



GOVERNMENT OF THE CAYMAN ISLANDS

Cabinet Office

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2012**

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CABINET OFFICE

Cayman Islands Government
Government Administration Building
Grand Cayman, Cayman Islands, BWI
TEL: 244- 2292
FAX: 949-0650

STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by the Cabinet Office 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 and Acting Chief Financial Officer, we are 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 Cabinet Office.

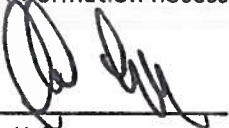
As Chief Officer and Acting Chief Financial Officer, we are responsible for the preparation of the Cabinet Office financial statements and for the judgements made in them.

The financial statements fairly present the statement of financial performance, statement of changes in net assets, statement of financial position and cash flow statement for the financial year ended 30 June 2012.


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

- a) completely and reliably reflect the financial transactions of Cabinet Office for the year ended 30 June 2012;
- b) fairly reflect the financial position as at 30th June 2012 and performance for the year ended 30th June 2012;
- c) comply with International Public Sector Accounting Standards under the responsibility of the International Accounting Standards Board.

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.


Orrett Connor
Chief Officer

Date: 31st October 2012


Neyka Webster
Acting Chief Financial Officer

Date: 31st October 2012

Auditor General's Report

To the Cabinet Secretary and Members of the Legislative Assembly of the Cayman Islands

I have audited the accompanying financial statements for the Cabinet Office, which comprise the statement of financial position as at 30 June 2012 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 as set out on pages 5-24 in accordance with the provisions of Section 60(1)(a) of the *Public Management and Finance Law (2012 Revision)*.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility for the Financial Statements

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

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

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

Basis for Qualified Opinion for the Financial Statements

Property, plant and equipment

As the Cabinet Office did not maintain proper records on the beginning balance of fixed assets, I was unable to satisfy myself as to the completeness, existence and valuation of property, plant and equipment amounting to \$2.3M on the statement of financial position.

Qualified Opinion for the Financial Statements

In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the completeness, existence and valuation of property, plant and equipment, the financial statements present fairly, in all material respects, the financial position of the Cabinet Office as of 30 June 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.



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

Cayman Islands
31 October 2012

CABINET OFFICE
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012
(Expressed in Cayman Islands Dollars)

2010/11 Actual CI\$000		Note	2011/12 Actual CI\$000	2011/12 Final/Original Budget CI\$000	2011/12 Variance (Original vs. Actual) CI\$000
ASSETS					
Current Assets					
208	Cash and cash equivalents	2	1,518	4,773	3,255
10,737	Trade receivables	3	5,141	6,500	1,359
17	Other Receivables		-	-	-
515	Prepayments		498	45	(453)
11,477	Total Current Assets		7,157	11,318	4,161
Non-Current Assets					
5,053	Property, plant and equipment	4	2,245	4,254	2,009
5,053	Total Non-Current Assets		2,245	4,254	2,009
16,530	Total Assets		9,402	15,572	6,170
LIABILITIES					
Current Liabilities					
1,212	Trade payables	5	60	556	496
6,791	Other payables and accruals	5	6,718	5,436	(1,282)
223	Employee entitlements	6	279	-	(279)
8,226	Total Current Liabilities		7,057	5,992	(1,065)
8,226	Total Liabilities		7,057	5,992	(1,065)
8,304	Net Assets		2,345	9,580	7,235
NET WORTH					
7,554	Contributed capital		7,280	6,912	(368)
750	Accumulated surpluses (deficit)		(4,935)	2,668	7,603
8,304	Total Net Worth		2,345	9,580	7,235

The Notes to the Financial Statements on pages 9 to 24 form part of these financial statements.

