



GOVERNMENT OF THE CAYMAN ISLANDS

**MINISTRY OF DISTRICT ADMINISTRATION, WORKS,
LANDS & AGRICULTURE**

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

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**CAYMAN ISLANDS
GOVERNMENT**

Ministry of District Administration, Works Lands & Agriculture

STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by the Ministry of District Administration, Works, Lands & Agriculture (the "Ministry") in accordance with the provisions of the Public Management and Finance Law (2010 Revision).

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

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

As Chief Officer, I am responsible for the preparation of the Ministry's financial statements, representations and judgments made in these statements.

However, the Ministry does not make any assertions in regards to the following:

- (a) Valuation of buildings – the Government of the Cayman Islands opted for the valuation model in prior fiscal years but has not carried out a revaluation every five years as required by the Financial Regulations (2008) and IPSAS 17, Property, Plant and Equipment.
- (b) Non-exchange transactions (IPSAS 23) – the Ministry is awaiting costing information from the relevant government departments for services provided.
- (c) Trade Payable, Other Payables and Accruals – the Ministry is unable to give the assurance that the account balances reflected in the financial statements are fairly stated.
- (d) Accounts Receivables – the Ministry is unable to give assurance on the accuracy and completeness of the accounts receivables due to system flaws which do not facilitate the sequential numbering of invoices.
- (e) Net Worth – due to the matters disclosed above, the Ministry is unable to give assurance as to the accuracy of the net worth balance as at 30 June 2012.
- (f) Revenues – the Ministry is unable to give assurance of the completeness of Other Revenues due to system flaws which do not facilitate the sequential numbering of invoices.

- (g) Expenses – as stated above, the values of the Property Plant and Equipment have not been revaluated within the last five years therefore; the Ministry is unable to give assurance on the accuracy of the depreciation charges relating to these assets.

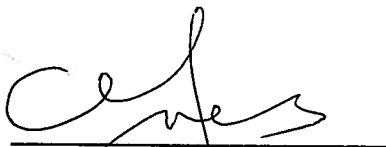
With the exception to the issues raised in the preceding paragraph, the financial statements fairly present the financial position, performance and cash flows of the Ministry for the financial year ended 30 June 2012.

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

- (a) completely and reliably reflect the financial transactions of the Ministry 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 the provisions of the Public Management and Finance law (2010 Revision) and 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.

Yours faithfully,



Mr. Alan Jones
Chief Officer

Date: 12/8/14

AUDITOR GENERAL'S REPORT

TO THE CHIEF OFFICER OF MINISTRY OF DISTRICT ADMINISTRATION, WORKS, LAND & AGRICULTURE AND MEMBERS OF THE LEGISLATIVE ASSEMBLY OF THE CAYMAN ISLANDS

I was engaged to audit the accompanying financial statements of the Ministry of District Administration, Works, Land & Agriculture, which comprise the statement of financial position as at 30 June 2012, and the statement of financial performance, statement of changes in net assets and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes in accordance with the provisions of Section 44(3) of the *Public Management and Finance Law (2010 Revision)*.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair representation of these financial statements in accordance with International Public Sector Accounting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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.

Because of the matters described in the basis of disclaimer of opinion paragraph below, I do not express an opinion on the financial statements.

Basis for Disclaimer on the Financial Statements:

Scope Limitation - Accounts receivable

I was unable to verify the completeness of the accounts receivable due to the inadequacies of the internal controls over the accounts receivable, which do not facilitate the sequential numbering of invoices and receipts.

Property Plant & Equipment

I was unable to determine the reliability and accuracy of the values of property, plant and equipment due to the absence of a revaluation within five (5) years preceding the year ended June 30 2012, in accordance with The Financial Regulations (2004) (2008 Revision). Consequently, the values for property Plant and Equipment and related depreciation charges reflected in the financial statements may not be fairly stated.

Scope Limitation – Trade Payable, Other Payables and Accruals

I was unable to obtain sufficient and appropriate audit evidence to determine whether the total account balances for trade payable, other payables and accruals disclosed in the financial statements were free of material misstatements. Due to the absence of this information I was unable to satisfy myself that the amount reported in the financial statements was fairly stated.

Revenue

I was unable to give assurance of the completeness of the \$15.2M Other Revenues, due to system flaws which do not facilitate the sequential numbering of invoices.

Depreciation

Based on my inability to determine the accuracy and completeness of property, plant and equipment of \$28.3M as at 30 June 2012, I am also unable to determine whether the related depreciation calculation of \$2.4M reflected in these financial statements is fairly stated.

Scope Limitation - Net Worth

I was unable to determine the accuracy and completeness of the net worth balance of \$39.3M, as at June 30 2012, due to the lack of supporting evidence as well as my inability to opine on other accounts which directly impact the net worth amount.

Disclaimer of Opinion

Because of the significance and effects of the matters discussed in the proceeding paragraphs, I do not express an opinion on the financial position of the Ministry of District Administration, Works, Lands & Agriculture as at 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 Swarbrick, MA (Hons), CPFA
Auditor General

Cayman Islands
12 August 2014

MINISTRY OF DISTRICT ADMINISTRATION, WORKS, LANDS & AGRICULTURE
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

Prior Year Actual \$'000		Note	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Original vs Actual) \$'000
	Current Assets					
3,314	Cash and cash equivalents	3	2,383	11,126	11,126	(8,743)
20,961	Trade receivables	4	20,716	8,893	8,893	11,823
1,769	Other receivables	4	1,736	67	67	1,669
3,118	Inventories	5	2,775	1,322	1,322	1,453
161	Prepayments	6	201	770	770	(569)
29,323	Total Current Assets		27,811	22,179	22,179	5,632
	Non-Current Assets					
18,867	Property, plant and equipment	7	38,008	35,326	36,526	2,682
18,867	Total Non-Current Assets		38,008	35,326	36,526	2,682
48,190	Total Assets		65,819	57,505	58,705	8,314
	Current Liabilities					
794	Trade payables	8	1,527	910	834	(617)
5,629	Other payables and accruals	8	6,722	1,162	1,238	(5,560)
1,519	Bank Overdraft	3	-	-	-	-
801	Employee entitlements	9	1,006	1,527	1,527	521
442	Unearned revenue	10	470	108	108	(362)
9,185	Total Current Liabilities		9,726	3,707	3,707	(6,018)
	Non-Current Liabilities					
-	Total Non-Current Liabilities		-	-	-	-
9,185	Total Liabilities		9,726	3,707	3,707	(6,018)
39,005	Net Assets		56,093	53,799	54,999	2,294
	NET WORTH					
22,747	Contributed capital		30,749	53,689	54,889	(22,940)
	Revaluation reserve		15,984	-	-	15,984
16,258	Accumulated surpluses/(deficits)		9,360	110	110	9,250
39,005	Total Net Worth		56,093	53,799	54,999	2,294

The accounting policies and notes on pages 11 – 41 form an integral part of these financial statements.

MINISTRY OF DISTRICT ADMINISTRATION, WORKS, LANDS & AGRICULTURE STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012						
Prior Year Actual \$'000		Note	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Original vs Actual) \$'000
	Revenue					
62,643	Sale of goods and services	11	69,477	72,191	72,068	(2,714)
62,643	Total Revenue		69,477	72,191	72,068	(2,714)
	Expenses					
38,585	Personnel costs	12	40,077	42,763	39,961	2,686
22,775	Supplies and consumables	13	29,609	25,924	28,906	(3,685)
2,465	Depreciation	7	2,351	3,373	3,373	1,023
-	Impairment of inventory	5	67	-	-	(67)
(37)	Gains/(losses) on foreign exchange transactions	14	(27)	1	1	28
-	Gains/(losses) on disposal/revaluation of	14	1			(1)
-	Loss on Revaluation of Asset	14	742			(742)
-	Gain/Loss on Derecognition of Asset/Liab	14	1,448			(1,448)
50	Other expenses		57	20	20	(37)
63,839	Total Expenses		74,325	72,081	72,262	(2,244)
(1,196)	Surplus or (Deficit) for the period		(4,849)	110	(193)	(4,959)

The accounting policies and notes on pages 11 – 41 form an integral part of these financial statements.

