GOVERNMENT OF THE CAYMANISLANDS

Portfolio of the Civil Service

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30th JUNE 2011

CONTENTS

STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by the Portfolio of Civil Service in accordance with the provisions of the *Public Management and Finance Law* (2010 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* (2010 Revision).

As Acting 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 Portfolio of the Civil Service.

As Acting Chief Officer and Chief Financial Officer we are responsible for the preparation of the Portfolio of Civil Service financial statements, representation and judgements made in these statements.

The financial statements fairly present the financial position, financial performance and cash flows of the Portfolio of Civil Service for the financial year ended 30 June 2011.

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

(a) Completely and reliably reflect the financial transactions of Portfolio of Civil Service for the year ended 30 June 2011;

(b) fairly reflect the financial position as at 30 June 2011 and performance for the year ended 30 June 2011;

(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.

Ian Fenton
Acting Chief Officer

Date- 23 April 2012

Matthew Tibbetts
Chief Financial Officer

Date- 23 April 2012

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AUDITOR GENERAL'S REPORT

To the Members of the Legislative Assembly of the Cayman Islands

I have audited the accompanying financial statements of the Portfolio of the Civil Service which comprise the statement of financial position as at 30 June 2011, 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 notes as set out on pages 6 to 26 in accordance with the provisions of Section 44(3) of the *Public Management and Finance Law (2010 Revision)*.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Public Sector Accounting Standards ("IPSAS"), 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 our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 upon 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 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 we have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

Accounts Receivable

I was unable to satisfy myself as to the accuracy validity and existence of the accounts receivable balance amounting to $1.196M due to lack of provision on doubtful accounts and inadequate records to prove that the amounts were recorded on the books of the respective debtors. I was unable to perform alternative audit procedures to obtain reasonable assurance on the accuracy and existence of the balance at June 30, 2011.

Qualified Opinion

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Portfolio of the Civil Service as of June 30 2011, and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

Alastair Swarbrick, MA (Hons), CPFA
Auditor General

Cayman Islands
23 April 2012

PORTFOLIO OF THE CIVIL SERVICE
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011
(Expressed in Cayman Islands Dollars)

Prior Year Actual CI$000		Note	Current Year Actual CI$000	Final/Original Budget CI$000	Variance (Original vs. Actual) CI$000
	Current Assets				
1,061	Cash and cash equivalents	2	1,603	828	775
1,171	Trade receivables	3	1,583	1,443	140
27	Other receivables	3	23	49	(26)
2,259	**Total Current Assets**		**3,209**	**2,320**	**889**
	Non-Current Assets				
-	Accounts receivables	3	-	5	(5)
230	Property, plant and equipment	4	194	543	(349)
230	**Total Non-Current Assets**		**194**	**548**	**(354)**
2,489	**Total Assets**		**3,403**	**2,868**	**535**
	Current Liabilities				
20	Trade payables	5	38	631	(593)
302	Other payables and accruals	5	282	94	188
-	Unearned revenue		-	42	(42)
(3)	Employee entitlements	6	32	337	(305)
1,031	Repayment of surplus	5	1,912	-	1,912
1,350	**Total Current Liabilities**		**2,264**	**1,104**	**1,160**
	Non-Current Liabilities				
-	Employee entitlements	6	-	11	(11)
-	**Total Non-Current Liabilities**		**-**	**11**	**(11)**
1,350	**Total Liabilities**		**2,264**	**1,115**	**1,149**
1,139	**Net Assets**		**1,139**	**1,753**	**(614)**
	Net Worth				
1,139	Contributed capital		1,139	1,136	3
-	Accumulated surpluses		0	617	(617)
1,139	**Total Net Worth**		**1,139**	**1,753**	**(614)**

The accounting policies and notes on pages 11-26 form an integral part of these financial statements.

PORTFOLIO OF THE CIVIL SERVICE
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2011
(Expressed in Cayman Islands Dollars)

Prior Year Actual CI$000		Note	Current Year Actual CI$000	Final Budget CI$000	Original Budget CI$000	Variance (Original vs. Actual) CI$000
	Revenue					
3,031	Outputs to Cabinet	7	3,268	3,282	3,282	(14)
297	Output to other government agencies	7	-	-	-	-
9	Other revenue		4	-	-	4
3,337	**Total Revenue**		**3,272**	**3,282**	**3,282**	**(10)**
	Expenses					
2,084	Personnel costs	8	1,840	1,945	1,945	(105)
860	Supplies and consumables	9	750	1,285	1,285	(535)
106	Depreciation	4	36	52	52	(16)
3,050	**Total Expenses**		**2,626**	**3,282**	**3,282**	**(656)**
287	**Surplus for the period**		**646**	**-**	**-**	**646**

The accounting policies and notes on pages 11-26 form an integral part of these financial statements.

