



GOVERNMENT OF THE CAYMAN ISLANDS

MINISTRY OF HOME AFFAIRS, HEALTH & CULTURE

– HEALTH & CULTURE

(Formerly Ministry of Health , Sports, Youth & Culture)

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2015

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Cayman Islands Government

MINISTRY OF HOME AFFAIRS, HEALTH & CULTURE – HEALTH & CULTURE

STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by the Ministry of Home Affairs, Health & Culture – Health & Culture (the “Ministry”) in accordance with the provisions of the *Public Management and Finance Law (2013 Revision)*.

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

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

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

The financial statements fairly present the financial position, performance and cash flows of the Ministry for the financial year ended 30 June 2015.

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

- (a) Completely and reliably reflect the financial transactions of the Ministry for the year ended 30 June 2015;
- (b) Fairly reflect the financial position as at 30 June 2015 and performance for the year ended 30 June 2015;
- (c) Comply with the provisions of the Public Management and Finance Law (2013 Revision) and International Public Sector Accounting Standards.

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



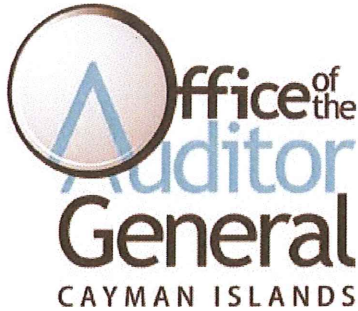
Jennifer M. Ahearn, AICP
Permanent Secretary & Chief Officer

Date- 25 September 2017



Nellie Pouchie
Chief Financial Officer

Date- 25 September 2017



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AUDITOR GENERAL'S REPORT

To the Members of the Legislative Assembly and the Chief Officer of the Ministry of Home Affairs, Health & Culture - Health & Culture

I have audited the accompanying financial statements of the Ministry of Home Affairs, Health & Culture - Health & Culture (the "Ministry"), which comprise the statement of financial position as at 30 June 2015 and the statement of financial performance, statement of changes in net worth and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 9 to 28 in accordance with the provisions of Section 60(1)(a) of the *Public Management and Finance Law (2013 Revision)*.

Management's Responsibilities for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Ministry of Home Affairs, Health & Culture - Health & Culture as at 30 June 2015 and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

Other Matter

Vehicle Disposal Fees – Reporting of Executive revenue in Entity financial statements

Included in the sales of goods and services revenue line item in the financial statements is an amount of \$895,019 for vehicle disposal fees. Under section 57(1) of the Public Health Law (2002 Revision), the Department of Environmental Health receives directly, a fee charged, collected and paid through Customs for special waste handling related to motor cycle, lead-acid battery and motor vehicle tyres imported into the Islands. It has been determined that based on their nature disposal vehicle fees are considered coercive revenues and should initially be recorded as such in the Ministry's executive revenue account with subsequent transfers to the entity revenue account as disposal services are rendered by the Department of Environmental Health, rather than be directly recorded as entity revenue upon receipt from the Customs Department. The Ministry has earned the amount of disposal vehicle fees recorded as entity revenue as at 30 June 2015.

My opinion is not qualified in respect of this matter.



Sue Winspear, CPFA
Auditor General

25 September 2017
Cayman Islands

MINISTRY OF HOME AFFAIRS, HEALTH & CULTURE - HEALTH & CULTURE
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015
(Stated in Cayman Islands Dollars)

