2018 Budget \$	2019 Budget \$	2016/17 18 Months Forecast \$
Opening balance net worth		5,582,806	6,444,276	5,582,374
Net surplus / (Deficit)		-	-	-
Property revaluations		-	-	-
Investment revaluations		-	-	-
Other Comprehensive Gain / (Loss)		-	-	-
Net reserve adj. during the period		-	-	-
Total recognized revenues and expenses		-	-	-
Interest Earned on Capital Fund		-	-	432
Equity investment		861,470	320,491	-
Repayment of surplus		-	-	-
Capital withdrawal		-	-	-
Closing balance net worth		6,444,276	6,764,767	5,582,806

THE UNIVERSITY COLLEGE OF THE CAYMAN ISLANDS
FORECAST STATEMENT OF FINANCIAL POSITION
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

		2018 Budget \$	2019 Budget \$	2016/17 18 Months Forecast \$
	Note			
Current Assets				
Cash and cash equivalents	4	1,454,195	1,647,806	1,194,317
Accounts Receivable	5	431,626	431,626	332,697
Prepayments		163,618	163,618	85,355
Inventories	6	271,886	271,886	335,624
Total Current Assets		2,321,323	2,514,934	1,947,993
Non-Current Assets				
Trade Receivables		253,000	253,000	253,000
Property, plant, equipment & other assets	10	5,846,164	6,051,043	5,086,345
Total Non-Current Assets		6,099,164	6,304,043	5,339,345
Total Assets		8,420,487	8,818,978	7,287,338
Current Liabilities				
Accounts payable (Trade)		409,565	409,565	361,554
Employee entitlements	7	335,853	335,853	226,583
Other current liabilities	8	29,794	29,794	13,395
Total Current Liabilities		795,211	795,211	601,532
Non-Current Liabilities				
Employee entitlements		1,181,000	1,259,000	1,103,000
Total Non-Current Liabilities		1,181,000	1,259,000	1,103,000
Total Liabilities		1,976,211	2,054,211	1,704,532
TOTAL ASSETS LESS TOTAL LIABILITIES		6,444,276	6,764,767	5,582,806
Net worth				
Contributed capital		7,778,470	8,098,961	6,917,000
Capital Fund		302,602	302,602	302,602
Accumulated surpluses		-	-	-
Accumulated Other Comprehensive Loss		(1,636,796)	(1,636,796)	(1,636,796)
Total Net Worth		6,444,276	6,764,767	5,582,806

THE UNIVERSITY COLLEGE OF THE CAYMAN ISLANDS
FORECAST STATEMENT OF CASH FLOWS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

		2018 Budget \$	2019 Budget \$	2016/17 18 Months Forecast \$
	Note			
CASH FLOWS FROM OPERATING ACTIVITIES				
<u>Receipts</u>				
Outputs to Cabinet		4,216,815	4,216,815	6,325,223
Outputs to other government agencies		423,367	423,367	635,050
Outputs to others		3,077,958	3,001,007	4,241,187
Interest received				-
Other Receipts		241,429	241,429	362,143
<u>Payments</u>				
Personnel costs		(4,780,050)	(4,780,050)	(7,170,075)
Suppliers		(2,502,328)	(2,491,645)	(3,753,492)
Other payments		(85,048)	(85,048)	(127,571)
<i>Net cash flows from operating activities</i>	9	592,143	525,875	512,466
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of non-current assets		(1,193,736)	(652,755)	(336,318)
Proceeds on sale of non-current asset				
<i>Net cash flows from investing activities</i>		(1,193,736)	(652,755)	(336,318)
CASH FLOWS FROM FINANCING ACTIVITIES				
Equity investment / Debt Forgiveness		861,470	320,491	
Repayment of long term debt				
Capital Fund Interest				
Capital Fund Withdrawal				
<i>Net cash flows from financing activities</i>		861,470	320,491	-
<i>Net increase/(decrease) in cash and cash equivalents</i>		259,878	193,611	176,148
<i>Net increase/(decrease) in cash and cash equivalents</i>				
Cash and cash equivalents at beginning of period		1,194,317	1,454,195	1,018,170
Cash and cash equivalents at end of period	4	1,454,195	1,647,806	1,194,317

THE UNIVERSITY COLLEGE OF THE CAYMAN ISLANDS
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Note 1. Personnel costs

	2018 Budget \$	2019 Budget \$	2016/17 18 Months Forecast \$
Salaries and wages (including employee pension contributions)	4,501,502	4,501,502	6,752,253
Employer Pension Expense	139,987	139,987	209,981
Other personnel related expenses	138,561	138,561	207,841
Total Personnel Costs	4,780,050	4,780,050	7,170,075

Note 2. Supplies and consumables

	2018 Budget \$	2019 Budget \$	2016/17 18 Months Forecast \$
Supplies and Materials	544,209	544,209	816,313
Purchase of services	1,148,979	1,138,296	1,723,469
Lease of Property and Equipment	72,000	72,000	108,000
Utilities	412,689	412,689	619,034
General Insurance	124,557	124,557	186,836
Interdepartmental expenses	-	-	-
Travel and Subsistence	61,223	61,223	91,835
Recruitment and Training	58,300	58,300	87,450
Other	44,886	44,886	67,329
Total Supplies and Consumables	2,466,844	2,456,161	3,700,266

