



GOVERNMENT OF THE CAYMAN ISLANDS

**MINISTRY OF HEALTH, ENVIRONMENT, SPORTS, YOUTH &
CULTURE**

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30th JUNE 2013

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Cayman Islands Government

MINISTRY OF HEALTH, ENVIRONMENT, YOUTH, SPORTS AND CULTURE

STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by the Ministry of Health, Environment, Youth, Sports & Culture (the "Ministry") in accordance with the provisions of the Public Management and Finance Law (2013 Revision).

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

As Chief Officer I am responsible for establishing; and have established and 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 Chief Officer and Chief Financial Officer we are responsible for the preparation of the Ministry's financial statements, representation and judgements made in these statements.

The financial statements fairly present the financial position, performance and cash flows of the Ministry for the financial year ended 30 June 2013.

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

- (a) Completely and reliably reflect the financial transactions of the Ministry for the year ended 30 June 2013;
- (b) Fairly reflect the financial position as at 30 June 2013 and performance for the year ended 30 June 2013;
- (c) Comply with the provisions of the Public Management and Finance Law (2013 Revision) and International Public Sector Accounting Standards.

The Office of the Auditor General has been provided access to all the information necessary to conduct an audit in accordance with International Standards of Auditing.


Jennifer M. Ahearn, AICP
Permanent Secretary & Chief Officer

Date- 29 May 2015


Nellie Pouchie
Chief Financial Officer

Date- 29 May, 2015

AUDITOR GENERAL'S REPORT

To the Members of the Legislative Assembly and the Chief Officer of the Ministry of Health, Environment, Youth, Sports & Culture

I have audited the accompanying financial statements of the Ministry of Health, Environment, Youth, Sports & Culture, which comprise the statement of financial position as at 30 June 2013 and the statement of financial performance, statement of changes in net worth and cash flows statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 9 to 26 in accordance with the provisions of Section 60(1)(a) of the *Public Management and Finance Law (2012 Revision)*.

Management's Responsibilities for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Ministry of Health, Environment, Youth, Sports & Culture as at 30 June 2013 and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

A handwritten signature in blue ink, appearing to read 'A. Swarbrick', with a stylized flourish at the end.

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

9 June 2015
Cayman Islands

MINISTRY OF HEALTH, ENVIRONMENT, YOUTH, SPORTS & CULTURE
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

Prior Year Actual			Current Year Actual	Original Budget	Final Budget	Variance (Orig. vs Actual)
\$'000		Note	\$'000	\$'000	\$'000	\$'000
	Current Assets					
6,324	Cash and cash equivalents	3	7,375	5,660	5,660	(1,715)
1,655	Trade receivables	4	1,327	847	847	(480)
1	Other receivables	4	39	-	-	(39)
34	Prepayments	5	-	-	-	-
8,014	Total Current Assets		8,741	6,507	6,507	(2,234)
	Non-Current Assets					
12,602	Property, plant and equipment	6	11,188	11,750	11,750	562
5	Intangible Assets	6b	2	-	-	(2)
12,607	Total Non-Current Assets		11,190	11,750	11,750	560
20,621	Total Assets		19,931	18,257	18,257	(1,674)
	Current Liabilities					
908	Trade payables	7	464	181	181	(283)
380	Other payables and accruals	7	346	97	97	(249)
69	Unearned revenue	9	148	95	95	(53)
129	Employee entitlements	8	114	90	90	(24)
2,210	Repayment of surplus		2,210	-	-	(2,210)
3,696	Total Current Liabilities		3,282	463	463	(2,819)
3,696	Total Liabilities		3,282	463	463	(2,819)
16,925	Net Assets		16,649	17,794	17,794	1,145
	NET WORTH					
18,046	Contributed capital		21,370	18,678	18,678	(2,692)
-	Revaluation on Property, Plant & Equipment		(2,414)	-	-	2,414
(1,121)	Accumulated surpluses/(deficits)		(2,307)	(884)	(884)	1,423
16,925	Total Net Worth		16,649	17,794	17,794	1,145

The accounting policies and notes starting on pages 9-26 form an integral part of these financial statements.

