



GOVERNMENT OF THE CAYMAN ISLANDS

MINISTRY OF EDUCATION, EMPLOYMENT & GENDER AFFAIRS

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2014

**MINISTRY OF EDUCATION, EMPLOYMENT & GENDER AFFAIRS
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

Contents

STATEMENT OF RESPONSIBILITY.....	1
AUDITOR GENERAL'S REPORT.....	2 - 4
STATEMENT OF FINANCIAL POSITION.....	5
STATEMENT OF FINANCIAL PERFORMANCE.....	6
STATEMENT OF CHANGES IN NET WORTH.....	7
STATEMENT OF CASH FLOWS.....	8
NOTES TO THE FINANCIAL STATEMENTS.....	9 - 32

MINISTRY OF EDUCATION, EMPLOYMENT & GENDER AFFAIRS

STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by the Ministry of Education, Employment & Gender Affairs in accordance with the provisions of the *Public Management and Finance Law (2017 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 (2017 Revision).

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 of Education, Training & Employment.

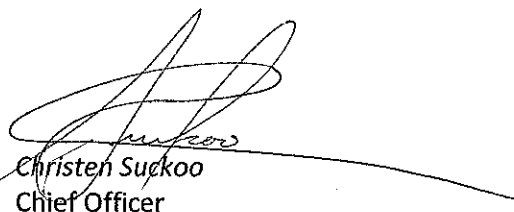
As Chief Officer and Chief Financial Officer we are responsible for the preparation of the Ministry of Education, Employment & Gender Affairs financial statements, representation and judgements made in these statements.

The financial statements fairly present the financial position, financial performance and cash flows of the Ministry of Education, Employment & Gender Affairs for the financial year ended 30 June 2014.

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

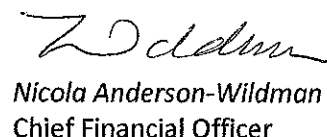
- (a) Completely and reliably reflect the financial transactions of Ministry of Education, Employment & Gender Affairs for the year ended 30 June 2014;
- (b) fairly reflect the financial position as at 30 June 2014 and performance for the Year ended 30 June 2014;
- (c) comply with International Public 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 on Auditing.



Christen Sukoo
Chief Officer

Date- 2/MAR/18



Nicola Anderson-Wildman
Chief Financial Officer

Date- 2/MAR/18



Phone: (345) - 244-3211 3rd Floor, Anderson Square
Fax: (345) - 945-7738 64 Shedden Road, George Town
AuditorGeneral@oag.gov.ky PO Box 2583, KY1-1103
www.auditorgeneral.gov.ky Grand Cayman, Cayman Islands

AUDITOR GENERAL'S REPORT

To the Members of the Legislative Assembly and the Chief Officer of the Ministry of Education, Employment & Gender Affairs

I have audited the accompanying financial statements of the Ministry of Education, Employment & Gender Affairs which comprise the statement of financial position as at 30 June 2014 and the related statements of financial performance, statement of changes in net worth and cash flows statement for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 9 to 32 in accordance with the provisions of Section 60(1)(a) of the Public Management and Finance Law (2017 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 General'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 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 statement.

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

Basis for Qualified Opinion

Property, Plant & Equipment

Property, plant & equipment consists of buildings/assets under construction which amount to \$182.12 million and other assets which amount to \$6.27 million. I did not receive sufficient and appropriate audit evidence to conclude on the accuracy, completeness and existence of the other assets. Therefore, I was unable to opine on the accuracy, completeness and existence of property, plant and equipment balance as recorded in the statement of financial position as at 30 June 2014.

Depreciation

Due to the above qualification relating to other assets I was unable to opine on the accuracy of depreciation charges of \$9.08 million as recorded in the statement of financial performance as at 30 June 2014.

Employee Entitlements

Due to unreconciled differences, poor systems of controls over recording and reconciling leave balances and lack of supporting documentation for employee leave liability resulting in a scope limitation. I was unable to opine on the accuracy of the employee entitlements balance of \$285,025 at 30 June 2014.

As a result of not being able to opine on the employee leave liability as at 30 June 2014 I am also not able to opine on the accuracy and completeness of the movement in annual leave recorded as part of supplies and consumables in the statement of financial performance.

Loss on Impairment

I did not receive sufficient and appropriate audit evidence to support the accuracy of loss on impairment of \$19.61 million. Therefore I was unable to opine on the accuracy of the balance as recorded in the statement of financial performance as at 30 June 2014.

Accumulated Deficits

Due to the above qualification matters I was unable to opine on the accuracy of accumulated deficits as reported in the statement of financial position.

Furthermore I was unable to obtain sufficient and appropriate audit evidence to conclude that adjustments made to prior periods in the amount of \$12.21 million and \$3.7 million written off to accumulated deficit were fairly stated.

Due to these matters I was unable to opine on the accuracy of the accumulated deficits of \$54 million as recorded in the statement of financial position as at 30 June 2014.

Qualified Opinion

In my opinion, except for the effects of the matters described in the basis for qualified opinion, the financial statements present fairly, in all material respects, the financial position of the Ministry of Education, Employment & Gender Affairs as at 30 June 2014, its financial performance and its cash flow for the year then ended in accordance with International Public Sector Accounting Standards.