Prior Year Actual		Note	Current Year Actual	Original Budget	Final Budget	Variance (Orig. vs Actual)
\$'000			\$'000	\$'000	\$'000	\$'000
	Current Assets					
13,753	Cash and cash equivalents	3	14,960	11,963	11,963	(2,997)
3,188	Trade receivables	4	3,411	8,793	8,793	5,382
258	Other receivables	4	147	-	-	(147)
789	Inventories	5	817	299	299	(518)
1	Prepayments		781	-	-	(781)
17,989	Total Current Assets		20,116	21,055	21,055	939
	Non-Current Assets					
24,864	Property, plant and equipment	6, 6a	13,818	28,563	28,563	14,745
24,864	Total Non-Current Assets		13,818	28,563	28,563	14,745
42,853	Total Assets		33,934	49,618	49,618	15,684
	Current Liabilities					
3,003	Trade payables	7	1,083	743	743	(340)
1,090	Other payables and accruals	7	910	-	-	(910)
415	Employee entitlements	8	197	-	-	(197)
2,457	Surplus payable		2,584	-	-	(2,584)
6,965	Total Current Liabilities		4,774	743	743	(4,031)
6,965	Total Liabilities		4,774	743	743	(4,031)
35,888	Net Assets		29,160	48,875	48,875	19,715
	NET WORTH					
39,862	Contributed capital		33,134	44,593	44,593	11,459
(1,684)	Revaluation reserve		(1,684)	713	713	2,397
(2,290)	Accumulated surpluses/(deficits)		(2,290)	3,569	3,569	5,859
35,888	Total Net Worth		29,160	48,875	48,875	19,715

The accounting policies and notes starting on pages 9-28 form an integral part of these financial statements.

MINISTRY OF HOME AFFAIRS, HEALTH & CULTURE - HEALTH & CULTURE
STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDED 30 JUNE 2015
(Stated in Cayman Islands Dollars)

	Contributed Capital	Revaluation Reserve	Accumulated Surplus/ (deficits)	Total Net worth	Original Budget	Final Budget	Variance (Orig. vs. Actual)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2013	21,370	(2,414)	(2,307)	16,649	17,794	17,794	1,145
Prior year adjustments	-	-	-	-	12,183	12,183	12,183
Restated balance, 1 July 2013	21,370	(2,414)	(2,307)	16,649	29,977	29,977	13,328
Changes in net worth for 2013/14							
Other changes	13,173	-	17	13,190	-	-	(13,190)
Equity investment from Cabinet	5,319	730	-	6,049	6,406	6,406	357
Repayment of surplus to Cabinet	-	-	(248)	(248)	-	-	248
Net revenue / expenses recognized directly in net worth	18,492	730	(231)	18,991	6,406	6,406	(12,585)
Surplus/(deficit) for the period 2013/14	-	-	248	248	(3,580)	(3,580)	(3,828)
Total recognized revenues and expenses for the period	18,492	730	17	19,239	2,826	2,826	(16,413)
Balance at 30 June 2014 carried forward	39,862	(1,684)	(2,290)	35,888	32,803	32,803	(3,085)
	Contributed Capital	Revaluation Reserve	Accumulated Surplus/ (deficits)	Total Net worth	Original Budget	Final Budget	Variance (Orig. vs. Actual)
Balance at 30 June 2014 brought forward	39,862	(1,684)	(2,290)	35,888	32,803	32,803	(3,085)
Prior year adjustments	-	-	-	-	11,250	11,250	11,250
Restated balance, 1 July 2014	39,862	(1,684)	(2,290)	35,888	44,053	44,053	8,165
Changes in net worth for 2014/15							
Equity investment from Cabinet	4,563	-	-	4,563	4,692	4,692	129
Other changes	(11,291)	-	-	(11,291)	-	-	11,291
Repayment of surplus to Cabinet	-	-	(127)	(127)	-	-	127
Net revenue / expenses recognized directly in net worth	(6,728)	-	(127)	(6,855)	4,692	4,692	11,547
Surplus/(deficit) for the period 2014/15	-	-	127	127	130	130	3
Total recognized revenues and expenses for the period	(6,728)	-	-	(6,728)	4,822	4,822	11,550
Balance at 30 June 2015	33,134	(1,684)	(2,290)	29,160	48,875	48,875	19,715

The accounting policies and notes on pages 9-28 form an integral part of these financial statements.

