



GOVERNMENT OF THE CAYMAN ISLANDS

Portfolio of the Civil Service

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2012

Appendix: Financial Statements for the year ended 30 June 2012

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STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by the Portfolio of Civil Service 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 Acting 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 Portfolio of the Civil Service.

As Acting Chief Officer and Acting Chief Financial Officer we are responsible for the preparation of the Portfolio of Civil Service financial statements, representation and judgements made in these statements.

The financial statements fairly present the financial position, financial performance and cash flows of the Portfolio of Civil Service 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 Portfolio of Civil Service 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 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.

Ian Fenton
Acting Chief Officer

Date- 31st October 2012

Neyka Webster
Acting Chief Financial Officer

Date- 31 - October 12

AUDITOR GENERAL'S REPORT

To the Members of the Legislative Assembly of the Cayman Islands

I have audited the accompanying financial statements of the Portfolio of the Civil Service 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 statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes as set out on pages 11 to 25 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 representation of these financial statements in accordance with International Public Sector Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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

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

Opinion

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Portfolio of the Civil Service as of June 30 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.



Alastair Swarbrick, MA (Hons), CPF
Auditor General

Cayman Islands
31 October 2012

**PORTFOLIO OF THE CIVIL SERVICE
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012
(Expressed in Cayman Islands Dollars)**

Prior Year Actual CI\$000		Note	Current Year Actual CI\$000	Final/Original Budget CI\$000	Variance (Original vs. Actual) CI\$000
Current Assets					
1,603	Cash and cash equivalents	2	1,261	1,685	424
1,583	Trade receivables	3	1,158	619	(539)
23	Other receivables		-	-	-
-	Prepayments	3	20	-	(20)
3,209	Total Current Assets		2,439	2,304	(135)
Non-Current Assets					
194	Property, plant and equipment	4	16	186	170
194	Total Non-Current Assets		16	186	170
3,403	Total Assets		2,455	2,490	35
Current Liabilities					
38	Trade payables	5	15	15	-
282	Other payables and accruals	5	134	-	134
32	Employee entitlements	6	23	-	23
1,912	Repayment of surplus	5	1,239	-	1,239
2,264	Total Current Liabilities		1,411	15	1,396
Non-Current Liabilities					
-	Employee entitlements	6	-	-	-
-	Total Non-Current Liabilities		-	-	-
2,264	Total Liabilities		1,411	15	1,396
1,139	Net Assets		1,044	2,475	1,431
Net Worth					
1,139	Contributed capital		1,044	1,294	250
-	Accumulated surpluses		-	1,181	1,181
1,139	Total Net Worth		1,044	2,475	1,431

The accounting policies and notes on pages 11-25 form an integral part of these financial statements.

**PORTFOLIO OF THE CIVIL SERVICE
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2012
(Expressed in Cayman Islands Dollars)**

Prior Year Actual CI\$000		Note	Current Year Actual CI\$000	Final Budget CI\$000	Original Budget CI\$000	Variance (Original vs. Actual) CI\$000
Revenue						
3,268	Outputs to Cabinet	7	2,937	2,955	2,973	36
-	Output to other government agencies	7	20	-	-	(20)
4	Other revenue		-	-	-	-
3,272	Total Revenue		2,957	2,955	2,973	16
Expenses						
1,840	Personnel costs	8	1,668	1,879	1,867	199
750	Supplies and consumables	9	834	1,048	1,078	244
	Depreciation					
36-	Net (gain) / loss on disposal of property, plant and equipment	4 9	34 53	28 -	28 -	(6) (53)
2,626	Total Expenses		2,589	2,955	2,973	384
646	Surplus for the period		368	-	-	(368)

The accounting policies and notes on pages 11-25 form an integral part of these financial statements.

**PORTFOLIO OF THE CIVIL SERVICE
STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDED 30 JUNE 2012
(Expressed in Cayman Islands Dollars)**

	Attributable to Cayman Islands Government						Variance (Original vs Actual)	
	Contributed Capital	Reserves	Revaluation Reserve	Accumulated Surplus / (deficits)	Total	Final Budget		Original Budget
Balance at 30 June 2010 brought forward	1,139	-	-	235	1,374	1,753	1,753	379
Changes in net worth for 2010/11	-	-	-	-	-	-	-	-
Prior Year Adjustments	-	-	-	-	-	-	-	-
Restated balance	1,139	-	-	235	1,374	1,753	1,753	379
Changes in net worth for 2010/112	-	-	-	(881)	(881)	-	-	881
Repayment of surplus to Cabinet	-	-	-	646	646	-	-	(646)
Surplus for the period 2010/11	-	-	-	-	-	-	-	-
Balance at 30 June 2011	1,139	-	-	-	1,139	1,753	1,753	614

