



**GOVERNMENT OF THE CAYMAN ISLANDS**

**MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT -  
TOURISM AND DEVELOPMENT**

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

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**MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – TOURISM AND DEVELOPMENT**

**STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

These financial statements have been prepared by the Ministry of Finance, Tourism and Development – Tourism and Development in accordance with the provisions of the Public Management and Finance Law (2012 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 (2012 Revision).

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

As Chief Officer and Sr. Chief Financial Officer we are responsible for the preparation of the Ministry of Finance, Tourism and Development – Tourism and Development financial statements, representation and judgements made in these statements.

With exception to the issues raised in the following paragraphs, the financial statements fairly present the financial position, financial performance and cash flows of the Ministry of Finance, Tourism and Development – Tourism and Development for the financial year ended 30 June 2011.

- (a) Valuation of buildings – the Government of the Cayman Islands opted for the valuation model in prior fiscal years but has not carried out a revaluation every five years as required by the Financial Regulations (2012) and IPSAS 17, Property, Plant and Equipment.
- (b) The line items relating to Cash, Trade Receivables, Other Receivables, Prepayments, Trade Payables, Accruals, Supplies and Consumables, and Foreign Exchange have not been presented in compliance with IPSAS accounting standards.

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

- (a) completely and reliably reflect the financial transactions of Ministry of Finance, Tourism and Development – Tourism and Development for the year ended 30 June 2011;
- (b) fairly reflect the financial position as at 30 June 2011 and performance for the Year ended 30 June 2011;
- (c) comply with International Public Sector Accounting Standards as set out by International Public Sector Accounting Standards Board under the responsibility of the International Federation of Accountants. Where guidance is not available, the financial statements comply with International Accounting Standards issued by the International Accounting Standards Committee or accounting practice that is generally accepted in the United Kingdom as appropriate for reporting in the public sector.

The Office of the Auditor General conducts an independent audit and expresses an opinion on the accompanying financial statements. The Office of the Auditor General has been provided access to all the information necessary to conduct an audit in accordance with International Standards of Auditing.

Stran Bodden  
Chief Officer



Date- 30 JUNE 2013

Josephine Sambula  
Sr. Chief Financial Officer



Date- 30 June 2013



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## AUDITOR GENERAL'S REPORT

To the Chief Officer and Members of the Legislative Assembly of the Cayman Islands

I have audited the accompanying financial statements of the **Ministry of Finance, Tourism and Development – Tourism and Development** (the “Ministry”), which comprise the statement of financial position as of 30 June 2011, and the statement of financial performance, statement of changes in net worth and cash flow statement, for the year then ended and a summary of significant accounting policies and other explanatory notes, in accordance with the provisions of Section 60(1)(a) of the *Public Management and Finance Law (2012 Revision)* (“PMFL”).

### Management’s Responsibility for the Financial Statements

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

### Auditor’s Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend upon the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Basis for Adverse Opinion**

#### **Comparatives**

The Ministry did not properly disclose its prior year comparative figures within its financial statements as required by IPSAS 1 -Presentation of Financial Statements. Under the standards except when IPSAS permits or requires otherwise, comparative information shall be disclosed in respect of the previous period for all amounts reported in the financial statements. The Ministry has erroneously disclosed the disclaimed balances of the former Ministry of Finance, Tourism and Development (MFTD) for the year ended June 30, 2010 instead of those prior year balances that pertained only to its own operations. The former Ministry (MFTD) was split into two separate entities effective July 1, 2010. These entities being: MFTD – Financial services and the auditee MFTD – Tourism and Development. As such, the prior year balances are misleading and do not represent comparable operations of the entity.

#### **Cash**

The cash balance presented in the financial statements includes bank accounts held locally and overseas. During the audit, I was unable to satisfy myself as to the accuracy of the overseas imprest account cash balances of CI\$ 1,424,000. Management failed to properly update the accounting records to correctly represent the underlying imprest net cash account balance. Furthermore, there was no mechanism in place to reconcile overseas cash book balances within the accounting system to the actual bank balances held by these branches.

#### **Trade Receivables**

Included in the trade receivables at year end was an amount of \$8.4M, which was subsequently reversed in the 2012 fiscal year. This amount was not a valid receivable as at June 30, 2011. Based on work performed I can conclude that the account balance represented is not fairly stated.

#### **Other Receivables**

Prior to the commencement of my audit procedures, I received representations from management to the effect that they could not provide me with supporting documentation required for me to audit the balances and transactions included in the Ministry's financial statements relating to other receivables. Included within this balance are amounts that were outstanding for a significant period of time mainly from travel related claims which amounted to \$85,000. These balances were written off in the subsequent year. I was not provided with adequate support in order to form an opinion on accuracy, completeness and existence of these balances.

### **Prepayments**

Prior to the commencement of my audit procedures, I received representations from management to the effect that they could not provide me with supporting documentation required for me to audit the balances and transactions included in the Ministry's financial statements relating to prepayments of CI \$414,000. I was not provided with adequate support in order to form an opinion on accuracy, completeness and existence of these balances.

### **Property & Equipment**

Prior to the commencement of my audit procedures, I received representations from management to the effect that they could not provide me with supporting documentation required for me to audit the property plant & equipment account. As a result of those representations, the scope of my audit was significantly limited. Therefore my office did not carry out any audit procedures, including substantive or analytical procedures on any of those balances.

