



**Annual Financial Statements
For the
Ministry of Community Affairs, Gender
and Housing
2012/13 Financial Year**

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Cayman Islands

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Ministry of Community Affairs, Gender and Housing

STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by the Ministry of Community Affairs, Gender and Housing in accordance with the provisions of the Public Management and Finance Law (2012 Revision).

We accept responsibility for the accuracy and integrity of the financial information in these financial statements and their compliance with the Public Management and Finance Law (2012 Revision).

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

As Chief Officer and Chief Financial Officer we are responsible for the preparation of the Ministry of Community Affairs, Gender and Housing financial statements, representation and judgements made in these statements.

The financial statements fairly present the financial position, financial performance and cash flows of the Ministry of Community Affairs, Gender and Housing for the financial year ended 30 June 2013.

To the best of our knowledge we represent that these financial statements except as otherwise indicated;

- (a) Completely and reliably reflect the financial transactions of Ministry of Community Affairs, Gender and Housing for the year ended 30 June 2013;
- (b) fairly reflect the financial position as at 30 June 2013 and performance for the Year ended 30 June 2013;
- (c) comply with International Public Sector Accounting Standards as set out by International Public Sector Accounting Standards Board. 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.

A handwritten signature in blue ink, appearing to be "Dorine Whittaker".

Dorine Whittaker

Chief Officer

Date- 30th June 2014

A handwritten signature in blue ink, appearing to be "Stephanie Azan".

Stephanie Azan

Chief Financial Officer

Date- June 30th 2014

AUDITOR GENERAL'S REPORT

To the Members of the Legislative Assembly and the Chief Officer of the Ministry of Community Affairs, Gender & Housing

I have audited the accompanying financial statements of Ministry of Community Affairs, Gender & Housing, which comprise the statement of financial position as at 30 June 2013 and the statement of financial performance, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 9 to 27 in accordance with the provisions of Section 60(1)(a) of the *Public Management and Finance Law (2012 Revision)*.

Management's Responsibilities 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

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 about 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 on 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.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Ministry of Community Affairs, Gender & Housing as at 30 June 2013 and 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

30 June 2014
Cayman Islands

Ministry of Community Affairs, Gender and Housing
STATEMENT OF FINANCIAL POSITION
AS AT 30 June 2013

	Note	2012/13 Actual	2012/13 Budget	Variance	2011/12 Actual
Cash and cash equivalents	1	1,902,969	1,706,415	196,554	1,183,435
Trade and other receivables	2	1,799,876	1,170,445	629,431	1,318,404
Inventories and other current assets	3	23,722	18,274	5,448	19,278
Total Current Assets		3,726,567	2,895,134	831,433	2,521,117
Non-Current Assets					
Property, plant and equipment	4	3,504,872	3,713,511	(208,639)	3,714,614
Total Non-Current Assets		3,504,872	3,713,511	(208,639)	3,714,614
Total Assets		7,231,439	6,608,645	622,794	6,235,731
Current Liabilities					
Trade and other payables	5	482,064	796,032	(313,968)	467,506
Employee entitlements	6	94,273	18,014	76,259	72,131
Repayment of surplus		2,140,934	1,256,509	884,425	1,255,682
Total Current Liabilities		2,717,271	2,070,555	646,716	1,795,319
Noncurrent liabilities		-	-	-	-
Total Liabilities		2,717,271	2,070,555	646,716	1,795,319
Net Assets		4,514,168	4,538,090	(23,922)	4,440,412
Net Worth					
Contributed capital		4,514,168	4,538,090	(23,922)	4,440,412
Total Net Worth		4,514,168	4,538,090	(23,922)	4,440,412

The accounting policies and notes on pages 9 to 27 form part of these financial statements.

