



GOVERNMENT OF THE CAYMAN ISLANDS

**MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT -
TOURISM AND DEVELOPMENT**

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2013**

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Cayman Islands Government
Government Administration Building
Grand Cayman,
Cayman Islands
Tel: 345-949-7900 ext. 2420

Cayman Islands

MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – TOURISM AND DEVELOPMENT

STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by the Ministry of Finance, Tourism and Development – Tourism and Development in accordance with the provisions of the Public Management and Finance Law (2013 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 (2013 Revision).

As Chief Officer I am responsible for establishing and maintaining 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 – Tourism and Development.

As Chief Officer I am responsible for the preparation of the Ministry of Finance, Tourism and Development – Tourism and Development financial statements and for the judgements made in them.

We were not able to prepare these financial statements to fairly present the financial position, financial performance and cash flows of the Ministry of Finance, Tourism and Development – Tourism and Development for the financial year ended 30 June 2013 due to the lack of adequate accounting records, due largely to a high staff turnover within the ministry and time constraints to rectify the reporting matters. Notably, we are actively pursuing to improve systems and business processes required to support proper accounting and reporting systems. We are actively addressing the issues and deficiencies identified, including the most recent 2011/12 management letter outlining your prior audit findings.

These financial statements do not:-

- (a) completely and reliably reflect the financial transactions of Ministry of Finance, Tourism and Development – Tourism and Development for the year ended 30 June 2013;
- (b) fairly reflect the financial position as at 30th June 2013 and performance for the Year ended 30th 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. 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 available to conduct an audit in accordance with International Standards of Auditing.

A blue ink signature of Stran Badden.

Stran Badden

Chief Officer

Date: 18 June 2014

AUDITOR GENERAL'S REPORT

To the Members of the Legislative Assembly and the Chief Officer of the Ministry of Finance, Tourism and Development – Tourism & Development.

I was engaged to audit the accompanying financial statements of the Ministry of Finance, Tourism and Development – Tourism & Development, which comprise the statement of financial position as at 30 June 2013 and the statement of financial performance, statement of changes in net assets/equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 8 to 28 in accordance with the provisions of Section 60(1)(a) of the *Public Management and Finance Law (2013 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 conducting the audit in accordance with International Standards on Auditing (ISA). Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

Management was unable to properly represent to me in accordance with ISA 580 and provide the necessary support to allow me to opine on the fairness of the financial statement. Under ISA 580 I am required to disclaim on the financial statements immediately where such circumstances arise.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.



Alastair Swarbrick, MA (Hons), CPFA
Auditor General

18 June 2014
Cayman Islands

MINISTRY OF FINANCE TOURISM & DEVELOPMENT - TOURISM AND DEVELOPMENT
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

Prior Year Actual \$'000		Note	Current Year Actual \$'000	Original Budget \$'000	Variance (Orig vs Actual) \$'000
	Current Assets				
5,657	Cash and cash equivalents	2	11,515	12,615	1,100
9,463	Trade receivables	3	2,216	11,311	9,095
48	Other receivables	3	9	4	(5)
405	Prepayments	4	100	15	(86)
15,572	Total Current Assets		13,841	23,946	10,104
	Non-Current Assets				
7,431	Property, plant and equipment	5	10,456	7,388	(3,067)
-	Intangible Assets		2	-	(2)
7,431	Total Non-Current Assets		10,457	7,388	(3,069)
23,003	Total Assets		24,299	31,334	7,035
	Current Liabilities				
319	Trade payables	6	218	1,216	998
3,904	Other payables and accruals	6	482	1,662	1,180
769	Employee entitlements	7	1,117		(1,117)
	Repayment of surplus				
4,993	Total Current Liabilities		1,817	3,854	2,037
	Non-Current Liabilities				
-	Other payables and accruals	6	-	-	-
-	Total Non-Current Liabilities		-	-	-
4,993	Total Liabilities		1,817	3,854	2,037
18,010	Net Assets		22,481	27,480	4,999
	NET WORTH				
(8,345)	Contributed capital		(4,782)	11,181	15,963
-	Revaluation reserve		1,367	-	(1,367)
26,355	Accumulated surpluses/(deficits)		25,896	16,300	(9,596)
18,010	Total Net Worth		22,481	27,480	4,999

The accounting policies and notes starting on pages 14 form an integral part of these financial statements.