PORTFOLIO OF THE CIVIL SERVICE
STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDED 30 JUNE 2011
(Expressed in Cayman Islands Dollars)

	Contributed Capital	Accumulated Surplus/(deficit)	Total	Final Budget	Original Budget	Variance (Original vs Actual)
Balance at 30 June 2009 brought forward	1,139	865	2,004	1,753	1,753	251
Changes in net worth for 2009/10						
Prior Year Adjustments	-	(121)	(121)	-	-	(121)
Restated balance	1,139	744	1,883	1,753	1,753	130
Changes in net worth for 2009/10						
Repayment of surplus to Cabinet	-	(1,031)	(1,031)	-	-	-
Surplus for the period 2009/10	-	287	287	-	-	(287)
Balance at 30 June 2010	**1,139**	-	**1,139**	**1,753**	**1,753**	**(483)**

PORTFOLIO OF THE CIVIL SERVICE
STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDED 30 JUNE 2011
(Expressed in Cayman Islands Dollars)

(continued)

	Contributed Capital	Accumulated Surplus/(deficit)	Total	Final Budget	Original Budget	Variance (Original vs Actual)
Balance at 30 June 2010 brought forward	1,139	-	1,139	1,753	1,753	(614)
Changes in net worth for 2010/11						
Prior Year Adjustments	-	235	235	-	-	235
Restated balance	1,139	235	1,374	1,753	1,753	(379)
Changes in net worth for [2010/11]						
Repayment of surplus to Cabinet	-	(881)	(881)	-	-	(881)
Net revenue / expenses recognised directly in net Worth	-	-	-	-	-	-
Surplus/(deficit) for the period 2010/11)	-	-	-	-	-	-
Total recognised revenues and expenses for the Period	-	646	646	-	-	646
Surplus/(deficit)for the (period 2010/11)	-	646	646	-	-	646
Balance at 30 June 2011	**1,139**	**0**	**1,139**	**1,753**	**1,753**	**(614)**

The accounting policies and notes on pages 11-26 form an integral part of these financial statements.

PORTFOLIO OF THE CIVIL SERVICE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011
(Expressed in Cayman Islands Dollars)

Prior Year Actual CI$000		Note	Current Year Actual CI$000	Final Budget CI$000	Original Budget CI$000	Variance (Original vs. Actual) CI$000
	CASH FLOWS FROM OPERATING ACTIVITIES					
	Receipts					
3,188	Outputs to Cabinet		2,864	3,282	3,282	(418)
	Payments					
(2,118)	Personnel costs		(1,855)	(1,945)	(1,945)	90
(1,080)	Supplies and consumables		(467)	(1,285)	(1,285)	818
(10)	**Net cash flows from operating activities**	**11**	**542**	**52**	**52**	**490**
	CASH FLOWS FROM INVESTING ACTIVITIES					
-	Purchase of property, plant and equipment		-	-	-	-
-	Proceeds from sale of property, plant and equipment		-	-	-	-
-	Purchase of sale of investments		-	-	-	-
-	Proceeds from sale of investments		-	-	-	-
-	Cash advances		-	-	-	-
-	Cash receipts from repayment of advances		-	-	-	-
-	**Net cash flows from investing activities**		**-**	**-**	**-**	**-**
	CASH FLOWS FROM FINANCING ACTIVITIES					
-	Equity Investment		-	-	-	-
-	Repayment of Surplus		-	-	-	-
-	Capital withdrawal		-	-	-	-
-	**Net cash flows from financing activities**		**-**	**-**	**-**	**-**
(10)	**Net increase/(decrease) in cash and cash equivalents**		542	52	52	490
1,071	Cash and cash equivalents at beginning of period		1,061	776	776	285
1,061	**Cash and cash equivalents at end of period**		**1,603**	**828**	**828**	**775**

The accounting policies and notes on pages 11-26 form an integral part of these financial statements.

PORTFOLIO OF THE CIVIL SERVICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Description and principal activities

The Portfolio of the Civil Service("the Portfolio") is a Government owned entity as defined by section 2 of the Public Management and Finance Law (2010 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 Deputy Governor as defined in the Annual Plan and Estimates for the Government of Cayman Islands for the financial year ending 30 June 2011.

