



CAYMAN ISLANDS GOVERNMENT

***Ministry of Finance & Economic
Development***

Annual Financial Statements

For the year ending 30 June 2014

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MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
STATEMENT OF RESPONSIBILITY FOR FINANCIAL STATEMENTS
JUNE 30, 2014

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

We accept responsibility for the accuracy and integrity of the financial information in these financial statements and their compliance with the Public Management and Finance Law (2013 Revision).

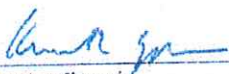
As Financial Secretary & Chief Officer I am responsible for establishing; and have established and maintained a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorised by law, and properly record the financial transactions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

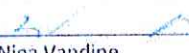
As Financial Secretary & Chief Officer and Chief Financial Officer we are responsible for the preparation of the financial statements, representations and judgements made in these statements.

To the best of our knowledge these statements:

- (a) fairly reflect the financial position as at June 30th, 2014 and performance for the 2013/14 financial year ended 30 June 2014; and
- (b) comply with some of the 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.


Kenneth Jefferson
Financial Secretary & Chief Officer
Ministry of Finance & Economic Development


Nina Vandine
Chief Financial Officer

25 May 2015



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AUDITOR GENERAL'S REPORT

To the Members of the Legislative Assembly and the Chief Officer of the Ministry of Finance and Economic Development

I have audited the accompanying financial statements of the Ministry of Finance and Economic Development (the "Ministry"), 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 statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 10 to 23 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

Warehousing Fees

Due to the lack of supporting documents relating to Warehousing Fees which is a component of general sales, I have not been able to verify the completeness of amount reported as general sales amounting to \$1.598 million for the year ended 30 June 2014 and \$1.596 million for the year ended 30 June 2013, as reflected in Note 9 to the financial statements. Of the total general sales, \$910 thousand specifically related to Warehousing Fees for the year ended 30 June 2014, and \$910 thousand in the year ended 30 June 2013.

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 Ministry of Finance and Economic Development (the "Ministry") 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.

Other Matter

Without further qualifying my opinion, the Ministry was not able to completely effect the collection of certain types of Inspection Fee revenue classified under Fees and Charges in Note 9 to the financial statements, which are governed by Schedule 5 of the Customs Tariff Law. This observation, however, is notwithstanding my conclusion that Inspection Fees in respect of goods in cargo containers being imported through the ports are fairly stated in the financial statements.



Alastair Swarbrick, MA (Hons), CPFA, CFE
Auditor General

25 May 2015
Cayman Islands

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

Prior Year Actual \$'000		Note	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
	Current Assets					
12,436	Cash and cash equivalents	2	7,287	16,296	16,296	9,009
2,221	Trade receivables	3	4,464	1,593	1,593	(2,871)
40	Other receivables	3	2	32	32	30
300	Prepayments	4	549	237	237	(312)
14,997	Total Current Assets		12,302	18,158	18,158	5,856
	Non-Current Assets					
	Other Receivables	3	-	-	-	-
92	Prepayments	4	-	-	-	-
4,277	Property, plant and equipment	5	4,093	4,520	4,520	427
1,992	Intangible Assets	6	1,821	1,779	1,779	(42)
6,361	Total Non-Current Assets		5,914	6,299	6,299	384
21,359	Total Assets		18,216	24,457	24,457	6,240
	Current Liabilities					
45	Trade payables	7	74	22	22	(52)
1,448	Other payables and accruals	7	2,300	1,208	1,208	(1,092)
470	Employee entitlements	8	449	462	462	13
7,363	Repayment of surplus	21	2,578	10,190	10,190	7,612
9,326	Total Current Liabilities		5,401	11,882	11,882	6,481
	Non-Current Liabilities					
-	Trade payables	7	-	-	-	-
-	Other payables and accruals	7	-	-	-	-
-	Total Non-Current Liabilities		-	-	-	-
9,326	Total Liabilities		5,401	11,882	11,882	6,481
12,032	Net Assets		12,815	12,575	12,575	(239)
	NET WORTH					
13,523	Contributed capital		14,265	5,078	5,078	(9,187)
(1,491)	Accumulated surpluses/(deficits)		(1,450)	7,497	7,497	8,947
12,032	Total Net Worth		12,815	12,575	12,575	(240)

The accounting policies and notes starting on page 10 form an integral part of these financial statements.