MINISTRY OF DISTRICT ADMINISTRATION, WORKS, LANDS & AGRICULTURE CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2012						
Prior Year Actual \$'000		Note	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	(Original vs Actual) \$'000
	CASH FLOWS FROM OPERATING ACTIVITIES					
	<i>Receipts</i>					
48,014	Outputs to Cabinet		57,750	55,388	55,388	2,362
1,272	Outputs to other government agencies		322	3,134	3,134	(2,812)
12,093	Sale of goods and services - third party		11,635	13,669	13,669	(2,034)
45	Other receipts		-	-	-	-
	<i>Payments</i>					
(38,537)	Personnel costs		(40,117)	(42,763)	(42,763)	2,646
(21,700)	Supplies and consumables		(29,410)	(25,945)	(25,945)	(3,465)
1,188	Net cash flows from operating activities	15	180	3,483	3,483	(3,303)
	CASH FLOWS FROM INVESTING ACTIVITIES					
(2,107)	Purchase of property, plant and equipment		(3,657)	(2,921)	(4,121)	(736)
(2,107)	Net cash flows from investing activities		(3,657)	(2,921)	(4,121)	(736)
	CASH FLOWS FROM FINANCING ACTIVITIES					
-	Equity Investment		4,065	2,921	4,121	1,144
-	Repayment of Surplus		-	(110)	(110)	110
-	Net cash flows from financing activities		4,065	2,811	4,011	1,254
(920)	Net Increase/(decrease) in cash and cash equivalents		588	3,373	3,373	(2,785)
2,715	Cash and cash equivalents at beginning of period		1,795	7,753	7,753	(5,958)
1,795	Cash and cash equivalents at end of period	3	2,383	11,126	11,126	(8,743)

The accounting policies and notes on pages 11 – 41 form an integral part of these financial statements.

MINISTRY OF DISTRICT ADMINISTRATION, WORKS, LANDS & AGRICULTURE

STATEMENT OF CHANGES IN NET WORTH

FOR THE YEAR ENDED 30 JUNE 2012

Attributable to Cayman Islands Government

	Contributed Capital \$'000	Revaluation Reserve \$'000	Accumulated Surplus/(deficits) \$'000	Total \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Original vs Actual) \$'000
Balance at 30 June 2010	22,614	-	17,381	39,995	50,767	50,767	10,772
Changes in accounting policy	-	-	-	-	-	-	-
Prior Year Adjustments	133	-	74	207	-	-	(207)
Restated balance	22,747	-	17,455	40,202	50,767	50,767	10,565
Changes in net worth for 2010/11							
Equity Investment from Cabinet	-	-	-	-	3,497	3,497	3,497
Capital withdrawals by Cabinet	-	-	-	-	(3,543)	(3,543)	(3,543)
Net revenue / expenses recognised directly in net worth	-	-	-	-	(46)	(46)	(46)
Surplus/(deficit) for the period 2010/11	-	-	(1,197)	(1,197)	-	-	1,197
Total recognised revenues and expenses for the period	-	-	(1,197)	(1,197)	(46)	(46)	1,151
Balance at 30 June 2011 carried forward	22,747	-	16,258	39,005	50,721	50,721	11,716
Attributable to Cayman Islands Government							
	Contributed Capital \$'000	Revaluation Reserve \$'000	Accumulated Surplus/(deficits) \$'000	Total \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Original vs Actual) \$'000
Balance at 30 June 2011 brought forward	22,747	-	16,258	39,005	50,721	50,721	11,716
Changes in net worth for 2010/11							
Changes in accounting policy	-	-	-	-	-	-	-
Prior Year Adjustments	5,342	-	(2,050)	3,292	47	350	(3,245)
Restated balance	28,089	-	14,208	42,297	50,768	51,071	8,471
Changes in net worth for 2011/12							
Gain/(loss) on property revaluation	-	15,984	-	15,984	-	-	(15,984)
Equity Investment from Cabinet	4,065	-	-	4,065	2,921	4,121	(1,144)
Capital withdrawals by Cabinet	(1,405)	-	-	(1,405)	-	-	1,405
Net revenue / expenses recognised directly in net worth	2,660	15,984	-	18,643	2,921	4,121	(15,723)
Surplus/(deficit) for the period 2011/12	-	-	(4,849)	(4,849)	110	(193)	4,959
Total recognised revenues and expenses for the period	2,660	15,984	(4,849)	13,794	3,031	3,928	(10,764)
Balance at 30 June 2012	30,749	15,984	9,359	56,093	53,799	54,999	2,294

The accounting policies and notes on pages 11– 41 form an integral part of these financial statements.

MINISTRY OF DISTRICT ADMINISTRATION, WORKS, LANDS & AGRICULTURE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

Note 1: Description and principal activities

The Ministry of District Administration, Works, Lands & Agriculture (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 funds, develops and monitors the implementation of policy, legislation and services in the areas of Sister Islands' administration, telecommunications, infrastructure, management of crown estates and public buildings, agriculture, environmental health and petroleum inspection to name a few.

During the year ended 30th June 2012, the Ministry comprised the following departments: Ministry Administration (MDA), Department of Agriculture (DOA), Petroleum Inspectorate (CPI), District Administration (DAD) , Department of Vehicle and Equipment Services (DVES), Department of Environmental Health (DEH), Department of Lands and Survey (LSU), Mosquito Research and Control Unit (MRCU), Postal Services Department (POS), Public Works Department (PWD), Radio Cayman (RCY), Recreation, Parks and Cemeteries Unit (RPCU), Department of Vehicle and Drivers Licensing (DVDL) , National Weather Service (NWS) and Office of Telecommunications (TCO).

Note 2: Significant Accounting Policies

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

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

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

(a) Basis of preparation

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

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 financial statements show the actual amounts as well as the original and final budget. Explanations of material differences between original budget and actual amounts are provided as required by IPSAS 24.

(b) Budget amounts

The original budget amounts for the financial year are as presented in the 2011/2012 Annual Budget Statement and were approved by the Legislative Assembly on the 24th June 2011. The budget was prepared based on the accrual accounting concept and the going concern basis.

(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, revenues 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 recognized in the reporting period and in any future periods that are affected by those revisions.

Changes in Accounting Estimates

IPSAS 3 requires disclosure of any changes in accounting estimates and the nature, amount and the financial effect on present, past and/or future period. There were no changes in accounting estimates.

(d) Revenue

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

The Ministry derives a significant percentage of its revenue through the provision of services to Cabinet. A relatively small component of the Ministry's revenue comes from other agencies in government and third parties. Cabinet revenue is recognized at the monthly cost to produce the outputs agreed in the Annual Budget Statement for 2011/2012. Other revenues are recognized at the fair value of services provided.

(e) Expenses

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

(f) Operating leases

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, where this is representative of the pattern of benefits to be derived from the leased property. Lease payments under operating lease, net of lease incentives received, are recognized as expenses on a straight-line basis over the lease term. Lease incentives received are recognized evenly over the term of the lease as a reduction in rental expense.

(g) 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.

(h) Prepayments

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

(i) Inventories

Inventories held for distribution, or consumption in the provision of services, that are not issued on a commercial basis are measured at the lower of cost and net realizable value. Where inventories are acquired at no cost, or for nominal consideration, the amount reported is the current replacement cost at the date of acquisition.

The amount reported for inventory held for distribution reflects management's estimates for obsolescence or other impairments.

Inventories held for sale or use in the production of goods and services on a commercial basis are valued at the lower of cost and net realizable value. Costs are assigned to inventories using first-in first-out (FIFO) as appropriate.

(j) Property, Plant and Equipment

Property, plant and equipment, are stated at historical cost less accumulated depreciation except for buildings which are stated at fair value. 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.

<u>Asset Type</u>	<u>Estimated Useful life</u>
Buildings	40 – 60 years
Motor vehicles	4 – 12 years
Furniture and fittings	3 – 20 years
Computer equipment and software	3 – 10 years
Office equipment	3 – 20 years
Other plant and equipment	5 – 25 years
Other assets	3 – 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 recognized 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 recognized in the Statement of Financial Performance as they are earned by employees. Obligations for defined benefit retirement plans are 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, trade and accounts receivables and trade and accounts payable, all of which are recognized 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 prepayments.

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 unfavorable. Financial liabilities comprise of accounts payable and accrued expenses.

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 recognized in the Statement of Financial Performance.

Measurement

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

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

Impairment

When there is objective evidence that a financial asset or group of financial assets is impaired the losses are recognized as an expense in the Statement of Financial Performance

De-recognition

A financial asset is de-recognized when the Ministry realizes the rights to the benefits specified in the contract or loses control over any right that comprise that asset. A financial liability is derecognized when it is extinguished, that is when the obligation is discharged, cancelled, or expires.

(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 realized.

(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 recognized in the Statement of Financial Performance.

Foreign currency monetary items are to be reported in Cayman Islands dollars using the closing rate US\$0.8375: CI\$1

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.