**CABINET OFFICE
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2012
(Expressed in Cayman Islands Dollars)**

2010/11 Actual CI\$000		Note	2011/12 Actual CI\$000	2011/12 Final Budget CI\$000	2011/12 Original Budget CI\$000	2011/12 Variance (Original vs. Actual) CI\$000
Revenue						
11,170	Output to Cabinet	7	10,579	10,579	10,637	58
<u>1,411</u>	Sale of goods and services	7	<u>1,401</u>	<u>1,487</u>	<u>1,484</u>	<u>83</u>
<u>12,581</u>	Total Revenue		<u>11,980</u>	<u>12,066</u>	<u>12,121</u>	<u>141</u>
Expenses						
8,063	Personnel costs	8	7,715	8,369	8,311	596
3,550	Supplies and consumables	9	6,189	3,080	3,193	(2,996)
<u>468</u>	Depreciation	4	<u>775</u>	<u>412</u>	<u>412</u>	<u>(363)</u>
<u>12,081</u>	Total Expenses		<u>14,679</u>	<u>11,861</u>	<u>11,916</u>	<u>(2,763)</u>
<u>500</u>	Surplus or (Deficit) for the period		<u>(2,699)</u>	<u>205</u>	<u>205</u>	<u>2,904</u>

The Notes to the Financial Statements on pages 9 to 24 form part of these financial statements.

CABINET OFFICE
STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDED 30 JUNE 2012
(Expressed in Cayman Islands Dollars)

	Contributed Capital CI\$000	Accumulated Surplus/ (deficits) CI\$000	Total CI\$000	Final/ Original Budget CI\$000	Variance (Original vs. Actual) CI\$000
Balance at 30 June 2010	7,254	1,526	8,780	10,917	2,137
Equity Investment from Cabinet	300	-	300	515	215
Net adjustment to accumulated surplus	-	(776)	(776)	-	776
Repayment of surplus to Cabinet	-	(500)	(500)	(299)	201
Surplus/(deficit) for the (period 10/11)	-	500	500	299	(201)
Balance at 30 June 2011	7,554	750	8,304	11,432	3,128
Equity Investment from Cabinet	-	-	-	-	-
Net adjustment to accumulated surplus	-	(2,986)	(2,986)	(1,852)	1,134
Capital Withdrawals by Cabinet	(274)	-	(274)	-	274
Repayment of surplus to Cabinet	-	-	-	(249)	(249)
Surplus/(deficit) for the (period 11/12)	-	(2,699)	(2,699)	249	2,948
Balance at 30 June 2012	7,280	(4,935)	2,345	9,580	7,235

The Notes to the Financial Statements on pages 9 to 24 form part of these financial statements.

CABINET OFFICE
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2012
(Expressed in Cayman Islands Dollars)

2010/11 Actual CI\$000		Note	2011/12 Actual CI\$000	2011/12 Final Budget CI\$000	2011/12 Original Budget CI\$000	2011/12 Variance (Original vs. Actual) CI\$000
CASH FLOWS FROM OPERATING ACTIVITIES						
<i>Receipts</i>						
8,787	Outputs to Cabinet		12,574	10,579	10,637	(1,937)
328	Outputs to other government agencies		689	2,463	2,463	1,774
922	Sale of goods and services - third party		844	1,023	1,021	177
302	Other receipts		-	-	-	-
<i>Payments</i>						
(8,113)	Personnel costs		(5,477)	(8,369)	(8,311)	(2,834)
(3,264)	Supplies and consumables		(6,587)	(3,080)	(3,193)	3,394
3	Other payments		-	-	-	-
(1,035)	Net cash provided by operating activities	11	2,042	2,617	2,617	575
CASH FLOWS FROM INVESTING ACTIVITIES						
(1,058)	Purchase of property, plant and equipment		(732)	(614)	(614)	118
5	Proceeds from sale of property, plant and equipment		-	-	-	-
(22)	Cash advances		(26)	-	-	26
21	Cash receipts from repayment of cash advances		26	-	-	(26)
1	Proceeds from sale of investments		-	-	-	-
(1,053)	Net cash used by investing activities		(732)	(614)	(614)	118
CASH FLOWS FROM FINANCING ACTIVITIES						
(300)	Equity Investment		-	-	-	-
-	Repayment of Surplus		-	(205)	(205)	(205)
-	Capital withdrawal		-	-	-	-
(300)	Net cash provided by financing activities		-	(205)	(205)	(205)
(2,387)	Net increase/(decrease) in cash and cash equivalents		1,310	1,798	1,798	488
2,595	Cash and cash equivalents at beginning of period		208	2,976	2,976	2,768
208	Cash and cash equivalents at end of period		1,518	4,774	4,774	3,256

The Notes to the Financial Statements on pages 9 to 24 form part of these financial statements.

