



# Annual Report

**2012 - 2013**

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## ***OUR VISION***

To become a reputable medium-sized global niche market leader in the provision of client-focused and distinctive quality maritime administration and related services that add value to our clients' operations, meet and promote international standards, and positively contribute to the development of the Cayman Islands.

## ***OUR MISSION***

The Maritime Authority will facilitate the development of the Cayman Islands as an international maritime centre and help foster a dynamic environment that supports its clients' efforts to maximise their growth opportunities and returns, whilst promoting compliance with international standards, regional agreements and domestic legislation in the areas of maritime safety and security, pollution prevention, and social responsibility.

## ***AUTHORISATION AFFIDAVIT***

30 June, 2013

To All Concerned:

I hereby authorise the dissemination of this document, which constitutes a summary of the activities of the Maritime Authority of the Cayman Islands during the fiscal year 1 July, 2012 – 30 June, 2013, to all relevant parties.

It includes the financial results of the organisation, duly audited and approved by the Auditor General.

It is submitted to the Cabinet of the Cayman Islands Government and is tabled in the Legislative Assembly as a public document.

A. Joel Walton, JP  
CEO, MACI

## ***STATEMENT FROM THE CHAIRPERSON***

On behalf of the Board of Directors of the Maritime Authority of the Cayman Islands (MACI), it gives me great pleasure to present the 2012/13 Annual Report.

As the Cayman Islands Shipping Registry celebrates its 110<sup>th</sup> anniversary, I am pleased to be a part of this important milestone, as not many local organisations can celebrate such a momentous occasion.

The Cayman Islands flag administration has spent many years and great effort in developing its reputation as a professional, dependable, quality and service-driven organisation within its global speciality market and the discerning clients who have chosen to fly the Cayman red ensign are a true testament to the dedication and hard work of Mr. Walton and his staff.

During this fiscal year, the global economic situation continued to be very challenging impacting MACI's shareholder, which had a knock-on effect to the Authority. Notwithstanding these challenges, the Authority was able to close the fiscal year at about a break-even position – a position which could have been much worse without the Authority's management making some difficult but necessary decisions.

I look forward to MACI's next phase of development as it continues to expand its horizons, broadening the cross-section of vessel types and sizes and owners as well as expanding the organisation's geographical locations, while staying true to its core values of technical excellence and quality customer service.

Bruce Blake  
Chairperson, MACI Board of Directors

## ***STATEMENT FROM THE CEO***

The 2012/13 fiscal year comes to a close with proud achievements as the Maritime Authority of the Cayman Islands (MACI) marks the 110<sup>th</sup> anniversary of the formal establishment of the Cayman Islands Shipping Registry (CISR).

George Town was named as an official British Port of Registry in 1903 and in April of that year the ship “El Paso” became the first vessel to be recorded on the register. The Registry has come a long way as it has grown from historically being used by locally built and owned vessels during Cayman’s shipbuilding era to registering pleasure and commercial vessels that operate around the world.

I am very proud of the organisation as I recall its significant milestones, which include the CISR obtaining British Registry Category 1 Status on 25 July, 1991, allowing the Registry to register vessels of any age, size and type, provided they meet international standards; the formation of the Maritime Authority of the Cayman Islands on 1 July, 2005, restructuring the CISR to become a division of MACI; being “white listed” under the Paris, Tokyo and US Qualship 21 port state control systems, allowing Cayman-registered vessels to undergo less Port State Control inspections whilst in European, Asian and US waters; receiving ISO 9001:2008 Quality Management certification in 2011, enhancing customer satisfaction, operational efficiency and cost effectiveness; receiving designation of “low risk” status in 2011 after the completion of the Voluntary IMO Member State Audit Scheme (VIMSAS), a major achievement and a significant benefit to the ships that fly the Cayman flag; and the Cayman Islands being identified as one of 13 top performing regulatory flags recognised by the International Chamber of Shipping in 2012, based on 18 performance indicators, including benchmarks such as international agreements, use of recognised survey organisations and age of fleet.

Today, the Authority employs about 50 people in the Cayman Islands and UK offices and also has representation in 8 other countries, namely USA; France; Greece; Italy; The Netherlands; Singapore; Hong Kong and Japan, enabling MACI to continue to deliver services where our global client base dictates.

Currently, the Registry has nearly 2,000 vessels with a combined gross registered tonnage of about 4 million. 85% of the fleet are pleasure vessels and 15% are commercial ships. These are statistics we are very pleased with as MACI continues to be committed to achieving supreme status within its niche market area of the shipping industry.

MACI continues to work extensively with various local and overseas advisory and affiliated organisations such as the Maritime Sector Consultative Committee, the Cayman Islands Shipowners’ Advisory Council – Ship and Yacht Committees, the Red Ensign Group of British Registries, the International Maritime Organisation and the Caribbean Memorandum of Understanding on Port State Control.

Concluding another successful year, the Authority remains dedicated to being a client-focused organisation, offering continued support and advice; keeping abreast of technological advancements; and the on-going revision of domestic legislation to keep current with international maritime standards.

Cayman has a thriving maritime industry due to its quality surveyors, administrators and the service providers to the industry, such as company managers and lawyers. It is our intention to build upon the successes that we have achieved and to continue to meet and exceed these international standards and continue to develop Cayman as an international maritime centre.

We are confident the organisation will celebrate another successful 110 years!

A. Joel Walton, JP  
CEO, MACI

#### **TRIBUTE TO CAPT. WILFRED BARRIE RIAL**

On behalf of the Maritime Authority of the Cayman Islands, I pay tribute to Capt. Wilfred Barrie Rial – a gentleman who embodied integrity, humility and compassion.

Capt. Rial joined the Cayman Islands Shipping Registry in 1995 and was employed until his passing on 28 March, 2013. He was more than an employee – he was a father-figure, friend and confidant. His work ethic was legendary and his dedication and loyalty to the Authority were strong and unwavering.

Capt. Rial was integral to the development of MACI and with his vast institutional knowledge and love of the maritime industry, a safe harbour for any trust or task reposed in him. He will be deeply missed by all at the Authority and the wider maritime community. The wonderful, warm memories we have of our Capt. Rial will forever be cherished in our hearts.

May his soul rest in peace.

A. Joel Walton, JP  
CEO, MACI

## ***ABOUT THE MARITIME AUTHORITY***

The Maritime Authority of the Cayman Islands (MACI) is a statutory corporation formed as a separate legal entity under The Maritime Authority of the Cayman Islands Law, 2005, that came into effect 1 July, 2005.

### **ROLE AND FUNCTIONS**

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

1. The original CISR’s vessel and mortgage registration, advisory and marine survey and audit services;
2. The overall responsibility for implementing Cayman’s marine pollution prevention, maritime safety and security, and seafarers’ welfare obligations under international Conventions and Codes and Cayman legislation for Cayman-flagged vessels;
3. The responsibility for the implementation of Cayman’s obligations under the Caribbean Memorandum of Understanding on Port State Control for foreign-flagged vessels entering Cayman Islands’ ports and for marine casualty investigation activities in relation to Cayman-flagged vessels;
4. The responsibility for national maritime policy formulation, the provision of advice on maritime-related matters, and the development of Cayman’s maritime-related legislation;
5. The responsibility to represent Cayman at international fora and to protect its maritime interests; and
6. The responsibility to facilitate the development of the Cayman Islands as an international maritime centre.

### **RELATIONSHIP BETWEEN THE CAYMAN ISLANDS AND THE UNITED KINGDOM GOVERNMENTS**

The Authority is wholly-owned by the Government of the Cayman Islands, but governed by a Board of Directors appointed by the Governor-in-Cabinet. MACI reports to the Cabinet of the Cayman Islands through the Ministry of Finance, but is also answerable to the UK Secretary of State via the UK’s Department of Transport for the effective implementation of relevant international maritime and related Conventions that have been ratified by the UK Government and, hence, extended to Cayman.

## **RELATIONSHIP WITH THE PRIVATE SECTOR**

In recognition of the global nature of shipping, and the need for MACI to have the benefit of local and international advice, two bodies were established, namely, the Maritime Sector Consultative Committee (MSCC) and the Cayman Islands Shipowners' Advisory Council (CISAC), which includes the Cayman Islands Shipowners' Advisory Council – Yacht Committee (CISAC–YC), as of the 2006/7 fiscal year.

MSCC (previously the Shipping Sector Consultative Committee, or SSCC) was formed in 1993 and is comprised of local service providers. The objective of the MSCC is to provide a formal mechanism through which the private sector may provide advice and recommendations for ensuring the maritime industry's continued growth and viability. The Authority believes it is imperative that these stakeholders have an opportunity to provide input on the development of the sector.

The CISAC is comprised of major shipowners with Cayman-flagged vessels and was formed in 1997. The CISAC-YC also consists of major yacht managers and owners with Cayman-registered vessels and was established in 2007. These bodies are for establishing and maintaining dialogue and for exchanging ideas between and among its members and the Cayman Islands maritime administration. Through these channels of communication, MACI hopes to maintain and improve the quality of the Cayman Islands Shipping Registry as well as promote its interests generally.