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2014

Prior Year Actual \$'000			Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
	Revenue					
16,603	Sale of goods and services	9	20,535	21,315	21,315	780
1	Investment revenue	10	1			(1)
97	Other revenue	18				
<u>16,701</u>	Total Revenue		<u>20,536</u>	<u>21,315</u>	<u>21,315</u>	<u>779</u>
	Expenses					
13,913	Personnel costs	11	13,388	14,141	14,141	753
2,555	Supplies and consumables	12	3,882	3,612	3,612	(270)
469	Depreciation	5	474	520	520	46
57	Amortization of Intangible Assets	6	213	213	213	0
(1)	(Gains)/losses on foreign exchange transactions	13	1	-	-	(1)
1	(Gains)/losses on disposal/revaluation of property, plant and equipment	13	-	-	-	-
767	Loss on Revaluation of Asset	13	-	-	-	-
<u>17,761</u>	Total Expenses		<u>17,958</u>	<u>18,486</u>	<u>18,486</u>	<u>528</u>
<u>(1,060)</u>	Surplus for the period		<u>2,578</u>	<u>2,829</u>	<u>2,829</u>	<u>251</u>

The accounting policies and notes starting on page 10 form an integral part of these financial statements.

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
GOVERNMENT OF THE CAYMAN ISLANDS
STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDED 30 JUNE 2014

	Contributed Capital \$'000	Accumulated Surplus/(deficits) \$'000	Total worth \$'000	Net \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
Balance at 30 June 2012	13,358	(458)	12,900	12,899	12,899		(1)
Prior Year Adjustments	-	27	27	(18)	(18)		(45)
Restated balance	13,358	(431)	12,927	12,881	12,881		(46)
Changes in net worth for 2012/13							
Equity Investment from Cabinet	165	-	165	165	165		-
Net revenue / expenses recognised directly in net worth	165	-	165	165	165		-
Surplus/(deficit) for the period 2012/13	-	(1,060)	(1,060)	(1,234)	(1,234)		(174)
Total recognised revenues and expenses for the period	165	(1,060)	(895)	(1,069)	(1,069)		(174)
Balance at 30 June 2013 carried forward	13,523	(1,491)	12,032	11,812	11,812		(220)
Balance at 30 June 2013 brought forward	13,523	(1,491)	12,032	11,812	11,812		(220)
Changes in net worth for 2012/13							
Prior Year Adjustments	-	41	41	-	-		(41)
Restated balance	13,523	(1,450)	12,073	11,812	11,812		(261)
Changes in net worth for 2013/14							
Equity Investment from Cabinet	763	-	763	763	763		-
Capital withdrawals by Cabinet	(21)	-	(21)	-	-		21
Repayment of surplus/Dividends to Cabinet	-	(2,579)	(2,579)	(2,828)	(2,828)		(249)
Net revenue / expenses recognised directly in net worth	742	(2,579)	(1,837)	(2,065)	(2,065)		(228)
Surplus/(deficit) for the period 2013/14	-	2,579	2,579	2,828	2,828		249
Total recognised revenues and expenses for the period	742	-	742	763	763		21
Balance at 30 June 2014	14,265	(1,450)	12,815	12,575	12,575		(240)

The accounting policies and notes starting on page 10 form an integral part of these financial statements.

