



MEETING OF THE CIVIL AVIATION AUTHORITY

(CAA Office, Grand Harbour Complex, Grand Cayman, 15 September 2011 at 1:00 PM)

Agenda item 5: IP/01 – CAACI Year End Report 2010/11

(Presented by DGCA)

SUMMARY

This information paper presents the CAACI's activities and financial performance for the year ending 30 June 2011.

1.0 Introduction

1.1 The 2010/11 financial year was a very challenging but successful year for the CAACI as it strived to meet its regulatory obligations and generate revenues in the face of a prolonged global economic recession that has negatively affected the aviation industry for some time. The economic downturn has also presented significant hardship for the Cayman Islands Government in meeting its financial obligations, which caused Cabinet to issue directives for the entire public sector to make significant cuts in expenditure. This required the Authority to make budgetary adjustments in a number of areas and to freeze all personnel remuneration increases. The Authority's success can be attributed to a dedicated staff willing to go beyond the call of duty, and the support received from the CAACI Board of Directors in ensuring the Authority is adequately financed to meet its obligations.

1.2 There were no changes to the Authority's Board of Directors during the period and the Authority continued to be governed in accordance with the Civil Aviation Authority Law (2005 Revision). Regulatory safety oversight matters are carried out in accordance with the powers conferred on the Governor through the Air Navigation (Overseas Territories) Order and delegated to the Director-General. The Authority also retained its status of unconditional designation for the regulation of all areas of civil aviation, as provided for by UK Secretary of State Directions.

1.3 The Authority is financed through fees charged for its regulatory activities in accordance with the Air Navigation (Fees) Regulations, which was amended on 1 November 2010 to make adjustments to costs for certain aircraft weight categories and to amend fees for mortgage registration in line with market conditions. The main revenue streams are fees charged for the certification and licensing of

aerodromes, aircraft registration and certification of air transport operators. The Authority remains financially sustainable and is currently not dependent upon any Government subsidy.

2.0 Board of Directors

2.1 Appointees to the Board during the period are:

Ms. Sheridan Brooks-Hurst	Chairman
Mr. Kirkland Nixon	Deputy Chairman
Mr. Christopher Bodden	Director
Mr. Morris Garcia	Director
Mr. William McTaggart	Director
Mr. P. H. Richard Smith	Ex-officio

2.2 Meetings of the Board

The Board held regular meetings on the following dates:

- i) 15 July 2010;
- ii) 24 September 2010;
- iii) 11 November 2010;
- iv) 14 January 2011;
- v) 18 March 2011;
- vi) 26 May 2011.

2.3 Board Decisions

2.3.1 24 September 2010

i) The Board approved a Resolution to increase the limit of the Authority's credit card account with Cayman National Bank to US\$70,000 to allow an additional CAACI credit card holder.

2.3.2 11 November 2010

i) The Board approved expenditure of CI\$70K for the development and implementation of an electronic data management system by Brac Informatics that is designed to improve efficiencies and productivity of the CAACI's aircraft registration processes and other related regulatory functions.

ii) The Board approved the purchase and implementation of an electronic management system designed by Performance Path to enhance the cost effectiveness and efficiencies of the Authority's human resources management practices. The proposal called for expenditure of CI\$23, 280.

2.3.3 14 January 2011

i) The Board resolved that any dividend payment due to Government for the current financial year be withheld until the matter concerning the Authority's pension obligation is resolved with the PSPB.

2.3.4 26 May 2011

i) The Board agreed to forgive the existing debt owed by the Cayman Flying Club to the Authority to allow the Club to restructure and become active again after a considerable period of dormancy, as a means of contributing to the promotion of aviation in the islands.

ii) The Board agreed to approve the 2011/12 budget in principle, subject to clerical amendments regarding personnel costs increases.

3.0 Personnel & Administrative Matters

3.1 Staff changes during the year included the following:-

3.1.1 Termination of airworthiness manager Richard Arbour in October 2010

3.1.2 Hiring of D. Steve Scott to the post of Flight Operations Manager (Designate) in November.

3.1.3 Secondment of Barry Goodliffe from the UK to the head office in Grand Cayman for the period of January – March 2011.