MINISTRY OF HEALTH, ENVIRONMENT, YOUTH, SPORTS & CULTURE
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2013

Prior Year Actual			Current Year Actual	Original Budget	Final Budget	Variance (Orig. vs Actual)
\$'000		Note	\$'000	\$'000	\$'000	\$'000
	Revenue					
10,109						
	Sale of goods and services	10	9,229	9,440	9,379	211
1,210						
	Gain on derecognition of capital charge liability		-	-	-	-
140	Donations	11	74	-	-	(74)
<u>11,459</u>	Total Revenue		<u>9,303</u>	<u>9,440</u>	<u>9,379</u>	<u>137</u>
	Expenses					
6,061						
	Personnel costs	12	5,887	6,136	6,085	249
2,253						
	Supplies and consumables	13	1,973	1,902	1,892	(71)
1,199						
	Depreciation	6	1,254	1,157	1,157	(97)
221						
	Litigation costs	14	211	245	245	34
2						
	Amortisation of Intangible Assets	6b	2	-	-	(2)
-						
	Losses on revaluation of property and equipment	15	2,414	-	-	(2,414)
(6)						
	(Gains)/losses on disposal of property and equipment	15	30	-	-	(30)
3						
	(Gains)/losses on foreign exchange transactions	15	1	-	-	(1)
(168)						
	Extraordinary items	22	-	-	-	-
<u>9,563</u>	Total Expenses		<u>11,772</u>	<u>9,440</u>	<u>9,379</u>	<u>(2,332)</u>
<u>1,896</u>	Surplus or (Deficit) for the year		<u>(2,469)</u>	<u>0</u>	<u>0</u>	<u>2,469</u>

The accounting policies and notes starting on pages 9-26 form an integral part of these financial statements.

MINISTRY OF HEALTH, ENVIRONMENT, YOUTH,
SPORTS & CULTURE
STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDED 30 JUNE 2013

	Contributed Capital \$'000	Revaluation of Property, Plant & Equipment \$'000	Accumulated Surplus/ (deficits) \$'000	Total Net worth \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig. vs. Actual) \$'000
Balance at 30 June 2011	17,739		(1,121)	16,618	15,916	15,916	(702)
Restated balance	17,739	-	(1,121)	16,618	15,916	15,916	(702)
Changes in net worth for 2011/12							
Equity Investment from Cabinet	307	-	-	307	440	1,474	133
Repayment of surplus to Cabinet	-	-	(1,896)	(1,896)	-	-	1,896
Net revenue / expenses recognised directly in net worth	307		(1,896)	(1,589)	440	1,474	2,029
Surplus/(deficit) for the period 2011/12	-	-	1,896	1,896	-	-	(1,896)
Total recognised revenues and expenses for the period	307	-	-	307	440	1,474	133
Balance at 30 June 2012 carried forward	18,046	-	(1,121)	16,925	16,356	17,390	(569)
	Contributed Capital \$'000	Revaluation of Property, Plant & Equipment \$'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 brought forward	18,046	-	(1,121)	16,925	16,356	17,390	569
Changes in net worth for 2011/12							
Prior Year Adjustments	3,196	-	(1,131)	2,065	(16)	(1,050)	2,081
Restated balance	21,242	-	(2,252)	18,990	16,340	16,340	2,650
Changes in net worth for 2012/13							
Gain/(loss) on property revaluation	-	(2,414)	-	(2,414)	-	-	(2,414)
Equity Investment from Cabinet	128	-	-	128	300	300	(172)
Net revenue / expenses recognised directly in net worth	128	(2,414)	-	(2,286)	300	300	(2,586)
Surplus/(deficit) for the period 2012/13	-	-	(55)	(55)	1,154	1,154	(1,209)
Total recognised revenues and expenses for the period	128	(2,414)	(55)	(2,341)	1,454	1,454	(3,795)
Balance at 30 June 2013	21,370	(2,414)	(2,307)	16,649	17,794	17,794	(1,145)

The accounting policies and notes starting on pages 9-26 form an integral part of these financial statements.