MINISTRY OF HOME AFFAIRS, HEALTH & CULTURE - HEALTH & CULTURE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015
(Stated in Cayman Islands Dollars)

Prior Year Actual \$'000		Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig. vs Actual) \$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
<i>Receipts</i>					
17,282	Outputs to Cabinet	16,415	18,371	18,371	1,956
28	Outputs to other government agencies	18	66	66	48
3,519	Sale of goods and services - third party	3,663	3,522	3,522	(141)
4	Other receipts	42	9	9	(33)
<i>Payments</i>					
(11,598)	Personnel costs	(11,573)	(12,907)	(12,907)	(1,334)
(4,908)	Supplies and consumables	(9,636)	(6,964)	(6,964)	2,672
(298)	Other payments	(47)	-	-	47
4,029	Net cash flows from operating activities	(1,118)	2,097	2,097	3,215
CASH FLOWS FROM INVESTING ACTIVITIES					
(2,970)	Purchase of property, plant and equipment	(2,238)	(4,692)	(4,692)	(2,454)
(2,970)	Net cash flows from investing activities	(2,238)	(4,692)	(4,692)	(2,454)
CASH FLOWS FROM FINANCING ACTIVITIES					
5,319	Equity investment	4,563	4,692	4,692	129
5,319	Net cash flows from financing activities	4,563	4,692	4,692	129
6,378	Net increase in cash and cash equivalents	1,207	2,097	2,097	890
7,375	Cash and cash equivalents at beginning of period	13,753	9,866	9,866	(3,887)
13,753	Cash and cash equivalents at end of period	14,960	11,963	11,963	(2,997)

The accounting policies and notes on pages 9-28 form an integral part of these financial statements.

MINISTRY OF HOME AFFAIRS, HEALTH & CULTURE - HEALTH & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Note 1: Description and Principal Activities

The Ministry of Home Affairs, Health & Culture – Health & Culture formerly referred to as the Ministry of Health, Sports, Youth & Culture (the “Ministry”) is a Government owned entity as defined by Section 2 of the *Public Management and Finance Law (2013 Revision)* and it is domiciled in the Cayman Islands.

Its principal activities and operations as discussed in note 2 include all activities carried out in terms of the outputs purchased by Cabinet from the Minister of Home Affairs, Health & Culture as defined in the Annual Plan and Estimates for the Government of the Cayman Islands for the financial year ending 30 June 2015.

During the year ended 30 June 2015, the Ministry comprised the following departments: Health Regulatory Services, Department of Environmental Health, Mosquito Research & Control Unit, Department of Sports, Youth Services Unit and the Cayman Islands Cadet Corps. The Department of Sports, Youth Services Unit and the Cayman Islands Cadet Corps were transferred to another Ministry following a shift in Ministries effective 1 January 2015.

Note 2: Significant Accounting Policies

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

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

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

(a) Basis of Preparation

The financial statements are presented in Cayman Islands dollars and are prepared on the accrual basis of accounting, unless otherwise stated. The measurement base applied to these financial statements is the historical cost basis (Buildings are stated at fair value). All figures are rounded to the nearest thousand unless otherwise indicated.

Changes in Accounting Policies

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

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

(b) Budget Amounts

The original budget amounts for the financial year are as presented in the 2014/2015 Annual Budget Statement and were approved by the Legislative Assembly in June 2014. The budget was prepared based on the accrual accounting concept and the going concern basis.

MINISTRY OF HOME AFFAIRS, HEALTH & CULTURE - HEALTH & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Note 2: Significant Accounting Policies (continued)

(c) Judgments and Estimates

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

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the reporting period and in any future periods that are affected by those revisions.

Changes in Accounting Estimates

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

(d) Revenue

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

The Ministry derives a significant percentage of its revenue through the provision of services to Cabinet. A relatively small component of the Ministry's revenue comes from other agencies in government and third parties. Cabinet revenue is recognized at the unit price agreed in the Annual Budget Statement for 2014/2015. Other revenues are recognized at the fair value of services provided.

Revenue from non-exchange transactions

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

(e) Expenses

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

(f) Operating Leases

Operating lease payments are recognized 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 recognized as expenses on a straight-line basis over the lease term. Lease incentives received are recognized evenly over the term of the lease as a reduction in rental expense.

MINISTRY OF HOME AFFAIRS, HEALTH & CULTURE - HEALTH & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Note 2: Significant Accounting Policies (continued)

(g) Cash and Cash Equivalents

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

(h) Prepayments

The portion of recognized expenditure paid in advance of receiving services has been recognized as a prepayment in the Statement of Financial Position.

(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 realizable 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 realizable value. Costs are assigned to inventories using first-in first-out (FIFO) as appropriate.

