



# **Annual Report**

**of**

## ***The National Gallery of the Cayman Islands***

**For the 2004/05 Financial Year**

## Contents

Page

1. Overview of Performance for the Year

### **Part A: Outputs Delivered During the Year**

2. Statement of Outputs Delivered

### **Part B: Ownership Performance Achieved During the Year**

3. Nature and Scope of Activities

4. Strategic Ownership Goals

5. Ownership Performance Targets

6. Equity Investments and Withdrawals

Appendix: Financial Statements for the Year

# 1. Overview of Performance for the Year

## Introduction

This annual report details the performance of the National Gallery of the Cayman Islands (NGCI) for the fiscal year ending 30 June 2005.

It includes information about outputs actually delivered during the year as compared to the planned performance documented in the Annual Budget Statement for the (The National Gallery of the Cayman Islands) for 2004/05, or as amended through the supplementary appropriation process.

It also reports those aspects of ownership performance that were contained in the Annual Budget Statement for 2004/05 or as amended through the supplementary appropriation process.

## Summary of Performance

The National Gallery of the Cayman Islands continued to promote and encourage the appreciation and practice of the visual arts, of and in the Cayman Islands. This mandate was achieved through a variety of activities that aimed to reach all members of the Cayman Islands community and the visiting public: outreach programmes, educational programmes, exhibitions, youth programmes, events, workshops, teacher training, school collaborations and educational lectures; and through our art collection (mostly of donated works) and extensive art-based lending library.

These goals were achieved through the following outputs:

GAL 1: Visual Art Exhibitions and Collections

GAL 2: Visual Art Programmes, Events and Outreach Programmes Collections

GAL 3: Visual Art Information and Education/Training

The scope of the *National Gallery of the Cayman Islands* activities for 2004/05 was as follows:

- 50% outreach and educational programming in particular for youth, at-risk populations of our society, and up and coming developing artists, followed by programming for young children and adult art aficionados and finally, for our visitors. Programmes are specific to various groups of people: Inside Art for prisoners, Art Magnet for the elderly, and Art Trek for primary-aged kids, Artists Away for professional Caymanian artists and Art Sisters for women coping with unusual stressful situations, to name a just few.
- 30% exhibitions, plan on approximately 1500 gallery users per exhibition depending upon subject matter and educational focus, duration is a month to three months per exhibition, free entrance. Workshops and lectures are well received by many cross-sections of the community with attendance up to 30 people per session, as they are either one-on-one or small group interactive activities.
- 10% were events: all are public art centred and usually free of charge, are attended by ranges between 300-5000 depending upon the event.
- 10% is maintaining and developing our collections: national collection and library materials and providing services to support the Minister and Executive Council

## Customers and Location of Activities

The services provided by the *National Gallery of the Cayman Islands* are provided to the customer (users) as follows: all ages of students, amateur and professional artists, targeted outreach participants - the

incarcerated, the recovering institutionalised substance abuser, children in group home care , and both residents and visitors to the islands in general.

Harbour Place houses staff, exhibitions, continuing education, some workshops. Outreach and education programmes are housed in all the districts in all three islands at the various community halls and civic centres including WB Town Hall, Town Hall, GT, South Sound Community Centre, Savannah School hall, Bodden Town \*new location TBD, North Side Community Centre, East End \*new location TBD, Cayman Brac Heritage House, Little Cayman Trust House; with some (programmes) being conducted on-site at prisons, youth centres, or overseas and (Events) are at Governors House, Seven Mile Public Beach, or at other locations.

