



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 2016

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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 2016.

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 2016;
- (b) Fairly reflect the financial position as at 30th June 2016 and performance for the year ended 30 June 2016;
- (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.

A handwritten signature in blue ink, appearing to read "J. Ahearn", written over a horizontal line.

Jennifer M. Ahearn, AICP
Permanent Secretary & Chief Officer

Date- 3 / 08 / 2018

A handwritten signature in blue ink, appearing to read "N. Pouchie", written over a horizontal line.

Nellie Pouchie
Chief Financial Officer

Date- 3 August 2018

AUDITOR GENERAL'S REPORT

To the Members of the Legislative Assembly and the Chief Officer of the Ministry of Home Affairs, Health and Culture – Health and Culture.

Opinion

I have audited the financial statements of the Ministry of Home Affairs, Health and Culture - Health and Culture (the "Ministry"), which comprise the statement of financial position as at 30 June 2016 and the statement of financial performance, statement of changes in net worth and statement of cash flows for the period from 1 July 2015 to 30 June 2016, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 9 to 28.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Ministry as at 30 June 2016 and its financial performance and its cash flows for the period from 1 July 2015 to 30 June 2016 in accordance with International Public Sector Accounting Standards.

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Ministry in accordance with the International Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, together with the ethical requirements that are relevant to my audit of the financial statements in the Cayman Islands, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Matter

Included in the sale of goods and services revenue line item in the financial statements is an amount of \$1,312,889 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 vehicle, lead-acid battery and motor vehicle tyres imported into the Islands. It has been determined that based on their nature, vehicle disposal 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 vehicle disposal fees recorded as entity revenue in the year ended 30 June 2016.

My opinion is not qualified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the 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.

In preparing the financial statements, management is responsible for assessing the Ministry's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Ministry or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Ministry's financial reporting process.

AUDITOR GENERAL'S REPORT (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Ministry's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Ministry's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Ministry to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I have undertaken the audit in accordance with the provisions of Section 60(1)(a)(ii) of the *Public Management and Finance Law (2013 Revision)*. I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Sue Winspear, CPFA
Auditor General

3 August 2018
Cayman Islands

MINISTRY OF HOME AFFAIRS, HEALTH & CULTURE - HEALTH & CULTURE
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016
(Stated in Cayman Islands Dollars)

Prior Year Actual \$'000		Note	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig. vs Actual) \$'000
Current Assets						
14,960	Cash and cash equivalents	3	3,778	10,794	10,794	7,016
3,411	Trade receivables	4	12,954	3,855	3,855	(9,099)
147	Other receivables	4	1,946	-	-	(1,946)
817	Inventories	5	583	-	-	(583)
781	Prepayments		18	-	-	(18)
20,116	Total Current Assets		19,279	14,649	14,649	(4,630)
Non-Current Assets						
14,162	Property, plant and equipment	6	15,162	18,214	18,214	3,052
14,162	Total Non-Current Assets		15,162	18,214	18,214	3,052
34,278	Total Assets		34,441	32,863	32,863	(1,578)
Current Liabilities						
1,083	Trade payables	7	407	7,021	7,021	6,614
910	Other payables and accruals	7	730	-	-	(730)
197	Employee entitlements	8	236	-	-	(236)
2,584	Repayment of surplus		2,272	-	-	(2,272)
4,774	Total Current Liabilities		3,645	7,021	7,021	3,376
4,774	Total Liabilities		3,645	7,021	7,021	3,376
29,504	Net Assets		30,796	25,841	25,841	(4,955)
NET WORTH						
33,134	Contributed capital		34,817	28,263	28,263	(6,554)
730	Revaluation reserve		324	730	730	406
(4,360)	Accumulated deficits		(4,345)	(3,152)	(3,152)	1,193
29,504	Total Net Worth		30,796	25,841	25,841	(4,955)

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 FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2016
(Stated in Cayman Islands Dollars)

Prior Year Actual \$'000			Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig. vs Actual) \$'000
	Revenue					
20,420	Sale of goods and services	9	20,060	18,560	19,960	(1,500)
20,420	Total Revenue		20,060	18,560	19,960	(1,500)
	Expenses					
11,345	Personnel costs	11	10,691	11,270	11,270	579
6,901	Supplies and consumables	12	8,314	5,942	7,342	(2,372)
1,993	Depreciation	6	1,324	974	974	(350)
52	Litigation costs	13	49	195	195	146
2	(Gains)/losses on foreign exchange transactions		(5)	-	-	5
20,293	Total Expenses		20,373	18,381	19,781	(1,992)
127	Surplus or (Deficit) for the period		(313)	179	179	492