The write-down from cost to current replacement cost or net realizable value is recognized in the Statement of Financial Performance in the period when the write-down occurs.

(j) Property, Plant and Equipment

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

In accordance with IPSAS 17, when buildings are revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset.

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.

Asset Type

Estimated Useful life

• Buildings	40 – 60 years
• Motor vehicles	4 – 12 years
• Furniture and fittings	3 – 20 years
• Computer equipment and software	3 – 10 years
• Office equipment	3 – 20 years
• Other plant and equipment	5 – 25 years
• Other assets	3 – 25 years

MINISTRY OF HOME AFFAIRS, HEALTH & CULTURE-HEALTH & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Note 2: Significant Accounting Policies (continued)

(j) Property, Plant and Equipment (continued)

Impairment

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

Work in Progress

Work in progress items are valued at cost. No depreciation is applied to work in progress items until such time as they are commissioned.

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 recognized 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 recognized 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 recognized in the Statement of Financial Position.

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

MINISTRY OF HOME AFFAIRS, HEALTH & CULTURE - HEALTH & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Note 2: Significant Accounting Policies (continued)

(l) Financial Instruments (continued)

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 favorable. Financial assets comprise of cash and cash equivalents and trade and other receivables.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial instrument or to exchange financial instruments with another enterprise under conditions that are potentially unfavorable. Financial instruments comprise of trade payables, other payables and accruals and surplus payable.

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 recognized in the Statement of Financial Performance.

Measurement

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

Financial liabilities are subsequently measured at amortized cost, being the amount at which the liability was initially recognized 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-recognized when the Ministry realizes the rights to the benefits specified in the contract or loses control over any right that comprises that asset. A financial liability is de-recognized when it is extinguished, that is when the obligation is discharged, cancelled, or expires.

(m) Contingent Liabilities and Assets (including guarantees)

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

MINISTRY OF HOME AFFAIRS, HEALTH & CULTURE - HEALTH & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Note 2: 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 recognized in the Statement of Financial Performance.

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

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

MINISTRY OF HOME AFFAIRS, HEALTH & CULTURE - HEALTH & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Note 3: Cash and Cash Equivalents

Actual Prior Year \$'000	Description	Foreign Currency \$'000	Exchange Rate	Actual Current Year \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig. vs Actual) \$'000
119	Cash in transit	-	-	118	-	-	(118)
13,449	Cl\$ Operational current account	-	-	14,796	11,963	11,963	(2,833)
75	US\$ Operational current account	7	0.84	6	-	-	(6)
110	Payroll current account	-	-	40	-	-	(40)
13,753	Total			14,960	11,963	11,963	(2,997)

Note 4: Trade 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 \$'000	Trade Receivables	Actual Current Year \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig. vs Actual) \$'000
8,494	Sale of goods and services	8,733	7,969	7,969	(764)
1,543	Outputs to Cabinet	1,695	1,534	1,534	(161)
3	Outputs to other government agencies	3	-	-	(3)
(6,852)	Less: provision for doubtful debts	(7,020)	(710)	(710)	6,310
3,188	Total trade receivables	3,411	8,793	8,793	5,382

Actual Prior Year \$'000	Other Receivables	Actual Current Year \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig. vs Actual) \$'000
2	Advances (salary, official travel, etc.)	-	-	-	-
9	Dishonored cheques	10	-	-	(10)
245	Other receivable	134	-	-	(134)
2	Interentity Due from	3	-	-	(3)
258	Total other receivables	147	-	-	147

MINISTRY OF HOME AFFAIRS, HEALTH & CULTURE - HEALTH & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Note 4: Trade and Other Receivables (continued)

Below is the aging profile of trade receivables and other receivables:

Actual Prior Year \$'000	Receivables	Trade Receivables \$'000	Other Receivables \$'000	Actual Current Year \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig. vs Actual) \$'000
	Current						
897	Past due 1-30 days	887	-	887	1,534	1,534	647
	Non-Current						
2,549	Past due 1 year and above	2,524	147	2,671	7,259	7,259	4,588
3,446	Total receivables	3,411	147	3,558	8,793	8,793	5,235

Changes in the provision for doubtful debts:

Actual Prior Year \$'000	Description	Actual Current Year \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig. vs Actual) \$'000
-	Balance at 1 July	(6,852)	(710)	(710)	6,142
(6,852)	Additional provisions made during the year	(168)	-	-	168
(6,852)	Balance at 30 June	(7,020)	(710)	(710)	6,310

Note 5: Inventories

Actual Prior Year \$'000	Description	Actual Current Year \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig. vs Actual) \$'000
789	Inventory held for use in the provision of goods and services	817	299	299	(518)
789	Total inventories	817	299	299	(518)

MINISTRY OF HOME AFFAIRS, HEALTH & CULTURE - HEALTH & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Note 6: Property, Plant & Equipment (continued)

Asset Revaluation

Properties (buildings and structures) were revalued as at 1 July 2012 by in-house professionals with the exception of specialized buildings which were contracted to independent evaluators and are stated at revalued amounts less accumulated depreciation.

Valuation methods

The valuations of the Ministry's buildings have been prepared in accordance with IPSAS and the guidance notes provided by Royal Institute of Chartered Surveyors (RICS). Particular regard should be paid to the following definitions and methodology having been adopted in the assessment of value:

- Fair Value (Market Value) defined in accordance with IFRS 13 Fair Value Measurement as follows: "The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."
- Fair Value (Existing Use Value) extends the definition of Fair Value (Market Value) in "assuming that the buyer is granted vacant possession of all parts of the property required by the business and disregarding potential alternative uses and any other characteristics of the property that would cause its market value to differ from that needed to replace the remaining service potential at least cost."
- Specialized Assets: specialized assets are those for which no market exists for the current use. Specialized assets are valued using the Depreciated Replacement Cost method (DRC valuation). The definition of 'Depreciated Replacement Cost', as contained in The Standards, is as follows: "The current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization."

Valuation assumptions

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

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

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

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

MINISTRY OF HOME AFFAIRS, HEALTH & CULTURE - HEALTH & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Note 6: Property, Plant & Equipment (continued)

Valuation assumptions (continued)

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

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

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

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

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

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

Buildings were revalued as an entire class of asset.

MINISTRY OF HOME AFFAIRS, HEALTH & CULTURE - HEALTH & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Note 6a: Property, Plant & Equipment – Assets under Construction or In-Progress

Assets under construction or in-progress include items which were not yet finalized or received as at 30 June 2015. The below table details this category noting the in-service dates of said assets.

Description	Total Cost	In Service Date
Motor Vehicles:	\$'000	
Chevrolet Aveo Van	14	Jul-15
Ford Transit 350 Bus	61	Oct-15
Toyota Hilux 4X4 - 151394 (Pickup 4-Dr)	26	Jul-15
Ford Transit Connect - 151425 (Van)	28	Jul-15
Ford Transit Connect - 151426 (Van)	28	Jul-15
Caterpillar D6T Waste Handler Bulldozer (Tractor)	388	Jan-16
1000 Gal LSC Posi-Shell Applicator	70	May-16
Bobcat 242D - skid steer loader	95	Oct-15
Freightliner M-2016 - 164527 (Garbage Truck - GT)	127	May-16
10 Ton Wallace Adjustable Crane, 19.5'H x 24' W, with Caster Wheels	25	Jul-15
Terex TC400 Landfill compactor	43	Jul-15
Freightliner M-2112 - 164192 (Garbage Truck - RL) 25	20	Dec-15
Mack MRU613E - 151547 (Garbage truck - FL)	25	Oct-15
Wacker Neuson LTN 6K - Trailer	5	Jul-15
Excavator	66	Jul-15
Other Plants and Equipment		
CCTV Security Cameras	44	Jul-15
Water Truck Pump system	38	Sep-15
Lab Equipment	4	Jul-15
UPS Units	1	Jul-15
Aircraft Tug	8	Jul-15
Posi Shell Unit	14	Aug-15
Fire Pump and Accessories	9	Apr-15
ZEROTURN MOWER	11	Jul-15
Aircraft		
Aircraft parts - Lathe, Avionics System, Satloc GPS, etc.	157	Jul-15
Computer Hardware		
Computers and Laptop	5	Jul-15
Other WIP		
Integrated Solid Waste Management Project, PWD Landfill Improvements, etc.	590	In Progress
	1,902	