Sue Winspear, CPFA
Auditor General
Cayman Islands

2 March 2018

MINISTRY OF EDUCATION, EMPLOYMENT & GENDER AFFAIRS
 STATEMENT OF FINANCIAL POSITION
 AS AT 30 JUNE 2014
 (Expressed in Cayman Islands Dollars)

Re-stated Prior Year Actual \$'000		Note	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
Current Assets						
41,088	Cash and cash equivalents	2	50,085	48,174	48,175	(1,911)
9,234	Trade receivables	3	8,607	9,470	9,470	863
14	Other receivables	3	9	14	14	5
2	Prepayments	4	240	2	2	(238)
50,338	Total Current Assets		58,941	57,660	57,661	(1,281)
Non-Current Assets						
215,304	Property, plant and equipment	5	188,270	237,065	237,065	48,795
140	Intangible Assets	5b	129	53	53	(76)
215,444	Total Non-Current Assets		188,399	237,118	237,118	48,719
265,782	Total Assets		247,340	294,778	294,779	47,438
Current Liabilities						
346	Trade payables	6	1,601	181	181	(1,420)
4,428	Other payables and accruals	6	4,509	5,398	5,397	889
3	Unearned revenue	7	-	3	3	3
260	Employee entitlements	8	285	186	186	(99)
5,037	Total Current Liabilities		6,395	5,768	5,767	(627)
5,037	Total Liabilities		6,395	5,768	5,767	(627)
260,745	Net Assets		240,945	289,010	289,012	48,065
NET WORTH						
293,012	Contributed capital		294,959	295,915	295,915	956
-	Revaluation reserve		-	12,091	12,091	12,091
(32,267)	Accumulated deficit		(54,014)	(18,996)	(18,996)	35,018
260,745	Total Net Worth		240,945	289,010	289,010	48,065

The accounting policies and notes on pages 9 to 32 form an integral part of these financial statements.

MINISTRY OF EDUCATION, EMPLOYMENT & GENDER AFFAIRS
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2014
(Expressed in Cayman Islands Dollars)

Prior Year Actual \$'000		Note	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
Revenue						
74,528	Sale of goods and services	9	73,823	75,363	75,363	1,540
6	Investment Revenue	10	10	-	-	(10)
189	Donations	11	-	-	-	-
74,723	Total Revenue		73,833	75,363	75,363	1,530
Expenses						
48,607	Personnel costs	12	48,730	50,206	50,206	1,476
16,540	Supplies and consumables	13	17,865	18,360	18,360	495
5,811	Depreciation	5	9,001	6,710	6,710	(2,291)
88	Amortisation of Intangible Assets	5b	86	87	87	1
548	Litigation costs	14	275	-	-	(275)
13	(Gains)/losses on foreign exchange transactions	15	12	-	-	(12)
1	(Gains)/losses on disposal property, plant and equipment	15	(3)	-	-	3
-	Loss on impairment	15	19,614	-	-	(19,614)
5,513	(Gains)/losses on revaluation of property, plant and equipment	15	-	-	-	-
77,121	Total Expenses		95,580	75,363	75,363	(20,217)
(2,398)	(Deficit) for the year		(21,747)	-	-	21,747

The accounting policies and notes on pages 9 to 32 form an integral part of these financial statements.

MINISTRY OF EDUCATION, EMPLOYMENT & GENDER AFFAIRS
 STATEMENT OF CHANGES IN NET WORTH
 FOR THE YEAR ENDED 30 JUNE 2014

(Expressed in Cayman Islands Dollars)

	Contributed Capital \$'000	Accumulated Surplus/ (deficits) \$'000	Total Net worth \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig. vs. Actual) \$'000
Balance at 30 June 2012	278,225	(17,651)	260,574	223,418	223,418	(37,156)
Restatement adjustments	-	(12,218)	(12,218)	-	-	12,218
Prior Year Adjustments	(2)	-	(2)	40,279	40,279	40,281
Restated balance	278,223	(29,869)	248,354	263,697	263,697	15,343
Changes in net worth for 2012/13						
Equity Investment from Cabinet	14,789	-	14,789	13,432	15,644	(1,357)
Net revenue / expenses recognised directly in net worth	14,789	-	14,789	13,432	15,644	(1,357)
(Deficit) for the period 2012/13	-	(2,398)	(2,398)	-	-	2,398
Total recognised revenues and expenses for the period	14,789	(2,398)	12,391	13,432	15,644	1,041
Balance at 30 June 2013 carried forward	293,012	(32,267)	260,745	277,129	279,341	16,384
Changes in net worth for 2012/13						
Changes in accounting policy adjustment	(294)	(1)	(295)	-	-	295
Restated balance	292,718	(32,268)	260,450	277,129	279,341	16,679
Changes in net worth for 2013/14						
Equity Investment from Cabinet	2,241	-	2,241	2,900	2,900	659
Net revenue / expenses recognised directly in net worth	2,241	-	2,241	2,900	2,900	659
Deficit for the period 2013/14	-	(21,747)	(21,747)	-	-	21,747
Total recognised revenues and expenses for the year	2,241	(21,747)	(19,506)	2,900	2,900	22,406
Balance at 30 June 2014	294,959	(54,014)	240,945	280,029	282,241	39,084

The accounting policies and notes on pages 9 to 32 form an integral part of these financial statements.

