



GOVERNMENT OF THE CAYMAN ISLANDS

**MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT –
FINANCIAL SERVICES**

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2012**

Financial Statements for the year ended 30 June 2012

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MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – FINANCIAL SERVICES

STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by the Ministry of Finance, Tourism and Development – Financial Services in accordance with the provisions of the Public Management and Finance Law (2010 Revision).

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

As Chief Officer I am responsible for establishing; and have established and maintain a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorised by law, and properly record the financial transactions of the Ministry of Finance, Tourism and Development – Financial Services.

As Chief Officer and Chief Financial Officer we are responsible for the preparation of the Ministry of Finance, Tourism and Development – Financial Services financial statements, representation and judgements made in these statements.

The Ministry does not make any assertion in regards to the following:

- (a) Valuation of buildings – the Government of the Cayman Islands opted for the valuation model in prior fiscal years but has not carried out a revaluation every five years as required by the Financial Regulations (2010) and IPSAS 17, Property, Plant and Equipment.

With exception to the issues raised in the preceding paragraph, the financial statements fairly present the financial position, financial performance and cash flows of the Ministry of Finance, Tourism and Development – Financial Services for the financial year ended 30 June 2012.

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

- (a) completely and reliably reflect the financial transactions of Ministry of Finance, Tourism and Development – Financial Services for the year ended 30 June 2012;
- (b) fairly reflect the financial position as at 30 June 2012 and performance for the Year ended 30 June 2012;
- (c) comply with International Public Sector Accounting Standards as set out by International Public Sector Accounting Standards Board under the responsibility of the International Federation of Accountants. Where guidance is not available, the financial statements comply with International Accounting Standards issued by the International Accounting Standards Committee or accounting practice that is generally accepted in the United Kingdom as appropriate for reporting in the public sector.

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.



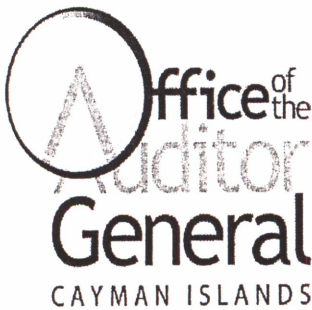
Dax Basdeo
Chief Officer

Date – 25 June 2013



Josephine Sambula
Senior Chief Financial Officer

Date – 25 June 2013



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AUDITOR GENERAL'S REPORT

To the Chief Officer and Members of the Legislative Assembly of the Cayman Islands

I have audited the accompanying financial statements of the **Ministry of Finance, Tourism and Development – Financial Services** (the “Ministry”), which comprise the statement of financial position as of 30 June 2012, and the statement of financial performance, statement of changes in net worth and cash flow statement, for the year then ended and a summary of significant accounting policies and other explanatory notes, in accordance with the provisions of Section 60(1)(a) of the *Public Management and Finance Law (2012 Revision)* (“PMFL”).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Public Sector Accounting Standards (“IPSAS”), 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 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 upon 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.

Basis for Qualified Opinion

Fixed Assets

The Ministry has not revalued its buildings within five (5) years preceding the year ended June 30, 2012, in accordance with The Financial Regulations (2012 revision) and as required by IPSAS 17. I could therefore not determine if fixed assets were fairly stated as at June 30, 2012.

Loss on Disposal

I am unable to obtain sufficient and appropriate audit evidence in order to verify the occurrence and accuracy of \$172,462 loss on disposal reported.

Depreciation

I am unable to verify the amount of depreciation expense due to the uncertainties surrounding the value of the Ministry's fixed assets.

Surplus Payable

Due to the qualifications issued on the areas disclosed above and the inability to support the contributed capital amount we are unable to conclude on the accuracy of the surplus payable.

Net Worth

There are numerous matters concerning the net worth balance reported within the accounts. The main components of the net worth include the revaluation surplus, accumulated surpluses and contributed capital:

Revaluation of Land and Buildings

As noted above, the Ministry has not revalued its buildings as required by IPSAS 17. The resultant effect of such a revaluation on net worth is the inclusion of a revaluation surplus or deficit. As no revaluation was done, I am therefore unable to conclude that Net Worth is fairly stated at 30 June 2012.