**Ministry of Community Affairs, Gender and Housing
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 June 2013**

	Note	2012/13 Actual	2012/13 Budget	Variance	2011/12 Actual
Revenue					
Sale of goods and services	1	13,670,917	14,226,944	(556,027)	12,666,130
Donations and other revenue		203,088	-	203,088	78,023
Total Revenue		13,874,005	14,226,944	(352,939)	12,744,153
Expenses					
Personnel costs	2	10,538,097	11,356,508	(818,411)	10,531,707
Supplies and Consumables	3	2,119,379	2,650,807	(531,428)	2,052,512
Depreciation	6	235,607	219,629	(15,978)	182,584
(Gains)/losses on foreign exchange		80	-	80	
(Gains)/losses on disposal/revaluation of property, plant and equipment		95,590	-	95,590	203
Total Expenses		12,988,753	14,226,944	(1,238,191)	12,767,006
Surplus or (Deficit) for the period		885,252	-	885,252	(22,853)

The accounting policies and notes on pages 9 to 27 form part of these financial statements.

Ministry of Community Affairs, Gender and Housing
STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDED 30 June 2013

		2012/13	2012/13	Variance	2011/12
		Actual	Budget		Actual
At 01 July 2012		4,440,412	4,382,090	58,322	4,484,869
Prior year adjustment	7	-	-	-	(107,122)
Restated Closing balance net worth		4,440,412	4,382,090	58,322	4,377,647
		2012/13	2012/13	Variance	2012/13
		Actual	Budget		Actual
At 01 July 2012 (restated)		4,440,412	4,382,090	58,322	4,377,647
Equity Investment from Cabinet	7	73,756	156,000	(82,244)	62,765
		-	-	-	-
Closing balance net worth		4,514,168	4,538,090	(23,922)	4,440,412

The accounting policies and notes on pages 9 to 27 form part of these financial statements.

Ministry of Community Affairs, Gender and Housing
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 June 2013

	2012/13 Actual	2012/13 Budget	Variance	2011/12 Actual
CASH FLOWS FROM OPERATING ACTIVITIES				
	Note			
Outputs to Cabinet	13,189,787	13,907,104	(717,317)	12,126,169
Other receipts	203,088	-	203,088	151,185
Personnel costs	(10,515,528)	(11,356,508)	840,980	(10,434,182)
Operating and other expenses	(2,143,370)	(2,330,968)	187,598	(2,155,700)
Net cash flows from operating activities	733,977	219,628	514,349	(312,528)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(88,199)	(156,000)	67,801	(17,711)
Net cash flows from investing activities	(88,199)	(156,000)	67,801	(17,711)
CASH FLOWS FROM FINANCING ACTIVITIES				
Equity Investment	73,756	156,000	(82,244)	26,721
Net cash flows from financing activities	73,756	156,000	(82,244)	26,721
Net increase/(decrease) in cash and cash equivalents	719,534	219,628	499,906	(303,518)
Cash and cash equivalents at beginning of period	1,183,435	1,486,787	(303,352)	1,486,953
Cash and cash equivalents at end of period	1,902,969	1,706,415	196,554	1,183,435

The accounting policies and notes on pages 9 to 27 form part of these financial statements.

Ministry of Community Affairs, Gender and Housing
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 June 2013

Description and principal activity

The Ministry of Community Affairs, Gender and Housing ("the Ministry") is a Government owned entity as defined by section 2 of the Public Management and Finance Law (2010 Revision) and it is domiciled in the Cayman Islands.

Its principal activities and operations include all activities carried out in terms of the outputs purchased by the Ministry as defined in the Annual Plan and Estimates for the Government of the Cayman Islands for the financial year ended 30 June 2013.

SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with International Public Sector Accounting Pronouncements ("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. These financial statements have been prepared on a going concern basis.

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.

(a) Basis of preparation

In conformity with the Public Management and Finance law (2010 revision), the financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSASs) using the accrual basis of accounting. Where there is currently no IPSAS, other authoritative pronouncements such as International Financial Reporting Standards applicable to the public sector have been used. The measurement base applied is historical cost adjusted for revaluations of certain assets.

Ministry of Community Affairs, Gender and Housing
STATEMENT OF ACCOUNTING POLICIES (Cont'd)
FOR THE YEAR ENDED 30 June 2013

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 comparison 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.