**PORTFOLIO OF THE CIVIL SERVICE
STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDED 30 JUNE 2012
(Expressed in Cayman Islands Dollars)**

(continued)

	Contributed Capital	Reserves	Revaluation Reserve	Accumulated Surplus / (deficits)	Total	Final Budget	Original Budget	Variance (Original vs Actual)
Balance at 1 July 2011 brought forward	1,139	-	-	-	1,139	1,753	1,753	614
Changes in net worth for 2010/11	-	-	-	(10)	(10)	722	722	732
Prior year adjustments	-	-	-	(10)	(10)	722	722	732
Restated balance	1,139	-	-	(10)	1,129	2,475	2,475	1,346
Changes in net worth for 2011/12	-	-	-	(358)	(358)	-	-	358
Repayment of surplus to Cabinet	(95)	-	-	-	(95)	-	-	95
Capital withdrawal 2011/12	-	-	-	368	368	-	-	(368)
Surplus for the period 2011/12	-	-	-	368	368	-	-	(368)
Balance at 30 June 2012	1,044	-	-	-	1,044	2,475	2,475	1,431

The accounting policies and notes on pages 11-25 form an integral part of these financial statements.

**PORTFOLIO OF THE CIVIL SERVICE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012
(Expressed in Cayman Islands Dollars)**

Prior Year Actual CI\$000		Note	Current Year Actual CI\$000	Final Budget CI\$000	Original Budget CI\$000	Variance (Original vs. Actual) CI\$000
CASH FLOWS FROM OPERATING ACTIVITIES						
<i>Receipts</i>						
2,864	Outputs to Cabinet		3,237	2,955	2,973	(264)
-	Outputs to other government agencies		25	-	-	(25)
-	Sale of goods and services - third party		-	-	-	-
-	Interest received		-	-	-	-
-	Donations / Grants		-	-	-	-
-	Other receipts		-	-	-	-
<i>Payments</i>						
(1,855)	Personnel costs		(1,695)	(1,878)	(1,866)	(172)
(465)	Supplies and consumables		(935)	(971)	(1,079)	(144)
-	Interest paid		-	-	-	-
-	Other payments		65	-	-	(65)
-	Extra-ordinary payments		-	-	-	-
-	Net cash flows from operating activities	10	697	106	28	(670)
CASH FLOWS FROM INVESTING ACTIVITIES						
-	Purchase of property, plant and equipment		(7)	-	-	7
-	Proceeds from sale of property, plant and equipment		-	-	-	-
-	Purchase of sale of investments		-	-	-	-
-	Proceeds from sale of investments		-	-	-	-
-	Cash advances		-	-	-	-
-	Cash receipts from repayment of advances		-	-	-	-
-	Net cash flows from investing activities		(7)	-	-	7
CASH FLOWS FROM FINANCING ACTIVITIES						
-	Equity investment		-	-	-	-
-	Repayment of Surplus		(1,032)	-	-	1,032
-	Capital withdrawal		-	-	-	-
-	Net cash flows from financing activities		(1,032)	-	-	1,032
542	Net increase/(decrease) in cash and cash equivalents		(342)	106	28	370
1,061	Cash and cash equivalents at beginning of period		1,603	1,579	1,657	54
1,603	Cash and cash equivalents at end of period		1,261	1,685	1,685	424

The accounting policies and notes on pages 11-25 form an integral part of these financial statements.

**PORTFOLIO OF THE CIVIL SERVICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

Description and principal activities

The Portfolio of the Civil Service ("the Portfolio") 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 Portfolio of the Civil Service 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 are presented in Cayman Islands dollars and are prepared on the accrual basis of accounting, unless otherwise stated. The measurement base applied to these financial statements is the historical cost basis.

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.

**PORTFOLIO OF THE CIVIL SERVICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

Note 1: Significant Accounting Policies (continued)

(a) Basis of preparation (continued)

Segment reporting has been included in accordance with IPSAS 18.

(b) Budget amounts

The original budget amounts for the financial year are as presented in the 2011/2012 Annual Budget Statement and approved by the Legislative Assembly on the 27 June 2011. The Final Budget is those budget amounts approved in Supplementary Budget.

(c) Judgments and Estimates

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

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

(d) Revenue

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

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.