Contributed Capital

We did not receive adequate support to substantiate the amount of \$6,876,000 presented within the statement of financial position as contributed capital. Therefore I am unable to conclude that Net Worth is fairly stated at 30 June 2012.

Accumulated Surplus

The accumulated surplus represents the cumulative net surpluses that accrued to the entity over prior years. This balance is deemed to be unreliable due to the fact that there are a number of accounting issues as noted above that affect the integrity of this balance.

Related Party Transactions

International Public Sector Accounting Standards (IPSAS) 20 requires the identification of transactions with related parties and disclosure of related party transactions and outstanding balances in the financial statements. This is to ensure that the entity's financial statements contain the disclosure necessary to draw attention to the possibility that its financial position and financial performance may have been affected by the existence of related parties and by transactions and outstanding balances with such parties. I was unable to determine the entity's compliance with this standard due to the non-presentation of the declaration forms by some of the officers who are so required by the standard. The absence of these declarations would inhibit the Ministry from identifying, monitoring and disclosing all related party transactions by senior managers and those charged with governance.

Qualified Opinion

In my opinion, except for the possible effects of the matters described in the Basis of Opinion paragraphs, these financial statements present fairly, in all material respects, the financial position of the Ministry as at June 30, 2012, its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.



Alastair Swarbrick, MA (Hons), CPFA
Auditor General

Cayman Islands
June 28, 2013

MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT - FINANCIAL SERVICES
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

Prior Year Actual \$'000		Note	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Original vs Actual) \$'000
Current Assets						
20,372	Cash and cash equivalents	2	13,840	554	554	(13,286)
4,525	Trade receivables	3	13,817	798	798	(13,019)
18	Other receivables	3	14	40	40	26
56	Prepayments	4	52	29	29	(22)
24,971	Total Current Assets		27,723	1,421	1,421	(26,302)
Non-Current Assets						
1,391	Property, plant and equipment	5	1,368	665	665	(703)
1,391	Total Non-Current Assets		1,368	665	665	(703)
26,362	Total Assets		29,091	2,086	2,086	(27,005)
Current Liabilities						
11	Trade payables	6	406	240	240	(166)
428	Other payables and accruals	6	73	-	-	(74)
100	Employee entitlements	7	97	82	82	(15)
19,320	Surplus Payable		21,614	-	-	(21,614)
19,859	Total Current Liabilities		22,190	322	322	(21,868)
19,859	Total Liabilities		22,190	322	322	(21,868)
6,503	Net Assets		6,901	1,764	1,764	(5,137)
Net Worth						
6,478	Contributed capital		6,876	(20,265)	(20,265)	(27,141)
25	Accumulated surpluses		25	22,030	22,030	22,005
6,503	Total Net Worth		6,901	1,764	1,764	(5,137)

The accounting policies and notes on pages 9 to 26 form part of these financial statements.

MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT - FINANCIAL SERVICES
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2012

Prior Year Actual \$'000			Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Original vs Actual) \$'000
	Revenue					
27,314	Sale of goods and services	8	30,154	31,050	30,951	895
<u>27,314</u>	Total Revenue		<u>30,154</u>	<u>31,050</u>	<u>30,951</u>	<u>895</u>
	Expenses					
4,392	Personnel costs	9	4,759	5,314	5,209	555
3,431	Supplies and consumables	10	3,244	3,578	3,977	334
173	Depreciation	5	193	390	199	198
(2)	Gain on foreign exchange transactions	11	(23)	7	7	29
-	Loss on disposal/revaluation of property, plant and equipment	11	172	-	-	(172)
<u>7,994</u>	Total Expenses		<u>8,345</u>	<u>9,289</u>	<u>9,391</u>	<u>944</u>
<u>19,320</u>	Surplus for the Period		<u>21,809</u>	<u>21,761</u>	<u>21,560</u>	<u>(48)</u>

The accounting policies and notes on pages 9 to 26 form part of these financial statements.

MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT - FINANCIAL SERVICES
GOVERNMENT OF THE CAYMAN ISLANDS
STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDED 30 JUNE 2012

	Attributable to Cayman Islands Government				Variance (Original vs Actual)
	Contributed Capital	Accumulated Surplus	Total Net worth	Original Budget	Final Budget
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2010	-	-	-	1,508	1,508
Transfer of net assets	6,451	25	6,476	-	-
Restated balance	6,451	25	6,476	1,508	1,508
Changes in net worth for 2010/11					
Equity investment from Cabinet	27	-	27	118	118
Repayment of surplus to Cabinet	-	(19,320)	(19,320)	(15,970)	(15,970)
Surplus for the period 2010/11	-	19,320	19,320	15,970	15,970
Balance at 30 June 2011	6,478	25	6,503	1,626	1,626
Prior year adjustments	282	-	282	-	-
Balance at 1 July 2011, as restated	6,760	25	6,785	1,626	1,626
Changes in net worth for 2011/12					
Equity investment from Cabinet	116	-	116	139	139
Surplus for the period 2011/12	-	21,809	21,809	22,030	21,462
Repayment of surplus to Cabinet	-	(21,809)	(21,809)	(22,030)	(21,462)
Balance at 30 June 2012	6,876	25	6,901	1,765	1,765

The accounting policies and notes on pages 9 to 26 form part of these financial statements.

MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT - FINANCIAL SERVICES
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30 JUNE 2012

Prior Year Actual \$'000		Note	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Original vs Actual) \$'000
CASH FLOWS FROM OPERATING ACTIVITIES						
	<i>Receipts</i>					
3,930	Outputs to Cabinet		4,528	6,042	6,042	1,514
23,029	Sale of goods and services - third party		16,303	25,007	25,007	8,704
104	Other receipts		4	-	-	(4)
	<i>Payments</i>					
(4,334)	Personnel costs		(4,514)	(5,314)	(5,314)	(800)
(2,339)	Supplies and consumables		(3,460)	(3,584)	(3,584)	(124)
-	Other payments		(1)	-	-	1
20,390	Net cash flows from operating activities	12	12,861	22,152	22,152	9,291
CASH FLOWS FROM INVESTING ACTIVITIES						
(45)	Purchase of property, plant and equipment		(21)	(139)	(139)	(118)
-	Proceeds from sale of property, plant and equipment		-	-	-	-
(45)	Net cash flows from investing activities		(21)	(139)	(139)	(118)
CASH FLOWS FROM FINANCING ACTIVITIES						
27	Equity Investment		143	139	139	(4)
-	Repayment of Surplus		(19,516)	(22,030)	(22,030)	(2,513)
-	Capital withdrawal		-	-	-	-
27	Net cash flows from financing activities		(19,373)	(21,891)	(21,891)	(2,518)
	Net increase/(decrease) in cash and cash equivalents		(6,533)	122	122	6,655
20,372	Cash and cash equivalents at beginning of period		20,373	432	432	(19,940)
20,372	Cash and cash equivalents at end of period		13,840	554	554	(13,286)

The accounting policies and notes on pages 9 to 26 form part of these financial statements.

MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – FINANCIAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Description and principal activities

The Ministry of Finance, Tourism and Development – Financial Services (“the Ministry”) is a Government owned entity as defined by section 2 of the Public Management and Finance Law (2010 Revision) and it is domiciled in the Cayman Islands.

The Ministry of Finance, Tourism and Development was formed after the General Election of 2009 by combining the Portfolio of Finance and Economics and the Ministry of Tourism. Effective 1 July 2010 the Ministry of Finance, Tourism and Development was split into three separate reporting entities: Tourism and Development; Public Finance and Financial Services. The departments which formed the Financial Services portion of the Ministry of Finance, Tourism and Development were transferred into the new Financial Services entity.

Its principal activities and operations include all activities carried out in terms of the outputs purchased by the Ministry as defined in the Annual Plan and Estimates for the Government of Cayman Islands for the financial year ending 30 June 2011.

