



GOVERNMENT OF THE CAYMAN ISLANDS

**MINISTRY OF FINANCIAL SERVICES, COMMERCE AND
ENVIRONMENT**

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2014**

Financial Statements for the year ended 30 June 2014

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MINISTRY OF FINANCIAL SERVICES, COMMERCE AND ENVIRONMENT

STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by the Ministry of Financial Services, Commerce and Environment in accordance with the provisions of the Public Management and Finance Law (2013 Revision).

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

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

As Chief Officer and Chief Financial Officer we are responsible for the preparation of the Ministry of Financial Services, Commerce and Environment financial statements, representation and judgements made in these statements.

The financial statements fairly present the financial position, financial performance and cash flows of the Ministry of Financial Services, Commerce and Environment for the financial year ended 30 June 2014.

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

- (a) completely and reliably reflect the financial transactions of the Ministry of Financial Services, Commerce and Environment for the year ended 30 June 2014;
- (b) fairly reflect the financial position as at 30 June 2014 and performance for the Year ended 30 June 2014;
- (c) comply with International Public Sector Accounting Standards as set out by International Public Sector Accounting Standards Board under the responsibility of the International Federation of Accountants. Where guidance is not available, the financial statements comply with International Accounting Standards issued by the International Accounting Standards Committee or accounting practice that is generally accepted in the United Kingdom as appropriate for reporting in the public sector.

The Office of the Auditor General conducts an independent audit and expresses an opinion on the accompanying financial statements. The Office of the Auditor General has been provided access to all the information necessary to conduct an audit in accordance with International Standards of Auditing.


Dax Basdeo
Chief Officer

Date - 13th July 2015


Wendy Manzanares
Chief Financial Officer

Date - 13th July 2015

AUDITOR GENERAL'S REPORT

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

I have audited the accompanying financial statements of the Ministry of Financial Services, Commerce and Environment, 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 5 to 31 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

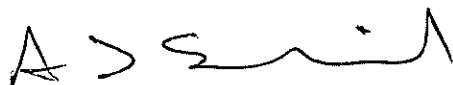
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Ministry of Financial Services, Commerce and Environment 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.

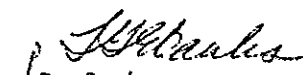
A handwritten signature in black ink, appearing to read 'A Swarbrick', with a stylized flourish at the end.

Alastair Swarbrick, MA (Hons), CPFA
Auditor General

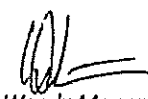
13 July 2015
Cayman Islands

MINISTRY OF FINANCIAL SERVICES, COMMERCE AND ENVIRONMENT
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 (Original vs Actual) \$'000
	Current Assets					
18,682	Cash and cash equivalents	2	18,859	6,347	6,347	(12,512)
33,647	Trade receivables	3	12,246	806	806	(11,440)
20	Other receivables	3	6	-	-	(6)
52	Prepayments	4	75	-	-	(75)
52,401	Total Current Assets		31,186	7,153	7,153	(24,033)
	Non-Current Assets					
132	Property, plant and equipment	5	906	1,409	1,409	503
3	Intangible Assets	5b	43	138	138	95
135	Total Non-Current Assets		949	1,547	1,547	598
52,536	Total Assets		32,135	8,700	8,700	(23,435)
	Current Liabilities					
630	Trade payables	6	423	286	286	(137)
136	Other payables and accruals	6	54	-	-	(54)
120	Employee entitlements	7	198	160	160	(38)
-	Unearned revenue	8	105	148	148	43
46,300	Repayment of surplus		25,210	504	504	(24,706)
47,186	Total Current Liabilities		25,990	1,098	1,098	(24,892)
47,186	Total Liabilities		25,990	1,098	1,098	(24,892)
5,350	Net Assets		6,145	7,602	7,602	1,457
	Net Worth					
5,350	Contributed capital		6,145	5,741	5,741	(404)
-	Accumulated surpluses		-	1,861	1,861	1,861
5,350	Total Net Worth		6,145	7,602	7,602	1,457


Dax Basdeo
Chief Officer

Date - 13th July 2015


Wendy Manzanares
Chief Financial Officer

Date - 13th July 2015

The accounting policies and notes on pages 9 to 31 form part of these financial statements.