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

Prior Year Actual \$'000		Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
	CASH FLOWS FROM OPERATING ACTIVITIES				
	<i>Receipts</i>				
16,278	Outputs to Cabinet	15,390	18,820	18,820	3,430
2,349	Sale of goods and services	2,659	2,769	2,769	110
1	Interest received	1	-	-	(1)
	Other receipts	-	26	26	26
	<i>Payments</i>				
(13,890)	Personnel costs	(13,367)	(14,141)	(14,141)	(774)
(2,161)	Supplies and consumables	(2,973)	(3,613)	(3,613)	(640)
-	Other payments	(1)	-	-	1
<u>2,577</u>	Net cash flows from operating activities	<u>1,709</u>	<u>3,861</u>	<u>3,861</u>	<u>2,152</u>
	CASH FLOWS FROM INVESTING ACTIVITIES				
(1,603)	Purchase of property, plant and equipment	(260)	(763)	(763)	(503)
<u>(1,603)</u>	Net cash flows from investing activities	<u>(260)</u>	<u>(763)</u>	<u>(763)</u>	<u>(503)</u>
	CASH FLOWS FROM FINANCING ACTIVITIES				
165	Equity Investment	763	763	763	-
-	Repayment of Surplus	(7,363)	-	-	7,363
<u>165</u>	Net cash flows from financing activities	<u>(6,600)</u>	<u>763</u>	<u>763</u>	<u>7,363</u>
1,139	Net increase/(decrease) in cash and cash equivalents	(5,151)	3,861	3,861	9,012
<u>11,297</u>	Cash and cash equivalents at beginning of period	<u>12,436</u>	<u>12,436</u>	<u>12,436</u>	-
<u>12,436</u>	Cash and cash equivalents at end of period	<u>7,286</u>	<u>16,297</u>	<u>16,297</u>	<u>9,012</u>

The accounting policies and notes starting on page 10 form an integral part of these financial statements.

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED: JUNE 30, 2014
(Amounts Expressed in \$000's)

Description and principal activities

The Ministry of Finance and Economic Development (The Ministry) is a Government owned entity as defined by section 2 of the Public Management and Finance Law (2013 Revision) ("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 Minister of Finance & Economic Development as defined in the Annual Plan and Estimates for the Government of the Cayman Islands (the Government) for the financial year ending 30 June 2014. The purpose of the Ministry is to develop, implement and maintain macro-economic and budgetary policies and maintain measures; to manage the finances of the Government and exercise supervision and control in all matters relating to the financial affairs of the Government. The Ministry consists of several departments, including Customs Department, Economics and Statistics Office, Finance Administration, Risk Management and Treasury.

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.

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

Basis of Preparation

The financial statements are presented in Cayman Islands Dollars and are prepared on the accrual basis of accounting, unless otherwise stated. The statements are rounded to the nearest thousand and discrepancies between totals and sums of components are due to rounding. The measurement base applied to these financial statements is the historical cost basis, unless otherwise stated.

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.

Budget Amounts

The original and final budget amounts for the financial year are as presented in the 2013/2014 Annual Budget Statement this is rolled up into the Annual Plan and Estimates which was presented to the Legislative Assembly. As required by the PMFL, budgets are presented in the same basis as the annual financial statements.

Judgments and Estimates

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

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

Changes in Accounting Estimates

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

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED: JUNE 30, 2014
(Amounts Expressed in \$000's)

Revenue

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

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

Expenses

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

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 leases, 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.

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.

Prepayments

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

Property, Plant and Equipment

Property was revalued as at July 1, 2012 by in-house professionals and are stated at revalued amounts less accumulated depreciation. Plant and equipment are stated at historical cost less accumulated depreciation. Items of property, plant and equipment are initially recorded at cost. Where an asset is acquired for nil or nominal consideration, the asset is recognized initially at fair value, where fair value can be reliably determined, and as revenue in the statement of financial performance in the year in which the asset is acquired.

In accordance with IPSAS 17, when an item of property, plant, and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset.

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.

Asset Type

Estimated Useful life (in Years)

Buildings and structures	40 - 60
Leasehold Improvement	Unexpired period or useful life
Furniture, fittings and office equipment	3-20
Computer hardware	3 - 10
Computer software	3 - 10
Other plant and equipment	5 - 25
Motor vehicles	4 - 12

Disposals

Gains and losses on disposals of property, plant and equipment are determined by comparing the sale proceeds with the carrying amount of the asset. Gains and losses on disposals during the year are included in the statement of financial performance.