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.

<u>Changes in Accounting Policies</u>

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

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

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

Note 1: Significant Accounting Policies (continued)

(a) Basis of preparation (continued)

Segment reporting has been included in accordance with IPSAS 18.

(b) Budget amounts

The original budget amounts for the financial year are as presented in the 2010/2011Annual Budget Statement and approved by the Legislative Assembly on the 24 June 2010. The Final Budget is those budget amounts approved in Supplementary Budget.

(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 and in any future periods that are affected by those revisions.

(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 Portfolio 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.

(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.

Note 1: Significant Accounting Policies (continued)

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

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

(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 specific identificationas 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. Items of property, plant and equipment are initially recorded at cost. Where an asset is acquired for nil or nominal consideration, the asset is recognized initially at fair value, where fair value can be reliably determined, and as revenue in the Statement of Financial Performance in the year in which the asset is acquired.

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

PORTFOLIO OF THE CIVIL SERVICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Note 1: Significant Accounting Policies (continued)

(j) Property, Plant and Equipment (continued)

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

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.

(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 Portfolio 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 Portfolio.

Note 1: Significant Accounting Policies (continued)

(k) Employee Benefits (continued)

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

(l) Financial Instruments

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

Classification

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

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

Recognition

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

Measurement

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

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

Note 1: Significant Accounting Policies (continued)

(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.

De-recognition

A financial asset is de-recognition when the Portfolio 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.

(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;
- 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.

(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 Portfolio 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, computer repairs and software maintenance by the computer services department. The entity has designated these non exchange transactions as Services in-Kind as defined under IPSAS 23- Revenue from non-exchange Transactions. When fair values of such services can be reliably estimated then the non-exchange transaction is recorded as an expense and an equal amount is recorded in other income as a service in-kind. Where services in-kind offered are directly related to construction or acquisition of a fixed asset, such service in-kind is recognized in the cost of the fixed asset.

Note 2: Cash and cash equivalents

Cash and cash equivalents include cash on hand; bank accounts in the name of Portfolio maintained at Royal Bank of Canada; and short term deposits invested with the Cayman Islands Government Treasury. As at 30 June 2010 and 30 June 2011 the Portfolio unrestricted cash balances were as presented below. No restricted cash balances were held by the Portfolio at 30 June 2011.

Actual Prior Year	Description	Actual Current Year
CI$000		CI$000
23	Cash on hand	21
23	Cash in transit	10
1,000	CI$ Operational Current Account	1,670
15	Payroll Current Account	(98)
1,061	**TOTAL**	**1,603**

Note 3: Trade receivables and other receivables

At year end all overdue receivables have been assessed and appropriate provisions made.

Actual Prior Year	Trade Receivables	Actual Current Year	Original Budget	Final Budget	Variance (Original vs. Actual
-	Sale of goods and services	-	-	-	-
877	Outputs to Cabinet	263	273	273	(10)
294	Outputs to other government agencies	1,320	973	973	347
-	Other	-	197	197	(197)
-	Less: provision for doubtful debts	-	-	-	-
1,171	**Total trade receivables**	**1,583**	**1,443**	**1,443**	**140**

PORTFOLIO OF THE CIVIL SERVICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Note 3: Trade receivables and other receivables (continued)

Actual Year	Prior	Other Receivables	Actual Current Year	Original Budget	Final Budget	Variance (Original vs Actual)
	27	Advances (salary, Official Travel, etc)	20	49	49	(29)
	-	Dishonouredcheques	-	-	-	-
	-	Interest receivable	-	-	-	-
	-	Other	3	-	-	3
	27	**Total other receivables**	**23**	**49**	**49**	**(26)**

	Trade Receivables	Prior Year Impairment	Net	Gross amount
Current	-	-	-	-
Past due 1-30 days	263	-	263	263
Past due 31-60 days	-	-	-	-
Past due 61-90 days	-	-	-	-
Past due 90 and above	1,343	-	1,343	1,343
Total	**1,606**	-	**1,606**	**1,606**

As of June 30, 2011, accounts receivable are all due within one year from financial position date.