MINISTRY OF FINANCIAL SERVICES, COMMERCE AND ENVIRONMENT
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2014

Prior Year Actual \$'000		Note	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Original vs Actual) \$'000
	Revenue					
31,547	Sale of goods and services	9	9,551	10,996	10,996	1,445
-	Donations	10	153	-	-	(153)
31,547	Total Revenue		9,704	10,996	10,996	1,292
	Expenses					
4,584	Personnel costs	11	6,853	7,430	7,430	577
2,569	Supplies and consumables	12	2,113	2,825	2,825	712
144	Legal fees	13	-	-	-	-
21	Depreciation	5	184	216	216	32
44	Amortisation of Intangible Assets	5b	16	21	21	5
3	Losses on foreign exchange transactions	14	-	-	-	-
826	Losses on disposal/revaluation of property, plant and equipment	14	-	-	-	-
8,191	Total Expenses		9,166	10,492	10,492	1,326
23,356	Surplus for the Period		538	504	504	(34)

The accounting policies and notes on pages 9 to 31 form part of these financial statements.

MINISTRY OF FINANCIAL SERVICES, COMMERCE AND ENVIRONMENT

GOVERNMENT OF THE CAYMAN ISLANDS

STATEMENT OF CHANGES IN NET WORTH

FOR THE YEAR ENDED 30 JUNE 2014

	Attributable to Cayman Islands Government					Variance (Original vs Actual)
	Contributed Capital	Accumulated Surplus	Total Net worth	Original Budget	Final Budget	
Balance at 30 June 2012	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Prior Year Adjustments	5,350	1,184	6,534	6,901	6,901	367
	-	170	170	1,487	1,487	1,317
Balance at 1 July 2012, as restated	5,350	1,354	6,704	8,388	8,388	1,684
Changes in net worth for 2012/13						
Equity Investment from Cabinet	-	-	-	57	57	57
Surplus for the period 2012/13	-	23,356	23,356	22,979	22,979	(377)
Repayment of surplus to Cabinet	-	(24,710)	(24,710)	(22,979)	(22,979)	1,731
Balance at 30 June 2013	5,350	-	5,350	8,445	8,445	3,095
Prior Year Adjustments	-	-	-	-	-	-
Balance at 1 July 2013, as restated	5,350	-	5,350	8,445	8,445	3,095
Changes in net worth for 2013/14						
Equity Investment from Cabinet	961	-	961	334	334	(627)
Capital withdrawal by Cabinet	(166)	-	(166)	-	-	166
Surplus for the period 2013/14	-	538	538	504	504	(34)
Repayment of surplus to Cabinet	-	(538)	(538)	(1,681)	(1,681)	(1,143)
Balance at 30 June 2014	6,145	-	6,145	7,602	7,602	1,457

The accounting policies and notes on pages 9 to 31 form part of these financial statements.

MINISTRY OF FINANCIAL SERVICES, COMMERCE AND ENVIRONMENT
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30 JUNE 2014