3.1.4 Retirement of Douglas Cushman, Flight Operations Manager, in January 2011

3.1.5 Hiring of Guy Healey to the post of Airworthiness Manager in June 2011.

3.1.6 Appointment of Jerry Higgins to the post of Flight Operations Manager (to commence work August 8 subject to Immigration approval).

3.1.7 Dion Bodden was hired in June 2011 to the post of Accounts Assistant on a temporary basis to offer coverage for staff vacancy due to maternity leave.

3.1.8 The total staff complement at 30 June 2011 was 20.

3.2 Other noteworthy Administrative developments and accomplishments:

3.2.1 Implementation of the Quality Management System under the guidance of ASSI Quality Manager Beth MacDonald with Alastair Robertson appointed as Quality Manager for the CAACI;

3.2.2 Commencement of a contract with independent HR consultant Rod Waddell to review and re-design the Authority's appraisals tools (includes an in depth analysis and re-design of all job descriptions to a more measureable format with extensive training at the managerial and staff level with a view to enforcing an organizational culture of achievement not entitlement with performance driven targets incorporated). Currently being implemented for all appraisals and evaluations conducted for the year ending 30 June 2011.

3.2.3 Commencement of a contract with Brac Informatics to design a custom/tailored electronic data management system (EDMS) for the Authority that is envisioned to greatly improve the efficiency and processing of data for the Authority's core functions (the CI Aircraft Registry, financial management and processing of operating permits). It is envisioned that this will be launched in October 2011.

3.2.4 Continued work with ASSI's Training Manager Clare Bury to refine technical competencies for the Authority's technical staff.

3.3 Training

3.3.1 The Managers and Directors attended a Safety Culture Workshop which was conducted by ASSI during 20 - 21 September 2010.

3.3.2 Staff from the Air Safety Regulation division attended Airworthiness OTAR training in Miami during 28 September – 1 October 2010.

3.3.3 The Director of CAR&A attended the annual Cayman Business Outlook in January.

3.3.4 The Director of ANSR and Aerodrome Safety Inspector attended an Aerodrome Technical Seminar in Miami during 31 Jan – 4 February 2011.

3.3.5 The Air Carrier Licensing Officer attended “Regulatory Law in the Aviation Industry” conference in Washington, DC 10-11 March 2011.

3.3.6 The DASR and Manager Flights Operations (Designate) attended a Flight Operations Seminar conducted by ASSI during 10 – 13 May in Miami.

3.3.7 Director Finance & Compliance attended the local annual Anti-Money Laundering and Financial Crime Conference in October 2010 and the AICPA International Business Conference during 13 – 16 June 2011.

3.3.8 EAP conducted an in-house workshop on Team Building on 30th June 2011 which was mandatory for all staff to attend.

3.3.9 The DGCA and Flight Operations Manager (designate) attended the CHC Safety & Quality Summit in Vancouver, CA – 28 – 30 March 2010

3.4 IT Matters

3.4.1 Continued work with the ASR team to refine forms and updates to the CAACI website at www.caacayman.com.

3.4.3 On-going maintenance of the network.

3.4.3 Acquired software for planned upgrade of server infrastructure to Windows Server 2008 R2 and Exchange 2010 email server.

3.4.4 Restructuring and standardisation of ASR forms.

3.4.5 Changes to ASR forms page(s) on CAACI website to include single-page structure and a departmental breakdown as advised.

3.4.6 BESX (Blackberry Enterprise Server Express) upgraded to 5.0.2 for current security fixes and to accommodate new devices.

3.5 Other Noteworthy Matters

3.5.1 A highlight of the period was the DGCA’s attendance at the ICAO 37th Assembly in Montreal, Canada as part of the UK delegation. The Assembly is held every three years when member states and international aviation related organizations convene to formulate strategic objectives for the technical, economic and legal aspects of international air transport for the next three years. The DGCA was the only OT representative on the delegation, although the Bermuda DCA was also invited but was unable to attend. The main topic of the Assembly had to do with the environment and curbing emissions in the aviation sector.

