



**GOVERNMENT OF THE CAYMAN ISLANDS**

**MINISTRY OF HEALTH, ENVIRONMENT, YOUTH, SPORTS & CULTURE**

**ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**30th JUNE 2011**

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## Cayman Islands Government

### MINISTRY OF HEALTH, ENVIRONMENT, YOUTH, SPORTS AND CULTURE

#### STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by the Ministry of Health, Environment, Youth, Sports & Culture (the "Ministry") in accordance with the provisions of the Public Management and Finance Law (2010 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 (2010 Revision) and the International Public Sector Accounting Standards (IPSAS).

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

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

The Ministry does not make any assertion in regards to the following:

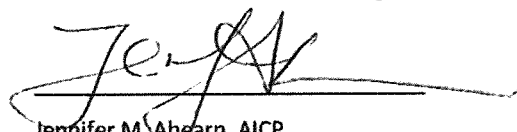
- (a) Valuation of buildings – the Government of the Cayman Islands opted for the valuation model in prior fiscal years but has not carried out a revaluation every five years as required by the Financial Regulations (2010) and IPSAS 17, Property, Plant and Equipment.

With exception to the issue raised in the preceding paragraph, the financial statements fairly present the financial position, performance and cash flows of the Ministry for the financial year ended 30<sup>th</sup> June 2011.

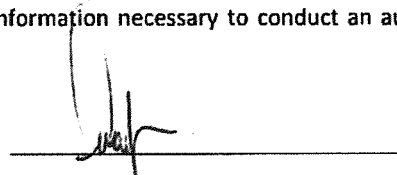
To the best of our knowledge we represent that these financial statements:

- (a) Completely and reliably reflect the financial transactions of the Ministry for the year ended 30<sup>th</sup> June 2011;
- (b) Fairly reflect the financial position as at 30<sup>th</sup> June 2011 and performance for the year ended 30<sup>th</sup> June 2011;
- (c) Comply with the provisions of the Public Management and Finance Law (2010 Revision) and the International Public Sector Accounting Standards (IPSAS).

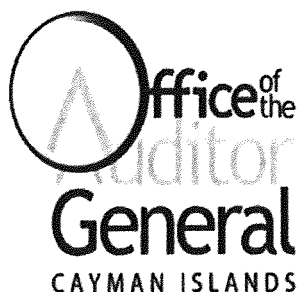
The Auditor General has conducted an independent audit and expressed an opinion on the accompanying financial statements. The Office of the Auditor General has been provided access to all the information necessary to conduct an audit in accordance with International Standards of Auditing.

  
Jennifer M. Ahearn, AICP  
Permanent Secretary & Chief Officer

Date- 7 May 2012

  
Carrol A. Cooper  
Chief Financial Officer

Date- 7 May 2012



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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 Health, Environment, Youth, Sports & Culture** (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 44(3) of the *Public Management and Finance Law (2010 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 Qualified Opinion**

### **Fixed Assets**

The Ministry has not revalued its buildings within five (5) years preceding the year ended June 30, 2011, in accordance with The Financial Regulations (2008 revision) and as required by IPSAS 17. I could therefore not determine if fixed assets were fairly stated as at June 30, 2011.

### **Net worth**

I am unable to verify the amount presented in net worth due to the uncertainties surrounding the value of the entity's fixed assets.

### **Qualified Opinion**

In my opinion, except for the possible effects of the matters described in the Basis of Opinion paragraphs, these financial statements present fairly, in all material respects, the financial position of the Ministry as at June 30, 2011, its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.