Note 3. Depreciation

	2018 Budget \$	2019 Budget \$	2016/17 18 Months Forecast \$
Land	-	-	-
Buildings	264,661	275,344	396,991
Vehicles	-	-	-
Furniture, fittings & Office Equipment	89,052	89,052	133,578
Computer hardware	81,005	81,000	125,220
Other assets	8,199	2,480	8,586
	442,917	447,876	664,375

Assets are depreciated on a straight-line basis as follows:

	Years
Buildings	40
Vehicles & Other Intangibles	4
Aeroplanes	N/A
Boats	N/A
Furniture and fittings	5-10
Computer hardware and software	3
Office equipment	N/A
Other plant and equipment	N/A
Other assets (Library Books)	2-8

Note 4. Cash and cash equivalents

	2018 Budget \$	2019 Budget \$	2016/17 18 Months Forecast \$
Cash on hand	5,425	5,425	549
Bank accounts	1,145,953	1,339,144	891,371
Commercial Bank Deposits	302,817	303,237	302,397
Total Cash and Cash Equivalents	1,454,195	1,647,806	1,194,317

Note 5. Accounts Receivable

	2018 Budget \$	2019 Budget \$	2016/17 18 Months Forecast \$
Outputs to Cabinet	351,401	351,401	250,242
Outputs to others	80,225	80,225	70,140
Other Receivables	-	-	12,315
Total Net	431,626	431,626	332,697

Note 6. Inventories

	2018 Budget \$	2019 Budget \$	2016/17 18 Months Forecast \$
Work in Progress			
Finished Goods	271,886	271,886	335,624
Total Inventories	271,886	271,886	335,624

Note 7. Employee entitlements (Current)

	2018 Budget \$	2019 Budget \$	2016/17 18 Months Forecast \$
Defined Pension Benefit (Unfunded) Liab.			
Accrued Vacation Pay	335,853	335,853	226,583
Total Employee Entitlements	335,853	335,853	226,583

Note 8. Other Current Liabilities

	2018 Budget \$	2019 Budget \$	2016/17 18 Months Forecast \$
Trade Payables	409,565	409,565	361,554
Accruals and Other Misc Balances	29,794	29,794	13,395
Total Other Current Liabilities	439,359	439,359	374,949

Note 9. Reconciliation of Operating Surplus to Cash Flows from Operating Activities

	2018 Budget \$	2019 Budget \$	2016/17 18 Months Forecast \$
Operating surplus/(deficit)	-	-	-
Non-cash movements			
Depreciation	442,917	447,876	664,375
Realized (Gain) on sale of Fixed Asset			
Retained Earnings Adjustments			
Incr/(Decr) in payables/accruals	193,679	193,679	(119,841)
Net gain/loss from sale of fixed assets			
Incr/(Decr) in Past Service Liability			
(Incr)/Decr in other current assets	(44,453)	(115,680)	(32,068)
(Incr)/Decr in receivables			
Net cash flows from operating activities	592,143	525,875	512,466

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OWNERSHIP AGREEMENT

**BETWEEN THE
CAYMAN ISLANDS GOVERNMENT**

AND

THE WATER AUTHORITY OF THE CAYMAN ISLANDS

**FOR THE 2018 FINANCIAL YEAR ENDING 31 DECEMBER 2018
AND THE 2019 FINANCIAL YEAR ENDING 31 DECEMBER 2019**

PREPARED IN ACCORDANCE WITH SECTION 50 OF THE PUBLIC MANAGEMENT AND FINANCE LAW
(2017 REVISION)

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Agreement

APPENDIX: Forecast Financial Statements

1. PURPOSE

This Ownership Agreement documents the ownership performance that the Cabinet and the Water Authority of the Cayman Islands have agreed that Water Authority will seek to achieve during the 2018 and 2019 financial years.

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

Projections for this 2-year period have been prepared using July 2017 estimates.

2. NATURE AND SCOPE OF ACTIVITIES

This section outlines the nature and scope of activities within which the Water Authority of the Cayman Islands to operate during the financial years.

GENERAL NATURE OF 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.

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 of the Cayman Islands provides sewer services on Grand Cayman and potable water to both Grand Cayman and Cayman Brac. The administrative offices are located at 13G Red Gate Road (949-2837) with a satellite office on the island of Cayman Brac (947-1403).

3. STRATEGIC OWNERSHIP GOALS

The key strategic goals and objectives (from an ownership perspective) for The Water Authority of the Cayman Islands for the 2018 and 2019 financial years are as follows:

1) GCM - Maintain Water Production Capacity, Distribution and Storage to ensure distribution reliability

- Red Gate Site – Construction of a new 2 million gallon Water Storage Tank to accommodate expected growth within the distribution system and facilitate regular maintenance on existing tanks.

2) GCM – Maintain Adequate Infrastructure to Operate Efficiently

- 2018 & 2019 – Red Gate Site – Upgrade and maintain existing water services, sample taps and miscellaneous small diameter (<8 inches) extensions throughout the water supply system to ensure integrity of the system.
- 2018 - Purpose Built Storage Facility – Provide a secure location for internal files storage, water production plant inventory, allowing accessibility and flexibility in retrieval, taking into consideration necessary precautions to protect contents from natural disasters and eliminate offsite storage fees.
- 2018 and beyond - Advanced Metering Infrastructure (AMI) – Conduct pilot study to ascertain the feasibility of installing an AMI in the Cayman Islands. These metering systems enable measurement of detailed time-based information and frequent collection of the data, distributed to various parties, allowing both the Customer and the WA to make strategic business decisions.