(e) Expenses

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

(f) 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.

**PORTFOLIO OF THE CIVIL SERVICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

Note 1: Significant Accounting Policies (continued)

(g) Cash and Cash Equivalents

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

(h) Prepayments

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

(i) Property, Plant and Equipment

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

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

- Other equipment 5 – 20 years
- Medical and medical laboratory equipment 1 – 25 years
- Library assets 5 – 10 years
- Scientific and laboratory equipment 4 – 25 years

Disposals

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

(j) Employee Benefits

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

Pension contributions for employees of the Portfolio 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 Portfolio.

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.

(k) Financial Instruments

The Portfolio 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.

**PORTFOLIO OF THE CIVIL SERVICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

Note 1: Significant Accounting Policies (continued)

Recognition

The Portfolio 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.

De-recognition

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

(l) Contingent Liabilities and Assets (including guarantees)

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

(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.

**PORTFOLIO OF THE CIVIL SERVICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

Note 1: Significant Accounting Policies (continued)

(m) 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.

(n) Revenue from Non-Exchange Transactions

The Portfolio 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, computer repairs and software maintenance by the computer services department. The Portfolio 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 Portfolio maintained at Royal Bank of Canada; and short term deposits invested with the Cayman Islands Government Treasury. As at 30 June 2012 and 30 June 2011 the Portfolio unrestricted cash balances were as presented below. No restricted cash balances were held by the Portfolio at 30 June 2012.

Actual Prior Year CIS\$000	Description	Actual Current Year CIS\$000
-	Cash on hand	-
31	Cash in transit	-
1,670	CI\$ Operational Current Account	1,260
(98)	Payroll Current Account	1
<u>1,603</u>	TOTAL	<u>1,261</u>

**PORTFOLIO OF THE CIVIL SERVICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

Note 3: Trade receivables and other receivables

At year end, all overdue receivables have been assessed and appropriate provisions made.

Actual Prior Year	Trade Receivables	Actual Current Year	Original Budget	Final Budget	Variance (Original vs. Actual)
-	Sale of goods and services	63	300	300	237
263	Outputs to Cabinet	1,095	319	319	(776)
1,320	Outputs to other government agencies	-	-	-	-
-	Other	-	-	-	-
-	Less: provision for doubtful debts	-	-	-	-
1,583	Total trade receivables	1,158	619	619	(539)

Actual Prior Year	Other Receivables	Actual Current Year	Original Budget	Final Budget	Variance (Original vs. Actual)
20	Advances (salary, Official Travel, etc)	-	-	-	-
-	Dishonoured cheques	-	-	-	-
-	Interest receivable	-	-	-	-
3	Other	-	-	-	-
23	Total other receivables	-	-	-	-

	Trade Receivables	Prior Year Impairment	Net
Current	-	-	-
Past due 1-30 days	269	-	269
Past due 31-60 days	-	-	-
Past due 61-90 days	-	-	-
Past due 90 and above	889	-	889
Total	1,158	-	1,158

**PORTFOLIO OF THE CIVIL SERVICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

Note 4: Property, plant and equipment

	At at 30 June 2012					
	Plant and Equipment \$000	Leasehold \$000	Furniture \$000	Computers \$000	Other Assets \$000	Total \$000
<u>Cost</u>						
At 1 July 2011	-	393	284	131	33	841
Additions	-	-	-	7	-	7
Disposals/transfers	-	(393)	(264)	(32)	(29)	(718)
At 30 June 2012	-	-	20	106	4	130
<u>Accumulated depreciation</u>						
At 1 July 2011	-	393	103	118	33	647
Transfers 2011/12	-	-	(116)	-	(29)	(145)
Depreciation charge for the year	1	-	22	11	-	34
Eliminate on Disposal 2011/122	(1)	(393)	-	(28)	-	(422)
At 30 June 2012	-	-	9	101	4	114
Net book value at 30 June 2012	-	-	11	5	-	16

	As at 30 June 2011					
	Plant and Equipment \$000	Leasehold \$000	Furniture \$000	Computers \$000	Other Assets \$000	Total \$000
<u>Cost</u>						
At 1 July 2009	-	393	284	131	33	841
Additions	-	-	-	-	-	-
Disposals/transfers	-	-	-	-	-	-
At 30 June 2010	-	393	284	131	33	841
<u>Accumulated depreciation</u>						
At 1 July 2010	-	393	82	110	26	611
Depreciation charge for the year	-	-	21	8	7	36
At 30 June 2011	-	393	103	118	33	647
Net book value at 30 June 30 2011	-	-	181	13	-	194