**Part A**

**Statement of Outputs Delivered**



## 2. Statement of Outputs Delivered

GAL 2	VISUAL ART PROGRAMMES, EVENTS AND OUTREACH PROGRAMMES		
<p><b>Description</b>            Provision of programmes that promote the practice and appreciation of the visual arts:            Art in the Workplace, Art Magnet, Inside Art, Art Trek Tuesday, Artists Away, Native Done, Art Flix, Art Sisters, Art with Bonaventure Group, Art with Francis Bodden Group, Art Hour            Provision of public visual arts events to promote greater awareness of and participation in the visual arts in the Cayman Islands: Art@Governors, Chalkfest, Eco-Art Party, Sandcastle and Sand Garden Competition, International Museums Day Event</p>			
<p><b>Measures</b></p>	<p><b>2004/5 Actual</b></p>	<p><b>2004/5 Budget</b></p>	<p><b>Annual Variance</b></p>
<p><b>Quantity</b>            Art Programmes            Community visual arts events</p>	<p>11 5</p>	<p>8 5</p>	<p>3</p>
<p><b>Quality</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Outreach art programmes: are conducted by experienced and</li> <li><input type="checkbox"/> trained instructors</li> <li><input type="checkbox"/> Art Programmes delivered in accordance with international standards</li> <li><input type="checkbox"/> Art@Governors2005 targeted to attract more than 3000 people</li> <li><input type="checkbox"/> to view more than 100 artists demonstrating/displaying artwork</li> <li><input type="checkbox"/> Chalkfest, an interactive event geared to the general public and targeted to draw 75-100 participants</li> <li><input type="checkbox"/> International Museums Day Gallery event geared towards helping the public to feel comfortable visiting the Gallery and expected to draw 200 visitors</li> <li><input type="checkbox"/> Eco-Art Party in conjunction with Dept. Environment creating art from recycled, reused objects and materials. 40-60 children</li> <li><input type="checkbox"/> Sandcastle and Sand garden Competition in conjunction with Tourism Dept. Workshops for sand sculpting and creating traditional Caymanian sand gardens with competitions</li> </ul>	<p>100% all</p>	<p>100% all</p>	<p>0</p>
<p><b>Timeliness</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Art in the Workplace - on request, expect 2 annually</li> <li><input type="checkbox"/> Art Magnet - weekly for two hours taught by Joseph Betty</li> <li><input type="checkbox"/> Art Flix – every third Monday, held at National Gallery</li> <li><input type="checkbox"/> Art Sisters - weekly for two hours taught by Sarah Sessions</li> <li><input type="checkbox"/> Art with Francis Bodden group – Teen Vision taught Nicola McCoy</li> <li><input type="checkbox"/> Art with Bonaventure Group - weekly for two hours taught by Chris Christian</li> </ul>	<p>100% all</p>	<p>100% all</p>	<p>0</p>

<input type="checkbox"/> Inside Art - weekly for two hours April Bending <input type="checkbox"/> Art Hour • Art Trek Tuesday – these two programmes merged after Ivan monthly taught by National Gallery Interns <input type="checkbox"/> Artist Away Al Ebanks and Horacio Esteban study in Italy August 30 <input type="checkbox"/> Native Done twice weekly sales and various meetings AGM <input type="checkbox"/> Art@Governors 2005 – Governor Bruce Dinwitty Saturday, 29 January 2005	100% all	100% all	0
<input type="checkbox"/> Chalkfest – April 23 2005 as part of Cayfest <input type="checkbox"/> International Museums Day Gallery on 18 May 2005 <input type="checkbox"/> Eco-Art Party on 22 April 2005 <input type="checkbox"/> Sandcastle and Sand garden Workshop & Competition 1 & 2 <input type="checkbox"/> 7 August 2005 <input type="checkbox"/> New Programme started in the 4 <sup>th</sup> Qter called Art Lunch Hour held 12:15 held during exhibitions giving the public a better understanding through adult lectures	100% All	100% All	0
<b>Location</b> <input type="checkbox"/> Art in the Workplace - on location at place of business <input type="checkbox"/> Art Magnet – NCVO Cabana changed after Ivan to National Gallery <input type="checkbox"/> Art Sisters – Women’s Resource Centre <input type="checkbox"/> Art with Francis Bodden girls at NCVO Cabana changed to Francis Bodden Home <input type="checkbox"/> Art with Bonaventure Group for boys at NCVO Cabana changed to Bonaventure Home <input type="checkbox"/> Inside Art - H.M. Prison for Men and Fairbanks Women <input type="checkbox"/> Art Trek Tuesdays - District Town Halls & Civic Centres changed to Art Corner at Prospect Shelter <input type="checkbox"/> Native Done – Own hut at Butterfly Park for sales & meetings <input type="checkbox"/> Art@Governors2005 - Government House <input type="checkbox"/> Chalkfest - sidewalks of George Town	100% All	100% All	0
<b>Cost (of producing the output)</b>	150,563.00	102,923.00	47,640.00
<b>Price (paid by Cabinet for the output)</b>	102,923.00	0	
<b>Related Broad Outcomes:</b> Shortfall: 47,640.00			

