



GOVERNMENT OF THE CAYMAN ISLANDS

MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT

FINANCIAL STATEMENTS

30 JUNE 2012

Financial Statements for the year ended 30 June 2012

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MINISTRY OF
EDUCATION, TRAINING,
& EMPLOYMENT
CAYMAN ISLANDS GOVERNMENT

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STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by the Ministry of Education, Training & Employment 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 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 Education, Training & Employment.

As Chief Officer and Chief Financial Officer we are responsible for the preparation of the Ministry of Education, Training & Employment financial statements, representation and judgements made in these statements.

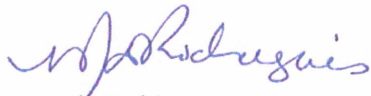
The financial statements fairly present the financial position, financial performance and cash flows of the Ministry of Education, Training & Employment for the financial year ended 30 June 2012, with the exception of the following which was represented to the Office of the Auditor General:

- Fixed Assets - the value of property, plant and equipment needs to be revalued in accordance with IPSAS 17, however, this has to be done at the Entire Public Sector level and is outside of the control of this Ministry.

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

- (a) Completely and reliably reflect the financial transactions of the Ministry of Education, Training & Employment 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.



Mary Rodrigues
Chief Officer

Date- February 18, 2014



Nicola Anderson-Wildman
Chief Financial Officer

Date- February 18, 2014

AUDITOR GENERAL'S REPORT

To the Members of the Legislative Assembly and the Chief Officer of the Ministry Education, Training & Employment

I have audited the accompanying financial statements of the Ministry of Education, Training & Employment, which comprise the statement of financial position as at 30 June 2012 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 5 to 30 in accordance with the provisions of Section 60(1)(a) of the *Public Management and Finance Law (2012 Revision)*.

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 for the Financial Statements

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 qualified audit opinion.

Basis for Qualified Opinion for the Financial Statements

Property, Plant and Equipment

Management represented that they could not assert to the value of property, plant and equipment of \$224 million on the statement of financial position at 30 June 2012 as the Ministry's assets were not revalued in five years preceding the year ended 30 June 2012 in accordance with Financial Regulations (2010 revision) and as required by IPSAS 17.

Depreciation Expense

I was unable to determine the validity and accuracy of property, plant and equipment balance which is used as the basis for the calculation of depreciation. As a result, I am unable to determine whether the depreciation expense of \$5.5 million is fairly stated in all material respects for the year ended 30 June 2012.

Net Worth

I was unable to satisfy myself that the amount of \$260 million reported as net worth on the statement of financial position at 30 June 2012 was fairly stated because of the lack of adequate records on the beginning balance amounting to \$178 million relating to the 2005-06 opening balances.

Qualified Opinion

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



Alastair J. Swarbrick, MA (Hons), CPFA
Auditor General

Cayman Islands
18 February 2014

MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012
(Expressed in Cayman Islands Dollars)

Prior Year Actual CIS\$000		Note	Current Year Actual CIS\$000	Original Budget CIS\$000	Final Budget CIS\$000	Variance (Original vs. Actual) CIS\$000
	Current Assets					
15,822	Cash and cash equivalents	2	30,069	2,753	2,753	(27,316)
29,699	Trade receivables	3	12,744	5,168	5,168	(7,576)
2,817	Other receivables	3	1,139	2,369	2,369	1,230
454	Prepayments		41	137	137	96
48,792	Total Current Assets		43,993	10,427	10,427	33,566
	Non-Current Assets					
188,003	Property, plant and equipment	4	224,391	208,192	222,692	(16,199)
188,003	Total Non-Current Assets		224,391	208,192	222,692	(16,199)
236,795	Total Assets		268,384	218,619	233,119	(49,765)
	Current Liabilities					
9,353	Trade payables	5	1,545	7,196	7,196	5,651
10,282	Other payables and accruals	5	5,919	2,573	2,573	(3,346)
2	Unearned revenue		90	-	-	(90)
298	Employee entitlements	6	349	658	658	309
19,935	Total Current Liabilities		7,903	10,427	10,427	2,524
19,935	Total Liabilities		7,903	10,427	10,427	2,524
216,860	Net Assets		260,481	208,192	222,692	(52,289)
	Net Worth					
234,026	Contributed capital		278,225	208,192	222,692	(70,033)
(17,166)	Accumulated deficits		(17,744)	-	-	17,744
216,860	Total Net Worth		260,481	208,192	222,692	(52,289)

The accounting policies and notes on pages 10 to 30 form part of these financial statements.

MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2012
(Expressed in Cayman Islands Dollars)

Prior Year Actual CIS000		Note	Current Year Actual CIS000	Original Budget CIS000	Final Budget CIS000	Variance (Original vs. Actual) CIS000
Revenue						
64,174	Sale of goods and services	8	70,257	69,523	69,218	(734)
411	Donations	10	-	-	-	-
3	Investment revenue	9	3	-	-	(3)
<u>64,588</u>	Total Revenue		<u>70,260</u>	<u>69,523</u>	<u>69,218</u>	<u>(737)</u>
Expenses						
46,184	Personnel costs	11, 18	48,873	49,192	50,007	319
13,590	Supplies and consumables	12	14,876	15,764	14,944	888
3,181	Depreciation	4	5,523	4,567	4,267	(956)
-	Litigation costs	13	1,010	-	-	(1,010)
-	Gains/(losses) on derecognition of entity assets/liabilities	14	(382)	-	-	382
10	Gain/(losses) on foreign exchange transactions	14	(7)	-	-	7
<u>62,965</u>	Total Expenses		<u>69,893</u>	<u>69,523</u>	<u>69,218</u>	<u>(370)</u>
<u>1,623</u>	Surplus for the period		<u>367</u>	<u>-</u>	<u>-</u>	<u>(367)</u>

The accounting policies and notes on pages 10 to 30 form part of these financial statements.

MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDED 30 JUNE 2012
(Expressed in Cayman Islands Dollars)

	Attributable to Cayman Islands Government					
	Contributed Capital	Capital withdrawal	Accumulated Surplus/ (deficits)	Total Net worth	Final/Original Budget	Variance (Original vs Actual)
Balance at 30 June 2010 brought forward	199,582	(421)	(17,921)	181,240	149,249	(31,991)
Prior year adjustments	(538)	421	(868)	(985)	-	985
Restated balance	199,044	-	(18,789)	180,255	149,249	(31,006)
Changes in net worth for 2010/11						
Equity investment from Cabinet	34,982	-	-	34,982	29,950	(5,032)
Net revenue / expenses recognised directly in net worth	34,982	-	-	34,982	29,950	(5,032)
Surplus for the period 2010/11	-	-	1,623	1,623	-	(1,623)
Total recognised revenues and expenses for the period	34,982	-	1,623	36,605	29,950	(6,655)
Balance at 30 June 2011	234,026	-	(17,166)	216,860	179,199	(37,661)

MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDED 30 JUNE 2012
(Expressed in Cayman Islands Dollars)

Continued

	Attributable to Cayman Islands Government					Variance (Original vs Actual)
	Contributed Capital	Accumulated Surplus/ (deficits)	Total Net worth	Original Budget	Final Budget	
Balance at 30 June 2011 brought forward	234,026	(17,166)	216,860	179,199	179,199	(37,661)
Prior year adjustments	(20)	(945)	(965)	-	-	965
Restated balance	234,006	(18,111)	215,895	179,199	179,199	(36,696)
Changes in net worth for 2010/11						
Equity investment from Cabinet	44,219	-	44,219	28,993	44,219	(15,226)
Repayment of surplus/dividends to Cabinet	-	-	-	-	-	-
Net revenue / expenses recognised directly in net worth	44,219	-	44,219	28,993	44,219	(15,226)
Surplus for the period 2011/12	-	367	367	-	-	(367)
Total recognised revenues and expenses for the period	44,219	367	44,586	28,993	44,219	(15,593)
Balance at 30 June 2012	278,225	(17,744)	260,481	208,192	223,418	(52,289)

The accounting policies and notes on pages 10 to 30 form part of these financial statements.

MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012
(Expressed in Cayman Islands Dollars)

Prior Year Actual CI\$000		Note	Current Year Actual CI\$000	Final/Original Budget CI\$000	Variance (Original vs. Actual) CI\$000
CASH FLOWS FROM OPERATING ACTIVITIES					
<i>Receipts</i>					
42,846	Outputs to Cabinet		85,030	69,089	(15,941)
16	Outputs to other government agencies		62	-	(62)
1,009	Sale of goods and services - third party		1,922	434	(1,488)
3	Interest received		3	-	(3)
411	Donations/grants		-	-	-
<i>Payments</i>					
(47,343)	Personnel costs		(47,905)	(50,377)	(2,472)
(8,899)	Supplies and consumables		(24,336)	(13,978)	10,358
(9)	Other payments		(529)	-	529
(11,966)	Net cash flows from operating activities	15	14,247	5,168	(9,079)
CASH FLOWS FROM INVESTING ACTIVITIES					
(17,777)	Purchase of property, plant and equipment		(44,219)	(34,161)	10,058
(17,777)	Net cash flows from investing activities		(44,219)	(34,161)	10,058
CASH FLOWS FROM FINANCING ACTIVITIES					
19,165	Equity investment		44,219	28,993	(15,226)
19,165	Net cash flows from financing activities		44,219	28,993	(15,226)
(10,578)	Net increase/(decrease) in cash and cash equivalents		14,247	-	(14,247)
26,400	Cash and cash equivalents at beginning of period		15,822	2,753	(13,069)
15,822	Cash and cash equivalents at end of period		30,069	2,753	(27,316)

The accounting policies and notes on pages 10 to 30 form part of these financial statements.

**MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

Description and principal activities

The Ministry of Education, Training & Employment (hereafter referred to as the "Ministry"), is a Government owned entity as defined by section 2 of the *Public Management and Finance Law (2012 Revision)* and is domiciled in the Cayman Islands.

Its principal activities and operations include all activities carried out in terms of the outputs purchased by the Minister of Education, Training & Employment as defined in the Annual Plan and Estimates for the Government of Cayman Islands for the financial year ending 30 June 2012.

In addition, the Ministry has reported the activities 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 have a significant impact on these financial statements other than enhanced disclosures.

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.

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.

**MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

Note 1: Significant Accounting Policies (continued)

Changes in Accounting Policies (continued)

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.

Segment reporting has been included in accordance with IPSAS 18.

(b) Reporting Period

The reporting period is the year ended 30 June 2012.

(c) Budget amounts

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

(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. As at 30 June 2012, no reliable fair value estimate of contributed goods and services provided to the Ministry by Government entities could be made and therefore no estimated amounts (2011: none) are recorded in these financial statements.

(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.

**MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

Note 1: Significant Accounting Policies (continued)

(f) Expenses

Expenses are recognised in the accounting period in which they are incurred. In addition, an expense is recognised for the consumption of the estimated fair value of contributed goods and services received, when an estimate can realistically be made.

(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 from 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 an expense in the Statement of Financial Performance.

(i) Prepayments

The portion of amounts paid for goods and services in advance of receiving goods and services has been recognised as a prepayment.

(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 calculated 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.

**MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

Note 1: Significant Accounting Policies (continued)

(j) Property, Plant and Equipment (continued)

<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	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
• 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
• 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.

(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% of pensionable employee earnings—employer 6% and employee 6%—are made to the fund by the Ministry.

MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Note 1: Significant Accounting Policies (continued)

(k) Employee Benefits (continued)

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 in excess of amounts that would have been paid under the defined contribution scheme, 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 receivables, other receivables, trade payable, other payables and accruals, unearned revenue and employee entitlements, 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, or exchange financial instruments under conditions that are potentially favourable.

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.

Recognition

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

**MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

Note 1: Significant Accounting Policies (continued)

(l) Financial Instruments (continued)

Measurement (continued)

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 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)

Provisions are recognised when an obligation (legal or constructive) is incurred as a result of a past event and where it is probable that an outflow of assets embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities are not recognised but are disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised but are disclosed in the financial statements when an inflow of economic benefits 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 EDUCATION, TRAINING & EMPLOYMENT
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 property, plant and equipment, such service in-kind is recognized in the cost of the property, plant and equipment.

MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Note 2: Cash and cash equivalents

Cash and cash equivalents include cash on hand; bank accounts in the name of Ministry of Education, Training & Employment maintained at Royal Bank of Canada and short term deposits invested with the Cayman Islands Government Treasury. As at 30 June 2012 and 2011 the Ministry's unrestricted cash balances were as presented below. No restricted cash balances were held by the Ministry at 30 June 2012.

