



GOVERNMENT OF THE CAYMAN ISLANDS

Portfolio of the Civil Service

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2013

Appendix: Financial Statements for the year ended 30 June 2013

CONTENTS

	Page
Statement of Responsibility for Financial Statements	3
Auditor General's Report	4-5
Statement of Financial Position	6
Statement of Financial Performance	7
Statement of Changes in Net Worth	8-9
Statement of Cash Flows	10
Notes to the Financial Statements	11-26



STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by the Portfolio of the Civil Service in accordance with the provisions of the *Public Management and Finance Law (2012 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 (2012 Revision)*.

As Acting Chief Officer I am responsible for establishing; and have established and maintained a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorised by law, and properly recorded the financial transactions of the Portfolio of the Civil Service.

As Acting Chief Officer and Acting Chief Financial Officer we are responsible for the preparation of the Portfolio of the Civil Service financial statements, representation and judgements made in these statements.

The financial statements fairly present the financial position, financial performance and cash flows of the Portfolio of the Civil Service for the financial year ended 30 June 2013.

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

- (a) Completely and reliably reflect the financial transactions of the Portfolio of the Civil Service for the year ended 30 June 2013;
- (b) fairly reflect the financial position as at 30 June 2013 and performance for the year ended 30 June 2013;
- (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

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.

Ian Fenton
Acting Chief Officer

Date- 28th October 2013

Neyka Webster
Acting Chief Financial Officer

Date- 28/10/13

AUDITOR GENERAL'S REPORT

To the Members of the Legislative Assembly and the Chief Officer of the Portfolio of the Civil Service

I have audited the accompanying financial statements of the Portfolio of the Civil Service, which comprise the statement of financial position as at 30 June 2013 and the statement of financial performance, statement of changes in net worth 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 6 to 26 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 Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Portfolio of the Civil Service as at 30 June 2013 and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

A handwritten signature in blue ink, appearing to read 'AS Swarbrick', with a long horizontal flourish extending to the right.

Alastair Swarbrick, MA (Hons), CPFA
Auditor General

28 October 2013
Cayman Islands

**PORTFOLIO OF THE CIVIL SERVICE
STATEMENT OF FINANCIAL POSITION
AS AT 30 June 2013
(Expressed in Cayman Islands Dollars)**

2011/12 Actual CI\$000		Note	2012/13 Actual CI\$000	Final/Original Budget CI\$000	2012/13 Variance from Original Budget CI\$000
Current Assets					
1,261	Cash and cash equivalents	2	1,862	1,887	25
1,158	Trade receivables	3	944	250	(694)
-	Other receivables	3	-	-	-
20	Prepayments		34	-	(34)
2,439	Total Current Assets		2,840	2,137	(703)
Non-Current Assets					
16	Property, plant and equipment	4	16	2	(14)
16	Total Non-Current Assets		16	2	(14)
2,455	Total Assets		2,856	2,139	(717)
Current Liabilities					
15	Trade payables	5	1	-	1
134	Other payables and accruals	5	136	49	87
23	Employee entitlements	6	30	-	30
1,239	Repayment of surplus	5	1,645	-	1,645
1,411	Total Current Liabilities		1,812	49	1,763
Non-Current Liabilities					
-	Employee entitlements	6	-	-	-
-	Total Non-Current Liabilities		-	-	-
1,411	Total Liabilities		1,812	49	1,763
1,044	Net Assets		1,044	2,090	1,046
Net Worth					
1,044	Contributed capital		1,044	1,138	94
-	Accumulated surpluses		-	952	952
1,044	Total Net Worth		1,044	2,090	1,046

The accounting policies and notes on pages 11-26 form an integral part of these financial statements.