MINISTRY OF HOME AFFAIRS, HEALTH & CULTURE - HEALTH & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Note 7: Trade Payables, Other Payables & Accruals

Prior Year Actual \$'000	Description	Total Current Year \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig. vs Actual) \$'000
2,429	Creditors	1,007	743	743	(264)
401	Creditors Ministries/Portfolios	38	-	-	(38)
172	Creditors other government agencies	38	-	-	(38)
3,002	Total trade payables	1,083	743	743	(340)
99	Payroll deductions	89	-	-	(89)
168	Accrued expenses	635	-	-	(635)
794	Accrued expenses Ministries/Portfolios	149	-	-	(149)
24	Accrued expenses other government agencies	8	-	-	(8)
6	Other payables	29	-	-	(29)
1,091	Total other payables & accruals	910	-	-	(910)
4,093	Total trade payables, other payables & accruals	1,993	743	743	(1,250)

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

Note 8: Employee Entitlements

Prior Year Actual \$'000	Description	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig. vs Actual) \$'000
	<i>Current employee entitlements are represented by:</i>				
272	Annual leave	195	-	-	(195)
143	Accrued salaries	2	-	-	(2)
415	Total employee entitlements	197	-	-	(197)

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

MINISTRY OF HOME AFFAIRS, HEALTH & CULTURE - HEALTH & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Note 9: Sales of Goods & Services

Prior Year Actual \$'000	Revenue type	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig. vs Actual) \$'000
17,502	Outputs to Cabinet	16,567	18,408	18,408	1,841
-	Outputs to other government agencies	-	66	66	66
3,970	Fees and charges	3,687	3,402	3,402	(285)
105	General sales	124	120	120	(4)
49	Other	42	9	9	(33)
21,626	Total sales of goods and services	20,420	22,005	22,005	1,585

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

Outputs to other government agencies comprise trade between the Ministry of Home Affairs, Health & Culture – Health & Culture and other government bodies. These are arm length transactions governed by Service Level Agreements (SLAs) between the contracting parties.

Fees & charges, general sales and other include administrative fees and user charges levied on the public for the delivery of government services. Certain respective rates and fee structures are gazetted and governed by the relevant revenue laws and regulations.

Note 10: Revenue from Non-Exchange Transactions

During the year ended 30 June 2015, the Ministry received services in-kind in the form of accommodation in the central government building, computer repairs and software maintenance by the Computer Services Department and human resources management by the Portfolio of the Civil Service. The fair value of these services cannot be determined and therefore no expense has been recognized in these financial statements for the year ended 30 June 2015 (2014: \$nil).

MINISTRY OF HOME AFFAIRS, HEALTH & CULTURE – HEALTH & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Note 11: Personnel Costs

Prior Year Actual \$'000	Description	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig. vs Actual) \$'000
9,589	Salaries, wages and allowances	9,092	10,118	10,118	1,026
1,958	Health care	1,852	2,187	2,187	335
478	Pension	453	540	540	87
(40)	Leave	(77)	20	20	97
16	Other personnel related costs	25	42	42	17
12,001	Total personnel costs	11,345	12,907	12,907	1,562

Note 12: Supplies and Consumables

Actual Prior Year \$'000	Description	Actual Current Year \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig. vs Actual) \$'000
2,371	Supplies and materials	2,951	2,440	2,440	(511)
2,297	Purchase of services	2,196	2,455	2,455	259
754	Utilities	604	929	929	325
389	Lease of property and equipment	496	151	151	(345)
627	General insurance	283	768	768	485
8	Interdepartmental expenses	93	62	62	(31)
59	Travel and subsistence	69	69	69	-
41	Recruitment and training	30	84	84	54
918	Other	179	18	18	(161)
7,464	Total supplies & consumables	6,901	6,976	6,976	75

The "Other" category includes CI\$168k relating to the movement in provision for doubtful debts on receivable for Department of Environmental Health.