3) CYB – Water Distribution Extension and Water Works Facility

- 2018 and Beyond - Cayman Brac Extension Project – ***Phase III - Install 8-inch pipe from Faith Hospital to Watering Place and up to Aston Rutty Center on Ashton Reid Drive.***
Phase III will extend the existing distribution system an additional 28,000 feet, providing piped water to nearly 200 developments (houses, apartment complexes, restaurants, businesses), or to around 400 residents.

Based on 2010 Census figures, by the end of 2017 nearly 1,000 people would have access to the piped water distribution system (450 developments @ 2.2 persons/household), which equates to around 50% of the residential population of Cayman Brac.

- Bluff Water Works (BWW) Site Preparation – Continued preliminary work on the Bluff site to clear and fill the location to prepare for the development of the new water production facility, which will include pilot wells and relevant hydrogeological investigations.
- BWW Infrastructure – Potable Water Storage Tank / Pumping Station and Post Treatment Building / Administration Building and Pipe Storage Rack and Stores. New infrastructure to accommodate the installation of two additional water storage tanks, construction of pumping station to treat and

distribute water from the BWW, construct administrative headquarters for CYB, storage building to safely store spare pipes and materials.

4) Wastewater – Improve Integrity of existing Collection System and Future Expansions

- CCTV Survey – Phase II – Closed Circuit Television Survey (CCTV) of large diameter pipelines within the collections system to identify and repair compromised sewer mains.
- Manhole Rehabilitation - Repair of deteriorated manholes using spun-cast cementitious liners with epoxy overlay (or similar) to protect concrete.
- Automatic Transfer Switch (ATS) for Pump Station # 1 – Install larger capacity emergency generator and ATS to ensure automatic changeover in the event of power failure.
- WWTP - Pond Sediment Removal Project – To remove accumulated sludge from existing ponds.
- WWTP – Pond Relining Project – To update the existing system to be used in conjunction with the WWTP and to secure a backup wastewater treatment method in the care of emergency.

4. OWNERSHIP PERFORMANCE TARGETS

The ownership performance targets (as specified in schedule 5 to the Public Management and Finance Law (2017 Revision) for the *Water Authority of the Cayman Islands* for the 2018 and 2019 financial years are as follows.

FINANCIAL PERFORMANCE MEASURE	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
REVENUE FROM CABINET	-	-	-
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	-	-	-
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	36,497	38,245	48,089
OPERATING EXPENSES	34,313	36,230	46,034
NET SURPLUS DEFICIT	2,183	2,015	2,055
TOTAL ASSETS	90,810.5	92,728.5	89,498
TOTAL LIABILITIES	20,972	21,125	21,593
NET WORTH	69,838	71,604	67,905
CASH FLOWS FROM OPERATING ACTIVITIES	6,458	7,704	15,851
CASH FLOWS FROM INVESTING ACTIVITIES	(14,334)	(7,647)	(1,782)
CASH FLOWS FROM FINANCING ACTIVITIES	(1,419)	(863)	(2,394)
CHANGE IN CASH BALANCES	(9,295)	(806)	11,675

FINANCIAL PERFORMANCE RATIO	2018 Budget %	2019 Budget %	2016/17 18 Months Forecast %
CURRENT ASSETS : CURRENT LIABILITIES	4.84%	5.43%	6.53%
TOTAL ASSETS : TOTAL LIABILITIES	4.33%	4.39%	4.15%

MAINTENANCE OF CAPABILITY

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
HUMAN CAPITAL MEASURES			
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	136	140	132
STAFF TURNOVER (%)	12%	12%	12%
SENIOR MANAGER	~ 21 years	~22 years	~20 years
PROFESSIONAL AND TECHNICAL STAFF	~17 years	~18 years	~16 years
ADMINISTRATIVE STAFF	~15 years	~16 years	~14 years
SIGNIFICANT CHANGES TO PERSONNEL MANAGEMENT SYSTEM	N/A		

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
PHYSICAL CAPITAL MEASURES			
VALUE OF TOTAL ASSETS	90,810.5	92,728.5	89,498
ASSET REPLACEMENTS : TOTAL ASSETS	19.6%	10.1%	4.8%
BOOK VALUE OF ASSETS : COST OF THOSE ASSETS	54.9%	53.7%	53.0%
DEPRECIATION : CASH FLOW ON ASSET PURCHASES	29.5%	67.2%	193%
CHANGES TO ASSET MANAGEMENT POLICIES	None	None	None

	2018 TARGET \$	2019 TARGET \$
MAJOR CAPITAL EXPENDITURE PROJECTS		
Red Gate Site – Construction of new 2million gallon Water Storage Tank	1,500,000	NIL
Red Gate Site – Upgrade and maintain existing Water Services	1,350,000	500,000
Red Gate Site – Purpose Built Storage Facility	1,000,000	NIL
AMI – Advanced Metering Infrastructure	500,000	940,000
CYB – Extension project	1,500,000	1,500,000
BWW – Site Preparation	250,000	NIL
BWW – Infrastructure Potable Water Storage Tank Pumping Station and Post Treatment Administration Building	1,200,000 900,000 1,368,000	NIL
Wastewater – CCTV Survey – Phase II	2,000,000	NIL
Wastewater – Manhole Rehabilitation	437,000	NIL
Wastewater – Pump Station # 1	100,000	NIL
Wastewater – Pond Sediment Removal Project	NIL	1,000,000
Wastewater – Pond Relining Project	NIL	1,000,000