Actual Prior Year	Description	Foreign Currency	Exchange Rate	Actual Current Year	Final/ Original Budget	Variance Original vs. Actual
CIS\$000		US\$000		CIS\$000	CIS\$000	CIS\$000
1	Cash on hand (IRIS confirmation account/petty cash)			1	1	-
34	Cash in transit (IRIS remittance account)			482	-	(482)
10,666	CI\$ Operational current account held at Royal Bank of Canada			25,921	1,040	(24,881)
1,088	US\$ Operational current account held at Royal Bank of Canada	146	0.83	122	905	783
1,649	Payroll current account held at Royal Bank of Canada			1,156	807	(349)
2,384	Fixed deposits held with Treasury (less than 90 days)			2,387	-	(2,387)
15,822	TOTAL	146		30,069	2,753	(27,316)

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.

Actual Prior Year	Trade Receivables	Actual Current Year	Final/Original Budget	Variance (Original vs. Actual)
CIS\$000		CIS\$000	CIS\$000	CIS\$000
1,102	Sale of goods and services	835	-	(835)
29,017	Outputs to Cabinet	12,661	5,168	(7,493)
57	Outputs to other government agencies	-	-	-
(477)	Less: provision for doubtful debts	(752)	-	752
29,699	Total trade receivables	12,744	5,168	7,576

MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
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, other receivables composed of:

Actual Prior Year	Other Receivables	Actual Current Year	Final/Original Budget	Variance (Original vs. Actual)
CIS000		CIS000	CIS000	CIS000
1,184	Advances (salary, official, travel, etc.)	19	2,369	(2,350)
1	Interest receivable	1	-	(1)
1,632	Others	1,119	-	(1,119)
2,817	Total other receivables	1,139	2,369	1,230

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

Actual Prior Year		Trade Receivables	Impairment	Other Receivables	Net amount
CIS000		CIS000	CIS000	CIS000	CIS000
-	Current	-	-	-	-
30,210	Past due 1-30 days	12,713	-	546	13,259
22	Past due 31-60 days	13	-	-	13
2	Past due 61-90 days	116	(98)	-	18
2,759	Past due 91 and above	654	(654)	593	593
32,993	Total	13,496	(752)	1,139	13,883

Changes in the provision of doubtful debts:

Actual Prior Year	Description	Actual Current Year
CIS000		CIS000
670	Balance at 1 July	477
-	Additional provisions made during the year	665
(193)	Receivables written off during the year	(390)
477	Balance at 30 June	752

The amounts written off from the provision for bad debt relate to items which due to varying circumstances have been deemed as no longer collectible.

MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Note 4: Property, plant and equipment

	As at 30 June 2012								
	Plant and Equipment \$000	Buildings & Leasehold \$000	Furniture and Office Equipment \$000	Computers \$000	Other Assets \$000	Infrastruc- ture \$000	Motor Vehicles \$000	Construction in progress \$000	Total \$000
<u>Cost</u>									
At 1 July 2011	3,339	84,194	3,415	5,681	2,148	24	1,504	157,575	257,880
Opening adjustment	(2,060)	-	2,060	-	-	-	-	-	-
Additions	90	3,738	531	1,286	219	1	146	38,208	44,219
Disposals	-	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	(2,406)	(2,406)
At 30 June 2012	1,369	87,932	6,006	6,967	2,367	25	1,650	193,377	299,693
<u>Accumulated depreciation</u>									
At 1 July 2011	2,851	58,203	1,815	4,465	1,357	15	1,171	-	69,877
Opening adjustment	(1,845)	-	1,895	-	(50)	-	-	-	-
Depreciation charge for the year	162	3,895	423	706	212	3	122	-	5,523
Transfer/Adjustments	(5)	(92)	2	3	(6)	-	-	-	(98)
At 30 June 2012	1,163	62,006	4,135	5,174	1,513	18	1,293	-	75,302
Net book value at 30 June 2012	206	25,926	1,871	1,793	854	7	357	193,377	224,391

Note that furniture and office equipment are now amalgamated and represented as such in 2012.

MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Note 4: Property, plant and equipment (continued)

	As at 30 June 2011								
	Plant and Equipment \$000	Buildings \$000	Furniture \$000	Computers \$000	Other Assets \$000	Infrastruc- ture \$000	Motor Vehicles \$000	Construction in progress \$000	Total \$000
<u>Cost</u>									
At 1 July 2010	3,195	73,290	3,105	5,262	1,622	11	1,447	137,980	225,912
Additions	144	-	310	419	-	-	-	19,595	20,468
Disposals	-	-	-	-	-	-	-	-	-
Transfers/adjustments	-	10,904	-	-	526	13	57	-	11,500
At 30 June 2011	3,339	84,194	3,415	5,681	2,148	24	1,504	157,575	257,880
<u>Accumulated depreciation</u>									
At 1 July 2010	2,767	55,885	1,634	4,599	1,088	10	1,129	-	67,112
Depreciation charge for the year	87	2,415	181	182	267	5	42	-	3,179
Adjustments	(3)	(97)	-	(316)	2	-	-	-	(414)
At 30 June 2011	2,851	58,203	1,815	4,465	1,357	15	1,171	-	69,877
Net book value at 30 June 2011	488	25,991	1,600	1,216	791	9	333	157,575	188,003

Note that plant and equipment and office equipment are now amalgamated and represented as such in 2011.

MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Note 4: Property, plant and equipment (continued)

Summary of major projects in work-in progress:

Actual Prior Year CIS000	Description	Actual Current Year CIS000	Original Budget CIS000	Final Budget CIS000	Variance (Original vs. Actual CIS000)
28,388	New school project	31,822	19,479	32,200	(12,343)
2,250	Primary school project	9,542	6,500	9,542	(3,042)
30,638	Total	41,364	25,979	41,742	(15,385)

Note 5: Trade payables, other payables and accruals

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

Actual Prior Year CIS000	Description	Actual Current Year CIS000	Final/Original Budget CIS000	Variance (Original vs. Actual CIS000)
9,845	Accrued expenses	547	2,573	2,026
5,298	Creditors	998	7,196	6,198
4,010	Creditors Ministries/Portfolios	5,534	-	(5,534)
437	Payroll deductions	385	-	(385)
45	Creditors other government agencies	-	-	-
19,635	Total trade payables, other payables and accruals	7,464	9,769	2,305

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

Note 6: Employee entitlements

Actual Prior Year CIS000	Description	Actual Current Year CIS000	Final/Original Budget CIS000	Variance (Original vs. Actual CIS000)
<i>Current employee entitlements are represented by:</i>				
298	Annual Leave and compensatory time	349	658	309
298	Total employee entitlements	349	658	309

**MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

Note 6: Employee entitlements (continued)

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 from Non-Exchange Transactions

During the year ended 30 June 2012, the entity 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 determined and therefore no expense has been recognized in these financial statements.

Note 8: Revenue

Actual Prior Year	Revenue type	Actual Current Year	Original Budget	Final Budget	Variance (Original vs. Actual)
CI\$000		CI\$000	CI\$000	CI\$000	CI\$000
63,121	Outputs to Cabinet	68,407	69,089	68,784	682
896	Fees and charges	1,685	434	434	(1,251)
100	Rentals	113	-	-	(113)
34	Output to others	42	-	-	(42)
23	General sales	10	-	-	(10)
64,174	Total sales of goods and services	70,257	69,523	69,218	(734)

Outputs to Cabinet consists of billings to the Government for services agreed under the Annual Purchase Agreement between the Ministry and the Government

Outputs to others comprise trade between the Ministry and other government bodies. These are arm length transactions governed by Service Level Agreements (SLAs) between the contracting parties.

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 gazette and governed by the relevant revenue laws.

MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Note 9: Investment revenue

Actual Prior Year CI\$000	Revenue type	Actual Current Year CI\$000	Final/Original Budget CI\$000	Variance (Original vs. Actual) CI\$000
3	Interest on deposits held with Treasury	3	-	3
3	Total investment revenue	3	-	3

Note 10: Donations

Actual Prior Year CI\$000	Source	Purpose	Actual Current Year CI\$000	Final/Original Budget CI\$000	Variance (Original vs. Actual) CI\$000
411	Maples and Calder	Library building	-	-	-
411	Total donations		-	-	-

Note 11: Personnel costs

Actual Prior Year CI\$000	Description	Actual Current Year CI\$000	Final/Original Budget CI\$000	Final/Original Budget CI\$000	Variance (Original vs Actual) CI\$000
38,705	Salaries, wages and allowances	40,112	39,994	40,796	(118)
5,484	Health care	6,191	6,684	6,692	493
2,128	Pension	2,144	2,239	2,244	95
(462)	Movement in annual leave	44	-	-	(44)
329	Other personnel related costs	382	275	275	(107)
46,184	Total Personnel Costs	48,873	49,192	50,007	319

MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Note 12: Supplies and consumables