**PORTFOLIO OF THE CIVIL SERVICE
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 June 2013
(Expressed in Cayman Islands Dollars)**

2011/12 Actual CI\$000		Note	2012/13 Actual CI\$000	Final/Original Budget CI\$000	2012/13 Variance from Original Budget CI\$000
Revenue					
2,937	Outputs to Cabinet	7	2,203	2,233	30
20	Output to other government agencies	7	4	-	(4)
-	Other revenue	7	-	-	-
2,957	Total Revenue		2,207	2,233	26
Expenses					
1,668	Personnel costs	8	1,525	1,678	153
834	Supplies and consumables	9	266	549	283
34	Depreciation	4	5	6	1
53	Net (gain) / loss on disposal of property, plant and equipment	9	-	-	-
2,589	Total Expenses		1,796	2,233	437
368	Surplus for the period		411	-	(411)

The accounting policies and notes on pages 11-26 form an integral part of these financial statements.

**PORTFOLIO OF THE CIVIL SERVICE
STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDED 30 June 2013
(Expressed in Cayman Islands Dollars)**

	Attributable to Cayman Islands Government					2011/12 Variance from Original Budget
	Contributed Capital	Reserves	Revaluation Reserve	Accumulated Surplus / (deficits)	Total	Final / Original Budget
Balance at 1 July 2011 brought forward	1,139	-	-	-	1,139	614
Changes in net worth for 2010/11						
2011/12 adjustments	-	-	-	(10)	(10)	732
Restated balance	1,139	-	-	(10)	1,129	1,346
Changes in net worth for 2011/12						
Repayment of surplus to Cabinet	-	-	-	(358)	(358)	358
Capital withdrawal 2011/12	(95)	-	-	-	(95)	95
Surplus for the period 2011/12	-	-	-	368	368	(368)
Balance at 30 June 2012	1,044	-	-	-	1,044	1,431

**PORTFOLIO OF THE CIVIL SERVICE
STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDED 30 June 2013
(Expressed in Cayman Islands Dollars)**

(continued)

	Contributed Capital	Reserves	Revaluation Reserve	Accumulated Surplus / (deficits)	Total	Final / Original Budget	2012/13 Variance from Original Budget
Balance at 1 July 2012 brought forward	1,044	-	-	-	1,044	2,090	1,046
Changes in net worth for 2011/12							
2011/12 adjustments	-	-	-	(4)	(4)	-	4
Restated balance	1,044	-	-	(4)	1,040	2,090	1,050
Changes in net worth for 2012/13							
Repayment of surplus to Cabinet	-	-	-	(407)	(407)	-	407
Capital withdrawal 2012/13	-	-	-	-	-	-	-
Surplus for the period 2012/13	-	-	-	411	411	-	(411)
Balance at 30 June 2013	1,044	-	-	-	1,044	2,090	1,046

The accounting policies and notes on pages 11-26 form an integral part of these financial statements.

PORTFOLIO OF THE CIVIL SERVICE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 June 2013
(Expressed in Cayman Islands Dollars)

2011/12 Actual CI\$000		Note	2012/13 Actual CI\$000	Final / Original Budget CI\$000	2012/13 Variance from Original Budget CI\$000
CASH FLOWS FROM OPERATING ACTIVITIES					
<i>Receipts</i>					
3,237	Outputs to Cabinet		2,454	2,233	(221)
25	Outputs to other government agencies		45	-	(45)
-	Sale of goods and services - third party		-	-	-
-	Interest received		-	-	-
-	Donations / Grants		-	-	-
-	Other receipts		11	-	(11)
<i>Payments</i>					
(1,695)	Personnel costs		(1,615)	(1,678)	(63)
(935)	Supplies and consumables		(289)	(549)	(260)
-	Interest paid		-	-	-
65	Other payments		-	-	-
-	Extra-ordinary payments		-	-	-
697	Net cash flows from operating activities	10	606	6	(600)
CASH FLOWS FROM INVESTING ACTIVITIES					
(7)	Purchase of property, plant and equipment		(5)	-	5
-	Proceeds from sale of property, plant and equipment		-	-	-
-	Purchase of sale of investments		-	-	-
-	Proceeds from sale of investments		-	-	-
-	Cash advances		-	-	-
-	Cash receipts from repayment of advances		-	-	-
(7)	Net cash flows used in investing activities		(5)	-	5
CASH FLOWS FROM FINANCING ACTIVITIES					
-	Equity Investment		-	-	-
(1,032)	Repayment of Surplus		-	-	-
-	Capital withdrawal		-	-	-
(1,032)	Net cash flows from financing activities		-	-	-
(342)	Net increase/(decrease) in cash and cash equivalents		601	6	(595)
1,603	Cash and cash equivalents at beginning of period		1,261	1,881	620
1,261	Cash and cash equivalents at end of period		1,862	1,887	25