Note 1: Significant Accounting Policies

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

There are no known accounting standards that have been adopted by the IPSAS Board for use in future years that will impact these financial statements.

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

(a) Basis of preparation

The financial statements are presented in Cayman Islands dollars and are prepared on the accrual basis of accounting, unless otherwise stated. The measurement base applied to these financial statements is the historical cost basis.

MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – FINANCIAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Note 1: Significant Accounting Policies (continued)

Changes in Accounting Policies

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

The presentation of the prior year financial statements has been changed to include a comparison of actual amounts with amounts in the original and final budget as required by IPSAS 24 including explanations of material difference between original budget and actual amounts.

The details and presentation of the Statement of Changes in Net Worth has been changed to show greater detail and to reflect changes in accounting policies and corrections of errors and omissions.

(b) Budget Amounts

The original and final budget amounts for the financial year are as presented in the 2011/2012 Annual Budget Statement and approved by the Legislative Assembly on the 30 June 2011.

(c) Judgments and Estimates

The preparation of financial statements is in conformity with International Public Sector Accounting Standards that requires judgments, estimates, and assumptions affecting the application of policies and reported amounts of assets and liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

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

(d) Changes in Accounting Estimates

There have been no changes accounting estimates as defined by IPSAS 3.

(e) Revenue

Revenue is recognised in the accounting period in which it is earned. Revenue received but not yet earned at the end of the reporting period is recognised as a liability (unearned revenue).

The Ministry derives its revenue through the provision of services to Cabinet, to other agencies in government and to third parties. Revenue is recognised at fair value of services provided.

(f) Expenses

Expenses are recognised in the accounting period in which they are incurred.

MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – FINANCIAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Note 1: Significant Accounting Policies (continued)

(g) Operating Leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under the operating leases are recognised as expenses on a straight-line basis over the lease term.

(h) Cash and Cash Equivalents

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

When there is objective evidence that a financial asset or group of financial assets is impaired the losses are recognised as a loss in the Statement of Financial Performance.

(i) Prepayments

The portion of recognised expenditure paid in advance of receiving services has been recognised as a prepayment in these financial statements.

(j) Property, Plant and Equipment

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

Depreciation is expensed on a straight-line basis at rates stipulated below to allocate the cost or valuation of an item of property, plant and equipment (other than land); less any estimated residual value, over its estimated useful life. Leasehold improvements are depreciated either over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is shorter.

Asset Type

Estimated Useful life

• Buildings and structures	10 – 60 years
• Building fit-out (when accounted for separately)	5 – 25 years
• Leasehold Improvement	Over the unexpired period of lease or the useful life of the improvement
• Computer Equipment	3 – 10 years
• Developed software	4 – 10 years
• Office equipment and furniture	3 – 25 years
• Motor vehicles	3 – 20 years
• Telecommunications	5 – 50 years
• Other equipment	5 – 20 years

MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – FINANCIAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Note 1: Significant Accounting Policies (continued)

Disposals

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

(k) Employee Benefits

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

Pension contributions for employees of the Ministry are paid to the Public Service Pension Fund and administered by the Public Service Pension Board (the "Board"). Contributions of 12% - employer 6% and employee 6% are made to the Fund by the Ministry.

Prior to 1 January 2000, the Board operated a defined benefit scheme. With effect from 1 January 2000, the Board continued to operate a defined benefit scheme for existing employees and a defined contribution scheme for all new employees. Obligations for contribution to defined contribution retirement plans are recognised in the Statement of Financial Performance as they are earned by employees. Obligations for defined benefit retirement plans are centralized in the Government and therefore, reported in the Consolidated Financial Statements for the Entire Public Sector of the Cayman Islands Government.

(l) Financial Instruments

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

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. Financial assets comprise of cash and cash equivalents and receivables.

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

Recognition

The Ministry recognises financial assets and financial liabilities on the date it becomes party to the contractual provisions of the instrument. From this date, any gains and losses arising from changes in fair value of the assets and liabilities are recognised in the Statements of Financial Performance.

MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – FINANCIAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Note 1: Significant Accounting Policies (continued)

(l) Financial Instruments (continued)

Measurement

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

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

De-recognition

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

(m) Contingent Liabilities and Assets (including guarantees)

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

(n) Foreign Currency

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

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

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

MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – FINANCIAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Note 1: Significant Accounting Policies (continued)

(o) Comparative Figures

The presentation of the prior year financial statements has been changed to include a comparison of actual amounts with amounts in the original and final budget. Comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.

(p) Revenue from Non-Exchange Transactions

The Ministry receives various services from other government entities for which payment is made by the Cayman Islands Government. These services include but are not limited to accommodation in the central government building, computer repairs and software maintenance by the Computer Services department and human resources management by the Portfolio of the Civil Service. The Ministry has designated these non-exchange transactions as Services in-Kind as defined under IPSAS 23 – Revenue from non-exchange Transactions. When fair values of such services can be reliably estimated then the non-exchange transaction is recorded as an expense and an equal amount is recorded in other income as a service in-kind. Where services in-kind offered are directly related to construction or acquisition of a fixed asset, such service in-kind is recognised in the cost of the fixed asset.

Note 2: Cash and Cash Equivalents

Cash and cash equivalents include cash on hand; bank accounts in the name of the Ministry of Finance, Tourism and Development maintained at Royal Bank of Canada and Barclays Bank (UK), and short term deposits invested with the Cayman Islands Government Treasury. As at 30 June 2012 the Ministry held no restricted cash balances (30 June 2011: \$0).

Prior Year Actual \$'000	Description	Foreign Currency \$'000	Exchange Rate	Current Year Actual \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Original vs Actual) \$'000
104	Cash on hand			35	-	-	(35)
10	Cash in transit			16	-	-	(16)
19,892	CI\$ Operational current account			13,599	554	554	(13,045)
137	US\$ Operational current account	182	0.83	152	-	-	(152)
229	CI\$ Payroll current account			38	-	-	(38)
20,372	Total	182		13,840	554	554	(13,286)

MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – FINANCIAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Note 3: Trade Receivables and Other Receivables

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

As at 30 June 2012 and 30 June 2011, Trade Receivables are as follows:

Prior Year Actual	Description	Current Year Actual	Original Budget	Revised Budget	Variance (Original vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
57	Sale of goods and services	764	798	798	34
4,412	Outputs to Cabinet	13,009	-	-	(13,009)
56	Outputs to other government agencies	44	-	-	(44)
4,525	Total Trade receivables	13,818	798	798	(13,019)

As at 30 June 2012 and 30 June 2011, Other Receivables are as follows:

Prior Year Actual	Description	Current Year Actual	Original Budget	Revised Budget	Variance (Original vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
18	Advances (salary, official travel, etc)	13	38	38	25
-	Dishonoured cheques	1	-	-	(1)
-	Other receivable	-	2	2	(2)
18	Total other receivables	14	40	40	(26)

MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – FINANCIAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Note 3: Trade Receivables and Other Receivables (continued)

As at 30 June 2012 and 30 June 2011, the ageing analysis of trade receivables and other receivables is as follows:

Prior Year Actual \$'000	Description	Trade Receivable \$'000	Other Receivable \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Original vs Actual) \$'000
4,543	Past due 1-30 days	3,952	14	838	838	(3,128)
-	Past due 31-60 days	1,884	-	-	-	(1,884)
-	Past due 61-90 days	2,202	-	-	-	(2,202)
-	Past due 90 and above	5,779	-	-	-	(5,779)
4,543	Total	13,817	14	838	838	(12,993)

As of 30 June 2012 and 30 June 2011, trade receivables and other receivables are all due within one year from financial position date.