Alastair Swarbrick, MA (Hons), CPFA  
Auditor General


Cayman Islands  
7 May 2012

**MINISTRY OF HEALTH, ENVIRONMENT, YOUTH, SPORTS & CULTURE  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2011**

Prior Year Actual \$000		Note	Current Year Actual \$000	Final Budget \$000	Original Budget \$000	Variance (Original vs Actual) \$000
<b>Current Assets</b>						
2,856	Cash and cash equivalents	3	5,195	213	213	(4,982)
1,639	Trade receivables	4	805	981	981	176
406	Other receivables	4	0	0	0	0
32	Prepayments		0	0	0	0
<b>4,933</b>	<b>Total Current Assets</b>		<b>6,000</b>	<b>1,194</b>	<b>1,194</b>	<b>(4,806)</b>
<b>Non-Current Assets</b>						
14,068	Property, plant and equipment	5	13,528	14,637	14,637	1,109
<b>14,068</b>	<b>Total Non-Current Assets</b>		<b>13,528</b>	<b>14,637</b>	<b>14,637</b>	<b>1,109</b>
<b>19,001</b>	<b>Total Assets</b>		<b>19,528</b>	<b>15,831</b>	<b>15,831</b>	<b>(3,697)</b>
<b>Current Liabilities</b>						
79	Trade payables	6	36	524	524	488
864	Other payables and accruals	6	1,188	112	112	(1,103)
134	Unearned revenue		89	0	0	(89)
192	Employee entitlements	7	150	0	0	(150)
315	Repayment of surplus		315	0	0	(315)
1,210	Capital Charge payable		1,210	0	0	(1,210)
<b>2,794</b>	<b>Total Current Liabilities</b>		<b>2,988</b>	<b>636</b>	<b>636</b>	<b>(2,352)</b>
<b>2,794</b>	<b>Total Liabilities</b>		<b>2,988</b>	<b>636</b>	<b>636</b>	<b>(2,352)</b>
<b>16,207</b>	<b>Net Assets</b>		<b>16,540</b>	<b>15,195</b>	<b>15,195</b>	<b>(1,345)</b>
<b>NET WORTH</b>						
17,079	Contributed capital		17,739	692	692	(17,047)
(872)	Accumulated surpluses/(deficits)		(1,199)	14,503	14,503	15,702
<b>16,207</b>	<b>Total Net Worth</b>		<b>16,540</b>	<b>15,195</b>	<b>15,195</b>	<b>(1,345)</b>

Authorised for issue:

  
Jennifer M. Ahearn, AICP  
Permanent Secretary & Chief Officer  
Date- 7 May 2012

  
Carrol A. Cooper  
Chief Financial Officer  
Date- 7 May 2012

The accounting policies and notes on pages 10 - 24 form an integral part of these financial statements.

**MINISTRY OF HEALTH, ENVIRONMENT, YOUTH, SPORTS & CULTURE  
STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30 JUNE 2011**

<b>Prior Year Actual \$000</b>		<b>Note</b>	<b>Current Year Actual \$000</b>	<b>Final Budget \$000</b>	<b>Original Budget \$000</b>	<b>Variance (Original vs Actual) \$000</b>
	<b>Revenue</b>					
11,638	Sale of goods and services	8	9,330	9,287	9,287	(43)
45	Donations	9	113	0	0	(113)
<b>11,683</b>	<b>Total Revenue</b>		<b>9,443</b>	<b>9,287</b>	<b>9,287</b>	<b>(156)</b>
	<b>Expenses</b>					
7,398	Personnel costs	11	6,191	6,617	6,617	426
2,897	Supplies and consumables	12	2,299	2,220	2,220	(79)
1,028	Depreciation	5	1,029	250	250	(779)
77	Litigation costs	13	264	200	200	(64)
(2)	(Gains) / losses on foreign exchange transactions	14	(2)	0	0	2
0	(Gains) / losses on disposal/revaluation of property, plant and equipment	14	33	0	0	(33)
(30)	Extraordinary Items		(24)	0	0	24
<b>11,368</b>	<b>Total Expenses</b>		<b>9,770</b>	<b>9,287</b>	<b>9,287</b>	<b>(483)</b>
<b>315</b>	<b>Surplus or (Deficit) for the period</b>		<b>(327)</b>	<b>0</b>	<b>0</b>	<b>327</b>

The accounting policies and notes on pages 10 - 24 form an integral part of these financial statements.