Prior Year Actual \$'000		Note	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Original vs Actual) \$'000
CASH FLOWS FROM OPERATING ACTIVITIES						
	<i>Receipts</i>					
1,268	Outputs to Cabinet		-	12,915	12,915	12,915
10,638	Sale of goods and services - third party		1,486	1,328	1,328	(158)
-	Donations / Grants		253	-	-	(253)
3	Other receipts		29,407	29,323	29,323	(84)
	<i>Payments</i>					
(4,292)	Personnel costs		(6,952)	(7,430)	(7,430)	(478)
(2,753)	Supplies and consumables		(2,198)	(3,137)	(3,137)	(939)
(1)	Other payments		-	-	-	-
<u>4,863</u>	Net cash flows from operating activities	15	<u>21,996</u>	<u>32,999</u>	<u>32,999</u>	<u>11,003</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
(42)	Purchase of property, plant and equipment		(193)	(334)	(334)	(141)
21	Proceeds from sale of property, plant and equipment		5	-	-	(5)
<u>(21)</u>	Net cash flows from investing activities		<u>(188)</u>	<u>(334)</u>	<u>(334)</u>	<u>(146)</u>
CASH FLOWS FROM FINANCING ACTIVITIES						
-	Equity Investment		254	334	334	80
-	Capital withdrawal		(272)	-	-	272
-	Repayment of Surplus		(21,613)	(45,333)	(45,333)	(23,720)
<u>-</u>	Net cash flows from financing activities		<u>(21,631)</u>	<u>(44,999)</u>	<u>(44,999)</u>	<u>(23,368)</u>
4,842	Net increase/(decrease) in cash and cash equivalents		177	(12,334)	(12,334)	(12,511)
13,840	Cash and cash equivalents at beginning of period		18,682	18,682	18,682	-
<u>18,682</u>	Cash and cash equivalents at end of period		<u>18,859</u>	<u>6,348</u>	<u>6,348</u>	<u>(12,511)</u>

The accounting policies and notes on pages 9 to 31 form part of these financial statements.

**MINISTRY OF FINANCIAL SERVICES, COMMERCE AND ENVIRONMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Description and Principal Activities

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

Its principal activities and operations include all activities carried out in terms of the outputs purchased by the Ministry as defined in the Annual Plan and Estimates for the Government of Cayman Islands for the financial year ending 30 June 2014.

Note 1: Significant Accounting Policies

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

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

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

(a) Basis of Preparation

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

Changes in Accounting Policies

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

(b) Budget Amounts

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

**MINISTRY OF FINANCIAL SERVICES, COMMERCE AND ENVIRONMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 1: Significant Accounting Policies (continued)

(c) Judgments and Estimates

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

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

(d) Changes in Accounting Estimates

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

(e) Revenue

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

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

(f) Expenses

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

(g) Operating Leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under the operating leases are recognised as expenses on a straight-line basis over the lease term.

(h) Cash and Cash Equivalents

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

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

**MINISTRY OF FINANCIAL SERVICES, COMMERCE AND ENVIRONMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 1: Significant Accounting Policies (continued)

(i) Prepayments

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

(j) Property, Plant and Equipment

Property, plant and equipment, is stated at historical cost less accumulated depreciation 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 recognized initially at fair value, where fair value can be reliably determined, and as revenue in the Statement of Financial Performance in the year in which the asset is acquired.

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

<u>Asset Type</u>	<u>Estimated Useful life</u>
• Buildings and structures • Building fit-out (when accounted for separately) • Leasehold Improvement	10 – 60 years 5 – 25 years Over the unexpired period of lease or the useful life of the Improvement
• Computer Equipment • Developed software • Office equipment and furniture • Motor vehicles • Telecommunications • Other equipment	3 – 10 years 4 – 10 years 3 – 25 years 3 – 20 years 5 – 50 years 5 – 20 years

Disposals

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

MINISTRY OF FINANCIAL SERVICES, COMMERCE AND ENVIRONMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 1: Significant Accounting Policies (continued)

(k) Employee Benefits

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

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

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

(l) Financial Instruments

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

Classification

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

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

Recognition

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

**MINISTRY OF FINANCIAL SERVICES, COMMERCE AND ENVIRONMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 1: Significant Accounting Policies (continued)

(l) Financial Instruments (continued)

Measurement

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

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

De-recognition

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

(m) Contingent Liabilities and Assets (including guarantees)

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

(n) Foreign Currency

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

At the end of the reporting period the following exchange rates are to be used to translate foreign currency balances:

- Foreign currency monetary items are to be reported in Cayman Islands dollars using the closing rate at year end date;
- Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported in Cayman Islands dollars using the exchange rate at the date of the transaction; and
- Non-monetary items that are carried at fair value denominated in a foreign currency are reported using the exchange rates that existed when the fair values were determined.