*Explanation of Annual Variances:*

All of our programs were carried out in a timely manner and, post-Ivan, numbers of individually taught classes doubled due to increased demand. In addition the NGCI carried out numerous post-Ivan shelter art classes that were not budgeted for.

Our Art in the Workplace program is an ‘on demand’ program and was not utilised by the community this year. Art Hour was merged with Art Trek due to demand. Native Done was handed over to the artistic collective for running and it is no longer an NGCI program. School tours and college courses cancelled due to Ivan as a result of these institutions being closed for a period of time.



Please note that *Actual* figures represent total expenditures for the output and *Budget* figures represent the total as per our Purchase Agreement with Government. The variance total is supported by the Gallery's other income streams.

### 3. Statement of Outputs Delivered

GAL 3	VISUAL ART INFORMATION AND EDUCATION/TRAINING		
<p><b>Description</b>            Provision of visual arts information and recognition of excellence in visual arts.            Provision of targeted visual arts training and skills development programmes            Participation in art festivals, competitions, and other events that disseminate knowledge on Caymanian art locally and internationally</p>			
<b>Measures</b>	<b>2004/5 Actual</b>	<b>2004/5 Budget</b>	<b>Annual Variance</b>
<b>Quantity</b>			
<input type="checkbox"/> Information delivered through	1	1	
<input type="checkbox"/> Number of biennials featuring Caymanian art and artists	2	2	
<input type="checkbox"/> 1 newsletter (twice annually)	2	2	
<input type="checkbox"/> 1-2 public art projects	1-2	1-2	
<input type="checkbox"/> TV-Daybreak appearances	12	12	
<input type="checkbox"/> RADIO-Radio Cayman FM Morning Edition			
<input type="checkbox"/> TV-Artist of the Month recognitions award			0
<input type="checkbox"/> Education delivered through:			
<input type="checkbox"/> Caymanian Art Award programme, the McCoy Prize done in	1	1	
<input type="checkbox"/> conjunction with the National Museum of the Cayman Islands			
<input type="checkbox"/> Number of workshops	6-8	6-8	
<input type="checkbox"/> Number of lectures/demos on local artists	12	12	
<input type="checkbox"/> Number of training sessions arranged at CCCI	2	4	
<input type="checkbox"/> Number of school tours	60-80	60-80	
<b>Quality</b>			
<input type="checkbox"/> Visual art information prepared accurately, professionally and			
<input type="checkbox"/> in a timely manner			
<input type="checkbox"/> Lectures/demos prepared and delivered accurately and			
<input type="checkbox"/> professionally			
<input type="checkbox"/> Workshops and training sessions delivered by qualified	100%	100%	
<input type="checkbox"/> personnel	All	All	0
<input type="checkbox"/> Quality determined by visitor and participants comments and			
<input type="checkbox"/> feedback, and by attendees improved skill level and			
<input type="checkbox"/> increased			
<input type="checkbox"/> knowledge base			
<b>Timeliness</b>			
<input type="checkbox"/> Website - updated monthly			
<input type="checkbox"/> Newsletter - produced in April and October			
<input type="checkbox"/> Public art project – Georgetown post office-The Clotheline			
<input type="checkbox"/> Project-Honouring Women’s Month, March 2005			
<input type="checkbox"/> CITN TV - monthly appearances on Daybreak	100%	100%	
<input type="checkbox"/> Radio Cayman – regular slots on FM Morning Edition	All	All	0
<input type="checkbox"/> Demos/lectures - each month showcasing current exhibitions			
<input type="checkbox"/> and other visual art subjects			
<input type="checkbox"/> Workshops – National Gallery’s four art work for adults			
<input type="checkbox"/> finishing June 3, 2005 with end of class exhibition			