4.0 Technical report

4.1 Air Safety Regulation Division

4.1.1 Statistics for the CI Aircraft Registry at 30 June 2011:

- 177 aircraft entered on the register;
- 23 de-registrations occurred within the period;
- 27 new aircraft registrations during the period
- Net growth of 4 aircraft since 30 June 2010.

4.1.2 Audits were completed on the following Air Operator Certificate (AOC) holders: Cayman Islands Helicopters, MRCU and Cayman Express.

4.1.3 The Director of Air Safety Regulation and the Senior Surveyor from the UK conducted an educational/seminar series entitled “OTAR Roadshow” in Sept 2010 to highlight to our operators new developments and changes to OTARs for C.I. registered aircraft, in the major regions: Middle East, UK and Europe.

4.1.4 During the year the Authority granted Canadian Helicopter Corporation (CHC) an Air Operator Certificate that will allow them to operate globally to fulfil air transport contracts in various jurisdictions. CHC is a world leader in off-shore helicopter operations primarily providing support to the oil and gas industry. They are recognized as a world leader in Safety Management Systems.

4.1.5 The annual Airworthiness Surveyors Conference was held in April 2011, bringing all the CAACI designated surveyors based overseas to the island for annual training and to plan for the ensuing year.

4.1.6 The ASR division supported marketing and business developments efforts with attendance at the NBAA and EBACE tradeshows in Atlanta, USA, and Geneva, Switzerland, respectively, and in staging appropriate OTAR training and presentations for industry at the shows.

4.1.7 ASR personnel accompanied the DGCA on a visit to Saudi Arabia in February 2011 for update meetings with the National Air Services (NAS) airline and the Saudi Arabian General Authority of Civil Aviation for the required annual Article 83bis agreement meeting between the two authorities.

4.1.8 ASR personnel have continued to work with operators on the CI Aircraft Registry on compliance with AN(OT)O Article 85 approval and developed a liaison with the International Business Aviation Council (IBAC) for operators to utilize the International Standards for Business Aircraft Operations (IS-BAO) certification as a means of compliance.

4.1.9 Over the course of the year, ASR personnel have developed procedures to ensure operators comply with new OTAR requirements for Special Authorisations.

4.2 Air Navigation Services Regulation Division – regulation of the country’s aerodromes

4.2.1 During the period the ANSR division continued work with the CIAA to address the outstanding findings from the March 2010 audit of Owen Roberts International Airport. They also provide guidance and regulatory input into the development of the Aerodrome Emergency Plan and Apron Safety Plan and conducted assessments to mitigate significant runway obstructions. Also ongoing were reviews of Gerrard-Smith International Airport and Owen Roberts International Airport Aerodrome Manuals.

4.2.2 The division also provided regulatory guidance to Cayman Airways Express on the development of an Aerodrome Manual for flight operations into the Little Cayman Airstrip.

4.2.3 The certification and operation of helicopter sites continues to generate much work and during the period the division has been involved in protracted discussions with both site operators and the Central Planning Authority. Significant progress was made towards the certification of Camana Bay Helipad whilst the development of the Cayman Islands Helicopter (CIH) site in George Town is currently under appeal to the CPA by an adjacent landowner.

4.2.4 The CIAA’s response to the Delta flight 352 incident on 24th February resulted in the requirement for a full investigation, which was carried out by the division. The findings of the investigation were used to formulate corrective actions to the CIAA’s incident response and emergency procedures.

4.2.5 The Division carried out an evaluation of the ATC continuation and emergency training programme provided to the CIAA air traffic controllers (ATCOs) by the Pan-Am training academy. This allows the Authority to certify currency of ATCO licences.

4.2.6 The Division provided regulatory guidance to Cayman Airways Express on aviation fuel operations in Little Cayman.

4.2.7 Personnel from the Division observed the Owen Roberts International Airport Emergency Exercise and reported on their observations. Those observations were conveyed to the CIAA to develop corrective actions where necessary.