The accounting policies and notes on pages 11-26 form an integral part of these financial statements.

**PORTFOLIO OF THE CIVIL SERVICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2013
(Expressed in Cayman Islands Dollars)**

Description and principal activities

The Portfolio of the Civil Service ("the Portfolio") is a Government owned entity as defined by section 2 of the Public Management and Finance Law (2012 Revision) ("PMFL") and it is domiciled in the Cayman Islands.

Its principal activities and operations include all activities carried out in terms of the outputs purchased by the Deputy Governor as defined in the Annual Plan and Estimates for the Government of Cayman Islands for the financial year ending 30 June 2013.

The Portfolio of the Civil Service has reported the activities and trust monies that it administers on behalf of Cabinet.

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.

(a) Basis of preparation

The financial statements have been prepared on a going concern basis and the accounting policies set out below have been applied consistently to all periods presented. The financial statements are presented in Cayman Islands dollars using the historical cost basis of accounting.

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 2011/12 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.

**PORTFOLIO OF THE CIVIL SERVICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2013
(Expressed in Cayman Islands Dollars)**

Note 1: Significant Accounting Policies (continued)

(a) Basis of preparation (continued)

Segment reporting has been included in accordance with IPSAS 18.

(b) Reporting Period

The reporting period is the year ended 30 June 2013.

(c) Budget amounts

The original budget amounts for the financial year are as presented in the 2012/2013 Annual Budget Statement and approved by the Legislative Assembly on the 31 August 2012. The Final Budget is those budget amounts approved in Supplementary Budget.

(d) 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 and in any future periods that are affected by those revisions.

(e) 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.

(f) Prepayments

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

(g) 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.

**PORTFOLIO OF THE CIVIL SERVICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2013
(Expressed in Cayman Islands Dollars)**

Note 1: Significant Accounting Policies (continued)

(g) Property, Plant and Equipment (continued)

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.

<u>Asset Type</u>	<u>Estimated Useful life</u>
• Buildings and structures	10 – 60 years
• Building fit-out (when accounted for separately)	5 – 25 years
• Leasehold Improvement or	Over the unexpired period of lease 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
• Boats and marine equipment	3 – 25 years
• Cleaning, refuse and recycling equipment	3 – 15 years
• Construction and other equipment	3 – 25 years
• Telecommunications	5 – 50 years
• Books, Music, manuscripts and works of art	2 – 10 years
• Clothing	0 – 4 years
• Aeroplanes and airport/aviation equipment	8 – 33 years
• Fire fighting plant and equipment	10 – 12 years
• Other equipment	5 – 20 years
• Medical and medical laboratory equipment	1 – 25 years
• Library assets	5 – 10 years
• Scientific and laboratory equipment	4 – 25 years

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.

(h) 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.

**PORTFOLIO OF THE CIVIL SERVICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2013
(Expressed in Cayman Islands Dollars)**

Note 1: Significant Accounting Policies (continued)

(h) Employee Benefits (continued)

Pension contributions for employees of the Portfolio are paid to the Public Service Pension Fund and administered by the Public Service Pension Board (the "Board"). Contributions of 12.384% - employer 6.192% and employee 6.192% on basic salary are made to the fund by the Portfolio. Contributions of 12% - employer 6% and employee 6% on acting allowance or duty allowance are made to the fund by the Portfolio.

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.

(i) 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 Portfolio 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.