RISK MANAGEMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2016/17	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
Financial Restrictions due to moratorium on borrowing and the inability of the Authority to make necessary capital investments into water and wastewater infrastructure to meet the growing needs of the Islands.	Period of no borrowing request from CIG has been extended to 2019	Work together with the Ministry and public officials to anticipate future demands.	The financial risk is the potential of lost revenue due to the inability of the WA to meet the water production demands of the public, value to be associated with the amount of water that could have been sold but was unavailable. Same with collection of wastewater revenue.
Employee / Public Liability / Motor Vehicle	No identified change in risk status	Adequate insurance maintained to mitigate the risk	<i>Undeterminable</i>

5. SUMMARISED FORECAST FINANCIAL STATEMENTS

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

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
OPERATING STATEMENT			
REVENUE	36,497	38,245	48,090
OPERATING EXPENSES	34,313	36,230	46,034
NET SURPLUS/DEFICIT	2,183	2,015	2,055

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
BALANCE SHEET			
ASSETS	90,810.5	92,728.5	89,498
LIABILITIES	20,972	21,125	21,593
NET WORTH	69,838	71,604	67,905

	2018 Budget \$ 000'S	2019 Budget \$ 000'S	2016/17 18 Months Forecast \$000'S
STATEMENT OF CASH FLOW			
CASH FLOWS FROM OPERATING ACTIVITIES	6,458	7,704	15,851
CASH FLOWS FROM INVESTING ACTIVITIES	(14,334)	(7,647)	(1,782)
CASH FLOWS FROM FINANCING ACTIVITIES	(1,419)	(863)	(2,394)

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 (2017 Revision).

TRANSACTION	AMOUNT FOR 2018 \$	AMOUNT FOR 2019 \$
Equity Investments into <i>Water Authority - Cayman</i>	Nil	Nil
Capital Withdrawals from <i>Water Authority - Cayman</i>	Nil	Nil
Dividend or Profit Distributions to be made by <i>Water Authority - Cayman</i>	\$250,000	\$250,000
Government Loans to be made to <i>Water Authority - Cayman</i>	Nil	Nil
Government Guarantees to be issued in relation to <i>Water Authority - Cayman</i>	Nil	Nil
Related Party Payments (Non-Remuneration) made to Key Management Personnel ⁴⁶	Nil	Nil
Remuneration ⁴⁷ Payments made to Key Management Personnel (Board Members)	\$200 / month and \$25 for meeting attended	\$200 / month and \$25 for meeting attended
Remuneration Payments made to Senior Management	~1.4 million	~1.5 million

DESCRIPTION	NUMBERS FOR 2018 \$	NUMBERS FOR 2019 \$
NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	Unknown at this time	Unknown at this time
NUMBER OF KEY SENIOR MANAGEMENT (MD)	7	7

⁴⁶ Key Management Personnel as defined by International Public Accounting Standards No 20, e.g. Minister, Board Member and Senior Management Team

⁴⁷ Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

AGREEMENT

Scope of this Agreement

In signing this document the *Water Authority 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.

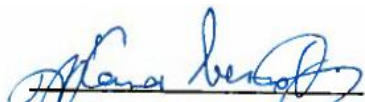
Procedures for Changing this Ownership Agreement

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

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

Agreement

We jointly agree this Ownership Agreement accurately documents the ownership performance the *Water Authority - Cayman* will seek to achieve for the 2018 and 2019 financial years and that the Cabinet will monitor performance against.



Honourable Juliana O'Connor-Connolly, JP
Minister of Education, Youth, Sports, Agriculture & Lands
On behalf of Cabinet



Mr. John Lemuel Hurlston, CVO, MBE, JP, Hon. D.Litt.
Chairman of the Board
The Water Authority of the Cayman Islands

27 October 2017

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APPENDIX

FORECAST FINANCIAL STATEMENTS

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THE WATER AUTHORITY OF THE CAYMAN ISLANDS
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

These forecast financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law (2017 Revision).

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

To the best of our knowledge the statements are:

- a. Complete and reliable;
- b. Fairly reflect the forecast financial position as at 31 December 2018 and 31 December 2019 and performance for the *Water Authority of the Cayman Islands* for the financial years ending 31 December 2018 and 31 December 2019; and
- c. Comply with generally accepted accounting practice.



Mr. John Lemuel Hurlston, CVO, MBE, JP, Hon. D.Litt.

Chairman of the Board
The Water Authority of the Cayman Islands

27 October 2017

THE WATER AUTHORITY OF THE CAYMAN ISLANDS
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

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 31 December 2017.

The Budget forecast is the accrual version of the original forecast for the financial year, as presented in the 2016/17 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.

THE WATER AUTHORITY OF THE CAYMAN ISLANDS
STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Assets

Cash and cash equivalents

Cash and cash equivalents include cash held in the Ministry or Portfolio's bank account and on deposit with the Portfolio of Finance and Economics (Treasury).

