



GOVERNMENT OF THE CAYMAN ISLANDS

MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30th JUNE 2010

Financial Statements for the year ended 30 June 2010

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STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by the Ministry of Education, Training & Employment 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 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 Education, Training & Employment.

As Chief Officer and Chief Financial Officer we are responsible for the preparation of the Ministry of Education, Training & Employment 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 Education, Training & Employment for the financial year ended 30 June 2010, with the exception of the following which was represented to the Office of the Auditor General:

- In some instances due to historical deficiencies under the management of our predecessors, limited assurance was provided on the opening balances, which has resulted in several of the qualifications listed.
- Fixed Assets - the value of property, plant and equipment needs to be revalued in accordance with IPSAS 17, however, this has to be done at the Entire Public Sector level and is outside of the control of this Ministry
- The Expensed AP Accrual account has a relative system flaw which would have affected the opening balance.

To the best of our knowledge we represent that these financial statements, with the exception of the items listed above:

- (a) Completely and reliably reflect the financial transactions of the Ministry of Education, Training & Employment for the year ended 30 June 2010;
- (b) fairly reflect the financial position as at 30th June 2010 and performance for the Year ended 30th June 2010;
- (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.



Mary Rodriguez
Chief Officer

Date- 4/DEC/12



Nicola Anderson-Wildman
Chief Financial Officer

Date- 4/DEC/12

AUDITOR GENERAL'S REPORT

To the Chief Officer of the Ministry Education, Training & Employment and the Members of the Legislative Assembly of the Cayman Islands

I have audited the accompanying financial statements for the Ministry of Education, Training & Employment, which comprise the statement of financial position as at 30 June 2010 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 11 to 31 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 for the Financial Statements

My responsibility is to express an opinion on these financial statements based on our 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 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 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 we have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis for Qualified Opinion

Property, plant & equipment

Management represented that they could not assert to the value of property, plant and equipment of \$159M on the statement of financial position at 30 June 2010 as the Ministry's assets were not revalued in five years preceding the year ended 30 June 2010 in accordance with Financial Regulations (2008 revision) and as required by IPSAS 17.

Accounts Receivable

I was unable to satisfy myself that the amount of \$424 thousand reported as trade receivables is collectible due to lack of adequate supporting evidence. I was unable to perform alternative audit procedures to obtain reasonable assurance on the collectability of the amounts at June 30, 2010.

Prepayments

I was unable to satisfy myself that the amount of \$274,017 reported as prepaid system only is accurate due to lack of supporting documents.

Accounts Payable

Management represented that they could not assert to the accuracy of the Expense AP Accrual balance in the amount of \$1.5M due to a system flaw in IRIS – Oracle application which does not update the account with activities on the purchase orders.

Other Payables & Accruals

I was unable to carry out satisfactory audit procedures to obtain reasonable assurance for the accuracy of the inter entity due balance of \$250 thousand at June 30, 2010 due to inadequate supporting documents.

Employee Entitlement

I was unable to carry out satisfactory audit procedures to obtain reasonable assurance for the accuracy of salary related entitlement of \$1.19M at June 30, 2010 due to lack of supporting documents.

Personnel Costs

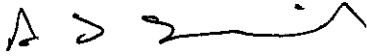
I was unable to carry out satisfactory audit procedures to obtain reasonable assurance for the accuracy of movement in annual leave provision of \$696 thousand at June 30, 2010 due to lack of supporting documents.

Net Worth

I was unable to satisfy myself that the amount of \$181M reported as net worth on the statement of financial position at 30 June 2010 was fairly stated because of the lack of adequate records on the beginning balance amounting to \$178M relating to the 2008-09 opening balances. In addition, I did not receive supporting evidence for a year end journal in the amount of \$539 thousand.

Qualified Opinion for the Financial Statements

In my opinion, except for the effects of the matters described in the Basis of Qualified Opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Ministry of Education, Training and Employment as of 30 June 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.