MINISTRY OF FINANCE TOURISM & DEVELOPMENT - TOURISM AND DEVELOPMENT

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2013

Prior Year Actual \$'000		Note	Current Year Actual \$'000	Original Budget \$'000	Variance (Original vs Actual) \$'000
Revenue					
42,049	Sale of goods and services	8	34,649	36,103	1,455
42,049	Total Revenue		34,649	36,103	1,455
Expenses					
18,067	Personnel costs	9	17,507	17,719	212
21,920	Supplies and consumables	10	16,052	17,102	1,050
1,147	Depreciation	5	1,575	1,237	(339)
123	Litigation costs	11	34		(34)
207	Gains/(losses) on foreign exchange transactions	12	2	45	43
	Gains/(losses) on disposal/revaluation of property, plant and equipment	12			
41,464	Total Expenses		35,170	36,103	933
584	Surplus or (Deficit) for the period		(522)	-	522
The accounting policies and notes starting on pages 14 form an integral part of these financial statements.					

MINISTRY OF FINANCE TOURISM & DEVELOPMENT - TOURISM AND DEVELOPMENT

GOVERNMENT OF THE CAYMAN ISLANDS

STATEMENT OF CHANGES IN NET WORTH

FOR THE YEAR ENDED 30 JUNE 2013

Attributable to Cayman Islands Government

	Contributed Capital	Revaluation Reserve	Accumulated Surplus/(deficits)	Total	Total Net worth	Original Budget	Variance (Original vs Actual)
Balance at 30 June 2012 brought forward	(8,345)	-	26,355	18,010	18,010	27,480	9,470
Changes in net worth for 2011/12	-	-	-	-	-	-	-
Prior Year Adjustments	(87)	-	62	(25)	(25)	-	-
Restated balance	(8,432)	-	26,418	17,986	17,986	27,480	9,495
Changes in net worth for 2012/13							
Gain/(loss) on property revaluation	-	1,367	-	1,367	1,367	-	(1,367)
Capital withdrawals by Cabinet	3,650	-	-	3,650	3,650	-	(3,650)
Repayment of surplus/Dividends to Cabinet	-	-	-	-	-	-	-
Net revenue / expenses recognised directly in net worth	3,650	-	-	5,017	5,017	-	-
Surplus/(deficit) for the period 2012/13	-	-	(522)	(522)	(522)	-	(5,017)
Total recognised revenues and expenses for the period	3,650	-	(522)	4,495	4,495	-	522
Balance at 30 June 2013	(4,782)	-	25,896	22,481	22,481	27,480	(4,995)
							4,999

all figures in \$'000 in CI Dollars

The accounting policies and notes starting on pages 14 form an integral part of these financial statements.

MINISTRY OF FINANCE TOURISM & DEVELOPMENT - TOURISM AND DEVELOPMENT
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2013

Prior Year Actual \$'000		Note	Current Year Actual \$'000	Original Budget \$'000	Variance (Original vs Actual) \$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
<i>Receipts</i>					
35,768	Outputs to Cabinet		41,673	36,350	(5,323)
8,487	Outputs to other government agencies		-	-	-
138	Sale of goods and services - third party		1,121	138	(983)
47	Other receipts		-	-	-
<i>Payments</i>					
(18,110)	Personnel costs		(15,605)	(17,719)	(2,114)
(20,958)	Supplies and consumables		(21,329)	(16,626)	4,703
-	Interest paid		-	-	-
(206)	Other payments		(2)	(45)	(43)
5,166	Net cash flows from operating activities	13	5,858	2,099	(3,760)
CASH FLOWS FROM INVESTING ACTIVITIES					
(431)	Purchase of property, plant and equipment		-	-	-
(431)	Net cash flows from investing activities		-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES					
416	Equity Investment		-	-	-
(9,473)	Repayment of Surplus		-	-	-
(9,057)	Net cash flows from financing activities		-	-	-
(4,321)	Net increase/(decrease) in cash and cash equivalents		5,858	2,099	(3,760)
9,978	Cash and cash equivalents at beginning of period		5,657	10,516	4,860
5,657	Cash and cash equivalents at end of period		11,515	12,615	1,100

The accounting policies and notes starting on pages 14 form an integral part of these financial statements.

MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – TOURISM AND DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2013

Description and Principal Activities

The Ministry of Finance, Tourism and Development – Tourism and Development (“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.

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 2013.

Note 1: Significant Accounting Policies

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 2012/13 Annual Budget Statement and approved by the Legislative Assembly.

(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 to accounting estimates as defined by IPSAS 3.

**MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – TOURISM AND DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2013**

Note 1: Significant Accounting Policies (continued)

(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.

(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.

**MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – TOURISM AND DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2013**

Note 1: Significant Accounting Policies (continued)

(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.

<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
• Telecommunications	5 – 50 years
• Other equipment	5 – 20 years

**MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – TOURISM AND DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2013**

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 – TOURISM AND DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2013**

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 – TOURISM AND DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2013**

Note 1: Significant Accounting Policies (continued)

(o) Comparative Figures

The Ministry has not presented prior year comparative information in the financial statements as required under IPSAS 1, Presentation of Financial Statements. This is because the Ministry is essentially a new ministry created from departments previously under the Ministry of Finance, Tourism and Development. These departments were not audited in isolation nor did they prepare and present departmental audited financial statements. Therefore presentation of comparative figures is deemed unnecessarily complex, misleading and of little value since the previous ministry did not present audited financial statements on a department basis and furthermore the former Ministry received a disclaimed opinion for the year ended 30 June 2010.

(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 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.

MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – TOURISM AND DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2013

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 – Tourism and Development maintained at Royal Bank of Canada, Barclays Bank (UK) and Bank of America (NY), and short term deposits invested with the Cayman Islands Government Treasury. As at 30 June 2013 the Ministry held no restricted cash balances.

Actual Prior Year \$'000	Description	Foreign Currency \$'000	Exchange Rate	Actual Current Year \$'000	Original Budget \$'000	Variance (Original vs Actual)
1,424	CI\$ Operational Current Account held at Royal Bank of Canada	541	1.0000	541	384	157
4	US\$ Operational Current Account held at Royal Bank of Canada	2	0.8375	2		2
3,964	Payroll Current Account held at Royal Bank of Canada	10,216	1.0000	10,216	12,231	(2,015)
1,021	Bank Accounts held at other financial institutions	176	0.8375	148		148
(756)	Fixed Deposits held with Treasury (less than 90 days)	609	1.0000	609		609
5,657	TOTAL	11,544		11,515	12,615	(1,100)

**MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – TOURISM AND DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2013**

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 \$'000	Trade Receivables	Actual Current Year \$'000	Original Budget \$'000	Variance (Original vs Actual)
7,847	Sale of goods and services	1,574	8,219	6,645
1,601	Outputs to Cabinet	642	3,092	2,451
15	Outputs to other government agencies			-
9,463	Total trade receivables	2,216	11,311	9,095

Actual Prior Year \$'000	Other Receivables	Actual Current Year \$'000	Original Budget \$'000	Variance (Original vs Actual)
36	Advances (salary, Official Travel, etc)	3	4	1
2	Dishonoured cheques	2	1	(1)
10	Other Receivable	4	-	(4)
48	Total other receivables	9	5	(4)

As of 30 June 2013, trade receivables and other receivables are all due within one year from financial position date.

MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – TOURISM AND DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2013

Note 3: Trade receivables and other receivables (Cont.)

Actual Prior Year \$'000	Receivables	Trade Receivable \$'000	Other Receivable \$'000	Actual Current Year \$'000	Original Budget \$'000	Variance (Original vs Actual)
	Current					
9,511	Past due 1-30 days	2,216	9	2,225	11,315	9,090
	Past due 31-60 days	-	-	-	-	-
	Past due 61-90 days	-	-	-	-	-
	Past due 90 and above	-	-	-	-	-
	Non-Current					
	Past due 1 year and above	-	-	-	-	-
9,511	Total	2,216	9	2,225	11,315	9,090

MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – TOURISM AND DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2013

Note 4: Prepayments

Actual Prior Year \$'000	Description	Actual Current Year \$'000	Original Budget \$'000	Variance (Original vs Actual)
405	Accrued Prepayments	100	15	(86)
405	Total Prepayments	100	15	(86)