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 CHANGES IN NET WORTH

FOR THE YEAR ENDED 30 JUNE 2016

(Stated in Cayman Islands Dollars)

	Contributed Capital \$'000	Revaluation Reserve \$'000	Accumulated Surplus/ (deficits) \$'000	Total Net worth \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig. vs. Actual) \$'000
Balance at 30 June 2014	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	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
Capital withdrawals by Cabinet	(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 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 carried forward	33,134	(1,684)	(2,290)	29,160	48,875	48,875	19,715
	Contributed Capital \$'000	Revaluation Reserve \$'000	Accumulated Surplus/ (deficits) \$'000	Total Net worth \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig. vs. Actual) \$'000
Balance at 30 June 2015 brought forward	33,134	(1,684)	(2,290)	29,160	48,875	48,875	19,715
Prior year adjustments (Note 6)	-	2,414	(2,070)	344	(25,413)	(25,413)	(25,757)
Restated balance	33,134	730	(4,360)	29,504	23,462	23,462	(6,042)
Changes in net worth for 2015/16							
Other Changes	-	-	15	15	-	-	(15)
Gain/(loss) on revaluation of investments	-	(406)	-	(406)	-	-	406
Equity Investment from Cabinet	1,683	-	-	1,683	2,200	2,200	517
Repayment of surplus/ Dividends to Cabinet	-	-	313	313	-	-	(313)
Net revenue / expenses recognized directly in net worth	1,683	(406)	328	1,605	2,200	2,200	595
Surplus/(deficit) for the period 2015/16	-	-	(313)	(313)	179	179	492
Total recognized revenues and expenses for the period	1,683	(406)	15	1,292	2,379	2,379	1,087
Balance at 30 June 2016	34,817	324	(4,345)	30,796	25,841	25,841	(4,955)

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
 CASH FLOW STATEMENT
 FOR THE YEAR ENDED 30 JUNE 2016
 (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 USED IN OPERATING ACTIVITIES					
<i>Receipts</i>					
16,415	Outputs to Cabinet	5,768	14,743	14,743	8,975
18	Outputs to other government agencies	46	66	66	20
3,663	Sale of goods and services - third party	1,980	3,657	3,657	1,677
42	Other receipts	9	4	4	(5)
<i>Payments</i>					
(11,573)	Personnel costs	(10,645)	(11,270)	(11,270)	(625)
(9,636)	Supplies and consumables	(7,330)	(5,942)	(5,942)	1,388
(47)	Other payments	21	-	-	(21)
(1,118)	Net cash flows used in operating activities	(10,151)	1,257	1,257	11,408
CASH FLOWS USED IN INVESTING ACTIVITIES					
(2,238)	Purchase of property, plant and equipment	(2,661)	(2,200)	(2,200)	461
(2,238)	Net cash flows used in investing activities	(2,661)	(2,200)	(2,200)	461
CASH FLOWS FROM FINANCING ACTIVITIES					
4,563	Equity Investment	1,630	2,200	2,200	570
4,563	Net cash flows from financing activities	1,630	2,200	2,200	570
1,207	Net increase/(decrease) in cash and cash equivalents	(11,182)	1,257	1,257	12,439
13,753	Cash and cash equivalents at beginning of period	14,960	9,537	9,537	(5,423)
14,960	Cash and cash equivalents at end of period	3,778	10,794	10,794	7,016

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 2016**

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 the Cabinet from the Minister of Home Affairs, Health & Culture – Health & Culture as defined in the Annual Plan and Estimates for the Government of the Cayman Islands for the financial year ending 30 June 2016.

During the year ended 30 June 2016, the Ministry comprised the following departments: Health Regulatory Services, Department of Environmental Health and the Mosquito Research & Control Unit.

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 valuation). 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 2015/2016 Annual Budget Statement and were approved by the Legislative Assembly in June 2015. 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 2016**

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 2015/2016. 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 2016

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.

<u>Asset Type</u>	<u>Estimated Useful life</u>
• 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 2016

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.