4.2.8 The DANSR visited Jamaica, along with the CIAA Senior Manager Air Traffic Control, to meet with the Jamaican Civil Aviation Authority to discuss Airspace, Aeronautical Information Services, and Search and Rescue matters in May 2011.

4.2.9 The annual certification of CIAA air traffic controllers was completed June 2011.

5.0 Economic Regulatory Report

5.1 During the period the Commercial Affairs Regulatory division processed an increased number of operating permits for scheduled and non-scheduled (charter leisure and air ambulance) air transport operations over the previous period.

5.1.1 Non-scheduled operating permits granted for the period of July 2010 to June 2011 was 446 in comparison to 414 for the year ending 2010. This increase may be attributed to an increased number of applications, as the overall tourism arrivals increased this year, and also to on-going communication and monitoring by the CAR&A team on the regulatory requirements and increased cooperation between service providers, ground handlers and the CAACI.

5.2 Seasonal scheduled foreign registered air transport service renewals were as follows:-

5.2.1 Winter Season (October 2010 – March 2011) ten total operating permits granted; of the ten, six were renewals (Air Canada, American Airlines, Continental Airlines, Delta Airlines, US Airways, and West Jet) and 3 new permits were granted to United and two to IBC.

5.2.2 Summer Season (March 2011 – October 2011) ten operating permits granted; of the ten, nine were renewals and one was a new issue to Aerolineas Sosa – a Honduran carrier designated to operate service between La Ceiba and Grand Cayman.

5.2.3 To support this level of activity there has been close liaison with the CIAA to monitor the arrivals and departures of both scheduled and non-scheduled operations governed under a recently renewed MOU between the two Authorities as well as an agreement with Island Air, as the primary ground handler for general aviation flights, to submit statistics and liaise closely to ensure compliance with the AN(OT)O licensing requirement.

5.3 The Director of CAR&A and the Air Transport Licensing Officer conducted training sessions for staff of Cayman Airways, Island Air and Air Agencies to enhance awareness of the requirements under the AN(OT)O and the associated processes of the CAACI.

5.4 The DCAR&A, in her capacity as Secretary to the Air Transport Licensing Authority, has been heavily involved in dealing with an application for a license by Air Turks and Caicos to operate flights between Jamaica, the Cayman Islands and Cuba on a scheduled basis. The ATLA rendered a decision on the 19 November 2010 to grant an operating permit to Air Turks & Caicos for a period of two (2) years.

6. Business Development and Marketing

6.1 Newsletter –The CAACI launched a quarterly newsletter targeting its relevant audiences for all the technical and economic disciplines. The newsletter is entitled the “CAACI Aviation Times”.

6.2 Tradeshows – during the period the CAACI attended the following tradeshows:-

6.2.1 NBAA 2010 in Atlanta, GA – the largest business aviation tradeshow in the North American (including Canada) market. This was the 7th year that the CAACI has exhibited and the tradeshow attracted 24,206 attendees and 1083 exhibitors. Business partners from Applyby, Maples and Calder and Island Air joined the CAACI to exhibit and deliver an integrated message to existing and potential registrants.

6.2.2 MEBA - The DGCA attended the Middle Eastern Business Aviation tradeshow in Dubai on 6-8 Dec as an initiative to expand CAACI's promotional efforts and gain firsthand insight of the show. The show allowed for meetings and networking opportunities with numerous companies such as Titan Aviation, RizonJet, RusAero, IBAC, MAZ Aviation and Arab Wings.

6.2.3 EBACE in Geneva, Switzerland – this was the 7th year that the CAACI exhibited at this tradeshow and the tradeshow attracted over 11,000 attendees and 300+ exhibitors. The CAACI was joined by Island Air for the first time and Appleby law firm.

6.2.4 The CAACI also exhibited locally at Island Air's Luxury Party in February 2011. This signature event of fine things associated with the jurisdiction has become a calendar event each year. The CAACI was positioned next to one of its biggest customers Net Jets (charter operator out of the USA) and distributed information on the CI Aircraft Registry and general info on the CAACI.

