



GOVERNMENT OF THE CAYMAN ISLANDS

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

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

Financial Statements for the year ended 30 June 2013

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MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – FINANCIAL SERVICES

STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by the Ministry of Finance, Tourism and Development – Financial Services in accordance with the provisions of the *Public Management and Finance Law (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 have established and maintain a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorised by law, and properly record the financial transactions of the Ministry of Finance, Tourism and Development – Financial Services.

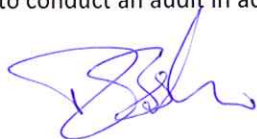
As Chief Officer and Chief Financial Officer we are responsible for the preparation of the Ministry of Finance, Tourism and Development – Financial Services financial statements, representation and judgements made in these statements.

The financial statements fairly present the financial position, financial performance and cash flows of the Ministry of Finance, Tourism and Development – Financial Services for the financial year ended 30 June 2013.

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

- (a) completely and reliably reflect the financial transactions of the Ministry of Finance, Tourism and Development – Financial Services for the year ended 30 June 2013;
- (b) fairly reflect the financial position as at 30 June 2013 and performance for the Year ended 30 June 2013;
- (c) comply with International Public Sector Accounting Standards as set out by International Public Sector Accounting Standards Board under the responsibility of the International Federation of Accountants. 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 on Auditing.



Dax Basdeo
Chief Officer

Date – 23 February 2015



Wendy Manzanares
Chief Financial Officer

Date – 23 February 2015

AUDITOR GENERAL'S REPORT

To the Members of the Legislative Assembly and the Chief Officer of Ministry of Financial Services, Commerce and Environment

I have audited the accompanying financial statements of the **Ministry of Finance, Tourism and Development – Financial Services**, which comprise the statement of financial position as at 30 June 2013 and the statement of financial performance, statement of changes in net worth and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 5 to 26 in accordance with the provisions of Section 60(1)(a) of the *Public Management and Finance Law (2012 Revision)*.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend upon the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Ministry of Finance, Tourism and Development – Financial Services as at 30 June 2013 and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

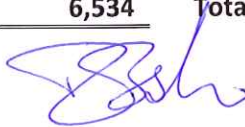
A handwritten signature in dark ink, appearing to read 'A Swarbrick', with a stylized, wavy line extending from the end.

Alastair Swarbrick MA, CPFA, CFE
Auditor General

23 February 2015
Cayman Islands

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

(restated) Prior Year Actual \$'000		Note	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Original vs Actual) \$'000
	Current Assets					
13,840	Cash and cash equivalents	2	18,682	38,255	38,255	(19,573)
13,774	Trade receivables	3	33,647	504	504	33,143
58	Other receivables	3	20	-	-	20
52	Prepayments	4	52	-	-	52
27,724	Total Current Assets		52,401	38,759	38,759	13,642
	Non-Current Assets					
1,001	Property, plant and equipment	5	135	1,491	1,491	(1,356)
1,001	Total Non-Current Assets		135	1,491	1,491	(1,356)
28,725	Total Assets		52,536	40,250	40,250	12,286
	Current Liabilities					
406	Trade payables	6	630	349	349	(281)
74	Other payables and accruals	6	136	-	-	(136)
97	Employee entitlements	7	120	108	108	(12)
21,614	Repayment of surplus		46,300	25,081	25,081	(21,219)
22,191	Total Current Liabilities		47,186	25,538	25,538	(21,648)
22,191	Total Liabilities		47,186	25,538	25,538	(21,648)
6,534	Net Assets		5,350	14,712	14,712	(9,362)
	Net Worth					
5,350	Contributed capital		5,350	8,133	8,133	(2,783)
1,184	Accumulated surpluses		-	6,579	6,579	(6,579)
6,534	Total Net Worth		5,350	14,712	14,712	(9,362)


Dax Basdeo
Chief Officer


Wendy Manzanares
Chief Financial Officer

Date – 23 February 2015

Date – 23 February 2015

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

MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT - FINANCIAL SERVICES
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2013