**MINISTRY OF HEALTH, ENVIRONMENT, YOUTH, SPORTS & CULTURE**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2011**

Prior Year Actual	Note	Current Year Actual	Final Budget	Original Budget	Variance (Original vs Actual)
\$000		\$000	\$000	\$000	\$000
		<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
		<i>Receipts</i>			
11,417		10,050	9,267	9,267	(783)
232		20			(20)
817		177	3	3	(174)
		59			(59)
		<i>Payments</i>			
(7,777)		(6,292)	(6,617)	(6,617)	(325)
(2,834)		(2,182)	(2,581)	(2,581)	(399)
					0
<b>1,855</b>	<b>15</b>	<b>1,832</b>	<b>72</b>	<b>72</b>	<b>(1,760)</b>
		<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
(427)		(543)	(692)	(692)	(149)
					0
<b>(427)</b>		<b>(543)</b>	<b>(692)</b>	<b>(692)</b>	<b>(149)</b>
		<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
483		1,050	692	692	(358)
					0
					0
<b>483</b>		<b>1,050</b>	<b>692</b>	<b>692</b>	<b>(358)</b>
1,911		2,339	72	72	(2,267)
945		2,856	141	141	(2,715)
<b>2,856</b>	<b>3</b>	<b>5,195</b>	<b>213</b>	<b>213</b>	<b>(4,982)</b>

The accounting policies and notes on pages 10 - 24 form an integral part of these financial statements.

**MINISTRY OF HEALTH, ENVIRONMENT, YOUTH, SPORTS & CULTURE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**NOTE 1: Description and principal activities**

The Ministry of Health, Environment, Youth, Sports & Culture (the "Ministry") is a Government owned entity as defined by section 2 of the Public Management and Finance Law (2008 Revision) 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 Minister of Health, Environment, Youth, Sports & Culture as defined in the Annual Plan and Estimates for the Government of the Cayman Islands for the financial year ending 30 June 2011.

During the year ended 30 June 2011, the Ministry comprised the following departments: Health Regulatory Services, Department of Environment, Department of Sports, Youth Services Unit and the Cayman Islands Cadet Corps.

**NOTE 2: Significant Accounting Policies**

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

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

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

**(a) Basis of preparation**

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

**Changes in Accounting Policies**

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

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

**(b) Budget amounts**

The original budget amounts for the financial year are as presented in the 2010/2011 Annual Budget Statement and were approved by the Legislative Assembly in June 2010. The budget was prepared based on the accrual accounting concept and the going concern basis.

**(c) Judgments and Estimates**

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

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

### **Changes in Accounting Estimates**

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

#### **(d) Revenue**

Revenue is 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 a significant percentage of its revenue through the provision of services to Cabinet. A relatively small component of the Ministry's revenue comes from other agencies in government and third parties. Cabinet revenue is recognised at the unit price agreed in the Annual Budget Statement for 2010/2011. Other revenues are recognised at the fair value of services provided.

#### **Revenue from non-exchange transactions**

Transfer revenue received from other government departments is recognised in the accounting period in which the benefit was received where the fair value can be reliably measured; otherwise a disclosure of the estimated value of such revenue is disclosed. The estimated revenue is measured at the values agreed by the departments in their annual budget based on their funding from Cabinet for the services rendered.

#### **(e) Expenses**

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

#### **(f) 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.

#### **(g) Cash and Cash Equivalents**

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

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 Operating Statement.

#### **(h) 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.

#### **(i) Inventories**

Inventories held for distribution, or consumption in the provision of services, that are not issued on a commercial basis are measured at the lower of cost and net realisable value. Where inventories are acquired at no cost, or for nominal consideration, the amount reported is the current replacement cost at the date of acquisition.

The amount reported for inventory held for distribution reflects management's estimates for obsolescence or other impairments.

Inventories held for sale or use in the production of goods and services on a commercial basis are valued at the lower of cost and net realisable value. Costs are assigned to inventories using first-in first-out (FIFO) as appropriate.

The write-down from cost to current replacement cost or net realisable value is recognised in the statement of financial performance in the period when the write-down occurs.