<input type="checkbox"/> College classes to run for 3 hours a week each concurrent with	50%	100%	50%
<input type="checkbox"/> CCCI semesters training sessions cancelled after Ivan	50%	100%	50%
<input type="checkbox"/> Tours – schools tours cancelled due to closure of various schools after Ivan however National Gallery remained open to request			
<b>Cost (of producing the output)</b>	81,382.00	61,830.00	20,002.00
<b>Price (paid by Cabinet for the output)</b>	61,830.00		
<b>Related Broad Outcomes:</b> Shortfall: 20,002.00			

Explanation of Annual Variances:

There was 2 sessions at CCCI and school tours cancelled after Ivan otherwise no variances in this Output.

Please note that *Actual* figures represent total expenditures for the output and *Budget* figures represent the total as per our Purchase Agreement with Government. The variance total is supported by the Gallery's other income streams.



**Part B**

**Ownership Performance Achieved During the Year**

### **3 Nature and Scope of Activities**

#### **Approved Nature and Scope of Activities**

*To promote and encourage the development and appreciation of the visual arts in the Cayman islands through the hosting of regular art exhibitions and an education programme targeted all age groups.*

#### **Compliance during the Year**

*The NGCI continued to successfully carry out a wide reaching, well instructed education and outreach programme, in conjunction with their exhibition schedule, to a high professional standard.*

## 5 Ownership Performance Targets

### 5.1 Financial Performance

<b>Financial Performance Measures</b>	<b>2004/5 Actual \$</b>	<b>2004/5 Budget \$</b>	<b>Annual Variance \$</b>
Revenue from Cabinet	254252	254252	0
Revenue from ministries, portfolios, statutory authorities, government companies			
Revenue from others	199269	125000	74265
Surplus/deficit from outputs			
Ownership expenses	410921	389000	21921
<b>Operating Surplus/Deficit</b>	<b>42600</b>	<b>10000</b>	<b>32600</b>
Net Worth	525768	329800	195968
Cash flows from operating activities	54699	(8000)	62699
Cash flows from investing activities	(13110)	NIL	(13110)
Cash flows from financing activities			
Change in cash balances	(41589)	(8000)	33589

<b>Financial Performance Ratios</b>	<b>2004/5 Actual</b>	<b>2004/5 Budget</b>	<b>Annual Variance</b>
Current Assets: Current Liabilities (Working Capital)	512261:0	470635:0	
Total Assets: Total Liabilities	525768:0	329800:0	

## 5.2 Maintenance of Capability

<b>Human Capital Measures</b>	<b>2004/5 Actual</b>	<b>2004/5 Budget</b>	<b>Annual Variance</b>
Total full time equivalent staff employed	6	4	2
Staff turnover (%)		0	
Managers			
Professional and technical staff			
Clerical and labourer staff			
Average length of service (number of years in current position)		4	
Managers			
Professional and technical staff		2	
Clerical and labourer staff		6	
Changes to personnel management system:			

<b>Physical Capital Measures</b>	<b>2004/5 Actual \$</b>	<b>2004/5 Budget \$</b>	<b>Annual Variance \$</b>
Value of total assets	525768	329800	195968
Asset replacements: total assets	No Replacements	No Replacements	
Book value of assets: initial cost of those assets	Original cost not accurate	Original cost not accurate	
Depreciation: cash flow on asset purchases	0.90:1	NIL	.90:1
Changes to asset management policies	NIL	NIL	



<b>Major <u>New</u> Entity Capital Expenditures for the Year</b>	<b>2004/5 Actual \$</b>	<b>2004/5 Budget \$</b>	<b>Annual Variance \$</b>