(restated) Prior Year Actual \$'000		Note	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Original vs Actual) \$'000
	Revenue					
30,154	Sale of goods and services	8	31,547	34,587	34,587	(3,040)
30,154	Total Revenue		31,547	34,587	34,587	(3,040)
	Expenses					
4,759	Personnel costs	9	4,584	5,054	5,054	470
3,244	Supplies and consumables	10	2,569	4,274	4,274	1,705
-	Legal fees	13	144	-	-	(144)
169	Depreciation	5	65	130	130	65
(23)	(Gains)/losses on foreign exchange transactions	11	3	7	7	4
172	Losses on disposal/revaluation of property, plant and equipment	11	826	-	-	(826)
8,321	Total Expenses		8,191	9,465	9,465	1,274
21,833	Surplus for the Period		23,356	25,122	25,122	(1,766)

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

MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT - FINANCIAL SERVICES

GOVERNMENT OF THE CAYMAN ISLANDS

STATEMENT OF CHANGES IN NET WORTH

FOR THE YEAR ENDED 30 JUNE 2013

	Attributable to Cayman Islands Government				Variance (Original vs Actual)
	Contributed Capital	Accumulated Surplus	Total Net worth	Original Budget	Final Budget
Balance at 1 July 2011, as restated	\$'000	\$'000	\$'000	\$'000	\$'000
Prior Year Adjustments	5,234	878	6,112	5,395	5,395
	-	282	282	-	-
Balance at 1 July 2011, as restated	5,234	1,160	6,394	5,395	5,395
Changes in net worth for 2011/12					
Equity Investment from Cabinet	116	-	116	-	-
Repayment of surplus to Cabinet	-	(21,809)	(21,809)	(15,990)	(15,990)
Surplus for the period 2011/12	-	21,833	21,833	22,030	22,030
Balance at 30 June 2012	5,350	1,184	6,534	11,435	11,435
Prior Year Adjustments	-	170	170	-	-
Balance at 1 July 2012, as restated	5,350	1,354	6,704	11,435	11,435
Changes in net worth for 2012/13					
Equity Investment from Cabinet	-	-	-	185	185
Surplus for the period 2012/13	-	23,356	23,356	25,122	25,122
Repayment of surplus to Cabinet	-	(24,710)	(24,710)	(22,030)	(22,030)
Balance at 30 June 2013	5,350	-	5,350	14,712	14,712
					(9,362)

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

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

Prior Year Actual \$'000		Note	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Original vs Actual) \$'000
CASH FLOWS FROM OPERATING ACTIVITIES						
	<i>Receipts</i>					
4,528	Outputs to Cabinet		1,268	6,050	6,050	(4,782)
16,303	Sale of goods and services - third party		10,638	28,536	28,536	(17,898)
6	Other receipts		3	-	-	3
	<i>Payments</i>					
(4,514)	Personnel costs		(4,292)	(5,055)	(5,055)	763
(3,460)	Supplies and consumables		(2,753)	(1,255)	(1,255)	(1,498)
(2)	Other payments		(1)	-	-	(1)
12,861	Net cash flows from operating activities	12	4,863	28,276	28,276	(23,413)
CASH FLOWS FROM INVESTING ACTIVITIES						
(21)	Purchase of property, plant and equipment		(42)	(185)	(185)	143
-	Proceeds from sale of property, plant and equipment		21	-	-	21
(21)	Net cash flows from investing activities		(21)	(185)	(185)	164
CASH FLOWS FROM FINANCING ACTIVITIES						
143	Equity Investment		-	185	185	(185)
(19,516)	Repayment of Surplus		-	(22,030)	(22,030)	22,030
(19,373)	Net cash flows from financing activities		-	(21,845)	(21,845)	21,845
(6,533)	Net increase/(decrease) in cash and cash equivalents		4,842	6,246	6,246	(1,404)
20,373	Cash and cash equivalents at beginning of period		13,840	32,009	32,009	(18,169)
13,840	Cash and cash equivalents at end of period		18,682	38,255	38,255	(19,573)

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

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

Description and Principal Activities

The Ministry of Finance, Tourism and Development – Financial Services (“the Ministry”) is a Government owned entity as defined by section 2 of the Public Management and Finance Law (2013 Revision) and it is domiciled in the Cayman Islands.