MINISTRY OF HEALTH, ENVIRONMENT, YOUTH, SPORTS & CULTURE
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2013

Prior Year Actual		Current Year Actual	Original Budget	Final Budget	Variance (Orig. vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
	CASH FLOWS FROM OPERATING ACTIVITIES				
	<i>Receipts</i>				
9,141	Outputs to Cabinet	9,432	9,488	9,488	57
80	Outputs to other government agencies	3	-	-	(3)
178	Sale of goods and services - third party	108	-	-	(108)
141	Donations / Grants	147	-	-	(147)
(0)	Other receipts	12	6	6	(6)
	<i>Payments</i>				
(6,121)	Personnel costs	(5,908)	(6,134)	(6,134)	(226)
(2,238)	Supplies and consumables	(2,496)	(2,149)	(2,149)	347
(216)	Other payments	(119)	(565)	(565)	(446)
<u>965</u>	Net cash flows from operating activities	<u>1,179</u>	<u>646</u>	<u>646</u>	<u>(533)</u>
	CASH FLOWS FROM INVESTING ACTIVITIES				
(143)	Purchase of property, plant and equipment	(221)	(300)	(300)	(79)
<u>(143)</u>	Net cash flows from investing activities	<u>(221)</u>	<u>(300)</u>	<u>(300)</u>	<u>(79)</u>
	CASH FLOWS FROM FINANCING ACTIVITIES				
307	Equity Investment	93	300	300	207
<u>307</u>	Net cash flows from financing activities	<u>93</u>	<u>300</u>	<u>300</u>	<u>207</u>
1,129	Net increase/(decrease) in cash and cash equivalents	1,051	646	646	(405)
5,195	Cash and cash equivalents at beginning of year	6,324	5,013	5,013	(1,311)
<u>6,324</u>	Cash and cash equivalents at end of year	<u>7,375</u>	<u>5,659</u>	<u>5,659</u>	<u>(1,716)</u>

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

MINISTRY OF HEALTH, ENVIRONMENT, YOUTH, SPORTS & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: Description and principal activities

The Ministry of Health, Environment, Youth, Sports & Culture (the "Ministry") is a Government owned entity as defined by Section 2 of the Public Management and Finance Law (2013 Revision) and it is domiciled in the Cayman Islands.

Its principal activities and operations include all activities carried out in terms of the outputs purchased by the Minister of Health, Environment, Youth, Sports & Culture as defined in the Annual Plan and Estimates for the Government of the Cayman Islands for the financial year ending 30 June 2013.

During the year ended 30 June 2013, the Ministry comprised the following departments: Health Regulatory Services, Department of Environment, Department of Sports, Youth Services Unit and the Cayman Islands Cadet Corps.

NOTE 2: Significant Accounting Policies

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

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

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

(a) Basis of preparation

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

Changes in Accounting Policies

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

The financial statements show comparison of actual amounts with amounts in the original and final budget. Explanations of material differences between original budget and actual amounts are provided as required by IPSAS 24 (See note 20).

(b) Budget amounts

The original budget amounts for the financial year are as presented in the 2012/2013 Annual Budget Statement and were approved by the Legislative Assembly in September 2012. The budget was prepared based on the accrual accounting concept and the going concern basis.

MINISTRY OF HEALTH, ENVIRONMENT, YOUTH, SPORTS & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 2: Significant Accounting Policies (continued)

(c) Judgments and Estimates

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

The estimates and underlying assumptions are reviewed on an on-going 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

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

(d) Revenue

Revenue is 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 a significant percentage of its revenue through the provision of services to Cabinet. A relatively small component of the Ministry's revenue comes from other agencies in government and third parties. Cabinet revenue is recognised at the unit price agreed in the Annual Budget Statement for 2012/2013. Other revenues are recognised at the fair value of services provided.

Revenue from non-exchange transactions

The Ministry receives various services from other government entities for which payment is made by the Cayman Islands Government. These services include 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. 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, otherwise in instances where the fair value cannot be determined, only a disclosure of this fact is made in the financial statements.

Transfer revenue received from other government departments is disclosed in the accounting period in which the benefit was received. The revenue is measured at the values agreed by the departments in their annual budget based on their funding from Cabinet for the services rendered.

(e) Expenses

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

(f) 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.