Actual Prior Year	Description	Actual Current Year	Final/Original Budget	Final/Original Budget	Variance (Original vs. Actual)
CI\$000		CI\$000	CI\$000	CI\$000	CI\$000
6,065	Purchase of services	6,397	7,353	6,918	956
3,660	Utilities	3,979	3,409	3,384	(570)
1,618	General insurance	1,596	1,997	1,702	401
817	Supplies and materials	863	1,228	1,217	365
619	Lease of property and equipment	381	397	397	16
52	Recruitment and training	199	273	249	74
179	Travel and subsistence	188	278	278	90
85	Interdepartmental expenses	125	126	125	1
495	Other	1,148	703	674	(445)
13,590	Total Supplies & consumables	14,876	15,764	14,944	888

Note 13: Litigation Costs

The Attorney General's office provides service to the Ministry. However during the year ended 30 June 2012 the use of legal services from outside of the Government were authorized by the Attorney General's Office. The costs of these services were \$1.01 million in 2012 and \$1.23 million in 2011 reflected as a prior period adjustment.

Note 14: Gains / (Losses)

Actual Prior Year	Revenue type	Actual Current Year	Final/Original Budget	Variance (Original vs. Actual)
CI\$000		CI\$000	CI\$000	CI\$000
-	Net gain/(loss) on derecognition of Entity assets and liabilities	(382)	-	382
10	Net gain/(loss) on foreign exchange	(7)	-	7
10	Total gains/(losses)	(389)	-	389

Net gain on derecognition of entity asset/liability was authorized by the Minister of Finance.

MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Note 15: Reconciliation of net cash flows from operating activities to surplus

Actual Prior year CI\$000	Description	Actual Current year CI\$000	Final/Original Budget CI\$000	Final/Original Budget CI\$000	Variance (Original vs. Actual) CI\$000
1,623	Surplus for the period	367	-	-	(367)
	Non-cash movements				
3,181	Depreciation expense	5,523	4,567	4,267	(956)
-	Derecognition of assets and liabilities	382	-	-	(382)
10	Foreign exchange gains/(losses)	6	-	-	(6)
-	Doubtful debt expense	664	-	-	(664)
-	Gain/(loss) on sale of property, plant and equipment	1	-	-	(1)
	Changes in current assets and liabilities:				
(1,061)	Increase in other current assets	1,678	-	-	(1,678)
(1,797)	(Increase)/decrease in receivables	5,669	-	-	(5,669)
(15,327)	(Increase)/decrease in receivables - Cabinet	11,423	-	-	(11,425)
	Increase/(decrease) in current liabilities	-	601	-	601
2,123	(Increase)/(decrease) in payables	(11,464)	-	-	(11,464)
(718)	(Increase)/decrease in provisions relating to employee costs	(2)	-	-	2
(11,966)	Net cash flows from operating activities	14,247	5,168	4,267	(9,079)

MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Note 16: Commitments

In relation to legal matters, estimates are developed by the Office of the Attorney General who is charged under the Constitution with the handling of defence in these matters, using the current facts and known circumstances. The factors considered in developing the legal provisions include the merits and jurisdiction of the litigation, the nature and number of other similar current and past litigation cases, the nature of the subject matter of the litigation, the likelihood of settlement and current state of settlement discussions, if any.

The Ministry is routinely engaged in litigation arising in the ordinary course of its business. It does not believe that any such litigation will individually or in aggregate, have a material adverse financial effect on the Ministry. It is Government's policy to rigorously assert its position in such cases. Should the Government be unsuccessful in these matters, it does not expect the outcome to materially affect the results of operations or financial position. The Ministry does not have any probable contingent liabilities at the time of reporting.

Prior Year Actual CI\$000	Type	One year or less CI\$000	One to five Years CI\$000	Over five Years CI\$000	Total CI\$000
Capital Commitments					
34,982	Property, plant and equipment	44,219	13,931	-	58,150
34,982	Total Capital Commitments	44,219	13,931	-	58,150
Operating Commitments					
3,665	Other operating commitments	3,769	3,706	-	7,475
3,665	Total Operating Commitments	3,769	3,706	-	7,475
38,647	Total Commitments	47,988	17,637	-	65,625

The Ministry currently has short term accommodation leases for the premises it occupies in the George Town area and also in West Bay for the Sunrise Centre. Most annual leases are being reviewed and most are up for renewal within two years. The amounts disclosed above as future commitments are based on the current rental rates.