Note 13: Litigation Costs

Prior Year \$'000	Description	Actual Current Year \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Orig. vs Actual) \$'000
20	Legal fees	52	195	195	143
20	Total litigation costs	52	195	195	143

MINISTRY OF HOME AFFAIRS, HEALTH & CULTURE – HEALTH & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Note 14: Segment Reporting

	Environment		Youth and Sports		Health Administration		TOTAL	
	14/15 \$'000	13/14 \$'000	14/15 \$'000	13/14 \$'000	14/15 \$'000	13/14 \$'000	14/15 \$'000	13/14 \$'000
Revenue								
Outputs from Cabinet	10,935	10,236	2,642	4,476	2,993	2,790	16,570	17,502
Outputs - Other govt agencies	42	72	-	-	-	3	42	75
Other revenue	3,787	4,004	21	45	-	-	3,808	4,049
Total Revenue	14,764	14,312	2,663	4,521	2,993	2,793	20,420	21,626
Expenses								
Salaries and wages	7,318	7,967	1,245	1,852	1,196	2,182	9,759	12,001
Other expenses	7,022	6,648	2,147	2,433	1,365	296	10,534	9,377
Total Expenses	14,340	14,615	3,392	4,285	2,561	2,478	20,293	21,378
Surplus/(Deficit) from Operating Activities	424	(303)	(729)	236	432	315	127	248
Assets								
Current assets	4,697	2,634	-	5	15,419	15,349	20,116	17,989
Non-current assets	12,780	12,826	-	11,074	1,038	964	13,818	24,864
Total Assets	17,477	15,460	-	11,079	16,457	16,313	33,934	42,853
Liabilities								
Current liabilities	2,261	2,625	-	671	2,513	3,669	4,774	6,965
Total Liabilities	2,261	2,625	-	671	2,513	3,669	4,774	6,965
Capital Expenditure	3,838	2,700	64	2,594	661	25	4,563	5,319

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

**MINISTRY OF HOME AFFAIRS, HEALTH & CULTURE – HEALTH & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

Note 15: Related Party and Key Management Personnel Disclosures

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 2015 and were consistent with normal operating relationships between entities and were undertaken on terms and conditions that are normal for such transactions.

Key management personnel, for the purposes of this disclosure, is defined as Ministers of the Government, Chief Officer and Deputy, HR Manager, Chief Financial Officer, Heads of Department and the Senior Policy Advisor and Project Manager. The summary of the remuneration paid to the key management personnel is as outlined below. There were 9 key management personnel as at 30 June 2015 (2014: 12 persons).

Actual Prior Year \$'000	Description	Actual Current Year \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig. vs Actual) \$'000
1,265	Salaries & other short-term employee benefits	990	-	-	990
1,265	Total	990	-	-	990

No loans were granted to key management personnel or their close relatives during the financial year ended 30 June 2015 (2014: \$nil).

Note 16: Explanation of Major Variances Against Budget

Explanations for major variances for the Ministry's performance against the original budget are as follows:

Statement of Financial Position:

Cash and Cash Equivalents

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

Trade Receivables

The actual receivables were below budget due to the transfer out of Sports & Youth mid-year. The budgeted figures were based on these departments being with the Ministry for the full financial year.

Property, Plant & Equipment

Actual property, plant & equipment at 30 June 2015 were lower than budgeted due to the transfer out of Sports & Youth; the Department of Sports having a significant amount of assets.

**MINISTRY OF HOME AFFAIRS, HEALTH & CULTURE-HEALTH & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

Note 16: Explanation of Major Variances Against Budget (continued)

Trade Payables and Other Payables

Trade payables, accruals and other payables were higher than the original budget due to insurance premiums for 2012/13 through 2014/15 remaining unpaid at year-end 30 June 2015, as well as the outstanding capital charge.

Statement of Financial Performance:

Personnel Costs

Personnel costs were below budget due to the moratorium on hiring which remained in effect during the financial year. As a result, the Ministry had a number of budgeted posts that were not filled. Also, Sports & Youth were transferred out of the Ministry mid-year of the 2014/15 financial year which contributed to reduced costs for the Ministry.

Litigation Costs

Litigation costs were well below budget at the end of the financial year as compared to the original budget due to reduced activity relating to legal costs.