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

Property, plant and equipment, is stated at historical cost less accumulated depreciation except for buildings which are stated at valuation. Items of property, plant and equipment are initially recorded at cost. Where an asset is acquired for nil or nominal

consideration, the asset is recognised initially at fair value, where fair value can be reliably determined, and as revenue in the Operating Statement 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.

<u>Asset Type</u>	<u>Estimated Useful life</u>
• Buildings	40 – 60 years
• Motor vehicles	4 – 12 years
• Furniture and fittings	3 – 20 years
• Computer equipment and software	3 – 10 years
• Office equipment	3 – 20 years
• Other plant and equipment	5 – 25 years
• Other assets	3 – 25 years

#### 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 Operating Statement.

#### **(k) Employee Benefits**

Employee entitlements to salaries and wages, annual leave, long service leave, retiring leave and other similar benefits are recognised in the Operating Statement 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 Operating Statement as they are earned by employees. Obligations for defined benefit retirement plans are reported in the Consolidated Financial Statements for the Entire Public Sector of the Cayman Islands Government.

#### **(l) Financial Instruments**

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

#### 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.

#### 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 Operating Statement.

### 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 expires.

#### (m) Contingent Liabilities and Assets (Including guarantees)

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

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

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

#### (o) 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 budget. Comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.

### Note 3: Cash and cash equivalents

Prior Year Actual	Description	Foreign Currency	Exchange Rate	Current Year Actual
0	Cash on hand (IRIS Confirmation Account/Petty Cash)			0
34	Cash in transit (IRIS Remittance Account)			21
2,609	CI\$ Operational Current Account held at Royal Bank of Canada			4,942
184	US\$ Operational Current Account held at Royal Bank of Canada	122	0.8375	102
1	Payroll Current Account held at Royal Bank of Canada			35
28	CI\$ Grants current account held at Royal Bank of Canada			95
	Fixed Deposits held with Treasury (less than 90 days)			
2,856	<b>TOTAL</b>			5,195

**Note 4: Trade and other receivables**

Prior Year Actual	Trade Receivables	Current Year Actual	Original Budget	Final Budget	Variance (Original vs Actual)
5	Sale of goods and services	7	0	0	(7)
1,631	Outputs to Cabinet*	798	981	981	183
3	Outputs to other government agencies	0	0	0	0
0	Less: provision for doubtful debts	0	0	0	0
<b>1,639</b>	<b>Total trade receivables</b>	<b>805</b>	<b>981</b>	<b>981</b>	<b>176</b>

Actual Prior Year	Other Receivables	Actual Current Year	Original Budget	Final Budget	Variance (Original vs Actual)
406	Other	0	0	0	0
<b>406</b>	<b>Total other receivables</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

	Trade Receivables	Prior Year Impairment	Net
Current	805		805
Past due 1-30 days			0
Past due 31-60 days			0
Past due 61-90 days			0
Past due 90 and above			0
<b>Total</b>	<b>805</b>	<b>0</b>	<b>805</b>

Changes in the provision of doubtful debts:

Actual Prior Year	Description	Actual Current Year
	Balance at 1 July	
	Additional provisions made during the year	
	Receivables written off during the period	
0	Balance at 30 June	0

**Note 5: Property, Plant & Equipment**

**COST**

	<i>Buildings</i>	<i>Motor Vehicles</i>	<i>Boats</i>	<i>Furn &amp; Fittings</i>	<i>Comp Equip</i>	<i>Office Equip</i>	<i>Other Assets</i>	<i>Assets in progress</i>	<i>Total</i>
<b>Balance as at 1 July 2009</b>	3,693	179	0	391	264	171	55	1,675	6,428
Additions	145	100	25	15	14	0	42	0	341
Disposals	0	0	0	0	0	0	0	0	0
Transfers	10,399	463	790	(57)	(30)	(79)	413	(1,575)	10,324
<b>Balance as at 30 June 2010</b>	<b>14,237</b>	<b>742</b>	<b>815</b>	<b>349</b>	<b>248</b>	<b>92</b>	<b>510</b>	<b>100</b>	<b>17,093</b>