MINISTRY OF FINANCIAL SERVICES, COMMERCE AND ENVIRONMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 1: Significant Accounting Policies (continued)

(o) Comparative Figures

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

(p) Revenue from Non-Exchange Transactions

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

Note 2: Cash and Cash Equivalents

Cash and cash equivalents include cash on hand; bank accounts in the name of the Ministry of Financial Services, Commerce and Environment maintained at Royal Bank of Canada and short term deposits invested with the Cayman Islands Government Treasury. As at 30 June 2014 the Ministry held no restricted cash balances (30 June 2013: \$0).

Prior Year Actual \$'000	Description	Foreign Currency \$'000	Exchange Rate	Current Year Actual \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Original vs Actual) \$'000
51	Cash on hand			1	1	1	-
15	Cash in transit			19	-	-	(19)
	CI\$ Operational current						
18,293	account			18,201	5,875	5,875	(12,326)
	US\$ Operational current						
321	account	546	0.83	457	321	321	(136)
2	CI\$ Payroll current account			2	2	2	-
-				179	148	148	(31)
18,682	Total	384		18,859	6,347	6,347	(12,512)

MINISTRY OF FINANCIAL SERVICES, COMMERCE AND ENVIRONMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 3: Trade Receivables and Other Receivables

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

Prior Year Actual		Current Year Actual	Original Budget	Revised Budget	Variance (Original vs Actual)
\$'000	Trade Receivables	\$'000	\$'000	\$'000	\$'000
4,245	Sale of goods and services	4,137	-	-	(4,137)
29,402	Outputs to Cabinet	8,194	806	806	(7,388)
-	Less: provision for doubtful debts	(85)	-	-	85
33,647	Total Trade Receivables	12,246	806	806	(11,440)

Prior Year Actual		Current Year Actual	Original Budget	Revised Budget	Variance (Original vs Actual)
\$'000	Other Receivables	\$'000	\$'000	\$'000	\$'000
7	Advances (salary, official travel, etc)	2	-	-	(2)
1	Dishonoured cheques	1	-	-	(1)
12	Other receivable	2	-	-	(2)
20	Total Other Receivables	6	-	-	(6)

MINISTRY OF FINANCIAL SERVICES, COMMERCE AND ENVIRONMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 3: Trade Receivables and Other Receivables (continued)

As at 30 June 2014 and 30 June 2013, the ageing analysis of trade receivables and other receivables is as follows:

Prior Year Actual	Receivables	Current	Trade Receivable	Other Receivable	Original Budget	Revised Budget	Variance (Original vs Actual)
\$'000			\$'000	\$'000	\$'000	\$'000	\$'000
9,795	Past due 1-30 days		8,109	6	806	806	(7,309)
2,374	Past due 31-60 days		-	-	-	-	-
2,300	Past due 61-90 days		-	-	-	-	-
19,178	Past due 90 and above		4,137	-	-	-	(4,137)
33,647	Total		12,246	6	806	806	(11,446)

As of 30 June 2014 and 30 June 2013, trade receivables and other receivables are all due within one year from financial position date.

Prior Year Actual	Provision for doubtful debts	Current Year Actual	Original Budget	Revised Budget	variance (Original vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
-	Balance at 1 July	-	-	-	-
	Additional provisions made	(85)	-	-	85
-	Balance at 30 June	(85)	-	-	85

Note 4: Prepayments

Prior Year Actual	Description	Current Year Actual	Original Budget	Revised Budget	variance (Original vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
52	Accrued prepayments	75	-	-	(75)
-	Prepaid insurance	-	-	-	-
52	Total Prepayments	75	-	-	(75)

MINISTRY OF FINANCIAL SERVICES, COMMERCE AND ENVIRONMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 5: Property, Plant and Equipment