Note 3: Cash and cash equivalents

Actual Prior Year \$'000	Description	Foreign Currency \$'000	Exchange Rate	Actual Current Year \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Original vs Actual)
9	Cash on hand (IRIS Confirmation Account/Petty Cash)	9	1	9	9	9	
255	Cash in transit (IRIS Remittance Account)	188	1	188			188
1,473	CIS Operational Current Account held at Royal Bank of Canada	1,366	1	1,366	10,333	10,333	(8,967)
1,005	US\$ Operational Current Account held at Royal Bank of Canada	641	0.84	537	366	366	171
	Payroll Current Account held at Royal Bank of Canada	15	1	15			15
405	Bank Accounts held at other financial institutions	25	1	25	418	418	(393)
167	KYD- Executive Bank Ac	243	1	243			243
3,314	TOTAL	2,487		2,383	11,126	11,126	(8,743)

The increase in cash and cash equivalents in 2011/12 when compared to 2010/11 reflects the improved position in the payroll bank accounts which were overdrawn in 2010/11 by \$1.5 million as well as higher levels (92%) of short term creditors (refer to **Note 8- Trade payables , other payables and accruals**). In addition, the Ministry had not drawn down the full value of its appropriated 2011/12 equity injection. Notwithstanding, the Ministry had made capital purchases out of its own resources thus reducing the cash balances. The Ministry was also faced with emergency expenditure for supplies and consumables above the budgeted/forecasted levels. The MRCU had to purchase significant amounts of insecticides while the DVES had to purchase additional fuel and spare parts which were not previously budgeted or funded by Cabinet (see **Note 13- Supplies & Consumables**).

The lower actual cash balance when compared to original budget was directly related to the change in receivables. The budget assumed that trade and other receivables (see **Note 4- Trade and other receivables**) would have been \$13.0 million lower which in turn would have increased the cash on hand. However, the Ministry's May and June 2012 Cabinet funding was received in the subsequent period resulting in reduced cash on hand as at 30th June 2012.

For the purposes of the Cash Flow Statement, cash and cash equivalents are derived as shown below.

Actual Prior Year \$'000	Description	Foreign Currency \$'000	Exchange Rate	Actual Current Year \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Original vs Actual)
(1,519)	Bank Overdraft						
3,314	Cash & Cash equivalents	2,487		2,383	11,126	11,126	(8,743)
1,795	TOTAL	2,487		2,383	11,126	11,126	(8,743)

Note 4: Trade and other receivables

The Ministry earns its income from the sale of goods and services to the public and the delivery of outputs to the government in keeping with the Annual Budget Statements - See **Note 11- Sale of Goods and Services**. Goods and services sold to the public are generally strictly on a cash basis with the exception of few revenue streams such as garbage fees which are billed to customers on a quarterly basis. Garbage collection is considered a service which is delivered in the interest of the community, rather than for monetary gains. To this end, households are now exempt from garbage fees effective July 1, 2010.

Actual Prior Year \$'000	Trade Receivables	Actual Current Year \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Original vs Actual)
9,646	Sale of goods and services	9,802	2,187	2,187	7,615
12,415	Outputs to Cabinet	8,489	3,936	3,936	4,553
39	Outputs to other government agencies	3,135	2,770	2,770	365
22,100	Total trade receivables	21,426	8,893	8,893	12,533
(1,139)	Less: provision for doubtful debts	(710)			(710)
20,961	Total Net trade receivables	20,716	8,893	8,893	11,823

While the mix in receivables has changed between 2010/11 and 2011/12, the overall values show no material change.

As at 30th June, the Ministry was owed significant sums for goods and services delivered to the public. The Department of Environmental Health was due \$7.9 million for garbage fees while another \$0.9 million was due to the Postal Services Department under international mail terminal agreements. The Ministry was owed a combined \$3.1 million from government entities with respect to inter-government trading, \$1.5 million being due from the Airports Authority for support services provided by the National Weather Services.

The Government (Cabinet) itself was liable to pay the Ministry \$8.5 million for outputs delivered over the course of the year as well as outstanding Equity Injection payments from Cabinet which had not been settled as at June 2012. The budget expectations were that only one (1) month of Cabinet Billings would be a receivable at year-end. However, there were two months of Cabinet Revenue for May and June 2012 outstanding as June 2012.

Actual Prior Year \$'000	Other Receivables	Actual Current Year \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Original vs Actual)
21	Advances (salary, Official Travel, etc)	34	49	49	(15)
7	Dishonoured cheques	8	18	18	(10)
1,741	Other Receivable	1,694			1,694
1,769	Total other receivables	1,736	67	67	1,669

Other receivables represent provision for receivables/earnings that are known or quantifiable only after the subledger were closed. These are generally dealt with in the subsequent period.

Changes in the provision of doubtful debts:

Actual Prior Year \$'000	Description	Actual Current Year \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Original vs Actual)
	Balance at 1 July	(1,139)			(1,139)
(1,139)	Additional provisions made during the year				
	Receivables written off during the period	429			429
(1,139)	Balance at 30 June	(710)			(710)

The Ministry, in keeping with generally accepted accounting practices raised a provision against longstanding debts which were deemed uncollectible after several attempts were made to recover these monies. These debts were primarily inter-government trading that has been disputed for varying reasons. In 2012, the Financial Secretary, in keeping with the Public Management and Finance Law (as amended), issued instructions to write off longstanding core government inter-departmental debts as they were now deemed uncollectible.

The \$0.4 million change in the provision relates to District Administration adjustments against the prior year's provision for items that had now become uncollectable.

Maturity Profile

Grouping	Trade Receivable \$'000	Other Receivable \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Original vs Actual)
Current					
Past due 1-30 days	5,182	1,336	8,893	8,893	(2,375)
Past due 31-60 days	4,575	221			4,796
Past due 61-90 days	442	82			524
Past due 90 and above	10,517	97			10,614
Past due 1 year and above			67	67	(67)
	20,716	1,736	8,960	8,960	13,492
Non-Current					
Total	20,716	1,736	8,960	8,960	13,492

Debts grouped as 1 year and above primarily relate to the garbage fees receivable previously discussed. These debts have been passed on to the Debt Recovery Unit for follow-up and management.

Note 5: Inventories

Actual Prior Year \$'000	Description	Actual Current Year \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Original vs Actual)
3,118	Inventory held for use in the provision of goods and services	2,775	1,322	1,322	1,453
3,118	TOTAL INVENTORIES	2,775	1,322	1,322	1,453

The Ministry sees the holding of inventory for critical functions as tantamount to good management practice in carrying out its duties to the country. These particular items are generally not sourced on Island and the waiting and delivery time could bring the functioning of departments and delivery of goods and services to a standstill.

As at 30th June 2012, inventories were held by;

- Sister Islands (\$0.5 million),
- Agriculture Department (\$0.5 million),
- Department of Vehicles and Equipment (\$1.0 million),
- Postal services (\$0.2 million),
- Mosquito Research and Control Unit (\$0.3 million); and
- Facilities Management (\$0.2 million).

The change in inventories in 2011/12 vs. 2010/11 was attributed to a reduction in inventory levels mainly from MRCU. The department experienced an active mosquito season that required them to fall significantly below their normal insecticide reserve levels while DVES was given permission to write-off and disposed of some obsolete inventory.

Impairment

The Department of Vehicles impaired the carrying value of their inventory by \$67,000 to account for stock that had now been rendered obsolete.

Note 6: Prepayments

Actual Prior Year \$'000	Description	Actual Current Year \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Original vs Actual)
161	Accrued Prepayments	201	22	22	179
	Prepaid Insurance		748	748	(748)
161	Total Prepayments	201	770	770	(569)

As part of the Ministry's cash management strategy, prepayments are not generally encouraged and are only approved when there is no other alternative.

This management strategy accounts for the lower than budgeted prepayment position shown in 2011/12 as well as the consistency between the accounting years.

The amounts shown as prepayments cover multiple vendors prepaid in the normal course of business. The budget assumed that the Ministry would have prepaid their general insurance premiums. However, the invoice for the premiums was not received until the subsequent period.