	<i>Buildings</i>	<i>Motor Vehicles</i>	<i>Boats</i>	<i>Furn &amp; Fittings</i>	<i>Comp Equip</i>	<i>Office Equip</i>	<i>Other Assets</i>	<i>Assets in progress</i>	<i>Total</i>
<b>Balance as at 1 July 2010</b>	14,237	742	815	349	248	92	510	100	17,093
Additions	319	32	78	20	33	3	8	29	522
Disposals				(49)	(18)	(15)			(82)
Transfers									0
<b>Balance as at 30 June 2011</b>	<b>14,556</b>	<b>774</b>	<b>893</b>	<b>320</b>	<b>263</b>	<b>80</b>	<b>518</b>	<b>129</b>	<b>17,533</b>

**Accumulated Depreciation and Impairment Losses**

	<i>Buildings</i>	<i>Motor Vehicles</i>	<i>Boats</i>	<i>Furn &amp; Fittings</i>	<i>Comp Equip</i>	<i>Office Equip</i>	<i>Other Assets</i>	<i>Work in progress</i>	<i>Total</i>
<b>Balance as at 1 July 2009</b>	1,577	149	0	110	210	96	20	0	2,162
Depreciation Expense 2009/10	763	79	79	21	35	19	32	0	1,028
Transfers	(952)	306	274	(9)	(26)	(51)	293	0	(165)
<b>Balance as at 30 June 2010</b>	<b>1,388</b>	<b>534</b>	<b>353</b>	<b>122</b>	<b>219</b>	<b>64</b>	<b>345</b>	<b>0</b>	<b>3,025</b>

	<i>Buildings</i>	<i>Motor Vehicles</i>	<i>Boats</i>	<i>Furn &amp; Fittings</i>	<i>Comp Equip</i>	<i>Office Equip</i>	<i>Other Assets</i>	<i>Work in progress</i>	<i>Total</i>
<b>Balance as at 1 July 2010</b>	1,388	534	353	122	219	64	345	0	3,025
Depreciation Exp 2010/11	779	61	90	22	24	17	36		1,029
Eliminate on Disposal 2010/11				(17)	(18)	(14)			(49)
<b>Balance as at 30 June 2011</b>	<b>2,167</b>	<b>595</b>	<b>443</b>	<b>127</b>	<b>225</b>	<b>67</b>	<b>381</b>	<b>0</b>	<b>4,005</b>

<b>Net Book value 30 June 2010</b>	<b>12,849</b>	<b>208</b>	<b>462</b>	<b>227</b>	<b>29</b>	<b>28</b>	<b>165</b>	<b>100</b>	<b>14,068</b>
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<b>Net Book value 30 June 2011</b>	<b>12,389</b>	<b>179</b>	<b>450</b>	<b>193</b>	<b>38</b>	<b>13</b>	<b>137</b>	<b>129</b>	<b>13,528</b>
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Summary of major projects in work-in-progress:

Prior Year	Description	Current Year
0	None	0

**Note 6: Trade payables, other payables & Accruals**

Prior Year		Current Year
79	Creditors	36
0	Creditors Ministries/Portfolios	0
0	Creditors other government agencies	0
<b>79</b>	<b>Total trade payables</b>	<b>36</b>
0	Payroll Deductions	45
0	Operating Lease	0
858	Accrued Expenses	1,143
6	Other payables	0
<b>864</b>	<b>Total other payables and accruals</b>	<b>1,188</b>
<b>943</b>	<b>Total trade payables, other payables and accruals</b>	<b>1,224</b>

**Note 7: Employee entitlements**

Prior Year		Current Year
	<i>Current employee entitlements are represented by:</i>	
41	• Annual Leave	37
151	• Retirement and long service leave	113
	• Accrued salaries	
	• Travel	
<b>192</b>	<b>Total current portion</b>	<b>150</b>
	<i>Non-current employee entitlements are represented by:</i>	
	• Retirement and long service leave	
<b>192</b>	<b>Total employee entitlements</b>	<b>150</b>