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

Note 1: Significant Accounting Policies

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

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

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

(a) Basis of Preparation

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

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.

(b) Budget Amounts

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

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

Note 1: Significant Accounting Policies (continued)

(c) Judgments and Estimates

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

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

(d) Changes in Accounting Estimates

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

(e) Revenue

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

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

(f) Expenses

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

(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.

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

Note 1: Significant Accounting Policies (continued)

(i) Prepayments

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

(j) Property, Plant and Equipment

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

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

<u><i>Asset Type</i></u>	<u><i>Estimated Useful life</i></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

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.

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

Note 1: Significant Accounting Policies (continued)

(k) Employee Benefits

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

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

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

(l) Financial Instruments

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

Classification

A financial asset is classified as any asset that is cash, a contractual right to receive cash or another financial asset, exchange financial instruments under conditions that are potentially favourable. Financial assets comprise of cash and cash equivalents and receivables.

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

Recognition

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

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

Note 1: Significant Accounting Policies (continued)

(o) Comparative Figures

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

(p) Revenue from Non-Exchange Transactions

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

Note 2: Cash and Cash Equivalents

Cash and cash equivalents include cash on hand; bank accounts in the name of the Ministry of Finance, Tourism and Development maintained at Royal Bank of Canada and Barclays Bank (UK), and short term deposits invested with the Cayman Islands Government Treasury. As at 30 June 2013 the Ministry held no restricted cash balances (30 June 2012: \$0).

Prior Year Actual \$'000	Description	Foreign Currency \$'000	Exchange Rate	Current Year Actual \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Original vs Actual) \$'000
35	Cash on hand			51	167	167	(116)
16	Cash in transit			15	-	-	15
13,599	CI\$ Operational current account			18,293	38,088	38,088	(19,795)
152	US\$ Operational current account	384	0.83	321	-	-	321
38	CI\$ Payroll current account			2	-	-	2
13,840	Total	384		18,682	38,255	38,255	(19,573)

MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – FINANCIAL SERVICES
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.

Prior Year Actual		Current Year Actual	Original Budget	Revised Budget	Variance (Original vs Actual)
\$'000	Trade Receivables	\$'000	\$'000	\$'000	\$'000
765	Sale of goods and services	4,245	-	-	4,245
13,009	Outputs to Cabinet	29,402	504	504	28,898
13,774	Total Trade Receivables	33,647	504	504	33,143

Prior Year Actual		Current Year Actual	Original Budget	Revised Budget	Variance (Original vs Actual)
\$'000	Other Receivables	\$'000	\$'000	\$'000	\$'000
13	Advances (salary, official travel, etc)	7	-	-	7
1	Dishonoured cheques	1	-	-	1
44	Other receivable	12	-	-	12
58	Total Other Receivables	20	-	-	20

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

Note 3: Trade Receivables and Other Receivables (continued)

As at 30 June 2013 and 30 June 2012, the ageing analysis of trade receivables and other receivables is as follows:

Prior Year Actual \$'000	Receivables Current	Trade Receivable \$'000	Other Receivable \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Original vs Actual) \$'000
3,967	Past due 1-30 days	9,795	20	528	528	9,287
1,884	Past due 31-60 days	2,374	-	-	-	2,374
2,202	Past due 61-90 days	2,300	-	-	-	2,300
5,779	Past due 90 and above	19,178	-	-	-	19,178
13,832	Total	33,647	20	528	528	33,139

As of 30 June 2013 and 30 June 2012, trade receivables and other receivables are all due within one year from financial position date.