## **INTERNATIONAL REGULATORY ENVIRONMENT**

One of the primary roles of MACI is to cooperate with overseas regulatory bodies to enable them to execute their regulatory functions. The main bodies include:

- The International Maritime Organization: The main international standard-prescribing body responsible for safety of life at sea, maritime security and the protection of the marine environment.
- The International Labour Organization: This body establishes international standards for employment and working conditions for seafarers.

There are other players whose activities have significantly impacted international shipping which affects Cayman-flagged vessels, namely: the International Association of Classification Societies, the United States Coast Guard, various signatories to Memoranda of Port State Control and, increasingly, the European Union (EU).

## ***BOARD OF DIRECTORS***

The second Board of the Maritime Authority of the Cayman Islands was appointed by the Governor on 1 September, 2010 and consists of individuals with expertise in the areas of law, financial management, national security, international shipping, corporate services and maritime affairs.

The Board has authority to delegate to any director, sub-committee or the Chief Executive Officer (CEO). Such delegation, however, does not preclude the Authority from exercising any power delegated. Thus far there are no sub-committees and the Board has chosen only to delegate the Authority's power to the CEO for engaging such officers and consultants as the CEO considers necessary and on such terms and conditions as the CEO considers appropriate within the salary scales approved by the Board.

In the absence of sub-committees, the CEO has established a Management Committee comprising the senior managers of the Authority that deal with such matters that would otherwise rest with a Board appointed sub-committee.

## ***PROFILES OF THE DIRECTORS***

### **Mr. Bruce Blake - Chairperson**

After graduating from the University of South Florida, Mr. Blake worked for PriceWaterhouse in Grand Cayman, New York and Toronto for four years, before going on to join the law firm of Maples and Calder as a Financial Controller. During his time in the Finance Department, he attended the Cayman Islands Law School. After being admitted as an attorney, he joined the Finance Group in the Maples and Calder Grand Cayman office for seven months before being transferred to the Maples office in London for a two-year tour of duty. Mr. Blake returned from the London office in April 2010 and re-joined the Finance Group.

He is also the General Secretary of the Cayman Islands Football Association.

### **Mr. Bruce Putterill - Deputy Chairperson**

Mr. Putterill is a Cayman Islands lawyer who has been in practise for over 25 years. He was a Senior Partner and then Chairman of Appleby, a global leader in the supply of international offshore legal, fiduciary and administration services, before retiring as a Partner in 2009. He continues a relationship with the firm as Senior Counsel to the firm. For 2004-9, he was the Cayman Head of Appleby's Corporate & Commercial Practice Group and the Global Leader of the firm's Banking & Asset Finance Team and Funds & Investment Services Team.

Mr. Putterill is a leading shipping lawyer in the Cayman Islands and played a major role in the adoption by the Cayman Islands in the 1980s of the international maritime safety conventions and, subsequently, the establishment of the Cayman Islands Shipping Registry, now a division of the Maritime Authority of the Cayman Islands. He has been an active member since inception of the Maritime Sector Consultative Committee, promoting and assisting the Cayman Shipping Registry in its on-going development.

Prior to moving to the Cayman Islands, Mr. Putterill practised as a solicitor in London with Norton Rose, specialising in ship finance. He holds a Law Degree from the University of Zimbabwe and is admitted as a Solicitor in England & Wales (non-practising) and as an Attorney-at-Law in the Cayman Islands.

### **Mr. Dennis Hunter - Director**

Mr. Hunter has been the Managing Director of Queensgate Trust Company Ltd., and Queensgate Bank Ltd. (formerly Queensgate Bank & Trust Company Ltd.) in the Cayman Islands since 1993 and a Director thereof since 1990. He has over 30 years' experience in offshore banking and the administration of mutual funds. From 1978-93, he was the Financial Controller and Treasurer of Aall Trust & Banking Corporation Limited, Grand Cayman.

Mr. Hunter graduated with a Higher National Diploma in Business Studies and postgraduate Diploma in Management Studies from Newcastle and Brighton Polytechnics, respectively. He is a director of a range of investment funds, commercial property holding companies in Cayman, and other entities both onshore and offshore. He has also been a member of the Maritime Sector Consultative Committee since its inception.

#### **Mr. James C. Parsons, Jr. - Director**

Mr. Parsons qualified as a Certified Public Accountant in 1991 following his college education at Barry University in Miami, Florida. He presently holds the position of Deputy Port Director, and has been charged with the responsibility of the Accounting, Financial and Freedom of Information Reporting for the Port Authority of the Cayman Islands since 1 March, 2005.

Prior to joining the Authority, Mr. Parsons worked as a Senior Auditor for three and a half years with Ernst & Young, as a Fund Administrator/Accountant for three years with Deutsche Bank (Cayman) Ltd., and for eight years as Deputy Managing Director/Chief Financial Officer with Andy's Rent-A-Car Limited. Prior to attending university in the mid-1980s, Mr. Parsons held various junior and senior level positions with Barclays Bank, PLC, Lloyds Bank and Trust, and the Swiss Bank Corporation.

Mr. Parsons has previously served as an active member on two government boards in the 1990s, namely, the Housing Development Corporation Board, and the Immigration Board.

He is also a past member and Treasurer of the Rotary Club Central, and a past member of the Kiwanis Club of Grand Cayman. His experience also includes being a founding member of the Overseas Student Association.

#### **Mr. John P. Wolf - Director**

Mr. John Wolf is Head of the Corporate Department at Campbells. He specialises in maritime and shipping law with particular emphasis on pleasure vessels and deals with all matters involving British registered ships. Mr. Wolf regularly advises on all matters involving acquisition, financing, title, registration and operation of vessels at the British ports of registry in the Cayman Islands including acting for owners, purchasers and secured lenders.

He is a member of the Cayman Islands Shipping Registry's Maritime Sector Consultative Committee and author of numerous briefing papers and articles relating to the registration and financing of ships in the Cayman Islands.

Mr. Wolf trained and qualified in 1992 as a Solicitor of the Supreme Court in the City of London, England. He qualified as a Cayman Islands Attorney-at-Law in 1997 and has over 19 years practising experience in English and Cayman Islands law.

### **Mr. Kirkland H. Nixon, MBE, QFSM, JP - Director**

Mr. Kirkland Nixon is a retired civil servant with over 38 years' experience. He joined the Civil Aviation Authority in 1966 as a Fireman and retired as Chief Fire Officer in 2005.

During his tenure in the Cayman Islands Government, Mr. Nixon was awarded the Most Excellent Order of the British Empire (MBE) in 1979. He was also instrumental in the establishment of the Cayman Islands Fire Brigade in 1980. He served as President of the Lions Club of Grand Cayman from 1979-80, and was appointed as a Justice of the Peace (JP) of the Cayman Islands in May 1987. In 1989, he was awarded the Queen's Fire Service Medal (QFSM) for meritorious service. He also received in 1989 the International Distinguished Service Award (IDSA) at the National Hurricane Conference in Miami, Florida.

Mr. Nixon served as the first Chairman and Founding Member of the National Trust of the Cayman Islands. He also served as President of the Cayman Islands Civil Service Credit Union and Justice of the Peace Association. Additionally, he has served on numerous Government Boards and Committees as follows: Chairman of the KEYS Foundation and the Cayman Islands Marine Institute; Deputy Chairman of the Civil Aviation Authority Board; Coordinator of the National Hurricane Committee; Secretary of the Cayman Airways Board; Member of the National Security Committee, Airport Security Committee and Civil Aviation Authority Board; and Ex-officio Member of the Planning Board.

Mr. Nixon presently serves as Chairman of the Tourism Attraction Board as well as of the Cayman Islands Airports Authority; and Member of the Public Service Pensions Board.

### **Mr. Nicolas ("Nicky") A. Pappadakis - Director**

Mr. Pappadakis, upon graduating from College, joined the family firm of A.G. Pappadakis & Co. Ltd. in London as management trainee, progressing through multiple assignments, and eventually to the head of chartering and operations of the family firm and fleet (112.000 TDW O/B/O vessels, 30-60.000 TDW tankers, 40-77.000 bulk carriers, 23.000 TDW multipurpose/heavy lift vessels – 16.500 cargo liners and twin deckers at various periods). Prior to this, Mr. Pappadakis had served periods at sea as an apprentice on tankers, dry cargo and bulk carrier vessels. Eventually he became in charge of the family maritime and aviation interests.

Mr. Pappadakis has served on numerous committees and is Ex-Chairman of the Greek Committee of RINA; Immediate Past Chairman of INTERCARGO (presently Chairman Emeritus); Immediate Past President of the U.S. Propeller Club International Port of Piraeus; and Ex-member of the Board of Directors of the Union of Greek Ship-Owners.

Mr. Pappadakis currently serves as Chairman of the Malta International Shipping Council (Shipowners' Association under Malta flag) and Vice President of The Hellenic

Chinese Chamber of Commerce. He is also a Member of the current Board of Governors of the U.S. Propeller Club International, Port of Piraeus, Hellenic Committee of Lloyds Register, Hellenic Committee of Germanischer Lloyd, Hellenic Committee of American Bureau of Shipping, Hellenic Committee of Det Norske Veritas, Mediterranean Committee of China Classification Society, The London Steam-Ship Owners' P&I Club Committee, and HELMEPA & INTERMEPA (Hellenic Maritime Protection Association). Mr. Pappadakis is also a Life Member of NAMEPA.