Receivables and advances

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

Inventory

Inventories are recorded at the lower of cost and net current value. Where inventories are valued at cost, specific identification or the FIFO method has been used. Appropriate allowance has been made for obsolescence.

Property, Plant and Equipment (including Infrastructure Assets)

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

Other plant and equipment, which includes motor vehicles and office equipment, is recorded at cost (or fair value if acquired prior to 2010) less accumulated depreciation.

Computer Hardware and Software

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

Liabilities

Accounts Payable

Accounts payable are recorded at the amount owing after allowing for credit notes and other adjustments.

Provisions

Provisions are recognised in accordance with IPSAS 19 Provisions, Contingent Liabilities and Contingent Assets.

Employee entitlements

Amounts incurred but not paid at the end of the reporting financial years 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 WATER AUTHORITY OF THE CAYMAN ISLANDS

STATEMENT OF FINANCIAL POSITION

FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

18-Month Forecast Ending Dec-17	STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018 AND 31 DECEMBER 2019	Notes	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Current Assets			
21,806,457	Cash and cash equivalents	1	12,511,795	11,705,376
3,579,324	Trade receivables	2	3,520,124	3,231,424
1,080,989	Inventories	3	1,635,885	2,135,865
26,466,770	Total Current Assets		17,667,804	17,072,665
	Non-Current Assets			
63,031,546	Property, plant and equipment	4	73,142,744	75,655,882
63,031,546	Total Non-Current Assets		73,142,744	75,655,882
89,498,316	Total Assets		90,810,548	92,728,547
	Current Liabilities			
1,351,723	Trade payables	5	1,486,894	1,438,094
1,535,552	Other payables and accruals	5	1,547,801	1,704,801
1,168,680	Current Portion of Borrowings	6	613,343	0
4,055,955	Total Current Liabilities		3,648,038	3,142,895
	Non-Current Liabilities			
2,755,000	Unfunded pension liability	7	2,955,000	2,963,000
14,169,000	Unfunded post-retirement health care	8	14,369,000	15,019,000
613,343	Long Term portion of Borrowings	6	0	0
17,537,343	Total Non-Current Liabilities		17,324,000	17,982,000
21,593,298	Total Liabilities		20,972,038	21,124,895
67,905,018	Net Assets		69,838,510	71,603,652
	NET WORTH			
1,321,223	Contributed capital		1,321,223	1,321,223
0	Other Reserves		0	0
0	Revaluation reserve		0	0
66,583,888	Accumulated surpluses/(deficits)		68,517,269	70,282,434
67,905,111	Total Net Worth		69,838,492	71,603,657

THE WATER AUTHORITY OF THE CAYMAN ISLANDS
 STATEMENT OF FINANCIAL PERFORMANCE
 FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

18-Month Forecast Ending Dec- 17	STATEMENT OF FINANCIAL PERFORMANCE AS AT 31 DECEMBER 2018 AND 31 DECEMBER 2019	Notes	12-Month Budget Ending Dec- 18	12-Month Budget Ending Dec- 19
	Revenue			
45,913,857	Sale of goods and services	9	35,464,833	37,220,879
2,175,868	Investment revenue	10	1,031,880	1,024,277
48,089,725	Total Revenue		36,496,713	38,245,156
	Expenses			
20,595,224	Personnel costs	11	9,645,342	9,948,772
13,425,984	Supplies and consumables	12	10,242,303	10,641,951
5,795,049	Depreciation and Amortisation	4	4,227,302	5,138,363
276,740	Finance costs & overdraft interest	13	81,347	11,670
5,941,386	Other Operating expenses		10,117,038	10,489,235
46,034,383	Total Expenses		34,313,332	36,229,991
2,055,342	Surplus or (Deficit) for the period		2,183,381	2,015,165

THE WATER AUTHORITY OF THE CAYMAN ISLANDS
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

18-Month Forecast Ending Dec- 17	CASH FLOW STATEMENT AS AT 31 DECEMBER 2018 AND 31 DECEMBER 2019		12-Month Budget Ending Dec- 18	12-Month Budget Ending Dec- 19
	CASH FLOWS FROM OPERATING ACTIVITIES			
	<i>Receipts</i>			
48,089,725	Sale of goods and services - third party		36,496,713	38,245,156
	Interest received			
	<i>Payments</i>			
(20,595,224)	Personnel costs		(9,645,342)	(9,948,772)
	Supplies and consumables - Ministries/Portfolios			
(13,425,984)	Supplies and consumables - Statutory Agencies and Government Companies		(10,242,303)	(10,641,951)
	Supplies and consumables - third party			
(276,740)	Interest paid		(81,347)	(11,670)
2,059,717	Other payments		(10,069,503)	(9,938,639)
15,851,494	Net cash flows from operating activities	14	6,458,218	7,704,124
	CASH FLOWS FROM INVESTING ACTIVITIES			
(1,809,095)	Purchase of property, plant and equipment		(14,338,500)	(7,651,501)
26,717	Proceeds from sale of property, plant and equipment		4,300	4,300
	Purchase of investments			
	Proceeds from sale of investments			
(1,782,378)	Net cash flows from investing activities		(14,334,200)	(7,647,201)
	CASH FLOWS FROM FINANCING ACTIVITIES			
	Equity Investment from Cabinet			
(250,000)	Repayment of Surplus/Dividends or Capital withdrawal		(250,000)	(250,000)
	Borrowings			
(2,144,251)	Repayment of Borrowings		(1,168,679)	(613,343)
	Currency Issues			
(2,394,251)	Net cash flows from financing activities		(1,418,679)	(863,343)
11,674,865	Net increase/(decrease) in cash and cash equivalents		(9,294,661)	(806,420)
10,131,592	Cash and cash equivalents at beginning of period		21,806,457	12,511,796
21,806,457	Cash and cash equivalents at end of period		12,511,796	11,705,376