MINISTRY OF EDUCATION, EMPLOYMENT & GENDER AFFAIRS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 30 JUNE 2014
 (Expressed in Cayman Islands Dollars)

Prior Year Actual \$'000		Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
	CASH FLOWS FROM OPERATING ACTIVITIES				
	<i>Receipts</i>				
73,047	Outputs to Cabinet	71,116	73,855	73,855	2,739
-	Outputs to other government agencies	-	-	-	-
1,886	Sale of goods and services - third party	1,655	1,508	1,508	(147)
4	Interest received	12	-	-	(12)
191	Donations / Grants	5	-	-	(5)
70	Other receipts	-	-	-	-
	<i>Payments</i>				
(48,153)	Personnel costs	(44,567)	(50,205)	(50,205)	(5,638)
(14,575)	Supplies and consumables	(17,515)	(18,360)	(18,360)	(845)
(367)	Other payments	-	-	-	-
12,103	Net cash flows from operating activities	10,706	6,798	6,798	(3,908)
	CASH FLOWS FROM INVESTING ACTIVITIES				
(19,453)	Purchase of property, plant and equipment	(3,828)	(2,900)	(2,900)	928
(19,453)	Net cash flows from investing activities	(3,828)	(2,900)	(2,900)	928
	CASH FLOWS FROM FINANCING ACTIVITIES				
18,369	Equity Investment	2,119	2,900	2,900	781
18,369	Net cash flows from financing activities	2,119	2,900	2,900	781
	Net increase in cash and cash equivalents				
11,019		8,997	6,798	6,798	(2,199)
30,069	Cash and cash equivalents at beginning of year	41,088	41,376	41,376	288
41,088	Cash and cash equivalents at end of year	50,085	48,174	48,174	(1,911)

The accounting policies and notes on pages 9 to 32 form an integral part of these financial statements.

**MINISTRY OF EDUCATION, EMPLOYMENT & GENDER AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Description and principal activities

The Ministry of Education, Employment & Gender Affairs, (hereafter referred to as the “Ministry”) is a Government owned entity as defined by section 2 of the Public Management and Finance Law (2013 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 Education, Employment & Gender Affairs, as defined in the Annual Plan and Estimates for the Government of Cayman Islands for the financial year ending 30 June 2014.

In addition, the Ministry has reported the activities 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) Statement of Compliance and Basis of Preparation

The financial statements of the Ministry have been prepared on an accrual basis in accordance with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Cayman Islands dollars, which is the functional and reporting currency of the Ministry. Except where note, all values in these financial statements are rounded to the nearest thousand (\$000). The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flows statement is prepared using the indirect method.

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.

(b) Budget Amounts

The original budget amounts for the financial year are as presented in the 2013/2014 Annual Budget Statement and approved by the Legislative Assembly 29 August 2013.

**MINISTRY OF EDUCATION, EMPLOYMENT & GENDER AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 1: Significant Accounting Policies (continued)

(c) Judgments and Estimates

The preparation of financial statements is in conformity with IPSAS 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

As of June 30, 2014, there were no material changes in accounting estimates as defined by IPSAS 3.

(e) Revenue

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

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

(f) Expenses

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

(g) Operating leases

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.

**MINISTRY OF EDUCATION, EMPLOYMENT & GENDER AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 1: Significant Accounting Policies (continued)

(i) Prepayments

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

(j) Inventories

No inventories are currently held by the Ministry.

(k) Property, Plant and Equipment

Buildings are revalued as at July 1, 2013 by the Lands and Survey Department and are 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 revaluation is 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	Over the unexpired period of lease or the useful life of the improvement
• Computer equipment	3 – 10 years
• Developed software	4 – 10 years
• Office equipment and furniture	3 – 25 years
• Motor vehicles	3 – 20 years
• 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
• Other equipment	5 – 20 years
• Library assets	5 – 10 years
• Scientific and laboratory equipment	4 – 25 years

**MINISTRY OF EDUCATION, EMPLOYMENT & GENDER AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 1: Significant Accounting Policies (continued)

k (i) Disposals

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

k (ii) Intangible Assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite.

An intangible asset with a finite life is amortized over its useful life: Software 4 – 10 years.

Intangible assets with a finite useful life are assessed for impairment whenever there is an indication that the asset may be impaired. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the surplus or deficit when the asset is derecognized.

An intangible asset with an indefinite useful life should not be amortised. Its useful life should be reviewed each reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset.

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

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

**MINISTRY OF EDUCATION, EMPLOYMENT & GENDER AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 1: Significant Accounting Policies (continued)

(m) Financial Instruments

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

Classification

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

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

Recognition

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

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 of Education, Employment & Gender Affairs 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.

(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.

**MINISTRY OF EDUCATION, EMPLOYMENT & GENDER AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 1: Significant Accounting Policies (continued)

(o) Foreign Currency

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

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

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

(p) Revenue from Non-Exchange Transactions

The Ministry receives various services from other government entities for which payment is made by the Cayman Islands Government. These services include but are not limited to computer repairs and software maintenance by the Computer Services Department, human resources management by the Portfolio of the Civil Service and office space from the Ministry of Planning, Lands, Agriculture, Housing & Infrastructure. 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.

(q) Comparative Figures

Comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.