(j) Expenses

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

(k) 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.

(l) Financial Instruments

The Portfolio 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.

**PORTFOLIO OF THE CIVIL SERVICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2013
(Expressed in Cayman Islands Dollars)**

Note 1: Significant Accounting Policies (continued)

(l) Financial Instruments (continued)

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 Portfolio 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.

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-recognition when the Portfolio 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;

**PORTFOLIO OF THE CIVIL SERVICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2013
(Expressed in Cayman Islands Dollars)**

Note 1: Significant Accounting Policies (continued)

(n) Foreign Currency (continued)

- 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.

(o) Comparative Figures

The presentation of the 2011/12 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 Portfolio receives various services from other government entities for which payment is made by the Cayman Islands Government. These services include accommodation in the central government building, computer repairs and software maintenance by the computer services department. The Portfolio 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 recognized 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 Portfolio maintained at Royal Bank of Canada; and short term deposits invested with the Cayman Islands Government Treasury. As at 30 June 2013 and 30 June 2012 the Portfolio unrestricted cash balances were as presented below. No restricted cash balances were held by the Portfolio at 30 June 2013.

2011/12 Actual CIS000	Description	2012/13 Actual CIS000
-	Cash on hand	-
-	Cash in transit	-
1,260	CI\$ Operational Current Account	1,863
1	Payroll Current Account	(1)
1,261	TOTAL	1,862

**PORTFOLIO OF THE CIVIL SERVICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2013
(Expressed in Cayman Islands Dollars)**

Note 3: Trade receivables and other receivables

At year end, all overdue receivables have been assessed and appropriate provisions made.

2011/12 Actual CI\$000	Trade Receivables	2012/13 Actual CI\$000	Final / Original Budget CI\$000	2012/13 Variance from Original Budget CI\$000
63	Sale of goods and services	-	-	-
1,095	Outputs to Cabinet	944	250	(694)
-	Outputs to other government agencies	-	-	-
-	Other	-	-	-
-	Less: provision for doubtful debts	-	-	-
1,158	Total trade receivables	944	250	(694)

2011/12 Actual CI\$000	Other Receivables	2012/13 Actual CI\$000	Final / Original Budget CI\$000	2012/13 Variance from Original Budget CI\$000
-	Advances (salary, Official Travel, etc)	-	-	-
-	Dishonoured cheques	-	-	-
-	Interest receivable	-	-	-
-	Other	-	-	-
-	Total other receivables	-	-	-

	Trade Receivables CI\$000	Prior Year Impairment CI\$000	Net CI\$000
Current	-	-	-
Past due 1-30 days	103	-	103
Past due 31-60 days	-	-	-
Past due 61-90 days	-	-	-
Past due 90 and above	841	-	841
Total	944	-	944

**PORTFOLIO OF THE CIVIL SERVICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2013
(Expressed in Cayman Islands Dollars)**

Note 4: Property, plant and equipment

	As at 30 June 2013					
	Plant and Equipment \$000	Leasehold \$000	Furniture \$000	Computers \$000	Other Assets \$000	Total \$000
<u>Cost</u>						
At 1 July 2012	-	-	20	106	4	130
Additions	-	-	-	5	-	5
Disposals/transfers	-	-	-	(27)	-	(27)
At 30 June 2013	-	-	20	84	4	108
<u>Accumulated depreciation</u>						
At 1 July 2012	-	-	9	101	4	114
Transfers 2012/13	-	-	-	-	-	-
Depreciation charge for the year	-	-	2	3	-	5
Eliminate on Disposal 2012/2013	-	-	-	(27)	-	(27)
At 30 June 2013	-	-	11	77	4	92
Net book value at 30 June 2013	-	-	9	7	-	16