Where 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 2016**

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 2016

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 2016

Note 3: Cash and cash equivalents

Actual Prior Year \$'000	Description	Foreign Currency	Exchange Rate	Actual Current Year \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig. vs Actual) \$'000
118	Cash in transit			8	-	-	(8)
14,796	CI\$ Operational Current Account			3,593	10,794	10,794	7,201
6	US\$ Operational Current Account	149	0.84	125	-	-	(125)
40	Payroll Current Account			52	-	-	(52)
14,960	TOTAL			3,778	10,794	10,794	7,016

MINISTRY OF HOME AFFAIRS, HEALTH & CULTURE - HEALTH & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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
8,733	Sale of goods and services	8,881	8,331	8,331	(550)
1,695	Outputs to Cabinet	12,004	1,236	1,236	(10,768)
3	Outputs to other government agencies	3	-	-	(3)
(7,020)	Less: provision for doubtful debts	(7,934)	(5,711)	(5,711)	2,223
3,411	Total trade receivables	12,954	3,855	3,855	(9,099)

Actual Prior Year \$'000	Other Receivables	Actual Current Year \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig. vs Actual) \$'000
-	Advances (salary, Official Travel, etc.)	22	-	-	(22)
10	Dishonored cheques	7	-	-	(7)
134	Other Receivable	1,915	-	-	(1,915)
3	Inter-entity Due from	2	-	-	(2)
147	Total other receivables	1,946	-	-	(1,946)

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

Actual Prior Year \$'000	Receivables	Trade Receivable \$'000	Other Receivable \$'000	Actual Current Year \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig. vs Actual) \$'000
	Current						
887	Past due 1-30 days	12,954	1,946	14,900	3,856	3,856	(11,044)
	Non-Current						
2,671	Past due 1 year and above	-	-	-	-	-	-
3,558	Total receivables	12,954	1,946	14,900	3,856	3,856	(11,044)

**MINISTRY OF HOME AFFAIRS, HEALTH & CULTURE - HEALTH & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

Note 4: Trade and other receivables (Continued)

Changes in the provision of doubtful debts:

Actual Prior Year \$'000	Description	Actual Current Year \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig. vs Actual) \$'000
(6,852)	Balance at 1 July	(7,020)	(710)	(710)	6,310
(168)	Additional provisions made during the year	(914)	(5,001)	(5,001)	(4,087)
(7,020)	Balance at 30 June	(7,934)	(5,711)	(5,711)	2,223

Note 5: Inventories

Actual Prior Year \$'000	Description	Actual Current Year \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig. vs Actual) \$'000
817	Inventory held for use in the provision of goods and services	583	-	-	(583)
817	Total Inventories	583	-	-	(583)

MINISTRY OF HOME AFFAIRS, HEALTH & CULTURE - HEALTH & CULTURE
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2016

Note 6: Property, Plant & Equipment

Cost or Opening Valuation	Plant and equipment	Buildings and Leasehold	Furniture and Office Equipment	Computer Hardware	Other assets	Infrastructure	Motor Vehicles	Marine Vessels	Aircraft	Assets under construction or development	Total	Original Budget	Final Budget	Variance (Orig vs Actual)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2014	4,125	19,412	511	303	81	97	9,250	15	1,638	4,385	39,817	38,762	38,762	(1,055)
Prior year adjustments	1	-	-	-	-	-	-	-	-	(3)	(2)	4,692	4,692	4,694
Additions	121	1,643	7	26	31	-	2,888	-	-	1,883	6,599	-	-	(6,599)
Disposals	-	-	-	(46)	-	-	-	-	-	-	(46)	-	-	46
Transfers	(149)	(13,893)	(112)	(78)	(42)	(92)	(252)	(15)	-	(4,363)	(18,996)	-	-	18,996
Balance as at 30 June 2015	4,098	7,162	406	205	70	5	11,886	-	1,638	1,902	27,372	43,454	43,454	16,082