MINISTRY OF EDUCATION, EMPLOYMENT & GENDER AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 1.1 Prior Period Adjustment

2012/13 amounts on the Statement of Financial Position and Statement of Changes in Networth and related notes have been adjusted to reflect some adjusted amounts. The main adjustments relate to Property Plant and Equipment, where due to adjustments flowing from 2012/13, mainly as a result of revaluation reviews adjustments, have affected carrying values in 2013/14. Effects on the re-stated Financial Statements are summarized below:

	As per 2013 audited financial statements \$000	Restatements \$000	Restated Prior Year Actual \$000
Statement of Financial Position:			
Non current assets			
Property, plant and equipment (net)	227,522	12,218	215,304
Net Worth			
Accumulated surpluses/(deficits)	(20,049)	12,218	(32,267)

	As per 2013 audited financial statements \$000	Restatements \$000	Restated Prior Year Actual \$000
Statement of Changes in Net Worth:			
30 Jun 2013 balance brought forward (Accumulated surpluses/deficits)	(20,049)	12,218	(32,267)

MINISTRY OF EDUCATION, EMPLOYMENT & GENDER AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 2: Cash and cash equivalents

Cash and cash equivalents include cash on hand; bank accounts in the name of the Ministry maintained at Royal Bank of Canada; and short term deposits invested with the Cayman Islands Government Treasury. As at 30 June 2013 and 30 June 2014, the Ministry's unrestricted cash balances were as presented below. No restricted cash balances were held by the Ministry at 30 June 2014.

Actual Prior Year \$000	Description	Foreign Currency \$000	Exchange Rate	Actual Current Year \$000	Original Budget \$000	Final Budget \$000	Variance (Orig vs Actual) \$000
1	Cash on hand			-	1	1	1
5	Cash in transit			33	5	5	(28)
35,931	CI\$ Operational Current Account			38,008	43,017	43,017	5,009
612	US\$ Operational Current Account	772	0.84	647	612	612	(35)
2,149	Payroll Current Account			1,994	2,148	2,149	154
2,390	Treasury Internal Deposits			9,403	2,391	2,391	(7,012)
41,088	Total	772		50,085	48,174	48,175	(1,911)

Note 3: Trade receivables and other receivables

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

Actual Prior Year \$000	Trade Receivables	Actual Current Year \$000	Original Budget \$000	Final Budget \$000	Variance (Orig vs Actual) \$000
1,210	Sale of goods and services	1,738	1,209	1,209	(529)
9,022	Outputs to Cabinet	8,283	9,022	9,022	739
(998)	Less: provision for doubtful debts	(1,414)	(761)	(761)	653
9,234	Total trade receivables	8,607	9,470	9,470	863

MINISTRY OF EDUCATION, EMPLOYMENT & GENDER AFFAIRS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2014

Note 3: Trade receivables and other receivables (continued)

Actual Prior Year \$000	Other Receivables	Actual Current Year \$000	Original Budget \$000	Final Budget \$000	Variance (Org vs Actual) \$000
7	Advances (salary, Official Travel, etc)	2	7	7	5
4	Interest receivable	2	4	4	2
3	Other Receivable	5	3	3	(2)
14	Total other receivables	9	14	14	5

Actual Prior Year \$000	Receivables (Current)	Trade Receivable \$000	Other Receivable \$000	Actual Current Year \$000	Original Budget \$000	Final Budget \$000	Variance (Orig vs Actual) \$000
9,096	Past due 1-30 days	8,351	4	8,355	9,485	9,485	1,130
10	Past due 31-60 days	183	-	183	-	-	(183)
205	Past due 61-90 days	85	-	85	-	-	(85)
236	Past due 90 and above	390	-	390	-	-	(390)
684	Past due 1 year and above	1,012	5	1,017	-	-	(1,017)
10,231	Total	10,021	9	10,030	9,485	9,485	(545)

Changes in the provision of doubtful debts:

Actual Prior Year \$000	Description	Actual Current Year \$000	Original Budget \$000	Final Budget \$000	Variance (Orig vs Actual) \$000
(752)	Balance at 1 July	(998)	(761)	(761)	237
(279)	Additional provisions made during the year	(416)	-	-	416
33	Receivables written off during the period	-	-	-	-
(998)	Balance at 30 June	(1,414)	(761)	(761)	653

Note 4: Prepayments

Actual Prior Year \$000	Description	Actual Current Year \$000	Original Budget \$000	Final Budget \$000	Variance (Orig vs Actual) \$000
2	Accrued Prepayments	240	2	2	(238)
2	Total Prepayments	240	2	2	(238)

MINISTRY OF EDUCATION, EMPLOYMENT & GENDER AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 5 a: Property, plant and equipment

Cost or Opening Valuation	Plant and equipment	Buildings	Furniture & Fittings	Computer Hardware	Office Equipment	Leasehold Improvements	Other assets	Infrastructure	Water Reticulation	Motor Vehicles	Assets under construction or development	Total	Original Budget	Final Budget	Variance (Orig vs Actual)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2012	1,369	87,474	3,748	6,611	2,256	459	2,368	26	-	1,650	189,322	295,283	294,783	294,783	(500)
Additions	1,832	11,524	3,550	2,484	460	13	1,130	167	-	-	-	21,160	2,958	2,958	(18,202)
Adjustments	-	51,091	-	-	-	-	-	-	-	(131)	(117,736)	(66,776)	-	-	66,776
Restatement adjustment	(53)	(6,777)	(18)	(46)	19	-	-	-	-	22	(5,147)	(12,000)	-	-	12,000
Re-stated Balance as at 30 June 2013	3,148	143,312	7,280	9,049	2,735	472	3,498	193	-	1,541	66,439	237,667	297,741	297,741	60,074