	As at 30 June 2012					
	Plant and Equipment \$000	Leasehold \$000	Furniture \$000	Computers \$000	Other Assets \$000	Total \$000
<u>Cost</u>						
At 1 July 2011	-	393	284	131	33	841
Additions	-	-	174	31	13	218
Disposals/transfers	-	(393)	(438)	(56)	(42)	(929)
At 30 June 2012	-	-	20	106	4	130
<u>Accumulated depreciation</u>						
At 1 July 2011	-	393	103	118	33	647
Transfers 2011/12	-	-	(116)	-	(29)	(145)
Depreciation charge for the year	1	-	22	11	-	34
Eliminate on Disposal 2011/2012	(1)	(393)	-	(28)	-	(422)
At 30 June 2012	-	-	9	101	4	114
Net book value at 30 June 2012	-	-	11	5	-	16

**PORTFOLIO OF THE CIVIL SERVICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2013
(Expressed in Cayman Islands Dollars)**

Note 5: Trade payables, other payables and accruals

2011/12 Actual		2012/13 Actual	Final / Original Budget	2012/13 Variance from Original Budget
CIS\$000	Description	CIS\$000	CIS\$000	CIS\$000
-	Creditors	-	-	-
128	Creditors Ministries/Portfolios	128	-	(128)
15	Creditors other government agencies	2	-	(2)
-	Payroll deductions	-	-	-
1,239	Surplus payable	1,645	-	(1,645)
4	Accrued expenses	6	49	43
2	Other payables	1	-	(1)
1,388	Total trade payables other payables and accruals	1,782	49	(1,733)

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

Surplus Payable

The Portfolio budgeted to break even and therefore did not budget for any change in the surplus payable. The Portfolio experienced surpluses as follows:

Year	Surplus
2004-5 Deficit	(308)
2005-6 Deficit	(8)
2006-7 Surplus (less prior period adjustments)	329
2007-8 Surplus	597
2008-9 Surplus	255
2009-10 Surplus (less prior period adjustments)	166
2010-11 Surplus (plus prior period adjustments)	881
2011-12 Surplus (less prior period adjustments)	358
2012-13 Surplus (less prior period adjustments)	407
Total	2,677

Therefore, the Portfolio has a surplus payable to the Cayman Islands Government in the amount of \$1,645m as at 30 June 2013 which includes unpaid 2010-11 surplus of \$881k less prior period adjustments, 2011-12 surplus of \$358k plus prior period adjustments and 2012-13 surplus of \$411K less prior period adjustments; as the Minister of Finance has not confirmed whether the Portfolio can retain any of the surpluses achieved in 2010-11, 2011-12 and 2012-13.

Surplus of \$1,032m consisting of fiscal years 2006-07 through 2009-10 surpluses was paid to Cabinet in February 2012.

**PORTFOLIO OF THE CIVIL SERVICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2013
(Expressed in Cayman Islands Dollars)**

Note 6: Employee entitlements

2011/12 Actual CI\$000	Description	2012/13 Actual CI\$000	Final / Original Budget CI\$000	2012/13 Variance from Original Budget CI\$000
	Current employee entitlements are represented by:			
22	Annual leave	28	-	(28)
1	Comp time	2	-	(2)
23	Total current portion	30	-	(30)
	Non-current employee entitlements are represented by:			
-	Retirement and long service leave	-	-	-
23	Total employee entitlements	30	-	(30)

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

Note 7: Revenue

2011/12 Actual CI\$000	Description	2012/13 Actual CI\$000	Final / Original Budget CI\$000	2012/13 Variance from Original Budget CI\$000
2,937	Outputs to Cabinet	2,203	2,233	30
20	Outputs to other government agencies	4	-	(4)
-	Other	-	-	-
2,957	Total sales of goods and services	2,207	2,233	26

Outputs to Cabinet

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

**PORTFOLIO OF THE CIVIL SERVICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2013
(Expressed in Cayman Islands Dollars)**

Note 8: Personnel costs

2011/12 Actual CI\$000	Description	2012/13 Actual CI\$000	Final / Original Budget CI\$000	2012/13 Variance from Original Budget CI\$000
1,382	Salaries, wages and allowances	1,296	1,383	87
157	Health care	148	214	66
78	Pension	74	81	7
(9)	Leave	7	-	(7)
60	Other personnel related costs	-	-	-
1,668	Total Personnel Costs	1,525	1,678	153