Note 4: Prepayments

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

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

Note 5: Property, Plant and Equipment

As at 30 June 2013									
	Leasehold Improvements	Furniture and Fittings	Computer Equipment	Motor Vehicles	Assets in progress	Total	Original Budget	Revised Budget	Variance (Original vs Actual)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost									
At 1 July 2012	1,066	428	350	16	36	1,896	2,711	2,711	(815)
Additions	-	7	14	-	32	53	185	185	(132)
Disposals	(1,031)	(375)	(34)	-	-	(1,440)	-	-	(1,440)
At 30 June 2013	35	60	330	16	68	509	2,896	2,896	(2,387)
Accumulated depreciation									
At 1 July 2012	318	248	313	16	-	895	1,275	1,275	380
Depreciation expense	19	17	29	-	-	65	130	130	65
Disposal	(324)	(228)	(34)	-	-	(586)	-	-	586
At 30 June 2013	13	37	308	16	-	374	1,405	1,405	1,031
Carrying value at 30 June 2013	22	23	22	-	68	135	1,491	1,491	(1,356)

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

Note 5: Property, Plant and Equipment (continued)

As at 30 June 2012 (restated)										
	Leasehold Improvements \$'000	Furniture and Fittings \$'000	Computer Equipment \$'000	Motor Vehicles \$'000	Assets in progress \$'000	Total \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Original vs Actual) \$'000	
Cost										
As at 1 July 2011	1,216	662	388	-	22	2,288	2,711	2,711	(423)	
Additions	-	7	11	-	14	32	-	-	32	
Disposals	(150)	(241)	(50)	-	-	(441)	-	-	(441)	
Transfers	-	-	-	16	-	16	-	-	16	
At 30 June 2012	1,066	428	349	16	36	1,895	2,711	2,711	(816)	
Accumulated depreciation										
At 1 July 2011	309	365	304	-	-	978	978	978	-	
Transfers	-	-	-	16	-	16	-	-	(16)	
Depreciation expense	60	50	59	-	-	169	297	297	128	
Disposals	(52)	(167)	(50)	-	-	(269)	-	-	269	
At 30 June 2012	317	248	313	16	-	894	1,275	1,275	381	
Carrying value at 30 June 2012	749	180	36	-	36	1,001	1,436	1,436	(435)	

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Note 6: Trade Payables, Other Payables and Accruals

Prior Year Actual \$'000	Description	Current Year Actual \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Original vs Actual) \$'000
58	Creditors	12	-	-	(12)
2	Creditors Ministries / Portfolios	22	-	-	(22)
16	Creditors other government agencies	20	-	-	(20)
222	Accrued expenses	390	349	349	(41)
128	Accrued expenses Ministries /Portfolios	135	-	-	(135)
(20)	Accrued expenses other government agencies	51	-	-	(51)
406	Trade Payables	630	349	349	(281)
1	Other payables	1	-	-	(1)
73	Payroll deductions	135	-	-	(135)
74	Other payables and accruals	136	-	-	(136)
Total Trade Payables, Other Payables and					
480	Accruals	766	349	349	(417)

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

Note 7: Employee Entitlements

Prior Year Actual \$'000	Description	Current Year Actual \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Original vs Actual) \$'000
21	Comp time	19	-	-	(19)
76	Retirement and annual leave	101	108	108	7
97	Total Employee Entitlements	120	108	108	(12)

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

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Note 8: Revenue

Prior Year		Current			Variance
Actual	Revenue type	Year	Original	Final	(Original
\$'000		Actual	Budget	Budget	vs Actual)
		\$'000	\$'000	\$'000	\$'000
5,543	Outputs to Cabinet ¹	4,037	6,051	6,051	(2,014)
24,611	Fees and charges ²	27,510	28,536	28,536	(1,026)
30,154	Total Sales of Goods and Services	31,547	34,587	34,587	(3,040)