**Note 8: Sales of Goods & Services**

Prior Year	Revenue type	Current Year	Original Budget	Final Budget	Variance (Original vs Actual)
10,998	Outputs to Cabinet <sup>1</sup>	9,218	9,284	9,284	66
41	Outputs to other government agencies <sup>2</sup>	15			(15)
527	Fees and charges <sup>3</sup>				0
	General sales <sup>3</sup>				0
	Rentals <sup>3</sup>				0
72	Other <sup>3</sup>	97	3	3	(94)
<b>11,638</b>	<b>Total sales of goods and services</b>	<b>9,330</b>	<b>9,287</b>	<b>9,287</b>	<b>(43)</b>

<sup>1</sup>Outputs to Cabinet comprise goods delivered to and services performed on behalf of the Cayman Islands Government. These are detailed in the ABS accompanying these statements and are covered by the appropriation law.

<sup>2</sup>Outputs to other government agencies comprise trade between the Ministry and other government bodies. These are arm length transactions governed by Service Level Agreements (SLAs) between the contracting parties.

<sup>3</sup>Fees & Charges, General Sales, Rentals & Others include 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.

**Note 8: Revenue concessions**

During the financial years ended 30 June 2010 and 2011 there were no revenue concessions granted.

Prior year	Revenue type	Current year
<b>0</b>	<b>Total concessions</b>	<b>0</b>

**Note 9: Donations**

Prior Year	Source	Purpose	Current Year	Original Budget	Final Budget	Variance (Original vs Actual)
46	External parties	Grant funding	113	0	0	(113)
<b>46</b>	<b>Total donations</b>		<b>113</b>	<b>0</b>	<b>0</b>	<b>(113)</b>

**Note 10: Transfer revenue**

Prior Year	Description	Current Year	Original Budget	Final Budget	Variance (Original vs Actual)
35	Processing of payroll	37	0	0	(37)
426	Server and network support	425	0	0	(425)
114	Maintenance of facilities	95	0	0	(95)
					0
<b>575</b>	<b>Total Transfer Revenue</b>	<b>557</b>	<b>0</b>	<b>0</b>	<b>(557)</b>

During the year ended 30 June 2011, the Ministry received various services in-kind from the public works department, computer services department and the Treasury. The fair value of these services could not be reliably determined but is estimated to be 557k (2010: 575k) and therefore no expense has been recognized in these financial statements for such services other than the disclosure above.

**Note 11: Personnel costs**

Prior Year	Description	Current Year	Original Budget	Final Budget	Variance (Original vs Actual)
6,094	Salaries, wages and allowances	5,200	5,540	5,540	340
829	Health care	718	772	772	54
322	Pension	286	303	303	17
149	Leave	(20)	0	0	20
4	Other personnel related costs	7	2	2	(5)
<b>7,398</b>	<b>Total Personnel Costs</b>	<b>6,191</b>	<b>6,617</b>	<b>6,617</b>	<b>426</b>

**Note 12: Supplies and consumables**

Prior Year	Description	Current Year	Original Budget	Final Budget	Variance (Original vs Actual)
970	Supplies and Materials	198	292	292	94
450	Purchase of services	807	594	594	(213)
309	Lease of Property and Equipment	195	218	218	23
507	Utilities	570	419	419	(151)
425	General Insurance	368	470	470	102
105	Interdepartmental expenses	88	88	88	(557)
111	Travel and Subsistence	63	99	99	36
20	Other	15	40	40	25
<b>2,897</b>	<b>Total Supplies &amp; consumables</b>	<b>2,299</b>	<b>2,220</b>	<b>2,220</b>	<b>(79)</b>

**Note 13: Litigation cost**

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 were authorised by the Attorney General's Office. The costs of these services were \$264,319 in 2011 and \$77,031 in 2010.

**Note 14: (Gains) / losses**

During the period the Ministry disposed of Furniture, Computers & Office Equipment that were surplus items or obsolete. The net loss on Furniture, Computers & Office Equipment disposals was \$32,636 [2009/10: \$0]. Approval was obtained to dispose of these assets.