As at 30 June 2014												
	Buildings and Other Infrastructure	Motor Vehicles	Marine Vessels	Furniture & Fittings	Computer Hardware	Office Equip.	Other Plant & Equip.	Assets in progress	Total	Original Budget	Revised Budget	Variance (Original vs Actual)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost												
At 1 July 2013	35	16	-	17	165	43	-	68	344	3,469	3,469	3,125
Additions	3	147	-	2	19	-	4	54	229	432	432	203
Disposals	-	(52)	-	-	(31)	(2)	(2)	(4)	(91)	-	-	91
Transfers	279	644	902	306	124	19	411	(54)	2,631	(98)	(98)	(2,729)
At 30 June 2014	317	755	902	325	277	60	413	64	3,113	3,803	3,803	690
Accumulated depreciation												
At 1 July 2013	13	16	-	7	147	31	-	-	214	2,018	2,018	1,804
Depreciation expense	20	41	65	22	20	6	10	-	184	237	237	53
Disposal	-	(52)	-	-	(31)	(2)	(2)	-	(87)	-	-	87
Transfers	46	588	571	179	119	19	374	-	1,896	-	-	(1,896)
At 30 June 2014	79	593	636	208	255	54	382	-	2,207	2,255	2,255	48
Carrying value at 30 June 2014	238	162	266	117	22	6	31	64	906	1,548	1,548	642

MINISTRY OF FINANCIAL SERVICES, COMMERCE AND ENVIRONMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 5: Property, Plant and Equipment (continued)

As at 30 June 2013									
	Leasehold Improvements \$'000	Furniture and Fittings \$'000	Computer Equipment \$'000	Motor Vehicles \$'000	Assets in progress \$'000	Total \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Original vs Actual) \$'000
Cost									
At 1 July 2012	1,066	428	185	16	36	1,731	2,351	2,351	620
Additions	-	7	14	-	32	53	54	54	1
Disposals	(1,031)	(375)	(34)	-	-	(1,440)	(1,896)	(1,896)	(456)
Transfers	-	-	-	-	-	-	2,960	2,960	2,960
At 30 June 2013	35	60	165	16	68	344	3,469	3,469	3,125
Accumulated depreciation									
At 1 July 2012	318	247	196	16	-	777	1,144	1,144	367
Transfers	-	-	-	-	-	-	1,484	1,484	1,484
Depreciation expense	19	17	(15)	-	-	21	134	134	113
Disposal	(324)	(228)	(34)	-	-	(586)	(743)	(743)	(157)
At 30 June 2013	13	36	147	16	-	212	2,019	2,019	1,807
Carrying value at 30 June 2013	22	24	18	-	68	132	1,450	1,450	1,318

**MINISTRY OF FINANCIAL SERVICES, COMMERCE AND ENVIRONMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 5: Property, Plant and Equipment (continued)

Asset Revaluation

Property (buildings and structures) were revalued as at the 1st July 2012 by in-house professionals with the exception of specialized buildings which were contracted to independent evaluators 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 treated in one of the following ways:

- a) Restated proportionately with the change in the gross carrying amount of the asset, so that the carrying amount of the asset after revaluation equals its revalued amount or
- b) Eliminated against the gross carrying amount of the asset.

Valuation methods

The valuations contained within this report have been prepared in accordance with the aforementioned Standards and the guidance notes provided by the Royal Institute of Chartered Surveyors (RICS). Particular regard should be paid to the following definitions and methodology having been adopted in the assessment of value:

Fair Value (Market Value) defined in accordance with IFRS 13 Fair Value Measurement as follows: "The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

Fair Value (Existing Use Value) extends the definition of Fair Value (Market Value) in "assuming that the buyer is granted vacant possession of all parts of the property required by the business and disregarding potential alternative uses and any other characteristics of the property that would cause its market value to differ from that needed to replace the remaining service potential at least cost."

Specialized Assets: specialized assets are those for which no market exists for the current use. Specialized assets are valued using the Depreciated Replacement Cost method (DRC valuation) The definition of 'Depreciated Replacement Cost', as contained in The Standards, is as follows: "The current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization."

**MINISTRY OF FINANCIAL SERVICES, COMMERCE AND ENVIRONMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 5: Property, Plant and Equipment (continued)

Valuation assumptions

Plant and machinery have only been included in the valuation of building assets where these form an integral part of the fabric of the building (e.g. lifts or air conditioning equipment) or where it perform a task crucial to the continuation of the existing use (e.g. swimming pools). Unless specifically stated otherwise, it is assumed that such items are reflected in the unit building cost.