Alastair J. Swarbrick, MA (Hons), CPFA
Auditor General

Cayman Islands
4 December 2012

MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010
(Expressed in Cayman Islands Dollars)

Prior Year Actual CIS\$000		Note	Current Year Actual CIS\$000	Final/Original Budget CIS\$000	Variance (Original vs. Actual) CIS\$000
	Current Assets				
20,127	Cash and cash equivalents	2	26,400	9,664	16,736
15,413	Trade receivables	3	9,799	2,405	7,394
2,683	Other receivables	3	1,754	9,255	(7,501)
1,653	Prepayments		1,805	-	1,805
39,876	Total Current Assets		39,758	21,324	18,434
	Non-Current Assets				
162,311	Property, plant and equipment	4	158,800	258,633	(99,833)
162,311	Total Non-Current Assets		158,800	258,633	(99,833)
202,187	Total Assets		198,558	279,957	(81,399)
	Current Liabilities				
19,726	Trade payables	5	12,688	5,000	7,688
2,491	Other payables and accruals	5	3,332	5,521	(2,189)
703	Unearned revenue	5	31	-	31
647	Employee entitlements	6	1,267	2,589	(1,322)
23,567	Total Current Liabilities		17,318	13,110	4,208
23,567	Total Liabilities		17,318	13,110	4,208
178,620	Net Assets		181,240	266,847	(85,607)
	Net Worth				
168,851	Contributed capital		199,161	246,440	(47,279)
20,407	Revaluation reserve		-	20,407	(20,407)
(10,638)	Accumulated deficits		(17,921)	-	(17,921)
178,620	Total Net Worth		181,240	266,847	(85,607)

The accounting policies and notes on pages 11 to 31 form part of these financial statements.

MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2010
(Expressed in Cayman Islands Dollars)

Prior Year Actual CIS000		Note	Current Year Actual CIS000	Final /Original Budget CIS000	Variance (Original vs. Actual) CIS000
Revenue					
84,908	Sale of goods and services	8	68,432	70,139	(1,707)
19	Investment revenue	9	4	-	4
570	Donations	10	64	-	64
1,685	Other non-operating revenue		-	-	-
87,182	Total Revenue		68,500	70,139	(1,639)
Expenses					
53,199	Personnel costs	11	49,606	51,779	(2,173)
17,076	Supplies and consumables	12	13,724	13,921	(197)
3,832	Depreciation	4	4,640	4,439	201
(9)	Gains/(losses) on foreign exchange transactions	14	8	-	8
-	Gains/(losses) on disposal/revaluation of property, plant and equipment	14	14	-	14
2,028	Extraordinary items		27	-	27
8,062	Capital charge	15	-	-	-
3,511	Other expenses		-	-	-
87,699	Total Expenses		68,019	70,139	(2,120)
(517)	Surplus or (Deficit) for the period		481	-	481

The accounting policies and notes on pages 11 to 31 form part of these financial statements.

MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDED 30 JUNE 2010
(Expressed in Cayman Islands Dollars)

	Attributable to Cayman Islands Government					Variance
	Contributed Capital	Capital Withdrawal	Revaluation Reserve	Accumulated Surplus/ (deficits)	Total Net worth	(Original vs. Actual)
	CIS000	CIS000	CIS000	CIS000	CIS000	CIS000
Balance at 30 June 2008	105,757	(421)	20,407	(10,294)	115,449	(20,213)
Prior Year Adjustments	87	-	-	-	87	87
Restated balance	105,844	(421)	20,407	(10,294)	115,536	(20,126)
Changes in net worth for 2008/09						
Equity Investment from Cabinet	63,601	-	-	-	63,601	(4,399)
Capital withdrawals by Cabinet	-	-	-	-	-	-
Net revenue / expenses recognised directly in net worth	63,601	-	-	-	63,601	(4,399)
Surplus/(deficit) for the period 2008/09	-	-	-	(517)	(517)	(517)
Total recognised revenues and expenses for the period	63,601	-	-	(517)	63,084	(4,916)
Balance at 30 June 2009 carried forward	169,445	(421)	20,407	(10,811)	178,620	(25,042)

MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDED 30 JUNE 2010
(Expressed in Cayman Islands Dollars)