Furthermore, the Ministry has not revalued its buildings within five (5) years preceding the year ended June 30, 2011, in accordance with The Financial Regulations (2010 revision) and as required by IPSAS 17.

Due to the above issues, I could therefore not determine if fixed assets were fairly stated as at June 30, 2011.

### **Trade Payables**

Prior to the commencement of my audit procedures, I received representations from management to the effect that they could not provide me with supporting documentation required for me to audit the open purchase orders account whose balance stood at CI\$ 470,267. As a result of those representations, the scope of my audit was significantly limited. Therefore my office did not carry out any audit procedures, including substantive or analytical procedures on any of those balances.

### **Accruals and Other Accounts Payable**

During the audit, it was noted that amounts reported within this account balance were either not properly supported or did not satisfy the criteria to be accounted for as an accrual as required under IPSAS 1. Based on my limited review, the estimated total findings in relation to these matters amounted to CI\$ 811,003. In most cases, these accruals were done at year end for services yet to be rendered to the Ministry. While some of these accruals were later reversed, their inclusion, without adequate basis, in the statement of financial position at 30 June 2011 overstates the Ministry's accruals and thus presents an erroneous position of its financial position as at that date. I can conclude that the account balance represented is not fairly stated.

### **Surplus Payable**

Management has not included a surplus payable within the accounts. Furthermore, due to the qualifications issued on the areas disclosed I would also be unable to conclude on the accuracy of any amount reported if included.

### **Supplies and Consumables**

#### *IPSAS Accrual Concept*

Included within the ministry's supplies and consumables are expenses which have not been properly accounted for on an accrual basis as required by IPSAS 1. On a sample basis I noted that amounts totaling approximately \$1.1M were not accounted for correctly under accrual based accounting. As such, due to the material findings and this systemic issue I can conclude that the overall balance is not fairly stated.

#### *Incomplete Records Due to Imprest Issues*

The ministry utilizes a number of imprest system accounts to record expenses incurred into the IRIS accounting system. As noted under the above cash section the Ministry was unable to provide properly reconciled imprest accounts. The impact of this issue has limited me from concluding on the completeness of transactions recorded within the statement of financial performance.

#### *Effect of Qualified Items on the Statement of Financial Position*

Based on the number of qualified statement of financial position items noted above which includes, prepayments, official travel and accounts payable, I have not received sufficient and appropriate audit evidence to determine the impact of these balances which typically are expensed to the statement of financial performance.

### **Foreign Exchange**

IPSAS 4 requires that the statement of financial performance items be translated at the prevailing rate at the time of the transaction. Monetary items in the statement of financial position should be translated at the closing rate and non-monetary items are generally translated at the historical rates. My review of the Ministry's records indicated a foreign exchange gain of CI\$ 204,000. However, the accounting practices of the Ministry have not complied with the requirements of the standard as all expenses from the London and Canadian departments were recorded using the month end rates and the closing cash balances were not revalued. My office did not receive an analysis to support the potential error within the accounts as the total expenses recorded for the London and Canadian departments amounted to approximately \$3.3M.

### **Depreciation**

Prior to the commencement of my audit procedures, I received representations from management to the effect that they could not provide me with supporting documentation required for me to audit the property plant & equipment account. As a result of those representations, the scope of my audit was significantly limited. Therefore, I was unable to determine whether the depreciation expense included in the financial statements was fairly stated as at June 30, 2011.

### **Related Party Transactions**

International Public Sector Accounting Standards (IPSAS) 20 requires the identification of transactions with related parties and disclosure of related party transactions and outstanding balance in the financial statements. This is to ensure that the entity's financial statements contain the disclosure necessary to draw attention to the possibility that its financial position and financial performance may have been affected by the existence of related parties and by transactions and outstanding balances with such parties. I was unable to determine the entity's compliance with this standard due to the non-presentation of the declaration forms by some related parties who are so required by the standard. The absence of these declarations would inhibit the Ministry from identifying, monitoring and disclosing all related party transactions by senior managers and those charged with governance.

### **Statement of Cash Flows**

I am unable to verify the cash flows reported as I was unable to obtain sufficient and appropriate support in order to allow me to validate the cash flows reported.

### **Net Worth**

There are numerous matters concerning the net worth balance reported within the accounts. The main components of the net worth include, the revaluation surplus, accumulated surpluses and contributed capital.

#### *Revaluation Surplus*

The revaluation surplus has not been updated with the effects from a revaluation. Typically if the carrying amount of a class of assets is increased or decreased as a result of a revaluation, the change should be reflected within the revaluation surplus

#### *Contributed Capital*

This contributed capital balance which represents the equity investments into the Ministry by Cayman Islands Government was reported on the statement of financial position in the amount of \$13,086,000. The amount noted within the supporting work papers amount to \$3,674,000. This represents a difference of \$9,412,000.

Furthermore, my office did not receive support to substantiate the balances represented within the statement of financial position.



### *Accumulated Surplus*

The accumulated surplus represents the cumulative net surpluses that accrued to the entity over prior years. This balance is deemed to be unreliable due to the fact that there are a number of accounting issues as noted above that affect the integrity of this balance.

As such, I am therefore unable to conclude on the impact on the Net Worth and thus I am unable to conclude that Net Worth is fairly stated at 30 June 2011.