Note 5: Property, plant and equipment

	Plant and equipment	Buildings and Leasehold	Furniture and Office Equipment	Computer Hardware	Office Equipme nt	Other Assets	Motor Vehicles	Assets under construction or development	Total	Original Budget	Variance (Orig vs Actual)
Cost or Opening Valuation	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2012	10,718	6,328	666	328	-	34	1,036	146	19,721	22,135	2,414
Additions	2,254	-	-	-	195	135	-	-	2,706	-	(2,706)
Disposals	-	(1,368)	(281)	(140)	-	-	(21)	(146)	(1,957)	-	1,957
Balance at 30 June 2013	12,972	4,959	386	188	195	169	1,015	0	20,470	22,135	1,665
Accumulated Depreciation and Impairment Losses	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2012	5,699	4,938	326	291	-	21	734	-	12,290	13,509	1,219
Transfers 2012/13	958	(4,689)	(164)	(145)	102	50	(56)	-	(3,852)	-	3,852
Depreciation Expense 2012/13	994	304	31	24	26	34	114	-	1,575	1,237	(339)
Balance at 30 June 2013	7,651	553	193	170	128	105	792	-	10,014	14,746	4,732
Net Book value 30 June 2012	5,019	1,390	340	37	-	14	302	146	7,431	8,625	1,194
Net Book value 30 June 2013	5,321	4,406	192	18	66	65	223	0	10,456	7,388	(3,067)

MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – TOURISM AND DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2013

Note 6: Trade payables, other payables & Accruals

Actual Prior Year \$'000	Description	Current \$'000	Non- current \$'000	Actual Current Year \$'000	Original Budget \$'000	Variance (Original vs Actual)
221	Creditors	204	-	204	1,216	1,012
1	Creditors Ministries/Portfolios	2	-	2	-	(2)
97	Creditors other government agencies	12	-	12	-	(12)
116	Operating Lease	112	-	112	-	(112)
-	Accrued Expenses	-	-	-	-	-
3,835	Accrued Expenses Ministries/Portfolios	411	-	411	1,662	1,251
(149)	Accrued Expenses other government agencies	(147)	-	(147)	-	147
(1)	Other payables	(1)	-	(1)	-	1
102	Payroll Deductions	106	-	106	-	(106)
-	Accrued Entity Interest	-	-	-	-	-
0	Provisions	0	-	0	-	(0)
-	Capital Charge	-	-	-	-	-
-	Borrowings	-	-	-	-	-
4,223	Total trade payables, other payables & accruals	701	-	701	2,878	2,178

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

Note 7: Employee entitlements

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

Actual Prior Year \$'000	Description	Actual Current Year	Original Budget \$'000	Variance (Original vs Actual)
	Current employee entitlements are represented by:			
190	Annual Leave	437	380	(57)
580	Other salary related entitlements	680	595	(85)
769	Total current portion	1,117	975	(141)
769	Total employee entitlements	1,117	975	(141)

MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – TOURISM AND DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2013

Note 8: Revenue

Actual Prior Year \$'000	Revenue type	Actual Current Year \$'000	Original Budget \$'000	Variance (Original vs Actual)
41,905	Outputs to Cabinet	34,436	35,965	1,529
1	Outputs to other government agencies			
119	Fees and charges	136	115	(21)
9	General Sales	26	8	(18)
15	Other	51	15	(36)
42,048	Total sales of goods and services	34,649	36,103	1,455

¹ Outputs to Cabinet comprises goods delivered to and services performed on behalf of the Cayman Island Government. These are detailed in the ABS accompanying these statements and are covered by the appropriation law.

² Outputs to other government agencies comprises trade between the ministry and other government bodies. These are arm length transactions governed by Service Level Agreements (SLAs) between the contracting parties.

³ Fees & Charges, General Sales, Rentals & Others includes 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 2013.

Note 9: Personnel costs

Actual Prior Year \$'000	Description	Actual Current Year \$'000	Original Budget \$'000	Variance (Original vs Actual)
14,679	Salaries, wages and allowances	13,819	14,232	412
2,398	Health care	2,535	2,692	157
733	Pension	706	761	54
175	Leave	387	-	(387)
83	Other personnel related costs	59	34	(25)
18,067	Total Personnel Costs	17,507	17,719	212

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Note 10: Supplies and consumables

Actual Prior Year \$'000	Description	Actual Current Year \$'000	Original Budget \$'000	Variance (Original vs Actual)
372	Supplies and Materials	254	371	117
14,594	Purchase of services	10,988	11,578	590
1,171	Lease of Property and Equipment	1,146	1,173	27
674	Utilities	581	589	8
437	General Insurance	434	388	(46)
24	Interdepartmental expenses	109	117	8
1,012	Travel and Subsistence	517	505	(11)
419	Recruitment and Training	244	379	135
3,218	Other	1,780	2,004	224
21,920	Total Supplies & consumables	16,052	17,102	1,050

Note 11: Litigation costs

The Attorney General's Office provides litigation services to the Ministry. However during the year ended 30 June 2013 the use of legal services from outside of the Government was authorised by the Attorney General's Office. The costs of these services were \$122,931 in 2012 and \$33,848 in 2013.