Note 9: Supplies and consumables

2011/12 Actual CI\$000	Description	2012/13 Actual CI\$000	Final / Original Budget CI\$000	2012/13 Variance from Original Budget CI\$000
395	Purchase of services	188	379	191
127	Lease of Property and Equipment	13	18	5
57	Utilities	6	17	11
30	Interdepartmental expenses	31	30	(1)
13	General Insurance	13	13	-
10	Recruitment and Training	2	42	40
6	Supplies and Materials	9	42	33
2	Travel and Subsistence	3	7	4
193	Other	-	1	1
	Net (gain) / loss on foreign exchange	1	-	(1)
1	Transactions			
834	Total Supplies & Consumables	266	549	283

PORTFOLIO OF THE CIVIL SERVICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2013
(Expressed in Cayman Islands Dollars)

Note 9: Supplies and consumables (continued)

2011/12 Actual CI\$000	Description	2012/13 Actual CI\$000	Final / Original Budget CI\$000	2012/13 Variance from Original Budget CI\$000
53	Net (gain) / loss on disposal of property, plant and equipment	-	-	-
53	Total gains/ (losses)	-	-	-

Note 10: Revenue from Non- Exchange Transactions

During the year ended 30 June 2013, the Portfolio received services in-kind in the form of accommodation in the central government building, computer repairs and software maintenance by the computer services department. The fair value of these services cannot be determined and therefore no expense has been recognized in these financial statements.

Note 11: Reconciliation of net cash flows from operating activities to surplus

2011/12 Actual CI\$000	Description	2012/13 Actual CI\$000	Final / Original Budget CI\$000	2012/13 Variance from Original Budget CI\$000
368	Surplus for the period	411	-	(411)
(10)	Prior period adjustments	(5)	-	5
	Non-cash movements			
34	Depreciation expense	5	6	1
	Changes in current assets and liabilities:			
57	(Gain)/losses on sale of property plant and equipment	-	-	-
3	(Increase)/Decrease in other current assets	(14)	-	14
425	(Increase)/Decrease in receivables – Cabinet	214	-	(214)
(23)	Increase/(Decrease) in trade payables	(14)	-	14
(148)	Increase/(Decrease) in other payables	2	-	(2)
(9)	Increase/(Decrease) in provisions relating to employee costs	7	-	(7)
697	Net cash flows from operating activities	606	6	(600)

**PORTFOLIO OF THE CIVIL SERVICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2013
(Expressed in Cayman Islands Dollars)**

Note 12: Related party and key management personnel disclosures

Related party disclosure

The Portfolio is a wholly owned entity of the Government from which it derives a major source of its revenue. The Portfolio 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 2013 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, defined as Ministers of the Government, are also considered to be related parties. There are six members of staff at the senior management level in 2013 (5: 2012).

2011/12 Actual	Description	2012/13 Actual	Number of persons
605	Salaries & other short-term employee benefits	669	6
605	Total	669	

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

NOTE 13: Explanation of major variances against budget

Explanations for major variances for the Portfolio of the Civil Service performance against the original budget are as follows:

Statement of financial performance

Cabinet revenue

Revenue from cabinet was \$30K below budget due to demand of certain human resources services lower than anticipated.

In addition, due to the transfer of the Civil Service Appeals Commission to the Commissions Secretariat on 1 July 2012, actual cabinet revenue decreased by \$209K between 2011-12 and 2012-13.

Other Revenue

The portfolio only budgeted for cabinet revenue. However, minimal other revenue was earned due to few Government agencies requesting additional recruitment assistance.

Personnel Costs

Personnel costs were \$153K below budget due to delaying filling of vacant positions.

In addition, due to the transfer of the Civil Service Appeals Commission to the Commissions Secretariat on 1 July 2012, actual personnel costs decreased by \$28K between 2011-12 and 2012-13.

