GOVERNMENT OF THE CAYMAN ISLANDS

Cabinet Office

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2013

CONTENTS PAGE

Statement of Responsibility for Financial Statements	2
Auditor General's Report	3-4
Statement of Financial Position	5
Statement of Financial Performance	6
Statement of Changes in Net Worth	7
Cash Flow Statement	8
Notes to the Financial Statements	9-25

CABINET OFFICE

Cayman Islands Government
Government Administration Building
Grand Cayman, Cayman Islands

STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

We accept responsibility for the accuracy and integrity of the financial information in these financial statements and their compliance with the *Public Management and Finance Law (2012 Revision).*

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

As Chief Officer and Acting Chief Financial Officer, we are responsible for the preparation of the Cabinet Office financial statements and for the judgements made in them. It should be noted that the Chief Officer joined the Cabinet Office in February 2013.

The financial statements fairly present the statement of financial performance, statement of changes in net assets, statement of financial position and cash flow statement 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 Cabinet Office 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 under the responsibility of the International Accounting Standards Board.

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.

Samuel Rose	*Neyka Webster*
Cabinet Secretary & Chief Officer	Acting Chief Financial Officer
Date: 31st October 2013	Date: 31st October 2013

Office of the Auditor General
CAYMAN ISLANDS

Phone: (345) - 244-3211
Fax: (345) - 945-7738
AuditorGeneral@oag.gov.ky
www.auditorgeneral.gov.ky

3rd Floor, Anderson Square
64 Shedden Road, George Town
P.O.Box 2583
Grand Cayman, KY1-1103, Cayman Islands

AUDITOR GENERAL'S REPORT

To the Members of the Legislative Assembly and the Cabinet Secretary

I have audited the accompanying financial statements of the Cabinet Office, 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 cash flows statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 5 to 25 in accordance with the provisions of Section 60(1)(a) of the *Public Management and Finance Law (2012 Revision)*.

Management's Responsibilities for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion

Property, plant and equipment

As the Cabinet Office did not maintain proper records on the beginning balance of property, plant and equipment, I was unable to satisfy myself as to the completeness, existence and valuation of property, plant and equipment amounting to $2,159,000 on the statement of financial position as well as the potential impact on the associated depreciation of $628,000 reflected in the statement of financial performance.

Qualified Opinion

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion the financial statements present fairly, in all material respects, the financial position of Cabinet Office 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 D Swarbrick

Alastair Swarbrick, MA (Hons), CPFA
Auditor General

31 October 2013
Cayman Islands

CABINET OFFICE
STATEMENT OF FINANCIAL POSITION
AS AT 30 June 2013
(Expressed in Cayman Islands Dollars)

2011/12 Actual (Restated) CI$000		Note	2012/13 Actual CI$000	2012/13 Budget CI$000	2012/13 Variance (Budget vs. Actual) CI$000
	ASSETS				
	Current Assets				
1,518	Cash and cash equivalents	2	5,638	3,951	(1,687)
5,141	Trade receivables	3	1,501	4,030	2,529
-	Other Receivables		(1)	-	1
498	Prepayments		655	1,212	557
7,157	**Total Current Assets**		**7,793**	**9,193**	**1,400**
	Non-Current Assets				
2,245	Property, plant and equipment	4	2,159	3,957	1,798
2,245	**Total Non-Current Assets**		**2,159**	**3,957**	**1,798**
9,402	**Total Assets**		**9,952**	**13,150**	**3,198**
	LIABILITIES				
	Current Liabilities				
60	Trade payables	5	304	102	(202)
516	Other payables and accruals	5	153	-	(153)
279	Employee entitlements	6	211	-	(211)
1,267	Surplus payable	5	1,522	5,494	3,972
2,122	**Total Current Liabilities**		**2,190**	**5,596**	**3,406**
2,122	**Total Liabilities**		**2,190**	**5,596**	**3,406**
7,280	**Net Assets**		**7,762**	**7,554**	**(208)**
	NET WORTH				
7,280	Contributed capital		7,762	7,554	(208)
-	Accumulated surpluses (deficit)		-	-	-
7,280	**Total Net Worth**		**7,762**	**7,554**	**(208)**

The Notes to the Financial Statements on pages 9 to 25 form part of these financial statements.