Mr. Pappadakis has an ongoing deep concern and commitment for the sea, seafarers and the environment.

### **Mr. A. Joel Walton, JP - MACI CEO & Ex-Officio Member**

Since May 2004, Mr. Walton has been the Chief Executive Officer of the Maritime Authority of the Cayman Islands (MACI), which also owns and operates the Cayman Islands Shipping Registry. He obtained a Bachelor of Administration (Hons) degree with a specialization in Finance from Brock University, Canada, in 1983 and an MBA with a concentration in Finance and Strategic Planning from the University of Windsor, Canada, in 1988.

Mr. Walton formerly served in the Cayman Islands Civil Service, which he joined in 1983. He held several posts, including that of Deputy Financial Secretary of the Cayman Islands, which he held for 11 years, until May 2004.

Mr. Walton has held appointments on a number of boards and committees in the Cayman Islands public and private sectors including: Chairman of the Cayman Islands Health Services Authority Board, Cayman Company Sector Consultative Committee, Cayman Turtle Farm Board and Cayman Brac Economic Development Committee; and Deputy Chairman of the Cayman Islands Monetary Authority Board, Cayman Islands Public Service Pensions Board and Cayman Islands Stock Exchange Authority Board. Mr. Walton has also held other board appointments, including with the Caribbean Utilities Company Ltd., a Toronto Stock Exchange listed company, and with the Caribbean Development Bank.

He is currently Chairman of the MACI Executive Management Committee and the Maritime Sector Consultative Committee.

### **Ms. Glenda Dilbert-Davis - MACI Board Secretary & Ex-Officio Member**

Ms. Dilbert-Davis joined the Maritime Authority of the Cayman Islands on 1 January, 2008, as Head of Human Resources & Administration. She has responsibility for all HR and Administrative functions and activities of MACI, including performance management, employee relations, training and development, recognition and reward.

Ms. Dilbert-Davis possesses over 25 years of governmental experience, having initially joined the public sector in Cayman Brac in 1983, and after a short stint in the private

sector in Grand Cayman, and study leave abroad in the UK, she re-joined the public sector in 1989, where she has remained to date.

During this time, Ms. Dilbert-Davis worked in various Government agencies including, the George Town Hospital (now the Health Service Authority), Financial Secretary's Office, Portfolio of Finance & Economics, Public Services Pensions Board, Ministry of Education, Employment, Youth, Sports & Culture, and Department of Education Services. Whilst working in the Portfolio of Finance & Economics, she was involved in shipping-related matters and acted at times as Secretary to both the Shipping Sector Consultative and the Shipowners' Advisory Committees.

Ms. Dilbert-Davis holds a First-Class Certificate in Personnel Practice from Chichester University, UK, and a Masters in Human Resources Management from the University of Portsmouth, UK.

## ***KEY MANAGEMENT PERSONNEL***

(As at 30 June, 2013)

### **CEO**

A. Joel Walton, JP

### **Director – Global Operations**

Kenrick A. Ebanks

### **Director – Global Safety and Compliance**

Gregory V. Evans

### **Registrar of Shipping**

Lorna Washington

### **Advisor, Maritime Policy and Legislative Development and Shipping Master**

Peter C. Southgate

### **Registrar of Shipping (Designate)**

Sian Pairaudeau

### **Head, Human Resources and Administration**

Glenda Dilbert-Davis

### **Head, Business Development and Client Relationships**

Exie Tomlinson-Panton

### **Head, Information and Technology**

Osbert Francis

# **GLOBAL COMMERCIAL SERVICES**

## **REGISTRATION**

The Registration section is a frequent point of contact for clients and also serves as the core of the Cayman Islands Shipping Registry (CISR). This section is responsible for processing several types of registrations including: new, interim and provisional vessel registrations; transfer of ownership; vessels under construction; demise charter (bareboat), and registration of mortgages in accordance with the Merchant Shipping Law (2008 Revision). Registrations recognised all three Cayman ports of entry: George Town (Grand Cayman), The Creek (Cayman Brac) and Bloody Bay (Little Cayman), thereby broadening the geographic scope of the Registry.

The Registry ended the 2012 calendar year (1 January, 2012 – 31 December, 2012) with 193 new registrations, equaling .37 million gross tonnes (GRT), bringing the total number of vessels on the Register to 1,966 units and the gross registered tonnage to 4.11 million GRT<sup>1</sup>. Of the total registered fleet, 85% of the vessels are pleasure yachts and 15% are commercial (merchant) ships. Due to their relatively massive size, commercial vessels make up about 80% of the tonnage on the register. More than 800 Cayman-flagged vessels are superyachts.

The CISR has representation in 11 locations globally: George Town, Grand Cayman - Head Office; European Regional Office - Southampton, UK; London; USA; Monaco; Greece; Italy; The Netherlands; Singapore; Hong Kong and Japan. This global service network ensures CISR's ability to effectively serve its international clientele.

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<sup>1</sup> Registration figures quoted in previous Annual Reports were based on a fiscal year end

## **GLOBAL OPERATIONS**

### **FINANCE**

Operating revenue for 30 June, 2013, totaled CI\$8.860 million, a CI\$.086 million increase over CI\$8.774 million for 30 June, 2012. Operating expenses for 30 June, 2013 totaled CI\$9.237 million, a CI\$.306 million increase over CI\$8.931 million for 30 June, 2012. MACI reported a deficit of CI\$0.377 million from operating activities.

The balance sheet included in the Audited Financial Statements for the year ended 30 June, 2013, indicates that MACI's total assets were valued at CI\$3.584 million and total liabilities at CI\$1.354 million, resulting in a net worth of CI\$2.230 million compared to CI\$2.607 million for the period ended 30 June, 2012, where MACI's total assets were valued at CI\$3.641 million and total liabilities at CI\$1.034 million.

Financial Statements for 1 July, 2012 to 30 June, 2013, were audited by the Auditor General on 29 October, 2013 and form a part of this Report (see audited Financial Statements, Appendix 1).

### **INFORMATION TECHNOLOGY**

The Information Technology section is responsible for providing support, business and technical solutions that utilises technology to gain efficiencies across the Maritime Authority's operations.

As part of its efforts to develop new products to improve business acumen with its clients, MACI contracted with a third party and began deploying the Marine Administration and Registry Information System (MARIS) for the Safety and Compliance section. MARIS is a browser-based system that is designed to assist in the management of technical surveys. This Survey module includes built-in workflows and produces and stores survey certificates and reports. There is also a disconnected version of the product, which provides access for remote surveyors. The remote surveyor downloads relevant survey records for disconnected completion. Offline updates are then uploaded/synchronised once the remote user (disconnected system) reconnects with the central system. Overall, the new software system will contribute to a more efficient and effective means of data recording and retrieval.

### **INFORMATION MANAGEMENT**

During the 2012/13 period, MACI continued to develop and improve its records management program by actively destroying Human Resource and Finance records in accordance with the Authorised Disposal Schedules developed by the Cayman Islands National Archive.

## HUMAN RESOURCES AND ADMINISTRATION

The Human Resources and Administration section is charged with the responsibility for all matters related to staff recruitment, training and professional development as well as the creation, implementation and monitoring of all personnel policies, procedures and practices to ensure that the employees in the Authority's two regional offices, George Town, Grand Cayman (Head Office) and Southampton, United Kingdom (European Regional Office or ERO) and other representative offices are working to their fullest potential within a supportive environment.

### ***Personnel Changes***

During this period, personnel changes within MACI were as follows:

<b>TYPE OF CHANGE</b>	<b>HEAD OFFICE</b>	<b>ERO</b>
New Hires	1 - IT	2 - Survey; 1 - Admin
Resignations	0	1 - Survey; 1 - Admin
Promotions	2 - Survey	1 - Survey; 1 - Crew Compliance & 1 - Registration

### ***Consultant Surveyors***

During this period, MACI continued to work with a third party to provide exclusive contract surveyors, who have a global presence, as a complement to its existing survey section. With the placement of surveyors in key locations, this initiative has been welcomed by MACI's clients, noting the cost reductions and savings in expenses and travel time. In addition to the surveyors based in Cayman and the UK, MACI has appointed consultant surveyors in 13 different countries giving us survey coverage within 6 hours travel time to any location in the world.

### ***Training***

Within the 2012/13 fiscal year, Saagar Kadiyala officially became a qualified Caymanian marine surveyor after completing a modularized training programme, which was designed to ensure competence in key survey functions, including marine engineering, nautical technology, naval architecture and vessel surveys. Another young Caymanian, Vassel Godfrey Johnson III, graduated in 2012 with a Master of Engineering Honours Degree in Small Craft Technology and took a full-time placement in the ERO as Surveyor Trainee. Vassel also gained first-hand experience by spending a month at sea, in late 2012, when he joined the crew aboard the Stolt Innovation, a 100 metre, 48 tank chemical tanker, heading from Houston en route to Europe carrying a medley of alcohols, acids, sulphides and other chemical derivatives. Several other employees attained degrees in the areas of Law; Maritime Law; and Economics and Social Studies with a concentration in Records Management.