Note 4: Prepayments

Prior Year Actual \$'000	Description	Current Year Actual \$'000	Original Budget \$'000	Revised Budget \$'000	variance (Original vs Actual) \$'000
56	Accrued prepayments	52	8	8	(44)
-	Prepaid insurance	-	21	21	21
56	Total Prepayments	52	29	29	(23)

MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – FINANCIAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Note 5: Property, Plant and Equipment

	As at 30 June 2012								
	Buildings and Leasehold \$'000	Furniture and Fittings \$'000	Computer Equip \$'000	Motor Vehicles \$'000	Assets in progress \$'000	Total \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Original vs Actual) \$'000
Cost									
At 1 July 2011	1,216	662	371	-	146	2,395	2,377	2,377	(18)
Additions	-	-	21	-	-	21	139	139	118
Disposals	(151)	(241)	(52)	-	-	(444)	-	-	443
Transfers	456	-	-	16	(93)	379	-	-	(378)
At 30 June 2012	1,521	421	340	16	53	2,351	2,516	2,516	165
Accumulated depreciation									
At 1 July 2011	330	363	311	-	-	1,004	1,728	1,553	724
Transfers	42	-	-	16	-	58	-	-	(58)
Depreciation expense	84	50	59	-	-	193	122	297	(71)
Disposal	(2)	(165)	(105)	-	-	(272)	-	-	272
At 30 June 2012	454	248	265	16	-	983	1,850	1,850	867
Carrying value at 30 June 2012	1,067	173	75	-	53	1,368	666	666	(702)

MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – FINANCIAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Note 5: Property, Plant and Equipment (continued)

	As at 30 June 2011								
	Buildings and Leasehold	Furniture and Fittings	Computer Equip	Motor Vehicles	Assets in progress	Total	Original Budget	Revised Budget	Variance (Original vs Actual)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Cost</u>									
As at 1 July 2010	-	-	-	-	-	-	2,259	2,259	2,259
Additions	-	-	23	-	22	45	118	118	73
Transfers	1,216	662	348	-	124	2,350	-	-	(2,350)
At 30 June 2011	1,216	662	371	-	146	2,395	2,377	2,377	(18)
<u>Accumulated depreciation</u>									
At 1 July 2010	-	-	-	-	-	-	1,338	1,163	1,338
Depreciation expense	62	52	59	-	-	173	390	390	217
Transfers	268	311	252	-	-	831	-	-	(831)
At 30 June 2011	330	363	311	-	-	1,004	1,728	1,553	724
Carrying value at 30 June 2011	886	299	60	-	146	1,391	649	824	(742)

MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – FINANCIAL SERVICES
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Note 6: Trade Payables, Other Payables and Accruals

Prior Year Actual \$'000	Description	Current Year Actual \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Original vs Actual) \$'000
9	Creditors	51	22	22	(29)
11	Trade payables	25	-	-	(25)
361	Accrued expenses	330	218	218	(112)
-	Other payables	1	-	-	(1)
58	Payroll deductions	72	-	-	(72)
439	Total trade payables other payables and accruals	479	240	240	(239)

Trade and other payables are non-interest bearing and are normally settled on 30-day terms.

Note 7: Employee entitlements

Prior Year Actual \$'000	Description	Current Year Actual \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Original vs Actual) \$'000
100	Annual leave	97	82	-	(15)
100	Total employee entitlements	97	82	82	(15)

The retirement and long-service leave entitlements are calculated based on current salary paid to those employees who are eligible for this benefit.

MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – FINANCIAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS
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Note 8: Revenue

Prior Year		Current			Variance
Actual	Revenue type	Year	Original	Final	(Original
\$'000		Actual	Budget	Budget	vs Actual)
		\$'000	\$'000	\$'000	\$'000
4,182	Outputs to Cabinet ¹	5,543	6,042	5,944	499
23,029	Fees and charges ²	24,501	24,933	24,933	432
103	Other ²	110	74	74	(36)
27,314	Total sales of goods and services	30,154	31,049	30,951	895

¹ Outputs to Cabinet comprises goods delivered to and services performed on behalf of the Cayman Islands Government.

² Fees and Charges, General Sales, Rentals and Others include administrative fees and user charges levied on the public for the delivery of government services. The respective rates and fee structures are gazetted and governed by the relevant revenue laws.

No revenue concessions were granted during the financial year ended 30 June 2012.