Cost or Opening Valuation	Plant and equipment	Buildings	Furniture & Fittings	Computer Hardware	Office Equipment	Leasehold Improvements	Other assets	Infrastructure	Water Reticulation	Motor Vehicles	Assets under construction or development	Total	Original Budget	Final Budget	Variance (Orig vs Actual)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2013	3,148	143,312	7,280	9,049	2,735	472	3,498	193	-	1,541	66,439	237,667	297,741	297,741	60,074
Additions	148	207	95	844	299	13	3	1	16	78	-	1,704	2,900	2,901	1,196
Disposals/Retirements	(350)	-	(111)	(100)	(166)	-	-	(5)	-	(157)	-	(889)	-	-	889
Impairments	(1,595)	-	(2,874)	(7,026)	(1,070)	-	-	-	-	-	(15,052)	(27,617)	-	-	27,617
Transfers	-	-	-	-	-	-	-	-	-	-	(2,711)	(2,711)	-	-	2,711
Restatement adjustment	53	6,777	18	46	(19)	-	-	-	-	(22)	5,145	11,998	-	-	(11,998)
Adjustments	(438)	(1,886)	227	958	(378)	101	21	605	-	22	(5,982)	(6,750)	-	-	6,750
Balance at 30 June 2014	966	148,410	4,635	3,771	1,401	586	3,522	794	16	1,462	47,839	213,402	300,641	300,642	87,239

MINISTRY OF EDUCATION, EMPLOYMENT & GENDER AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 5 a: Property, Plant and Equipment (continued)

Accumulated Depreciation	Plant and equipment	Buildings	Furniture & Fittings	Computer Hardware	Office Equipment	Leasehold Improvements	Other assets	Infrastructure	Water Reticulation	Motor Vehicles	Assets under construction or development	Total	Original Budget	Final Budget	Variance (Orig vs Actual)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2012	1,163	61,997	2,069	4,920	2,066	11	1,512	18	-	1,293	-	75,049	73,780	73,780	(1,269)
Adjustments	600	(61,997)	669	1,274	171	(1)	588	(5)	-	(12)	-	(58,713)	(15)	(15)	58,698
Restatement adjustment- Accumulated Depreciation	-	(216)	-	-	-	-	420	-	-	12	-	216	-	-	(216)
Depreciation Expense	199	3,754	382	656	117	107	344	156	-	96	-	5,811	(16,899)	(16,899)	(22,710)
Balance as at 30 June 2013	1,962	3,538	3,120	6,850	2,354	117	2,864	169	-	1,389	-	22,363	56,866	56,866	34,503

Accumulated Depreciation	Plant and equipment	Buildings	Furniture & Fittings	Computer Hardware	Office Equipment	Leasehold Improvements	Other assets	Infrastructure	Water Reticulation	Motor Vehicles	Assets under construction or development	Total	Original Budget	Final Budget	Variance (Orig vs Actual)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2013	1,962	3,538	3,120	6,850	2,354	117	2,864	169	-	1,389	-	22,363	56,866	56,866	34,503
Adjustments	(1,648)	3,303	(1,621)	(4,449)	(1,976)	101	419	(6)	-	(139)	-	(6,016)	-	-	6,016
Restatement adjustment	-	216	-	-	-	-	(420)	-	-	(12)	-	(216)	-	-	216
Depreciation Expense	121	7,067	464	483	349	104	234	108	1	70	-	9,001	6,710	6,711	(2,291)
Balance at 30 June 2014	435	14,124	1,963	2,884	727	322	3,097	271	1	1,308	-	25,132	63,576	63,577	38,444

Restated Net Book value 30 June 2013	1,186	139,774	4,160	2,199	381	355	634	24	-	152	66,439	215,304	240,875	240,875	25,571
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Net Book value 30 June 2014	531	134,286	2,672	887	674	264	425	523	15	154	47,839	188,270	237,065	237,065	48,795
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MINISTRY OF EDUCATION, EMPLOYMENT & GENDER AFFAIRS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2014

Note 5 a: Property, Plant and Equipment (continued)

Summary of major projects in work-in-progress:

Prior year	Description	Actual	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
634	New School Project	275	676	676	401
634	Total	275	676	676	401

Clifton Hunter High School and completed works on the Primary Schools project is reflected under the respective asset categories as the school went into service during the 2012/13 fiscal year. Cayman Islands National Archives department transferred out of the Ministry, after the May 2013 elections. The retirement of their asset is reflected in the above schedule.

MINISTRY OF EDUCATION, EMPLOYMENT & GENDER AFFAIRS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2014

Note: 5b: Intangible Assets

Cost or Opening Valuation	Computer Software \$000	Original Budget \$000	Variance (Orig vs Actual) \$000
Balance as at 1 July 2012	357	593	236
Adjustments	237	-	(237)
Balance as at 30 June 2013	594	593	(1)

Cost or Opening Valuation	Computer Software \$000	Original Budget \$000	Variance (Orig vs Actual) \$000
Balance as at 1 July 2013	594	593	(1)
Additions	24	-	(24)
Adjustments	49	-	(49)
Balance at 30 June 2014	667	593	(74)