Four employees in the Head Office undertook training in the areas of IT, Crew Compliance, CPR/First Aid and HR Compliance while eight employees in the ERO undertook training in Global Maritime Distress and Safety Systems (GMDSS), Company Security Officer training, Crew Compliance, and Surveyor training. Additionally, various surveyors undertook training modules via Videotel, a web-based training platform which was developed with the assistance of MACI staff. Videotel allows MACI's global network of surveyors and other employees to now have access to training modules, including videos and other training materials, remotely via the internet. This product was showcased by Videotel at the International Maritime Organization and has been purchased by a number of other maritime administrations.

### ***Maritime Scholarship***

The 2013 Maritime Scholarship and Awareness Programme, which included social media promotion for the first time, resulted in the receipt of three applications. The applicants were interviewed by MACI and a recommendation was made to the Ministry of Education for the awarding of a maritime scholarship.

### ***Relocation to Government Administration Building***

Following a Cayman Islands Government request, MACI relocated from Strathvale House to the Government Administration Building in February 2013, facilitating significant rental savings.

## **GLOBAL SAFETY & COMPLIANCE**

As a Category 1 British Registry, the Cayman Islands is authorised to certify all sizes and types of vessels. The survey and audit certification requirements for Cayman-registered ships are based on international conventions, which are given effect through Cayman Islands legislation.

The Safety and Compliance division activities include: conducting surveys and inspections; Port State Control (PSC) monitoring and Caribbean Memorandum of Understanding (CMOU) PSC implementation.

### **PORT STATE CONTROL**

During this period, the Safety section continued to support MACI's quality objective ensuring "White List" status across all the Port State Control Memoranda of Understanding (PSC MOU). In addition, the Cayman Islands were ranked in the top 13 countries by the International Chamber of Shipping in their annual report on Flag State Performance, which demonstrates that Cayman-registered vessels have an excellent safety and pollution record, allowing them to undergo significantly fewer Port State Control inspections.

As a member of the Caribbean MOU on PSC, Cayman continued to support the Caribbean MOU in respect to inspections on foreign-flagged vessels visiting ports in the Cayman Islands.

### **REGULATIONS (DEVELOPMENT AND IMPLEMENTATION)**

Cayman continued to develop national legislation to allow extension of the Convention from the United Kingdom to facilitate the implementation of the Maritime Labour Convention 2006 (MLC), which enters into force on 20 August, 2013. During the 2012/13 fiscal year, approximately 50 MLC ship inspections were completed and Cayman is well poised to meet its obligations under this Convention.

### **CREW COMPLIANCE**

During this period, MACI completed the role out of the new crew compliance module, which is able to produce a credit card style officer endorsement. Additionally, phase two of this project commenced and once finalised will allow the Registry's clients to complete and submit their crew members' endorsement applications online.

# ***BUSINESS DEVELOPMENT, MARITIME POLICY, QUALITY MANAGEMENT SYSTEMS AND MACI CONSULTING***

## **BUSINESS DEVELOPMENT AND CLIENT RELATIONSHIPS**

The Business Development and Client Relationships section is responsible for promoting and ultimately increasing business for the Registry. This is done through event planning and management as well as the dissemination of information to specific target markets, while ensuring a superior level of customer service satisfaction throughout the organisation.

During the 2012/13 fiscal year, much work was done to continue highlighting the Cayman Islands Shipping Registry (CISR) through the attendance and organisation of various events and seminars overseas and locally. One such event was the Cayman Yacht Forum – Ft. Lauderdale 2012, which was introduced as an extension of the Cayman Yacht Forum annual series, originally introduced in Monaco in 2011 and also held in Turkey 2012. These themed events were introduced by the Authority with the purpose to reinforce the Cayman Islands as a jurisdiction for vessel registration, while securing private sector support and participation, and targeting lawyers, brokers and other decision makers. Another notable event in which the CISR participated and co-sponsored was the 1<sup>st</sup> Annual Cayman Islands Shipping Summit in February 2013, organised by the MARE Forum. This event will form a part of what is to become known as “Cayman Islands Shipping Week”, as Cayman continues to grow as an international maritime centre.

Other significant achievements during this period included the addition of a Business Development Consultant to offer direct selling services globally, which supports the newly established Business Development program and its employed team members, along with the Business Development section organising and disseminating topical monthly press releases in celebration of the CISR's 110<sup>th</sup> anniversary and to also continue building local awareness; promoting the annual MACI maritime scholarship as well as other newsworthy items via social media ([facebook.com/caymanislandsshippingregistry](https://facebook.com/caymanislandsshippingregistry)); and organising the new designs of the identification cards for employees and consultants while working with the IT and HR sections to enable MACI to produce these internally.

With regard to the client relationships aspect of this section, some 90% of client queries were responded to within the organisation's 48-hour target time, with the remaining 10% requiring somewhat more time to satisfactorily answer. Additionally, MACI employees in both the Head and European Regional Offices continued to capture significant queries, complaints and compliments, based on specified criteria, throughout all sections of the organisation, which is in keeping with MACI's ISO 9001:2008 certification.

## **MARITIME POLICY AND LEGISLATIVE DEVELOPMENT**

The Maritime Policy and Legislative Development (MPLD) section is responsible for the general development of appropriate maritime policies within MACI and the development and updating of maritime legislation relevant to the discharge of the organisation's functions and responsibilities.

### ***Regulations (Development and Implementation)***

During this period, a great deal of focus was placed on the forthcoming Maritime Labour Convention, 2006 which is due to come into force internationally on 20 August, 2013. Following a gap analysis of existing primary legislation a number of new regulations have been developed. These regulations effectively plug the small gap between the current regulatory framework and that required to give full effect to the Convention. This exercise together with liaison with appropriate UK Departments, the Cayman Islands will be in a position to request extension when the UK lodges its instrument of ratification in July 2013.

### ***Merchant Shipping Law***

The Merchant Shipping Law (MSL) is undergoing its first major revision since 2001 and the exercise, which began in the second half of 2012, is due for completion late 2013. The principle purpose of the revision is to ensure that the MSL can keep up with the pace of regulatory change and to provide a mechanism for dealing with forthcoming changes more efficiently. Key features will be enhanced regulation-making powers and the provision to give effect to International treaties and Convention by enabling type legislation.

### ***Passenger Yacht Code***

The MPLD has also been involved in the further revision of the development of the Passenger Yacht Code and following an industry meeting in May 2012, the 3<sup>rd</sup> Edition of the PYC was published in February 2013. Further revisions are anticipated in the coming years as the Code remains a dynamic document, which is rapidly becoming the de facto standard for passenger yachts in the same vein as the large yacht code has become for yachts.

### ***Maritime Policy***

During the 2012/13 fiscal year, the MPLD section spearheaded the development of a number of policy issues, which have been identified to ensure that MACI can attract certain ship types that are desirous to attain and which are currently beyond the reach due to the existing regulatory framework. Proposals on competitive fee structures and for the conduct of marriages on board ships are two key examples.

## **QUALITY MANAGEMENT SYSTEMS**

The Quality Management Systems section is responsible for the development, implementation and management of an effective Quality Management System (QMS) for MACI. This is aimed at enhancing customer satisfaction, operational efficiency and cost effectiveness.

During the 2012/13 period, MACI's Head and ERO offices successfully underwent the annual maintenance audits by the British Standards Institution. Furthermore, a new ISO Management Representative was appointed in the Head office and will receive the relevant training in the next fiscal year.

## **MACI CONSULTING**

In addition to the regulatory and compliance services offered by the CISR, MACI also offers consultation services through MACI Consulting, which is functionally independent of all statutory and regulatory services offered through the Global Safety and Compliance division.

This arm of the organisation strives to provide cost-effective consulting services on a variety of maritime issues, including advice on the administrative structure and technical requirements of establishing an effective maritime administration related to a country's levels and type of shipping activity; advice on the financial implications of establishing, operating and maintaining a maritime administration; the impact of regulating a significant flag fleet; and the assessment of needs regarding the legal and regulatory regime necessary for a maritime administration to fulfill its obligations, plus the drafting of specific legislation.

This branch of MACI also advises on the organisation of conferences geared toward maritime issues and the staging of conferences, seminars and workshops in specialised maritime subjects, and also the preparation and/or delivery of training in the maritime sector, including Port State Control, International Ship and Port Facility Security Code, International Safety Management, commercial yacht safety and other specialised areas.

During the current reporting period, MACI Consulting engaged in a training consultancy program in new construction management with the Bahamas Coastguard. Additionally, consultancy work continued on the St. Lucia Project, which commenced during the 2009/10 fiscal year, to update their respective Merchant Shipping Law in order to reflect the myriad changes since its inception.