### **Adverse Opinion**

In my opinion, because of the significance of the matters described in the Basis for Adverse Opinion paragraphs, the financial statements do not present fairly the financial position of the Ministry of Finance, Tourism and Development – Tourism and Development as at June 30, 2011, and their financial performance and their cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

### **Other Matter**

Without further qualifying my audit opinion, I draw your attention to the fact that the Ministry did not disclose its final budget consistent with the requirements of IPSAS 24 (presentation of budgeted information in financial statements). The standard requires that an entity shall present a comparison of the approved budget amounts for which it is held publicly accountable to actual amounts. However, as discussed in the notes to the financial statements the Ministry of Finance, Tourism and Development, the entity for which the budget was approved, was separated into three reporting entities, consequently the budget numbers presented in these financial statements relate only to the operations of the Ministry under audit and represents only a portion of the approved budget.



Alastair Swarbrick, MA (Hons), CPFA  
Auditor General

Cayman Islands  
30 June 2013

**MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT - TOURISM AND DEVELOPMENT  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2011**

Prior Year Actual (Unaudited)		Current Year Actual	Original Budget	Variance (Original vs Actual)
	Note			
	<b>Current Assets</b>			
13,645	Cash and cash equivalents	9,978	8,709	(1,269)
-	Marketable securities and deposits	-	-	-
15,605	Trade receivables	11,808	5	(11,803)
204	Other receivables	173	1	(172)
32	Inventories	-	1	1
663	Prepayments	414	426	12
<b>30,150</b>	<b>Total Current Assets</b>	<b>22,374</b>	<b>9,142</b>	<b>(13,232)</b>
	<b>Non-Current Assets</b>			
19,317	Property, plant and equipment	11,156	6,510	(4,646)
<b>19,317</b>	<b>Total Non-Current Assets</b>	<b>11,156</b>	<b>6,510</b>	<b>(4,646)</b>
<b>49,467</b>	<b>Total Assets</b>	<b>33,529</b>	<b>15,652</b>	<b>(17,877)</b>
	<b>Current Liabilities</b>			
313	Trade payables	752	3,295	2,543
2,938	Other payables and accruals	2,357	-	(2,357)
14	Unearned revenue	0	-	(0)
845	Employee entitlements	975	500	(475)
-	Repayment of surplus	-	-	-
<b>4,110</b>	<b>Total Current Liabilities</b>	<b>4,084</b>	<b>3,795</b>	<b>(289)</b>
<b>4,110</b>	<b>Total Liabilities</b>	<b>4,084</b>	<b>3,795</b>	<b>(289)</b>
<b>45,357</b>	<b>Net Assets</b>	<b>29,445</b>	<b>11,857</b>	<b>(17,588)</b>
	<b>NET WORTH</b>			
17,748	Contributed capital	13,086	1,790	(11,296)
-	Revaluation reserve	-	-	-
27,609	Accumulated surpluses	16,358	15,380	(978)
<b>45,357</b>	<b>Total Net Worth</b>	<b>29,445</b>	<b>17,170</b>	<b>(12,275)</b>

The accounting policies and notes on pages 14-31 form an integral part of these financial statements.

Authorised for issue:

Stran Bodden  
Chief Officer



Josephine Sambula  
Sr. Chief Financial Officer



Date- 30 JUNE 2013

Date- 30 June 2013

**MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT - TOURISM AND DEVELOPMENT  
STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30 JUNE 2011**

Prior Year Actual (Unaudited)		Current Year Actual	Original Budget	Variance (Original vs Actual)	
CIS000		CIS000	CIS000	CIS000	
	<b>Revenue</b>				
65,342	Sale of goods and services	7	39,564	41,190	1,626
-	Other revenue		-	35	35
<b>65,342</b>	<b>Total Revenue</b>		<b>39,564</b>	<b>41,225</b>	<b>1,661</b>
	<b>Expenses</b>				
23,159	Personnel costs	10	17,664	18,948	1,284
24,814	Supplies and consumables	11	19,699	21,035	1,336
2,014	Depreciation	4	1,548	1,243	(305)
35	Litigation costs	13	11	-	(11)
191	Gains/(losses) on foreign exchange transactions	14	204	-	(204)
1	Gains/(losses) on disposal/revaluation of property, plant and equipment	14	38	-	(38)
1	Other expenses		-	-	-
<b>50,215</b>	<b>Total Expenses</b>		<b>39,164</b>	<b>41,226</b>	<b>2,062</b>
<b>15,127</b>	<b>Surplus or (Deficit) for the period</b>		<b>400</b>	<b>(1)</b>	<b>(401)</b>
	The accounting policies and notes on pages 14-31 form an integral part of these financial statements.				

MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT - TOURISM AND DEVELOPMENT  
 STATEMENT OF CHANGES IN NET WORTH  
 FOR THE YEAR ENDED 30 JUNE 2011

