



GOVERNMENT OF THE CAYMAN ISLANDS

Cabinet Office

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Appendix: Financial Statements for the year ended 30 June 2014

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
Statement of Cash Flows	8
Notes to the Financial Statements	9-27



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 (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 and 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 Chief Financial Officer, we are responsible for the preparation of the Cabinet Office financial statements and for the judgements made in them.

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 2014.

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

- (a) Completely and reliably reflect the financial transactions of the Cabinet Office for the year ended 30 June 2014;
- (b) Fairly reflect the financial position as at 30 June 2014 and performance for the year ended 30 June 2014;
- (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.

Samuel Rose
Chief Officer

Date: 1/5/2015

Nadisha Walters
Chief Financial Officer

Date: 1/5/2015

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 2014 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 27 in accordance with the provisions of Section 60(1)(a) of the *Public Management and Finance Law (2013 Revision)*.

Management's Responsibilities for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on 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 & Equipment

Due to a limitation of scope regarding the support for the property, plant & equipment balance and the omission of several assets from the fixed asset register, I was unable to determine whether the property, plant & equipment balance of \$1,090,000 is fairly stated at 30 June 2014.

Depreciation

Due to the issues noted related to property, plant & equipment which impact the accuracy of depreciation, I was unable to determine the accuracy of the depreciation balance of \$137,000 at 30 June 2014.

Surplus Payable

I was unable to attest to the accuracy of the surplus payable balance of \$1,786,000 at 30 June 2014 due to the impact of the possible understatement of depreciation which affects the accuracy of the surplus payable balance.

Net Worth

As a result of the above issue related to property, plant & equipment which impacts on the accuracy of the net worth balance of \$6,304,000 as well as differences noted in excess of \$100,000 related to the transfer of departments, net worth is not fairly stated at 30 June 2014.

Qualified Opinion

In my opinion, except for the possible effects of the matters 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 2014 and 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

1 May 2015
Cayman Islands

CABINET OFFICE
STATEMENT OF FINANCIAL POSITION
AS AT 30 June 2014
(Expressed in Cayman Islands Dollars)

Prior Year Actual \$'000		Note	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
	Current Assets					
5,638	Cash and cash equivalents	2	6,295	7,511	7,511	1,216
1,501	Trade receivables	3	962	162	162	(800)
(1)	Other receivables	3	129			(129)
655	Prepayments	4	1	1	1	-
7,793	Total Current Assets		7,387	7,674	7,674	287
	Non-Current Assets					
-	Trade receivables	3	-	300	300	300
1,949	Property, plant and equipment	5	1,090	349	349	(741)
210	Intangible Assets	6	52	36	36	(16)
2,159	Total Non-Current Assets		1,142	685	685	(457)
9,952	Total Assets		8,529	8,359	8,359	(170)
	Current Liabilities					
304	Trade payables	7	199	192	192	(7)
153	Other payables and accruals	7	105	51	51	(54)
211	Employee entitlements	8	135	70	70	(65)
1,522	Surplus Payable	14	1,786	7,068	7,068	5,282
2,190	Total Current Liabilities		2,225	7,381	7,381	5,156
2,190	Total Liabilities		2,225	7,381	7,381	5,156
7,762	Net Assets		6,304	978	978	(5,326)
	NET WORTH					
7,762	Contributed capital		6,304	6,371	6,371	67
0	Accumulated surpluses/(deficits)			(5,393)	(5,393)	(5,393)
7,762	Total Net Worth		6,304	978	978	(5,326)

The accounting policies and notes on pages 9 to 27 form an integral part of these financial statements.

CABINET OFFICE
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 June 2014
(Expressed in Cayman Islands Dollars)

Prior Year Actual \$'000			Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
	Revenue					
9,191	Output to Cabinet	9	4,640	4,924	4,924	284
1,266	Sale of goods and services		1,293	1,256	1,256	(37)
10,457	Total Revenue		5,933	6,180	6,180	247
	Expenses					
6,888	Personnel costs	10	4,333	4,277	4,277	(56)
2,733	Supplies and consumables	11	1,181	1,328	1,328	147
492	Depreciation	6	137	108	108	(29)
136	Amortisation of Intangible Assets	6	18	13	13	(5)
10,249	Total Expenses		5,669	5,726	5,726	57
208	Surplus or (Deficit) for the period		264	454	454	190

The accounting policies and notes on pages 9 to 27 form an integral part of these financial statements.