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED: JUNE 30, 2014
(Amounts Expressed in \$000's)

Intangible Assets

Acquired computer software licenses lasting over a year are capitalized on the basis of the costs incurred to acquire and bring to use the specific software.

The carrying value of an intangible asset with a finite life is amortized on a straight line basis over its useful life. Amortization begins when the asset is available for use and ceases at the date that the asset is derecognized. Amortization charge for each period is recognized in the statement of financial performance.

Employee Benefits

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

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

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

Financial Instruments

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

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.

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.

Recognition

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

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.

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED: JUNE 30, 2014
(Amounts Expressed in \$000's)

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

De-recognition

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

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.

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.

Surplus repayable

Pursuant to Section 39 (3) (f) of the PMFL any net surplus is transferred to surplus repayable

Comparative Figures

Comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.

Note 2: Cash and cash equivalents

Cash and cash equivalents include cash on hand; bank accounts in the name of the Ministry are maintained at Royal Bank of Canada, with short term deposits invested with the Government's Treasury. As at 30 June 2013 and 30 June 2014, the Ministry's unrestricted cash balances were, as presented below. No restricted cash balances were held at 30 June 2014.

Actual Prior Year	Description	Foreign Currency	Exchange Rate	Actual Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
5	Cash on hand			5	5	5	-
116	Cash in transit			14	115	115	101
11,491	CI\$ Operational Current Account			6,597	15,352	15,352	8,755
27	US\$ Operational Current Account	5	0.84	5	27	27	22
101	Payroll Current Account			(31)	101	101	132
696	Treasury Internal Deposits			697	696	696	(1)
12,436	TOTAL			7,287	16,296	16,296	9,009

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED: JUNE 30, 2014
(Amounts Expressed in \$000's)
Note 3: Trade receivables and other receivables

At year end all overdue receivables have been assessed and appropriate provisions made as reflected in the Statement of Financial Performance. The provision for doubtful debts has been calculated based on expected losses for the Ministry and review of specific debtors. Expected losses have been determined based on an analysis of the Ministry's losses in previous periods. The gross amount of receivables below arising from sales of goods and services (\$3.482 million) includes \$3.038 million owed by other government agencies to the Ministry. The net realizable amount of trade receivables below arising from goods and services (\$0.508 million) includes \$0.440 million owed by other government agencies to the Ministry.

Actual Prior Year		Actual Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
	Trade Receivables				
3,019	Sale of goods and services	3,482	3,026	3,026	(456)
1,912	Outputs to Cabinet	3,956	1,537	1,537	(2,419)
(2,710)	Less: provision for doubtful debts	(2,974)	(2,970)	(2,970)	4
<u>2,221</u>	Total trade receivables	<u>4,464</u>	<u>1,593</u>	<u>1,593</u>	<u>(2,871)</u>

Actual Prior Year	Other Receivables	Actual Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
40	Other Receivable	5	32	32	27
-	Less: provision for doubtful debts	(3)	-	-	3
<u>40</u>	Total other receivables	<u>2</u>	<u>32</u>	<u>32</u>	<u>30</u>

Actual Prior Year	Receivables	Trade Receivable	Other Receivable	Actual Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
2,190	Past due 1-30 days	7,285	5	7,289	947	947	(6,342)
4	Past due 31-60 days	15	-	15	678	678	663
38	Past due 61-90 days	35	-	35	-	-	(35)
2,739	Past due 90 and above	103	-	103	-	-	(103)
<u>4,971</u>	Total	<u>7,438</u>	<u>5</u>	<u>7,442</u>	<u>1,625</u>	<u>1,625</u>	<u>(5,817)</u>

Changes in the provision of doubtful debts:

Actual Prior Year	Description	Actual Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
(2,462)	Balance at 1 July	(2,710)	(2,710)	(2,710)	-
(248)	Additional provisions made during the year	(267)	(260)	(260)	7
-	Receivables written off during the period	-	-	-	-
<u>(2,710)</u>	Balance at 30 June	<u>(2,977)</u>	<u>(2,970)</u>	<u>(2,970)</u>	<u>7</u>

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED: JUNE 30, 2014
(Amounts Expressed in \$000's)

Note 4: Prepayments

Actual Prior Year	Description	Actual Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
139	Current portion of long-term prepayments	-	-	-	-
47	Accrued Prepayments	445	123	123	(322)
114	Prepaid Insurance	104	114	114	10
300	Total Prepayments	549	237	237	(312)

Note 5: Property, plant & equipment

Cost or Opening Valuation	Plant and equipment	Buildings and Leasehold	Furniture and Office Equipment	Computer Hardware	Motor Vehicles	Assets under construction or development	Total	Original Budget	Final Budget	Variance (Orig vs Actual)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2012	867	4,696	371	391	2,501	-	8,826	8,826	8,826	-
Additions	97	-	19	9	36	-	161	161	161	-
Impairment Loss	-	(3,045)	-	-	-	-	(3,045)	(3,045)	(3,045)	-
Disposals	-	-	(11)	(83)	-	-	(94)	(94)	(94)	-
Transfers	-	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2013	964	1,651	379	317	2,537	-	5,848	5,848	5,848	0
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2013	963	1,651	379	317	2,538	-	5,848	5,848	5,848	(0)
Additions	7	-	21	6	226	-	260	763	763	503
Disposals	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	(9)	(224)	-	(233)	-	-	233
Balance at 30 June 2014	970	1,651	400	314	2,540	-	5,875	6,611	6,611	736
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2012	170	2,280	329	336	357	-	3,472	3,472	3,472	-
Transfers	-	-	-	-	-	-	-	-	-	-
Depreciation Expense	84	109	21	21	234	-	469	489	489	20
Eliminate on Disposal	-	-	(11)	(80)	-	-	(91)	(2,390)	(2,390)	(2,299)
Impairment Loss	-	(2,279)	-	-	-	-	(2,279)	-	-	2,279
Balance as at 30 June 2013	254	110	339	277	591	-	1,571	1,571	1,571	-
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2013	254	111	339	276	591	-	1,571	1,571	1,571	-
Transfers	-	(30)	-	(9)	-	-	(39)	-	-	39
Impairment Reserve - Movement 2014	-	-	-	-	-	-	-	-	-	-
Depreciation Expense	112	79	15	20	248	-	474	520	520	46
Eliminate on Disposal	-	-	-	-	(224)	-	(224)	-	-	224
Amortisation of Revaluation	-	-	-	-	-	-	-	-	-	-
Balance at 30 June 2014	366	160	354	287	615	-	1,782	2,091	2,091	309
Net Book value 30 June 2013	709	1,540	40	41	1,947	-	4,277	4,277	4,277	(0)
Net Book value 30 June 2014	604	1,491	46	27	1,925	-	4,093	4,520	4,520	427

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Note 6: Intangible assets

The Ministry has software TRIPS (Total Revenue Integrated Processing System) that was implemented for integration with IRIS. The licensor has granted a perpetual irrevocable license. The intent of the system is to assist in capturing real-time information for the collection of all Customs revenue and provide statistical data.