It is assumed that all properties have the required planning consents and certificates for use and construction. Where Fair Value (or land value in a DRC valuation) relies on obtaining an alternative planning consent the alternative use has been derived from consideration of prevailing land uses in the immediate area and Local Planning Policies and practice.

Where an asset has been valued by Depreciated Replacement Cost (DRC) it is subject to the prospect and viability of the asset continuing to be used for the existing use.

These valuations do not take into account any form of selling or purchase costs, tax (including Stamp Duty), inflation or finance costs. In Cayman, there is no tax on property except for Stamp Duty which is ordinarily required to be paid by a purchaser.

Valuations of each 'specialized building' state their total asset value and the (depreciated) value of the respective building. Those with a depreciated building value greater than \$0.5m also state figures for their 'component' parts. Buildings valued by the investment or comparison methods of valuation also state figures for their respective land values. These do not compute to reflect actual building values but indicate the inherent value attributing to the land only.

Where applicable, the remaining economic life of the building / building components has been indicated. This is the period during which the building element is anticipated to have a future useful economic life for its existing purpose.

In preparing the valuations, information has been obtained from the following sources:

- Cayman Islands Government 2001 Asset Register.
- Cayman Islands Government Land Registry Database
- Caymanlandinfo System (Mapping, aerial photography, evidence of comparable sales and lettings).
- Copies of and extracts from leases.
- Architect scaled floor plans.
- Ministries and users / occupiers of operational property assets.

MINISTRY OF FINANCIAL SERVICES, COMMERCE AND ENVIRONMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 5: Property, Plant and Equipment (continued)

Valuation assumptions (continued)

Land areas (where stated) are provided for guidance only and are quoted from the Land Registers or otherwise from Caymanlandinfo database. Any building floor areas supplied have been obtained from one of the following sources:

- Measurements taken on site.
- Measurements extracted from Cayman Islands Government property records.

Buildings were revalued as an entire class of asset.

Impairment

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the period end. Assets that are subject to amortization are reviewed for impairment whenever events of changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amounts. The recoverable amount is the higher of the asset's fair value less costs to sell and its value for use in service.

MINISTRY OF FINANCIAL SERVICES, COMMERCE AND ENVIRONMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 5b: Intangible Assets

As at 30 June 2014						
	Computer Software \$'000	Assets under construction or development \$'000	Total \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Original vs Actual) \$'000
<u>Cost</u>						
At 1 July 2013	164	-	164	-	-	(164)
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Transfers	75	-	75	-	-	(75)
At 30 June 2014	239	-	239	-	-	(239)
<u>Accumulated depreciation</u>						
At 1 July 2013	161	-	161	-	-	(161)
Depreciation expense	16	-	16	-	-	(16)
Disposals	-	-	-	-	-	-
Transfers	19	-	19	-	-	(19)
At 30 June 2014	196	-	196	-	-	(196)
Carrying value at 30 June 2014	43	-	43	-	-	(43)
<u>Cost</u>						
At 1 July 2012	164	-	164	-	-	(164)
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
At 30 June 2013	164	-	164	-	-	(164)
<u>Accumulated depreciation</u>						
At 1 July 2012	117	-	117	-	-	(117)
Depreciation expense	44	-	44	-	-	(44)
Disposal	-	-	-	-	-	-
At 30 June 2013	161	-	161	-	-	(161)
Carrying value at 30 June 2013	3	-	3	-	-	(3)

MINISTRY OF FINANCIAL SERVICES, COMMERCE AND ENVIRONMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 6: Trade Payables, Other Payables and Accruals

Prior Year Actual \$'000	Description	Current Year Actual \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Original vs Actual) \$'000
12	Creditors	43	231	231	188
22	Creditors Ministries / Portfolios	6	-	-	(6)
20	Creditors other government agencies	13	-	-	(13)
390	Accrued expenses	134	-	-	(134)
135	Accrued expenses Ministries /Portfolios	227	55	55	(172)
51	Accrued expenses other government agencies	-	-	-	-
630	Trade Payables	423	286	286	(137)
1	Other payables	1	-	-	(1)
135	Payroll deductions	53	-	-	(53)
136	Other payables and accruals	54	-	-	(54)
766	Total	477	286	286	(191)