Reporting Period

The annual reporting period is for the twelve months ended 30 June 2013.

(b) Budget amounts

The original budget amounts for the financial year are as presented in the 2012/13 Annual Budget Statement and approved by the Legislative Assembly in August 2012.

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) Changes in Accounting Estimates

There were no changes in accounting estimates.

(e) Revenue

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

The Ministry of Community Affairs, Gender and Housing derive 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.

**Ministry of Community Affairs, Gender and Housing
STATEMENT OF ACCOUNTING POLICIES (Cont'd)
FOR THE YEAR ENDED 30 June 2013**

(f) Expenses

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

(g) 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.

(h) Cash and Cash Equivalents

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

(i) 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.

(j) 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 specific identification 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.

**Ministry of Community Affairs, Gender and Housing
STATEMENT OF ACCOUNTING POLICIES (Cont'd)
FOR THE YEAR ENDED 30 June 2013**

(k) Property, Plant and Equipment

Buildings and structures

Property were revalued as at July 1st 2012 by in-house professionals with the exception of specialized buildings which were contracted to independent evaluators and is stated at revalued amounts less accumulated depreciation. 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.

In accordance with IPSAS 17, when an item of property, plant, and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- (a) Restated proportionately with the change in the gross carrying amount of the asset, so that the carrying amount of the asset after revaluation equals its revalued amount or
- (b) Eliminated against the gross carrying amount of the asset.

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

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

Impairment

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the period end. Assets that are subject to amortisation are reviewed for impairment whenever events of changes in

**Ministry of Community Affairs, Gender and Housing
STATEMENT OF ACCOUNTING POLICIES (Cont'd)
FOR THE YEAR ENDED 30 June 2013**

Impairment (cont.)

circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amounts. The recoverable amount is the higher of the asset's fair value less costs to sell and its value for use in service. The Ministry has not tested its assets for impairment in the current year.

Work in Progress

Work in progress items are valued at cost. No depreciation is applied to work in progress items until such time as they are commissioned.

(l) Employee Benefits

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

Pension contributions for employees of the Ministry of Community Affairs, Gender and Housing are paid to the Public Service Pension Fund and administered by the Public Service Pension Board (the "Board"). Contributions of 12.384% - employer 6.192% and employee 6.192% are made to the fund by the Ministry of Community Affairs, Gender and Housing.

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.

(m) Financial Instruments

The Ministry of Community Affairs, Gender and Housing 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

Ministry of Community Affairs, Gender and Housing
STATEMENT OF ACCOUNTING POLICIES (Cont'd)
FOR THE YEAR ENDED 30 June 2013

Classification (Cont.)

conditions that are potentially unfavourable. Financial instruments comprise of accounts payable and accrued expenses.

Recognition

The Ministry of Community Affairs, Gender and Housing 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.

(n) Contingent Liabilities and Assets (including guarantees) (continued)

De-recognition

A financial asset is de-recognition when the Ministry of Community Affairs, Gender and Housing 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;

Ministry of Community Affairs, Gender and Housing
STATEMENT OF ACCOUNTING POLICIES (Cont'd)
FOR THE YEAR ENDED 30 June 2013

(o) Foreign Currency (Cont.)

- 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.

(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.

Ministry of Community Affairs, Gender and Housing
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2013

1: Cash and cash equivalents

Cash and cash equivalents include cash on hand; bank accounts in the name of the Ministry of Community Affairs, Gender & Housing 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 2013 the Ministry Community Affairs, Gender & Housing unrestricted cash balances were as presented below. No restricted cash balances were held by the Ministry.

	2012/13 Actual	2012/13 Budget	Variance	2011/12 Actual
Cash on hand	80	3,000	(2,920)	2,016
Bank accounts	<u>1,902,889</u>	<u>1,703,145</u>	199,744	1,181,419
	<u>1,902,969</u>	<u>1,706,145</u>	196,824	1,183,435

Explanation of major variance

The actual year-end cash balances were \$196,824 above budget due mainly to higher than projected accounts payable.