Accumulated Depreciation and impairment losses	Computer Software \$000	Original Budget \$000	Variance (Orig vs Actual) \$000
Balance as at 1 July 2012	254	452	198
Depreciation Expense 2012/13	88	-	(88)
Adjustments	110	-	(110)
Balance as at 30 June 2013	452	452	-

MINISTRY OF EDUCATION, EMPLOYMENT & GENDER AFFAIRS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2014

Note: 5b: Intangible Assets (continued)

Accumulated Depreciation and impairment losses	Computer Software \$000	Original Budget \$000	Variance (Orig vs Actual) \$000
Balance as at 1 July 2013	452	452	-
Depreciation Expense	86	88	2
Balance at 30 June 2014	538	540	2
Net Book value 30 June 2013	142	140	(2)
Net Book value 30 June 2014	129	53	(76)

MINISTRY OF EDUCATION, EMPLOYMENT & GENDER AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 6: Trade payables, other payables and accruals

Trade and other payables are non-interest bearing and are normally settled on 30-day terms. Donations of \$77,785 is included in the amounts shown as other payables in 2012/13.

Prior Year Actual \$'000	Description	Current \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
202	Creditors	1,143	181	181	(962)
390	Payroll Deductions	380	791	791	411
144	Accrued Expenses	4,053	4,421	4,420	368
4,038	Other payables	534	186	186	(348)
4,774	Total trade payables, other payables & accruals	6,110	5,579	5,578	(531)

Note 7: Unearned revenue

The unearned revenues represent amounts related to the Cayman Islands National Archive for a specific conservation publication.

Actual Prior Year \$'000	Details	Actual Current Year \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Orig vs Actual) \$'000
	Current Portion				
3	Other unearned revenue	-	3	3	3
3	Total unearned revenue	-	3	3	3

Note 8: Employee entitlements

Actual Prior Year \$'000	Description	Actual Current Year \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Orig vs Actual) \$'000
	Current employee entitlements are represented by:				
260	Annual Leave	285	186	186	(99)
260	Total current portion	285	186	186	(99)
260	Total employee entitlements	285	186	186	(99)

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

MINISTRY OF EDUCATION, EMPLOYMENT & GENDER AFFAIRS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2014

Note 9: Revenue

Actual Prior Year \$000	Revenue type	Current Year \$000	Original Budget \$000	Final Budget \$000	Variance (Orig vs Actual) \$000
72,617	Outputs to Cabinet	71,745	73,855	73,855	2,110
1,749	Fees and charges	1,882	1,394	1,394	(488)
12	General Sales	-	-	-	-
118	Rentals	146	98	98	(48)
32	Other	50	16	16	(34)
74,528	Total sales of goods and services	73,823	75,363	75,363	1,540

Note 10: Investment revenue

Actual Prior Year \$000	Source	Actual Current Year \$000	Original Budget \$000	Final Budget \$000	Variance (Orig vs Actual) \$000
6	Interest on deposits held with cabinet	10	-	-	(10)
6	Total Investment Revenues	10	-	-	(10)

Note 11: Donations

This prior year donation is specifically in relation to the building of the new George Town Library in line with the agreed level of contribution towards this project. The amount represented is cash. There were no donations in 2013/14.

Actual Prior Year \$'000	Source	Actual Current Year \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Original vs Actual) \$'000
189	Maples & Calder	-	-	-	-
189	Total donations	-	-	-	-

**MINISTRY OF EDUCATION, EMPLOYMENT & GENDER AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 12: Personnel costs

Actual Prior Year \$000	Description	Actual Current Year \$000	Original Budget \$000	Final Budget \$000	Variance (Orig vs Actual) \$000
39,388	Salaries, wages and allowances	39,586	40,121	40,121	535
6,926	Health care	6,792	7,484	7,484	692
2,138	Pension	2,115	2,265	2,265	150
(88)	Leave	24	-	-	(24)
243	Other personnel related costs	213	336	336	123
48,607	Total Personnel Costs	48,730	50,206	50,206	1,476

Note 13: Supplies and consumables

Actual Prior Year \$000	Description	Actual Current Year \$000	Original Budget \$000	Final Budget \$000	Variance (Orig vs Actual) \$000
891	Supplies and Materials	1,006	1,157	1,157	151
7,243	Purchase of services	8,211	8,499	8,499	288
324	Lease of Property and Equipment	301	284	284	(17)
4,558	Utilities	4,465	4,625	4,625	160
2,678	General Insurance	2,496	2,447	2,447	(49)
125	Interdepartmental expenses	125	345	345	220
62	Travel and Subsistence	82	101	101	19
151	Recruitment and Training	84	247	247	163
508	Other	1,095	655	655	(440)
16,540	Total Supplies & consumables	17,865	18,360	18,360	495

Note 14: Litigation costs

The Attorney General's Office provides service to the Ministry. However during the year ended 30 June 2013 the use of legal services from outside of the Government were authorised by the Attorney General's Office. The costs of these services were \$548 thousand in 2013. The costs of these services were \$275 thousand during the period ended 30 June 2014.

**MINISTRY OF EDUCATION, EMPLOYMENT & GENDER AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 15: Gains / (Losses)

During the period the Ministry disposed of assets that was for the purposes of producing our outputs. Internal approval was obtained to dispose of these assets inclusive of motor vehicles.