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

Note 7: Employee Entitlements

Prior Year Actual \$'000	Description	Current Year Actual \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Original vs Actual) \$'000
19	Comp time	12	-	-	(12)
101	Retirement and annual leave	186	160	160	(26)
120	Total Employee Entitlements	198	160	160	(38)

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

MINISTRY OF FINANCIAL SERVICES, COMMERCE AND ENVIRONMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 8: Unearned Revenue

Prior Year Actual \$'000	Description	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Original vs Actual) \$'000
	Current Portion				
	- Other unearned revenue	105	148	148	43
	- Total current portion	105	148	148	43
	Non-current Portion				
	- Non-current unearned revenue	-	-	-	-
	- Total unearned revenue	105	148	148	43

Unearned revenue represents grant funds received by the Department of Environment from donors to carry out specific activities. Those activities span a number of months which extend beyond June 2014.

Note 9: Sales of Goods and Services

Prior Year Actual \$'000	Revenue type	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Original vs Actual) \$'000
4,037	Outputs to Cabinet ¹	8,104	9,668	9,668	1,564
27,510	Fees and charges ²	1,447	1,328	1,328	(119)
31,547	Total Sales of Goods and Services	9,551	10,996	10,996	1,445

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

² Fees and Charges comprise mainly of other administrative fees and user charges levied on the public for the delivery of government services. The respective rates and fee structures are gazetted and governed by the relevant revenue laws.

No revenue concessions were granted during the financial year ended 30 June 2014.

MINISTRY OF FINANCIAL SERVICES, COMMERCE AND ENVIRONMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 10: Donations

Prior Year Actual \$'000	Description	Current Year Actual \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Original vs Actual) \$'000
-	Other donations	153	-	-	(153)
-	Total donations	153	-	-	(153)

Note 11: Personnel Costs

Prior Year Actual \$'000	Description	Current Year Actual \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Original vs Actual) \$'000
3,675	Salaries, wages and allowances	5,462	5,956	5,956	494
674	Health care	981	1,125	1,125	144
212	Pension	302	339	339	37
23	Leave	38	-	-	(38)
-	Other personnel related costs	70	10	10	(60)
4,584	Total Personnel Costs	6,853	7,430	7,430	577

MINISTRY OF FINANCIAL SERVICES, COMMERCE AND ENVIRONMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 12: Supplies and Consumables

Prior Year Actual \$'000	Description	Current Year Actual \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Original vs Actual) \$'000
1,570	Purchase of services	1,247	1,864	1,864	617
404	Lease of property and equipment	113	112	112	(1)
334	Travel and subsistence	249	369	369	120
89	Supplies and materials	187	195	195	8
72	Utilities	75	71	71	(4)
63	Interdepartmental expenses	85	55	55	(30)
23	General insurance	35	97	97	62
12	Recruitment and training	34	61	61	27
2	Other	88	1	1	(87)
2,569	Total Supplies and Consumables	2,113	2,825	2,825	712

Note 13: Legal Fees

The Attorney General's Chambers provides litigation services to the Ministry. However during the year ended 30 June 2014 the use of legal services from outside of the Government were authorised by the Attorney General's Office. The costs of these services were \$0 in 2014 and \$144,000 in 2013.

Note 14: (Gains) / Losses

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

MINISTRY OF FINANCIAL SERVICES, COMMERCE AND ENVIRONMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 15: Reconciliation of Net Cash Flows from Operating Activities to Surplus

Prior Year		Current	Original	Revised	Variance
Actual	Description	Year Actual	Budget	Budget	(Original vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
23,356	Surplus for the period	538	504	504	(34)
	<i>Non-cash movements</i>				
65	Depreciation expense	200	237	237	37
-	Provision for doubtful debts	85	-	-	(85)
	Net loss on sale of property plant and equipment	-	-	-	-
826					
	<i>Changes in current assets and liabilities:</i>				
(16,392)	(Increase)/decrease in receivables - Cabinet	21,208	3,246	3,246	(17,962)
(3,443)	(Increase)/decrease in other current assets	99	29,339	29,339	29,240
428	Increase/(decrease) in current liabilities	(317)	(327)	(327)	(10)
	Increase in provisions relating to employee costs	78	-	-	(78)
23					
-	Increase in Unearned revenue	105	-	-	(105)
4,863	Net Cash Flows from Operating Activities	21,996	32,999	32,999	11,003