MINISTRY OF HEALTH, ENVIRONMENT, YOUTH, SPORTS & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

(g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash in-transit, bank accounts and short-term investments 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.

(h) 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.

(i) Inventories

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

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

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

The write-down from cost to current replacement cost or net realisable value is recognised in the statement of financial performance in the period when the write-down occurs.

(j) Property, Plant and Equipment

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

Buildings were revalued 1 July 2012 in accordance with IFRS and interpreted by the Royal Institution of Chartered Surveyors (RICS) Valuation Standards 2012 (Global) which refers to the requirements set down by the International Valuation Standards Council (IVSC). The valuations were undertaken by qualified valuers, each being a Chartered Valuation Surveyor. None of the valuers has any personal interest in the properties they have valued, present or prospective, direct or indirect.

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.

MINISTRY OF HEALTH, ENVIRONMENT, YOUTH, SPORTS & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

<u>Asset Type</u>	<u>Estimated Useful life</u>
• Buildings	40 – 60 years
• Motor vehicles	4 – 12 years
• Furniture and fittings	3 – 20 years
• Computer equipment and software	3 – 10 years
• Office equipment	3 – 20 years
• Other plant and equipment	5 – 25 years
• Other assets	3 – 25 years

Disposals

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

(k) Employee Benefits

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

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

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

(l) Financial Instruments

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

Classification

A financial asset is 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.

MINISTRY OF HEALTH, ENVIRONMENT, YOUTH, SPORTS & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

(l) Financial Instruments (Cont'd)

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 Statement of Financial Performance.

Measurement

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

Financial liabilities are subsequently measured at 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 comprises that asset. A financial liability is derecognised when it is extinguished, that is when the obligation is discharged, cancelled, or expires.

(m) Contingent Liabilities and Assets (including guarantees)

Contingent liabilities and assets are reported at the point the contingency becomes evident. Contingent liabilities are disclosed when there is a possible obligation or present obligations that may, but probably will not, require an outflow of resources. Contingent assets are disclosed if it is probable that the benefits will be realised.

(n) Foreign Currency

Foreign currency transactions are recorded in Cayman Islands dollars using the exchange rate in effect at the date of the transaction. Foreign currency gains or losses resulting from settlement of such transactions are recognised in the Statement of Financial Performance.

At the end of the reporting period the following exchange rates are 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.

MINISTRY OF HEALTH, ENVIRONMENT, YOUTH, SPORTS & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

Note 3: Cash and cash equivalents

Actual Prior Year \$'000	Description	Foreign Currency \$'000	Exchange Rate	Actual Current Year \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig. vs Actual) \$'000
20	Cash in transit			18	21	21	3
5,899	CI\$ Operational Current Account			6,857	5,427	5,427	(1,430)
270	US\$ Operational Current Account	415	0.84	348	89	89	(259)
-	Payroll Current Account			(1)	-	-	1
135	Bank Accounts held at other financial institutions			153	123	123	(30)
6,324	TOTAL			7,375	5,660	5,660	(1,715)

MINISTRY OF HEALTH, ENVIRONMENT, YOUTH, SPORTS & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

Note 4: Trade and other receivables

Actual Prior Year \$'000	Trade Receivables	Actual Current Year \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig. vs Actual) \$'000
(411)	Sale of goods and services	-	-	-	-
2,066	Outputs to Cabinet	1,327	847	847	(480)
1,655	Total trade receivables	1,327	847	847	(480)

Actual Prior Year \$'000	Other Receivables	Actual Current Year \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig. vs Actual) \$'000
1	Advances (salary, Official Travel, etc)	-	-	-	-
-	Other Receivable	36	-	-	(36)
-	Inter-entity Due from	3	-	-	(3)
1	Total other receivables	39			(39)

Actual Prior Year \$'000	Receivables	Trade Receivable \$'000	Other Receivable \$'000	Actual Current Year \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig. vs Actual) \$'000
	Current						
1,656	Past due 1-30 days	1,327	39	1,366	847	847	(519)
	Non-Current						
	Past due 1 year and above	-	-	-	-	-	-
1,656	Total	1,327	39	1,366	847	847	(519)