CABINET OFFICE
STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDED 30 June 2014
(Expressed in Cayman Islands Dollars)

	Contributed Capital \$'000	Accumulated Surplus/ (deficits) \$'000	Total Net worth \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig. vs. Actual) \$'000
Balance at 30 June 2012	7,280	-	7,280	1,075	1,075	(6,205)
Changes in accounting policy	-	-	-	-	-	-
Prior Year Adjustments	-	47	47	(1,102)	(1,102)	(1,149)
Restated balance	7,280	47	7,327	(27)	(27)	(7,354)
Changes in net worth for 2012/13						
Equity Investment from Cabinet	482	-	482	482	482	-
Repayment of surplus to Cabinet	-	(255)	(255)	(866)	(866)	(611)
Net revenue / expenses recognised directly in net worth	482	(255)	227	(384)	(384)	(611)
Surplus/(deficit) for the period 2012/13	-	208	208	866	866	658
Total recognised revenues and expenses for the period	482	(47)	435	482	482	47
Balance at 30 June 2013 carried forward	7,762	-	7,762	455	455	(7,307)
	Contributed Capital	Accumulated Surplus/ (deficits)	Total Net worth	Original Budget	Final Budget	Variance (Orig. vs. Actual)
Balance at 30 June 2013 brought forward	7,762	-	7,762	455	455	(7,307)
Changes in net worth for 2013/14						
Changes in accounting policy	-	-	-	-	-	-
Prior Year Adjustments	(504)	-	(504)	-	-	504
Restated balance	7,258	-	7,258	455	455	(6,803)
Changes in net worth for 2013/14						
Gain/(loss) on property revaluation	-	-	-	-	-	-
Repayment of surplus to Cabinet	-	(264)	(264)	-	-	264
Exchange differences on translating foreign operations	-	-	-	-	-	-
Equity Investment from Cabinet	1,153	-	1,153	69	69	(1,084)
Capital withdrawals by Cabinet	(2,107)	-	(2,107)	-	-	2,107
Net revenue / expenses recognised directly in net worth	(954)	(264)	(1,218)	69	69	1,287
Surplus/(deficit) for the period 2013/14	-	264	264	454	454	190
Total recognised revenues and expenses for the period	(954)		(954)	523	523	1,477
Balance at 30 June 2014	6,304	-	6,304	978	978	(5,326)

The accounting policies and notes on pages 9 to 27 form an integral part of these financial statements.

CABINET OFFICE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 June 2014
(Expressed in Cayman Islands Dollars)

Prior Year Actual \$'000		Note	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
	CASH FLOWS FROM OPERATING ACTIVITIES					
	<i>Receipts</i>					
12,130	Outputs to Cabinet		4,583	6,654	6,654	2,071
541	Outputs to other government agencies		145	-	-	(145)
853	Sale of goods and services - third party		1,613	1,256	1,256	(357)
-	Other receipts		-	2	2	2
	<i>Payments</i>					
(6,965)	Personnel costs		(4,310)	(4,402)	(4,402)	(92)
(2,640)	Supplies and consumables		(1,000)	(1,475)	(1,475)	(475)
-	Other payments		-	(107)	(107)	(107)
3,919	Net cash flows from operating activities	13	1,031	1,928	1,928	897
	CASH FLOWS FROM INVESTING ACTIVITIES					
(264)	Purchase of property, plant and equipment		(390)	(124)	(124)	266
(264)	Net cash flows used by investing activities		(390)	(124)	(124)	266
	CASH FLOWS FROM FINANCING ACTIVITIES					
465	Equity Investment		16	69	69	53
465	Net cash flows from financing activities		16	69	69	53
4,120	Net Increase/(decrease) In cash and cash equivalents		657	1,873	1,873	1,216
1,518	Cash and cash equivalents at beginning of period		5,638	5,638	5,638	-
5,638	Cash and cash equivalents at end of period		6,295	7,511	7,511	1,216

The accounting policies and notes on pages 9 to 27 form an integral part of these financial statements.