6.3 There were a number of noteworthy integrated communications accomplishments that focuses on increasing the global awareness of the CI Aircraft Registry and educating relevant audiences as to the attributes of the registry and the benefits of being associated therewith. Promotional efforts that came to fruition this year include:-

6.3.1 Media buy in Arabian Aerospace Magazine featuring an image ad promoting the registry published in January 2011, and an interview with the DGCA to be published in their spring edition. (Ad attached)

6.3.2 Advertorial media buy in China Offshore - financial publication targeting key financiers, legal advisors and other key decision makers that advise on aircraft registration and asset management in the Chinese marketplace. The editorial associated with the media buy was translated into the appropriate language for the audience in this region.

6.3.3 Participation by way of support to Maples and Calder as they presented at the "Corporate Jet and Helicopter Finance" conference in London, UK. Local attorney Joannah Small delivered a presentation on aircraft registration, comparative jurisdictions and also displayed Maples and Calder and CAACI promotional literature for the target audience of legal advisors and financiers in this European based forum.

6.3.4 Drafted and submitted editorial for an article to be included in the next edition of Cayman Financial Review magazine. This edition will have a feature on the Middle East (which is quite timely for the CAACI as this is one of the regions that we see significant interest in new business). This edition of CFR will also be distributed to legal and financial partners globally and at upcoming conferences (RIMS 2011, Salt Conference, EBACE 2011, GAIM Ops Cayman 2011, etc).

6.3.5 Participation with Island Air in an advertorial buy with "The Times" out of London on a special Cayman report.

6.3.6 Refinement of the CAACI website and media kit, press releases and work with Cayman Financial Review to explore placing an editorial again in the a future issue in 2011.

6.3.7 The CAR&A division also gave support to the CIG for the staging of the Annual Heroes Day event which focused on Aviation Pioneers and Heroes. This year 50 Caymanian heroes were recognized with a dedicated lunch on the Saturday before Heroes Day with the family members of these pioneers being in attendance. Additionally, about 150 persons total, as well as a general reading of the names, were recognised on 24th January 2011 at the official Heroes Day celebration.

6.3.8 On 1 March CAACI management and ARS staff held an internal retreat to consider ways of streamlining and enhancing our productivity and overall service to clients associated with the aircraft registry. This brainstorming session resulted in a number of positive initiatives that has been implemented.

6.3.9 Meetings were held with Cayman National Bank officials in March to explore ways of partnering with them on asset/finance options, as they have a branch in Isle of Man, and representatives in Dubai and Panama. The meetings resulted in CNB signing on to be included on the CAACI brochure.

7 Finance & Compliance Report

7.1 Audits

7.1.1 The audit for the year ending 30 June 2010 was completed and signed off by the Auditor General, CAACI Board Chairman and the Director-General. This audit report was qualified only for the unresolved issue that the Director-General has been trying to resolve with the Financial Secretary and the CEO of the PSPB for the past year.

7.1.2 All CAACI financial audits are now up to date and have been given an unqualified opinion by the Auditor General except for 30 June 2010 financial year, which has been qualified for the reported Pension Liability amount. The management of the CAACI did not accept the most recent actuarial valuation (Disclosure at June 30, 2009 for Determination of Expense for year ending June 2010) due to the large increase in liability caused by what the actuary termed as a “transfer of an employee” within Government. CAACI management disagrees that the employee “transferred” between Government Departments, or that the Authority should be liable for the final payout of the employee who resigned from the Authority. This matter remains unresolved.

7.1.3 Financial Statements for the year ending June 2011 were submitted to the Auditor General’s office, first in draft on 9 August 2011, and complete with notes on 26 August 2011 in advance of the 31 August 2011 deadline.

7.2 General Issues

7.2.1 New Air Navigation (Fees) Regulations 2010 was signed by the Deputy Governor (Governor-in-Council) on October 11, 2010 and was made effective on November 1, 2010. Most significant changes are reduction of mortgage fees. For the eight months ending March 31, 2011 since the fees came into effect, there were 11 new mortgages registered. There were only 8 mortgages registered during the year ended June 30, 2010. This would suggest that the lower mortgage fees are attracting more mortgage registrations.