Note 5: Prepayments

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

MINISTRY OF HEALTH, ENVIRONMENT, YOUTH, SPORTS & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

Cost or Opening Valuation	Plant and equipment	Buildings and Leasehold	Furniture and Office Equipment	Computer Hardware	Other assets	Infrastructure	Motor Vehicles	Marine Vessels	Assets under construction or development	Total	Original Budget	Final Budget	Variance (Orig vs Actual)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2011	477	14,406	401	241	42	151	774	893	129	17,514	16,975	16,975	(539)
Additions	14	138	16	10	-	(9)	56	42	14	281	440	1,473	159
Disposals	(8)	-	(0)	(7)	-	-	(1)	(42)	-	(58)	-	-	58
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2012	483	14,544	417	244	42	142	829	893	143	17,737	17,415	18,448	(322)

	Plant and equipment	Buildings and Leasehold	Furniture and Office Equipment	Computer Hardware	Other assets	Infrastructure	Motor Vehicles	Marine Vessels	Assets under construction or development	Total	Original Budget	Final Budget	Variance (Orig vs Actual)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2012	483	14,544	417	244	42	142	829	893	143	17,737	17,757	17,757	20
Revaluation (net)	-	(11,240)	-	-	-	-	-	-	-	(11,240)	-	-	11,240
Additions	1	258	2	8	-	-	-	24	-	293	300	300	7
Disposals	-	(34)	(81)	(13)	-	-	(24)	-	(105)	(256)	-	-	256
Transfers	-	8,212	-	-	-	(27)	-	-	-	8,185	-	-	(8,185)
Balance at 30 June 2013	484	11,739	338	239	42	115	805	917	39	14,718	18,057	18,057	3,339

Accumulated Depreciation and Impairment Losses	Plant and equipment	Buildings and Leasehold	Furniture and Office Equipment	Computer Hardware	Other assets	Infrastructure	Motor Vehicles	Marine Vessels	Assets under construction or development	Total	Original Budget	Final Budget	Variance (Orig vs Actual)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July	354	2,139	194	211	27	28	596	443	-	3,992	4	4	(3,988)
Depreciation	32	950	27	16	4	7	68	93	-	1,197	1	1	(1,196)
Eliminate on	(8)	-	(0)	(7)	-	-	2	(42)	-	(55)	-	-	55
Balance as at 30 June 2013	378	3,089	221	221	31	35	666	494	-	5,134	5	5	(5,129)

	Plant and equipment	Buildings and Leasehold	Furniture and Office Equipment	Computer Hardware	Other assets	Infrastructure	Motor Vehicles	Marine Vessels	Assets under construction or development	Total	Original Budget	Final Budget	Variance (Orig vs Actual)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2012	378	3,089	221	221	31	35	666	494	-	5,135	5,150	5,150	15
Revaluation (net)	-	(8,935)	-	-	-	-	-	-	-	(8,935)	-	-	8,935
Transfers 2012/13	-	6,162	-	-	-	-	-	-	-	6,162	-	-	(6,162)
Depreciation Expense 2012/13	30	1,035	19	15	2	6	66	80	-	1,254	1,157	1,157	(97)
Eliminate on Disposal 2012/13	-	(8)	(39)	(14)	(0)	(2)	(22)	-	-	(86)	-	-	86
Balance at 30 June 2013	409	1,343	201	221	33	38	710	574	-	3,529	6,307	6,307	2,778

Net Book value 30 June 2012	105	11,455	196	23	11	107	163	399	143	12,602	12,607	12,607	5
Net Book value 30 June 2013	76	10,397	137	18	9	77	94	343	39	11,188	11,750	11,750	562

MINISTRY OF HEALTH, ENVIRONMENT, YOUTH, SPORTS & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

Note 6b: Intangible Assets

Cost

	Computer Software \$'000
Balance as at 1 July 2012	22
Balance at 30 June 2013	22

Accumulated Depreciation and impairment losses

	Computer Software \$'000
Balance as at 1 July 2011	15
Depreciation Expense 2011/12	2
Balance as at 30 June 2012	17

	Computer Software \$'000
Balance as at 1 July 2012	17
Depreciation Expense 2012/13	2
Balance at 30 June 2013	19