CABINET OFFICE

Notes to the Financial Statements

Year Ended 30 June 2014

(Expressed in Cayman Islands Dollars)

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 (2013)* ("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 2014.

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.

Changes in Accounting Policies

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

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

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

Segment reporting has been included in accordance with IPSAS 18.

CABINET OFFICE
Notes to the Financial Statements
Year Ended 30 June 2014
(Expressed in Cayman Islands Dollars)

Note 1: Significant Accounting Policies (continued)

(b) Reporting Period

The reporting period is the year ended 30 June 2014.

(c) Budget amounts

The original budget amounts for the financial year are as presented in the 2013/2014 Annual Budget Statement and approved by the Legislative Assembly on the 23 October 2013.

(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.

CABINET OFFICE**Notes to the Financial Statements****Year Ended 30 June 2014**

(Expressed in Cayman Islands Dollars)

Note 1: Significant Accounting Policies (continued)**(g) Property, Plant and Equipment (continued)**

<u>Asset Type</u>	<u>Estimated Useful life</u>
Buildings and structures	10 – 60 years
Building fit-out (when accounted for separately)	5 – 25 years
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.

CABINET OFFICE
Notes to the Financial Statements
Year Ended 30 June 2014
(Expressed in Cayman Islands Dollars)

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.

CABINET OFFICE
Notes to the Financial Statements
Year Ended 30 June 2014
(Expressed in Cayman Islands Dollars)

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-recognized 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 2014
(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 2013 and 30 June 2014 the Cabinet Office unrestricted cash balances were presented below. No restricted cash balances were held by the Cabinet Office at 30 June 2014.

Actual Prior Year	Description	Foreign Currency	Exchange Rate	Actual Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000		\$'000	\$'000	\$'000	\$'000
15	Cash in transit	-		65	15	15	(50)
5,492	CI\$ Operational Current Account	-		5,912	7,361	7,361	1,449
135	US\$ Operational Current Account	373	0.84	313	135	135	(178)
(4)	Payroll Current Account	-		5	-	-	(5)
5,638	TOTAL	-		6,295	7,511	7,511	1,216

CABINET OFFICE
Notes to the Financial Statements
Year Ended 30 June 2014

(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.

Actual Prior Year		Actual Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000	Trade Receivables	\$'000	\$'000	\$'000	\$'000
1,599	Outputs to Cabinet	774	462	462	(312)
462	Sale of goods and services	673	-	-	(673)
-	Outputs to other government	-	-	-	-
-	Other Trade Receivable	-	-	-	-
(560)	Less: provision for doubtful debts	(485)	-	-	485
1,501	Total trade receivables	962	462	462	(500)

Actual Prior Year	Other Receivables	Actual Current Year	Original Budget	Final Budget	Variance (Org vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
2	Advances (salary, Official Travel, etc)	(3)	-	-	3
-	Dishonoured cheques	7	-	-	(7)
(3)	Other Receivable	125	-	-	(125)
(1)	Total other receivables	129			(129)

Actual Prior Year	Receivables	Trade Receivable	Other Receivable	Actual Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Current						
804	Past due 1-30 days	598	29	627	162	162	(465)
24	Past due 31-60 days	364	14	378	-	-	(378)
23	Past due 61-90 days	-	9	9	-	-	(9)
19	Past due 90 and above	-	77	77	-	-	(77)
	Non-Current						
631	Past due 1 year and above	-	-	-	300	300	300
1,501	Total	962	129	1,091	462	462	(629)

CABINET OFFICE**Notes to the Financial Statements****Year Ended 30 June 2014**

(Expressed in Cayman Islands Dollars)