CABINET OFFICE
Notes to the Financial Statements
Year Ended 30 June 2012
(Expressed in Cayman Islands Dollars)

Description and principal activities

The Cabinet Office is a Government owned entity as defined by section 2 of the *Public Management and Finance (Amendment) Law (2012) ("PMFL")* and it is domiciled in the Cayman Islands.

Its principal activities and operations include all activities carried out in terms of the outputs purchased by the Deputy Governor as defined in the Annual Plan and Estimates for the Government of Cayman Islands for the financial year ending 30 June 2012.

The Cabinet Office has reported the activities and trust monies that it administers on behalf of Cabinet.

Note 1: Significant Accounting Policies

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

There are no known accounting standards that have been adopted by the IPSAS Board for use in future years that will impact these financial statements. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Basis of preparation

The financial statements have been prepared on a going concern basis and the accounting policies set out below have been applied consistently to all periods presented. The financial statements are presented in Cayman Islands dollars using the historical cost basis of accounting.

Changes in Accounting Policies

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

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

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

Segment reporting has been included in accordance with IPSAS 18.

CABINET OFFICE
Notes to the Financial Statements
Year Ended 30 June 2012
(Expressed in Cayman Islands Dollars)

Note 1: Significant Accounting Policies (continued)

(b) Reporting Period

The reporting period is the year ended 30 June 2012.

(c) Budget amounts

The original budget amounts for the financial year are as presented in the 2011/2012 Annual Budget Statement and approved by the Legislative Assembly on the 27 June 2011. The original budget was revised in December 2011, which represents the final budget.

(d) 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 on-going basis. Revisions to accounting estimates are recognised in the reporting period and in any future periods that are affected by those revisions.

(e) Cash and Cash Equivalents

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

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

(f) Prepayments

The portion of recognised expenditure paid in advance of receiving services has been recognised as a prepayment and is classified as accounts receivable in these financial statements.

(g) Property, Plant and Equipment

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

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

CABINET OFFICE
Notes to the Financial Statements
Year Ended 30 June 2012
(Expressed in Cayman Islands Dollars)

Note 1: Significant Accounting Policies (continued)

<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
Computer Equipment	3 – 10 years
Developed software	4 – 10 years
Office equipment and furniture	3 – 25 years
Motor vehicles	3 – 20 years
Boats and marine equipment	3 – 25 years
Cleaning, refuse and recycling equipment	3 – 15 years
Construction and other equipment	3 – 25 years
Telecommunications	5 – 50 years
Books, Music, manuscripts and works of art	2 – 10 years
Clothing	0 – 4 years
Aeroplanes and airport/aviation equipment	8 – 33 years
Fire fighting plant and equipment	10 – 12 years
Other equipment	5 – 20 years
Medical and medical laboratory equipment	1 – 25 years
Library assets	5 – 10 years
Scientific and laboratory equipment	4 – 25 years
Leasehold Improvement	Over the unexpired period of lease or the useful life of the improvement

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.

(h) 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 Cabinet Office 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 Cabinet Office.

CABINET OFFICE
Notes to the Financial Statements
Year Ended 30 June 2012
(Expressed in Cayman Islands Dollars)

Note 1: Significant Accounting Policies (continued)

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

(i) 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 Portfolio 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.

(j) Expenses

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

(k) Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, where this is representative of the pattern of benefits to be derived from the leased property. Lease payments under operating lease, net of lease incentives received, are recognised as expenses on a straight-line basis over the lease term. Lease incentives received are recognised evenly over the term of the lease as a reduction in rental expense.

(l) Capital Charges

Capital charges on the net assets due to the Cayman Islands Government are recognized as an expense in the period in which they are incurred.

(m) Financial Instruments

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

Classification

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

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

CABINET OFFICE
Notes to the Financial Statements
Year Ended 30 June 2012
(Expressed in Cayman Islands Dollars)

Note 1: Significant Accounting Policies (continued)

Recognition

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

Measurement

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

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

(n) 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.

