



GOVERNMENT OF THE CAYMAN ISLANDS

MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2011**

Financial Statements for the year ended 30 June 2011

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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 2011, with the exception of the following which was represented to the Office of the Auditor General:

- 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 2011;
- (b) fairly reflect the financial position as at 30th June 2011 and performance for the Year ended 30th 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.



Mary Rodrigues
Chief Officer

Date- 13/04/13



Nicola Anderson-Wildman
Chief Financial Officer

Date- 14/04/13

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 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 5 to 30 in accordance with the provisions of Section 60(1)(a) of the *Public Management and Finance Law (2012 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 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 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 for the Financial Statements

Property, Plant & Equipment

Management represented that they could not assert to the value of property, plant and equipment of \$188 million on the statement of financial position at 30 June 2011 as the Ministry's assets were not revalued in five years preceding the year ended 30 June 2011 in accordance with Financial Regulations (2010 revision) and as required by IPSAS 17.

I was unable to determine the validity and accuracy of property, plant and equipment balance which is used as the basis for the calculation of depreciation. As a result, I am unable to determine whether the depreciation expense of \$3.18 million is fairly stated in all material respects for the year ending 30 June 2011.

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 account at June 30, 2011.

Accounts Payable

Management represented that they could not assert to the accuracy of the balance in the Expense AP Accrual balance in the amount of \$1.85 million due to a system flaw in IRIS – Oracle application which does not update the account with activities on the purchase orders.

Net Worth

Due to the above issues which impact the accuracy of the net worth amount as well as qualifications on the prior year net worth amounts, I was unable to determine whether the amount of \$217 million reported as net worth on the statement of financial position at 30 June 2011 was fairly stated.

Qualified Opinion for the Financial Statements

In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the valuation of property, plant and equipment, the accuracy of depreciation, the collectability of accounts receivable, the accuracy and completeness of accounts payable and net worth the financial statements present fairly, in all material respects, the financial position of the Ministry of Education, Training and Employment as of 30 June 2011, 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
14 January 2013

MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011
(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					
26,400	Cash and cash equivalents	2	15,822	15,246	576
9,799	Trade receivables	3	29,699	9,255	20,444
1,754	Other receivables	3	2,817	2,405	412
1,805	Prepayments		454	-	454
39,758	Total Current Assets		48,792	26,906	21,886
Non-Current Assets					
158,800	Property, plant and equipment	4	188,003	268,111	(80,108)
158,800	Total Non-Current Assets		188,003	268,111	(80,108)
198,558	Total Assets		236,795	295,017	(58,222)
Current Liabilities					
12,688	Trade payables	5	9,353	11,304	(1,951)
3,332	Other payables and accruals	5	10,282	-	10,282
31	Unearned revenue	5	2	-	2
1,267	Employee entitlements	6	298	2,606	(2,308)
17,318	Total Current Liabilities		19,935	13,910	6,025
17,318	Total Liabilities		19,935	13,910	6,025
181,240	Net Assets		216,860	281,107	(64,247)
Net Worth					
199,161	Contributed capital		234,026	260,700	(26,674)
-	Revaluation reserve		-	20,407	(20,407)
(17,921)	Accumulated deficits		(17,166)	-	(17,166)
181,240	Total Net Worth		216,860	281,107	(64,247)

The accounting policies and notes on pages 10 to 30 form part of these financial statements.

MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2011
(Expressed in Cayman Islands Dollars)

Prior Year Actual CIS000		Note	Current Year Actual CIS000	Final/ Original Budget CIS000	Variance (Original vs. Actual) CIS000
Revenue					
68,432	Sale of goods and services	8	64,174	71,141	(6,967)
64	Donations	10	411	-	411
4	Investment revenue	9	3	-	3
68,500	Total Revenue		64,588	71,141	(6,553)
Expenses					
49,606	Personnel costs	11	46,184	49,837	(3,653)
13,724	Supplies and consumables	12	13,590	16,521	(2,931)
4,640	Depreciation	4	3,181	4,783	(1,602)
8	Gains/(losses) on foreign exchange transactions	13	10	-	10
14	Gains/(losses) on disposal/revaluation of property, plant and equipment	13	-	-	-
27	Extraordinary items		-	-	-
68,019	Total Expenses		62,965	71,141	(8,176)
481	Surplus for the period		1,623	-	1,623

The accounting policies and notes on pages 10 to 30 form part of these financial statements.

MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDED 30 JUNE 2011
(Expressed in Cayman Islands Dollars)

	Attributable to Cayman Islands Government					Variance
	Contributed Capital	Capital withdrawal	Revaluation Reserve	Accumulated Surplus/(defi ts)	Total Net worth	(Original vs Actual)
Balance at 30 June 2009 brought forward	169,445	(421)	20,407	(10,811)	178,620	203,662
Change in complement of the Ministry (note a below)	(287)	-	(20,407)	9,510	(11,184)	(21,361)
						10,177
Restated balance at 30 June 2009 brought forward	169,158	(421)	-	(1,301)	167,436	182,301
Changes in net worth for 2009/10						(14,865)
Prior year adjustments (note a below)	2,452	-	-	(17,101)	(14,649)	-
Restated balance	171,610	(421)	-	(18,402)	152,787	182,301
Equity investment from Cabinet	27,972	-	-	-	27,972	84,546
Net revenue / expenses recognised directly in net worth	27,972	-	-	-	27,972	84,546
Surplus for the period 2009/10	-	-	-	481	481	-
						481
Total recognised revenues and expenses for the period	27,972	-	-	481	28,453	84,546
						(56,093)
Balance at 30 June 2010	199,582	(421)	-	(17,921)	181,240	266,847
						(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 10 to 30 form part of these financial statements.

MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDED 30 JUNE 2011
(Expressed in Cayman Islands Dollars)

Continued

	Attributable to Cayman Islands Government					Variance
	Contributed Capital	Capital withdrawal	Revaluation Reserve	Accumulated Surplus/(defi ts)	Total Net worth	(Original vs Actual)
Balance at 30 June 2010 brought forward	199,582	(421)	-	(17,921)	181,240	(85,607)
Prior year adjustments	(538)	421	-	(868)	(985)	38,561
Restated balance	199,044	-	-	(18,789)	180,255	(47,046)
Changes in net worth for 2010/11						
Equity investment from Cabinet	34,982	-	-	-	34,982	(18,824)
Net revenue / expenses recognised directly in net worth	34,982	-	-	-	34,982	(18,824)
Surplus for the period 2010/11	-	-	-	1,623	1,623	1,623
Total recognised revenues and expenses for the period	34,982	-	-	1,623	36,605	(17,201)
Balance at 30 June 2011	234,026	-	-	(17,166)	216,860	(64,247)

The accounting policies and notes on pages 10 to 30 form part of these financial statements.

MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011
(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>					
68,523	Outputs to Cabinet		42,846	70,695	(27,849)
-	Outputs to other government agencies		16	-	16
-	Output to others		-	446	(446)
5,763	Sale of goods and services - third party		1,009	-	1,009
4	Interest received		3	-	3
64	Donations/grants		411	-	411
-	Other receipts		-	-	-
<i>Payments</i>					
(48,987)	Personnel costs		(47,343)	(49,495)	2,152
(19,086)	Supplies and consumables		(8,899)	(16,064)	7,165
(9)	Other payments		(9)	-	(9)
<u>6,272</u>	Net cash flows from operating activities	15	<u>(11,966)</u>	<u>5,582</u>	<u>(17,548)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
(34,802)	Purchase of property, plant and equipment		(17,777)	(53,806)	36,029
<u>(34,802)</u>	Net cash flows from investing activities		<u>(17,777)</u>	<u>(53,806)</u>	<u>36,029</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
34,802	Equity investment		19,165	53,806	(34,641)
<u>34,802</u>	Net cash flows from financing activities		<u>19,165</u>	<u>53,806</u>	<u>(34,641)</u>
6,273	Net increase/(decrease) in cash and cash equivalents		(10,578)	5,582	(16,160)
20,127	Cash and cash equivalents at beginning of period		26,400	9,664	16,736
<u>26,400</u>	Cash and cash equivalents at end of period		<u>15,822</u>	<u>15,246</u>	<u>576</u>

The accounting policies and notes on pages 10 to 30 form part of these financial statements.

**MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

Description and principal activities

The Ministry of Education, Training & Employment (hereafter 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 2011.

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 2011**

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.

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 2010/2011 Annual Budget Statement and approved by the Legislative Assembly on the 24 June 2010. The Final Budget is those budget amounts approved in 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 2011**

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) 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.

**MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

Note 1: Significant Accounting Policies (continued)

(i) Property, Plant and Equipment (continued)

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 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.

**MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

Note 1: Significant Accounting Policies (continued)

(j) 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.

(k) 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.

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

**MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

Note 1: Significant Accounting Policies (continued)

(k) Financial Instruments (continued)

Recognition

The Ministry recognizes 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.

(l) 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.

(m) 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.

**MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

Note 1: Significant Accounting Policies (continued)

(m) Foreign Currency (continued)

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.

(n) 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.

(o) 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 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 property, plant and equipment, such service in-kind is recognized in the cost of the property, plant and equipment.

MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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 2010 and 2011 the Ministry's unrestricted cash balances were as presented below. No restricted cash balances were held by the Ministry at 30 June 2011.

Actual Prior Year	Description	Actual Current Year
CIS000		CIS000
-	Cash on hand (IRIS confirmation account/petty cash)	1
21	Cash in transit (IRIS remittance account)	34
20,679	CI\$ Operational current account held at Royal Bank of Canada	10,666
565	US\$ Operational current account held at Royal Bank of Canada	1,088
2,750	Payroll current account held at Royal Bank of Canada	1,649
2,385	Fixed deposits held with Treasury (less than 90 days)	2,384
26,400	TOTAL	15,822

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	Trade Receivables	Actual Current Year	Final/Original Budget	Variance (Original vs. Actual)
CIS000		CIS000	CIS000	CIS000
-	Sale of goods and services	1,102	-	1,102
8,759	Outputs to Cabinet	29,017	9,255	19,762
625	Outputs to other government agencies	57	-	57
1,085	Outputs to others	-	-	-
(670)	Less: provision for doubtful debts	(477)	-	(477)
9,799	Total trade receivables	29,699	9,255	20,444

MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Note 3: Trade receivables and other receivables (continued)

Actual Prior Year	Other Receivables	Actual Current Year	Final/Original Budget	Variance (Original vs. Actual)
CIS\$000		CIS\$000	CIS\$000	CIS\$000
690	Advances (salary, official, travel, etc.)	1,184	1,824	(640)
-	Dishonoured cheques	-	-	-
1	Interest receivable	1	-	1
1,063	Others	1,632	581	1,051
1,754	Total other receivables	2,817	2,405	412

	Trade Receivables CIS\$000	Impairment CIS\$000	Other Receivables CIS\$000	Net amount CIS\$000
Current	-	-	-	-
Past due 1-30 days	29,037	-	1,173	30,210
Past due 31-60 days	18	-	4	22
Past due 61 and above	2	-	-	2
Past due 90 and above	1,312	(193)	1,640	2,759
Total	30,369	(193)	2,817	32,993

Changes in the provision of doubtful debts:

Actual Prior Year CIS\$000	Description	Actual Current Year CIS\$000
-	Balance at 1 July	670
670	Additional provisions made during the year	-
-	Reduction to provision due to write off	(193)
-	Receivables written off during the year	-
670	Balance at 30 June	477

MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Note 4: Property, plant and equipment