**PORTFOLIO OF THE CIVIL SERVICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

Note 5: Trade payables, other payables and accruals

Prior Year		Current Year	Final/Original Budget	Variance (Original vs. Actual)
CIS000	Description	CIS000	CIS000	CIS000
38	Creditors	-	15	15
219	Creditors Ministries/Portfolios	128	-	(128)
39	Creditors other government agencies	15	-	(15)
16	Payroll deductions	-	-	-
1,912	Surplus payable	1,239	-	(1,239)
-	Accrued expenses	4	-	(4)
8	Other payables	2	-	(2)
2,232	Total trade payables other payables and accruals	1,388	15	(1,373)

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

Surplus Payable

The Portfolio budgeted to break even and therefore did not budget for any change in the surplus payable. The Portfolio experienced surpluses as follows:

Year	Surplus
2004-5 Deficit	(308)
2005-6 Deficit	(8)
2006-7 Surplus (less prior period adjustments)	329
2007-8 Surplus	597
2008-9 Surplus	255
2009-10 Surplus (less prior period adjustments)	166
2010-11 Surplus (plus prior period adjustments)	881
2011-12 Surplus (less prior period adjustments)	358
Total	2,270

Therefore, the Portfolio has a surplus payable to the Cayman Islands Government in the amount of \$1,239m as at 30 June 2012 which includes unpaid 2010-11 surplus of \$881k less prior period adjustments and 2011-12 surplus of \$358k plus prior period adjustments; as the Minister of Finance has not confirmed whether the Portfolio can retain any of the surpluses achieved in 2010-11 and 2011-12.

Surplus of \$1,032m consisting of fiscal years 2006-07 through 2009-10 surpluses was paid to Cabinet in February 2012.

**PORTFOLIO OF THE CIVIL SERVICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

Note 6: Employee entitlements

Actual Prior Year CI\$000		Actual Current Year CI\$000	Final/Original Budget CI\$000	Variance (Original vs. Actual CI\$000)
	Current employee entitlements are represented by:			
31	Annual leave	22	-	(22)
1	Comp time	1	-	(1)
<u>32</u>	<u>Total current portion</u>	<u>23</u>	<u>-</u>	<u>(23)</u>
	Non-current employee entitlements are represented by:			
-	Retirement and long service leave	-	-	-
<u>32</u>	<u>Total employee entitlements</u>	<u>23</u>	<u>-</u>	<u>(23)</u>

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

Actual Prior Year CI\$000	Description	Actual Current Year CI\$000	Original Budget CI\$000	Final Budget CI\$000	Variance (Original vs. Actual CI\$000)
3,268	Outputs to Cabinet	2,937	2,973	2,955	36
-	Outputs to other government agencies	20	-	-	(20)
4	Other	-	-	-	-
<u>3,272</u>	<u>Total sales of goods and services</u>	<u>2,957</u>	<u>2,973</u>	<u>2,955</u>	<u>16</u>

Outputs to Cabinet

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

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Note 8: Personnel costs

Actual Prior Year CI\$000	Description	Actual Current Year CI\$000	Original Budget CI\$000	Final Budget CI\$000	Variance (Original vs. Actual CI\$000)
1,553	Salaries, wages and allowances	1,382	1,531	1,542	149
146	Health care	157	170	170	13
91	Pension	78	86	87	8
35	Leave	(9)	-	-	9
15	Other personnel related costs	60	80	80	20
1,840	Total Personnel Costs	1,668	1,867	1,879	199

Note 9: Supplies and consumables

Actual Prior Year CI\$000	Description	Actual Current Year CI\$000	Original Budget CI\$000	Final Budget CI\$000	Variance (Original vs. Actual CI\$000)
428	Purchase of services	395	613	583	218
144	Lease of Property and Equipment	127	140	140	13
71	Utilities	57	121	121	64
30	Interdepartmental expenses	30	30	30	-
13	General Insurance	13	16	16	3
39	Recruitment and Training	10	22	22	12
10	Supplies and Materials	6	47	47	41
12	Travel and Subsistence	2	11	11	9
3	Other	193	-	-	(193)
	Net (gain) / loss on foreign exchange				
-	Transactions	1	-	-	(1)
-	Litigation fees	-	78	78	78
750	Total Supplies & Consumables	834	1,078	1,048	244

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Note 9: Supplies and consumables (continued)