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

² Fees and Charges comprise mainly of company fees and partnership fees. Other fees include registration fees, patents & trademarks, search fees, general sales, rentals and other 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

Prior		Current			Variance
Year		Year	Original	Revised	(Original
Actual	Description	Actual	Budget	Budget	vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
3,916	Salaries, wages and allowances	3,675	4,086	4,086	411
624	Health care	674	728	728	54
222	Pension	212	232	232	20
(3)	Leave	23	-	-	(23)
-	Other personnel related costs	-	8	8	8
4,759	Total Personnel Costs	4,584	5,054	5,054	470

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Note 10: Supplies and Consumables

Prior Year Actual \$'000	Description	Current Year Actual \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Original vs Actual) \$'000
1,610	Purchase of services	1,570	2,825	2,825	1,255
685	Lease of property and equipment	404	408	408	4
354	Travel and subsistence	334	595	595	261
102	Supplies and materials	89	149	149	60
162	Utilities	72	127	127	55
65	Interdepartmental expenses	63	55	55	(8)
19	General insurance	23	4	4	(19)
9	Recruitment and training	12	78	78	66
238	Other	2	33	33	31
3,244	Total Supplies and Consumables	2,569	4,274	4,274	1,705

Note 11: (Gains) / Losses

Prior Year Actual \$'000	Description	Current Year Actual \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Original vs Actual) \$'000
172	Net loss on disposal of property, plant and Equipment	826	-	-	(826)
(23)	Net (gain) on foreign exchange transactions	3	7	7	4
149	Total (Gains)/ Losses	829	7	7	(822)

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

Prior Year					Variance
Actual	Description	Current	Original	Revised	(Original
\$'000		Year Actual	Budget	Budget	vs Actual)
		\$'000	\$'000	\$'000	\$'000
21,833	Surplus for the period	23,356	25,122	25,122	(1,766)
	<i>Non-cash movements</i>				
169	Depreciation expense	65	130	130	(65)
172	Net loss on sale of property plant and equipment	826	-	-	826
	<i>Changes in current assets and liabilities:</i>				
(8,597)	Increase in receivables - Cabinet	(16,392)	(1)	(1)	(16,391)
(754)	Increase in other current assets	(3,443)	-	-	(3,443)
41	Increase in current liabilities	428	3,025	3,025	(2,597)
(3)	(Decrease)/increase in provisions relating to employee costs	23	-	-	23
12,861	Net Cash Flows from Operating Activities	4,863	28,276	28,276	(23,413)

Note 13: Legal Fees

The department of International Tax Cooperation (TIA) was challenged in the Grand Court of the Cayman Islands. The Court ruled in the favour of the applicant and awarded costs. The department settled these costs through payments in the amount of \$123,480.44 on September 4, 2014 and \$20,886.51 on November 21, 2014.

Note 14: Revenue from Non-Exchange Transactions

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

Note 15: 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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FOR THE YEAR ENDED 30 JUNE 2013**

Note 16: Commitments

The Ministry has the following operating lease commitments:

Department	One Year or Less \$'000	One to five years \$'000	Over five years \$'000
General Registry	60	300	-
Tax Information Authority	29	-	-
Department of Commerce & Investment	16	82	-
Total Commitments	105	382	-

Note 17: Explanation of Major Variances against Budget

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

Statement of financial performance

Cabinet Revenue

Revenue from cabinet was \$2 million below budget as the Ministry did not pursue some planned activities leading to reduced expenditure.

Other Revenue

Revenue from other sources was \$1 million below budget due to reduced economic activity as well as the non-implementation of a revenue measure by the Cabinet.

Personnel Costs

Personnel costs were \$.5 million below budget due to cost savings arising from Government's overall financial targets and the delayed recruitment of staff to replace those that left.

Supplies and Consumables

Supplies and consumables were \$1.7 million below budget as the Ministry did not pursue some planned activities leading to reduced expenditure.

Statement of financial position

Cash and Cash Equivalents

The actual year-end cash balances were \$19 million below budget as the surplus for the previous year was paid over.