Continued

	Attributable to Cayman Islands Government					Variance
	Contributed Capital	Capital withdrawal	Revaluation Reserve	Accumulated Surplus/(defici ts)	Total Net worth	(Original vs Actual)
Balance at 30 June 2009 brought forward	169,445	(421)	20,407	(10,811)	178,620	(25,042)
Change in compliment of the Ministry (note a below)	(287)	-	(20,407)	9,510	(11,184)	10,177
Restated balance at 30 June 2009 brought forward	169,158	(421)	-	(1,301)	167,436	(14,865)
Changes in net worth for 2009/10						
Prior Year Adjustments (note a below)	2,452	-	-	(17,101)	(14,649)	(14,649)
Restated balance	171,610	(421)	-	(18,402)	152,787	(29,514)
Equity Investment from Cabinet	27,972	-	-	-	27,972	(56,574)
Net revenue / expenses recognised directly in net worth	27,972	-	-	-	27,972	(56,574)
Surplus/(deficit) for the period 2009/10	-	-	-	481	481	481
Total recognised revenues and expenses for the period	27,972	-	-	481	28,453	(56,093)
Balance at 30 June 2010	199,582	(421)	-	(17,921)	181,240	(85,607)

Note a – the composition of the Ministry changed in between the fiscal years 2008/9 and 2009/10, with the Department of Sports and the Youth Services Unit being moved from this Ministry and the Cayman Islands National Archives being added to the Ministry. The distinction in the restatement of the opening balance in 2009/10 is indicated above as a result of the change in composition.

The accounting policies and notes on pages 11 to 31 form part of these financial statements.

MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010
(Expressed in Cayman Islands Dollars)

Prior Year Actual CIS000		Note	Current Year Actual CIS000	Final/Original Budget CIS000	Variance (Original vs. Actual) CIS000
CASH FLOWS FROM OPERATING ACTIVITIES					
	<i>Receipts</i>				
91,421	Outputs to Cabinet		68,523	69,562	(1,039)
448	Sale of goods and services - third party		5,763	918	4,845
85	Interest received		4	-	4
570	Donations/Grants		64	-	64
671	Other receipts		-	-	-
	<i>Payments</i>				
(55,135)	Personnel costs		(48,987)	(51,651)	2,664
(18,705)	Supplies and consumables		(19,086)	(24,476)	5,390
(2,019)	Other payments		(8)	-	(8)
17,336	Net cash flows from operating activities	16	6,273	(5,647)	11,920
CASH FLOWS FROM INVESTING ACTIVITIES					
(66,509)	Purchase of property, plant and equipment		(34,802)	(89,327)	54,525
(66,509)	Net cash flows from investing activities		(34,802)	(89,327)	54,525
CASH FLOWS FROM FINANCING ACTIVITIES					
63,689	Equity Investment		34,802	84,545	(49,743)
63,689	Net cash flows from financing activities		34,802	84,545	(49,743)
14,516	Net increase/(decrease) in cash and cash equivalents		6,273	(10,429)	16,702
5,611	Cash and cash equivalents at beginning of period		20,127	20,093	34
20,127	Cash and cash equivalents at end of period		26,400	9,664	16,736

The accounting policies and notes on pages 11 to 31 form part of these financial statements.

**MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

Description and principal activities

The Ministry of Education, Training & Employment (further referred to as the “Ministry”), 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 Minister of Education, Training & Employment as defined in the Annual Plan and Estimates for the Government of Cayman Islands for the financial year ending 30 June 2010.

In addition, the Ministry has reported the activities and trust monies that it administers on behalf of Cabinet.

The composition of the Ministry changed between the fiscal year’s 2008/9 and 2009/10 with the Department of Sports and the Youth Services Unit being transferred to another Ministry. The Cayman Islands National Archives was added to the Ministry. The change in composition of the Ministry will therefore be reflected in the presentation of the financial statements.

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.

**MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

Note 1: Significant Accounting Policies (continued)

Changes in Accounting Policies

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

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

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

(b) Budget amounts

The original budget amounts for the financial year are as presented in the 2009/2010 Annual Budget Statement and approved by the Legislative Assembly on the 14 October 2009. The Final Budget is those budget amounts approved in Legislative Assembly. There is a supplementary budget which is pending approval of Cabinet.

(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).

**MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

Note 1: Significant Accounting Policies (continued)

(d) Revenue (continued)

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.

(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.

(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.

**MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

Note 1: Significant Accounting Policies (continued)

(i) Inventories (continued)

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. 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.

<u>Asset Type</u>	<u>Estimated Useful life</u>
• Buildings and structures	10 – 60 years
• Building fit-out (when accounted for separately)	5 – 25 years
• Leasehold Improvement	Over the unexpired period of lease Or 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

**MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

Note 1: Significant Accounting Policies (continued)

(j) Property, Plant and Equipment (continued)

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 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 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.

**MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

Note 1: Significant Accounting Policies (continued)

(l) Financial Instruments (continued)

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

Recognition

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

Measurement

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

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-recognition 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.

**MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

Note 1: Significant Accounting Policies (continued)

(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.

MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

Note 2: Cash and cash equivalents

Cash and cash equivalents include cash on hand; bank accounts in the name of Ministry of Education, Training & Employment maintained at Royal Bank of Canada and short term deposits invested with the Cayman Islands Government Treasury. As at 30 June 2009 and 30 June 2010 the Ministry's unrestricted cash balances were as presented below. No restricted cash balances were held by the Ministry at 30 June 2010.

Actual Year \$000	Prior	Description	Actual Current Year \$000
	6	Cash on hand (IRIS Confirmation Account/Petty Cash)	-
	36	Cash in transit (IRIS Remittance Account)	21
17,190		CI\$ Operational Current Account held at Royal Bank of Canada	20,679
523		US\$ Operational Current Account held at Royal Bank of Canada	565
(4)		Payroll Current Account held at Royal Bank of Canada	2,750
2,376		Fixed Deposits held with Treasury (less than 90 days)	2,385
20,127		TOTAL	26,400

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.

Actual Prior Year CIS000	Trade Receivables	Actual Current Year CIS000	Final/Original Budget CIS000	Variance (Original vs. Actual CIS000)
-	Sale of goods and services	-	-	-
9,621	Outputs to Cabinet	8,759	2,405	6,354
57	Outputs to other government agencies	625	-	625
5,735	Outputs to others	1,085	-	1,085
-	Less: provision for doubtful debts	(670)	-	(670)
15,413	Total trade receivables	9,799	2,405	7,394

MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

Note 3: Trade receivables and other receivables (continued)

Actual Prior Year CIS000	Other Receivables	Actual Current Year CIS000	Final/Original Budget CIS000	Variance (Original vs. Actual CIS000)
967	Advances (salary, official, travel, etc.)	690	-	690
13	Dishonoured cheques	-	-	-
1	Interest receivable	1	-	1
1,702	Others	1,063	9,255	(8,192)
2,683	Total other receivables	1,754	9,255	(7,501)

	Trade Receivables CIS000	Other Receivables CIS000	Gross amount CIS000
Current	-	-	-
Past due 1-30 days	8,391	691	9,082
Past due 31-60 days	-	-	-
Past due 61 and above	-	-	-
Past due 90 and above	2,077	1,063	3,140
Total	10,468	1,754	12,222

Changes in the provision of doubtful debts:

Actual Prior Year CIS000	Description	Actual Current Year CIS000
-	Balance at 1 July	-
-	Additional provisions made during the year	670
-	Receivables written off during the year	-
-	Balance at 30 June	670

MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

Note 4: Property, plant and equipment

	2010										
	Land \$000	Plant and Equipment \$000	Buildings \$000	Furniture \$000	Computers \$000	Office Equipment \$000	Other Assets \$000	Infrastruc- ture \$000	Motor Vehicles \$000	Constructio n in progress \$000	Total \$000
<u>Cost</u>											
At July 1, 2009	477	947	93,239	3,069	4,748	1,787	5,611	6	1,366	113,375	224,625
Adjustments due to change in composition of the Ministry	-	(61)	(6,850)	(19)	(20)	(4)	(3,989)	0	(61)	(974)	(11,978)
Restated balance at July 1, 2009	477	886	86,389	3,050	4,728	1,783	1,622	6	1,305	112,401	212,647
Additions	-	320	7,045	58	544	206	-	5	151	25,579	33,908
Disposals	-	-	-	(3)	(10)	-	-	-	-	-	(13)
Transfers/adjustments	(477)	-	(20,144)	-	-	-	-	-	(9)	-	(20,630)
At June 30, 2010	-	1,206	73,290	3,105	5,262	1,989	1,622	11	1,447	137,980	225,912
<u>Accumulated depreciation</u>											
At July 1, 2009	-	555	53,072	1,333	3,935	1,364	948	4	1,103	-	62,314
Adjustments due to change in composition of the Ministry	-	(15)	(278)	(5)	(18)	(2)	-	-	(61)	-	(379)
Restated balance at July 1, 2009	-	540	52,794	1,328	3,917	1362	948	4	1,042	-	61,935
Depreciation charge for the year	-	118	3,059	296	680	282	137	8	61	-	4,641
Adjustments	-	263	32	10	2	202	3	(2)	26	-	536
At June 30, 2010	-	921	55,885	1,634	4,599	1,846	1,088	10	1,129	-	67,112
Net book value at June 30, 2010	-	285	17,405	1,471	663	143	534	1	318	137,980	158,800

MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

Note 4: Property, plant and equipment (continued)

	2009										
	Land \$000	Plant and Equipment \$000	Buildings \$000	Furniture \$000	Computers \$000	Office Equipment \$000	Other Assets \$000	Infrastruc- ture \$000	Motor Vehicles \$000	Constructio n in progress \$000	Total \$000
<u>Cost</u>											
At July 1, 2008	477	930	93,227	3,075	4,751	1,786	5,611	6	1,311	45,788	156,962
Additions	-	18	1,375	66	-	1	-	-	-	67,587	69,047
Disposals	-	-	-	-	-	-	-	-	-	-	0)
Transfers/adjustments	-	(1)	(1,363)	(72)	(3)	-	-	-	55	-	(1,384)
At June 30, 2009	477	947	93,239	3,069	4,748	1,787	5,611	6	1,366	113,375	224,625
<u>Accumulated depreciation</u>											
At July 1, 2008	-	447	50,628	1,100	3,347	1,066	853	4	1,044	-	58,489
Depreciation charge for the year	-	105	2,450	252	590	293	92	-	49	-	3,831
Adjustments	-	3	(6)	(19)	(2)	5	3	-	10	-	(6)
At June 30, 2009	-	555	53,072	1,333	3,935	1,364	948	4	1,103	-	62,314
Net book value at June 30, 2009	477	392	40,167	1,736	813	423	4,663	2	263	113,375	162,311

Note a – the composition of the Ministry changed in between the fiscal year's 2008/9 and 2009/10 with the Department of Sports and the Youth Services Unit being moved from this Ministry and Cayman Islands National Archives being added to the Ministry. The distinction in the restatement of the opening balance in 2009/10 is done above as a result of the change in composition.

Note b – adjustments were made to move the value of land off the Ministry's books. Some values were also included in the value of buildings from as far back as 2002.

Note c – the grouping of Construction in Progress and Other Assets has been adjusted.

MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

Note 5: Trade payables, other payables and accruals

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

Actual Prior Year CIS000		Actual Current Year CIS000	Final/Original Budget CIS000	Variance (Original vs. Actual CIS000)
19,726	Creditors	12,688	5,000	7,688
703	Unearned revenue	31	-	31
2,491	Accrued Expenses	3,332	5,521	(2,189)
	Payroll deductions	-	-	-
22,920	Total trade payables, other payables and accruals	16,051	10,521	5,530

Note 6: Employee entitlements

Actual Prior Year CIS000		Actual Current Year CIS000	Final/Original Budget CIS000	Variance (Original vs. Actual CIS000)
	<i>Current employee entitlements are represented by:</i>			
116	Annual Leave	1,190	2,589	(1,399)
531	Other leave entitlements	77	-	77
647	Total current portion	1,267	2,589	(1,322)
	<i>Non-current employee entitlements are represented by:</i>			
-	Retirement and long service leave	-	-	-
647	Total employee entitlements	1,267	2,589	(1,322)

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 EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

Note 7: 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 computer repair and software maintenance by the computer services department and human resource 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. The fair value of these services cannot be determined and therefore no expense has been recognized in these financial statements.

Note 8: Revenue

Actual Year	Prior Year	Revenue type	Actual Current Year	Final/Original Budget	Variance (Original vs. Actual)
			CI\$000	CI\$000	CI\$000
	84,064	Outputs to Cabinet	68,120	69,561	(1,441)
	8	Outputs to other government agencies	2	578	(576)
	630	Fees and charges	133	-	133
	3	General sales	14	-	14
	113	Rentals	104	-	104
	90	Other	-	-	-
	-	Output to others	59	-	59
	84,908	Total sales of goods and services	68,432	70,139	(1,707)

Note 9: Investment revenue

Actual Year	Prior Year	Revenue type	Actual Current Year	Final/Original Budget	Variance (Original vs. Actual)
			CI\$000	CI\$000	CI\$000
	19	Interest on deposits held with Treasury	4	-	4
	19	Total investment revenue	4	-	4

MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
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Note 10: Donations

Actual Prior Year	Source	Purpose	Actual Current Year	Final/Original Budget	Variance (Original vs. Actual)
CI\$000			CI\$000	CI\$000	CI\$000
570	Various	Various	64	-	64
570	Total donations		64	-	64

Various donations were made by companies or persons to aid in the operations of the departments of the Ministry.