Cost or Opening Valuation	Computer Software	Assets under development	Total	Original Budget	Final Budget	Variance (Orig vs Actual)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2012	76	2,028	2,104	2,104	2,104	0
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Transfers	2,028	(2,028)	-	-	-	-
Balance as at 30 June 2013	2,104	-	2,104	2,104	2,104	0

	Computer Software	Assets under development	Total	Original Budget	Final Budget	Variance (Orig vs Actual)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2013	2,104	-	2,104	2,104	2,104	0
Additions	-	55	55	-	-	(55)
Disposals	-	-	-	-	-	-
Transfers	(21)	(6)	(27)	-	-	27
Balance at 30 June 2014	2,083	49	2,132	2,104	2,104	(28)

Accumulated Amortization and Impairment Losses	Computer Software	Assets under development	Total	Original Budget	Final Budget	Variance (Orig vs Actual)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2012	48	-	48	48	48	0
Transfers	6	-	6	6	6	(0)
Depreciation Expense	57	-	57	57	57	(0)
Eliminate on Disposal	-	-	-	-	-	-
Balance as at 30 June 2013	111	-	112	111	111	(1)

	Computer Software	Assets under development	Total	Original Budget	Final Budget	Variance (Orig vs Actual)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2013	112	-	112	112	112	0
Transfers	(14)	-	(14)	-	-	14
Depreciation Expense	213	-	213	213	213	0
Eliminate on Disposal	-	-	-	-	-	-
Balance at 30 June 2014	311	-	311	325	325	14

Net Book value 30 June 2013	1,993	-	1,992	1,993	1,993	1
Net Book value 30 June 2014	1,772	49	1,821	1,779	1,779	(42)

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Note 7: Trade payables, other payables & Accruals

Prior Year Actual	Description	Current	Non-current	Total Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
23	Creditors	33	-	33	22	22	(11)
2	Creditors Ministries/Portfolios	15	-	15	-	-	(15)
20	Creditors other government agencies	26	-	26	-	-	(26)
-	Accrued Expenses	186	-	186	163	163	(23)
211	Accrued Expenses Ministries/Portfolio	1,503	-	1,503	1,000	1,000	(503)
1,236	Accrued Expenses other government :	611	-	611	-	-	(611)
1	Other payables	-	-	-	45	45	45
1,493	Total trade payables, other payables & accruals	2,374	-	2,374	1,230	1,230	(1,144)

Note 8: Employee entitlements

Actual Prior Year	Description	Actual Current Year	Original Budget	Revised Budget	Variance (Orig vs Actual)
<i>Current employee entitlements are represented by:</i>					
53	Comp Time	34	53	53	19
293	Annual Leave	248	308	308	60
23	Accrued salaries	68	-	-	(68)
101	Pension	99	101	101	2
470	Total current portion	449	462	462	13
<i>Non-current employee entitlements are represented by:</i>					
-	Retirement and long service leave	-	-	-	-
470	Total employee entitlements	449	462	462	13

The annual leave entitlements and compensated absence (Comp time) are calculated on current salary paid to those employees eligible for this benefit.

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Note 9: Sale of goods & services

Actual Prior Year	Revenue type	Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
13,897	Outputs to Cabinet	17,434	18,445	18,445	1,011
40	Outputs to other government agencies	41	42	42	1
1,031	Fees and charges	1,436	1,202	1,202	(234)
1,596	General Sales	1,598	1,600	1,600	2
40	Other	26	26	26	
<u>16,603</u>	Total sales of goods and services	<u>20,535</u>	<u>21,315</u>	<u>21,315</u>	<u>780</u>

Outputs to Cabinet comprises goods delivered to and services performed on behalf of the Government.

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

Fees & charges, general sales & others include 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: Investment Revenue

Actual Prior Year	Source	Actual Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
1	Interest on deposits held with Cabinet	1	-	-	(1)
<u>1</u>	Total Investment Revenues	<u>1</u>	<u>-</u>	<u>-</u>	<u>(1)</u>

Note 11: Personnel costs

Actual Prior Year	Description	Actual Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
11,018	Salaries, wages and allowances	10,746	11,068	11,068	322
2,259	Health care	2,116	2,388	2,388	272
602	Pension	576	619	619	43
8	Leave	(59)	60	60	119
26	Other personnel related costs	9	6	6	(3)
<u>13,913</u>	Total Personnel Costs	<u>13,388</u>	<u>14,141</u>	<u>14,141</u>	<u>753</u>

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Note 12: Supplies and consumables