CABINET OFFICE
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 June 2013
(Expressed in Cayman Islands Dollars)

2011/12 Actual CI$000		Note	2012/13 Actual CI$000	2012/13 Budget CI$000	2012/13 Variance (Budget vs. Actual) CI$000
	Revenue				
10,579	Output to Cabinet	7	9,191	9,191	-
1,401	Sale of goods and services	7	1,266	1,348	82
11,980	**Total Revenue**		**10,457**	**10,539**	**82**
	Expenses				
7,715	Personnel costs	8	6,888	7,402	514
6,189	Supplies and consumables	9	2,733	2,459	(274)
775	Depreciation	4	628	402	(226)
14,679	**Total Expenses**		**10,249**	**10,263**	**14**
(2,699)	**Surplus or (Deficit) for the period**		**208**	**276**	**68**

The Notes to the Financial Statements on pages 9 to 25 form part of these financial statements.

CABINET OFFICE
STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDED 30 June 2013
(Expressed in Cayman Islands Dollars)

	Contributed Capital CI$000	Accumulated Surplus/ (deficits) CI$000	Total CI$000	Budget CI$000	Variance (Budget vs. Actual) CI$000
Balance at 30 June 2011	**7,554**	**-**	**7,554**	**8,592**	**1,038**
Equity Investment from Cabinet	-	-	-	-	-
2011/12 adjustments	-	(287)	(287)	-	287
Capital Withdrawals by Cabinet	(274)	-	(274)	-	274
Repayment of surplus to Cabinet	-	2,986	2,986	-	(2,986)
Surplus/(deficit) for the (period 11/12)	-	(2,699)	(2,699)	(1,038)	1,661
Balance at 30 June 2012	**7,280**	**-**	**7,280**	**7,554**	**274**
Equity Investment from Cabinet	482	-	482	-	(482)
2012/13 adjustments	-	47	47	-	(47)
Capital Withdrawals by Cabinet	-	-	-	-	-
Repayment of surplus to Cabinet	-	(255)	(255)	(276)	(21)
Surplus/(deficit) for the (period 12/13)	-	208	208	276	68
Balance at 30 June 2013	**7,762**	**-**	**7,762**	**7,554**	**(208)**

The Notes to the Financial Statements on pages 9 to 25 form part of these financial statements.

CABINET OFFICE
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 June 2013
(Expressed in Cayman Islands Dollars)

2011/12 Actual CI$000		Note	2012/13 Actual CI$000	2012/13 Budget CI$000	2012/13 Variance (Budget vs. Actual) CI$000
	CASH FLOWS FROM OPERATING ACTIVITIES				
	Receipts				
12,574	Outputs to Cabinet		12,130	9,191	(2,939)
688	Outputs to other government agencies		541	437	(104)
844	Sale of goods and services - third party		853	911	58
-	Other receipts		-	2,100	2,100
	Payments				
(5,477)	Personnel costs		(6,965)	(7,402)	(437)
(6,587)	Supplies and consumables		(2,640)	(2,459)	406
-	Other payments		-	(110)	(110)
2,042	**Net cash provided by operating activities**	**11**	**3,919**	**2,668**	**(1,026)**
	CASH FLOWS FROM INVESTING ACTIVITIES				
(732)	Purchase of property, plant and equipment		(264)	-	39
-	Proceeds from sale of property, plant and equipment		-	-	-
(26)	Cash advances		-	-	-
26	Cash receipts from repayment of cash advances		-	-	-
-	Proceeds from sale of investments		-	-	-
(732)	**Net cash used by investing activities**		**(264)**	**-**	**39**
	CASH FLOWS FROM FINANCING ACTIVITIES				
-	Equity Investment		465	-	(465)
-	Repayment of Surplus		-	(276)	(276)
-	Capital withdrawal		-	-	
-	**Net cash provided by financing activities**		**465**	**(276)**	**(741)**
1,310	**Net increase/(decrease) in cash and cash equivalents**		4,120	2,392	(1,728)
208	Cash and cash equivalents at beginning of period		1,518	1,559	41
1,518	**Cash and cash equivalents at end of period**		**5,638**	**3,951**	**(1,687)**

The Notes to the Financial Statements on pages 9 to 25 form part of these financial statements.