2: Trade receivables and other receivables

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

	2012/13 Actual	2012/13 Budget	Variance	2011/12 Actual
Outputs to Cabinet	1,798,534	1,184,917	613,617	1,317,404
Other	<u>1,342</u>	<u>45</u>	1,297	-
	<u>1,799,876</u>	<u>1,184,962</u>	614,914	1,317,404

Explanation of major variance

The actual year-end debtors and other receivables balances were higher than the original budget due to cabinet funding receivable being higher than initially projected. The actual cabinet funding receivable was \$1,798,534 which represented two month's cabinet revenue earned but not received by June 30th 2013 and was higher than budgeted receivable by \$1,184,917.

Ministry of Community Affairs, Gender and Housing
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 June 2013

3: Inventories

The carrying amount of inventories held for distribution as at 30 June 2013 was \$23,722. There were no write-down of inventories held for distribution. There have been no reversals of write-downs. No inventories are pledged as security for liabilities.

	2012/13 Actual	2012/13 Budget	Variance	2011/12 Actual
Consumable Stores	23,722	18,275	5,447	19,278
	<u>23,722</u>	<u>18,275</u>	<u>5,447</u>	<u>19,278</u>

Inventory consists of consumables mainly used for the provision of services. No inventory is held for re-sale.

4: Property, plant and equipment

	<i>Plant and equipment</i>	<i>Buildings and Leasehold</i>	<i>Furniture and Office Equipment</i>	<i>Computers</i>	<i>Motor Vehicles</i>	<i>Total</i>
Cost	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2012	101	5,751	276	121	154	6,404
Additions	4	-	4	-	81	89
Disposals	-	-	-	(10)	-	(10)
Transfers	-	-	-	-	-	-
Revaluation	-	(95)	-	-	-	(95)
Balance at 30 June 2013	105	5,656	280	111	235	6,387
Depreciation Expense						
Balance as at 1 July 2012	50	2,219	165	82	130	2,689
Depreciation Expense	13	221	20	12	14	237
Revaluation Depreciation Expense Adjustment 2012/13	-	(44)	-	-	-	(44)
Balance at 30 June 2013	63	2,396	185	94	144	2,882
Net Book value 30 June 2013	42	3,260	95	17	91	3,505
Net Book value 30 June 2012	51	3,533	89	18	25	3,715

Ministry of Community Affairs, Gender and Housing
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 June 2013

4: Property, plant and equipment (cont.)

Valuation methods

The valuations contained within this report have been prepared in accordance with the aforementioned Standards and the guidance notes provided by the RICS. Particular regard should be paid to the following definitions and methodology having been adopted in the assessment of value:-

Fair Value (Market Value) defined in accordance with IFRS 13 Fair Value Measurement as follows:- "The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

Fair Value (Existing Use Value) extends the definition of Fair Value (Market Value) in "assuming that the buyer is granted vacant possession of all parts of the property required by the business and disregarding potential alternative uses and any other characteristics of the property that would cause its market value to differ from that needed to replace the remaining service potential at least cost."

Specialised Assets: specialised assets are those for which no market exists for the current use. Specialised assets are valued using the Depreciated Replacement Cost method (DRC valuation) The definition of 'Depreciated Replacement Cost', as contained in The Standards, is as follows:- "The current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation."

Valuation assumptions

Plant and machinery has only been included in the valuation of building assets where this forms an integral part of the fabric of the building (e.g. lifts or air conditioning equipment) or where it performs a task crucial to the continuation of the existing use (e.g. swimming pools). Unless specifically stated otherwise it is assumed that such items are reflected in the unit building cost.

It is assumed that all properties have the required planning consents and certificates for use and construction. Where Fair Value (or land value in a DRC valuation) relies on obtaining an alternative planning consent the alternative use has been derived from consideration of prevailing land uses in the immediate area and Local Planning Policies and practise.

Where an asset has been valued by Depreciated Replacement Cost (DRC) it is subject to the prospect and viability of the asset continuing to be used for the existing use.