	Attributable to Cayman Islands Government						Final Budget	Original Budget	Variance (Original vs Actual)
	Contributed Capital	Reserves	Revaluation Reserve	Accumulated Surplus	Total	Total Net worth			
<b>Balance at 30 June 2009</b>	11,245	-	-	10,244	21,489	21,489			
Changes in accounting policy	-	-	-	-	-	-			
Prior Year Adjustments	109	-	-	-	109	109			
Restated balance	11,354	-	-	10,244	21,598	21,598	-	-	
<b>Changes in net worth for 2009/10</b>									
Gain/(loss) on property revaluation	-	-	-	-	-	-			
Equity Investment from Cabinet	8,632	-	-	-	8,632	8,632			
Capital withdrawals by Cabinet	-	-	-	-	-	-			
Repayment of surplus to Cabinet	-	-	-	-	-	-			
<b>Net revenue / expenses recognised directly in net worth</b>	8,632	-	-	-	8,632	8,632			
Surplus for the period 2009/10	-	-	-	15,127	15,127	15,127			
<b>Total recognised revenues and expenses for the period</b>	8,632	-	-	15,127	23,758	23,758	-	-	
<b>Balance at 30 June 2010 carried forward</b>	19,986	-	-	25,371	45,357	45,357	-	-	
	Attributable to Cayman Islands Government						Final Budget	Original Budget	Variance (Original vs Actual)
	Contributed Capital	Other Reserves	Revaluation Reserve	Accumulated Surplus	Total	Total Net worth			
<b>Balance at 30 June 2010 brought forward</b>	19,986	-	-	25,371	45,357	45,357	16,291	16,291	(29,066)
<b>Changes in net worth for 2010/11</b>									
Changes in accounting policy	-	-	-	-	-	-			
Prior Year Adjustments	(11,640)	-	-	-	(11,640)	(11,640)			11,640
Restated balance	8,346	-	-	25,371	33,717	33,717	16,291	16,291	(17,426)
<b>Changes in net worth for 2010/11</b>									
Gain/(loss) on property revaluation	-	-	-	-	-	-			
Equity Investment from Cabinet	409	-	-	-	409	409	880	880	471
Capital withdrawals by Cabinet	(5,081)	-	-	-	(5,081)	(5,081)			5,081
Repayment of surplus to Cabinet	-	-	-	-	-	-			
<b>Net revenue / expenses recognised directly in</b>	(4,672)	-	-	-	(4,672)	(4,672)			4,672
Surplus/(deficit) for the period 2010/11	-	-	-	400	400	400	(1)	(1)	(401)
<b>Total recognised revenues and expenses for the period</b>	(4,672)	-	-	400	(4,272)	(4,272)	(1)	(1)	4,271
<b>Balance at 30 June 2011</b>	3,674	-	-	25,771	29,445	29,445	17,170	17,170	(12,275)

The accounting policies and notes on pages 14-31 form an integral part of these financial statements.

**MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT - TOURISM AND DEVELOPMENT  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2011**

Prior Year Actual (Unaudited)		Current Year Note Actual	Final Budget	Original Budget	(Original vs Actual)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<i>Receipts</i>					
34,534	Outputs to Cabinet	51,439	41,170	41,170	(10,269)
1,153	Outputs to other government agencies	(8,420)	-	-	8,420
20,567	Sale of goods and services - third party	146	20	20	(126)
710	Other receipts	170	35	35	(135)
<i>Payments</i>					
(22,869)	Personnel costs	(17,455)	(18,948)	(18,948)	(1,493)
(23,371)	Supplies and consumables	(19,579)	(21,035)	(21,035)	(1,456)
239	Other payments	(171)	-	-	171
<b>10,963</b>	<b>Net cash flows from operating activities</b>	<b>17 6,130</b>	<b>1,242</b>	<b>1,242</b>	<b>(4,888)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
(9,753)	Purchase of property, plant and equipment	(3,606)	(880)	(880)	2,726
(1)	Proceeds from sale of investments	-	-	-	-
<b>(9,754)</b>	<b>Net cash flows from investing activities</b>	<b>(3,606)</b>	<b>(880)</b>	<b>(880)</b>	<b>2,726</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
8,741	Equity Investment	409	880	880	471
-	Capital withdrawal	(6,600)	-	-	6,600
<b>8,741</b>	<b>Net cash flows from financing activities</b>	<b>(6,191)</b>	<b>880</b>	<b>880</b>	<b>7,071</b>
9,950	<b>Net increase/(decrease) in cash and cash equivalents</b>	(3,667)	1,242	1,242	4,909
3,695	Cash and cash equivalents at beginning of period	13,645	7,466	7,466	(6,179)
<b>13,645</b>	<b>Cash and cash equivalents at end of period</b>	<b>9,978</b>	<b>8,708</b>	<b>8,708</b>	<b>(1,270)</b>

The accounting policies and notes on pages 14-31 form an integral part of these financial statements.

**MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – TOURISM AND DEVELOPMENT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**Description and Principal Activities**

The Ministry of Finance, Tourism and Development – Tourism and Development (“the Ministry”) is a Government owned entity as defined by section 2 of the Public Management and Finance Law (2010 Revision) and it is domiciled in the Cayman Islands.

The Ministry of Finance, Tourism and Development was formed after the General Election of 2009 by combining the Portfolio of Finance and Economics and the Ministry of Tourism. Effective 1 July 2010 the Ministry of Finance, Tourism and Development was split into three separate reporting entities: Tourism and Development; Public Finance and Financial Services.

Its principal activities and operations include all activities carried out in terms of the outputs purchased by the Ministry as defined in the Annual Plan and Estimates for the Government of Cayman Islands for the financial year ending 30 June 2011.

**Note 1: Significant Accounting Policies**

Changes in Accounting Policies

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

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

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

**(b) Budget Amounts**

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

**(c) Judgments and Estimates**

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the reporting period they are determined and in any future periods that are affected by those revisions.

**(d) Changes in Accounting Estimates**

There have been no changes to accounting estimates as defined by IPSAS 3.

**MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – TOURISM AND DEVELOPMENT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**Note 1: Significant Accounting Policies (continued)**

**(e) Revenue**

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

The Ministry derives its revenue through the provision of services to Cabinet, to other agencies in government and to third parties. Revenue is recognised at fair value of services provided.