De-recognition

A financial asset is de-recognition when the Cabinet Office 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 expires.

(o) Foreign Currency

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

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

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

CABINET OFFICE
Notes to the Financial Statements
Year Ended 30 June 2012
(Expressed In Cayman Islands Dollars)

Note 1: Significant Accounting Policies (continued)

(p) Comparative Figures

The presentation of the prior year financial statements has been changed to include a comparison of actual amounts with amounts in the original and final budget. Comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.

(q) Revenue from Non Exchange Transactions

The entity receives various services from other government entities for which payment is made by the Cayman Islands Government. These services include accommodation in the central government building, project management by the Public Works Department and human resources management by the Portfolio of the Civil Service. The entity 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 recognized in the cost of the fixed asset.

Note 2: Cash and cash equivalents

Cash and cash equivalents include cash on hand; bank accounts in the name of Cabinet Office maintained at Royal Bank of Canada; short term deposits invested with the Cayman Islands Government Treasury. As at 30 June 2011 and 30 June 2012 the Cabinet Office unrestricted cash balances were presented below. No restricted cash balances were held by the Cabinet Office at 30 June 2012.

2010/11 Actual	Description	Foreign Currency	Exchange Rate	2011/12 Actual \$000
\$000				
30	Cash on hand (IRIS Confirmation Account)			
22	Cash in transit (IRIS Remittance Account)			98
620	CI\$ Operational Account at Royal Bank of Canada			1,368
1	US\$ Operational Account at Royal Bank of Canada		0.83	56
(465)	Payroll Current Account at Royal Bank of Canada			(4)
208	TOTAL			1,518

CABINET OFFICE
Notes to the Financial Statements
Year Ended 30 June 2012
(Expressed in Cayman Islands Dollars)

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 Cabinet Office and review of specific debtors. Expected losses have been determined based on an analysis of the entity losses in previous periods.

2010/11 Actual	Trade Receivables	2011/12 Actual	Final/Original Budget	Variance (Original vs. Actual)
\$000		\$000	\$000	\$000
4,278	Outputs to Cabinet	4,870	5,000	130
6,494	Outputs to other government agencies	783	1,500	717
(35)	Less: provision for doubtful debts	(512)	-	512
10,737	Total trade receivables	5,141	6,500	1,359

2010/11 Actual	Other Receivables	2011/12 Actual	Final/Original Budget	Variance (Original vs. Actual)
\$000		\$000	\$000	\$000
3	Advances (salary, official travel, etc.)	-	-	-
6	Dishonoured cheques	-	-	-
8	Other	-	-	-
17	Total trade receivables	-	-	-

	Trade Receivables \$000	Prior Year Impairment \$000	Net \$000	Gross amount \$000
Current	588	-	588	588
Past due 1-30 days	4	-	4	4
Past due 31-60 days	35	-	35	35
Past due 61 and above	10	-	10	10
Past due 90 and above	5,016	-	5,016	5,016
Total	5,653	-	5,653	5,653

CABINET OFFICE
Notes to the Financial Statements
Year Ended 30 June 2012
(Expressed in Cayman Islands Dollars)

Note 3: Trade receivables and other receivables (continued)

Changes in the provision of doubtful debts:

2010/11 Actual \$000	Description	2011/12 Actual \$000
	- Balance at 1 July 2011	(35)
(35)	Additional provisions made during the year	(512)
	- Receivables written off during the year	35
<u>(35)</u>	<u>Balance at 30 June 2012</u>	<u>(512)</u>