Net Book value 30 June 2012	5
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Net Book value 30 June 2013	2
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MINISTRY OF HEALTH, ENVIRONMENT, YOUTH, SPORTS & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

Note 7: Trade payables, other payables & accruals

Prior Year Actual \$'000	Description	Current \$'000	Total Current Year \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig. vs Actual) \$'000
908	Creditors	56	56	181	181	125
-	Creditors Ministries/Portfolios	401	401	-	-	(401)
-	Creditors other government agencies	7	7	-	-	(7)
908	Total trade payables	464	464	181	181	(283)
335	Accrued Expenses	295	295	97	97	(198)
2	Other payables	8	8	-	-	(8)
43	Payroll Deductions	43	43	-	-	(43)
380	Total other payables & accruals	346	346	97	97	(249)
1,288	Total trade payables, other payables & accruals	810	810	278	278	(532)

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>				
21	Annual Leave	13	-	-	(13)
108	Retirement and long service leave	101	90	90	(11)
129	Total current portion	114	90	90	(24)
129	Total employee entitlements	114	90	90	(24)

The annual leave entitlements are calculated on current salary paid to those employees eligible for this benefit.

MINISTRY OF HEALTH, ENVIRONMENT, YOUTH, SPORTS & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

Note 9: Unearned Revenue

Actual Prior Year \$'000	Details	Actual Current Year \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Orig. vs Actual) \$'000
	Current Portion				
69	Other unearned revenue	148	95	95	(53)
69	Total current portion	148	95	95	(53)
69	Total unearned revenue	148	95	95	(53)

Note 10: Sales of Goods & Services

Actual Prior Year \$'000	Revenue type	Current Year \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig. vs Actual) \$'000
9,973	Outputs to Cabinet	9,125	9,434	9,373	309
-	Fees and charges	(4)	-	-	4
21	General Sales	1	-	-	(1)
282	Other	107	6	6	(101)
(168)	Extraordinary Item	-	-	-	-
10,109	Total sales of goods and services	9,229	9,440	9,379	211

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 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.

MINISTRY OF HEALTH, ENVIRONMENT, YOUTH, SPORTS & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
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Note 11: Donations

Actual Prior Year \$'000	Source	Actual Current Year \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Orig. vs Actual) \$'000
	Description				
140	Other	74	-	-	(74)
140	Total Donations	74	-	-	(74)

Note 11(b): Transfer Revenue

Actual Prior Year \$'000	Description	Actual Current Year \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Orig. vs Actual) \$'000
42	Processing of Payroll	38	-	-	(38)
425	Server and network support	-	-	-	
148	Maintenance of facilities	237	-	-	(237)
-	Public Works	82	-	-	(82)
-	HR related services	39	-	-	(39)
615	Total Transfer Revenue	396	-	-	(396)

During the year ended 30 June 2013, the Ministry received various services in-kind from the public works department, computer services department, portfolio of the civil service, facilities management and the Treasury. The fair value of these services could not be reliably determined but is estimated to be \$396k (2012: \$615k) and therefore no expense has been recognized in these financial statements for such services other than the disclosure above.

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

MINISTRY OF HEALTH, ENVIRONMENT, YOUTH, SPORTS & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

Note 15: Gains / (losses)

Actual Prior Year \$'000	Description	Actual Current Year \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig. vs Actual) \$'000
(6)	Net (gain) / loss on disposal of property, plant and equipment	30	-	-	(30)
-	Loss on Revaluation of Asset	2,414			(2,414)
3	Net (gain) / loss on foreign exchange Transactions	1	-	-	(1)
(3)	Total gain/ (losses)	2,445	-	-	(2,445)

Note 16: Reconciliation of net cash flows from operating activities to surplus/(deficit)