Note 4: Accrued Prepayment

Actual Prior Year	Description	Actual Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
655	Accrued Prepayments	1	1	1	-
655	Total Prepayments	1	1	1	-

CABINET OFFICE

Notes to the Financial Statements

Year Ended 30 June 2014

(Expressed in Cayman Islands Dollars)

Note 5: Property, plant and equipment

	Plant and equipment	Buildings and Leasehold	Furniture and Office Equipment	Computer Hardware	Office Equipment	Leasehold Improvements	Other assets	Infrastr ucture	Motor Vehicles	Assets under construction	Total	Original Budget	Final Budget	Variance (Orig vs Actual)
Cost or Opening Valuation	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2012	24	45	63	5,378	59	121	-	1,600	215	482	7,988	1,854	1,854	(6,134)
Additions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2013	24	45	63	5,378	59	121	-	1,600	215	482	7,988	1,854	1,854	(6,134)

	Plant and equipment	Buildings	Furniture and Office Equipment	Computer Hardware	Office Equipment	Leasehold Improvements	Other assets	Infrastr ucture	Motor Vehicles	Assets under construction	Total	Original Budget	Final Budget	Variance (Orig vs Actual)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2013	24	45	63	5,378	59	121	-	1,600	215	482	7,988	1,854	1,854	(6,134)
Additions	4	-	-	6	-	-	-	28	-	-	38	75	75	37
Revaluations	-	(336)	-	-	-	-	-	-	-	-	(336)	-	-	336
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer in	265	1,221	-	52	-	-	-	166	-	-	1,704	-	-	-
Transfer Out	(9)	(46)	(16)	(5,327)	(49)	(121)	-	(1,600)	(135)	(482)	(7,785)	-	-	7,785
Balance at 30 June 2014	283	885	47	109	10	0	-	194	80	0	1,609	1,929	1,929	2,024

CABINET OFFICE

Notes to the Financial Statements

Year Ended 30 June 2014

(Expressed in Cayman Islands Dollars)

Note 5: Property, plant and equipment (continued)

Accumulated Depreciation and Impairment Losses	Plant and equipment	Buildings	Furniture and Office Equipment	Computer Hardware	Office Equipment	Leasehold Improvements	Other assets	Infrastr ucture	Motor Vehicles	Assets under construction	Total	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2012	7	21	20	4,651	52	90	-	501	205	-	5,548	1,368	1,368	(4,180)
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment Reserve -	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation Expense	4	-	5	379	4	25	-	64	10	-	491	104	104	(387)
Eliminate on Disposal	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2013	11	21	25	5,030	56	115	-	565	215	-	6,039	1,472	1,472	(4,567)
Plant and equipment	Buildings	Furniture and Office Equipment	Computer Hardware	Office Equipment	Leasehold Improvements	Other assets	Infrastr ucture	Motor Vehicles	Assets under construction	Total	Original Budget	Final Budget	Variance (Orig vs Actual)	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance as at 1 July 2013	11	21	25	5,030	56	115	-	565	215	-	6,039	1,472	1,472	(4,567)
Revaluation (net)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers In	91	1,116	0	24	-	-	-	109	-	1,340	-	-	-	(1,340)
Transfer Out	(6)	(21)	(6)	(4,995)	(46)	(115)	-	(565)	(135)	(5,888)	-	-	-	5,888
Depreciation Expense	51	44	4	17	-	-	-	22	-	138	108	108	108	(31)
Amortisation of Revaluation Reserve	-	(1,111)	-	-	-	-	-	-	-	(1,111)	-	-	-	1,111
Balance at 30 June 2014	147	49	24	77	10	0	-	130	80	519	1,579	1,579	1,579	1,061
Net Book value 30 June 2013	13	25	38	348	3	6	-	1,035	-	482	1,949	382	382	(1,567)
Net Book value 30 June 2014	136	836	24	32	-	-	-	63	-	-	1,090	349	349	964

CABINET OFFICE

Notes to the Financial Statements

Year Ended 30 June 2014

(Expressed in Cayman Islands Dollars)