Note 9: Personnel costs

Prior		Current			Variance
Year		Year	Original	Revised	(Original
Actual	Description	Actual	Budget	Budget	vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
3,637	Salaries, wages and allowances	3,916	4,305	4,236	389
544	Health care	624	756	730	132
197	Pension	222	245	235	22
11	Leave	(3)	-	-	3
3	Other personnel related costs	-	9	9	9
4,392	Total Personnel Costs	4,759	5,314	5,209	555

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FOR THE YEAR ENDED 30 JUNE 2012

Note 10: Supplies and Consumables

Prior Year Actual	Description	Current Year Actual	Original Budget	Revised Budget	Variance (Original vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
1,855	Purchase of services	1,610	2,021	1,992	411
671	Lease of property and equipment	685	434	769	(251)
328	Travel and subsistence	354	523	530	168
196	Utilities	162	139	225	(22)
45	Supplies and materials	102	141	141	39
65	Interdepartmental expenses	65	55	55	(10)
33	General insurance	19	8	14	(11)
3	Recruitment and training	9	59	52	50
235	Other	238	199	199	(40)
3,431	Total Supplies and consumables	3,244	3,578	3,977	334

Note 11: (Gains) / Losses

Prior Year Actual	Description	Current Year Actual	Original Budget	Revised Budget	Variance (Original vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
-	Net loss on disposal of property, plant and equipment	172	-	-	(172)
(2)	Net (gain) on foreign exchange Transactions	(23)	7	7	29
(2)	Total (gains)/ losses	150	7	7	(143)

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Note 12: Reconciliation of Net Cash Flows from Operating Activities to Surplus

Prior Year Actual \$'000	Description	Current Year Actual \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Original vs Actual) \$'000
19,457	Surplus for the period	21,809	22,030	21,462	221
	Non-cash movements				
173	Depreciation expense	193	122	297	(71)
-	Net loss on sale of property plant and equipment	172	-	-	(172)
	Changes in current assets and liabilities:				
(253)	Increase in receivables - Cabinet	(8,597)	-	-	9,313
473	Decrease/(increase) in other current assets	(754)	-	-	4
440	Decrease in current liabilities	41	-	-	(7)
100	(Increase)/decrease in provisions relating to employee costs	(3)	-	-	3
20,390	Net cash flows from operating activities	12,861	22,152	21,759	9,291

Note 13: Revenue from Non-Exchange Transactions

During the year ended 30 June 2012, the Ministry received services in-kind in the form of accommodation in the central government building, computer repairs and software maintenance by the computer services department and human resources management by the Portfolio of the Civil Service. The fair value of these services cannot be reliably determined and therefore no expense has been recognised in these financial statements.

Note 14: Contingent liabilities and assets

The Ministry has no contingent assets as at 30 June 2012. Any contingent liabilities relating to the Ministry as at 30 June 2012 are reported in the consolidated accounts for the Cayman Islands Government.

**MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – FINANCIAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

Note 15: Commitments

There were no commitments as at 30 June 2012.

Note 16: Explanation of Major Variances against Budget

Explanations for major variances for the Ministry's performance against the original budget are as follows:

Statement of financial performance

Cabinet revenue

Revenue from cabinet was \$0.5 million below budget due to lower funding in order to meet the Government's overall financial targets.

Other Revenue

Revenue from other sources was \$.4 million below budget due to reduced economic activity.

Personnel Costs

Personnel costs were \$.6 million below budget due to cost savings arising from Government's overall financial targets.

Supplies and consumables

Supplies and consumables were \$.3 million below budget due to cost saving measures implemented during the year.

Depreciation

Depreciation expenses were \$.2 million below budget due to uncertainty as to the assets to be utilized by the new entity during the budget setting process.

Statement of financial position

Cash and cash equivalents

The actual year-end cash balances were \$13 million above budget due to the surplus in the year not being paid over.

Trade Receivables

Trade receivables were \$13 million higher than the original budget due to delay in transferring revenue from the Executive account to the Entity.

MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – FINANCIAL SERVICES
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FOR THE YEAR ENDED 30 JUNE 2012

Note 17: Related Party and Key Management Personnel Disclosures

Related party disclosure

The Ministry is a wholly owned entity of the government from which it derives a major source of its revenue. The Ministry and its key management personnel transact with other government entities on a regular basis. These transactions were provided free of cost during the financial year ended 30 June 2012 and were consistent with normal operating relationships between entities and were undertaken on terms and conditions that are normal for such transactions.

Key management personnel

Key management personnel including Ministers of the Government, are also considered to be related parties, and as such received the following remuneration.

Prior Year Actual	Description	Current Year Actual	Original Budget	Revised Budget	Variance (Original vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
309	Salaries and other short-term employee benefits	1,207	-	-	(1,207)
37	Other long-term benefits	-	-	-	-
346	Total	1,207	-	-	(1,207)

There were no loans granted to key management personnel and or their close relatives.

Note 18: Events Occurring after Reporting Date

No events materially affecting these financial statements occurred after 30 June 2012.

MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – FINANCIAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Note 19: Financial Instrument Risks

The Ministry is party to financial instrument arrangements as part of its everyday operations. These financial instruments include cash and bank balances, advances, accounts receivable, debtor-Cabinet and creditors and other payables. The fair value of financial instruments is equivalent to the carrying amount disclosed in the Statement of Financial Position.

Credit risk

In the normal course of its business the Ministry is subject to credit risk from debtors other than the Cabinet. The Ministry does not have significant concentrations of credit risk for its other financial instruments.

Currency and interest rate risk

The Ministry has no significant exposure to currency exchange loss risk and interest rate risk.

Liquidity risk

In meeting its liquidity requirements, the Ministry closely monitors its forecast cash requirements with expected cash drawdowns from Cabinet and receipts from third parties. The Ministry maintains a target level of available cash to meet liquidity requirements.

All of the Ministry financial liabilities (creditors and payables) will be settled in less than six months from the date of these financial statements.

Note 20: Financial instruments – fair values

As at 30 June 2012 and 30 June 2011, the carrying values of cash and cash equivalents, accounts receivable, accounts payable and employee entitlements approximate their fair values due to their relative short-term maturities.

Fair values are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions, economic conditions and other factors could cause significant changes in fair value estimates.

MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – FINANCIAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Note 21: Outputs Used

Code	Appropriation	Amount Appropriated	Appropriation Used	Variance
DCI000215	Marketing and promotional activities	425,013	702,565	(277,552)
DCI000415	Facilitation of inward investment	235,557	88,975	146,582
DCI000515	Technical assistance to entrepreneurs	460,971	503,403	(42,432)
DCI000715	Policy advice and ministerial servicing Cayman islands film commission project	126,733	126,733	-
DCI000815	facilitation	45,809	40,025	5,784
DCI000915	Trade and business licences	437,780	270,162	167,618
FSA000100	Policy advice and ministerial servicing Oversight and monitoring of government agencies	729,217	729,900	(683)
FSA000200	and SAGCS Consultative and secretarial services for boards	304,179	101,278	202,901
FSA000300	and committees	147,488	116,880	30,608
FSS000100	Policy advice and support to the Ministry	567,072	638,218	(71,146)
FSS000200	Maintain international obligations Media relations, public relations and	471,571	312,501	159,070
FSS000400	communications support	511,323	511,323	-
REG000115	Policy advice and support to the Ministry	6,300	8,425	(2,125)
REG001215	Collection of executive revenue	129,897	121,392	8,505
REG001315	Birth, death and marriage registration Acting as a competent authority for tax	83,759	20,564	63,195
TIA000300	information agreements Acting as a competent authority with European Union States on reporting of savings income	320,141	382,308	(62,167)
TIA000400	information	123,148	46,092	77,056
UKO000900	Policy advice and ministerial servicing Provision of guidance and information to foreign	97,123	226,070	(128,947)
UKO001100	stakeholders	248,007	40,096	207,911
UKO001200	Consular services Representational duties and international	206,015	144,384	61,631
UKO001300	relations	270,869	411,464	(140,595)
Total		5,947,972	5,542,758	405,214

The outputs shown in the table above represent the outputs of the Ministry as agreed in the Annual Budget Statement (ABS).