**(f) Expenses**

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

**(g) Operating Leases**

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under the operating leases are recognised as expenses on a straight-line basis over the lease term.

**(h) 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 at the date of acquisition.

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

**(i) Prepayments**

The portion of recognised expenditure paid in advance of receiving services has been recognised as a prepayment in these financial statements.

**MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – TOURISM AND DEVELOPMENT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2011**

**Note 1: Significant Accounting Policies (continued)**

**(j) Property, Plant and Equipment**

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

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

<u>Asset Type</u>	<u>Estimated Useful life</u>
• Buildings and structures	10 – 60 years
• Building fit-out (when accounted for separately)	5 – 25 years
• Leasehold Improvement	Over the unexpired period of
	lease or the useful life of the
	improvement
• Computer Equipment	3 – 10 years
• Developed software	4 – 10 years
• Office equipment and furniture	3 – 25 years
• Motor vehicles	3 – 20 years
• Telecommunications	5 – 50 years
• Other equipment	5 – 20 years



**MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – TOURISM AND DEVELOPMENT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**Note 1: Significant Accounting Policies (continued)**

**Disposals**

Gains and losses on disposals of property, plant and equipment are determined by comparing the sale proceeds with the carrying amount of the asset. Gains and losses on disposals during the year are included in the Statement of Financial Performance.

**(k) Employee Benefits**

Employee entitlements to salaries and wages, annual leave, long service leave, retiring leave and other similar benefits are recognised in the Statement of Financial Performance when they are earned by employees. Employee entitlements to be settled within one year following the year-end are reported as current liabilities at the amount expected to be paid.

Pension contributions for employees of the Ministry are paid to the Public Service Pension Fund and administered by the Public Service Pension Board (the "Board"). Contributions of 12% - employer 6% and employee 6% are made to the Fund by the Ministry.

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

**(l) Financial Instruments**

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

**Classification**

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

**Recognition**

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

**MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – TOURISM AND DEVELOPMENT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**Note 1: Significant Accounting Policies (continued)**

**(l) Financial Instruments (continued)**

**Measurement**

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

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

**De-recognition**

A financial asset is de-recognised when the Ministry realises the rights to the benefits specified in the contract or loses control over any right that comprise that asset. A financial liability is derecognised when it is extinguished, that is when the obligation is discharged, cancelled, or expired.

**(m) Contingent Liabilities and Assets (including guarantees)**

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

**(n) Foreign Currency**

Foreign currency transactions are recorded in Cayman Islands dollars using the exchange rate in effect at the date of the transaction. Foreign currency gains or losses resulting from settlement of such transactions are recognised in the Statement of Financial Performance.

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

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

**MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – TOURISM AND DEVELOPMENT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**Note 1: Significant Accounting Policies (continued)**

**(o) Comparative Figures**

The Ministry has not presented prior year comparative information in the financial statements as required under IPSAS 1, Presentation of Financial Statements. This is because the Ministry is essentially a new ministry created from departments previously under the Ministry of Finance, Tourism and Development. These departments were not audited in isolation nor did they prepare and present departmental audited financial statements. Therefore presentation of comparative figures is deemed unnecessarily complex, misleading and of little value since the previous ministry did not present audited financial statements on a department basis and furthermore the former Ministry received a disclaimed opinion for the year ended 30 June 2010.

**(p) Revenue from Non-Exchange Transactions**

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

**MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – TOURISM AND DEVELOPMENT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**Note 2: Cash and cash equivalents**

Cash and cash equivalents include cash on hand; bank accounts in the name of the Ministry of Finance, Tourism and Development – Tourism and Development maintained at Royal Bank of Canada, Barclays Bank (UK) and Bank of America (NY), and short term deposits invested with the Cayman Islands Government Treasury. As at 30 June 2011 the Ministry held no restricted cash balances.

<b>Actual Prior Year \$'000</b>	<b>Description</b>	<b>Foreign Currency \$'000</b>	<b>Exchange Rate</b>	<b>Actual Current Year \$'000</b>
1,028	Cash on hand (IRIS Confirmation Account/Petty Cash)	4	1.0000	4
9	Cash in transit (IRIS Remittance Account)	1	1.0000	1
12,517	CI\$ Operational Current Account held at Royal Bank of Canada	7,738	1.0000	7,738
35	US\$ Operational Current Account held at Royal Bank of Canada	125	0.8300	103
57	Payroll Current Account held at Royal Bank of Canada	712	1.0000	712
	<b>Bank Accounts held at other financial institutions <i>[DISCLOSE ACCOUNT DETAILS IF MATERIAL]</i></b>			
	GBP Operational Account held at Barclays Bank (UK Office)	-	1.3324	-
	GBP Operational Account held at Barclays Bank (UK Tourism)	241	1.3324	321
	Canadian Operational Account held at Royal Bank of Canada (Canada Tourism)	60	1.0380	62
	US Operational Account held at Bank of America (USA Tourism)	1,250	0.8300	1,038
-	Fixed Deposits held with Treasury (less than 90 days)	0	1.0000	-
<b>13,645</b>	<b>TOTAL</b>			<b>9,978</b>

**MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – TOURISM AND DEVELOPMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**Note 3: Trade receivables and other receivables**

At year end all, overdue receivables have been assessed and appropriate provisions made. The provision for doubtful debts has been calculated based on expected losses for the Ministry and review of specific debtors. Expected losses have been determined based on an analysis of the Ministry losses in previous periods.