	Plant and equipment	Buildings and Leasehold	Furniture and Office Equipment	Computer Hardware	Other assets	Infrastructure	Motor Vehicles	Marine Vessels	Aircraft	Assets under construction or development	Total	Original Budget	Final Budget	Variance (Orig vs Actual)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2015	4,098	7,162	406	205	70	5	11,886	-	1,638	1,902	27,372	43,454	43,454	16,082
Transfers	-	-	-	-	-	-	-	-	-	-	-	(14,494)	(14,494)	(14,494)
Prior year adjustments	-	-	-	-	-	-	-	-	-	-	-	(7,117)	(7,117)	(7,117)
Restated balance as at 1 July 2015	4,098	7,162	406	205	70	5	11,886	-	1,638	1,902	27,372	21,843	21,843	(5,529)
Capitalized assets in progress	210	-	-	5	4	-	1,041	-	171	(1,431)	-	-	-	-
Additions	30	-	2	22	56	-	1,847	-	-	704	2,661	2,200	2,200	(461)
Revaluations	-	(897)	-	-	-	-	-	-	-	-	(897)	-	-	897
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	163	-	-	-	163	-	-	(163)
Balance at 30 June 2016	4,338	6,265	408	232	130	5	14,937	-	1,809	1,175	29,299	24,043	24,043	(5,256)

Accumulated Depreciation and Impairment Losses	Plant and equipment	Buildings and Leasehold	Furniture and Office Equipment	Computer Hardware	Other assets	Infrastructure	Motor Vehicles	Marine Vessels	Aircraft	Assets under construction or development	Total	Original Budget	Final Budget	Variance (Orig vs Actual)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2014	3,232	2,453	408	234	24	33	7,891	6	672	-	14,953	13,189	13,189	(1,764)
Prior-year adjustments	-	-	-	1	(82)	-	-	-	80	-	(1)	-	-	1
Transfers	(96)	(2,892)	(74)	(66)	(11)	(33)	(165)	(7)	-	-	(3,344)	-	-	3,344
Depreciation Expense	191	1,180	25	36	96	5	460	1	-	-	1,994	1,797	1,797	(197)
Eliminate on Disposal	-	-	-	(48)	-	-	-	-	-	-	(48)	-	-	48
Balance as at 30 June 2015	3,327	741	359	157	27	5	8,186	-	752	-	13,554	14,986	14,986	1,432

	Plant and equipment	Buildings and Leasehold	Furniture and Office Equipment	Computer Hardware	Other assets	Infrastructure	Motor Vehicles	Marine Vessels	Aircraft	Assets under construction or development	Total	Original Budget	Final Budget	Variance (Orig vs Actual)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2015	3,327	741	359	157	27	5	8,186	-	752	-	13,554	14,986	14,986	1,432
Transfers	-	-	-	-	-	-	-	-	-	-	-	(8,129)	(8,129)	(8,129)
Prior-year adjustments	-	(344)	-	-	-	-	-	-	-	-	(344)	(2,002)	(2,002)	(1,658)
Restated balance as at 1 July 2015	3,327	397	359	157	27	5	8,186	-	752	-	13,210	4,855	4,855	(8,355)
Transfers	-	-	-	-	-	-	94	-	-	-	94	-	-	(94)
Depreciation Expense	184	171	9	11	8	-	852	-	89	-	1,324	974	974	(350)
Revaluation	-	(491)	-	-	-	-	-	-	-	-	(491)	-	-	491
Balance at 30 June 2016	3,511	77	368	168	35	5	9,132	-	841	-	14,137	5,829	5,829	(8,308)

Net Book value 30 June 2015	771	6,765	47	48	43	-	3,700	-	886	1,902	14,162	16,988	16,988	2,826
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Net Book value 30 June 2016	827	6,188	40	64	95	-	5,805	-	968	1,175	15,162	18,214	18,214	3,052
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**MINISTRY OF HOME AFFAIRS, HEALTH & CULTURE - HEALTH & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

Note 6: Property, Plant & Equipment (continued)

Asset Revaluation

Properties (buildings and structures) were revalued as at 30 June 2016 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 2016

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.

Prior year adjustments

The Departments of Sports, Youth Services Unit and the Cayman Islands cadet Corps were transferred to another Ministry in the 2014/15 financial year (effective 1 January 2015). The revaluation gains and some of the accumulated depreciation on the buildings owned by these departments were not written off in the books of the Ministry following the transfers. The restatement is reflected as a prior year adjustment in the current year financial statements, affecting equity and accumulated depreciation of buildings.

Assets under construction or development

Assets under construction or development are mainly comprised of costs incurred in respect of the Integrated Solid Waste Management System (ISWMS) (\$0.9million) and landfill improvements being undertaken by the Cayman Islands Government's Public Works Department (\$0.3million). The projects had not been completed at year end and as such were not capitalized.