Prior Year		Current Year	Original Budget	Final Budget	Variance (Original vs Actual)
0	Net loss on disposal of property, plant and equipment	33	0	0	(33)
(2)	Net gain on foreign exchange	(2)	0	0	2
(2)	<b>Total (gains) / losses</b>	<b>31</b>	<b>0</b>	<b>0</b>	<b>(31)</b>

**Note 15: Reconciliation of net cash flows from operating activities to surplus/(deficit)**

Prior year	Description	Current year
315	Surplus/(deficit) from ordinary activities	(327)
	<b>Non-cash movements</b>	
1,028	Depreciation expense	1,029
0	(Gain)/losses on sale of property plant and equipment	33
(2)	Foreign exchange gains/(losses)	(2)
	<b>Changes in current assets and liabilities:</b>	
(6)	(Increase)/decrease in other current assets	0
184	(Increase)/decrease in receivables	438
419	(Increase)/decrease in receivables - Cabinet	834
(56)	Increase/(decrease) in payables	(131)
(27)	Increase/(decrease) in provisions relating to employee costs	(42)
1,855	Net cash flows from operating activities	1,832

**Note 16: Contingent liabilities & assets**

	Beginning Balance	Additions	Disbursements	Adjustments	Ending Balance
<b>Legal Proceedings and Disputes</b>					
<b>Total Legal Proceedings and Disputes</b>	0	0	0	0	0
<b>Total contingent liabilities</b>	0	0	0	0	0

The ministry has no contingent liabilities

**Note 17: Commitments**

Prior Year Actual	Type	One year or less	One to five Years	Over five Years	Total
	<b>Capital Commitments</b>				
	Property, plant and equipment				0
	Other fixed assets				0
0	<b>Total Capital Commitments</b>	0	0	0	0
	<b>Operating Commitments</b>				
0	Non-cancellable accommodation leases	71			71
	Other non-cancellable leases				0
	Non-cancellable contracts for the supply of goods and services				0
	Other operating commitments				0
0	<b>Total Operating Commitments</b>	71	0	0	71
0	<b>Total Commitments</b>	71	0	0	71

The Ministry has a medium term accommodation lease for the premises it occupies at Countryside Shopping Village. The annual lease is for 1 year. The amounts disclosed above as future commitments are based on the current rental rates.

The Ministry has not entered into non-cancellable contracts.

**Note 18: Explanation of major variances against budget**

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

**Statement of financial position**

*Cash and cash equivalents*

The actual year-end cash balances were above budget due to property insurance premiums being unsettled and depreciation representing cash held for replacement of fixed assets.

*Fixed assets*

Fixed assets were higher than the original budget due to finalisation of transfer of the departments of Sports and Environment from their previous ministries.

*Creditors and other payables*

Creditors, accruals and other payables were higher than the original budget due to insurance premiums remaining unpaid.

**Statement of financial performance**

*Personnel Costs*

Personnel costs were below budget due to the moratorium on hiring which was in effect during the financial year.

#### **Depreciation**

Depreciation expenses were above budget due to the delay in the finalisation of the transfer of the departments of Sports and Environment from their previous ministries. As such, complete information on the relevant assets transferred was not available at the time the budget was approved.

#### **Litigation costs**

Litigation costs were above budget due to unforeseen cases.

#### **Extraordinary items**

Extraordinary items were due to insurance loss claims for boats.

#### **Statement of cash flows**

##### **Cash from operating activities**

The increase in cash from operating activities is due to timing differences for receipt of output funding, payments for supplies and consumables and the moratorium on hiring.

##### **Cash from financing activities**

The increase in cash from financing activities is due to a timing difference as funds relating to the previous year were received.

#### **Note 19: 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.

<b>Prior year actual</b>	<b>Description</b>	<b>Current year actual</b>	<b>Number of persons</b>
1,065	Salaries & other short-term employee benefits	1,080	11
	Past employee benefits		
	Other long-term benefits		
	Termination benefits		
	Loans		
1,065	Total	1,080	

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

#### **Note 20: Events occurring after reporting date**

There were no events occurring after the reporting date.