7.2.2 The Director of Finance and Compliance visited the offices of CHC Helicopter in Vancouver, Canada in February 2011 along with the Director General and the Director of Air Safety Regulation to finalise the terms, conditions and operating costs of the AOC (Air Operator’s Certificate) which was granted in April, 2011. With the addition of CHC as a new AOC holder, this will contribute CI\$140,000 per annum through the AOC licenses. The company now has 2 helicopters registered which will also contribute about CI\$35,000 annually to revenue. It is anticipated that they will register a total of 8 aircraft within two years and as many as 20 within five years.

7.2.3 There were 27 new aircraft registrations within the year and 23 de-registrations increasing the total aircraft on the register by 4 to 177. Most of the 27 new registrations were new owners to the registry with only 7 owners already having aircraft on the register. Financial and Legal Due Diligence was conducted on all of the new customers and updates were made on current ownership files. Enquiries in the aircraft registry increased during June 2011 with 6 new registrations pending processing.

7.3 Financial Summary

7.3.1 **Net Income** for the year ending 30 June 2011 yielded an unaudited net income of CI\$1,816,340, which is \$580,000 (or 47%) over the budgeted period to date net income of \$1,236,000. This overage in net income is mainly due to the savings in expenses of 16% over the budgeted amount. These savings in expenses occur in most areas, the largest portion being in personnel costs, which show a savings of 13% over budget. The second largest area of savings is travel expenses.

7.3.2 **Revenues** are \$100,000 (21%) under budgeted amount for the year ending 30 June 2011. This decrease is mainly due to a net loss in weight of aircraft on the register in the year ending 2010. There was a net gain of 4 aircraft on the registry during the period with 27 new registrations and 23 de-registrations. Of the new aircraft registered, 4 are temporary or 'green' aircraft registrations which account for almost half of the new registration weight and will not require Certificates of Airworthiness in the year they are registered therefore will not yield as much income as active aircraft of the register.

7.3.2. Revenue from operating permits is 62% above what was budgeted. Explanation of the revenue billed during this period is given in the report from the Commercial Affairs regulation section of this report.

7.3.3 **Expenses** Savings in most expense categories was attained with the largest being in personnel costs. The largest part of savings in personnel costs was due to the Flight Operations department functioning with one person for most of the year rather than the budgeted two persons. Travel for Training and Administration purposes makes up the second largest savings in expenses as some of the planned training overseas for technical staff was postponed. There was also some savings in Business Development travel as delegates to attend trade shows during the year were reduced. The other significant savings in expense is UK office and overseas surveyors' full time and part time costs. This was due to the UK office being closed at the end of December 2010 and the full time contractors who are paid fixed costs were utilized more than the part time surveyors whose costs vary with assignments.

7.3.4 **Other Income and Expense** increased by \$100,000 due to customer accounts which had been provided for in bad debt expense in the year ended June 2010 being recovered during the year 2011. Bad debts provided for during the year was significantly less than in 2010 with a reduction of \$48,000 in bad debts provided against and reflected as expense during the year.

7.3.5 **Capital Expenditure** was \$11,000 (19%) more than budgeted mainly due to purchases of Microsoft licenses to upgrade software on all 20 computers in the office. Most computers were on the 2003 version of Microsoft Office. Payments to Brac Informatics Corporation for the new electronic data management system (EDMS) were made during the year as planned. A second payment for training in the BIC EDMS had not been budgeted but was incurred during the year. Old furniture in the HR/Office Administrators Office was replaced; as well as additional cabinets and shelving were purchased to meet the storage requirements of the Air Safety Division in the Airworthiness Office. In addition to the existing monitored security system, an entry/access system to enhance security was also purchased during the year within the \$4,000 that was allocated for Leasehold Improvements.