MINISTRY OF HOME AFFAIRS, HEALTH & CULTURE - HEALTH & CULTURE
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2016

Note 7: Trade payables, other payables & Accruals

Prior Year Actual \$'000	Description	Current \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig. vs Actual) \$'000
1,007	Creditors	121	7,021	7,021	6,900
38	Creditors Ministries/Portfolios	257	-	-	(257)
38	Creditors other government agencies	29	-	-	(29)
1,083	Total trade payables	407	7,021	7,021	6,614
89	Payroll Deductions	96	-	-	(96)
635	Accrued Expenses	503	-	-	(503)
149	Accrued Expenses Ministries/Portfolios	29	-	-	(29)
8	Accrued Expenses other government agencies	8	-	-	(8)
29	Other payables	94	-	-	(94)
910	Total other payables & accruals	730	-	-	(730)
1,993	Total trade payables, other payables & accruals	1,137	7,021	7,021	5,884

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

Note 8: Employee entitlements

Actual Prior Year \$'000	Description	Actual Current Year \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Orig. vs Actual) \$'000
	<i>Employee entitlements are represented by:</i>				
195	Annual Leave	234	-	-	(234)
2	Accrued salaries	2	-	-	(2)
197	Total employee entitlements	236	-	-	(236)

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 2016

Note 9: Sales of Goods & Services

Actual Prior Year \$'000	Revenue type	Current Year \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig. vs Actual) \$'000
16,567	Outputs to Cabinet	16,077	14,834	16,234	(1,243)
-	Outputs to other government agencies	46	66	66	20
3,687	Fees and charges	3,838	3,657	3,657	(181)
124	General Sales	90	-	-	(90)
42	Other	9	4	4	(5)
20,420	Total sales of goods and services	20,060	18,560	19,960	(1,500)

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 transactions governed by Service Level Agreements (SLAs) between the contracting parties.

Fees & charges, general sales, rentals & others 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.

Fees and charges mainly comprise garbage fees of \$2.5million (2015: \$2.7million) and vehicle disposal fees of \$1.3million (2015: \$0.9million).

Note 10: Revenue from Non-Exchange Transactions

During the year ended 30 June 2016, 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 2016 (2015: \$nil).

MINISTRY OF HOME AFFAIRS, HEALTH & CULTURE - HEALTH & CULTURE
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2016

Note 11: Personnel costs

Actual Prior Year \$'000	Description	Actual Current Year \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig. vs Actual) \$'000
9,092	Salaries, wages and allowances	8,483	8,650	8,650	167
1,852	Health care	1,755	2,084	2,084	329
453	Pension	384	475	475	91
(77)	Leave	39	15	15	(24)
25	Other personnel related costs	30	45	45	15
11,345	Total Personnel Costs	10,691	11,270	11,270	579

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
2,951	Supplies and Materials	4,661	2,942	4,342	(1,719)
2,196	Purchase of services	1,879	1,897	1,897	18
496	Lease of Property and Equipment	81	151	151	70
604	Utilities	282	276	276	(6)
283	General Insurance	325	485	485	160
93	Interdepartmental expenses	63	62	62	(1)
69	Travel and Subsistence	57	65	65	8
30	Recruitment and Training	52	65	65	13
179	Other	914	-	-	(914)
6,901	Total Supplies & consumables	8,314	5,942	7,342	(2,372)

The "Other" category relates 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
52	Legal Fees	49	195	195	146
52	Total litigation costs	49	195	195	146

MINISTRY OF HOME AFFAIRS, HEALTH & CULTURE – HEALTH & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Note 14: Segment reporting

	Environment		Youth & Sports		Health Administration		CONSOLIDATED	
	15/16 \$'000	14/15 \$'000	15/16 \$'000	14/15 \$'000	15/16 \$'000	14/15 \$'000	15/16 \$'000	14/15 \$'000
Revenue								
Outputs from Cabinet	13,066	10,935	-	2,642	3,011	2,993	16,077	16,570
Outputs - Other govt agencies		42	-	-		-	-	42
Other revenue	3,990	3,787	-	21	(7)	-	3,983	3,808
Total Revenue	17,056	14,764	-	2,663	3,004	2,993	20,060	20,420
Expenses								
Salaries & wages	8,630	7,318	-	1,245	2,061	1,196	10,691	9,759
Other expenses	9,346	7,022	-	2,147	336	1,365	9,682	10,534
Total Expenses	17,976	14,340	-	3,392	2,397	2,561	20,373	20,293
Surplus/(Deficit) from Operating Activities	(920)	424	0	(729)	607	432	(313)	127
Assets								
Current Assets	15,569	4,697	-	-	3,710	15,419	19,279	20,116
Non-current assets	14,289	12,780	-	-	874	1,038	15,163	13,818
Total Assets	29,858	17,477	-	-	4,584	16,457	34,442	33,934
Liabilities								
Current Liabilities	1,164	2,261	-	-	2,482	2,513	3,646	4,774
Total Liabilities	1,164	2,261	-	-	2,482	2,513	3,646	4,774
Capital Expenditure	1,031	3,838	-	64	652	661	1,683	4,563

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.