Actual Prior Year \$'000	Trade Receivables	Actual Current Year \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Original vs Actual) \$'000
5,047	Sale of goods and services	435	-	-	(435)
10,372	Outputs to Cabinet	2,871	4,183	4,183	1,312
-	Outputs to other government agencies	8,498	374	374	(8,124)
182	Other	-	(3)	(3)	(3)
4	Less: provision for doubtful debts	4	-	-	(4)
<b>15,605</b>	<b>Total trade receivables</b>	<b>11,808</b>	<b>4,554</b>	<b>4,554</b>	<b>(7,254)</b>

Actual Prior Year \$'000	Trade Receivables	Actual Current Year \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Original vs Actual) \$'000
76	Advances (salary, Official Travel, etc)	88	60	60	(28)
0	Dishonoured cheques	1	-	-	(1)
-	Interest receivable	-	-	-	-
128	Other	84	707	707	623
<b>204</b>	<b>Total other receivables</b>	<b>173</b>	<b>767</b>	<b>767</b>	<b>594</b>

As of 30 June 2011, trade receivables and other receivables are all due within one year from financial position date.

**MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – TOURISM AND DEVELOPMENT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2011**

**Note 3: Trade receivables and other receivables (Cont.)**

<b>Description</b>	<b>Trade Receivable</b>	<b>Other Receivable</b>	<b>Total Receivable</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Variance (Original vs Actual</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Current	-	-		-		
Past due 1-30 days	11,808	173	11,981	4,554	4,554	7,254
Past due 31-60 days	-	-		-	-	
Past due 61-90 days	-	-		-	-	
Past due 90 and above	-	-		-	-	
<b>Total</b>	<b>11,808</b>	<b>173</b>	<b>11,981</b>	<b>4,554 -</b>	<b>4,554 -</b>	<b>7,254</b>

MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – TOURISM AND DEVELOPMENT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2011

Note 4: Property, plant and equipment

<i>Cost</i>	<i>Plant and equipment</i>	<i>Buildings</i>	<i>Furniture</i>	<i>Computers</i>	<i>Other assets</i>	<i>Infrastructure</i>	<i>Motor Vehicles</i>	<i>Assets under construction or development</i>	<i>Total</i>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2010	27,942	15,112	2,540	1,354	1,802	69	(2,557)	(3,264)	42,997
Additions	(14,260)	(7,041)	(1,229)	(453)	(971)	(26)	3,572	3,777	(16,631)
Disposals									
Transfers		(1,216)	(580)	(348)	(82)			(124)	(2,350)
Balance as at 30 June 2011	13,682	6,854	731	553	749	42	1,015	389	24,016

<i>Accumulated Depreciation and Impairment losses</i>	<i>Plant and equipment</i>	<i>Buildings</i>	<i>Furniture</i>	<i>Computers</i>	<i>Other assets</i>	<i>Infrastructure</i>	<i>Motor Vehicles</i>	<i>Work in progress</i>	<i>Total</i>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2010	12,555	10,223	964	1,125	1,840	34	(3,061)		23,680
Impairment loss 2010/11									
Depreciation Expense 2010/11	1,109	89	81	83	61	3	123		1,548
Transfers 2010/11		(268)	(253)	(252)	(57)				(831)
Eliminate on Disposal 2010/11	(8,016)	(4,712)	(467)	(471)	(1,450)	(1)	3,579		(11,537)
Balance as at 30 June 2011	5,648	5,331	325	484	395	36	641		12,861

Net Book value 30 June 2010	15,387	4,889	1,576	229	(38)	34	503	(3,264)	19,317
Net Book value 30 June 2011	8,034	1,523	406	69	354	6	374	389	11,156

Summary of major projects in work-in-progress:

<i>Prior year</i>	<i>Description</i>	<i>Current year</i>
\$'000		\$'000
0	Fire Training Ground	139
0	Frank Sound Station	251

**MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – TOURISM AND DEVELOPMENT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**Note 5: Trade payables, other payables & Accruals**

<b>Prior Year \$'000</b>		<b>Current Year \$'000</b>
255	Creditors	718
44	Creditors Ministries/Portfolios	2
13	Creditors other government agencies	31
(1)	Payroll Deductions	(2)
	Operating Lease	
2,899	Accrued Expenses	2,298
39	Other payables	60
<b>3,251</b>	<b>Total trade payables other payables and accruals</b>	<b>3,109</b>

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

**Note 6: Employee entitlements**

<b>Prior Year \$'000</b>	<b><i>Current employee entitlements are represented by:</i></b>	<b>Current Year \$'000</b>
318	Annual Leave	380
528	Retirement and long service leave	595
<b>845</b>	<b>Total employee entitlements</b>	<b>975</b>

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



MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – TOURISM AND DEVELOPMENT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2011

**Note 7: Revenue**

Prior Year	Revenue type	Current Year	Original Budget	Final Budget	Variance (Original vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
43,562	Outputs to Cabinet 1	39,325	41,170	41,170	1,844
1,152	Outputs to other government agencies 2	46			(46)
15,875	Company Fees				
2,882	Partnership Fees				
	Fees and charges 3	123	35	35	(88)
191	General sales 3	32	20	20	(12)
1,680	Other 3	38			(38)
<b>65,342</b>	<b>Total sales of goods and services</b>	<b>39,564</b>	<b>41,225</b>	<b>41,225</b>	<b>1,661</b>

1 Outputs to Cabinet comprises goods delivered to and services performed on behalf of the Cayman Island Government. These are detailed in the ABS accompanying these statements and are covered by the appropriation law.