As at 30 June 2011									
	Plant and Equipment \$000	Buildings \$000	Furniture \$000	Computers \$000	Other Assets \$000	Infrastruc ture \$000	Motor Vehicles \$000	Construction in progress \$000	Total \$000
<u>Cost</u>									
At 1 July 2010	3,195	73,290	3,105	5,262	1,622	11	1,447	137,980	225,912
Additions	144	-	310	419	-	-	-	19,595	20,468
Disposals	-	-	-	-	-	-	-	-	-
Transfers/adjustments	-	10,904	-	-	526	13	57	-	11,500
At 30 June 2011	3,339	84,194	3,415	5,681	2,148	24	1,504	157,575	257,880
<u>Accumulated depreciation</u>									
At 1 July 2010	2,767	55,885	1,634	4,599	1,088	10	1,129	-	67,112
Depreciation charge for the year	87	2,415	181	182	267	5	42	-	3,179
Adjustments	(3)	(97)	-	(316)	2	-	-	-	(414)
At 30 June 2011	2,851	58,203	1,815	4,465	1,357	15	1,171	-	69,877
Net book value at 30 June 2011	488	25,991	1,600	1,216	791	9	333	157,575	188,003

Note that plant and equipment and office equipment are now amalgamated and represented as such in 2011

**MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

Note 4: Property, plant and equipment (continued)

As at 30 June 2010

	Land \$000	Plant and Equipment \$000	Buildings \$000	Furniture \$000	Computers \$000	Office Equipment \$000	Other Assets \$000	Infrastr ucture \$000	Motor Vehicles \$000	Constructio n in progress \$000	Total \$000
<u>Cost</u>											
At 1 July 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 1 July 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 30 June 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 1 July 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 1 July 2009	-	540	52,794	1,328	3,917	1,362	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 30 June 2010	-	921	55,885	1,634	4,599	1,846	1,088	10	1,129	-	67,112
Net book value at 30 June 2010	-	285	17,405	1,471	663	143	534	1	318	137,980	158,800

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 and Plant & Equipment.

MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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	Description	Actual Current Year	Final/Original Budget	Variance (Original vs. Actual)
CI\$000		CI\$000	CI\$000	CI\$000
-	Accrued expenses	9,845	8,717	1,128
12,688	Creditors	5,298	2,587	2,711
-	Creditors Ministries/Portfolios	4,010	-	4,010
3,332	Payroll deductions	437	-	437
-	Creditors other government agencies	45	-	45
31	Unearned revenue	2	-	2
16,051	Total trade payables, other payables and accruals	19,637	11,304	8,333

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

Note 6: Employee entitlements

Actual Prior Year	Description	Actual Current Year	Final/Original Budget	Variance (Original vs. Actual)
CI\$000		CI\$000	CI\$000	CI\$000
	<i>Current employee entitlements are represented by:</i>			
1,190	Annual Leave	298	2,606	(2,308)
77	Other leave entitlements	-	-	-
1,267	Total current portion	298	2,606	(2,308)
	<i>Non-current employee entitlements are represented by:</i>			
-	Retirement and long service leave	-	-	-
1,267	Total employee entitlements	298	2,606	(2,308)

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 2011

Note 7: Revenue from Non-Exchange Transactions

During the year ended 30 June 2011, the entity received services in-kind in the form 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 determined and therefore no expense has been recognized in these financial statements.

Note 8: Revenue

Actual Prior Year	Revenue type	Actual Current Year	Final/Original Budget	Variance (Original vs. Actual)
CI\$000		CI\$000	CI\$000	CI\$000
68,120	Outputs to Cabinet	63,121	70,695	(7,574)
133	Fees and charges	896	-	896
104	Rentals	100	-	100
59	Output to others	34	446	(412)
14	General sales	23	-	23
2	Outputs to other government agencies	-	-	-
68,432	Total sales of goods and services	64,174	71,141	(6,967)

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

Fees and charges, general sales, rentals and others include administrative fees and user charges levied on the public for the delivery of government services. The respective rates and fee structures are gazette and governed by the relevant revenue laws.

MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
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Note 9: Investment revenue

Actual Prior Year	Revenue type	Actual Current Year	Final/Original Budget	Variance (Original vs. Actual)
CI\$000		CI\$000	CI\$000	CI\$000
4	Interest on deposits held with Treasury	3	-	3
4	Total investment revenue	3	-	3

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
-	Maples and Calder	Library building	411	-	411
64	Various	Support of programmes	-	-	-
64	Total donations		411	-	411

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
40,271	Salaries, wages and allowances	38,705	41,307	(2,602)
6,159	Health care	5,484	-	5,484
2,137	Pension	2,128	2,311	(183)
679	Movement in annual leave	(462)	-	(462)
360	Other personnel related costs	329	6,219	(5,890)
49,606	Total Personnel Costs	46,184	49,837	(3,653)

MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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
4,569	Purchase of services	6,065	8,032	(1,967)
3,635	Utilities	3,660	-	3,660
1,926	General insurance	1,618	-	1,618
1,881	Supplies and materials	817	7,510	(6,693)
757	Lease of property and equipment	619	583	36
98	Travel and subsistence	179	-	179
126	Interdepartmental expenses	85	-	85
732	Other	547	396	151
13,724	Total Supplies & consumables	13,590	16,521	(2,931)

Note 13: Gains / (Losses)

During the period the Ministry disposed of furniture, equipment that was for the purposes of producing our outputs. There was no net gain/loss on disposals. Internal approval was obtained to dispose of these assets.

Actual Prior Year	Revenue type	Actual Current Year	Final/Original Budget	Variance (Original vs. Actual)
CI\$000		CI\$000	CI\$000	CI\$000
14	Net gain/(loss) on disposal of property, plant and equipment	-	-	-
8	Net gain/(loss) on foreign exchange	10	-	10
22	Total gains/(losses)	10	-	10

Note 14: 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 2010-11 (2010: 0%). 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 2010-11, the capital charge is \$0K (2010: \$0K).

MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Note 15: Reconciliation of net cash flows from operating activities to surplus

Actual Prior year CI\$000	Description	Actual Current year CI\$000	Final/Original Budget CI\$000	Variance (Original vs. Actual) CI\$000
481	Surplus for the period	1,623	-	1,623
	Non-cash movements			
4,640	Depreciation expense	3,181	4,783	(1,602)
14	Gain/(loss) on sale of property, plant and equipment	-	-	-
7	Foreign exchange gains/(losses)	10	-	10
390	Increase in provision for doubtful debts	-	-	-
	Changes in current assets and liabilities:			
(224)	Increase in other current assets	(1,061)	-	(1,061)
4,790	(Increase)/decrease in receivables	(1,797)	-	(1,797)
863	(Increase)/decrease in receivables - Cabinet	(15,327)	-	(15,327)
(5,309)	(Increase)/(decrease) in payables	2,123	457	1,666
620	(Increase)/decrease in provisions relating to employee costs	(718)	342	(1,060)
6,272	Net cash flows from operating activities	(11,966)	5,582	(17,548)

Note 16: 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	-	-	-	-
27,972	Other fixed assets – construction in progress	34,982	41,129	-	76,111
27,972	Total Capital Commitments	34,982	41,129	-	76,111
	Operating Commitments				
919	Non-cancellable accommodation leases	619	84	-	703
-	Other operating commitments	-	-	-	-
919	Total Operating Commitments	619	84	-	703
28,891	Total Commitments	35,601	41,213	-	76,814

**MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

Note 16: Commitments (continued)

The Ministry currently has short term accommodation leases for the premises it occupies in the George Town area and also in West Bay for the Sunrise Centre. Most annual leases are being reviewed and at most are up for renewal within a year. 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 and the primary schools project for the future year. The amounts committed for future years are indicated above. Capital works for the current year or one year or less would also include other capital purchases and minor capital works.

NOTE 17: 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 \$6.9 million below budget due to corresponding required operational savings. This resulted in less being billed to Cabinet.

Other Revenue

Revenue from other sources was \$414,000 above budget due in part to donations received and also a change in the Pensions law which resulted in an increase in fees.

Personnel Costs

Personnel costs were \$3.65 million below budget due to delays in the filling of positions, and restrictions on Government wide budgetary spending to maintain required fiscal savings.

Supplies and consumables

Supplies and consumables were \$2.93 million below budget due to restrictions on Government wide budgetary spending to maintain required fiscal savings.

Depreciation

Depreciation expenses were \$1.6 million below budget due to changes in capital expenditure which would have in turn affected the expense.

**MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 17: Explanation of major variances against budget (continued)

Statement of financial position

Cash and cash equivalents

The actual year-end cash balances were \$576,000 above budget due to good cash management and maintenance of sufficient funding to cover expenditure.

Debtors and other receivables

The actual year-end debtors and other receivables balances were \$21.4 million higher than the original budget due mainly to pending Equity Injection funding and Cabinet invoices outstanding to the Ministry.

Fixed assets

Fixed assets were \$80.1 million lower than the original budget mainly due to less funds being used in relation to the new schools project and the primary schools project during the fiscal year.

Creditors and other payables

Creditors, accruals and other payables were \$6 million higher than the original budget mainly due to the timing of payments, as some contractual obligations came due close to the fiscal year end.

Statement of cash flows

Cash from operating activities

The decrease in cash from operating activities is due to pending receipts of cash in relation to Cabinet invoices.

Cash from investing activities

The decrease in cash from investing activities is due to cash expended on capital assets and capital projects and also the timing in receipting of Equity injection funds.

Cash from financing activities

The decrease in cash from financing activities is due to timing of receipt of funds received in relation to the equity injections which in turn would have been paid out.

**MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 18: 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 2011 and were consistent with normal operating relationships between entities and were undertaken on terms and conditions that are normal for such transactions.

NOTE 18: Related party and key management personnel disclosures (continued)

Key management personnel

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

Actual Prior Year	Description	Actual Current Year	Number of Persons
CI\$000		CI\$000	
651	Salaries & other short-term employee benefits	698	7
-	- Past employee benefits	-	-
-	- Other long-term benefits	-	-
-	- Termination benefits	-	-
-	- Loans	-	-
651	Total gains/(losses)	698	7

There are no loans granted to key personnel.

NOTE 19: Events occurring after reporting date

There are no subsequent events.

MINISTRY OF EDUCATION, TRAINING & EMPLOYMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 20: 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 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 21: Segment reporting

	Education & Training CI\$000	Employment CI\$000	Other CI\$000	Total CI\$000
Revenue				
Outputs from Cabinet	60,272	1,717	1,131	63,120
Sale of goods and services	326	714	14	1,054
Other revenue	413	1	-	414
Total Revenue	61,011	2,432	1,145	64,588
Expenses				
Salaries and wages	43,962	1,315	907	46,184
Other expenses	16,155	402	224	16,781
Total Expenses	60,117	1,717	1,131	62,965
Surplus from operating activities	894	715	14	1,623
Net surplus	894	715	14	1,623

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 21: Segment reporting (continued)

	Education & Training C\$000	Employment C\$000	Other C\$000	Total C\$000
Assets				
Current assets	48,388	117	286	48,792
Fixed assets	187,609	94	300	188,003
Total Assets	235,997	211	586	236,795
Liabilities				
Current liabilities	19,824	42	69	19,935
Non-current liabilities	-	-	-	-
Total Liabilities	19,824	42	69	19,935

NOTE 22: Appropriations used

Appropriation Description (including Output Number and Name)	Amount Used C\$000	Amount Appropriated C\$000	Variance C\$000
ETE 1- Policy Advice, Governance and Ministerial Support Services	4,900	5,558	658
ETE 2- Job Placement and Employer Support Activities	981	1,166	185
ETE 3- Labour Market Regulatory Activities	1,138	1,486	348
ETE 4- School Assessment Services	357	837	480
ETE 5- Public Library Services	1,490	1,490	-
ETE 6 - Primary Education Services	15,234	16,179	945
ETE 7- Secondary Education Services	18,760	19,357	597
ETE 8- Education for Students with Special Needs	3,980	4,337	357
ETE 9 - School Improvement Support Services	2,328	2,950	622
ETE 10 - Preservation and Management of Records	1,131	1,419	288
ETE 11- Facilities Maintenance and Procurement Services	11,740	14,823	3,083
ETE 13- Training and Support for Adults with Disabilities and their Families	1,082	1,093	11
Total	63,121	70,695	(7,574)
El 12- Ministry of Education, Training and Employment	34,982	53,806	18,824