Note 6: Intangible Assets

	<i>Computer Software</i>	<i>Total</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Variance (Orig vs Actual)</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Balance as at 1 July 2012	3,874	3,874	8	8	(3,866)
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers	-	-	-	-	-
Balance as at 30 June 2013	3,874	3,874	8	8	(3,866)

	<i>Computer Software</i>	<i>Total</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Variance (Orig vs Actual)</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Balance as at 1 July 2013	3,874	3,874	8	8	(3,866)
Additions	52	52	49	49	(3)
Disposals	-	-	-	-	-
Transfers	(3,866)	(3,866)	-	-	3,866
Balance at 30 June 2014	60	60	57	57	(3)

Accumulated Depreciation

	<i>Computer Software</i>	<i>Total</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Variance (Orig vs Actual)</i>
Balance as at 1 July 2012	3,528	3,528	6	6	(3,522)
Transfers 2012/13	-	-	-	-	-
Depreciation Expense 2012/13	136	136	2	2	(134)
Eliminate on Disposal 2012/13	-	-	-	-	-
Balance as at 30 June 2013	3,664	3,664	8	8	(3,656)

	<i>Computer Software</i>	<i>Total</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Variance (Orig vs Actual)</i>
Balance as at 1 July 2013	3,664	3,664	8	8	(3,656)
Transfers In	(18)	(18)	-	-	18
Transfer Out	(3,656)	(3,656)	-	-	3,656
Depreciation Expense 2013/14	18	18	13	13	(5)
Eliminate on Disposal 2013/14	0	0	0	0	0
Balance at 30 June 2014	8	8	21	21	13
Net Book value 30 June 2013	210	210	0	0	(210)
Net Book value 30 June 2014	52	52	36	36	(16)

CABINET OFFICE
Notes to the Financial Statements
Year Ended 30 June 2014

(Expressed in Cayman Islands Dollars)

Note 7: Trade payables, other payables and accruals

Prior Year Actual \$'000	Description	Current \$'000	Non-current \$'000	Total Current Year \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
304	Creditors	39	-	39	192	192	153
-	Creditors Ministries/Portfolios	97	-	97	-	-	(97)
-	Creditors other government agencies	63	-	63	-	-	(63)
-	Payroll Deductions	(28)	-	(28)	-	-	28
98	Accrued Expenses	81	-	81	25	25	(56)
-	Accrued Expenses other government ag	27	-	27	-	-	(27)
55	Other payables	25	-	25	26	26	1
457	Total trade payables, other payables & accruals	304	-	304	243	243	(61)

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

Note 8: Employee entitlements

Actual Prior Year \$'000	Description	Actual Current Year \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Orig vs Actual) \$'000
	<i>Current employee entitlements are represented by:</i>				
41	Comp Time	72	29	29	(43)
170	Annual Leave	63	41	41	(22)
211	Total employee entitlements	135	70	70	(65)

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

Note 9: Revenue

Actual Prior Year \$'000	Revenue type	Current Year \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
9,191	Outputs to Cabinet	4,640	4,924	4,924	284
539	Outputs to other government agencies	7	-	-	(7)
55	Other Fees and Charges	81	56	56	(25)
672	General Sales	1,198	1,200	1,200	2
0	Other	7	-	-	(7)
10,457	Total Revenue	5,933	6,180	6,180	247

CABINET OFFICE
Notes to the Financial Statements
Year Ended 30 June 2014
(Expressed in Cayman Islands Dollars)

Note 9: Revenue (continued)

Outputs to Cabinet comprise goods delivered to and services performed on behalf of the Cayman Islands Government.

Outputs to other government agencies comprise trade between the Portfolio of Finance and Economics and other government bodies. These are arm length transactions governed by Service Level Agreements (SLAs) between the contracting parties.

Fees & charges, general sales, rentals & others includes administrative fees and user charges levied on the public for the delivery of government services. Certain respective rates and fee structures are gazetted and governed by the relevant revenue laws and regulations.