These valuations do not take into account any form of selling or purchase costs, tax (including Stamp Duty), inflation or finance costs. In Cayman there is no tax on property save as to Stamp Duty which is ordinarily required to be paid by a purchaser.

**Ministry of Community Affairs, Gender and Housing
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEAR ENDED 30 June 2013**

4: Property, plant and equipment (cont.)

Valuation assumptions (cont.)

Valuations of each 'specialised building' state their total asset value and the (depreciated) value of the respective building. Those with a depreciated building value greater than \$0.5m also state figures for their 'component' parts. Buildings valued by the investment or comparison methods of valuation also state figures for their respective land values. These do not compute to reflect actual building values but indicate the inherent value attributing to the land only.

Where applicable the remaining economic life of the building / building components has been indicated. This is the period during which the building element is anticipated to have a future useful economic life for its existing purpose.

In preparing the valuations information has been obtained from the following sources:

- Cayman Islands Government 2001 Asset Register.
- Cayman Islands Government Land Registry Database.
- Caymanlandinfo System (Mapping, aerial photography, evidence of comparable sales and lettings).
- Copies of and extracts from leases.
- Architect scaled floor plans.
- Ministries and users / occupiers of operational property assets.

Land areas (where stated) are provided for guidance only and are quoted from the Land Registers or otherwise from Caymanlandinfo database. Any building floor areas supplied have been obtained from one of the following sources:

- Measurements taken on site.
- Measurements extracted from Cayman Islands Government property records.

Buildings were revalued as an entire class of asset. The cumulative effect of all revaluations resulted in a cumulative loss of \$95,590 on asset revaluation and \$105,321 adjusted depreciation expense for 2012/13.

5: Trade payables, other payables and accruals

	2012/13 Actual	2012/13 Budget	Variance	2011/12 Actual
Trade payables and accrued expenses	482,063	810,549	(328,486)	467,506
Surplus payable	2,140,934	-	2,140,934	1,255,682
	<u>2,622,997</u>	<u>810,549</u>	<u>1,812,448</u>	<u>1,723,188</u>

Ministry of Community Affairs, Gender and Housing
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 June 2013

5: Trade payables, other payables and accruals (cont.)

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

Explanation of major variance

Accounts payable was higher than budgeted due mainly to a surplus payable at the end of the fiscal year totalling \$2,222,962 that was not budgeted and is to be repaid to core government.

6: Employee entitlements

	2012/13 Actual	2012/13 Budget	Variance	2011/12 Actual
Annual leave	94,273	18,014	76,259	72,131
Total	94,273	18,014	76,259	72,131

Explanation of major variance

Employee annual leave entitlement varied against budget due mainly to the inherent nature of employee leave time taken, which will vary throughout the fiscal year and between fiscal years as it is difficult to project exactly when employees will take annual leave.

7: Revenue

	2012/13 Actual	2012/13 Budget	Variance	2011/12 Actual
Revenue from Cabinet	13,670,917	14,226,994	(556,077)	12,666,130
Revenue from Third Parties	203,088	-	203,088	78,023
Total	13,874,005	14,226,994	(352,989)	12,744,153

Explanation of major variance

Revenue from cabinet was \$556,077 below budget due mainly to identified budget reductions made during the fiscal year due to austerity measures.

Ministry of Community Affairs, Gender and Housing
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 June 2013

8: Personnel costs

	2012/13 Actual	2012/13 Budget	Variance	2011/12 Actual
Salaries, wages and allowances	8,382,690	9,014,663	(631,973)	8,464,813
Health care	1,676,565	1,829,256	(152,691)	1,498,603
Pension costs	445,969	482,728	(36,759)	449,243
Other personnel costs	32,873	29,861	3,012	119,048
	<u>10,538,097</u>	<u>11,356,508</u>	<u>(818,411)</u>	<u>10,531,707</u>

Explanation of major variance

Personnel costs were \$869,894 below budget due mainly from a delay in recruiting vacant posts and non-recruitment of some posts that were in original budget. The budgeted head count for the 2012/13 fiscal year was approximately 219 persons. However, the average actual number of persons employed during the fiscal year totalled 207.