Note 16: Revenue from Non-Exchange Transactions

During the year ended 30 June 2014, the Ministry received services in-kind in the form of accommodation in the central government building, computer repairs and software maintenance by the computer services department and human resources management by the Portfolio of the Civil Service. The fair value of these services cannot be reliably determined and therefore no expense has been recognised in these financial statements.

Note 17: Contingent Liabilities and Assets

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

**MINISTRY OF FINANCIAL SERVICES, COMMERCE AND ENVIRONMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 18: Commitments

The Ministry has the following operating lease commitments:

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

Note 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 performance

Cabinet Revenue

Revenue from cabinet was \$1.4 million below budget as the Ministry did not pursue some planned activities leading to reduced expenditure.

Personnel Costs

Personnel costs were \$0.5 million below budget due to cost savings arising from Government's overall financial targets and the delayed recruitment of staff to replace those that left.

Supplies and Consumables

Supplies and consumables were \$0.7 million below budget as the Ministry did not pursue some planned activities leading to reduced expenditure.

Statement of financial position

Cash and Cash Equivalents

The actual year-end cash balances were \$12.5 million above budget as the surplus for 2012-13 was not paid during 2013-14.

Trade Receivables

Trade receivables were \$11 million higher than the original budget because the output funding from Cabinet was not drawn down within the financial year.

**MINISTRY OF FINANCIAL SERVICES, COMMERCE AND ENVIRONMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 19: Explanation of Major Variances against Budget (continued)

Property, Plant and Equipment

The balance is \$0.5 million below budget as the Department of Environment assets which were transferred to the Ministry were initially budgeted to be higher.

Repayment of Surplus

The balance is \$25 million higher than original budget because the surplus for 2012-13 was not paid over during the financial year end 30 June 2014.

Note 20: 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.

Key management personnel

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

Prior Year Actual	Description	Current Year Actual	Original Budget	Revised Budget	Variance (Original vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
1,409	Salaries and other short-term employee benefits	1,602	1,592	1,592	(10)
1,409	Total	1,602	1,592	1,592	(10)

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

Note 21: Events occurring after Reporting Date

There were no events to report.

**MINISTRY OF FINANCIAL SERVICES, COMMERCE AND ENVIRONMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 22: Financial Instrument Risks

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

Credit risk

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

Currency and interest rate risk

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

Liquidity risk

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

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

Note 23: Financial instruments – fair values

As at 30 June 2014 and 30 June 2013, the carrying values of cash and cash equivalents, accounts receivable, accounts payable and employee entitlements approximate their fair values due to their relative short-term maturities.

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

MINISTRY OF FINANCIAL SERVICES, COMMERCE AND ENVIRONMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 24: Segment reporting

	Environment		Financial Services		Consolidated	
	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue						
Outputs to Cabinet	2,661	-	5,443	4,037	8,104	4,037
Fees and charges	1	-	1,446	27,510	1,447	27,510
Donations	153	-	-	-	153	-
Total Revenue	2,815	-	6,889	31,547	9,704	31,547
Expenses						
Personnel costs	2,066	-	4,787	4,584	6,853	4,584
Supplies and consumables	408	-	1,705	2,569	2,113	2,569
Legal fees	-	-	-	144	-	144
Other expenses	149	-	51	894	200	894
Total Expenses	2,623	-	6,543	8,191	9,166	8,191
Surplus from Operating Activities	192	-	346	23,356	538	23,356
Assets						
Current Assets	2,664	-	28,522	52,401	31,186	52,401
Fixed Assets	747	-	202	135	949	135
Total Assets	3,411	-	28,724	52,536	32,135	52,536
Liabilities						
Current Liabilities	181	-	25,029	47,186	25,210	47,186
Total Liabilities	181	-	25,029	47,186	25,210	47,186