<b>Major Entity Capital Expenditures continuing from previous years</b>	<b>2004/05 Actual \$</b>	<b>2004/05 Budget \$</b>	<b>Annual Variance \$</b>

### 5.3 Risk Management

Risk	Status of Risk	Action Taken During 2004/05 to Manage Risk	Financial Value of Risk
Ability to raise donation	<b>Change of director</b>	<b>Director's Job description includes responsibility to raise funds</b>	<b>100000</b>
	Management Board	Management Board members agreement to raise funds	
	Member of the Fund raising committee	Business/Strategic 4 year plan includes fundraising plan to be prepared	

## **Appendix: Financial Statements for the Year**

### ***CONTENTS***

Statement of Responsibility  
Operating Statement  
Statement of Changes in Net Worth  
Balance Sheet  
Statement of Cash Flows  
Statement of Accounting Policies  
Notes to the Financial Statements

### ***The National Gallery of the Cayman Islands***

#### **STATEMENT OF RESPONSIBILITY FOR FINANCIAL STATEMENTS**

These financial statements have been prepared by National Gallery of the Cayman Islands in accordance with the provisions of the Public Management and Finance Law (2005 Revision)

I 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 (2005 Revision).

To the best of my knowledge the financial statements are:

- (a) complete and reliable;
- (b) fairly reflect the financial position as at the end of each of the first three quarters and as at 30 June 2005 and the financial performance for each of the first three quarters and for the year ended 30 June 2005; and
- (c) comply with generally accepted accounting practice.

*[insert signature]*

*[insert name]*

Chief Officer

*National Gallery of the Cayman Islands*

*[insert date financials completed]*

**NATIONAL GALLERY OF THE CAYMAN ISLANDS  
OPERATING STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2005**

		<b>2004/5 Actual</b>	<b>2004/5 Budget</b>	<b>2003/4 Actual</b>
<b>Revenue</b>				
Outputs to Cabinet		254252	254253	343206
Outputs to other government agencies				
Outputs to others		195007	125000	268390
Interest Revenue		4262		2938
<b>Total Operating Revenue</b>		<u>453521</u>	<u>379253</u>	<u>614534</u>
<b>Operating Expenses</b>				
Personnel costs	1	216181	165253	216305
Supplies and consumables	2	172162	221000	209919
Depreciation	3	9472	2000	11877
Capital charge		0		0
Other operating expenses		13106	1000	71753
<b>Total Operating Expenses</b>		<u>410921</u>	<u>389200</u>	<u>509854</u>
<b>Surplus from operating activities</b>		<u>42600</u>	<u>(10000)</u>	<u>104680</u>
Gains/losses on foreign exchange transactions		-	-	-
Gains/losses on disposal or revaluation of non-current assets		-	-	-
<b>Surplus before extraordinary items</b>		<u>42600</u>		<u>104680</u>
Extraordinary items		-	-	-
<b>Net Surplus</b>		<u><u>42600</u></u>		<u><u>104680</u></u>

The accounting policies and notes on pages [24 to 25] form part of these financial statements.

**NATIONAL GALLERY OF THE CAYMAN ISLANDS  
STATEMENT OF CHANGES IN NET WORTH  
FOR THE YEAR ENDED 30 JUNE 2005**

	<b>2004/5 Actual</b>	<b>2004/5 Budget</b>	<b>2003/4 Actual</b>
<b>Opening balance net worth</b>	<b>483168</b>	<b>339800</b>	<b>363111</b>
Net surplus	42600		120057
Property revaluations			
Investment revaluations			
Net revaluations during the period			
<b>Total recognised revenues and expenses</b>	<b>525768</b>	<b>(10000)</b>	<b>483168</b>
Equity investment from Cabinet			
Repayment of surplus to Cabinet			
Capital withdrawal by Cabinet			
<b>Closing balance net worth</b>	<u>525768</u>	<u>329800</u>	<u>483168</u>

The accounting policies and notes on pages [24 to 25] form part of these financial statements.