Description and principal activities

The Cabinet Office is a Government owned entity as defined by section 2 of the *Public Management and Finance (Amendment) Law (2012) ("PMFL")* and it is domiciled in the Cayman Islands.

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

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

Note 1: Significant Accounting Policies

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

There are no known accounting standards that have been adopted by the IPSAS Board for use in future years that will impact these financial statements. 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 have been prepared on a going concern basis and the accounting policies set out below have been applied consistently to all periods presented. The financial statements are presented in Cayman Islands dollars using the historical cost basis of accounting.

<u>Changes in Accounting Policies</u>

When presentation or classification of items in the financial statements is amended or accounting policies are changed, comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.

The presentation of the prior year financial statements has been changed to include a comparison of actual amounts with amounts in the original and final budget as required by IPSAS 24 including explanations of material difference between original budget and actual amounts.

The details and presentation of the Statement of Changes in Net Worth has been changed to show greater detail and to reflect changes in accounting policies and corrections of errors and omissions.

Segment reporting has been included in accordance with IPSAS 18.

Note 1: Significant Accounting Policies (continued)

(b) Reporting Period
The reporting period is the year ended 30 June 2013.

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

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

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

(e) Cash and Cash Equivalents
Cash and cash equivalents include cash on hand, cash in-transit and bank accounts with a maturity of no more than three months from the date of acquisition.

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

(f) Prepayments
The portion of recognised expenditure paid in advance of receiving services has been recognised as a prepayment and is classified as accounts receivable in these financial statements.

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

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.

Note 1: Significant Accounting Policies (continued)

(g) Property, Plant and Equipment (continued)

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

Disposals
Gains and losses on disposals of property, plant and equipment are determined by comparing the sale proceeds with the carrying amount of the asset. Gains and losses on disposals during the year are included in the Statement of Financial Performance.

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

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

Note 1: Significant Accounting Policies (continued)

(h) Employee Benefits (continued)

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

(i) Revenue

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

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

(j) Expenses

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

(k) Operating leases

Operating lease payments are recognised 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 recognised as expenses on a straight-line basis over the lease term. Lease incentives received are recognised evenly over the term of the lease as a reduction in rental expense.

(l) Capital Charges

Capital charges on the net assets due to the Cayman Islands Government are recognized as an expense in the period in which they are incurred.

(m) Financial Instruments

The Cabinet Office 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 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 unfavourable. Financial instruments comprise of accounts payable and accrued expenses.

Note 1: Significant Accounting Policies (continued)

(m) Financial Instruments (continued)

Recognition

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

Measurement

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

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

(n) 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.

De-recognition

A financial asset is de-recognition when the Cabinet Office 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 expires.

(o) 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;
- 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.

CABINET OFFICE
Notes to the Financial Statements
Year Ended 30 June 2013
(Expressed in Cayman Islands Dollars)

Note 1: Significant Accounting Policies (continued)

(p) 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.

(q) Revenue from Non Exchange Transactions

The entity receives various services from other government entities for which payment is made by the Cayman Islands Government. These services include accommodation in the central government building, project management by the Public Works Department and human resources management by the Portfolio of the Civil Service. The entity has designated these non-exchange transactions as Services in-Kind as defined under IPSAS 23 - Revenue from non-exchange Transactions. When fair values of such services can be reliably estimated then the non-exchange transaction is recorded as an expense and an equal amount is recorded in other income as a service in-kind. Where services in-kind offered are directly related to construction or acquisition of a fixed asset, such service in-kind is recognized in the cost of the fixed asset.