Note 4: Property, plant and equipment

	Buildings \$000	Furniture \$000	Computer \$000	Other Assets \$000	Infrastructure \$000	Motor Vehicles \$000	Total \$000
<u>COST</u>							
Balance at July 1, 2010	314	358	2,040	5,311	1,598	101	9,722
Additions	240	76	5,894	2,408	348	128	9,094
Disposals	(6)	(41)	(355)	(330)	(23)	(83)	(838)
Transfers	-	-	-	(6,955)	-	-	(6,955)
At June 30, 2011	548	393	7,579	434	1,923	146	11,023
Balance at July 1, 2011	548	393	7,579	434	1,923	146	11,023
Additions	1,007	492	6,794	6,489	1,633	269	16,684
Disposals	(1,278)	(659)	(9,009)	(1,086)	(2,085)	(215)	(14,332)
Transfers	(19)	(22)	(8)	(5,703)	-	-	(5,752)
Balance as at June 30, 2012	258	204	5,356	134	1,471	200	7,623
<u>ACCUMULATED DEPRECIATION</u>							
Balance at July 1, 2010	86	218	4,358	-	756	84	5,502
Depreciation expense 2010/11	33	28	334	2	58	14	468
Balance at July 1, 2011	119	246	4,692	2	813	98	5,971
Balance at July 1, 2011	119	246	4,692	2	813	98	5,971
Transfers 2011/12	(12)	(8)	(15)	-	-	-	(35)
Depreciation expense 2011/12	46	18	621	13	58	19	775
Eliminate on disposal 2011/12	27	(122)	(934)	69	(445)	73	(1,332)
At June 30, 2012	180	134	4,364	84	426	190	5,379
Net book value 30 June 2011	429	147	2,887	432	1,110	48	5,053
Net book value 30 June 2012	78	70	992	50	1,045	10	2,245

CABINET OFFICE
Notes to the Financial Statements
Year Ended 30 June 2012
(Expressed In Cayman Islands Dollars)

Note 5: Trade payables, other payables and accruals

2010/11 Actual	Description	2011/12 Actual	Final/Original Budget	Variance (Original vs. Actual)
CI\$000		CI\$000	CI\$000	CI\$000
260	Creditors	229	556	327
1,362	Creditors Ministries/Portfolios	207	1686	1,479
588	Accrued Expenses	140	-	(140)
-	Payroll deductions	1	-	(1)
5,793	Surplus payable	6,202	3750	(2,452)
8,003	Total trade payables, other payables and accruals	6,779	5,992	1,665

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

Note 6: Employee entitlements

2010/11 Actual	Description	2011/12 Actual	Final/Original Budget	Variance (Original vs. Actual)
CI\$000		CI\$000	CI\$000	CI\$000
	Current employee entitlements are represented by:			
158	Annual Leave	243	-	(243)
65	Comp Time	36	-	(36)
223	Total employee entitlements	279	-	(279)

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

Note 7: Revenue

2010/11 Actual	Revenue type	2011/12 Actual	Final Budget	Original Budget	Variance (Original vs. Actual)
CI\$000		CI\$000	CI\$000	CI\$000	CI\$000
	Sale of Goods and Services				
502	Outputs to other government agencies	613	466	463	(150)
909	Outputs to Others, fees and charges	788	1,021	1,021	233
1,411	Total sales of goods and services	1,401	1,487	1,484	83
11,170	Outputs to Cabinet	10,579	10,579	10,637	58
12,581	Total Revenue	11,980	12,066	12,121	141

CABINET OFFICE
Notes to the Financial Statements
Year Ended 30 June 2012
(Expressed in Cayman Islands Dollars)

Note 8: Personnel costs

2010/11 Actual	Description	2011/12 Actual	Final Budget	Original Budget	Variance (Original vs Actual)
CI\$000		CI\$000	CI\$000	CI\$000	CI\$000
6,809	Salaries, wages and allowances	6,473	7,055	6,988	515
781	Health care	807	895	909	102
373	Pension	355	387	383	28
100	Other personnel related costs	80	31	31	(49)
8,063	Total Personnel Costs	7,715	8,369	8,311	596

Note 9: Supplies and consumables

2010/11 Actual	Description	2011/12 Actual	Final Budget	Original Budget	Variance (Original vs. Actual)
CI\$000		CI\$000	CI\$000	CI\$000	CI\$000
237	Supplies and Materials	278	259	259	(19)
2,576	Purchase of services	2,833	2,362	2,438	(395)
242	Lease of Property and Equipment	105	55	68	(37)
246	Utilities	72	171	184	112
70	Insurance	61	10	10	(51)
71	Interdepartmental expenses	45	46	46	1
38	Travel and Subsistence	17	93	93	76
70	Other	2,778	84	95	(2,683)
3,550	Total Supplies & consumables	6,189	3,080	3,193	(2,996)

Note 10: Revenue from Non Exchange Transactions

During the year ended 30 June 2012, the entity received services in-kind in the form of accommodation in the central government building. The fair value of these services cannot be determined and therefore no expense has been recognized in these financial statements.