Actual Prior Year	Description	Actual Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
138	Supplies and Materials	182	156	156	(26)
600	Purchase of services	1,789	2,076	2,076	287
727	Lease of Property and Equipment	712	112	112	(600)
235	Utilities	256	247	247	(9)
161	General Insurance	149	152	152	3
356	Interdepartmental expenses	399	385	385	(14)
35	Travel and Subsistence	14	44	44	30
48	Recruitment and Training	95	173	173	78
255	Other	286	267	267	(19)
2,555	Total Supplies & consumables	3,882	3,612	3,612	(270)

Note 13: Gains/(losses)

Actual Prior Year	Description	Actual Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
1	Net (gain) / loss on disposal of property, plant and equipment	-	-	-	-
767	Loss on Revaluation of Asset	-	-	-	-
(1)	Net (gain) / loss on foreign exchange Transactions	1	-	-	(1)
767	Total gain/ (losses)	1	-	-	(1)

Note 14: Contingent liabilities and assets

The Ministry has no contingent assets as at 30th June 2014. Any contingent liabilities relating to the Ministry as at 30th June 2014 are reported in the consolidated accounts for the Government.

Note 15: Commitments

The Ministry is currently operating under expired leases, thereby operating on a month to month basis. Under this arrangement both lessor and lessee can terminate the leases with one month's notice.

Note 16: Explanation of major variances against budget

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

Statement of financial performance

Sale of Goods & Services Revenue

Revenue was below budget by \$780 thousand, this net variance is due to the inability to bill Cabinet for unspent appropriations.

Personnel Costs

Personnel costs were \$753 thousand below budget due to vacant posts not being filled and timing of leavers and joiners.

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Supplies & Consumables

Supplies & Consumables costs were \$270 thousand over budget due to the decision to record monthly lease amounts to CIAA that was not budgeted.

Statement of financial position

Cash and cash equivalents

The actual year-end cash balances were \$9 million below budget due to the surplus repayment being made for prior years and one month of Cabinet billing not being paid as anticipated.

Trade and other receivables

The actual year-end trade and other receivables balances were higher than the original budget by \$2.8 million due to timing of receivables being collected.

Prepayments

The actual year-end prepayments balance was higher than the original budget by \$312 thousand due to Oracle Software Licensing Fees being transferred to this Ministry.

Property Plant & Equipment

Fixed assets were lower than the original budget by \$427 thousand as works on the Warehouse & Scanner building did not occur in the year anticipated.

Other Payables and accruals

The actual year-end payables and accrual balances were higher than the original budget by \$1.1 million due to timing of payments being made and additional expenses at the end of the year that were not anticipated.

Repayment of Surplus

The actual year-end repayment of surplus balance was lower than the original budget by \$7.6 million due unanticipated repayment occurring in the year and a lower surplus than anticipated in the fiscal year.

Statement of cash flows

Cash from operating activities

Cash from operating activities was under budget by \$2.15 million due to timing in receiving payments for government outputs.

Cash from investing activities

The cash from investing being under budget by \$503 thousand; this resulted from the purchase of property plant & equipment being deferred.

Cash from financing activities

The cash from financing being over budget by \$7.3 million, this was a result of surplus repayment occurring sooner than anticipated.

Note 17: Related party and key management personnel disclosures

Related party disclosure

The Ministry is a wholly owned entity of the Government from which it derives a major source of its revenue. The Ministry and its key management personnel transact with other Government entities on a regular basis. These transactions were provided free of cost during the financial year ended 30 June 2014 and were consistent with normal operating relationships between entities and were undertaken on terms and conditions that are normal for such transactions.

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Key management personnel

Key management personnel, defined as Ministers of the Government, are also considered to be related parties, and as such received the following remuneration.

Actual Prior Year	Description	Actual Current Year	Number of posts
1,174	Salaries & other short-term employee benefits	987	8
132	Other long-term benefits	109	
<u>1,306</u>	<u>Total</u>	<u>1,096</u>	

The figure includes two Deputy Collectors of Customs who temporarily assumed the post of Collector of Customs during the year.