Note 12: Gains / (Losses)

Prior Year \$'000	Description	Actual Current Year \$'000	Original Budget \$'000	Variance (Original vs Actual) \$'000
207	Net (gain) / loss on foreign exchange Transactions	2		2
242	Total gains/ (losses)	2	-	2

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2013

Note 13: Reconciliation of net cash flows from operating activities to surplus

Prior Year \$'000	Description	Actual Current Year \$'000	Original Budget \$'000	Variance (Original vs Actual) \$'000
584	Surplus/(deficit) from ordinary activities	(522)	1,237	1,759
	<i>Non-cash movements</i>			
1,147	Depreciation expense	1,575	1,237	(339)
	Impairment			
	(Gain)/losses on sale of property plant and equipment			
	<i>Changes in current assets and liabilities:</i>			
(6,137)	(Increase)/decrease in receivables - Cabinet	7,380		(7,380)
8,529	(Increase)/decrease in other current assets	433		(433)
1,086	Increase/(decrease) in current liabilities	(3,350)		3,350
(43)	Increase/(decrease) in provisions relating to employee costs	343		(343)
5,166	Net cash flows from operating activities	5,860	2,474	(3,386)

Note 14: Contingent liabilities and assets

The Ministry has no contingent assets as at 30 June 2013. Any contingent liabilities relating to the Ministry as at 30 June 2013 are reported in the consolidated accounts for the Cayman Islands Government.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2013**

Note 15: Commitments

Prior Year Actual \$'000	Type	One year or less \$'000	One to five Years \$'000	Over five Years \$'000	Total \$'000
	Operating Commitments				
-	Non-cancellable accommodation leases: Public Transport - Rankins Plaza	-	60	-	60
-	Other non-cancellable leases	-	-	-	-
-	Non-cancellable contracts for the supply of goods and services	-	-	-	-
-	Other operating commitments	-	-	-	-
-	Total Operating Commitments	-	60	-	60
-	Total Commitments	-	60	-	60

The Ministry has medium to long term accommodation leases for the premises it occupies at Rankins Plaza. The annual leases range from 1 month to 5 years. The amounts disclosed above as future commitments are based on the current rental rates.

**MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – TOURISM AND DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2013**

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 \$1.5 million below budget due to lower funding in order to meet the Government's overall financial targets.

Personnel Costs

Personnel costs were \$212k below budget due to cost savings arising from unfilled vacancies.

Supplies and consumables

Supplies and consumables were \$1.0 million below budget due to cost saving measures implemented during the year.

Depreciation

Depreciation was \$339k over budget due to the revaluation of the buildings at 1st July 2012.

Statement of financial position

Cash and cash equivalents

The actual year-end cash balances were \$1.1 million below budget due to decrease in the payables targeted at year end. During 2012/13, outstanding bills were settled in a more expeditious manner leading to the decrease in payable and cash on hand at year end.

Debtors and other receivables

The actual year-end debtors and other receivables balances were lower than the original budget by \$9 million due to revenue from Cabinet billing being received prior to year end with the exception of June 2013.

Fixed assets

Fixed assets was higher than the original budget by \$3 million due to a Ministry wide fixed asset review conducted during the year a significant number of assets were not included in the previous asset register.

Statement of cash flows

Cash from operating activities

The increase in cash from operating activities is \$3.8 million above budget due to a reduction from prior year in receivables from Cabinet as at 30 June 2013.

**MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – TOURISM AND DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2013**

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 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, and as such received the following remuneration.

Prior Year \$'000	Description	Actual Current Year \$'000	Number of persons
1,403	Salaries & other short-term employee benefits	1,568	15
1,403	Total	1,568	

No loans were 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 2013.

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2013

NOTE 19: Financial instrument risks (Cont.)