## **APPENDIX 1**



**Maritime Authority of the  
Cayman Islands  
Financial Statements  
For the year ended June 30, 2013**



**FINANCIAL STATEMENTS OF THE  
MARITIME AUTHORITY OF THE CAYMAN ISLANDS**

**Year Ended 30 June 2013**

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Phone: (345) - 244-3211 3rd Floor, Anderson Square  
Fax: (345) - 945-7738 64 Shedden Road, George Town  
AuditorGeneral@oag.gov.ky P.O.Box 2583  
www.auditorgeneral.gov.ky Grand Cayman, KY1-1103, Cayman Islands

## AUDITOR GENERAL'S REPORT

### To the Board of Directors of the Maritime Authority of the Cayman Islands

I have audited the accompanying financial statements of Maritime Authority of the Cayman Islands (the "Authority"), which comprise the statement of financial position as at 30 June 2013 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 4 to 22 in accordance with the provisions of Section 60(1)(a) of the *Public Management and Finance Law (2012 Revision)*.

#### ***Management's Responsibilities for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

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

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

**Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Maritime Authority of the Cayman Islands as at 30 June 2013 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

**Other Matter**

**Contingent Liability**

Without further qualifying my opinion I draw attention to a possible contingent liability involving the Authority's operations in the United Kingdom(UK).

There is uncertainty as to whether the Authority's UK office (Cayman Islands Shipping Registry) could be called upon by Her Majesty's Revenue and Customs (HMRC) to pay either corporation tax on surpluses generated and / or VAT on services supplied. This is based on a UK law passed in 2005 requiring all foreign Governments with revenue generating enterprises operating in the UK to pay corporation tax.

If enforced, the Authority could be liable for significant corporation taxes on its UK operations. We included this information in our report because we believe that it is critical for users in understanding any significant issues that may impact the true financial position of the Authority.

There has been no progress in relation to this long outstanding matter for the period under audit.



Alastair Swarbrick, MA (Hons), CPFA  
Auditor General

29 October 2013  
Cayman Islands



**STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

These financial statements have been prepared by the Maritime Authority of the Cayman Islands in accordance with the provisions of the Public Management and Finance law (2012 Revision) and International Financial Reporting Standards.

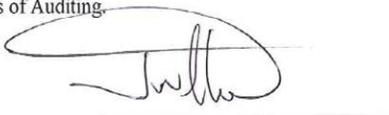
We accept responsibility for the accuracy and integrity of the financial information in these financial statements and their compliance with the Public Management and Finance Law (2012 Revision).

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

- (a) completely and reliably reflect the financial transactions of Maritime Authority of the Cayman Islands for the year ended June 30, 2013;
- (b) fairly reflect the financial position as at June 30, 2013 and performance for the year ended June 30, 2013;
- (c) comply with the provisions of the Public Management and Finance law (2012 Revision) and International Financial Reporting Standards.

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

  
Dennis Hunter  
Chairperson (Acting)  
Maritime Authority of the  
Cayman Islands

  
A. Joel Walton  
Chief Executive Officer  
Maritime Authority of the  
Cayman Islands



**MARITIME AUTHORITY OF THE CAYMAN ISLANDS**  
**STATEMENT OF FINANCIAL POSITION**  
 As at June 30 2013  
 (Expressed in Cayman Islands Dollars)

	<i>Notes</i>	<i>June 30, 2013</i>	<i>June 30, 2012</i>
<b>Assets</b>			
Current Assets			
Cash & Cash Equivalents	5	944,649	900,812
Trade and Other Receivables (net)	6	2,353,552	2,174,743
Other Receivables (Cabinet) - Due from Parent	7	25,951	191,129
<b>Total Current Assets</b>		3,324,152	3,266,684
Property, Plant & Equipment	8	259,769	374,601
<b>Total Assets</b>		3,583,921	3,641,285
<b>Equity and Liabilities</b>			
Current Liabilities			
Accounts Payable	9	393,333	306,815
Revenue Deposits	10	278,423	297,498
Employee Entitlements	11	57,589	48,025
Other Current Liabilities	22	128,021	68,675
<b>Total Current Liabilities</b>		857,366	721,013
Other Long Term Liabilities	12	497,000	313,000
<b>Total Liabilities</b>		1,354,366	1,034,013
<b>Equity</b>			
Contributed Capital	13	1,500,000	1,500,000
Retained Earnings		729,555	1,107,272
<b>Total Equity</b>		2,229,555	2,607,272
<b>Total Equity and Liabilities</b>		3,583,921	3,641,285

Approved for issuance of behalf of the Maritime Authority of the Cayman Islands on October 28, 2013.

A. Joel Walton  
Chief Executive Officer

Kenrick A. Ebanks  
Director Global Operations

The accompanying notes on pages 8 – 22 form an integral part of these financial statements.



**MARITIME AUTHORITY OF THE CAYMAN ISLANDS**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended June 30 2013**  
 (Expressed in Cayman Islands Dollars)

		June 30, 2013	June 30, 2012
	<b>Notes</b>		
<b>Revenue</b>			
Sales of Goods and Services	14	6,422,803	5,775,840
Tonnage Revenue	16	1,205,649	1,232,319
Other Income	17	837,197	672,356
Revenue from Government	15	394,028	1,093,942
<b>Total Revenue</b>		8,859,677	8,774,457
<b>Expenses</b>			
Personnel Cost	18	4,362,242	4,025,065
Professional Services	19	1,520,475	1,510,098
Operating Lease and Utilities	21	949,217	960,791
Other Expenses	20	1,046,888	967,302
Travel, Business Development and Entertainment		636,165	778,503
Survey Related Expense		562,521	549,076
Depreciation	8	159,886	140,074
<b>Total Expenses</b>		9,237,394	8,930,909
<b>Net Loss</b>		(377,717)	(156,452)

The accompanying notes on pages 8 – 22 form an integral part of these financial statements.



**MARITIME AUTHORITY OF THE CAYMAN ISLANDS**  
**STATEMENT OF CHANGES IN EQUITY**  
**For the year ended June 30 2013**  
 (Expressed in Cayman Islands Dollars)

	<b>Retained Earnings</b>	<b>Contributed Capital</b>	<b>Total</b>
<b>Balance at June 30 2011</b>	1,116,340	1,500,000	2,616,340
Net Loss for 11/12	(156,452)	-	(156,452)
Debt Forgiveness by C.I. Government	147,384	-	147,384
<b>Balance at June 30 2012</b>	1,107,272	1,500,000	2,607,272
Net Loss for 12/13	(377,717)	-	(377,717)
<b>Balance at June 30 2013</b>	729,555	1,500,000	2,229,555

The accompanying notes on pages 8 – 22 form an integral part of these financial statements.



**MARITIME AUTHORITY OF THE CAYMAN ISLANDS**  
**STATEMENT OF CASH FLOWS**  
**For the year ended June 30 2013**  
(Expressed in Cayman Islands Dollars)

	<b>June 30, 2013</b>	<b>June 30, 2012</b>
	<i>Notes</i>	
<b>Cash Flows Used In Operating Activities</b>		
(Net Loss)	(377,717)	(156,452)
Adjustments for:		
Depreciation	159,886	140,074
(Gain) on Assets	(12,857)	(500)
(Increase) in Receivables	(13,631)	(311,227)
Increase in Payables	86,518	6,181
(Decrease)/Increase in Revenue Deposits	(19,075)	16,497
Increase in Employee Entitlements	9,564	5,910
Increase in Other Liabilities	243,346	69,675
<b>Net cash from/(used) in operating activities</b>	<b>76,034</b>	<b>(229,842)</b>
<b>Cash Flows Used In Investing Activities</b>		
Acquisition of Fixed Assets	(60,152)	(184,731)
Sale Proceeds of Fixed Assets	27,955	500
<b>Net cash used in investing activities</b>	<b>(32,197)</b>	<b>(184,231)</b>
Net increase/(decrease) in Cash and Cash Equivalents	43,837	(414,073)
Cash and cash equivalents at beginning of period	900,812	1,314,885
<b>Cash and cash equivalents at end of period</b>	<b>5 944,649</b>	<b>900,812</b>

The accompanying notes on pages 8 – 22 form an integral part of these financial statements.

**MARITIME AUTHORITY OF THE CAYMAN ISLANDS**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30 2013**  
(Expressed in Cayman Islands Dollars)

**1. Organization and Objectives**

---

Maritime Authority of the Cayman Islands ("MACI", "Authority") is a statutory corporation formed as a separate legal entity under the Maritime Authority of the Cayman Islands Law (2005) which came into effect on July 1, 2005. The Authority is wholly-owned by the Cayman Islands Government (CIG) but governed by a Board of Directors appointed by the Governor-in-Cabinet. MACI reports to the Cabinet of the Cayman Islands through the Ministry of Financial Services, Commerce and Environment but is also responsible to the United Kingdom (UK) Secretary of State via the UK's Department of Transport for the effective implementation of the relevant international maritime and related conventions that have been ratified by the UK Government and extended to the Cayman Islands.