Audited Actual 2011/12 \$000	Description	Audited Actual 2012/13 \$000	Original Budget 2012/13 \$000	Revised Budget 2012/13 \$000	Variance (Orig vs Actual)
1,896	Surplus/(deficit) from ordinary activities	(2,469)	-	-	2,469
	Non-cash movements				
-	Loss on revaluation of Property & Equipment	2,414	-	-	(2,414)
1,200	Depreciation expense	1,254	1,157	1,157	(97)
(6)	(Gain)/losses on sale of property and equipment	30	-	-	(30)
-	Amortisation of intangibles	(3)	-	-	3
31	Increase/(decrease) in current liabilities	(404)	-	-	404
(1,283)	(Increase)/decrease in other current assets	598	-	-	(598)
-	Increase/(decrease) in payables	(478)	(565)	(565)	(87)
-	(Increase)/decrease in other receivables	(38)	54	54	92
(851)	(Increase)/decrease in receivables - Cabinet	291	-	-	(291)
(22)	Increase/(decrease) in provisions relating to employee costs	(15)	-	-	15
965	Net cash flows from operating activities	1,179	646	646	(533)

MINISTRY OF HEALTH, ENVIRONMENT, YOUTH, SPORTS & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

Note 12: Personnel costs

Actual Prior Year \$'000	Description	Actual Current Year \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig. vs Actual) \$'000
5,023	Salaries, wages and allowances	4,782	5,016	4,926	234
781	Health care	855	843	885	(12)
272	Pension	262	275	272	13
(22)	Leave	(15)	-	-	15
7	Other personnel related costs	3	2	2	(1)
6,061	Total Personnel Costs	5,887	6,136	6,085	249

Note 13: Supplies and consumables

Actual Prior Year \$'000	Description	Actual Current Year \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig. vs Actual) \$'000
153	Supplies and Materials	181	138	138	(43)
920	Purchase of services	808	703	703	(105)
94	Lease of Property and Equipment	34	54	54	20
558	Utilities	475	507	507	32
370	General Insurance	379	320	320	(59)
-	Interdepartmental expenses	2	88	88	86
113	Travel and Subsistence	49	44	34	(5)
24	Recruitment and Training	27	26	26	(1)
21	Other	18	22	22	4
2,253	Total Supplies & consumables	1,973	1,902	1,892	(71)

Note 14: Litigation costs

Prior Year \$'000	Description	Actual Current Year \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Orig. vs Actual) \$'000
221	Legal Fees	211	245	245	34
221	Total litigation costs	211	245	245	34

MINISTRY OF HEALTH, ENVIRONMENT, YOUTH, SPORTS & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
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Note 17: Related party and key management personnel disclosures

Actual Prior Year \$'000	Description	Actual Current Year \$'000	Number of persons
1,071	Salaries & other short-term employee benefits	1,077	11
	Other long-term benefits		
1,071	Total	1,077	11

No loans were granted to key management personnel or their close relatives during the financial year ended June 30, 2013.

MINISTRY OF HEALTH, ENVIRONMENT, YOUTH, SPORTS & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

Note 18: Segment reporting

	Environment		Youth & Sports		Health Administration		Consolidated	
	12/13	11/12	12/13	11/12	12/13	11/12	12/13	11/12
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue								
Outputs from Cabinet	2,359	2,608	4,022	4,277	2,744	3,088	9,125	9,973
Outputs - Other govt agencies	0	0	0	1	0	33	0	34
Donations	76	83	0	0	(2)	57	74	140
Other revenue	1	44	41	38	62	1,229	104	1,311
Transfer revenue	0	0	0	0	0	0	0	0
Total Revenue	2,436	2,735	4,063	4,316	2,804	4,407	9,303	11,458
Expenses								
Salaries and Wages	2,054	2,094	1,757	1,807	2,076	2,160	5,887	6,061
Other expenses	990	646	4384	2,412	511	444	5,885	3,504
Total Expenses	3,044	2,740	6,141	4,219	2,587	2,603	11,772	9,565
Surplus/ (Deficit) from Operating Activities	(607)	(5)	(2,078)	97	217	1,803	(2,469)	1,896
Assets								
Current Assets	1	268	6	629	8,734	7,115	8,756	8,012
Fixed Assets	758	1,308	10,347	11,117	85	184	11,535	12,609
Total Assets	759	1,576	10,354	11,746	8,819	7,299	19,931	20,621
Liabilities								
Current Liabilities	263	180	212	244	2,807	3,272	3,282	3,696
Total Liabilities	263	180	212	244	2,798	3,272	3,282	3,696
Capital expenditure	-	210		32	129	7	129	249

The Ministry's segment report is prepared on the basis of the following areas: environment, youth & sports and health administration. Environmental services are provided by the Department of Environment, youth & sports through the Department of Sports, Youth Services Unit and the Cayman Islands Cadet Corps. Health administration included services provided by the ministry admin and the Department of Health Regulatory Services.