Loss on impairment occurred due to an assessment of historical legacy amounts carried in work-in-progress projects amounts were \$1.1 million. Due to budgetary and other restrictions it has been directed that full impairment loss \$5.4 million should be calculated on the construction work in progress for Beulah Smith High Campus project as there is no intention for work to re-commence in the foreseeable future. A valuation of the New John Gray construction project resulted in an impairment loss of approximately \$7.2 million. Substantial partial - impairment loss also occurred in relation to work-in-progress at the Rockhole property in George Town, amounting to \$2.1million. There was also a detailed review of all assets of the Ministry, through an independent count and valuation of all moveable and tangible assets. This resulted in an assessment of impairment of the value of furniture & fittings, computer hardware, office equipment and other plant & equipment. This assessment had many results including some re-categorization, along with the impairment of some historical legacy items held on the books for several years. The resulting impairment loss is \$ 3.8 million. Also reflected, along with a net loss on foreign exchange transactions.

Actual Prior Year \$000	Description	Actual Current Year \$000	Original Budget \$000	Final Budget \$000	Variance (Orig vs Actual) \$000
1	Net (gain) / loss on disposal of property, plant and equipment	(3)	-	-	3
13	Net (gain) / loss on foreign exchange Transactions	12	-	-	(12)
-	Loss on impairment	19,614	-	-	(19,614)
5,513	Net (gains)/loss revaluation of property, plant and equipment .	-	-	-	-
5,527	Total gain/ (losses)	19,623	-	-	(19,623)

MINISTRY OF EDUCATION, EMPLOYMENT & GENDER AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 16: Reconciliation of net cash flows from operating activities to surplus/ (deficit)

Actual Prior Year	Description	Actual Current Year \$000	Original Budget \$000	Final Budget \$000	Variance (Orig vs Actual) \$000
(2,398)	Surplus/(deficit) from ordinary activities	(21,747)	-	-	21,747
	Non-cash movements				
5,899	Depreciation & amortization expense	9,086	6,798	6,798	(2,288)
5,513	Loss on revaluation	-	-	-	-
-	Impairment	19,614	-	-	(19,614)
13	Foreign exchange gains/(losses)	-	-	-	-
279	Doubtful debt expense	416	-	-	(416)
(1)	(Gain)/losses on sale of property plant and equipment	(3)	-	-	3
	Changes in current assets and liabilities:				
3,639	(Increase)/decrease in receivables - Cabinet	739	-	-	(739)
1,126	(Increase)/decrease in other current assets	5	-	-	(5)
(1,472)	Increase/(decrease) in current liabilities	1,614	-	-	(1,614)
(158)	Increase/(decrease) in provisions relating to employee costs	(10)	-	-	10
(337)	(Increase)/decrease in receivables & prepayments	992	-	-	(992)
12,103	Net cash flows from operating activities	10,706	6,798	6,798	(3,908)

Note 17: Contingent liabilities and assets

In relation to legal matters, estimates are developed by the Office of the Attorney General who is charged under the Constitution with the handling of the defense in these matters, using the current facts and known circumstances. The factors considered in developing the legal provisions include the merits and jurisdiction of the litigation, the nature and number of other similar current and past litigation cases, the nature of the subject matter of the litigation, the likelihood of settlement and current state of settlement discussions, if any.

The Ministry is routinely engaged in litigation arising in the ordinary course of its business. It does not believe that any such litigation will individually or in aggregate, have a material adverse financial effect on the Ministry. It is Government's policy to rigorously assert its position in such cases. Should the Government be unsuccessful in these matters, it does not expect the outcome to materially affect the results of operations or financial position. The Ministry does not have any probable contingent liabilities at the time of reporting.

**MINISTRY OF EDUCATION, EMPLOYMENT & GENDER AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 18: Commitments

Prior Year Restated \$'000	Type	One year or less \$'000	One to five Years \$'000	Over five Years \$'000	Total \$'000
Operating Commitments					
<u>4,486</u>	Other operating commitments	<u>5,732</u>	<u>5,658</u>	-	<u>11,390</u>
<u>4,486</u>	Total Operating Commitments	<u>5,732</u>	<u>5,658</u>	-	<u>11,390</u>
<u>4,486</u>	Total Commitments	<u>5,732</u>	<u>5,658</u>	-	<u>11,390</u>

The Ministry currently has short term accommodation leases for the premises it occupies in the George Town area and also in West Bay. Most annual leases are being reviewed and at most are up for renewal within 1-5 years. Fixed term leases expire between October 2013 and April 2017. The amounts disclosed above as future commitments are based on the current rental rates.

**MINISTRY OF EDUCATION, EMPLOYMENT & GENDER AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 19: Explanation of major variances against budget

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

Statement of financial performance

Cabinet revenue

Revenue from cabinet was \$2.1 million below budget due to corresponding operational savings. This resulted in less being billed to Cabinet.

Other Revenue

Revenue from other sources was \$570 thousand above budget due mainly to a change in the Pensions law which resulted in an increase in fees.

Personnel Costs

Personnel costs were \$1.5 million below budget due to varying reasons, including the strategic decisions taken to postpone recruitment in order to manage the budget and cash flow. It was also a result of delays in approval of recruitment due to the managed moratorium process as well as natural attrition.

Supplies and consumables

Supplies and consumables were \$496 thousand below budget due to restrictions on Government wide budgetary spending to maintain required fiscal cash savings along with prudent monitoring of spend.

Depreciation

Depreciation expenses were \$2.3 million above budget due mainly to the effect of the higher depreciation on the revalued buildings. This was higher than expected.