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

Note 18: Events occurring after reporting date

No events after the reporting date.

Note 19: Financial instrument risks

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

Credit risk

In the normal course of its business the Ministry is subject to credit risk from debtors other than the Cabinet. As of June 30, 2014 Cayman Airways (related party) owes the Ministry an amount of \$2,781,137. The Ministry does not have significant concentrations of credit risk for its other financial instruments. The entire amount owing from Cayman Airways has been provided for in bad debt provision.

Currency and interest rate risk

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

Liquidity risk

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

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

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Note 20: Segment Reporting

	FIN ADMIN	RSK	CUS	ESO	TSY	TOTAL
Revenue						
Outputs from Cabinet	1,496	152	9,876	1,530	4,380	17,434
Sale of goods and services	0	0	3,046	0	56	3,102
Other revenue	0	0	0	0	0	0
Total Revenue	1,496	152	12,922	1,530	4,436	20,536
Expenses						
Salaries and Wages	1,451	147	7,495	1,340	2,955	13,388
Other expenses	49	6	2,899	193	1,423	4,570
Total Expenses	1,500	153	10,394	1,533	4,378	17,958
Net Surplus/ (Deficit)	(4)	(1)	2,528	(3)	58	2,578
Assets						
Current Assets	10,547	0	1,389	1	365	12,302
Fixed Assets	14	0	5,862	1	37	5,914
Total Assets	10,561	0	7,251	2	402	18,216
Total Liabilities	(2,794)	(16)	(1,264)	(88)	(1,238)	(5,401)
Total Capital Expenses	10	0	300	0	6	316

Joint assets and liabilities held as common are directly managed by the FIN ADMIN section; therefore FIN ADMIN would include such assets as cash and cash equivalents and receivables from Cabinet. It would also include such liabilities as surplus payable and payroll deductions that are payable.

The Finance Administration (FIN ADMIN) section assists the Financial Secretary and the Minister for Finance by providing policy advice, governance and administrative services on all financial, budgeting and reporting matters of the Government. The section processes applications for fees and customs duty waivers, stamp duty abatements and assessments, government loans to civil servants, and approvals as well as providing administrative support and monitor the performance of Departments under the Ministry.

The Risk Management Unit's (RSK) primary purpose is to development, implementation and coordination of comprehensive property and liability insurance programmes along with safety and loss control activities to minimize the negative financial impact of natural hazards, accidents and other unexpected events to the Government.

The Customs Department (CUS) is responsible for collecting and protecting Government's revenue, facilitate legitimate trade and control prohibited and restricted goods in a cost effective manner while preserving a safe environment for all. This includes: processing and inspection of vessels and aircrafts; collection of duties; policy advice on Customs related matters and border control and enforcement.

The Economic and Statistics Office (ESO) monitors the economy, develops economic policies and plans, and advises Government on a range of economic issues to sustained growth of the Islands. The ESO also conducts and analyses social and economic surveys and compiles and publishes statistical data on the Cayman Islands, and provides other Government Departments with technical advice on data collection and dissemination, and survey design and methodology.

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The Treasury Department (TSY) is responsible for the preparation and the consolidation of the forecast and annual financial statements for core Government and the Entire Public Sector (EPS) as required by sections 28(2)(b) and 29(2)(c) of the PMFL using (IPSAS). Treasury has oversight for the management and forecasting of core government cash flows, negotiation, evaluation and administration of core Government borrowings. It is responsible for the design, quality assurance and management of the budget and reporting processes for the (EPS); this includes coordinating and preparing an annual timeline, strategic policy statement, annual plan and estimates, annual budget statements, ownership and purchase agreements and revenue forecast. The Treasury also provides financial management services to Ministries/Portfolios and the Executive.

Note 21: Surplus Payable

Surplus payable represents accumulated surplus of \$2.578 million as at 30 June 2014 (2013: \$7.363 million).