9: Supplies and consumables

	2012/13 Actual	2012/13 Budget	Variance	2011/12 Actual
Supplies and materials	342,189	402,505	(60,316)	338,693
Purchase of services	214,026	443,569	(229,543)	277,489
Lease of Property and Equipment	598,624	695,646	(97,022)	563,623
Utilities	589,910	574,405	15,505	549,624
General Insurance	183,087	172,129	10,958	183,441
Travel and Subsistence	25,725	20,072	5,653	29,876
Other	165,818	342,481	(176,663)	109,766
	<u>2,119,379</u>	<u>2,650,807</u>	<u>(531,428)</u>	<u>2,052,512</u>

Explanation of major variance

Operating expenses were \$531,428 below budget due mainly to austerity measures undertaken during the 2012/13 fiscal year.

10: Finance costs (Bank Overdraft)

Ministry of Community Affairs, Gender and Housing did not incur any finance costs during 2012/13 as it did not utilize the facility.

Ministry of Community Affairs, Gender and Housing
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 June 2013

11: Financial Risk Management

The Ministry is exposed to a variety of financial risks including credit risk and liquidity risk. The Ministry's risk management policies are designed to identify and manage these risks, to set appropriate risk limits and controls, and to monitor the risks and adhere to limits by means of up to date and reliable information systems. These risks are managed within the parameters established by the Financial Regulations (2012 Revision).

Credit Risk

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

The Ministry is exposed to potential loss that would be incurred if the counterparty to the bank balances fails to discharge its obligation to repay. All bank balances are with one financial institution located in the Cayman Islands which management considers being financially secure and well managed.

The Ministry is also exposed to a significant concentration of credit risk in relation to accounts receivables, most of which are due from Cabinet. No credit limits have been established. As at 30 June 2013 no provision for doubtful debts has been made as none of these assets are anticipated to be impaired and management considers these debts to be recoverable in full.

Notwithstanding the concentration risk in relation to accounts receivables, management does not consider the Ministry to be exposed to significant credit risk as it has only one major counterparty (Cabinet) and has had no past experience of any significant default or loss.

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

Liquidity Risk

Liquidity risk is the risk that the Ministry is unable to meet its payment obligations associated with its financial liabilities when they are due. The ability of the Ministry to meet its debts and obligations is dependent upon its ability to collect the debts outstanding to the Ministry in a timely basis. Management manages liquidity risk through monitoring cash flows from debtors, maximizing day's credit taken from suppliers, and if the circumstances required it to obtain funding from Cabinet to temporarily fund any shortfalls. As at 30 June 2013, all of the financial liabilities were due within three months of the year end dates.

Ministry of Community Affairs, Gender and Housing
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 June 2013

Financial Instruments – Fair Values

As at 30 June 2013, the forecasted carrying value of cash and cash equivalents, accounts receivable, work in progress, accounts payable and employee entitlements approximate their fair values due to their relative short-term maturities. Fair values estimates are made at a specific point in time, based on market conditions and the information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions, economic conditions and other factors could cause significant changes in fair value estimates.

12: Contingent liabilities and assets

There were no contingent liabilities reported for the Ministry of Community Affairs, Gender and Housing for the year ended June 30th 2013.

13: Commitments

The Ministry of Community Affairs, Gender and Housing has accommodation leases for the premises it occupies at the Flagship Building, Royal Plaza, Windjammer Building and Cayman Brac Counselling Service Office. The annual leases range from 1 year to 5 years and all have expired. The premises remain occupied on a month to month basis, with the exception of the Flagship Building which was vacated on June 30th 2013 and The Counselling Services (TCC) offices relocated to the Royal Plaza in June 2013. All the amounts disclosed above as future commitments are based on the current rental rates.