CABINET OFFICE
Notes to the Financial Statements
Year Ended 30 June 2012
(Expressed in Cayman Islands Dollars)

Note 11: Reconciliation of net cash flows from operating activities to surplus

2010/11 Actual	Description	2011/12 Actual	2011/12 Final Budget	2011/12 Original Budget	2011/12 Variance (Original vs Actual)
CI\$000		CI\$000	CI\$000	CI\$000	CI\$000
500	Surplus/(deficit) from ordinary activities	(2,699)	205	205	2,904
	Non-cash movements	-	-	-	-
468	Depreciation expense	775	412	412	(363)
	(Gain)/Losses on sale of property plant and equipment	(49)	-	-	49
	Changes in current assets and liabilities:				
(315)	(Increase)/decrease in other current assets	17	2,000	2,000	1,983
(1,991)	(Increase)/decrease in receivables	5,167	-	-	(5,167)
855	(Increase)/decrease in inventories	-	-	-	-
(285)	Increase/(decrease) in payables	(1,225)	-	-	1,225
(268)	Increase/(decrease) in provision relating to employee costs	56	-	-	(56)
(1,035)	Net cash flows from operating activities	2,042	2,617	2,617	575

Note 12: Investment revenue

Cabinet Office had no investment revenue during 2011-12.

Note 13: Donations

Cabinet Office had no donations during 2011-12.

Note 14: Finance costs (Bank Overdraft)

During the year Cabinet Office did not incur any finance charges.

Note 15: Litigation costs

The Attorney General's Office provides litigation services to Cabinet Office.

Note 16: Gains / (Losses)

During the period the Cabinet Office made a gain of \$49K on sale of property, plant and equipment.

CABINET OFFICE

Notes to the Financial Statements

Year Ended 30 June 2012

(Expressed in Cayman Islands Dollars)

Note 17: Explanation of major variances against budget

Explanations for major variances for the Entity performance against the original budget are as follows:

Statement of financial performance

Cabinet revenue

Revenue from cabinet was \$58K below budget due to budget cuts.

Other Revenue

Revenue from other sources was \$83K below budget due to collections from trailer homes, gazette sales and tax undertakings being lower than expected.

Personnel Costs

Personnel costs were \$596K below budget due to delaying recruitments as well as budget cuts.

Supplies and consumables

Supplies and consumables were \$2.9 million above budget due to the write-off of receivables from other government departments.

Depreciation

Depreciation expenses were \$363K above budget due to updating the fixed asset register.

Finance costs

Cabinet Office did not incur any finance costs during 2011/12.

Litigation costs

Cabinet Office did not incur any litigation costs during 2011/12.

Extraordinary items

Cabinet Office did not incur any extraordinary costs during 2011/12.

Other operating expenses

No other operating expenses were incurred.

Statement of financial position

Cash and cash equivalents

The actual year-end cash balances were \$3.2 million below budget due to receivables being higher than projected and accounts payables being lower than projected. In addition, Sales of goods and services was lower than projected and revenue from cabinet was \$58K below budget due to budget cuts.

Debtors and other receivables

The actual year-end debtors and other receivables balances were \$1.4 million lower than the original budget due to higher collection and write-off of receivables from government departments.

Fixed assets

Fixed assets were \$2 million lower than the original budget due to updating the fixed asset register.

CABINET OFFICE
Notes to the Financial Statements
Year Ended 30 June 2012
(Expressed in Cayman Islands Dollars)

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

Creditors and other payables

Creditors, accruals and other payables were lower than the original budget due to lower spending due to budget cuts and write-off of payables to government departments.

Repayment of surplus

The repayment of surplus provision reflects the actual surplus generated from savings in 2007-8 through 2011-12.