THE WATER AUTHORITY OF THE CAYMAN ISLANDS
STATEMENT OF CHANGES IN NET WORTH
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

	Contributed Capital	Other Reserves	Revaluation Reserve	Accumulated Surplus/ (deficits)	Total
Balance at 30 June 2016 brought forward	1,321,223			70,103,546	71,424,769
Prior Year Adjustments					
Changes in accounting policy	0				0
Accounting Errors	0				0
Restated balance 30 June 2016	1,321,223	0	0	70,103,546	71,424,769
Changes in net worth for 2016/17					
Gain/(loss) on property revaluation					0
Gain/(loss) on revaluation of investments					0
Exchange differences on translating foreign operations					0
Equity Investment from Cabinet					0
Capital withdrawals by Cabinet					0
Dividends payable to Cabinet				(5,575,000)	(5,575,000)
Net revenue / expenses recognised directly in net worth	0	0	0	(5,575,000)	(5,575,000)
Surplus/(deficit)for the period 2016/17				2,055,342	2,055,342
Total recognised revenues and expenses for the period	0	0	0	(3,519,658)	(3,519,658)
Balance at 31 December 2017	1,321,223	0	0	66,583,888	67,905,111
Balance at 31 December 2017 brought forward	1,321,223	0	0	66,583,888	67,905,111
Prior Year Adjustments					
Changes in accounting policy					0
Accounting Errors					0
Restated balance 31 December 2017	1,321,223	0	0	66,583,888	67,905,111
Changes in net worth for 2018					
Gain/(loss) on property revaluation					0
Gain/(loss) on revaluation of investments					0
Exchange differences on translating foreign operations					0
Equity Investment from Cabinet					0
Capital withdrawals by Cabinet					0
Dividends payable to Cabinet	0			(250,000)	(250,000)

Net revenue / expenses recognised directly in net worth	0	0	0	(250,000)	(250,000)
Surplus/(deficit)for the period 2018				2,183,381	2,183,381
Total recognised revenues and expenses for the period	0	0	0	1,933,381	1,933,381
Balance at 31 December 2018 carried forward	1,321,223	0	0	68,517,269	69,838,492
	Contributed Capital	Other Reserves	Revaluation Reserve	Accumulated Surplus/ (deficits)	Total
Balance at 31 December 2018 brought forward	1,321,223	0	0	68,517,269	69,838,492
Prior Year Adjustments					
Changes in accounting policy					0
Accounting Errors					0
Restated balance 31 December 2018	1,321,223	0	0	68,517,269	69,838,492
Changes in net worth for 2019					
Gain/(loss) on property revaluation					0
Gain/(loss) on revaluation of investments					0
Exchange differences on translating foreign operations					0
Equity Investment from Cabinet					0
Capital withdrawals by Cabinet					0
Dividends payable to Cabinet				(250,000)	(250,000)
Net revenue / expenses recognised directly in net worth	0	0	0	(250,000)	(250,000)
Surplus/(deficit)for the period 2019				2,015,165	2,015,165
Total recognised revenues and expenses for the period	0	0	0	1,765,165	1,765,165
Balance at 31 December 2019	1,321,223	0	0	70,282,434	71,603,657

THE WATER AUTHORITY OF THE CAYMAN ISLANDS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Note 1: Cash and cash equivalents

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
7,300	Cash on hand	7,300	7,300
	Cash in transit		
21,799,157	CI\$ Account	12,504,495	11,698,076
	US\$ Account		
	Bank Overdraft		
	Payroll Current Account		
	Bank Accounts held at other financial institutions		
	Short-Term Fixed Deposits		
21,806,457	TOTAL	12,511,795	11,705,376

Note 2: Trade and other receivables

18-Month Forecast Ending Dec-17	Trade Receivables	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Sale of goods and services to Cabinet		
	Sale of goods and services to Ministries/Portfolios		
	Sale of goods and services to Statutory Agencies and Government Companies		
5,519,990	Sale of goods and services - third party	5,519,990	5,194,990
	Other		
-1,940,666	Less: provision for doubtful debts	-1,999,866	-1,963,566
3,579,324	Total trade receivables	3,520,124	3,231,424

THE WATER AUTHORITY OF THE CAYMAN ISLANDS
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

18-Month Forecast Ending Dec-17	Trade Receivables	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Current		
1,600,013	Past due 1-30 days	1,594,438	1,305,738
899,687	Past due 31-60 days	875,312	875,312
719,750	Past due 61-90 days	700,250	700,250
359,875	Past due 90 and above	350,125	350,125
	Non-Current		
	Past due 1 year and above		
3,579,324	Total	3,520,124	3,231,424