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

1. The CISR's vessel and mortgage registration, advisory, and marine survey and audit services;
2. The overall responsibility for implementing Cayman's maritime safety and security, marine pollution prevention and social responsibility obligations under international Conventions and Codes, and under the Cayman legislation for Cayman-flagged vessels;
3. The CIG delegated responsibility for the implementation of Cayman's obligations under the Caribbean Memorandum of Understanding on Port State Control (CMOU PSC) for foreign-flagged vessels entering Cayman ports;
4. The CIG delegated responsibility for marine Casualty Investigation activities in relation to Cayman-flagged vessels;
5. The CIG delegated responsibility for national maritime policy formulation, the provision of advice on maritime-related matters, and the development of Cayman's maritime-related legislation;
6. The CIG delegated responsibility to represent the Cayman Islands at international fora and to protect its maritime interests;
7. The CIG delegated responsibility to help facilitate the development of the Cayman Islands as an international maritime centre.

**2. Basis of preparation**

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The financial statements of MACI are prepared in accordance with International Financial Reporting Standards (IFRS) using the accrual basis of accounting. These standards are issued by the International Accounting Standards Board (IASB) and interpretations issued by the Standing and Interpretations Committee of the International Accounting Standards Committee. The reporting currency is Cayman Islands Dollars.

**MARITIME AUTHORITY OF THE CAYMAN ISLANDS**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30 2013**  
(Expressed in Cayman Islands Dollars)

**2. Basis of preparation (Continued)**

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Comparative Information –The Financials for MACI provide comparable information for year on year performance for June 30 2012. Certain Chart of Accounts included in the Statement of Financial Position and the Statement of Comprehensive Income line items have been reclassified or renamed in the current year to allow for a fairer presentation during the year. The changes have no impact on the reported net loss or equity. These line items are as follows (with previous descriptions in brackets):

- Chart of Accounts “Other Receivables (Cabinet) - Due from Parent” previously included under (Trade and Other Receivables (net)).
- Chart of Accounts “Travel, Business Development and Entertainment” renamed (“Travel, Business Development and Training”).
- Entertainment expense re-classed under “Travel, Business Development and Entertainment” (previously included under “Personnel Cost”) \$46,152.
- Training Expense re-classed under “Personnel Cost” (previously included under Travel, Business Development and Training”) \$40,017.
- MACI offers an incentive program valued at \$209,059 that directly relates to Sales of Goods and Services which were previously expensed as part of “Other Expenses” have been re-classified to Sales of Goods and Services in 2012 as required by IFRS.

**3. Reporting Period**

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The reporting period is for the year ended June 30, 2013.

**4. Significant Accounting Policies**

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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.

**a) Financial Assets and Liabilities**

*ij) 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 in the Authority’s financial statements comprise of cash and cash equivalents, accounts receivable and short term investments.

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 favourable. Financial liabilities in the Authority’s financial statements comprise long and short term liabilities.

*ii) Recognition*

The Authority recognises financial assets and financial liabilities on the date it becomes party to the contractual provisions of an instrument. From this date, any gains and losses arising from changes in fair value of the assets and liabilities are recognised in the statement of comprehensive income.

**MARITIME AUTHORITY OF THE CAYMAN ISLANDS**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30 2013**  
(Expressed in Cayman Islands Dollars)

**4. Significant Accounting Policies (Continued)**

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iii) *De-recognition*

A financial asset is de-recognised when the Authority realizes the rights to the benefits specified in the contract or loses control over any right that compromise that asset. A financial liability is de-recognised when it is extinguished, that is, when the obligation is discharged, cancelled or expires.

iv) *Measurement*

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

Financial liabilities are subsequently measured at amortized cost, being the amount at which the liability was initially recognised less any principal repayments plus any amortisation (accrued interest) of the difference between that initial amount and the maturity amount.

**b) Foreign Currency Translation**

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Gains and losses resulting from the settlement of such transaction and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of Comprehensive Income. Assets and liabilities are translated at the exchange rate in effect at the Statement of Financial Position date.

**c) Revenue Recognition**

Revenue from the sale of goods and services, including revenue resulting from user charges or fees, is recognised when it is earned. This is generally at time of sale or on delivery of service. Revenue from the rendering of a service is recognised by reference to the stage of completion of contracts or in accordance with agreements to provide services. The stage of completion is determined according to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

**d) Purchase Agreement**

MACI operates on a fee for service basis with the CIG. The annual purchase agreement sets out the service which the Authority agrees to deliver to CIG based on quantity, quality, location and cost of services. These fees form part of the overall Authority revenue stream which equates to 4.4% in 2013 (12.4% in 2012). The full amount of the purchase agreement is treated as income in the year which it is earned.

**e) Expenses**

Expenses are recognised when incurred.

**f) Receivables and advances**

Receivables and advances are recorded at the amounts expected to be ultimately collected in cash.

**4. Significant Accounting Policies (Continued)**

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**g) Property, Plant and Equipment**

Property, Plant and Equipment are stated at historical cost less accumulated depreciation. Depreciation is calculated on a straight-line method of 20% per annum for Furniture & Fixtures, Leasehold Improvements and Office Equipment; and 33 1/3% for Computer Hardware and Software, which is sufficient to write-off the cost of the assets over their estimated useful lives.

**h) Cash and cash equivalents**

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of current and call deposit and fixed deposit maturing within 30 days from the date of acquisition and yield an interest rate of 0.125 per annum. Cash accounts are held in Euro, Great Britain Pounds, United States Dollars and Cayman Islands Dollars.

**i) Accounts Payable**

Account Payables are recorded on an accrual basis at the amount owing after allowing for credit notes and other adjustments.

**j) Employee entitlements**

Amounts incurred but not paid at the end of the reporting period are accrued. Annual leave due, but not taken, is recognised as a liability. (See also **Note 11**)

**k) Employee benefits**

Obligation for contribution to defined contribution and defined benefits pension plans are recognized as an expense in the statement of Comprehensive Income as incurred. (See **Note 18**)

**l) Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect:

- Reported amounts of assets and liabilities
- Disclosure of contingent assets and liabilities at the date of financial statements
- The reported amounts of revenue and expenses during the reporting period

Actual results could differ from those estimates, the impact of which would be recorded in future periods.

**MARITIME AUTHORITY OF THE CAYMAN ISLANDS**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30 2013**  
(Expressed in Cayman Islands Dollars)

**4. Significant Accounting Policies (Continued)**

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**m) Changes in International Financial Reporting Standards**

Standards issued but not yet effective up to the date of issuance of the Authority's financial statements are listed below. This listing of standards and interpretations issued are those that the Authority reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Authority intends to adopt these standards when they become effective.

- i. IAS 19 - Employee Benefits (Amendment) (effective for periods beginning on or after January 1, 2013) - The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and rewording. The Authority is currently assessing the full impact of the amendments.
- ii. IFRS 9 – Financial instruments (effective for periods beginning January 1, 2013) – addresses classification and measurement of financial instruments and replaces portions of IAS 39. Financial instruments can only be measured at amortized cost or fair value. Equity securities can only be recorded at fair value. An entity can record unrealized and realized gains or losses in other comprehensive income on an instrument by instrument basis and the election to do so is at initial recognition and this election is irrevocable. Dividend income on these equity securities can be recorded in profit and loss. Debt securities can only be recorded at amortized cost if the objective is to hold financial assets for the collection of contractual cash flows and the contractual cash flows represent solely payments of principal and interest, otherwise debt securities must be carried at fair value.
- iii. An entity can still designate a financial instrument at fair value through profit and loss – however, this is an irrevocable election and the entity has to be consistent with this basis from year to year. The Authority currently does not have any equity or debt securities; however, an assessment will have to be made prior to the issuance of the standard in 2013, where applicable.

**5. Cash and Cash Equivalents**

---

	<i>June 30, 2013</i>	<i>June 30, 2012</i>
Bank Accounts	693,951	500,504
Fixed Deposits	<u>250,698</u>	<u>400,308</u>
<b>Total Cash and Cash Equivalents</b>	<u><u>944,649</u></u>	<u><u>900,812</u></u>

In 2013, included in the "Bank Accounts" balance is \$278,423 (2012: \$297,498) of funds held from Customer's Revenue Deposits and \$128,021 (2012: \$68,675) owed to the Cayman Island Government for Coercive Revenue collected on behalf of the Government.

The Authority has no specific policy in determining components of cash.

MARITIME AUTHORITY OF THE CAYMAN ISLANDS  
NOTES TO FINANCIAL STATEMENTS  
For the year ended June 30 2013  
(Expressed in Cayman Islands Dollars)

6. Trade and Other Receivables (net)

	<i>June 30, 2013</i>	<i>June 30, 2012</i>
Sales of Goods & Services	2,376,678	2,055,866
Prepayments	106,316	233,492
Other Receivables	70,558	85,385
<i>Total Gross Receivables</i>	<u>2,553,552</u>	<u>2,374,743</u>
Less Provision for Doubtful Debts	200,000	200,000
<b><i>Total Net Receivables</i></b>	<u><u>2,353,552</u></u>	<u><u>2,174,743</u></u>

Ageing Profile of Sales of Goods and Services as at June 30, 2013 and June 30, 2012

1-30 Days	\$1,295,426	\$972,381
31-90 Days	\$432,999	\$593,207
Over 90 Days	\$648,253	\$490,278
<b>Total</b>	<b>\$2,376,678</b>	<b>\$2,055,866</b>

7. Other Receivables (Cabinet) – Due from Parent

	<i>June 30, 2013</i>	<i>June 30, 2012</i>
Policy Advice to Cabinet	-	12,971
Provision to Technical Advice and Support to Government Agencies, Private Sector and General Public	18,705	42,858
Registration of Marine Vessels and Advice, Assistance and Advocacy	686	67,896
State Inspections and Investigations Services	6,560	67,404
<b><i>Total Other Receivables (Cabinet) - Due From Parent</i></b>	<u><u>25,951</u></u>	<u><u>191,129</u></u>

The impairment assessment is generally performed on an ongoing basis by Management. Once determined, write offs are approved by the CEO or a designate. In 2013 the Authority directly wrote off \$341,400 in receivables.