Actual Prior Year	Description	Actual Current Year	Original Budget	Final Budget	Variance (Original vs. Actual)
CI\$000		CI\$000	CI\$000	CI\$000	CI\$000
-	Net (gain) / loss on disposal of property, plant and equipment	53	-	-	(53)
-	Total gains/ (losses)	53	-	-	(53)

Note 10: Revenue from Non- Exchange Transactions

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

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

Actual Prior year	Description	Actual Current year	Final/Original Budget	Variance (Original vs. Actual)
CI\$000		CI\$000	CI\$000	CI\$000
646	Surplus for the period	368	-	(368)
235	Prior period adjustments	(10)	-	10
	Non-cash movements			-
36	Depreciation expense	34	28	(6)
	Changes in current assets and liabilities:			
-	(Gain)/losses on sale of property plant and equipment	57	-	(57)
-	Decrease in other current assets	3	-	(3)
(408)	(Increase)/decrease in receivables – Cabinet	425	-	(425)
-	Decrease in trade payables	(23)	-	23
(2)	Decrease in other payables	(148)	-	148
35	Increase/(decrease) in provisions relating to employee costs	(9)	-	9
542	Net cash flows from operating activities	697	28	(669)

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NOTES TO THE FINANCIAL STATEMENTS
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Note 12: Related party and key management personnel disclosures

Related party disclosure

The Portfolio is a wholly owned entity of the Government from which it derives a major source of its revenue. The Portfolio 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 Ministers of the Government, are also considered to be related parties. There are five members of staff at the senior management level in 2012 (5: 2011).

Prior year actual	Description	Current year actual	Number of persons
639	Salaries & other short-term employee benefits	605	5
639	Total	605	5

No loans were granted to key management personnel or their close relatives during the financial year.

NOTE 13: Explanation of major variances against budget

Explanations for major variances for the Portfolio of the Civil Service performance against the original budget are as follows:

Statement of financial performance

Cabinet revenue

Revenue from cabinet was \$36K below budget due to budget cuts from non delivery of services that were originally budgeted.

Other Revenue

Revenue from other government agencies was collected for recruitment projects not originally included in the budget.

Personnel Costs

Personnel costs were \$199K below budget due to budget cuts and delaying filling of vacant position.

Supplies and consumables

Supplies and consumables were \$234K below budget due to budget cuts and renegotiating contracts.

**PORTFOLIO OF THE CIVIL SERVICE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

NOTE 13: Explanation of major variances against budget (continued)

Depreciation

Depreciation expenses were \$6K above budget due to updating of the fixed asset register.

Statement of financial position

Cash and cash equivalents

The actual year-end cash balances were \$424K below budget due to delays in collecting prior years cabinet revenue.

Debtors and other receivables

The actual year-end debtors and other receivables balances were \$539k higher than the original budget due to delaying in collecting prior years cabinet revenue.

Fixed assets

Fixed assets were \$170k lower than the original budget due to \$94K of fixed assets being transferred to other government ministries and portfolios as the Portfolio moved into the new Government Administration building and no longer needed these assets.

Creditors and other payables

Creditors, accruals and other payables were \$134K higher than the original budget due to delays in paying back unearned cabinet revenue.

Statement of cash flows

Cash from operating activities

The increase in cash from operating activities is due to expenses being lower than budgeted.

Cash from investing activities

The decrease in cash from operating activities is due to purchases of fixed assets.

Cash from financing activities

The decrease in cash from financing activities is due to repayment of surplus for fiscal years 2004/05 to 2009/10.

**PORTFOLIO OF THE CIVIL SERVICE
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 14: Financial instrument risks

The Portfolio 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 Portfolio is subject to credit risk from debtors other than the Cabinet. The Portfolio does not have significant concentrations of credit risk for its other financial instruments.

Currency and Interest rate risk

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

Liquidity risk

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

NOTE: 15 Appropriations used

Appropriation Description (including Output number and name)	Final Amount appropriated	Appropriation Used	Variance
CIV 1 – Policy Advice to the Head of the Civil Service	422,514	422,514	-
CIV 2 – Auditing Compliance with HR Policies	500,749	500,749	-
CIV 3 – Management of Public Sector Reform	327,515	308,684	18,831
CIV 6 – Support & Advice to the Civil Service Appeals Commission	208,883	208,883	-
CIV 7 – Workforce Development within the Civil Service- Civil Service College	653,152	653,152	-
CIV 8 – Human Resource Services	842,523	842,523	-
Total	2,955,336	2,936,505	18,831