Note 7: Property, plant & equipment

	Plant and equipment	Buildings and Leasehold	Furniture and Office Equipment	Computers	Other assets	Infrastructure	Motor Vehicles	Marine Vessels	Aircraft	Assets under construction or development	Total	Original Budget	Revised Budget	Variance Original vs Actual
<i>Cost of Property, Plant and Equipment</i>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2010	5,409	14,337	2,207	2,084	411	2,962	16,418	98	19	2,123	46,068	91,536	91,536	45,468
Additions	241	82	3	924	138	100	229	-	-	730	2,446	3,487	3,487	1,041
Disposals	(465)	(14)	(31)	(248)	(172)	(7)	(361)	-	-	-	(1,300)	-	-	1,300
Transfers	808	(3,379)	(425)	(575)	(73)	304	(384)	-	-	-	(3,724)	-	-	3,724
Balance as at 30 June 2011	5,993	11,026	1,754	2,185	305	3,359	15,902	98	19	2,853	43,490	95,023	95,023	51,533

	Plant and equipment	Buildings and Leasehold	Furniture and Office Equipment	Computers	Other assets	Infrastructure	Motor Vehicles	Marine Vessels	Aircraft	Assets under construction or development	Total	Original Budget	Revised Budget	Variance Original vs Actual
<i>Cost of Property, Plant and Equipment</i>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2011	5,993	11,026	1,754	2,185	305	3,359	15,902	98	19	2,853	43,490	95,023	95,023	51,533
Additions	442	-	289	697	-	104	225	-	-	3,135	4,832	2,921	4,121	(1,971)
Revaluation Adjustments	-	15,984	-	-	-	-	-	-	-	-	15,984	-	-	(15,984)
Disposals	-	-	-	-	(82)	-	-	-	-	-	(82)	-	-	82
Transfers	-	(3,239)	-	-	-	-	-	-	-	285	(2,954)	-	-	2,954
Balance as at 30 June 2012	6,435	23,771	2,043	2,883	222	3,463	16,127	98	19	6,273	61,333	97,944	99,144	36,611

	Plant and equipment	Buildings and Leasehold	Furniture and Office Equipment	Computers	Other assets	Infrastructure	Motor Vehicles	Marine Vessels	Aircraft	Assets under construction or development	Total	Original Budget	Revised Budget	Variance Original vs Actual
<i>Accumulated Depreciation and Impairment losses</i>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2010	2,974	3,985	1,374	1,679	337	2,723	13,944	35	4	-	27,054	55,742	55,742	28,688
Transfers 2010/11	(150)	(870)	(272)	(834)	(288)	(1,298)	(1,183)	-	-	-	(4,895)	-	-	4,895
Impairment Reserve 2010/11	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation Expense	354	300	52	478	185	217	870	8	1	-	2,465	3,502	3,502	1,037
Eliminate on Disposal 2010/11	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2011	3,178	3,415	1,154	1,323	234	1,642	13,631	43	5	-	24,624	59,244	59,244	34,620

	Plant and equipment	Buildings and Leasehold	Furniture and Office Equipment	Computers	Other assets	Infrastructure	Motor Vehicles	Marine Vessels	Aircraft	Assets under construction or development	Total	Original Budget	Revised Budget	Variance Original vs Actual
<i>Accumulated Depreciation and Impairment losses</i>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2011	3,178	3,415	1,154	1,323	234	1,642	13,631	43	5	-	24,624	59,244	59,244	34,620
Transfers 2011/12	-	-	-	-	-	-	(25)	-	-	-	(25)	-	-	25
Revaluation Adjustments	-	(3,626)	-	-	-	-	-	-	-	-	(3,626)	-	-	3,626
Depreciation Expense 2011/12	465	315	136	432	2	223	770	8	1	-	2,351	3,373	3,373	1,023
Eliminate on Disposal 2011/12	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2012	3,643	104	1,290	1,755	236	1,865	14,401	51	6	-	23,524	62,617	62,617	39,294

Net Book value 30 June 2011	2,815	7,611	899	862	70	1,716	2,271	55	14	2,853	18,867	35,780	35,780	16,913
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Net Book value 30 June 2012	2,791	23,666	783	1,128	(14)	1,624	1,726	47	19	6,273	38,008	35,826	36,826	(2,582)
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Summary of major projects in work-in-progress:

Prior year \$'000	Description	ACTUAL 2011/12 \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Original vs Actual) \$'000
2,449	MRCU Hanager	4,378	2,100	-	(2,278)
-	District Admin - Command	429	1,000	850	571
191	Airport Office Re-roofing'	-	-	-	-
212	Other*	1,466	-	-	(1,466)
2,853	Total	6,273	3,100	850	(3,173)

*Covers 30 projects

Asset Revaluation

During the year ended 30th June, the Ministry's roads, lands and buildings were revalued as part of a government-wide revaluation exercise. This exercise was overseen by the Ministry of Finance and executed through the Lands & Survey Department. The result of the revaluation exercise which was completed as at 30th June 2012 was that the Ministry assets returned a net revaluation reserve of \$11.6 million as shown below.

	CI\$' Mil
Write off to net book value (accumulated depreciation adjustment)	(3,626)
Adjustment of revaluation reserve	15,984
Revaluation loss	(742)
	<u>11,616</u>

Buildings and structures

Property were revalued as at July 1st 2012 by in-house professionals with the exception of specialized buildings which were contracted to independent evaluators and are stated at revalued amounts less accumulated depreciation. Plant and equipment are 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.

In accordance with IPSAS 17, when an item of property, plant, and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- (a) Restated proportionately with the change in the gross carrying amount of the asset, so that the carrying amount of the asset after revaluation equals its revalued amount or
- (b) Eliminated against the gross carrying amount of the asset.

Valuation methods

The valuations contained within this report have been prepared in accordance with the aforementioned Standards and the guidance notes provided by the RICS. Particular regard should be paid to the following definitions and methodology having been adopted in the assessment of value.

Fair Value (Market Value) defined in accordance with IFRS 13 Fair Value Measurement as follows;

"The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date".

Fair Value (Existing Use Value) extends the definition of Fair Value (Market Value) in "assuming that the buyer is granted vacant possession of all parts of the property required by the business and disregarding

potential alternative uses and any other characteristics of the property that would cause its market value to differ from that needed to replace the remaining service potential at least cost."

Specialized Assets: specialized assets are those for which no market exists for the current use. Specialized assets are valued using the Depreciated Replacement Cost method (DRC valuation). The definition of 'Depreciated Replacement Cost', as contained in the standards, is as follows, "The current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization."

Valuation assumptions

Plant and machinery have only been included in the valuation of building assets where this forms an integral part of the fabric of the building (e.g. lifts or air conditioning equipment) or where it performs a task crucial to the continuation of the existing use (e.g. swimming pools). Unless specifically stated otherwise it is assumed that such items are reflected in the unit building cost.

It is assumed that all properties have the required planning consents and certificates for use and construction. Where Fair Value (or land value in a DRC valuation) relies on obtaining an alternative planning consent the alternative use has been derived from consideration of prevailing land uses in the immediate area and local planning policies and practices.

Where an asset has been valued by Depreciated Replacement Cost (DRC) it is subject to the prospect and viability of the asset continuing to be used for the existing use.

These valuations do not take into account any form of selling or purchase costs, tax (including Stamp Duty), inflation or finance costs. In the Cayman Islands, there is no tax on property except Stamp Duty which is ordinarily required to be paid by a purchaser.

Valuations of each 'specialized building' state their total asset value and the depreciated value of the respective building. Those with a depreciated building value greater than \$0.5m also state figures for their 'component' parts. Buildings valued by the investment or comparison methods of valuation also state figures for their respective land values. These do not compute to reflect actual building values but indicate the inherent value attributing to the land only.

Where applicable the remaining economic life of the building / building components has been indicated. This is the period during which the building element is anticipated to have a future useful economic life for its existing purpose.

In preparing the valuations, information has been obtained from the following sources:

- Cayman Islands Government 2001 Asset Register.
- Cayman Islands Government Land Registry Database
- Cayman Land Info System (Mapping, aerial photography, evidence of comparable sales and lettings)
- Copies of and extracts from leases.

- Architect scaled floor plans.
- Ministries and users / occupiers of operational property assets.

Land areas (where stated) are provided for guidance only and are quoted from the Land Registers or otherwise from Cayman Land Info system. Any building floor areas supplied have been obtained from one of the following sources:

- Measurements taken on site.
- Measurements extracted from Cayman Islands Government property records.

Buildings were revalued as an entire class of asset. The cumulative effect of all revaluations resulted in a gain of \$15.98M on asset revaluation in 2011/12 and \$245K adjusted depreciation expense for 2012/13.

Impairment

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the period end. Assets that are subject to amortization are reviewed for impairment whenever events of changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amounts. The recoverable amount is the higher of the asset's fair value less costs to sell and its value for use in service. The Ministry has not tested its assets for impairment in the current year.

Work in Progress

Work in progress items are valued at cost. No depreciation is applied to work in progress items until such time as they are commissioned.

Note 8: Trade Payables, other payables & accruals

The ministry has internal control procedures in place to ensure that accounts payable are settled accurately and on a timely basis. The carrying value is a reasonable approximation of the fair value for accounts payable, as they are typically short-term in nature.