Note 2: Cash and cash equivalents

Cash and cash equivalents include cash on hand; bank accounts in the name of Cabinet Office maintained at Royal Bank of Canada; short term deposits invested with the Cayman Islands Government Treasury. As at 30 June 2012 and 30 June 2013 the Cabinet Office unrestricted cash balances were presented below. No restricted cash balances were held by the Cabinet Office at 30 June 2013.

2011/12 Actual $000	Description	Foreign Currency	Exchange Rate	2012/13 Actual $000
	Cash on hand (IRIS Confirmation Account)			8
98	Cash in transit (IRIS Remittance Account)			7
1,368	CI$ Operational Account at Royal Bank of Canada			5,492
56	US$ Operational Account at Royal Bank of Canada	161	0.83	135
(4)	Payroll Current Account at Royal Bank of Canada			(4)
1,518	TOTAL	161		5,638

CABINET OFFICE
Notes to the Financial Statements
Year Ended 30 June 2013
(Expressed in Cayman Islands Dollars)

Note 3: Trade receivables and other receivables

At year end all overdue receivables have been assessed and appropriate provisions made. The provision for doubtful debts has been calculated based on expected losses for the Cabinet Office and review of specific debtors. Expected losses have been determined based on an analysis of the entity losses in previous periods.

2011/12 Actual $000	Trade Receivables	2012/13 Actual $000	Budget $000	Variance (Budget vs. Actual $000
4,870	Outputs to Cabinet	1,599	3,188	1,589
783	Outputs to other government agencies	462	-	(462)
-	Sale of goods and services	-	842	842
(512)	Less: provision for doubtful debts	(560)	-	560
5,141	**Total trade receivables**	**1,501**	**4,030**	**2,529**

2011/12 Actual $000	Other Receivables	2012/13 Actual $000	Budget $000	Variance (Budget vs. Actual $000
-	Advances (salary, official travel, etc.)	2	-	(2)
-	Dishonoured cheques	-	-	-
-	Other	(3)	-	3
-	**Total trade receivables**	**(1)**	-	**1**

	Trade Receivables $000	Prior Year Impairment $000	Net $000	Gross amount $000
Current	804	-	804	804
Past due 1-30 days	24	-	24	24
Past due 31-60 days	23	-	23	23
Past due 61 and above	19	-	19	19
Past due 90 and above	1,191	-	1,191	1,191
Total	**2,061**	-	**2,061**	**2,061**

Note 3: Trade receivables and other receivables (continued)

Changes in the provision of doubtful debts:

2011/12 Actual	Description	2012/13 Actual
$000		$000
(35)	Balance at 1 July 2012	(512)
(512)	Additional provisions made during the year	(560)
35	Receivables written off during the year	512
(512)	Balance at 30 June 2013	**(560)**

Note 4: Property, plant and equipment (Restated)

	Buildings	Furniture	Computer	Other Assets	Infrastructure	Motor Vehicles	Work in progress	Total
	$000	$000	$000	$000	$000	$000	$000	$000
COST								
Balance at July 1, 2011	**548**	**393**	**7,579**	**434**	**1,923**	**146**	**-**	**11,023**
Additions	1,007	492	6,794	6,489	1,633	269	-	16,684
Disposals	(1,278)	(659)	(9,009)	(1,086)	(2,085)	(215)	-	(14,332)
Transfers	(19)	(22)	(8)	(5,703)	-	-	-	(5,752)
At June 30, 2012	**258**	**204**	**5,356**	**134**	**1,471**	**200**	**-**	**7,623**
Balance at July 1, 2012	**258**	**204**	**5,356**	**134**	**1,471**	**200**	**-**	**7,623**
Restatement of Prior Year	**261**	**165**	**9,257**	**109**	**1,600**	**215**	**-**	**11,607**
Additions	-	-	38	11	-	-	482	531
Disposals/Transfers	(95)	(42)	(43)	(96)	-	-	-	(276)
At June 30, 2013	**166**	**123**	**9,252**	**24**	**1,600**	**215**	**482**	**11,862**
ACCUMULATED DEPRECIATION								
Balance at July 1, 2011	**119**	**246**	**4,692**	**2**	**813**	**98**	**-**	**5,971**
Transfers 2011/12	(12)	(8)	(15)	-	-	-	-	(35)
Depreciation expense 2011/12	46	18	621	13	58	19	-	775
Eliminate on disposal 2011/12	27	(122)	(934)	69	(445)	73	-	(1,332)
At June 30, 2012	**180**	**134**	**4,364**	**84**	**426**	**190**	**-**	**5,379**
Balance at July 1, 2012	**180**	**134**	**4,364**	**84**	**426**	**190**	**-**	**5,379**
Restatement of Prior Year	**198**	**96**	**8,224**	**98**	**501**	**205**	**-**	**9,322**
Disposals/Transfers 2012/13	(90)	(23)	(43)	(91)	-	-	-	(247)
Depreciation expense 2012/13	28	9	513	4	64	10	-	628
At June 30, 2013	**136**	**82**	**8,694**	**11**	**565**	**215**	**-**	**9,703**
Net book value 30 June 2012	**78**	**70**	**992**	**50**	**1,045**	**10**	**-**	**2,245**
Net book value 30 June 2013	**30**	**41**	**558**	**13**	**1,035**	**-**	**482**	**2,159**