Note 10: Personnel costs

Actual Prior Year	Description	Actual Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
5,456	Salaries, wages and allowances	3,504	3,461	3,461	(43)
852	Health care	572	618	618	46
307	Pension	193	198	198	5
0	Leave	48	-	-	(48)
273	Other personnel related costs	16	-	-	(16)
6,889	Total Personnel Costs	4,333	4,277	4,277	(56)

Note 11: Supplies and consumables

Actual Prior Year	Description	Actual Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
252	Supplies and Materials	277	255	255	(22)
1,653	Purchase of services	487	595	595	108
40	Lease of Property and Equipment	31	32	32	1
97	Utilities	159	145	145	(14)
54	General Insurance	27	33	33	6
45	Interdepartmental expenses	47	52	52	5
20	Travel and Subsistence	102	128	128	26
18	Recruitment and Training	0	10	10	10
554	Other	51	78	78	27
2,733	Total Supplies & consumables	1,181	1,328	1,328	147

Note 12: Revenue from Non Exchange Transactions

During the year ended 30 June 2014, 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 2014

(Expressed in Cayman Islands Dollars)

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

Actual Prior Year \$'000	Description	Actual Current Year \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
208	Surplus/(deficit) from ordinary activities	264	454	454	190
(240)	Prior Period Adjustment	(222)			222
	Non-cash Movements				
553	Bad Debt Expense				
628	Depreciation expense and Amortization	156	120	120	(35)
(3)	(Gain)/losses on Foreign Exchange	(1)			1
29	(Gain)/losses on sale of property plant and equipment				
	Changes in current assets and liabilities:				
2,930	(Increase)/decrease in receivables - Cabinet	409	1,600	1,600	1,191
1	(Increase)/decrease in other current assets	653	10	10	(643)
(119)	Increase/(decrease) in current liabilities	(153)	(257)	(257)	(104)
(68)	Increase/(decrease) in provisions relating to employee costs	(75)			75
3,919	Net cash flows from operating activities	1,031	1,928	1,928	897

CABINET OFFICE
Notes to the Financial Statements
Year Ended 30 June 2014
(Expressed in Cayman Islands Dollars)

Note 14: Repayment of Surplus
Surplus Payable

The Portfolio budgeted to break even and therefore did not budget for any change in the surplus payable. The Portfolio experienced surpluses as follows:

Year	Surplus \$000
2004-5 Deficit	1,131
2005-6 Deficit	1,435
2006-7 Surplus (less prior period adjustments)	845
2007-8 Surplus	318
2008-9 Surplus	1,131
2009-10 Surplus (less prior period adjustments)	960
2010-11 Surplus (plus prior period adjustments)	381
2011-12 Surplus (less prior period adjustments)	-
2012-13 Surplus (less prior period adjustments)	255
2013-14 Surplus (less prior period adjustments)	264
Total	6,720
Less Netting of Accumulated Deficits (net 2004/5-2011/12)	(4,934)
Total	1,786

Note 15: Contingent Liabilities

As at 30 June 2014 there are no quantifiable and non-quantifiable contingent liabilities (30 June 2013: no contingent liabilities) and therefore no contingent liabilities have been provided for within these financial statements. Contingent liabilities are provided for and accounted for at the Entire Public Sector (EPS) level.

Note 16: Events Occurring After Reporting Date (30 June 2014)

- (a) Conditions existing at reporting date
Management is not aware of any conditions existing at the reporting date which will have an impact on the financial statements at 30 June 2014.
- (b) Conditions after 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 2014.

CABINET OFFICE
Notes to the Financial Statements
Year Ended 30 June 2014
(Expressed in Cayman Islands Dollars)

Note 16: 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

Revenue

Revenue from Cabinet billing were \$284K below budget due to unfilled vacancies within the Portfolio thus decrease the output delivery.

Supplies and consumables

Supplies and consumables were \$147K under budget due to delayed projects and careful scrutiny of expenses.

Depreciation

Depreciation expenses were \$34K above budget due updating the fixed asset register with Radio Cayman and CIG TV Assets.