Actual Year \$'000	Prior Year \$'000	Description	Current \$'000	Non-current \$'000	Total Current Year	Original Budget \$'000	Revised Budget \$'000	Variance (Original vs Actual) \$'000
794		Creditors	1,322	-	1,322	901	825	(421)
-		- Creditors Ministries/Portfolios	104	-	104	-	-	(104)
-		- Creditors other government agencies	101	-	101	-	-	(101)
-		- Operating Lease	-	-	-	9	9	9
794		Trade Payables	1,527	-	1,527	910	834	(617)

The Ministry had recorded Trade creditors shown above of \$1.5 million as at 30th June 2012. This was \$0.7 million more than the reported position 30th June 2011. While this represents a 92% increase on the prior, the increase is primarily attributed to timing differences. The liabilities from the subledger records (see **Trade Payables** above) have shown an increase while accruals (below) are down. Hence, the year on year variance was largely the result of timing differences. Of the total liability, \$1.3 million was under 30 days.

Other Payables and Accruals								
Actual Year \$'000	Prior Year \$'000	Description	Current \$'000	Non-current \$'000	Total Current Year	Original Budget \$'000	Revised Budget \$'000	Variance (Original vs Actual) \$'000
4,796		Accrued Expenses	3,209	-	3,209	703	779	(2,506)
40		Accrued Expenses Ministries/Portfolios	3,203	-	3,203	-	-	(3,203)
504		Other payables	310	-	310	80	80	(230)
287		Payroll Deductions	-	-	-	-	-	-
2		Accrued Entity Interest	-	-	-	-	-	-
-		Capital Charge	-	-	-	379	379	379
5,629		Other Payables and Accruals	6,722	-	6,722	1,162	1,238	(5,560)

Other payables and accruals represent other known contractual commitments of the Ministry which have not yet been invoiced or invoiced at the point of the closing of the accounting. The \$3.2-Accrued Expenses representing third party accruals comes primarily from the records of Lands & Survey (\$0.9 million), Ministry-Admin (\$0.7 million) and MRCU (\$0.8 million).

Accrued expenses Ministries & Portfolios (\$3.2 million) includes general insurance premiums reimbursable to the Risk Management Unit of \$2.2 million, Executive revenues collected in Entity org by DVDL that needs to be paid over to the Executive org as well as audit fees.

Note 9: Employee Entitlements

Actual Prior Year \$'000	Description	Total Current Year \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Original vs Actual) \$'000
<i>Current employee entitlements are represented by:</i>					
801	Annual Leave	1,006	1,527	1,527	521
801	Total current portion	1,006	1,527	1,527	521
<i>Non-current employee entitlements are represented by:</i>					
-	Retirement and long service leave	-	-	-	-
801	Total employee entitlements	1,006	1,527	1,527	521

As at 30th June 2012, the total staff complement increased by 61 persons when compared to the similar period in 2010/11 (refer to **Note 12-Personnel costs**) leading to increased personnel cost and associated leave liabilities.

While the actual staff numbers grew by 61, several budgeted positions were delayed or deferred leading to cost savings on budget as shown above.

The Government operates a defined benefit and defined contribution pension plan for qualifying employees. The pension fund is managed by the Public Pension Board and members' entitlements are defined by the governing legislation. The details of the pension plan are covered in the consolidated accounts of the Entire Public Sector.

Note 10: Unearned Revenues

Actual Prior Year Details \$'000	Actual Current Year \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Original vs Actual)
<i>Current Portion</i>				
- Immigration deposits	-	4	4	4
(11) Public Works Receipts	-	-	-	-
395 Web Receipts	420	104	104	(316)
58 Philatelic Sales	50	-	-	(50)
442 Total current portion	470	108	108	(362)
<i>Non-current Portion</i>				
- Non current Unearned revenues	-	-	-	-
442 Total unearned revenue	470	108	108	(362)

Web receipts increased by 6% in 2011/12 in line with the projected business model.

Note 11: Sales of Goods & Services

Actual Prior Revenue Type Year \$'000	Actual Current Year \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Original vs Actual)
48,900 Outputs to Cabinet	53,248	55,388	55,962	(2,140)
36 Outputs to other Ministries and Portfolios	(3)	-	-	(3)
1,597 Outputs to other Statutory Authorities and Government Companies	2,735	3,134	3,134	(399)
12,090 Outputs to other 3rd Parties	13,255	13,669	12,972	(414)
20 Outputs to Own Ministry	241	-	-	241
62,643 Total sales of goods and services	69,477	72,191	72,068	(2,714)

The Ministry budgeted to deliver \$72.2 million in goods and services during the 2011/12 financial year. As at 30th June, the actual outturn was \$2.7 million below budget but \$6.9 million higher than the outturn for the similar period in 2010/11. The Ministry outperformed the 2010/11 results in all sub categories shown above except Outputs to other Ministries. The practice of entity inter-agency trading, billing and receipting under service level agreements among core government department was suspended under the Public Management and Finance Law 2010 (see *Note 4 – Receivables and other receivables*).

The Ministry gave no waivers or revenue concessions during the 2011/12 financial year.

Actual Prior Year \$'000	Revenue Type	Actual Current Year \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Original vs Actual)	%	% Variance on budget	% Variance year on year
48,900	Outputs to Cabinet	53,248	55,388	55,962	(2,140)	77%	-4%	9%
13,742	Other sales	16,228	16,803	16,106	(575)	23%	-3%	18%
62,643	Total sales of goods and services	69,477	72,191	72,068	(2,714)			
<i>Further categorized as</i>								
7,475	Fees & Charges	9,284	8,511	7,826	773	13%	9%	24%
4,915	General Sales	4,660	3,857	3,857	804	7%	21%	-5%
1,141	Rentals	1,159	963	963	195	2%	20%	2%
173	Other Goods & Services	394	338	325	55	1%	16%	127%
38	Other interdepartmental revenues	732	3,134	3,134	(2,402)	1%	-77%	1833%
48,900	Cabinet Funding	53,248	55,388	55,962	(2,140)	77%	-4%	9%
62,643		69,477	72,191	72,068	(2,714)			

The Ministry generated 77% of its total revenues from the delivery of goods and services to Cabinet as appropriated under the Annual Plan and Estimates. While the revenues from Cabinet are up \$4.3 million in 2011/12, the actual delivery was \$2.1 million below budget. As part of government's cost cutting measures implemented during the 2011/12 financial year, deliverables and operating costs were reduced. Refer to ***Appropriations used*** for the details of outputs delivered to Cabinet.

Of the other \$16.2 million (23%) earned during the year, \$13.2 million was earned from the public while the remaining \$3.0 million was generated from sales to government departments. These sales are further subdivided/ classified as Fees & Charges (\$8.8 million), General Sales (\$5.4 million), Rentals (\$1.2 million) and other revenues (\$1.1 million). Each revenue grouping is detailed below.

Fees & charges

Actual Prior Year \$'000	Fees and Charges	Actual Current Year \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Original vs Actual) \$'000
336	Agricultural Department Fees	259	290	289	(30)
48	School Fees	56	72	72	(16)
15	Disinfection Fees	12	21	21	(9)
2,713	Garbage Fees	3,412	2,400	2,400	1,012
953	M. V. Inspection Fees	953	1,346	1,027	(393)
28	Land Registry Fees	43	35	34	9
165	Land Survey Fees	193	115	115	78
17	Other Immigration Fees	21	25	25	(4)
80	Vehicle and Equip. Maintenance Fees	89			89
20	Recycling Fees	540	8	8	532
14	L.I.S. Receipts	4			4
16	Passport Fees	20	20	20	(0)
586	Other Fees	897	1,196	1,196	(298)
130	Drivers Examination Fees	143	185	138	(42)
19	Vehicle Bank Liens	21	46	24	(24)
28	Duplicate Vehicle Log Books	29	59	34	(30)
152	Vehicle Change of Ownership	157	366	171	(208)
18	Customised License Plates	19	26	20	(7)
507	Vehicle Disposal Fees	772	636	636	136
22	Environmental Service Fees	25	20	20	5
57	Annual Work Permit Application Fees (Entity)	55	60	60	(5)
26	Temporary Work Permit Application Fees (Entity)	27	45	45	(18)
2	Caymanian Status Application Fees (Entity)	3	4	4	(1)
1	Permanent Residence Application Fees (Entity)		2	2	(2)
	Sales of Services Interdepartmental	12			12
	Motor Vehicle Drivers Licences		70	70	(70)
88	Radiocommunications services and maintenance fees	(37)	1	1	(37)
153	Tower Licence fees	218	216	216	3
	Telephone Service fees	38			38
26	Maintenance of Buildings (Labour)	38			38
	Maintenance of Vehicles & Equipment	4			4
	Purchase of Government Fleet	1			1
400	Web Receipts	407	350	350	57
17	Other Labour Charges - PWD (Cayman Brac)	22	20	20	2
2	Heavy Equipment Application Fees	3	3	3	0
13	Trade & Business Admin Fee	15	18	18	(3)
37	CoSponsorship of Overseas and Local Conferences				
1	Funds Received from RCY Events	1			1
3	Work Under Operation of Law Fees	3	2	2	1
1	Residency and Employment Rights Certificate by the Dependant of	1			1
2	Residency and Employment Rights Certificate by the Spouse of a	3	2	2	0
1	Permanent Residence/Residency & Employment Rights Certificate/Residency Certificate for Persons of Independent Means	2	15	15	(14)
	Residency Certificate for Persons of Independent Means Fee	1			1
1	Residency & Employment Rights Certificate Admin Fee	3	2	2	1
	Term Limit Exemption	2			2
460	Mail Terminal Credits	472	402	402	70
178	Motor Vehicle Licence Plates	203	252	182	(49)
138	Cemetery	111	142	142	(31)
2	Customs Special Attendance	7	42	42	(35)
7,475	Total Fees & Charges	9,284	8,511	7,826	773