Appendix A

Financials for year ending June 30, 2011

SUMMARY

Comparison of 2010/11 budget with actual results for year ending June 30, 2011

Year June 2011 Actual \$'000	Year June 2011 Budget \$'000	Over/ (under) CI\$000	CLASSIFICATION Revenue	Remarks
3,437	3,637	(200)	Aircraft certification, licensing and regulatory oversight, aircraft mortgage registration	Net gain in new registrations but net loss in aircraft weight which affects revenue from C of A renewals. Mortgage registration fees were significantly lowered in Nov 2010
214	132	82	Air operator permit approval	Increase in operating permits applied for
1,000	1,000	0	Aerodrome certification and licensing	MoU between CAACI and CIAA re oversight charges.
38	20	18	Bank interest	Budgeted amount was very conservative given the economic climate
4,689	4,789	(100)	Total revenue	

Year June 2011 Actual \$'000	Year June 2011 Budget \$'000	Over/ (under)	CLASSIFICATION Recurrent/ Controllable Expenses	Remarks
1,923	2,202	(279)	Personnel costs	Salaries, bonus, pension, health, training
60	141	(81)	Travel costs-Admin & Training	Travel Costs for administration, training
78	103	(25)	Travel costs – Marketing only	Attending tradeshow in USA, Europe and Middle East.
44	54	(10)	Marketing & promotion supplies/materials	C.I. aircraft registry – registration costs, booths, brochures, promotional item: Most marketing costs incurred this period were reimbursed by marketing alliances
0	10	(10)	Hosting Intl Aviation conferences - locally	Amount budgeted for unexpected request to host international delegates
52	86	(34)	Contracted services	IT, Office Cleaning and (technical contracts: unused)
56	69	(13)	Utilities	Telephone, water & electricity
28	35	(7)	Insurance	Indemnity, property, liability & vehicle
11	4	7	Legal Fees	Legal fees, general consultancy, subscriptions, staff work permits
39	45	(6)	Professional Fees,	
8	6	2	Dues, subs	
62	68	(6)	Work permit fees	
135	134	1	Office rental, maintenance, etc	Grand Cayman Office rental & Maintenance
337	397	(60)	Overseas Contractors & UK office costs	Rent, full time and part time contract surveyors' salaries, office supplies and maintenance
18	39	(21)	Office supplies	Printing, stationery & consumables
36	42	(6)	Other general & admin costs	Advertising, computer and website costs and bank charges
14	13	1	Vehicle operation	Operation, maintenance & upkeep
10	25	(15)	Client and staff relations/goodwill expenses	DGCA entertainment, Christmas party, special meetings and staff events.
4	9	(5)	CAA Board	Payment, meeting supplies, travel, etc.
2,915	3,481	(566)	Total recurrent/controllable expenditure	Total expenditure under budget largely due to personnel costs budgeted not realised
1,774	1,308	466	Net Income before depreciation and bad debt provision	Net Income before depreciation and bad debt provision - over budget (Cash transactions)

Year June 2011 Actual \$'000	Year June 2011 Budget \$'000	Over/ (under)	CLASSIFICATION Other income/expenses	Remarks
101	2	99	Bad debt Recovery (Income increase)	Bad debts provided for at June 2010 recovered during 2011
-18	-30	(12)	Bad debt provision (Expense increase)	Provision against uncollectible accounts for the year ending June 30, 2011 (not yet written off)
-3	-5	(3)	Exchange Loss	
-38	-38	0	Depreciation	Depreciation on Furniture, Fixtures, Computers, Office equipment & Leasehold Improvements (Non-Cash expense)
42	(71)	113	Net Other Income/(Expense)	There was a net other income realized over a net other expense budgeted due to bad debt recovery income not budgeted
1,816	1,236	580	Net Income	Net Income over budgeted amount
			Capital Expenditure	
7	0	7	Furniture & Fixtures	Replacement furniture for Office Admin, IT and additional shelving for ASR
4	4	0	Leasehold improvements	Improvements/upgrades to Grand Harbour office – Security system installed
4	12	(8)	Computer Hardware	Additional staff and replacement computers, additional licenses
54	44	8	Computer Software	Upgrade to Windows 10 (20 licenses), 2 nd payment to BIC
69	58	11	Total capital expenditure	