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**8. Property, Plant and Equipment**

	Furniture & Fixture	Leasehold Improvement	Office Equipment	Computer Equipment	Other Assets / Booth Displays	Total
<b>Original Cost</b>						
Balance at 30/06/12	165,742	82,906	126,884	421,752	161,561	958,845
Additions:	737	0	2,028	28,922	29,875	61,562
Reclassification:	0	0	0	141,434	(141,434)	0
Disposals:	(96,267)	0	0	(2,006)	0	(98,273)
Balance at 30/06/13	70,212	82,906	128,912	590,102	50,002	922,134
<b>Accumulated Depreciation</b>						
Balance at 30/06/12	122,565	53,851	102,645	294,709	10,474	584,244
Additions:	22,450	16,506	11,410	104,439	5,081	159,886
Reclassifications:	0	0	0	0	0	0
Disposals:	(80,260)	0	0	(1,505)	0	(81,765)
Balance at 30/06/13	64,755	70,357	114,055	397,643	15,555	662,365
<b>Net Book Value at 30/06/13:</b>	<b>5,457</b>	<b>12,549</b>	<b>14,857</b>	<b>192,459</b>	<b>34,447</b>	<b>259,769</b>
<b>Net Book Value at 30/06/12:</b>	<b>43,178</b>	<b>29,055</b>	<b>24,235</b>	<b>127,043</b>	<b>151,090</b>	<b>374,601</b>

**9. Accounts Payable**

	<i>June 30, 2013</i>	<i>June 30, 2012</i>
Trade Creditors (Less Than 30 Days)	268,300	264,558
Trade Creditors (Over 31 Days)	125,033	42,257
<b>Total Accounts Payable</b>	<b>393,333</b>	<b>306,815</b>

**10. Revenue Deposits**

	<i>June 30, 2013</i>	<i>June 30, 2012</i>
Revenue Deposits (USD)	140,919	223,351
Revenue Deposits (Euro)	137,504	74,147
<b>Total Revenue Deposits</b>	<b>278,423</b>	<b>297,498</b>

Revenue deposits represent amounts paid in advance by clients and held in the Authority's bank accounts for services to be rendered.

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**11. Employee Entitlements**

	<i>June 30, 2013</i>	<i>June 30, 2012</i>
Leave Entitlement (Management Committee Members)	3,703	11,563
Leave Entitlement (Managers)	42,643	28,392
Leave Entitlement (Administration)	<u>11,243</u>	<u>8,070</u>
<b>Total Employee Entitlements</b>	<u><u>57,589</u></u>	<u><u>48,025</u></u>

**12. Long Term Liabilities**

	<i>June 30, 2013</i>	<i>June 30, 2012</i>
Defined Benefit Liability (Note 22)	<u>497,000</u>	<u>313,000</u>
<b>Total Other Long Term Liabilities</b>	<u><u>497,000</u></u>	<u><u>313,000</u></u>

**13. Contributed Capital**

The authorised capital of MACI is CI\$1,500,000. The Cayman Islands Government is the sole subscriber and has contributed Paid-Up Capital of CI\$1,500,000 as at June 30, 2013. The Cabinet of the Cayman Islands Government has fulfilled its commitment of contributed Capital to MACI of the required CI\$1,500,000, having contribute equal yearly equity injections.

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**14. Sales of Goods and Services**

	<i>June 30, 2013</i>	<i>June 30, 2012</i>
Vessel Registration (a)	289,219	297,617
Safety Surveyor Fees (b)	4,880,274	4,235,762
Safety Surveyor Recoverable Fees	511,855	494,155
Technical Compliance (c)	<u>741,455</u>	<u>748,306</u>
<b>Total Sales of Goods and Services</b>	<b><u>6,422,803</u></b>	<b><u>5,775,840</u></b>

**a) Vessel Registration**

Cayman offers five types of vessel registration (Full, interim, provisional, under construction and demise (bareboat) charter). The Cayman Islands is an efficiently regulated international finance jurisdiction at the leading edge of global best practice. Cayman offers several vessel ownership structures, ranging from individual ownership through to a choice of corporate ownership options.

**b) Safety Survey Fees**

As a Category 1 British Registry, Cayman is authorised to certify all sizes and types of vessels. The survey and audit certification requirements for Cayman-registered ships are based on international conventions which are given effect through Cayman Islands legislation. Additionally, these survey and audit requirements are also guided by policies and procedures agreed among the members of the British Registers.

**c) Technical Compliance**

- 1) Services Include Endorsements - Crew members of Cayman-registered vessels may hold any nationality or residency. They must be holders of Certificates of Competency issued by one of the countries recognised by Cayman and for which, where appropriate, it issues Endorsements attesting to the recognition of such certificates.
- 2) Seaman's Discharge Book – A Seaman Discharge Book (SDB) is a seafarer's official record of service and current employment status. A bona-fide seafarer on a Cayman-registered vessel, including yachts, is eligible to be issued with a Cayman SDB.
- 3) Minimum Safe Manning – Cayman issues a Minimum Safe Manning Document under provisions of Chapter V (Safety of Navigation) of Safety of Life at Sea (SOLAS) 1974 as amended; to all ships to which Chapter 1 of SOLAS applies and to ensure that all vessels are sufficiently, efficiently and safely manned with properly trained and certified personnel.

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**15. Revenue from Government**

	<i>June 30, 2013</i>	<i>June 30, 2012</i>
Policy Advice to Cabinet	172,735	482,570
Provision to Technical Advice and Support to Government Agencies, Private Sector and General Public	18,589	155,288
Registration of Marine Vessels and Advice, Assistance and Advocacy	183,024	197,784
State Inspections and Investigations Services	19,680	258,300
<b>Total Revenue from Government</b>	<u>394,028</u>	<u>1,093,942</u>

The Authority provides services to the CIG as outlined in the annual Purchase Agreement for which CIG has to pay for. During this financial year, the annual purchase agreement was for \$133,537 and the Authority provided services for a value of \$394,028. The difference between the agreement and the actual of \$260,491 was written off. This relates to the amount of \$123,387 which was written off from 'Policy Advice to Cabinet' output and \$137,104 for the output 'Registration of Marine Vessels and Advice, Assistance and Advocacy' for services provided but not covered by the agreement therefore the Authority wasn't paid for has been written off and reflected in the Statement of Comprehensive Income "Other Expenses"

**16. Tonnage Revenue**

Tonnage Services - The term 'tonnage', or more often 'gross tonnage', in very simple terms relates to the internal volume of the ship and this has no relation to the weight of the ship, as is often confused. Historically, the term tonnage relates to the cargo carrying capability of the ship, and the word originates from the word 'tun' which is a barrel and therefore, a ship tonnage was measured on how many barrels it could carry. In the modern day the calculation of gross tonnage is a very complex process, but the basic philosophy is the same. As a measure of the cargo carrying capacity, it relates directly to the earning capacity of the ship and accordingly port dues are charged according to the tonnage. Based on the same principle, modern ship registers collect an annual (calendar) fee based on the tonnage of the ship.

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**17. Other Income**

	<i>June 30, 2013</i>	<i>June 30, 2012</i>
Professional Service Fee	404,452	360,266
Royalties, Settlement and Other Income	90,108	202,904
Communication/Courier Fee	163,665	151,021
Vessel Books and Products	82,677	56,095
Other Fees (Including Refund of Revenues)	(517)	509
Gain on Revaluation/Disposal of Fixed Assets	12,857	500
Gain/(Loss) on Foreign Exchange Transaction	<u>83,955</u>	<u>(98,939)</u>
<b>Total Other Income</b>	<b><u>837,197</u></b>	<b><u>672,356</u></b>

"Royalties, Settlement and Other Income"- This includes an agreed sum as stated in the settlement agreement reached in August 2011 between MACI and their Authorized Reseller. The agreement also provides for an ongoing quarterly payment to MACI for all items authorized to be resold.

**18. Personnel Cost**

	<i>June 30, 2013</i>	<i>June 30, 2012</i>
Salaries and Wages	3,377,955	3,215,673
Other Personnel Cost	451,512	437,752
Pension Expense	523,211	365,730
Movement in Annual Leave Provision	<u>9,564</u>	<u>5,910</u>
<b>Total Personnel Cost</b>	<b><u>4,362,242</u></b>	<b><u>4,025,065</u></b>

The pension expense for the year ended June 30, 2013 was \$523,211. Of this amount \$285,237 relates to defined benefit participants and \$237,974 relates to defined contribution participants.