Note 3: Inventories

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Current Inventories		
	Inventory held for use in the provision of goods and services		
	Inventory held for sale		
1,097,850	Inventory Other	1,652,746	2,152,726
(16,861)	Impairment of Inventory	(16,861)	(16,861)
1,080,989	INVENTORIES - Current	1,635,885	2,135,865
	Non-Current Inventories		
	Inventory held for use in the provision of goods and services		
	Inventory held for sale		
	Inventory Other		
	Impairment of Inventory		
0	INVENTORIES - Non-Current	0	0
1,080,989	TOTAL INVENTORIES	1,635,885	2,135,865

THE WATER AUTHORITY OF THE CAYMAN ISLANDS
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Note 4: Property, plant & equipment

Cost of Property, plant & equipment

	<i>Land</i>	<i>Buildings and Leasehold</i>	<i>Water Reticulation</i>	<i>Infrastructure</i>	<i>Other assets</i>	<i>Total</i>
Balance as at 1 July 2016	3,555,599	5,650,711	70,940,911	28,907,081	9,852,398	118,906,700
Additions	0	0				0
Disposals and Derecognition	0					0
Revaluation	0					0
Transfers	0					0
Balance as at 31 December 2017	3,555,599	5,650,711	70,940,911	28,907,081	9,852,398	118,906,700

	<i>Land</i>	<i>Buildings and Leasehold</i>	<i>Water Reticulation</i>	<i>Infrastructure</i>	<i>Other assets</i>	<i>Total</i>
Balance as at 1 January 2018	3,555,599	5,650,711	70,940,911	28,907,081	9,852,398	118,906,700
Additions	100,000	3,100,000	9,199,000	186,000	1,753,500	14,338,500
Disposals and Derecognition	0					0
Revaluation	0					0
Transfers	0					0
Balance as at 31 December 2018	3,655,599	8,750,711	80,139,911	29,093,081	11,605,898	133,245,200

	<i>Land</i>	<i>Buildings and Leasehold</i>	<i>Water Reticulation</i>	<i>Infrastructure</i>	<i>Other assets</i>	<i>Total</i>
Balance as at 1 January 2019	3,655,599	8,750,711	80,139,911	29,093,081	11,605,898	133,245,200
Additions	0	1,475,001	4,341,000	120,000	1,715,500	7,651,501
Disposals and Derecognition	0					0
Revaluation	0					0
Transfers	0					0
Balance as at 31 December 2019	3,655,599	10,225,712	84,480,911	29,213,081	13,321,398	140,896,701

THE WATER AUTHORITY OF THE CAYMAN ISLANDS
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Accumulated Depreciation and impairment losses

	<i>Land</i>	<i>Buildings and Leasehold</i>	<i>Water Reticulation</i>	<i>Infrastructure</i>	<i>Other assets</i>	<i>Total</i>
Balance as at 1 July 2016		1,372,448	29,329,677	13,485,020	5,892,960	50,080,105
Depreciation Expense 2016/17		118,181	2,900,000	975,000	1,801,868	5,795,049
Balance as at 31 December 2017	0	1,490,629	32,229,677	14,460,020	7,694,828	55,875,154

	<i>Land</i>	<i>Buildings and Leasehold</i>	<i>Water Reticulation</i>	<i>Infrastructure</i>	<i>Other assets</i>	<i>Total</i>
Balance as at 1 January 2018	0	1,490,629	32,229,677	14,460,020	7,694,828	55,875,154
Depreciation Expense 2018		118,181	2,606,998	821,497	680,626	4,227,302
Balance as at 31 December 2018	0	1,608,810	34,836,675	15,281,517	8,375,454	60,102,456

	<i>Land</i>	<i>Buildings and Leasehold</i>	<i>Water Reticulation</i>	<i>Infrastructure</i>	<i>Other assets</i>	<i>Total</i>
Balance as at 1 January 2019	0	1,608,810	34,836,675	15,281,517	8,375,454	60,102,456
Depreciation Expense 2019		204,514	3,027,018	839,831	1,067,000	5,138,363
Balance as at 31 December 2019	0	1,813,324	37,863,693	16,121,348	9,442,454	65,240,819

Net Book value 31 December 2017	3,555,599	4,160,082	38,711,234	14,447,061	2,157,570	63,031,546
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Net Book value 31 December 2018	3,655,599	7,141,901	45,303,236	13,811,564	3,230,444	73,142,744
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Net Book value 31 December 2019	3,655,599	8,412,388	46,617,218	13,091,733	3,878,944	75,655,882
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THE WATER AUTHORITY OF THE CAYMAN ISLANDS
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Note 5: Trade payables, other payables & Accruals

18-Month Forecast Ending Dec-17		12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Current Trade payables other payables and accruals		
1,351,723	Creditors Third party	1,486,894	1,438,094
	Creditors Ministries/Portfolios		
	Creditors other Statutory Agencies and Government Companies		
	Payroll Deductions		
	Operating Lease		
	Accrued Expenses		
1,535,552	Other payables	1,547,801	1,704,801
	Dividends/Surplus Payable		
2,887,275	Trade payables other payables and accruals - Current	3,034,695	3,142,895
	Non-Current Trade payables other payables and accruals		
	Creditors Third party		
	Creditors Ministries/Portfolios		
	Creditors other Statutory Agencies and Government Companies		
	Payroll Deductions		
	Operating Lease		
	Accrued Expenses		
	Other payables		
	Dividends/Surplus Payable		
0	Trade payables other payables and accruals - Non-Current	0	0
2,887,275	Total trade payables other payables and accruals	3,034,695	3,142,895