Youth & Sports is included for prior year comparative purposes only as this segment was transferred out of the Ministry as at 30 June 2015.

MINISTRY OF HOME AFFAIRS, HEALTH & CULTURE - HEALTH & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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 2016 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 8 key management personnel as at 30 June 2016 (2015: 9 persons).

Actual Prior Year \$'000	Description	Actual Current Year \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig. vs Actual) \$'000
990	Salaries & other short-term employee benefits	978	-	-	(978)
990	Total	978	-	-	(978)

No loans were granted to key management personnel or their close relatives during the financial year ended June 30, 2016 (2015: \$nil).

The decrease in the number of key management personnel was as a result of staff turnover during the year.

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 below budget due to outstanding cabinet billings/funding. Budget estimates were based on the last month of the financial year outstanding however; billings were outstanding at the year-end due to delay in drawdown submissions to Cabinet.

Trade receivables

The actual receivables were above budget due to the outstanding cabinet billings as at the year-end.

**MINISTRY OF HOME AFFAIRS, HEALTH & CULTURE - HEALTH & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

Note 16: Explanation of major variances against budget (Continued)

Other current assets

Other receivables mainly relate to equity contributions from Cabinet that had not been received at year end. Inventories mainly comprise of insecticides used in control of mosquitoes in the Cayman Islands. These current assets were not budgeted for hence the favorable budget variances.

Property & Equipment

Actual property, plant & equipment at June 30, 2016 were lower than budgeted estimates mainly due to revaluation losses that were not budgeted for, adjustments made to the opening balances to reflect transfers in the prior year and adjustments to opening balances in the current year budget.

Trade and other payables

Trade and other payables were lower than the original budget due to the payment of outstanding liabilities during the year.

Other current liabilities

Employee entitlements and repayment of surplus liabilities were not budgeted for hence the favorable budget variances.

Statement of financial performance:

Revenues

Revenues earned were higher than budgeted mainly due to increased appropriation to the Mosquito Research & Control Unit (MRCU) of \$1.4 million for the prevention of the Zika virus.

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.

Supplies & Consumables

Actual expenses were above budgeted estimates due to increased costs relating to the Zika virus prevention. These were offset by the additional funding approved by Cabinet to the MRCU, as per the revenues commentary above. In addition, the provision for doubtful debts of \$0.9million was not budgeted for.

Depreciation was above the budgeted estimates due to the overspend in purchases of property and equipment.

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

Cash flows from investing activities were above budget due to overspend on acquisition of fixed assets.

**MINISTRY OF HOME AFFAIRS, HEALTH & CULTURE - HEALTH & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

Note 16: Explanation of major variances against budget (Continued)

Cash from financing activities

The Ministry did not utilize the full budget of \$2.2 million for equity injection, as due to time constraints not all capital projects were realized.

Statement of Changes in Net Worth

Changes in net worth were higher than budget mainly due to adjustments made to the opening balances to reflect asset transfers. This was partially offset by revaluation losses that were not budgeted for, underutilization of equity injections and a deficit for the year as compared to a budgeted surplus.

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 2016, 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 2016, 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.

**MINISTRY OF HOME AFFAIRS, HEALTH & CULTURE - HEALTH & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

Note 18: Contingent Liabilities and Assets

The Ministry has no contingent assets and liabilities as at 30 June 2016 (2015: \$nil).

Note 19: 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 2016 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	1,075	-	-	1,075
Operating leases	20	24	-	44
Total Commitments	1,095	24	-	1,119

Note 20: 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.

On 5 May 2016, Cabinet approved an additional appropriation of \$1.4million to output MRC 15 for the prevention and control of Zika relating to the year ended 30 June 2016. This additional appropriation was subsequently ratified by the Legislative Assembly on 25 August 2017 in the passing of the Supplementary Appropriation (July 2015 to June 2016) Bill 2017.