Note 11: Personnel costs

Actual Prior Year	Description	Actual Current Year	Final/Original Budget	Variance (Original vs. Actual)
CI\$000		CI\$000	CI\$000	CI\$000
43,917	Salaries, wages and allowances	40,271	42,037	(1,766)
6,617	Health care	6,159	6,978	(819)
2,387	Pension	2,137	2,262	(125)
(257)	Movement in annual leave	679	20	659
535	Other personnel related costs	360	482	(122)
53,199	Total Personnel Costs	49,606	51,779	(2,173)

Note 12: Supplies and consumables

Actual Prior Year	Description	Actual Current Year	Final/Original Budget	Variance (Original vs. Actual)
CI\$000		CI\$000	CI\$000	CI\$000
3,795	Supplies and Materials	1,881	2,635	(754)
5,259	Purchase of services	4,569	4,813	(244)
919	Lease of Property and Equipment	757	798	(41)
4,220	Utilities	3,635	3,109	526
2,042	General insurance	1,926	1,878	48
254	Interdepartmental expenses	126	85	41
236	Travel and Subsistence	98	233	(135)
351	Other	732	370	362
17,076	Total Supplies & consumables	13,724	13,921	(197)

**MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

Note 13: Litigation costs

There were no operational litigation costs incurred by the Ministry.

Note 14: Gains / (Losses)

During the period the Ministry disposed of furniture and computers that was used for education and administrative purposes. The net loss on disposals was \$14,000. Approval was obtained to dispose of these assets.

Actual Year	Prior Year	Revenue type	Actual Current Year	Final/Original Budget	Variance (Original vs. Actual)
			CI\$000	CI\$000	CI\$000
		- Net gain/(loss) on disposal of property, plant and equipment	14	-	14
	(9)	Net gain/(loss) on foreign exchange	8	-	8
	(9)	Total gains/(losses)	22	-	22

Note 15: Capital charge

A capital charge is payable to the Portfolio of Finance and Economics as required by Public Management and Finance Law, (2010 Revision) section 41(5). The Financial Secretary annually sets the capital charge rate which was 0% as no capital was budgeted for in 2009-10 (2009: 5.95%). The capital charge is recorded semi-annually, on December 31 and June 30 and calculated by multiplying the capital charge rate by the net assets/net worth amount. For 2009-10, the capital charge is \$0K (2009: \$8K).

MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

Note 16: 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
(517)	Surplus/(deficit) from ordinary activities	481	-	(481)
	Non-cash movements			
3,833	Depreciation expense	4,640	4,439	(201)
2	Gain/(loss) on sale of property, plant and equipment	14	-	(14)
-	Foreign exchange gains/(losses)	7	-	(7)
	Increase in provision for doubtful debts	390	-	(390)
(327)				
	Changes in current assets and liabilities:			
(963)	(Increase)/decrease in other current assets	(224)	-	224
7,281	(Increase)/decrease in receivables	4,790	339	(4,451)
-	(Increase)/decrease in receivables - Cabinet	863	-	(863)
9,792	(Increase)/(decrease) in payables	(5,309)	(10,555)	(5,246)
(1,765)	(Increase)/decrease in provisions related to employee cost	621	130	(491)
17,336	Net cash flows from operating activities	6,273	(5,647)	(11,920)

MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

Note 17: Contingent liabilities and assets

There are no current contingent liabilities and assets.

Note 18: Commitments

Prior Year Actual CI\$000	Type	One year or less CI\$000	One to five Years CI\$000	Over five Years CI\$000	Total CI\$000
	Capital Commitments				
-	Property, plant and equipment	-	-	-	-
56,896	Other fixed assets – construction in progress	27,972	51,780	-	79,752
-	Other commitments (list separately if material)	-	-	-	-
56,896	Total Capital Commitments	27,972	51,780	-	79,752
	Operating Commitments				
-	Non-cancellable accommodation leases	-	-	-	-
-	Other non-cancellable leases	-	-	-	-
-	Non-cancellable contracts for the supply of goods and services	-	-	-	-
919	Other operating commitments	919	619	-	1,538
919	Total Operating Commitments	919	619	-	1,538
57,815	Total Commitments	28,891	52,399	-	81,290

The Ministry has medium to long term accommodation leases for the premises it occupies in the George Town area and also in West Bay for the Sunrise Centre. The annual leases range from 1 to 3 years. The amounts disclosed above as future commitments are based on the current rental rates.