MINISTRY OF HEALTH, ENVIRONMENT, YOUTH, SPORTS & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

Note 19: 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 position

Cash and cash equivalents

The actual year-end cash balances were above budget due to unpaid capital charges, insurance premiums, as well as depreciation representing cash held for replacement of fixed assets.

Trade receivables

The Ministry closed the financial year with the monthly cabinet funding outstanding for June.

Fixed assets

Actual fixed assets at June 30, 2013 were slightly lower than budgeted due to the revaluation of buildings undertaken by the government during the year.

Creditors and other payables

Creditors, accruals and other payables were higher than the original budget due to insurance premiums for 2012/13 remaining unpaid at year-end June 30, 2013, as well as the outstanding capital charge.

Statement of financial performance

Personnel costs

Personnel costs were below budget due to the moratorium on hiring which remained in effect during the financial year. As a result, the Ministry had a number of budgeted posts that were not filled.

Statement of cash flows

Cash from operating activities

The increase in cash from operating activities is due to timing differences for receipt of output funding, payments for supplies and consumables.

Cash from investing activities

The Ministry did not utilize the budget allocation of \$300 for equity injection.

Cash from financing activities

The Ministry did not utilize the full budget of \$300 for equity injection, as due to time constraints, the capital projects were not realized.

MINISTRY OF HEALTH, ENVIRONMENT, YOUTH, SPORTS & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

Note 20: Grants

The Ministry received the following grants during the year:

- Darwin Initiative (2006) - This was a two-and-half year project to carry out research and monitor marine and terrestrial biodiversity such as coral reefs, marine turtles and breeding Nassau groupers, endemic plants, iguanas and parrots. Balance as at July 1, 2012 was \$37; expenditure during the year was \$9 and a balance of \$30 at June 30, 2013.
- Darwin Initiative – MPA Assessment 2010 - This is a three year grant from the UK Government Department of Environment Food & Rural Affairs (DEFRA), and is a collaborative project between Bangor University, the Cayman Islands Department of Environment, and The Nature Conservancy USA (TNC). The project aims to enhance an established marine protected area system in the Cayman Islands. Receipts during 2012/13 was \$26, expenditure \$46 and closing balance \$3.
- JNCC/DOE Conservation Work 25 – The Joint Nature Conservation Committee (JNCC) partnered with the Department of Environment (DOE), via a Memorandum of Agreement, to contribute to conservation work in the Cayman Islands and the Caribbean region. The grant opened in March 2013 with \$81 (GBP 65); expenditure of \$5 for the year and a balance of \$81 at June 30, 2013.

Note 21: Extraordinary items

The Ministry recovered \$167 from overseas healthcare costs which arose from settlement of a legal case in 2011/12. There were no extraordinary items in the year ended June 30, 2013.

Note 22: Subsequent events

Effective July 1, 2013 and subsequent to the general election in May 2013, some departments were reassigned across the government. The department of Environment was transferred out from the Ministry and the department of Environmental Health and the Mosquito Research & Control Unit were transferred into the Ministry.

Following the May 2013 General Elections with the changes in Ministries some finance staff across the Government were reassigned to better meet the needs of the various Ministries. As part of that process, the former CFO was transferred to another Ministry effective November 1, 2013. The current CFO assumed the role in April 2014 following an open recruitment process.

Effective January 1, 2015 the department of Sports, the Youth Services Unit and the Cadets Corp were transferred to the Ministry of Community Affairs following a shift in Ministries, as announced by the Honorable Premier on December 19, 2014.

Note 23: Supplementary Funding

During the year Cabinet approved a reduction in the Ministry's budget allocations for 2012/13 of \$61 which was used to offset executive expenditures relating to overseas Tertiary care for Seafarers and Vets and Indigents as handled by CINICO.