The Ministry has entered into contracts related to the building of the new schools and the primary schools project for future years. The amounts committed for future years are indicated above. Capital works for the current year or one year or less would also include other capital purchases and minor capital works and contractual purchases as well as amounts related to the construction claim settlement.

**MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

NOTE 17: 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 \$682 thousand below budget due to corresponding required operational savings. This resulted in less being billed to Cabinet.

Other Revenue

Revenue from other sources was \$1.4 million above budget due mainly to a change in the Pensions law which resulted in an increase in fees.

Personnel Costs

Personnel costs were \$319 thousand below budget due to delays in the filling of positions, and restrictions on Government wide budgetary spending to maintain required fiscal savings.

Supplies and consumables

Supplies and consumables were \$888 thousand below budget due to restrictions on Government wide budgetary spending to maintain required fiscal savings along with prudent monitoring of spend only utilized where essentially needed.

Depreciation

Depreciation expenses were \$956 thousand more than budget due to adjustments made to assets and the relative depreciation cost during the fiscal year. The final assets budget was also higher than the original budget, and some of these projects or capital purchases would have accrued depreciation for the fiscal year.

Statement of financial position

Cash and cash equivalents

The actual year-end cash balances were \$27.3 million above budget due to varying factors including the capitalization of assets and also increased appropriated capital funds (above the original budget). Some of these projects or capital purchases would have accrued depreciation for the fiscal year.

Debtors and other receivables

The actual year-end debtors and other receivables balances were net \$6.3 million higher than the original budget due mainly to pending Equity Injection funding and Cabinet invoices outstanding to the Ministry at the fiscal year end.

**MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
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FOR THE YEAR ENDED 30 JUNE 2012**

NOTE 17: Explanation of major variances against budget

Statement of financial position (continued)

Fixed assets

Fixed assets were \$16.2 million higher than the original budget mainly due to additional appropriated funds being received for capital works and purchases during the fiscal year.

Creditors and other payables

Creditors, accruals and other payables were \$2.3 million less than the original budget mainly due to the timing of payments against forecast

Statement of cash flows

Cash from operating activities

The increase in cash from operating activities is due to significant receipts of cash in relation to Cabinet invoices above the previous year.

Cash from investing activities

The increase in cash from investing activities is due to cash expended on capital assets and capital projects from funds received through the Equity injection.

Cash from financing activities

The increase in cash from investing activities is due to cash expended on capital assets and capital projects from funds received through the Equity injection.

NOTE 18: 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.

MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 18: Related party and key management personnel disclosures (continued)

Key management personnel

Key management personnel salaries paid by this Ministry are summarised below.

Actual Prior Year	Description	Actual Current Year	Number of Persons
CI\$000		CI\$000	
698	Salaries & other short-term employee benefits	625	6
-	- Past employee benefits	-	-
-	- Other long-term benefits	-	-
-	- Termination benefits	-	-
-	- Loans	-	-
698	Total gains/(losses)	625	6

There are no loans granted to key personnel.

NOTE 19: Events occurring after reporting date

Subsequent to the reporting date the Ministry of Education, Training & Employment entered into a settlement agreement with Tom Jones International in March 2013. The agreed settlement of \$400 thousand is represented as a liability of the Ministry.

NOTE 20: 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.

MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 20: Financial instrument risks (continued)

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

NOTE 21: Segment reporting

The Ministry segment report is prepared on the basis of three major areas: education & training, employment and other services. Operations of the education and training services include provision of these services to primary and secondary students and also training of adults with disabilities and provision of library services. Operations in employment include the services provided in administering of the labour and pension law and enforcement of the same. Other services include the archiving and record management provided.

	Education & Training CI\$000	Employment CI\$000	Other CI\$000	Total CI\$000
Revenue				
Outputs from Cabinet	64,877	2,342	1,188	68,407
Sale of goods and services	787	1,057	9	1,853
Total Revenue	65,664	3,399	1,197	70,260
Expenses				
Salaries and wages	46,346	1,587	940	48,873
Other expenses	20,150	622	248	21,020
Total Expenses	66,496	2,209	1,188	69,893
Net surplus / (deficit)	(832)	1,190	9	367
Assets				
Current assets	43,035	846	112	43,993
Fixed assets	223,549	778	64	244,391
Total Assets	266,584	1,624	176	268,384
Liabilities				
Current liabilities	7,606	250	47	7,903
Total Liabilities	7,606	250	47	7,903