Fees & charges refer to the administrative and processing charges, fees and overhead costs recovered under the respective revenue laws for the receipt and delivery of government services, permits and licenses. Fees and charges grew by \$1.3 million primarily due to the performance of garbage fees which surpassed the budget by \$1.0 million.

General Sales

Actual Prior Year \$'000	General Sales	Actual Current Year \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Original vs Actual) \$'000
110	Other Postal Business	122	125	125	(3)
2,224	Postal Stamps	1,991	1,951	1,951	40
1,268	Sale of Agric. Supplies/Produce	1,249	1,235	1,235	14
612	Sale of Advertising Space	456	500	500	(44)
19	Philatelic Sales	25	25	25	0
464	Fuel Sales	529			529
182	Inventory Spare Parts	141			141
16	Maintenance of Buildings (Materials)	128			128
	Auction Receipts	2			2
3	Express Fee - Work Permits	1	1	1	0
7	Key Employee Designation Application Fee	4	5	5	(1)
10	Police Clearances	12	15	15	(3)
4,915	Total General Sales	4,660	3,857	3,857	804

This revenue grouping comprises of goods and services sold to the public not classified as fees & charges. The positive \$1.5 million outturn against budget was primarily due to a reclassification of fuel, inventory and maintenance earnings from inter-departmental sales to general sales. However, on a year by year comparison, the earnings in the revenue grouping fell largely due to reduced intake from Postal stamps and advertising revenues.

Rentals

Actual Prior Year \$'000	Rentals	Actual Current Year \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Original vs Actual) \$'000
980	Postal Box Rental Fees	944	868	868	77
37	Rentals - Government Housing	33	60	60	(27)
49	Rentals - Other Properties	90	3	3	87
30	Rentals - Craft Market	59			59
20	Rentals - Town Halls	20	30	30	(10)
20	Rentals - Glass House				
	Rentals - Other (Formerly Tower Building)	4			4
6	Equipment Rental - PWD (Cayman Brac)	9	3	2	7
1,141	Total Rentals	1,159	963	963	195

The Ministry earns revenue from the rental of Crown properties and buildings (town halls, houses and civic centres) and the rental of post boxes. 82% of the rental income is derived from post box rentals operated by the Postal Services. The outturn from post boxes was ahead of budget but declined by 4% when compared to the 2010/11 outturn.

Other Goods & Services

This miscellaneous category includes GIS applications and Mapping Services administered by the Lands & Survey Department. All revenue streams captured under this category has surpassed budget expectations while the overall category more than doubled the outturn of 2010/11.

Actual Prior Year \$'000	Other Goods & Services	Actual Current Year \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Original vs Actual) \$'000
31	Miscellaneous Receipts	22	2	2	21
19	Miscellaneous Licensing Receipts	22	37	24	(15)
1	Settlement of Insurance	11			11
5	GIS Applications	225	100	100	125
17	GPS Licenses Refund	21	15	15	6
101	Mapping Services	92	185	185	(93)
173	Total Other Goods & Services	394	338	325	55

Other Interdepartmental Revenue

Actual Prior Year \$'000	Other Interdepartmental Revenue	Actual Current Year \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Original vs Actual) \$'000
38	Revenue from Ministries/Portfolios & Public Authorities	732	3,134	3,134	(2,402)
38	Total Other Interdepartmental Revenue	732	3,134	3,134	(2,402)

Direct interdepartmental trading and billing between core government departments, ministries and portfolios was suspended in 2009 under the Financial Management Law (2010) amendment. However, trading between statutory authorities, government companies and core government continued. At the 30th June 2012, the Ministry earned \$0.7 million from goods and services provided to statutory authorities and government companies. The primary trading partner was the Cayman Islands Airport Authority's purchases from the National Weather Service.

Appropriations used

All outputs delivered to Cabinet were within the agreed appropriation as shown below.

Appropriation Description (Including Output number and name)	Appropriation Used	Amount Appropriated (Revised)	Variance
DWG 1 - Advice and Support to the Minister of District Administration, Works, Land &	2,817	2,817	-
DWG 2 - Collection, Recycling and Disposal of Waste	3,841	3,859	17
DWG 3 - Public Health Services	1,324	1,325	0
DWG 4 - Environmental Health Monitoring Services	397	397	0
DWG 5 - Emergency Response Services	231	266	35
DWG 6 - National Mail Service	1,053	1,073	21
DWG 7 - Management of Public Recreational Facilities and Cemeteries	1,580	1,615	35
DWG 8 - Radio Broadcasts	934	934	-
DWG 9 - Services to Farmers	1,844	1,844	-
DWG 10 - Agriculture Regulatory Services	1,804	1,939	135
DWG 11 - Agriculture Development Services	375	375	-
DWG 12 - Garden and Decorative Services	88	88	-
DWG 13 - Collection of Revenue	349	352	3
DWG 14 - Management of Special Projects	1,113	1,206	92
DWG 15 - Regulation of Dangerous Substances	243	255	12
DWG 16 - Management of Land Information	2,500	2,500	-
DWG 17 - Management of Government Properties	13,272	15,427	2,154
DWG 18 - Mosquito Control Services	5,815	5,815	-
DWG 19 - Government Services In Cayman Brac and Little Cayman	2,567	2,567	-
DWG 20 - Management of Executive Assets in Cayman Brac and Little Cayman	4,721	4,721	-
DWG 21 - Weather Forecast Services	52	75	23
DWG 23 - Licensing of Drivers and Vehicles	698	698	-
DWG 24 - Procurement and Maintenance of Government Fleet	4,906	5,092	186
DWG 25 - Telecommunication Services	724	724	-
MINISTRY of DAW&LA 2011-12 APPROPRIATIONS	53,248	55,962	2,714

Due to the nature and scope of their operations, some departments spent more resources in their outputs than expected. This exhausted some outputs groups while others had savings. There was no "final" supplementary budget exercise which would have enabled the Ministry to reallocate unused budgetary allocations to output groups that required it. This restricted the Ministry's ability to request further reimbursement for additional deliverables and expenditure incurred on behalf of Cabinet.

Note 12: Personnel costs

Prior Year \$'000	Description	Actual Current Year \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Original vs Actual) \$'000
31,396	Salaries, wages and allowances	31,874	33,666	31,573	1,792
5,566	Health care	6,209	7,012	6,536	803
1,669	Pension	1,651	1,877	1,761	226
(194)	Leave	203	33	(84)	(169)
148	Other personnel related costs	140	175	175	35
38,585	Total Personnel Costs	40,077	42,763	39,961	2,687

The positive variance of \$2.6 million between actual and budget numbers is attributed to departments either delaying or deferring the appointments and hirings of new personnel whenever possible.

Overall, there was a \$1.5 million increase in staff costs in 2011/12 when compared to 2010/11, \$0.6 million of which was attributable to increased health care costs. This was in line with the approved rate increases granted to Cinico by the Government during the 2011/12 financial year.

Another \$0.5 million increase was seen in salaries, wages and allowances relating to overtime, duty and other allowances. Leave costs grew by \$0.4 million over 2010/11.

During the year ended 30th June 2012, 124 persons joined the Ministry while 63 persons separated from it resulting in a net increase of 61 persons to the existing head count.