Statement of financial position

Cash and cash equivalents

The actual year-end cash balances were \$1.91 million above budget due to the Ministry's strategy and associated processes for managing cost-effectiveness and settling our largest receivables in a timely manner.

Debtors and other receivables

The actual year-end debtors and other receivables balances were net \$868 thousand below the original budget due mainly to the fact that billings to Cabinet from the Ministry were lower than budgeted.

Fixed assets

Fixed assets were \$48.7 million below the original budget mainly due to the result of significant losses through the asset revaluation and impairment processes.

Creditors and other payables

Creditors, accruals and other payables were \$528 thousand more than the original budget mainly due to the timing of payments against forecast.

**MINISTRY OF EDUCATION, EMPLOYMENT & GENDER AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 19: Explanation of major variances against budget (continued)

Statement of cash flows

Cash from operating activities

The increase in cash from operating activities over budget is due to significant receipts of cash in relation to Cabinet invoices.

Cash from investing activities

The increase in cash from investing activities over budget is due to cash expended on capital assets and capital projects and the timing of receipt.

Cash from financing activities

The increase in cash from financing activities over budget is due to cash expended on capital assets and capital projects and the timing of receipt.

Note 20: 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 2014 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 salaries paid by this Ministry are summarised below.

<u>Actual Prior Year</u> \$000	Description	<u>Actual Current Year</u> \$000	<u>Number of persons</u>
786	Salaries and other short-term employee benefits	1,140	11
<u>786</u>	Total	<u>1,140</u>	<u>11</u>

During the year, the Ministry had no transactions which are considered a related party to key management personnel.

MINISTRY OF EDUCATION, EMPLOYMENT & GENDER AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note 21: Events occurring after reporting date

There was an independent valuation of Buildings and Land co-ordinated by the Lands & Survey Department and performed by a third party valuator for effect June 30th 2016.

In June 2016, the Central Tenders Committee accepted the recommendation to award the contract for the Completion of the New John Gray High School Gymnasium: Phase 2 of the Overall Project for the value of \$5.5 million. The Ministry of Education was pleased to announce that the new John Gray High School (JGHS) Gymnasium was handed over to the school on 8th May 2017 post successful completion of construction. Utilizing the multi-step business case development and assessment, a Strategic Outline Case was developed to consider the best way forward to complete the rest of the New John Gray High School. Further to this, KPMG was awarded the contract to complete an Outline Business Case in mid 2017 for the completion of the full New John Gray High School.

The Chief Officer of the Ministry changed in October 2015 to Mr. Christen Suckoo.

Work-in-progress site works at George Town Primary are actively being considered as an option for an upcoming Ministry capital works projects.

Post May 2017 elections, the formation of the Ministry changed, and the name of the Ministry changed to "Ministry of Education, Youth, Sports, Agriculture & Lands". The responsibility of the Department of Labour & Pensions and National Workforce Development Agency, the Education Quality Assessment Unit, and the Gender Affairs Unit, were transferred out of the Ministry from July 1st, 2017. Department of Agriculture, Department of Sports, the Cadets Corps, the Youth Services Unit, Sister Islands Sports and the Lands & Survey Department were added to the portfolio of the Ministry.

Note 22: 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 draw downs from Cabinet and receipts from third parties. The Ministry maintains a target level of available cash to meet liquidity requirements.

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

MINISTRY OF EDUCATION, EMPLOYMENT & GENDER AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Note: 23 Segment reporting

The Ministry's segment report is prepared on the basis of two major areas: education, gender & training, and employment. It should be noted that post election May 2013, the Gender Affairs subject area was added to the portfolio of the Ministry, and the finances in relation to the Cayman Islands National Archives(CINA) were transferred out of the Ministry. The 12/13 information below includes the operations of the CINA. While the 2013/14 information below represents the post-election adjustment to the Ministry. Operations of the education, gender and training services include provision of these services to primary and secondary students, policy and ministerial services regarding gender affairs (included in 2013/2014) and also training of adults with disabilities and provision of library services. It should be noted Operations in employment include the services provided in administering of the labour and pension law and enforcement of the same as well workforce development.

	Education, Gender & Training		Employment		Consolidated	
	13/14	Restated 12/13	13/14	Restated 12/13	13/14	Restated 12/13
	\$000	\$000	\$000	\$000	\$000	\$000
Revenue						
Outputs from Cabinet	70,040	70,426	1,705	2,191	71,745	72,617
Other revenue	1,074	1,137	1,014	969	2,088	2,106
Total Revenue	71,114	71,563	2,719	3,160	73,833	74,723
Expenses						
Salaries and Wages	46,727	46,859	2,004	1,748	48,730	48,607
Other expenses	46,312	27,993	537	521	46,849	28,514
Total Expenses	93,039	74,852	2,541	2,269	95,580	77,121
Surplus/ (Deficit) from Operating Activities	(21,925)	(3,289)	178	890	(21,747)	(2,398)
Assets						
Current Assets	58,814	50,195	127	143	58,942	50,338
Fixed Assets	188,017	215,258	381	186	188,398	215,444
Total Assets	246,831	265,453	508	329	247,340	265,782
Liabilities						
Current Liabilities	6,369	5,033	26	4	6,395	5,037
Total Liabilities	6,369	5,033	26	4	6,395	5,037
Capital	240,462	260,420	482	325	240,945	260,745