Statement of financial position

Cash and cash equivalents

The actual year-end cash balances were \$1.2 million below budget due to receivables from Debtor Cabinet being higher than projected as there were 2 months of Cabinet invoicing outstanding instead of the projected one month. As well, Radio Cayman's revenue stream "Sale of Advertising Space" did not meet budget expectations.

Debtors and other receivables

The actual year-end debtors and other receivables were \$629K above budget again mainly due to Debtor Cabinet being higher than projected.

Property, Plant & Equipment and Intangible Assets

Property, Plant & Equipment was \$757K was higher than the original budget due to updating the fixed asset register and the transfer in of Radio Cayman's and CIG TV's assets.

Creditors and other payables

Other payables and other accruals were higher by \$61K than the original budget mainly to the increased activity from new entities coming online after the 2013 elections

Employee entitlements

Employee entitlements were higher than budget by \$65K due and increase in number of employees under the remit of Cabinet Office after the 2013 general elections.

CABINET OFFICE
Notes to the Financial Statements
Year Ended 30 June 2014
(Expressed In Cayman Islands Dollars)

Note 16: Explanation of major variances against budget (continued)

Surplus payable

Surplus payable was lower than budget by \$5.3M. This is due to a reclassification of the 2011-12 accumulated loss being moved from the net worth section in the statement of financial position to the actual liability section. This was not provided for at the time of budget.

Net worth

Net worth was higher than budget for the same reason the surplus payable was lower than budget. Due to the reclassification of the 2011-12 accumulated losses. As well, Cabinet Office does not budget to make a surplus during the year and recognized a surplus of \$264K.

Statement of cash flows

Cash from operating activities

The decrease in cash from operating activities is mainly due to the outstanding Cabinet revenue/receivables from Debtor-Cabinet and a decrease in Radio Cayman's revenue target.

Cash from investing activities

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

Cash from financing activities

The decrease in cash from financing activities is due the decrease in fixed asset purchases and not requiring the budgeted equity injection.

Note 17: 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 2014 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.

Actual Prior Year	Description	Actual Current Year	Number of persons
\$'000		\$'000	
648	Salaries & other short-term employee benefits	907	8
	Other long-term benefits		
648	Total	907	

CABINET OFFICE
Notes to the Financial Statements
Year Ended 30 June 2014
(Expressed in Cayman Islands Dollars)

Note 18: 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 2014 and 2013, 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 2014 and 2013, all of the financial liabilities were due within three months of the year end dates.

Note 19: Financial instruments – fair values

As at 30 June 2014 and 2013, 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.

CABINET OFFICE**Notes to the Financial Statements****Year Ended 30 June 2014**

(Expressed in Cayman Islands Dollars)

Note 20: Segment Reporting

	Policy Advice and Support for Cabinet	Broadcasting	Grand Total
	\$'000	\$'000	\$'000
<i>Cabinet Revenue</i>	2,466	2,174	4,640
<i>Revenue</i>	85	1,208	1,293
Total Revenue	2,551	3,382	5,933
Total Expenses	2,640	3,029	5,669
Segment Surplus/(Deficit)	(89)	353	264
Total Segment Assets	7,044	1,485	8,529
Total Segment Liabilities	2,106	119	2,225

Policy Advice and Support to Cabinet

- Support for the Cabinet in coordinating the collection and dissemination of information regarding the decisions of the Cabinet.
- Developing, coordinating and monitoring the policy initiatives of the Government and providing secretarial, administrative and policy support for The Premier.
- Providing advice, training and coordination of services through the management of formal and informal Government ceremonial, protocol and diplomatic events and activities.
- Facilitating the further administration of freedom of information and data protection coordination.
- Facilitating policy training for senior and mid-management civil servants, Statutory Authorities and Government Companies.

Broadcasting

- Providing on air broadcasting of government bulletins, commercials, news, public affairs programmes, entertainment and public service announcements as well as educational, cultural and religious programmes.
- Providing for the support of Government agencies in communicating proactively and responsively with the public, utilising the mass media as primary partners.