Note 13: Supplies and consumables

Prior Year \$'000	Description	Actual Current Year \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Original vs Actual) \$'000
8,842	Supplies and Materials	13,528	8,635	11,463	(4,893)
7,160	Purchase of services	7,941	7,310	8,075	(631)
906	Lease of Property and Equipment	1,078	875	1,685	(203)
3,301	Utilities	4,070	4,160	4,071	91
1,667	General Insurance	2,209	3,928	2,628	1,719
163	Interdepartmental expenses	42	105	105	63
293	Travel and Subsistence	339	223	223	(116)
200	Recruitment and Training	225	365	334	140
243	Other	177	323	322	146
22,775	Total Supplies & consumables	29,609	25,924	28,906	(3,685)

The supplies and consumables costs to the Ministry exceeded budget forecasts by \$3.8 million and was \$6.9 million more than 2010/11.

The increase in Supplies and Consumables year on year can primarily be explained by the increase in the costs of insecticides (\$1.8 million), vehicle fuel and oil (\$2.2 million) and spare parts usage (\$1.3 million)

In the current 2011/12 year, the \$3.8 million negative variance resulted primarily from the need to carry-out increased number of aerial spraying against mosquito breeding due to the prolonged inclement weather. This led to a \$1.6 million increase over budget for insecticides. The Department of Vehicles and Equipment Services (DVES) spent \$3.4 million for vehicle spares compared to the budgeted \$0.8 million. The government is faced with an aging fleet of vehicles, many more than 7 years old. This leads to more frequent maintenance and higher upkeep costs. Specialized vehicles like garbage trucks are also affected. These require the acquisition of expensive replacement parts. This resulted in a \$2.6 negative variance in these expenses .

Note 14: (Gains) / losses

Prior Year \$'000	Description	Actual Current Year \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Original vs Actual) \$'000
	Net (gain) / loss on disposal of property, plant and equipment	1			(1)
	(Gain)/Loss on Derecognition of Asset/Liability	1,448			(1,448)
	(Gain)/Loss on Revaluation of Asset	742			(742)
(37)	Net (gain) / loss on foreign exchange Transactions	(27)	1	1	28
(37)	Total (gains)/losses	2,164	1	1	(2,163)

The (gain)/loss on de-recognition of asset/liability represents the write-off of inter-agency trading in keeping with the FS directive on longstanding disputed service level agreement balances.

The (gain)/loss on asset revaluation is being written off immediately in keeping with generally accepted accounting principles (Refer to **Note 7- Property, Plant & Equipment**).

The (gain)/loss on foreign exchange transactions represent gains on the revaluation of the bank balances in keeping with government policy as well as gains made from the settlement of foreign currency transactions during the year. The earnings have reduced by \$10k when compared to 2010/11 because there were fewer foreign currency payments.

Note 15: Reconciliation of net cash flows from operating activities to surplus/ (deficit)

Prior Year \$'000	Description	Actual Current Year \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Original vs Actual) \$'000
(1,196)	Surplus/(deficit) from ordinary activities	(4,886)	110	(194)	4,995
	<i>Non-cash movements</i>				
2,465	Depreciation expense	2,351	3,373	3,373	1,023
	Impairment and revaluation adjustments	810			(810)
	(Gain)/losses on debt write-off	1,448			(1,448)
	<i>Changes in current assets and liabilities:</i>				
(888)	(Increase)/decrease in receivables - Cabinet	(85)		198	85
(333)	(Increase)/decrease in other current assets	1,611			(1,611)
897	Increase/(decrease) in current liabilities	22			(22)
242	Increase/(decrease) in provisions relating to employee costs	(1,090)			1,090
1,188	Net cash flows from operating activities	180	3,483	3,378	3,303

Note 16: Related party and key management personnel disclosures

The Ministry is a wholly owned Entity of the Government of the Cayman Islands from which it derives its main source of funding. The Ministry and its key management personnel transact with other Government entities on a regular basis. All transactions between government departments and key management personnel are at arm's length and all goods and services are supplied at the going rate to the public. While the Ministries and Portfolios do not settle the cost of the services directly with the Ministry, the Cabinet compensates the Ministry for the provision of these services to government departments under the purchase agreements. These transactions are consistent with normal operating relationships between entities under common control and are being disclosed in compliance with the requirements of IPSAS.

Key management personnel, for the purposes of this disclosure, is defined as Ministers of the Government, the Chief Officer and Deputies, Chief HR Officer and Chief Financial Officer. The summary of the remuneration paid to the key management personnel is as outlined below.

Prior Year \$'000	Description	Actual Current Year \$'000	Number of persons
770	Salaries & other short-term employee benefits	811	7

The Prior Year Actual also included 5 key management personnel, Chief Officer, 2 Deputy Chief Officers, Chief HR Officer and one Chief Financial Officer. Current Year Actual includes an additional Deputy Chief Officer and reflects a change in Chief Officer in February 2012.

No loans or advances were granted to any of the key personnel indicated above during the year ended 30th June 2012.

The table below reflects the status of the trading relations between related entities for the year ended 30th June, 2012.

Entity/ Trading Partner	Expense	Payables	Receivable	Revenue	Total
Agriculture Investment Dev. Board (Cayman Islands Development Bank)	0	0	0	(2)	(2)
Airports Authority	103	(1)	1,485	(921)	666
Audit Office	76	11	0	0	87
Cabinet Office	360	15	14	(1)	388
Cayman Airways	215	(35)	0	(1)	179
CAYS Foundation	0	0	10	(6)	4
CINICO	6,215	7	1	0	6,223
Civil Aviation Authority	30	0	0	(8)	22
EXCO	(5)	(72)	0	0	(77)
Executive Health	19	0	0	0	19
Executive Internal and External Affairs	129	0	0	0	129
Executive Planning	55	(222)	10,529	(53,187)	(42,825)
Health Authority	11	(6)	204	(155)	54
ICTA Authority	0	0	1	(1)	0
Judicial	(4)	0	1	0	(3)
Judicial Executive	1	0	0	0	1
Ministry of Communications, Works & Infrastructure	242	2	723	(7)	960
Ministry of Community Affairs	2	0	(2)	0	0
Ministry of Community Affairs, Gender & Housing	92	0	(39)	(10)	43
Ministry of District Administration, Works, & Gender Affairs	743	(37)	(995)	(241)	(530)
Ministry of Education Training & Employment	(14)	(1)	(32)	(2)	(49)
Ministry of Financial Services, Tourism and Development	23	(6)	49	0	66
Ministry of Health, Environment, Youth, Sports & Culture(formerly Minist	81	0	10	0	91
Monetary Authority	0	0	4	(498)	(494)
Museum	1	0	1	(3)	(1)
National Housing Development Trust	1	0	0	(2)	(1)
National Roads Authority	(33)	(10)	288	(558)	(313)
Pension Board	0	384	306	(308)	382
Port Authority	103	(4)	16	(53)	62
Portfolio of Finance and Economics	(382)	(2,790)	28	(5)	(3,149)
Portfolio of Internal and External Affairs	292	0	(52)	(5)	235
Portfolio of Legal Affairs	1	0	0	0	1
Portfolio of the Civil Service	1	0	0	0	1
Shipping Authority	0	0	1	0	1
Tourism Attraction Board	0	0	0	(3)	(3)
Turtle Farm	1	0	0	0	1
University College of the Cayman Islands (formerly Community College)	2	(1)	1	(6)	(4)
Water Authority	325	(11)	24	(237)	101
	8,686	(2,777)	12,576	(56,220)	(37,735)

Note 17: Segment Reporting

MINISTRY OF DISTRICT ADMINISTRATION, WORKS, LANDS & AGRICULTURE STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

		Current Year		
	Note	Actual \$'000	Grand Cayman \$'000	District Admin \$'000
Current Assets				
Cash and cash equivalents	3	2,383	2,381	2
Trade receivables	4	20,716	19,036	1,681
Other receivables	4	1,737	1,722	14
Inventories	5	2,775	2,215	560
Prepayments		201	201	-
Total Current Assets		27,812	25,554	2,258
Non-Current Assets				
Property, plant and equipment	10	38,008	33,441	4,568
Total Non-Current Assets		38,008	33,441	4,568
Total Assets		65,821	58,995	6,825
Current Liabilities				
Trade payables	7	1,527	1,344	183
Other payables and accruals	7	6,723	6,060	663
Employee entitlements	8	1,006	924	81
Unearned revenue	9	470	470	-
Total Current Liabilities		9,726	8,798	927
Non-Current Liabilities				
Total Non-Current Liabilities		-	0	-
Total Liabilities		9,726	8,798	927
Net Assets		56,095	50,196	5,899
NET WORTH				
Contributed capital		30,749	25,533	5,216
Revaluation reserve		15,984	12,840	3,143
Accumulated surpluses/(deficits)		9,363	11,824	(2,460)
Total Net Worth		56,095	50,196	5,899