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

3 Fees & Charges, General Sales, Rentals & Others includes administrative fees and user charges levied on the public for the delivery of government services. The respective rates and fee structures are gazetted and governed by the relevant revenue laws.

No revenue concessions were granted during the financial year ended 30 June 2011.

**Note 8: Personnel costs**

Prior Year	Description	Current Year	Original Budget	Final Budget	Variance (Original vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
19,315	Salaries, wages and allowances	14,340	15,243	15,243	903
2,814	Health care	2,035	2,321	2,321	286
940	Pension	727	828	828	101
	Leave	190			(190)
90	Other personnel related costs	371	555	555	184
<b>23,159</b>	<b>Total Personnel Costs</b>	<b>17,664</b>	<b>18,948</b>	<b>18,948</b>	<b>1,284</b>

**MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – TOURISM AND DEVELOPMENT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2011**

**Note 9: Supplies and consumables**

<b>Prior Year</b>	<b>Description</b>	<b>Current Year</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Variance (Original vs Actual)</b>
<b>\$'000</b>		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
440	Supplies and Materials	317	415	415	98
15,742	Purchase of services	13,280	16,850	16,850	3,570
2,492	Lease of Property and Equipment	1,519	1,599	1,599	79
908	Utilities	655	553	553	(102)
128	General Insurance	421	548	548	126
82	Interdepartmental expenses	122	92	92	(30)
1,182	Travel and Subsistence	887	978	978	91
3,840	Other	2,498	-	-	(2,498)
<b>24,814</b>	<b>Total Supplies &amp; consumables</b>	<b>19,699</b>	<b>21,035</b>	<b>21,035</b>	<b>1,336</b>

**Note 10: Litigation costs**

The Attorney General's Office provides litigation services to the Ministry. However during the year ended 30 June 2011 the use of legal services from outside of the Government was authorised by the Attorney General's Office. The costs of these services were \$10,866 in 2011 and \$34,877 in 2010.

**Note 11: Gains / (Losses)**

<b>Prior Year</b>		<b>Current Year</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Variance (Original vs Actual)</b>
<b>\$'000</b>		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
1	Net gain / (loss) on disposal of property, plant and equipment	38			(38)
191	Net gain / (loss) on foreign exchange	204			(204)
<b>192</b>	<b>Total gains/ (losses)</b>	<b>242</b>			<b>(242)</b>

MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – TOURISM AND DEVELOPMENT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2011

**Note 12: Reconciliation of net cash flows from operating activities to surplus**

Prior year \$'000	Description	Current year \$'000
15,127	Surplus/(deficit) from ordinary activities	400
	<b>Non-cash movements</b>	
2,014	Depreciation expense	1,548
1	(Gain)/losses on sale of property plant and equipment	38
	<b>Changes in current assets and liabilities:</b>	
649	Decrease in other current assets	461
644	(Increase)/decrease in receivables	(3,884)
(9,691)	(Increase)/decrease in receivables - Cabinet	7,502
19	Decrease in inventories	32
1,909	(Increase)/(decrease) in payables	(157)
291	Increase in provisions relating to employee costs	190
<b>10,963</b>	<b>Net cash flows from operating activities</b>	<b>6,130</b>

**Note 13: Contingent liabilities and assets**

The Ministry has no contingent assets as at 30 June 2011. Any contingent liabilities relating to the Ministry as at 30 June 2011 are reported in the consolidated accounts for the Cayman Islands Government.

**Note 14: Commitments**

Prior Year Actual	Type	One year or less \$'000	One to five Years \$'000	Over five Years \$'000	Total \$'000
	<b>Capital Commitments</b>				
	Property, plant and equipment				
	Other fixed assets	45,282			45,282
	<b>Total Capital Commitments</b>	<b>45,282</b>	<b>0</b>	<b>0</b>	<b>45,282</b>
	<b>Operating Commitments</b>				
	Non-cancellable accommodation leases	454	29,871	111,504	141,830
	<b>Total Operating Commitments</b>				
	<b>Total Commitments</b>	<b>45,736</b>	<b>29,871</b>	<b>111,504</b>	<b>187,112</b>

**MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – TOURISM AND DEVELOPMENT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**Note 14: Commitments (Cont.)**

The Ministry has medium to long term accommodation leases for the premises it occupies at Rankins Plaza and the Regatta Business Park. The annual leases range from 1 month to 5 years. The amounts disclosed above as future commitments are based on the current rental rates.

The Ministry has entered no non-cancellable contracts as at 30 June 2011.

**NOTE 15: Explanation of major variances against budget**

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

***Statement of financial performance***

***Cabinet revenue***

Revenue from cabinet was \$1.8 million below budget due to lower funding in order to meet the Government's overall financial targets.

***Personnel Costs***

Personnel costs were \$1.2 million below budget due to cost savings arising from unfilled vacancies.

***Supplies and consumables***

Supplies and consumables were \$1.3 million below budget due to cost saving measures implemented during the year.

***Statement of financial position***

***Cash and cash equivalents***

The actual year-end cash balances were \$1.2 million above budget due to uncertainty at the budget time as to the balance sheet items required to be moved establish the Financial Services arm of the Ministry.