The opening balance of Property, plant and equipment was restated in fiscal year 2012-13 due to reinstatement of Computer Services department's assets that were retired in error in fiscal year 2011-12. The department did not identify the assets and they were not counted 2011-12 hence they were retired from the fixed asset register. However during the 2012-13 asset count, the error was noticed while the count was being carried out, hence a decision was made to reinstate the assets since they were still in use. The total historical cost of reinstated assets is $3,984M, accumulated depreciation of $3,944M and a net book value of $41K.

CABINET OFFICE
Notes to the Financial Statements
Year Ended 30 June 2013
(Expressed in Cayman Islands Dollars)

Note 5: Trade payables, other payables and accruals

2011/12 (Restated) Actual	Description	2012/13 Actual	Budget	Variance (Budget vs. Actual)
CI$000		CI$000	CI$000	CI$000
229	Creditors	304	102	(202)
207	Creditors Ministries/Portfolios	98	-	(98)
140	Accrued Expenses	55	-	(55)
1	Payroll deductions	-	-	-
1,267	Surplus payable	1,522	-	(1,522)
1,843	**Total trade payables, other payables and accruals**	**1,979**	**102**	**(1,877)**

Trade and other payables are non-interest bearing and are normally settled on 30-day terms. 2011-12 surplus payable was restated from $6,202m to $1,267m due accumulated loss being reclassified from the net worth section in the statement of financial position to the liability section.

Note 6: Employee entitlements

2011/12 Actual	Description	2012/13 Actual	Budget	Variance (Budget vs. Actual)
CI$000		CI$000	CI$000	CI$000
	Current employee entitlements are represented by:			
243	Annual Leave	170	-	(170)
36	Comp Time	41	-	(41)
279	**Total employee entitlements**	**211**	**-**	**(211)**

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

Note 7: Revenue

2011/12 Actual	Revenue type	2012/13 Actual	Budget	Variance (Budget vs. Actual)
CI$000		CI$000	CI$000	CI$000
	Sale of Goods and Services			
613	Outputs to other government agencies	539	437	(102)
788	Outputs to Others, fees and charges	727	911	184
1,401	**Total sales of goods and services**	**1,266**	**1,348**	**82**
10,579	**Outputs to Cabinet**	**9,191**	**9,191**	**-**
11,980	**Total Revenue**	**10,457**	**10,539**	**82**

Note 8: Personnel costs

2011/12 Actual CI$000	Description	2012/13 Actual CI$000	Budget CI$000	Variance (Budget vs. Actual) CI$000
6,473	Salaries, wages and allowances	5,456	6,091	635
807	Health care	852	953	101
355	Pension	307	327	20
80	Other personnel related costs	273	31	(242)
7,715	**Total Personnel Costs**	**6,888**	**7,402**	**514**