Liquidity risk

In meeting its liquidity requirements, the Ministry closely monitors its forecast cash requirements with expected cash draw downs 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: Appropriations used

Output Number	Output/Output Group Name	Amount Appropriated	Appropriation Used	Variance
FTD 1	<i>Policy Advice and Ministerial Services to the Minister of Finance, Tourism & Development</i>	2,933,338	2,862,030	71,308
MFT000100	Policy Advice	1,395,973	1,395,973	-
MFT000200	Ministerial Servicing	723,608	723,608	-
FRE001400	Policy Advice on Fire & Emergency Matters	398,542	398,542	-
PLN002400	Policy Advice to the Ministry	343,907	343,907	-
TOU002515	Technical & Policy Advice on Tourism Matters	71,308	-	71,308
				-
FTD 3	<i>Governance & Administrative Services</i>	748,867	670,176	78,691
MFT000300	Consultative & Secretarial Services for Boards	574,384	574,384	-
MFT001700	Authorities, Non-Government Organizations, Boards & Committees Performance	40,434	25,306	15,128
PLN003400	Support to Boards and Committee	64,315	29,641	34,674
TOU000415	Support for Tourism Boards and Committees	69,734	40,845	28,889
				-
FTD 4	<i>Inspection, Testing and Licensing Services</i>	823,039	823,039	-
MFT000600	Liquor License Services	340,610	340,610	-
TOU001415	Tourist Accommodation Inspections and Licensing	238,694	238,694	-
FRE001100	Inspection for Compliance with Fire Codes	243,735	243,735	-
				-
FTD 5	<i>Emergency Fire Services</i>	4,391,178	4,391,178	-
FRE000900	Responding to Domestic Fire Emergencies	4,391,178	4,391,178	-
				-
FTD 6	<i>Fire Prevention & Emergency Preparedness Activities</i>	483,383	361,443	121,940
FRE001200	Investigation of Fires	229,216	107,276	121,940
FRE001500	Emergency Communication, Planning & Preparedness	254,167	254,167	-
				-
FTD 7	<i>Aerodrome Fire Services</i>	4,362,043	4,362,043	-
FRE001000	Aerodrome Fire Services	4,362,043	4,362,043	-
				-
FTD 8	<i>Public Education Programmes</i>	1,270,367	1,184,384	85,983
FRE001300	Fire Safety Education and Training Programmes	254,486	254,486	-
TOU001115	Tourism Industry Customer Service Training	598,053	512,070	85,983
TOU001915	Tourism Education, Awareness and Scholarship	417,828	417,828	-

MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – TOURISM AND DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2013

NOTE 12: Appropriations used (Cont.)

Output Number	Output/Output Group Name	Amount Appropriated	Appropriation Used	Variance
FTD 9	Tourism Public Relations	1,615,171	1,615,171	-
TOU000915	Tourism Public Relations Services	1,615,171	1,615,171	-
				-
FTD 10	Tourism Advertising Activities	7,702,742	6,702,750	999,992
TOU002215	Advertising Activities	7,702,742	6,702,750	999,992
				-
FTD 11	Tourism Sales and Promotion	5,702,668	5,702,668	-
TOU002115	Promotional Activities	5,702,668	5,702,668	-
				-
FTD 12	Tourism Marketing	1,251,373	1,251,373	-
TOU002015	Direct Marketing	1,251,373	1,251,373	-
				-
FTD 13	Support for Local Tourism Providers	1,307,947	1,210,565	97,382
TOU001515	Pilot Environmental Program for the Tourism Sector	134,984	54,733	80,251
TOU001615	Tourism Physical Product Enhancement Projects	172,610	172,610	-
TOU001815	Collection, Preparation and Publication of Statistical Information	443,845	426,811	17,034
TOU002315	Tourism Services Enhancement Projects	380,052	380,052	-
TOU002415	Cruise Tourism Management	176,456	176,359	97
				-
FTD 14	Collection of Coercive Revenue	228,622	228,622	-
TOU001715	Collection of Tourism Revenue	228,622	228,622	-
				-
FTD 16	Public Transport Services	502,653	502,653	-
PTO000200	Public Transportation Regulatory & Administrative Services	285,338	285,338	-
PTO000300	Monitoring & Investigations	163,975	163,975	-
PTO000400	Manage the Operation of Omni Bus Depot	53,340	53,340	-
				-
FTD 17	Management of Planning Applications	2,619,595	2,545,623	73,972
PLN002600	Central Planning Authority - Development Control Board Annual Report	9,932	9,932	-
PLN002700	Process Development Applications	675,361	675,361	-
PLN002800	Enforcement of Planning Laws and Regulations	184,726	182,635	2,091
PLN003000	Processing Building Applications	1,749,576	1,677,695	71,881
				-
FTD 22	Preparation and Publication of Statistical Reports	21,905	21,905	-
PLN003300	Statistical Information	21,905	21,905	-
				-
	Total	35,964,891	34,435,623	1,529,268