PORTFOLIO OF THE CIVIL SERVICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Note 4: Property, plant and equipment

	2011				
	Leasehold $000	Furniture $000	Computers $000	Other Assets $000	Total $000
Cost					
At July 1, 2010	393	284	131	33	841
Additions	-	-	-	-	-
Disposals/transfers	-	-	-	-	-
At June 30, 2011	393	284	131	33	841
Accumulated depreciation					
At July 1, 2010	393	82	110	26	611
Depreciation charge for the year	-	21	8	7	36
At June 30, 2011	393	103	118	33	647
Net book value at June 30, 2011	**-**	**181**	**13**	**-**	**194**

	2010				
	Leasehold $000	Furniture $000	Computers $000	Other Assets $000	Total $000
Cost					
At July 1, 2009	393	284	131	33	841
Additions	-	-	-	-	-
Disposals/transfers	-	-	-	-	-
At June 30, 2010	393	284	131	33	841
Accumulated depreciation					
At July 1, 2009	328	61	97	19	505
Depreciation charge for the year	65	21	13	7	106
At June 30, 2010	393	82	110	26	611
Net book value at June 30, 2010	**-**	**202**	**21**	**7**	**230**

PORTFOLIO OF THE CIVIL SERVICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Note 5: Trade payables, other payables and accruals

Prior Year CI$000	Description	Current Year CI$000	Final/Original Budget CI$000	Variance (Original vs. Actual) CI$000
20	Creditors	38	11	27
-	Creditors Ministries/Portfolios	219		219
-	Creditors other government agencies	39		39
1	Payroll Deductions	16		16
1,031	Surplus payable	1,912		1,912
295	Accrued Expenses	-		0
6	Other payables	8	620	-612
1,353	**Total trade payables other payables and accruals**	**2,232**	**631**	1,601

Trade and other payables are non-interest bearing and are normally settled on 30-day terms. Included in Creditors Ministries/Portfolios is unearned revenue in the amount of $94K, which is to be repaid to Cabinet.

Surplus Payable

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

Year	Surplus
2004-5 Deficit	-308
2005-6 Deficit	-8
2006-7 Surplus (net of prior period adjustments)	329
2007-8 Surplus	597
2008-9 surplus	255
2009-10 Surplus (net of prior period adjustments)	166
2010-11 Surplus(net of prior period adjustments)	881
Total	**1,912**

Therefore, the Portfolio has a surplus payable to the Cayman Islands Government in the amount of $1,912k as at 30 June 2011; as the Minister of Finance has not confirmed whether the Portfolio can retain any of the surpluses achieved in prior years.

PORTFOLIO OF THE CIVIL SERVICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Note 6: Employee entitlements

Actual Prior Year CI$000		Actual Current Year CI$000	Final/Original Budget CI$000	Variance (Original vs. Actual CI$000
	Current employee entitlements are represented by:			
(3)	Annual Leave	31	337	(306)
-	Comp Time	1	-	1
(3)	Total current portion	32	337	(305)
	Non-current employee entitlements are represented by:			
-	Retirement and long service leave	-	11	(11)
(3)	**Total employee entitlements**	**32**	**348**	**(316)**

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

Note 7: Revenue

Actual Prior Year CI$000	Description	Actual Current Year CI$000	Original Budget CI$000	Final Budget CI$000	Variance (Original vs. Actual) CI$000
3,031	Outputs to Cabinet	3,268	3,282	3,282	(14)
297	Outputs to other government agencies	-	-	-	-
-	Fees and charges	-	-	-	-
-	General sales	-	-	-	-
-	Rentals	-	-		-
9	Other	4	-	-	4
3,337	**Total sales of goods and services**	**3,272**	**3,282**	**3,282**	**(10)**

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

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Note 8: Personnel costs

Actual Prior Year CI$000	Description	Actual Current Year CI$000	Original Budget CI$000	Final Budget CI$000	Variance (Original vs. Actual) CI$000
1,748	Salaries, wages and allowances	1,553	1,702	1,702	(149)
169	Health care	146	144	144	2
207	Pension	91	99	99	(8)
(40)	Leave	35	-	-	35
-	Other personnel related costs	15	-	-	15
2,084	**Total Personnel Costs**	**1,840**	**1,945**	**1,945**	**(105)**

Note 9: Supplies and consumables

Actual Prior Year CI$000	Description	Actual Current Year CI$000	Original Budget CI$000	Final Budget CI$000	Variance (Original vs. Actual CI$000
15	Supplies and Materials	10	333	333	(323)
579	Purchase of services	428	494	494	(66)
150	Lease of Property and Equipment	144	199	199	(55)
80	Utilities	71	135	135	(64)
15	General Insurance	13	27	27	(14)
3	Interdepartmental expenses	30	30	30	-
19	Travel and Subsistence	12	67	67	(55)
-	Recruitment and Training	39	-	-	39
-	Other	3	-	-	3
860	Total Supplies & Consumables	**750**	**1,285**	**1,285**	**(535)**

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Note 10: Revenue from Non Exchange Transactions

During the year ended 30 June 2011, the Portfolio received services in-kind in the form of accommodation in the central government building, computer repairs and software maintenance by the computer services department.The fair value of these services cannot be determined and therefore no expense has been recognized in these financial statements.