Type	One year or less	One to five Years	Over five Years
Operating Commitments			
Non-cancellable accommodation leases	-	\$719,473	
Total Commitments	-	\$719,473	

14: Revenue from Non-Exchange Transactions

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

Ministry of Community Affairs, Gender and Housing
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 June 2013

Description	Actual Current Year \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Final vs Actual) \$'000
Server and network support	2	-	-	(2)
Public Works	62	-	-	(62)
HR related services	107	-	-	(107)
Total Transfer Revenue	171	-	-	(171)

15: Related party and key management personnel disclosures

Related party disclosure

The Ministry of Community Affairs, Gender and Housing is a wholly owned entity of the government from which it derives a major source of its revenue. The Ministry of Community Affairs, Gender and Housing and its key management personnel transact with other government entities on a regular basis. Transactions were provided free of cost during the financial year ended 30 June 2013 and were consistent with normal operating relationships between entities and were undertaken on terms and conditions that are normal for such transactions.

Description	2012/13 Actual	2011/12 Actual
Salaries and other benefits	376,307	376,307
Number of persons	3	3

Key Management Personnel

Key management personnel are defined to include Ministers of the Government, Chief Officer, Deputy Chief Officer and the Chief Finance Officer. No loans were offered to key management or their relatives during the year. The Minister of Community Affairs, Gender and Housing personnel allowances were paid through the Deputy Governor's Office. All other key management personnel were paid for directly by the ministry.

16: Events occurring after reporting date

The Ministry of Community Affairs, Gender and Housing experienced a change in political leadership following the May 2013 General Elections. Effective July 1st 2013, the Ministry was renamed to the

16: Events occurring after reporting date

The Ministry of Community Affairs, Gender and Housing experienced a change in political leadership following the May 2013 General Elections. Effective July 1st 2013, the Ministry was renamed to the Ministry of Home and Community Affairs reflecting the removal of Gender Affairs and Housing. The Honourable Premier Alden McLaughlin has been appointed as Honourable Minister.

Ministry of Community Affairs, Gender and Housing
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEAR ENDED 30 June 2013

17: Segment reporting

	Ministry Administration	Department of Children and Family Services	Department of Counseling Services	Total
Revenue				
Sale of goods and services	1,609,259	8,604,272	3,457,386	13,670,917
Other revenue	3,000	153,204	46,884	203,088
Total Revenue	1,612,259	8,757,476	3,504,270	13,874,005
Expenses				
Personnel costs	1,383,816	6,846,788	2,307,493	10,538,097
Other expenses	66,723	1,515,298	772,965	2,354,986
Total Expenses	1,450,539	8,362,086	3,080,458	12,893,083
(Gain)/loss on asset revaluation	-	360,636	(265,046)	95,590
(Gain)/loss on foreign currency exchange	-	80	-	80
Surplus	161,720	34,674	688,858	885,252
Current Assets	2,383,162	590,899	752,506	3,726,567
Property and equipment	23,667	2,082,580	1,398,625	3,504,872
Total Assets	2,406,829	2,673,479	2,151,131	7,231,439
Current liabilities	2,279,963	365,531	71,777	2,717,271
Total liabilities	2,279,963	365,531	71,777	2,717,271
Net Worth	126,866	2,307,948	2,079,354	4,514,168

The Ministry's segment report is prepared on the basis of 3 major areas, being the two distinct departments under the Ministry and the administrative arm which coordinates their activities.

**Ministry of Community Affairs, Gender and Housing
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEAR ENDED 30 June 2013**

18: Appropriations Used

	2012/13 Actual	2012/13 Budget	Variance
CAH 1 - Policy Advice and Support to the Minister of Community Affairs, Gender & Housing	1,834,475	2,028,399	193,924
CAH 2 - Administration of Community Assistance Programmes	4,301,782	4,342,267	40,485
CAH 3 - Public Education on Social Issues	245,182	245,182	-
CAH 4 - Counselling and Support Services	5,309,887	5,309,887	-
CAH 5 - Supervision and Support of Children	1,583,325	1,646,621	63,296
CAH 6 - Community Development Services	394,785	394,785	-