Trade Receivables

Trade receivables were \$33 million higher than the original budget due to delay in transferring revenue from the Executive account to the Entity for the General Registry.

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Note 17: Explanation of Major Variances against Budget (continued)

Property, Plant and Equipment

The balance is \$1.4 million below budget as the leasehold improvements which were being carried were disposed because of the General Registry moving into the Government Administration Building.

Note 18: Related Party and Key Management Personnel Disclosures

Related party disclosure

The Ministry is a wholly owned entity of the government from which it derives a major source of its revenue. The Ministry and its key management personnel transact with other government entities on a regular basis. These transactions were provided free of cost during the financial year ended 30 June 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 including Ministers of the Government, are also considered to be related parties, and as such received the following remuneration.

Prior Year Actual	Description	Current Year Actual	Original Budget	Revised Budget	Variance (Original vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
1,207	Salaries and other short-term employee benefits	1,409	1,071	1,071	(338)
-	Other long-term benefits	-	-	-	-
1,207	Total	1,409	1,071	1,071	(338)

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

Note 19: Events occurring after Reporting Date

Following the Cayman Islands General Elections in May 2013, the Ministry was reorganised and renamed Ministry of Financial Services, Commerce and Environment with effect from 1 July 2013. The Ministry now comprises the following departments: Financial Services Administration; Financial Services Secretariat; Tax Information Authority; General Registry; Marketing and Communications Unit; Department of Commerce and Investment; Department of Environment.

During the preparation of the 2013/14 Annual Budget which covers the period 1 July 2013 to 30 June 2014, the majority of revenue collected by the General Registry was re-classified as Coercive and will no longer be recorded as entity revenue. As a result of this the entity revenue expected to be collected for the period ending 30 June 2014 will be substantially lower than the comparative period to 30 June 2013.

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Note 20: Financial Instrument Risks

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

Credit risk

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

Currency and interest rate risk

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

Liquidity risk

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

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

Note 21: Financial instruments – fair values

As at 30 June 2013 and 30 June 2012, the carrying values of cash and cash equivalents, accounts receivable, accounts payable and employee entitlements approximate their fair values due to their relative short-term maturities.

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

MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – FINANCIAL SERVICES
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Note 22: Prior Period Error

a) Leasehold Improvements

Leasehold Improvements were incorrectly included in the financial statements of 30 June 2012 as a transfer in of Property, Plant and Equipment. This transfer was initiated by the previous Portfolio with responsibility for the Cayman Islands London Office (CILO). The original cost of the Leasehold Improvement was incurred in June 2007 under the previous Portfolio and this should have been depreciated to the expiry date (May 2010) of the lease in effect. This would have brought the Leasehold Improvement to a nil balance by the June 2010 year end. In effect there should have been no value to be transferred by the previous Portfolio when responsibility for the CILO was transferred to the Ministry. Other classes of assets were incorrectly included and have been restated accordingly. The financial statements of 2012 have been restated to correct this error. The effect of the restatement on those financial statements is summarized below. There is no effect in 2013.

	Effect on 2012
	\$'000
Decrease in Carrying value of Buildings and Leasehold	318
Increase in Carrying value of Furniture and Fittings	(7)
Decrease in Carrying value of Computer Equipment	39
Decrease in Carrying value of Assets in progress	17
Decrease in Net Worth	<u>367</u>
Decrease in Depreciation expense	<u>24</u>
Increase in Surplus	<u>24</u>

b) Contributed Capital

In the year ended June 2012 the Contributed Capital of the Ministry remained unsubstantiated for the annual audit and was qualified as it could not be determined whether this was fairly stated. During the year under review this balance was fully supported and is now fairly stated. As a result of this, the cumulative amounts of \$170,462 (2012) and \$281,886 (2011) have been reflected as prior year adjustments through the Statement of Changes in Net Worth. These transactions relate to accrued expenses and revenue receivable balances.