***Debtors and other receivables***

The actual year-end debtors and other receivables balances were higher than the original budget by \$7.2 million due to revenue being collected on behalf of the Ministry by the executive agency, but not paid over as at 30 June 2011.

***Fixed assets***

Fixed assets were higher than the original budget by \$4.5 million due to uncertainty at the budget time as to the balance sheet items required to be moved establish the Financial Services arm of the Ministry.

***Statement of cash flows***

***Cash from operating activities***

The decrease in cash from operating activities is \$4.9 million above budget due to lower expenses in the year and a reduction in receivables from Cabinet as at 30 June 2011.

**MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – TOURISM AND DEVELOPMENT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2011**

**NOTE 16: Related party and key management personnel disclosures**

**Related party disclosure**

The Ministry is a wholly owned entity of the government from which it derives a major source of its revenue. The Ministry and its key management personnel transact with other government entities on a regular basis. These transactions were provided free of cost during the financial year ended 30 June 2011 and were consistent with normal operating relationships between entities and were undertaken on terms and conditions that are normal for such transactions.

**Key management personnel**

Key management personnel, defined as Ministers of the Government, are also considered to be related parties, and as such received the following remuneration.

Prior year actual	Description	Current year actual	Number of persons
\$'000		\$'000	
	Salaries & other short-term employee benefits	618	5
	Past employee benefits		
	Other long-term benefits	74	5
	Termination benefits		
	Loans		
	<b>Total</b>	<b>692</b>	

No loans were granted to key management personnel and or their close relatives.

**NOTE 17: Events occurring after reporting date**

No events materially affecting these financial statements occurred after 30 June 2011.

**NOTE 18: Financial instrument risks**

The Ministry is party to financial instrument arrangements as part of its everyday operations. These financial instruments include cash and bank balances, advances, accounts receivable, debtor-Cabinet and creditors and other payables. The fair value of financial instruments is equivalent to the carrying amount disclosed in the Statement of Financial Position.

**Credit risk**

In the normal course of its business the Ministry is subject to credit risk from debtors other than the Cabinet. The Ministry does not have significant concentrations of credit risk for its other financial instruments.

**Currency and interest rate risk**

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

**MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – TOURISM AND DEVELOPMENT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**NOTE 18: Financial Instrument risks (Cont.)**

**Liquidity risk**

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

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

**NOTE 19: Appropriations used**

<b>Appropriation Description (including Output number and name)</b>	<b>Amount appropriated \$'000</b>	<b>Appropriation Used \$'000</b>	<b>Variance \$'000</b>
MFT1 Policy Advice	1,415	1,415	-
MFT2 Ministerial Servicing	1,848	1,848	-
FRE14 Policy Advice on Fire & Emergency Matters	246	246	-
PLN24 Policy Advice to the Ministry	307	307	-
TOU25 Technical & Policy Advice on Tourism Matters	51	-	51
MFT3 Consultative & Secretarial Services for Boards	252	252	-
MFT4 Oversight of Government Corporations, Statutory Authorities, Boards & Committee Performance	32	26	6
PLN32 Support to Boards and Committee	76	41	35
TOU4 Support for Tourism Boards and Committees	60	15	45
MFT6 Liquor License Inspections	210	210	-
TOU14 Tourist Accommodation Inspections and Licensing Services	335	304	31
FRE11 Inspection for Compliance with Fire Codes	149	81	67
FRE9 Responding to Domestic Fire Emergencies	5,342	5,177	164
FRE12 Investigation of Fires	126	93	33
FRE15 Emergency Planning & Preparedness	139	139	-
FRE10 Aerodrome Fire Services	4,839	4,839	-
FRE13 Fire Safety Education and Training Programmes	40	25	15
TOU11 Tourism Industry Customer Service Training	656	642	13
TOU19 Tourism Education, Awareness and Scholarship Programmes	365	365	-
TOU9 Tourism Public Relations Services	1,679	1,679	-
TOU22 Advertising Activities	9,582	9,582	-
TOU21 Promotional Activities	5,789	5,789	-
TOU2 Direct Marketing	1,667	1,667	-
TOU15 Pilot Environmental Program for the Tourism Sector	191	91	100
TOU16 Tourism Physical Product Enhancement Projects	219	219	-

MINISTRY OF FINANCE, TOURISM AND DEVELOPMENT – TOURISM AND DEVELOPMENT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2011

NOTE 19: Appropriations used (Cont.)

Appropriation Description (including Output number and name)	Amount appropriated	Appropriation Used	Variance
	\$'000	\$'000	\$'000
TOU18 Collection, Preparation and Publication of Statistical Information	804	731	73
TOU23 Tourism Services Enhancement Projects	392	386	6
TOU24 Cruise Tourism Management	300	300	-
TOU17 Collection of Tourism Revenue	225	182	43
PTO2 Regulatory & Administrative Services	353	353	-
PTO3 Monitoring & Investigations	180	180	-
PTO4 Management of Omni Bus Depot	49	49	-
PLN25 Preparation of Development Plan - Grand Cayman	442	-	442
PLN26 Central Planning Authority - Development Control Board Annual Report	41	41	-
PLN27 Process Development Applications	879	751	127
PLN28 Enforcement of Planning Laws and Regulations	104	54	50
PLN29 Compiling Appeal Briefs	6	6	-
PLN30 Process Building Permit Applications	1,761	1,224	537
PLN31 Statistical Information	11	11	-
<b>TOTAL</b>	<b>41,165</b>	<b>39,325</b>	<b>1,840</b>