**NOTE 21: 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.

**Liquidity risk**

In meeting its liquidity requirements, the Ministry closely monitors its forecast cash requirements with expected cash drawdowns 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 22: Segment reporting**

	Environment		Youth & Sports		Public Health		Health Administration		Consolidated	
	10/11	09/10	10/11	09/10	10/11	09/10	10/11	09/10	10/11	09/10
<b>Revenue</b>										
Outputs from Cabinet	2,961	2,919	3,305	3,692	0	1,489	2,952	2,898	9,218	10,998
Outputs - Other govt agencies	12	17	8	23	0	0	(5)	1	15	41
Donations	113	45	0	0	0	0	0	0	113	45
Other revenue	3	17	94	52	0	2	0	528	97	599
<b>Total Revenue</b>	<b>3,089</b>	<b>2,998</b>	<b>3,407</b>	<b>3,767</b>	<b>0</b>	<b>1,491</b>	<b>2,947</b>	<b>3,427</b>	<b>9,443</b>	<b>11,683</b>
<b>Expenses</b>										
Salaries and Wages	2,074	2,308	1,930	2,320	0	296	2,186	2,474	6,190	7,398
Other expenses	675	714	2,085	2,152	0	519	832	617	3,592	4,002
<b>Total Expenses</b>	<b>2,749</b>	<b>3,022</b>	<b>4,015</b>	<b>4,472</b>	<b>0</b>	<b>815</b>	<b>2,999</b>	<b>3,666</b>	<b>9,763</b>	<b>11,400</b>
<b>Surplus/ (Deficit) from Operating Activities</b>	<b>340</b>	<b>(24)</b>	<b>(628)</b>	<b>(705)</b>	<b>0</b>	<b>676</b>	<b>(52)</b>	<b>336</b>	<b>(320)</b>	<b>283</b>
<b>Assets</b>										
Current Assets	356	231	135	159	0	77	5,508	4,465	6,000	4,932
Fixed Assets	1,419	1,361	12,012	12,560	0	9	97	138	13,528	14,068
<b>Total Assets</b>	<b>1,775</b>	<b>1,592</b>	<b>12,147</b>	<b>12,719</b>	<b>0</b>	<b>86</b>	<b>5,604</b>	<b>4,603</b>	<b>19,528</b>	<b>19,000</b>
<b>Liabilities</b>										
Current Liabilities	371	486	741	507	0	188	1,875	1,614	2,988	2,795
Non-current Liabilities	0	0	0	0	0	0	0	0	0	0
<b>Total Liabilities</b>	<b>371</b>	<b>486</b>	<b>741</b>	<b>507</b>	<b>0</b>	<b>188</b>	<b>1,875</b>	<b>1,614</b>	<b>2,988</b>	<b>2,795</b>

**Capital expenditure**                      215      205      269      133      0      0      38      3      522      341

The Ministry segment report is prepared on the basis of the following areas: environment, youth & sports, public health (9/10) and health administration. Environmental services are provided by the Department of Environment, youth & sports through the Department of Sports, Youth Services Unit and the Cayman Islands Cadet Corps. Health administration included services provided by the core Ministry and the Department of Health Regulatory Services. Public health services were provided by the Public Health Department through the Health Services Authority (the public health budget was transferred to HSA effective 10/11).

**Note 23: Appropriations used**

<b>Appropriation Description</b>		<b>Amount Appropriated</b>	<b>Appropriation Used</b>	<b>Variance</b>
HES 1	Policy Advice and Ministerial Servicing to the Minister of Health, Environment, Youth, Sports	2,437	2,377	60
HES 2	Health Regulatory Services	945	945	0
HES 4	Sports Coaching and Training Programmes	2,567	2,567	0
HES 5	Youth Education, Mentorship and Community Activities	737	737	0
HES 6	Environmental Services and Research	2,597	2,592	5
<b>TOTAL</b>		<b>9,283</b>	<b>9,218</b>	<b>65</b>

**Note 24: Extraordinary items**

The Department of Environment had insurance loss claims for boats. The amount for 2011 was \$23,782 (2010: \$30,060).