**19. Professional Services**

	<i>June 30, 2013</i>	<i>June 30, 2012</i>
Professional Services - Survey Related	822,570	761,985
Professional Services - Registration and Marketing	568,117	577,370
Long Range Identification Tracking	74,192	102,109
Audit Fees	51,000	60,425
Legal Fees	<u>4,596</u>	<u>8,209</u>
<b>Total Professional Services</b>	<b><u>1,520,475</u></b>	<b><u>1,510,098</u></b>

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**20. Other Expenses**

	<i>June 30, 2013</i>	<i>June 30, 2012</i>
Debt Write Off	341,397	153,044
General and Administration Services	291,819	427,454
Maintenance	238,801	249,621
Bank Fees	117,798	108,099
Insurance	57,073	29,084
<b>Total Other Expenses</b>	<b>1,046,888</b>	<b>967,302</b>

**21. Lease Obligations**

MACI leases the premises used for its operations in George Town and in the United Kingdom for the European Regional Office (ERO). The effective date for the George Town office lease agreement was 1 November 2008 for the total office space of 9,614 sq ft at \$43.64 per sq ft. The lease is for 5 years with an additional 5 year option to renew which the Authority has opted not to renew. The lease expires on October 31 2013. The George Town office relocated to the Government Administration Building in February 2013. The Authority and CIG are negotiating a Service Level and Occupancy Agreement to commence 1 November 2013 for 5,405 sq ft.

The Lease agreement for the ERO (Southampton) was dated 6 September 2002 for the total office space of 2,578 sq ft at £17.49 per sq ft. The lease is for 15 years with an option to renew. Lease payments under the operating leases are charged to the income statement in equal instalments over the period of the lease as follows:

	European Regional Office	George Town Office
Lease Obligation for 1 year	£45,089	CI\$139,852
Lease Obligation for 2-5 years	£146,540	CI\$-
Lease Obligation for 6 -11 years	£-	CI\$ -

**22. Defined Benefit Pension Obligation**

Pension contributions are paid for eligible employees of MACI to either the Public Service Pensions Fund (the "Fund") or the Chamber of Commerce Silver Thatch Pension Fund ("Silver Thatch"). The Fund is administered by the Public Service Pension Board (the "Pensions Board") and is operated as a multi-employer contributory fund. Prior to 1 January 2000 the scheme underlying the Fund was a defined benefit scheme.

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 becoming members of the defined contribution element only. MACI therefore funds 6% employee and 6% employers' contributions for all employees joining MACI prior to 1 January 2006. For employees joining after 1 January 2006, the contribution rate in effect is 5% employer's contribution and the employees are required to contribute 5% if enrolled with the Silver Thatch or 6% to participate in the Public Service Pension Fund.

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**22. Defined Benefit Pension Obligation (continued)**

Using the projected Unit Credit method of measuring costs and obligations, the actuarial assessment for the Authority assessed the minimum normal annual contribution to be 13 % in the actuarial valuation. MACI first became a statutory authority as of July 1, 2005. Accordingly, no IAS19 actuarial reports for prior years have previously been submitted for MACI.

The schemes are valued by independent Actuaries. The latest actuarial valuation was done as at 30 June 2012 which reflected the pension liability actual amount to be \$385,000 for which the Authority had previously recorded a provision of \$313,000. In order to reflect the difference between the 2012 estimate and the final actual amount, the Authority has recognized \$72,000 in the current financial year. The estimated liability for June 30, 2013 is \$497,000. To reflect the estimate, the Authority has recorded an amount of \$112,000 and is reflected in the Statement of Comprehensive Income under "Personnel Cost".

	<b>30 June 2012</b>	<b>30 June 2011</b>
Net Present Value of Funded Obligation	(1,415)	(1,218)
Fair Value of Plan Assets	986	937
	(429)	(281)
Unrecognized Net Gains	44	(32)
Net Liabilities in Balance Sheet	(385)	(313)

The distribution of the Plan Assets at 1 July 2012, based on the share of the total Fund allocated to the Authority was as follows:

	<b>30 June 2012</b>	<b>30 June 2011</b>
Equity Investments	64%	55%
Bond Investments	32%	37%
Cash/Property/Other	4%	8%
Total	100%	100%

The principal Actuarial Assumptions at the date of valuation are as follows:

Economic Assumptions Used to Determine Benefit Obligations at June 30<sup>th</sup>, 2012

	<b>30 June 2012</b>	<b>30 June 2011</b>
1) Discount Rate	5.25%	5.50%
2) Expected Long-Term Return On Plan Assets	7.00%	6.00%
3) Rate of Salary Increase	3.50%	4.00%
4) Rate of Price Inflation	2.50%	2.50%
5) Rate of Pension Increases	2.50%	2.50%

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**22. Defined Benefit Pension Obligation (continued)**

Economic Assumptions Used to Determine Net periodic Benefit Cost for Year ending June 30<sup>th</sup>, 2012

	30 June 2012	30 June 2011
1) Discount Rate	5.50%	5.75%
2) Expected Long-term Return on Plan Assets	6.00%	7.00%
3) Expected Long-term Return Reimbursement Rights	0.00%	0.00%
4) Rate of Salary Increase	3.50%	4.00%
5) Rate of Price Inflation	2.50%	2.50%
6) Rate of Pension Increases	2.50%	2.50%

**23. Related Party Transactions**

The Board of Directors of MACI is appointed by the Governor and consists of the Chief Executive Officer, Secretary to the Board as ex-officio members and seven directors as at June 30 2013. The fees of \$8,000 (2012: \$12,125) relates to payments made to the seven directors and Secretary to the Board only. An employee of MACI is a close family member to a Director of MACI's Board. This employee has been employed by MACI for a number of years, whereas the Director's appointment was more recent. The employee earns an approved MACI annual salary and has no decision making authority. One of the Directors was recently appointed as a Director of the Public Service Pension Board. Apart from the disclosed information, there are no other significant related party transactions.

For the purpose of IAS 24, disclosure the CEO is included in the number and cost of the Executive Management Team. The total number of personnel of the Executive Management Team was 3 in 2013 (2012: 4) and salaries and other short term benefits expensed were \$476,030 (2012: \$500,520) and long term benefits expensed were \$37,953.

The following Government department/entities provided services to MACI during 2013 with amounts being expensed:

- i. Treasury Department (\$47,643); at June 30<sup>th</sup>, 2013 \$5,362 was included in the Accounts Payable amount
- ii. Computer Services Department (\$196,348); at June 30<sup>th</sup>, 2013 \$49,561 was included in the Accounts Payable amount
- iii. Immigration Department (\$23,200)
- iv. Cayman Islands London Office (\$26,398); at June 30<sup>th</sup>, 2013 \$18,099 was included in the Accounts Payable amount

MACI is responsible for the registration of vessels and the collection of the related fees which are paid over to the CIG. For the 2013, \$129,698 represented the value of services provided and of that amount; \$128,021 was unpaid at June 30<sup>th</sup>, 2013. MACI operates on a purchase agreement for outputs delivered to Government (see note 15). MACI bills Cabinet on a monthly basis to help cover its recurrent expenditure for these outputs.

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**24. Financial Instruments**

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**a) Credit Risk**

Financial assets that potentially subject the Authority to credit risk consist principally of current, call and fixed deposits, long and short-term investments, accounts and interest receivable, and other receivables and prepayments. Credit risk with respect to accounts and interest receivable, and other receivables and prepayments is limited because the Authority only transacts business with clients it believes to be reputable and capable of performing their contractual obligations. Accordingly, the Authority has no significant concentrations of credit risk.

**b) Fair Value**

The carrying amount of current, call and fixed deposits, accounts and interest receivable, other receivables and prepayments, demand liabilities, and other liabilities and payables approximated their fair value due to the short term maturities of these assets and liabilities. The fair value of other assets and liabilities are not materially different from the carrying amounts.

**c) Foreign Currency Risk**

The Authority received revenue in Euro, Great Britain Pounds (GBP), United States Dollars (US\$) and Cayman Islands Dollars (CI\$). Expenses are also paid in GBP, USD and CI\$. Since the exchange rates are variable between the reporting currency CI\$, the Euro, and the GBP, the Authority is exposed to foreign currency risk.

**24. Restatement of Financial Statements for Financial Year ending June 30, 2013**

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No Restatement.

**25. Subsequent Events**

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The Board of Directors of the Authority have approved to implement a late fee of 1% on all non-tonnage invoices that remain unpaid after 30 days from the issue date. This came into effect on August 1<sup>st</sup>, 2013 per the Shipping Notice No. 07/2012 Rev1 dated July 9, 2013.

The Board of Directors of the Authority have approved to implement a causality investigation fund fee. This will come into effect on January 31, 2014 per the Shipping Notice No. 3/2013 dated August 30<sup>th</sup>, 2013.

Two of the Board Directors term expired on August 11<sup>th</sup>, 2013 and were reappointed for a further two year term, effective August 12, 2013.

Chairman of the Board resigned on September 2, 2013