Statement of Cash Flows:

Cash from Operating Activities

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

Cash from Investing Activities

The Ministry did not utilize the full budget allocation of \$4.7million for equity injection, nor was the full amount drawn down from Cabinet paid out as at the year-end.

Cash from Financing Activities

The Ministry did not utilize the full budget of \$4.7 million for equity injection, as due to time constraints not all capital projects were realized.

Statement of Changes in Net Worth:

Other Changes & Repayment of Surplus

This represents the net movement of the transfers out of the Ministry for the Department of Sports, Youth and the Cadets Corp following the shift in ministries. Repayment of Surplus in the amount of CI\$127k represents surplus realized during the financial year ending 30 June 2015.

**MINISTRY OF HOME AFFAIRS, HEALTH & CULTURE-HEALTH & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

Note 17: Financial Risk Management

The Ministry is exposed to a variety of financial risks including credit risk and liquidity risk. The Ministry's risk management policies are designed to identify and manage these risks, to set appropriate risk limits and controls, and to monitor the risks and adhere to limits by means of up to date and reliable information systems. These risks are managed within the parameters established by the *Financial Regulations (2013 Revision)*.

Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Ministry. Financial assets which potentially expose the Ministry to credit risk comprise cash and cash equivalents and trade and other receivables.

The Ministry is exposed to potential loss that would be incurred if the counterparty to the bank balances fails to discharge its obligation to repay. All bank balances are with one financial institution located in the Cayman Islands which management considers being financially secure and well managed.

The Ministry is also exposed to a significant concentration of credit risk in relation to accounts receivables, most of which are due from third parties. No credit limits have been established. As at 30 June 2015, a provision for doubtful debts has been made and is noted in Note 4.

The carrying amount of financial assets recorded in the financial statements represents the Ministry's maximum exposure to credit risk. No collateral is required from debtors.

Liquidity Risk

Liquidity risk is the risk that the Ministry is unable to meet its payment obligations associated with its financial liabilities when they are due. The ability of the Ministry to meet its debts and obligations is dependent upon its ability to collect the debts outstanding to the Ministry in a timely basis. Management manages liquidity risk through monitoring cash flows from debtors, maximizing day's credit taken from suppliers, and if the circumstances required it to obtain funding from Cabinet to temporarily fund any shortfalls.

Financial Instruments – Fair Values

As at 30 June 2015, the forecasted carrying value of cash and cash equivalents, trade and other receivables, trade and other payables and employee entitlements approximate their fair values due to their relative short-term maturities. Fair values estimates are made at a specific point in time, based on market conditions and the information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions, economic conditions and other factors could cause significant changes in fair value estimates.

Note 18: Supplementary/Reallocation of Funding

During the year Cabinet approved a reduction (reallocation) in the Ministry's budget allocations for 2014/15 of \$1.841 million which related to the transfer out of the department of Sports, Youth Services Unit and the Cadets Corp.

**MINISTRY OF HOME AFFAIRS, HEALTH & CULTURE-HEALTH & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

Note 19: Contingent Liabilities and Assets

The Ministry has no contingent assets and liabilities as at 30 June 2015 (2014: \$nil).

Note 20: Commitments

The Ministry has accommodation leases for a warehouse for storage on Grand Cayman and office space in Cayman Brac for the Department of Environmental Health. The leases are on an annual and biennial basis respectively.

As at 30 June 2015 the Ministry's commitments were as follows:

Type	One year or less \$'000	One to five years \$'000	Over five years \$'000	Total \$'000
Capital works/projects in progress	2,056	226	-	2,282
Accommodation leases	4	-	-	4
Total Commitments	2,060	226	-	2,286

Capital works/assets in progress:

Department of Environmental Health

Vehicles & Equipment	1,793	-	-	1,793
Landfill project	211	226	-	437

Mosquito Research & Control Unit

Vehicles & Equipment	26	-	-	26
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Department of Health Regulatory Services

Office fit-out (audio/visual system)	26	-	-	26
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Total Capital Commitments	2,056	226	-	2,282
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Note 21: Subsequent Events

Effective 1 June 2017, the Ministry's name was changed to the "Ministry of Health, Environment, Culture & Housing" following the general elections. As a result of the new ministry configuration, the departments of Environment and Counselling Services are now under the ambit of the Ministry.