Note 9: Supplies and consumables

2011/12 Actual CI$000	Description	2012/13 Actual CI$000	Budget CI$000	Variance (Budget vs. Actual) CI$000
278	Supplies and Materials	252	212	(40)
2,833	Purchase of services	1,653	2,013	360
105	Lease of Property and Equipment	40	31	(9)
72	Utilities	97	67	(30)
61	Insurance	54	6	(48)
45	Interdepartmental expenses	45	46	1
17	Travel and Subsistence	20	25	5
-	Recruitment and Training	18	55	37
2,778	Other	554	4	(550)
6,189	**Total Supplies & consumables**	**2,733**	**2,459**	**(274)**

Note 10: Revenue from Non Exchange Transactions

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

CABINET OFFICE
Notes to the Financial Statements
Year Ended 30 June 2013
(Expressed in Cayman Islands Dollars)

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

2011/12 Actual	Description	2012/13 Actual	Budget	Variance (Original vs Actual)
CI$000		CI$000	CI$000	CI$000
(2,699)	**Surplus/(deficit) from ordinary activities**	**208**	276	68
-	Prior Period Adjustments	(240)	-	240
	Non-cash movements			
-	Bad debt expense	553	-	(553)
775	Depreciation expense	628	402	(226)
-	Gain/Loss on Foreign Exchange	(3)	-	3
(49)	(Gain)/Losses on sale of property plant and equipment	29	-	(29)
	Changes in current assets and liabilities:			
17	(Increase)/decrease in other current assets	1	2,000	1,999
5,167	(Increase)/decrease in receivables	2,930	100	(2,830)
-	(Increase)/decrease in inventories	-	-	-
(1,225)	Increase/(decrease) in payables	(119)	(110)	9
56	Increase/(decrease) in provision relating to employee costs	(68)	-	68
2,042	Net cash flows from operating activities	**3,919**	**2,668**	**(1,251)**

Note 12: Investment revenue

Cabinet Office had no Investment revenue during 2012-13.

Note 13: Donations

Cabinet Office had no donations during 2012-13.

Note 14: Finance costs (Bank Overdraft)

During the year Cabinet Office did not incur any finance charges.

Note 15: Litigation costs

The Attorney General's Office provides litigation services to Cabinet Office.

Note 16: Gains / (Losses)

During the period the Cabinet Office made a loss of $29K on disposal of property, plant and equipment.

Note 17: Contingent Liabilities

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

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

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

(b) Conditions after reporting date
After the General Elections of 2013, a reorganisation of government departments resulted in the transfer of Radio Cayman, Office of the Premier and CIG TV to the Cabinet Office. The total impact on the net worth after the reporting date was an increase of approximately CI$330,000. Computer Services Department was transferred out of the Cabinet Office. The total impact on the net worth after the reporting date was a decrease of approximately CI$2,647,000.

Note 19: Explanation of major variances against budget
Explanations for major variances for the Entity performance against the original budget are as follows:

Statement of financial performance

Other Revenue
Revenue from other sources was $82K below budget due to collections from gazette sales and Cabinet appeals fees and Computer Services revenue being lower than expected.

Personnel Costs
Personnel costs were $514K below budget due to delayed recruitment of vacant posts.

Supplies and consumables
Supplies and consumables were $274K above budget due to bad debt provisions made for doubtful debts and actual Gazette printing and insurance expense being higher than anticipated.

Depreciation
Depreciation expenses were $226K above budget due to updating the fixed asset register.

Finance costs
Cabinet Office did not incur any finance costs during 2012/13.

Note 19: Explanation of major variances against budget (continued)

Litigation costs
Cabinet Office did not incur any litigation costs during 2012/13.

Extraordinary items
Cabinet Office did not incur any extraordinary costs during 2012/13.

Other operating expenses
No other operating expenses were incurred.

Statement of financial position
Cash and cash equivalents
The actual year-end cash balances were $1.7 million above budget due to receivables and prepayments being lower than projected and accounts payables being higher than projected.

Debtors and other receivables
The actual year-end debtors and other receivables balances were $2.5 million lower than the original budget due to higher collection and write-off of receivables from government departments.