Statement of cash flows

Cash from operating activities

The increase in cash from operating activities is due to the collection of prior year cabinet revenue and receivables from other government departments.

Cash from investing activities

The decrease in cash from investing activities is due to fixed assets purchases during the year.

Cash from financing activities

The decrease in cash from financing activities is due to capital withdrawals during the year.

Note 18: Related party and key management personnel disclosures

Related party disclosure

The Entity is a wholly owned entity of the government from which it derives a major source of its revenue. The Entity 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 2012 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 senior management of the Government, are also considered to be related parties.

2010/11 Actual \$000	Description	2011/12 Actual \$000	Number of Persons
\$ 553	Salaries & Other short-term employee benefits	\$598	6
-	- Post employee benefits	-	
-	- Other long term benefits	-	
-	- Termination benefits	-	
-	- Loans	-	
<u>\$ 553</u>	Total	<u>\$598</u>	<u>6</u>

CABINET OFFICE

Notes to the Financial Statements

Year Ended 30 June 2012

(Expressed in Cayman Islands Dollars)

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

During the year, the entity had several transactions which are considered a related party to key management personnel. The total dollar value of these transactions totalled to \$292K (2011: \$547K).

2010/11 Actual \$000	Company	2011/12 Actual \$000
12	ISSI Business	-
373	Lime	216
163	Alphasoft Ltd.	76
<u>547</u>	<u>Total</u>	<u>292</u>

Note 19: Financial instrument risks

The Entity is exposed to a variety of financial risks including credit risk and liquidity risk. The Entity'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 (2008 Revision).

Credit risks

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

The Entity 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 to be financially secured and well managed.

The Entity is also exposed to a significant concentration of credit risk in relation to accounts receivable, a significant portion of which are due from other Government entities. No credit limits have been established. As at 30 June 2012 and 2011, management considers some of these debts to be unrecoverable hence a provision for doubtful debts is to be provided in the succeeding year.

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

Liquidity risk

Liquidity risk is the risk that The Entity is unable to meet its payment obligations associated with its financial liabilities when they are due.

CABINET OFFICE
Notes to the Financial Statements
Year Ended 30 June 2012
(Expressed in Cayman Islands Dollars)

Note 19: Financial instrument risks (continued)

The ability of the Entity to meet its debts and obligation is dependent upon its ability to collect the debts outstanding to the Entity in a timely basis. In the event of being unable to collect its outstanding debts, it is expected that the Government would temporarily fund any shortfalls the Entity would have with its own cash flows. As at 30 June 2012 and 2011, all of the financial liabilities were due within three months of the year end dates.

Note 20: Financial instruments – fair values

As at 30 June 2012 and 2011, the carrying values of cash and cash equivalents, accounts receivable, accounts payable and employee entitlements approximate their fair values due to their relative short-term maturities.

Fair values are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions, economic conditions and other factors could cause significant changes in fair value estimates.

Note 21: Segment Reporting

The Cabinet Office does not have any major segments other than to provide policy advice and support services to Cabinet.

CABINET OFFICE
Notes to the Financial Statements
Year Ended 30 June 2012
(Expressed in Cayman Islands Dollars)

Note 22: Appropriations used

Appropriation description (Including output number and name)	Amount appropriated	Appropriation used	Variance
CBO 1- Coordination of Government Policy	746,834	746,834	-
CBO 2- Cabinet Support and Servicing	706,674	706,674	-
CBO 5 - Administration of Temporary Housing Initiative	320,050	320,050	-
CBO 6 - Disaster Tolerant Central Information Technology Infrastructure	179,982	179,982	-
CBO 7 - Public Information Services and Products	847,997	847,997	-
CBO 9 - Protocol Services	915,392	915,392	-
CBO 11 - Freedom of Information and Data Protection Coordination	291,345	291,345	-
CBO 17 - Information Services Provided to Other Government Agencies	934,598	934,598	-
CBO 18 - Information Technology Support	5,553,501	5,553,501	-
CBO 19 - Information Technology Supplies and Procurement Services	82,774	82,774	-
TOTAL	10,579,147	10,579,147	-



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