**PORTFOLIO OF THE CIVIL SERVICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2013
(Expressed in Cayman Islands Dollars)**

NOTE 13: Explanation of major variances against budget (continued)

Supplies and consumables

Supplies and consumables were \$283K below budget due to delayed projects and careful scrutiny of expenses.

In addition, due to the transfer of the Civil Service Appeals Commission to the Commissions Secretariat on 1 July 2012, actual supplies and consumables decreased by \$98K between 2011-12 and 2012-13.

Depreciation

Depreciation expenses were \$5K and fairly on target with the budget.

Statement of financial position

Cash and cash equivalents

The actual year-end cash balances were \$25K below budget due to prepayments being higher than budgeted.

Debtors and other receivables

The actual year-end debtors and other receivables balances were \$694k higher than the original budget due to delay in collecting prior years cabinet revenue which however was collected in August 2014.

Prepayments

Prepayments variance is \$34k due to timing differences in the services provided for the annual academy license for the Civil Service College.

Fixed assets

Fixed assets were \$14K higher than budgeted due to unforeseen purchase of computer hardware in March and April 2013.

Creditors and other payables

Creditors, accruals and other payables were \$118K higher than the original budget due to delays in paying back unearned cabinet revenue and actual annual leave liability being higher than budgeted.

Net worth

Net worth is lower than the budget by \$1m due to creditors and other payables being significantly higher than the budget.

Statement of cash flows

Cash from operating activities

The increase in cash from operating activities is mainly due to personnel costs and supplies and consumables being lower than budgeted.

**PORTFOLIO OF THE CIVIL SERVICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2013
(Expressed in Cayman Islands Dollars)**

NOTE 13: Explanation of major variances against budget (continued)

Cash from investing activities

The decrease in cash from operating activities is due to unforeseen purchase of fixed assets.

Cash from financing activities

There were no financing activities during the year.

NOTE 14: Financial instrument risks

The Portfolio 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 Portfolio is subject to credit risk from debtors other than the Cabinet. The Portfolio does not have significant concentrations of credit risk for its other financial instruments.

Currency and interest rate risk

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

Liquidity risk

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

NOTE 15: Appropriations used

Appropriation Description (including Output number and name)	Amount appropriated	Appropriation Used	Variance
CIV 1 – Policy Advice to the Head of the Civil Service	388,769	388,769	-
CIV 2 – Auditing Compliance with HR Policies	329,227	329,227	-
CIV 3 – Management of Public Sector Reform	318,386	318,386	-
CIV 7 – Workforce Development within the Civil Service-Civil Service College	511,430	511,430	-
CIV 8 – Human Resource Services	684,797	654,743	30,054
Total	2,232,609	2,202,555	30,054

**PORTFOLIO OF THE CIVIL SERVICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2013
(Expressed in Cayman Islands Dollars)**

NOTE 16: Commitments

The Portfolio has a warehouse lease with Artemis Property Services Ltd. At 30 June 2013 there are 20 months remaining on the lease, which carries an operating commitment of CI\$21,600 (30 June 2012: CI\$25,920).

NOTE 17: Contingent Liabilities

As at 30 June 2013 there are no quantifiable and non-quantifiable contingent liabilities (30 June 2012: no contingent liabilities) and therefore no contingent liabilities have been provided for within these financial statements.

NOTE 18: Events Occurring After Reporting Date (30 June 2013)

1. Conditions existing at reporting date
 - (a) Management is not aware of any occurrences subsequent to the reporting date which will have an impact on the financial statements at 30 June 2013.
2. Conditions after reporting date

After the General Elections of 2013, a reorganisation of government departments resulted in the transfer of H.E. Governor's Office, Office of the Deputy Governor, Elections Office, Commissions Secretariat, Legislative Department and Cayman Islands National Archive to the Portfolio. The total impact on the net worth after the reporting date was an increase of approximately CI\$446,000.