Prepayments
The prepayments were $557k lower than budget due to expenses not incurred prior to the year end.

Property, Plant & Equipment
Property, Plant & Equipment was $1.8 million lower than the original budget due to updating the fixed asset register.

Creditors and other payables
Other payables and other accruals were higher by $355K than the original budget mainly due to purchases of the emergency equity injection included in goods in transit being made close to the end of the fiscal year.

Employee entitlements
Employee entitlements was higher than budget by $211K due to the fact that Cabinet Office does not budget for this liability.

Surplus payable
Surplus payable was lower than budget by $3,972M due to actual accumulated loss being reclassified from the net worth section in the statement of financial position to the actual liability section.

Contributed Capital
Contributed capital was higher than budget by $208K due to an emergency equity injection received during the fiscal year.

Note 19: Explanation of major variances against budget (continued)

Statement of cash flows

Cash from operating activities

The increase in cash from operating activities is mainly due to the collection of prior year cabinet revenue and receivables from other government departments. Also, personnel cost was under budget due to vacant posts in the year.

Cash from investing activities

The decrease in cash from investing activities is due to unforeseen fixed asset purchases during the year.

Cash from financing activities

The decrease in cash from financing activities is due to an equity injection to facilitate an urgent and critical upgrade to Government's IT infrastructure.

Note 20: Related party and key management personnel disclosures

Related party disclosure

The Entity is a wholly owned entity of the government from which it derives a major source of its revenue. The Entity and its key management personnel transact with other government entities on a regular basis. These transactions were provided free of cost during the financial year ended 30 June 2013 and were consistent with normal operating relationships between entities and were undertaken on terms and conditions that are normal for such transactions.

Key management personnel

Key management personnel, defined as senior management of the Government, are also considered to be related parties.

2011/12 Actual $000	Description	2012/13 Actual $000	Number of Persons
598	Salaries & Other short-term employee benefits	648	7
598	**Total**	**648**	

During the year, the entity had several transactions which are considered a related party to key management personnel. The total dollar value of these transactions totalled to $195K (2012: $292K).

2011/12 Actual $000	Company	2012/13 Actual $000
216	Lime	191
76	Alphasoft Ltd.	4
292	**Total**	**195**

Note 21: Financial instrument risks

The Entity is exposed to a variety of financial risks including credit risk and liquidity risk. The Entity's risk management policies are designed to identify and manage these risks, to set appropriate risk limits and controls, and to monitor the risks and adhere to limits by means of up to date and reliable information systems. These risks are managed within the parameters established by the Financial Regulations (2008 Revision).

Credit risks
Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Entity. Financial assets which potentially expose the Entity to credit risk comprise cash and cash equivalents and accounts receivable.

The Entity is exposed to potential loss that would be incurred if the counterparty to the bank balances fails to discharge its obligation to repay. All bank balances are with one financial institution located in the Cayman Islands which management, considers to be financially secured and well managed.

The Entity is also exposed to a significant concentration of credit risk in relation to accounts receivable, a significant portion of which are due from other Government entities. No credit limits have been established. As at 30 June 2013 and 2012, management considers some of these debts to be unrecoverable hence a provision for doubtful debts is to be provided in the succeeding year.

The carrying amount of financial assets recorded in the financial statements represents the Entity's maximum exposure to credit risk. No collateral is required from debtors.

Liquidity risk
Liquidity risk is the risk that The Entity is unable to meet its payment obligations associated with its financial liabilities when they are due.

The ability of the Entity to meet its debts and obligation is dependent upon its ability to collect the debts outstanding to the Entity in a timely basis. In the event of being unable to collect its outstanding debts, it is expected that the Government would temporarily fund any shortfalls the Entity would have with its own cash flows. As at 30 June 2013 and 2012, all of the financial liabilities were due within three months of the year end dates.

Note 22: Financial instruments – fair values

As at 30 June 2013 and 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

Note 22: Financial instruments – fair values (continued)

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.

Note 23: Segment Reporting

The Cabinet Office does not have any major segments other than to provide policy advice and support services to Cabinet.