Note 11: Reconciliation of net cash flows from operating activities to surplus/ (deficit)

Actual Prior year CI$000	Description	Actual Current year CI$000	Final/Original Budget CI$000	Variance (Original vs. Actual) CI$000
287	**Surplus/(deficit) from ordinary activities**	646	0	646
(121)	Prior Period adjustments	235		235
	Non-cash movements			0
106	Depreciation expense	36	53	-17
	Changes in current assets and liabilities:			0
2	(Increase)/decrease in other current assets	-	0	
244	(Increase)/decrease in receivables	(408)	0	-408
(483)	Increase/(decrease) in payables	(2)	0	-2
(45)	Increase/(decrease) in provisions relating to employee costs	35	0	35
(10)	Net cash flows from operating activities	**542**	**53**	489

Note 12: Related party and key management personnel disclosures

Related party disclosure

The Portfolio is a wholly owned entity of the government from which it derives a major source of its revenue. The Portfolio 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 2011 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

There are two members of staff at the senior management level in 2011 (6: 2010)

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Note 12: Related party and key management personnel disclosures (continue)

Prior year actual	Description	Current year actual	Number of persons
578,400	Salaries & other short-term employee benefits	215,642	2
-	Past employee benefits	-	-
-	Other long-term benefits	-	-
-	Termination benefits	-	-
-	Loans	-	-
578,400	**Total**	**215,642**	**2**

No loans were granted to key management personnel or their close relatives during the financial year

NOTE 13: Explanation of major variances against budget

Explanations for major variances for the Portfolio of the Civil Service performance against the original budget are as follows:

Statement of financial performance

Cabinet revenue

Revenue from cabinet was $14K below budget due to significant delivery of certain outputs based on demand.

Other Revenue

There was no revenue from other sources.

Personnel Costs

Personnel costs were $105K below budget due to budget cuts and delaying filling of vacant position.

Supplies and consumables

Supplies and consumables were $535K below budget due to budget cuts and renegotiating contracts.

Depreciation

Depreciation expenses were $16K below budget due to updating of the fixed asset register.

NOTE 13: Explanation of major variances against budget (continue)

Statement of financial position

Cash and cash equivalents
The actual year-end cash balances were $775K above budget due to delays in paying expenses.

Debtors and other receivables
The actual year-end debtors and other receivables balances were higher than the original budget due to delaying in collecting revenue.

Fixed assets
Fixed assets were $347K lower than the original budget due to leasehold improvements being deprecation over 3 years rather 12 as previously budgeted for.

Creditors and other payables
Creditors, accruals and other payables were $405K higher than the original budget due to late receipt of invoices.

Employee Entitlements
Employee entitlements were lower than budget by $305K due to a directive being given to reduce leave liability by taking leave before year-end.

Statement of cash flows

Cash from operating activities
The increase in cash from operating activities is due to expenses being lower than budgeted.

NOTE 14: Financial instrument risks

The Portfolio 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 Portfolio is subject to credit risk from debtors other than the Cabinet. The Portfolio does not have significant concentrations of credit risk for its other financial instruments.

NOTE 14: Financial instrument risks (continue)

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

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

NOTE: 15 Appropriations used

Appropriation Description (including Output number and name)	Amount appropriated	Appropriation Used	Variance
CIV 1 – Policy Advice to the Head of the Civil Service	490,487	476,294	14,193
CIV 2 – Auditing Compliance with HR Policies	386,626	386,626	-
CIV 3 – Management of Public Sector Reform	316,888	316,888	-
CIV 6 – Support & Advice to the Civil Service Appeals Commission	240,519	240,519	-
CIV 7 – Workforce Development within the Civil Service- Civil Service College	806,185	806,185	-
CIV 8 – Human Resource Services	1,041,467	1,041,467	-
TOTAL	**3,282,172**	**3,267,979**	**14,193**

NOTE: 16 Subsequent Events

Ownership of Property, plant and equipment in the amount of $181K (NBV) were transferred to other government departments, at no cost, on February 28th and 29th, 2012.