The Ministry has entered into contracts related to the building of the new schools for the future year. The amount is indicated above.

**MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

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 \$1.7 million below budget due to efficiencies resulting in the Ministry achieving most targets without exceeding the price to Cabinet.

Other Revenue

Revenue from other sources was \$68,000 above budget due to donations and revenue received from miscellaneous receipts.

Personnel Costs

Personnel costs were \$2.174 million below budget due to delay in filling of positions, and also budgetary restrictions.

Supplies and consumables

Supplies and consumables were below budget due to efficiencies introduced as a result of increased budgetary restrictions.

Depreciation

Depreciation expenses were \$201,000 below budget due to timing of purchases and capitalization of depreciable assets.

Statement of financial position

Cash and cash equivalents

The actual year-end cash balances were \$16.7 million above budget due to good cash management and timing of capital payments.

Debtors and other receivables

The actual year-end debtors and other receivables balances were slightly higher than the original budget due to amounts related to Debtor Cabinet awaiting receipt. The gross figure was reduced by a provision of doubtful debts.

**MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

NOTE 19: Explanation of major variances against budget (Continued)

Fixed assets

Fixed assets were lower than the original budget due to delays in the new schools project. There was also an adjustment to move the value of land off the books of the Ministry as these amounts were Crown land held at the Executive level of Government. These amounts had been on the books since 2002.

Creditors and other payables

Creditors, accruals and other payables were higher than the original budget due to the timing of payments.

Statement of cash flows

Cash from operating activities

The decrease in cash from operating activities is due to timing of recurrent payments, and also as a result of cash restrictions on recurrent expenditure.

Cash from investing activities

The decrease in cash from investing activities is due to delays in the new schools project.

Cash from financing activities

The decrease in cash from financing activities is due to delays in the new schools project.

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 2010 and were consistent with normal operating relationships between entities and were undertaken on terms and conditions that are normal for such transactions.

**MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

NOTE 20: Related party and key management personnel disclosures (continued)

Key management personnel

Key management personnel salaries paid by this Ministry are summarised below.

Actual Year	Prior Year	Description	Actual Year	Current Year	Number of Persons
				CI\$000	
	628	Salaries & other short-term employee benefits		651	5
		- Past employee benefits		-	-
		- Other long-term benefits		-	-
		- Termination benefits		-	-
		- Loans		-	-
	628	Total gains/(losses)		651	-

There are no loans granted to key personnel.

NOTE 21: Events occurring after reporting date

There are no subsequent events.

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.

MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

NOTE 22: Financial instrument risks (continued)

Liquidity risk

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

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

NOTE 23: Appropriations used

	<i>Actual</i>	<i>Full Year Budget</i>	<i>Variance</i>
	<i>JUN-10</i>	<i>JUN-10</i>	<i>JUN-10</i>
	-----	-----	-----
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
ETE 1- Policy Advice, Governance and Ministerial Support Services	4,284	4,284	0
ETE 2- Job Placement and Employer Support Activities	890	890	0
ETE 3- Employment Regulatory Activities	1,276	1,276	0
ETE 4- School Assessment Services	1,098	1,098	0
ETE 5- Public Library Services	1,320	1,320	0
ETE 6- Primary Education	16,869	16,869	0
ETE 7- Secondary Education	19,077	19,077	0
ETE 8- Education for Students with Special Needs	4,092	4,092	0
ETE 9 - Other Public Training and Educational Activities	4,415	4,607	192
ETE 10 - Preservation and Management of Records	1,244	1,244	0
ETE 11- Facilities Management	12,474	12,474	0
ETE 13- Training and Support for Adults with Disabilities	<u>1,081</u>	<u>1,081</u>	<u>0</u>
	68,120	68,312	192
 EI 12- Ministry of Education, Training and Employment	 27,972	 58,423	 30,451