MINISTRY OF DISTRICT ADMINISTRATION, WORKS, LANDS & AGRICULTURE
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2012

	Note	Total Current Year Actual \$'000	Grand Cayman \$'000	District Admin \$'000
Revenue				
Sale of goods and services	11	69,477	61,697	7,779
Total Revenue		69,477	61,697	7,779
Expenses				
Personnel costs	13	40,076	34,005	6,071
Supplies and consumables	14	29,609	27,439	2,170
Depreciation	10	2,351	2,208	143
Impairment of inventory	5	67	67	
Gains/(losses) on foreign exchange transactions	15	(27)	(27)	
Gains/(losses) on disposal/revaluation of property, plant and equipment	15	1	1	
Loss on Revaluation of Asset		742	742	
Gain/Loss on Derecognition of Asset/Liab		1,448	1,448	
Other expenses		57	57	
Total Expenses		74,324	65,940	8,384
Surplus or (Deficit) for the period		(4,848)	(4,243)	(605)

In keeping with the IPSAS requirement for the disclosure of segment reporting, the Ministry has been segmented along geographical lines. District Administration (DAD) accounted for 11.2% of operating revenues and expenses and an overall deficit of \$0.6 million or 12% of the net loss of the Ministry. District Administration generates 96% of its revenue from Cabinet, 72% of which was used for personnel related expenses.

	DOA	DAD	EVH	LSU	MDA	MRCU	NWS	POS	PWD	RCY	RPCU	TCO	DVES	DVDL	Total
Revenue															
Cabinet Funding	4,164	7,431	5,803	3,705	7,144	5,884	52	1,080	9,097	934	1,595	724	4,932	704	53,249
Sales of Goods & Services	1,506	348	4,849	1,204	609	14	908	3,565	179	431	0	329	769	1,517	16,228
	5,670	7,779	10,653	4,909	7,753	5,898	960	4,645	9,276	1,365	1,595	1,053	5,701	2,221	69,477
Expenses															
Personnel costs	3,088	6,071	6,040	3,402	2,251	2,356	784	3,438	6,249	1,064	1,228	239	2,013	1,855	40,078
Supplies and consumables	2,419	2,170	2,158	1,055	6,365	4,096	137	980	2,758	274	285	636	5,865	409	29,607
Depreciation	144	143	428	558	32	139	16	52	271	50	94	202	77	144	2,351
Impairment of inventory	0	0	0	0	0	0	0	0	0	0	0	0	67	0	67
Gains/(losses) on foreign exchange	0	0	0	(1)	(28)	0	0	2	0	0	0	0	0	0	(27)
Loss on Revaluation of Asset	0	0	0	0	0	0	0	0	329	0	0	0	0	413	742
Gain/Loss on Derecognition of Ass.	(1)	0	149	610	423	0	0	0	(242)	26	0	245	240	0	1,450
Other expenses	0	0	0	0	0	0	0	57	0	0	0	0	0	0	57
	5,651	8,384	8,776	5,625	9,042	6,592	937	4,530	9,361	1,414	1,607	1,322	8,262	2,821	74,326
Surplus/(deficit)	19	(605)	1,877	(716)	(1,289)	(694)	22	115	(85)	(49)	(12)	(269)	(2,561)	(600)	(4,850)

EVH returned the best operating results for the period under review, having contributed \$1.9 million to the bottom line while DVES was the worst performer returning a net loss of \$2.6 million.

On a department by department basis, the MRCU and the RPCU are 100% funded by Cabinet while the National Weather Service made a direct call of 5% on Cabinet for funding.

In general, the Ministry spends an average of 54% of its total income on personnel costs largely due to TCO, DVES and MDA whose personnel costs are under 30% of the operating costs. This contrasts with the NWS, DAD, POS, RCY and RPCU whose personnel costs were 75% and above of total expenditure.

40% of the operating expenses were used to satisfy Supplies and Consumables. On a department by department basis, Ministry Administration spent 70% and DVES 72% on supplies and consumables. In contrast, NWS, RCY, DVDL, LSU & RPCU had supplies and consumable of 20% and below of their total operating costs.

	DOA	DAD	EVH	LSU	MDA	MRCU	NWS	POS	PWD	RCY	RPCU	TCO	DVES	DVDL	Total
Revenue															
Cabinet Funding	73%	96%	54%	75%	92%	100%	5%	23%	98%	68%	100%	69%	87%	32%	77%
Sales of Goods & Services	27%	4%	46%	25%	8%	0%	95%	77%	2%	32%	0%	31%	13%	68%	23%
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Expenses															
Personnel costs	55%	72%	69%	60%	25%	36%	84%	76%	67%	75%	76%	18%	24%	66%	54%
Supplies and consumables	43%	26%	25%	19%	70%	62%	15%	22%	29%	19%	18%	48%	71%	14%	40%
Depreciation	3%	2%	5%	10%	0%	2%	2%	1%	3%	4%	6%	15%	1%	5%	3%
Impairment of inventory	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	0%	0%
Gains/(losses) on foreign exchar	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Loss on Revaluation of Asset	0%	0%	0%	0%	0%	0%	0%	0%	4%	0%	0%	0%	0%	15%	1%
Gain/Loss on Derecognition of A	0%	0%	2%	11%	5%	0%	0%	0%	-3%	2%	0%	19%	3%	0%	2%
Other expenses	0%	0%	0%	0%	0%	0%	0%	1%	0%	0%	0%	0%	0%	0%	0%
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Note 18: Subsequent events

The 2013 General elections were held on May 22nd 2013, which saw a change in the government and structure as well as the composition of the Ministry. These changes, while reducing the scope of the Ministry's deliverables, are not expected to affect the entity's ability to deliver its outputs.

Note 19: Commitments

The Ministry has the following known contractual obligations as at June 2012:

Capital Commitments

The Ministry of DAWLA has ongoing commitments relating to the construction of the MRCU Hangar and the Cayman Brac PWD Vehicle Maintenance Building on the Bluff.

1. MRCU hangar was 80% complete with an estimated \$1.2 million needed to complete in 2012/13.
2. The District Administration Command Centre requires an additional outflow of \$0.6 million in 2012/13.
3. The Ministry also had other on-going miscellaneous projects across departments.

Operating Commitments

Non-cancellable accommodation leases – The Ministry pays an average of \$85k per month for the leases of property for office use and accommodation. Most of these are expected to fall away as departments are moved into the GOAP facilities and the MRCU hangar becomes operational in the coming year.

Other non-cancellable contracts

Non-cancellable contracts for the supply of goods and services – The Ministry has engaged the service of several corporate entities for annual contracts for the supply of janitorial, maintenance and security services at the GOAP.

Other operating commitments – The Ministry enters into short term leases from time to time for the use of equipment and vehicles in order to carry out specialized work where the cost of outright acquisition and maintenance makes it more practical to lease.

Note 20: Contingencies

Contingent liabilities are:

- Costs that the Ministry will have to face if a particular event occurs, or
- Present liabilities that cannot presently be measured with sufficient reliability to be recorded in the financial statements (unquantifiable liabilities).

Typically, contingent liabilities consist of guarantees and indemnities, legal disputes and claims.

Contingent liabilities relating to the Ministry as at 30th June 2012 are reported in the consolidated accounts of the Cayman Islands Government.

Contingent assets are:

Possible assets that have arisen from past events but the amount of the asset, or whether it will materialize, will not be confirmed until a particular event occurs.

As at 30th June 2012, Ministry has no contingent assets.

Guarantees

Guarantees are legally binding promises made by the Ministry to assume responsibility for a debt or performance of an obligation of another party, should that party default. Guarantees generally relate to the payment of money but may require the performance of services. Indemnities are legally binding promises where the Ministry undertakes to accept the risk of loss or damage that another party may suffer and to hold the other party harmless against loss caused by a specific stated event.

As at 30th June 2012, Ministry had not issued nor was a party to any guarantee.

Note 21: Financial instruments risks

At 30th June, 2012, the Ministry held various sums in financial instruments represented by cash and cash equivalents at one financial institution in the Cayman Islands. As such, the Ministry is exposed to credit related losses in the event of non-performance by the financial institution. However, given the high credit rating of this financial institution, management does not anticipate any material losses as a result of this concentration.

Credit risk

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

Currency and interest rate risk

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

Liquidity risk

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