THE WATER AUTHORITY OF THE CAYMAN ISLANDS
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Note 6: Borrowings

18-Month Forecast Ending Dec-17	<i>Local Currency Debt</i>	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
1,168,680	Not later than one year	613,343	
613,343	Between one and two years		
	Between two and five years		
	Later than five Years		
1,782,023	Total Local Currency Debt	613,343	0
	<i>Foreign Currency Debt (state in \$CI)</i>		
	Not later than one year		
	Between one and two years		
	Between two and five years		
	Later than five years		
0	Total Foreign Currency Debt	0	0
1,782,023	Total Outstanding Debt	613,343	0

Note 7: Unfunded Pension Liability

Pensions Plan Actuarial Valuation

18-Month Forecast Ending Dec-17		12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Value of pension fund allocated assets		
(2,755,000)	Past service liability (Enter -No.)	(2,955,000)	(2,963,000)
(2,755,000)	Fund (deficiency)/Surplus	(2,955,000)	(2,963,000)

THE WATER AUTHORITY OF THE CAYMAN ISLANDS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Note 8: Unfunded post-retirement health care

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
(14,169,000)	Employee healthcare benefits, net	(14,369,000)	(15,019,000)

Note 9: Sales of Goods & Services

18-Month Forecast Ending Dec-17	Revenue type	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
0	Fees and Charges	0	0
45,913,857	General Sales	35,464,833	37,220,879
0	Rentals	0	0
0	Other Goods & Services Revenue	0	0
0	Sale of goods and services to Cabinet	0	0
0	Sale of goods and services to Other Ministries and Portfolios	0	0
45,913,857	Total sales of goods and services	35,464,833	37,220,879

18-Month Forecast Ending Dec-17	General Sales	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
38,539,145	General Water Sales	30,058,681	31,598,479
7,218,866	Sewerage Fees	5,245,631	5,455,457
155,846	Other	160,521	166,943
45,913,857	Total General Sales	35,464,833	37,220,879
(14,169,000)	Total Unfunded Health Care Liability	(14,369,000)	(15,019,000)

THE WATER AUTHORITY OF THE CAYMAN ISLANDS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Note 10: Investment revenue

18-Month Forecast Ending Dec-17	Revenue type	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
	Interest on deposits		
	Interest on cash balances		
1,974,413	Royalties	898,560	925,517
201,455	Other	133,320	98,760
	Other		
2,175,868	Total Investment revenue	1,031,880	1,024,277

Note 11: Personnel costs

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
9,875,474	Salaries, wages and allowances	8,238,522	8,485,678
	Health care CINICO		
977,798	Health care other	1,026,687	1,067,755
481,952	Pension	380,133	395,339
	Leave		
9,260,000	Other personnel related costs		
20,595,224	Total Personnel Costs	9,645,342	9,948,772

Note 12: Supplies and consumables

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
10,358,641	Supplies and Materials	8,046,843	8,368,717
	Purchase of services		
18,502	Lease of Property and Equipment	12,335	12,335
1,985,590	Utilities	1,428,631	1,476,223
988,368	General Insurance	691,857	719,532
74,883	Recruitment and Training	62,637	65,144
13,425,984	Total Supplies & consumables	10,242,303	10,641,951

THE WATER AUTHORITY OF THE CAYMAN ISLANDS
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDING 31 DECEMBER 2018 AND 31 DECEMBER 2019

Note 13: Finance costs

18-Month Forecast Ending Dec-17	Descriptions	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
276,740	Interest on borrowings	81,347	11,670
	Other borrowing costs		
	Interest on overdraft		
276,740	Total Finance cost	81,347	11,670

Note 14: Reconciliation of net cash flows from operating activities to surplus/(deficit)

18-Month Forecast Ending Dec-17	Description	12-Month Budget Ending Dec-18	12-Month Budget Ending Dec-19
2,055,342	Surplus/(deficit) from ordinary activities	2,183,381	2,015,165
	Non-cash movements		
5,795,049	Depreciation & Amortisation	4,227,302	5,138,363
0	Impairment	0	0
0	(Gain)/losses on sale of property plant and equipment	0	0
0	(Gain) / loss on derecognition and revaluation of assets	0	0
	Other Non-cash movement		
	Changes in current assets and liabilities:		
	(Increase)/decrease in other current assets - Cabinet		
	(Increase)/decrease in other current assets - Statutory Agencies and Government Companies		
	(Increase)/decrease in other current assets - Ministries Portfolios		
	(Increase)/decrease in other current assets - Other		
	(Increase)/(decrease) in current liabilities - Statutory Agencies and Government Companies		
	(Increase)/(decrease) in current liabilities - Ministries Portfolios		
	(Increase)/(decrease) in current liabilities - Other		
7,850,391	Net cash flows from operating activities	6,410,683	7,153,528

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CAYMAN ISLANDS
GOVERNMENT

CAYMAN ISLANDS GOVERNMENT – OWNERSHIP AGREEMENTS

END