**NATIONAL GALLERY OF THE CAYMAN ISLANDS  
BALANCE SHEET  
AS AT 30 JUNE 2005**

		<b>2004/5 Actual</b>	<b>2004/5 Budget</b>	<b>2003/4 Actual</b>
<b>Current Assets</b>				
Cash and cash equivalents	4	210937	32000	169348
Accounts receivable	5	2648		1165
Inventories	6	3186	7000	7296
Fixed Deposits		295490	278000	292826
<b>Total Current Assets</b>		<u>512261</u>	<u>317000</u>	<u>483168</u>
<b>Non-Current Assets</b>				
Property, plant and equipment	7	13507	12800	12533
Other non-current assets				
<b>Total Non-Current Assets</b>		<u>13507</u>	<u>12800</u>	<u>12533</u>
<b>Total Assets</b>		<u>525768</u>	<u>329800</u>	<u>483168</u>
<b>Current Liabilities</b>				
Accounts payable	8	-	-	-
Unearned revenue		-	-	-
Employee entitlements	9	-	-	-
Other current liabilities				
<b>Total Current Liabilities</b>		<u>-</u>	<u>-</u>	<u>-</u>
<b>Non-Current Liabilities</b>				
Employee entitlements	10	-		-
Other non-current liabilities	11	-		-
<b>Total Non-Current Liabilities</b>		<u>-</u>		<u>-</u>
<b>Total Liabilities</b>		<u>-</u>		<u>-</u>
<b>TOTAL ASSETS LESS TOTAL LIABILITIES</b>		<u>525768</u>	<u>329800</u>	<u>483168</u>
<b>NET WORTH</b>				
Contributed capital				
Asset revaluation reserve				
Accumulated surpluses				
<b>Total Net Worth</b>		<u>525768</u>	<u>329800</u>	<u>483168</u>

The accounting policies and notes on pages [24 to 25] form part of these financial statements.

**NATIONAL GALLERY OF THE CAYMAN ISLANDS  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2005**

		<b>2004/5 Actual</b>	<b>2004/5 Budget</b>	<b>2003/4 Actual</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts				
Outputs to Cabinet		254252	254000	343206
Outputs to other government agencies				
Outputs to others		195007	125000	268390
Interest received		4262		2938
Payments				
Personnel costs		216181	165000	216305
Suppliers		172162	222000	209919
Other payments		10479		80778
<b>Net cash flows from operating activities</b>	12	<b>54699</b>	<b>(8000)</b>	<b>125830</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of non-current assets		(10446)		(6847)
Proceeds from sale of non-current assets				
Purchase of fixed deposits		(295490)		(292826)
Proceeds from matured of fixed deposits		292826		119130
<b>Net cash flows from investing activities</b>		<b>(13110)</b>	<b>0</b>	<b>(180543)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Equity investment		-		
Repayment of surplus				
Capital withdrawal				
<b>Net cash flows from financing activities</b>			<b>0</b>	
<b>Net increase/(decrease) in cash and cash equivalents</b>		41589	(8000)	(54713)
Cash and cash equivalents at beginning of period		169348		224061
<b>Cash and cash equivalents at end of period</b>	4	<b>210937</b>		<b>169348</b>

The accounting policies and notes on pages [24 to 25] form part of these financial statements.

**NATIONAL GALLERY OF THE CAYMAN ISLANDS  
STATEMENT OF COMMITMENTS  
AS AT 30 JUNE 2005**

Type	One year or less	One to five years	Over five years	Total
	\$000	\$000	\$000	\$000
<b>Capital Commitments</b>				
Land and buildings				
Other fixed assets				
Other commitments [list separately if material]				
<b>Total Capital Commitments</b>				
<b>Operating Commitments</b>				
Non-cancellable accommodation leases				
Other non-cancellable leases				
Non-cancellable contracts for the supply of goods and services				
Other operating commitments				
<b>Total Operating Commitments</b>				
<b>Total Commitments</b>				

The accounting policies and notes on pages [24 to 25] form part of these financial statements.



**NATIONAL GALLERY OF THE CAYMAN ISLANDS  
STATEMENT OF CONTINGENT LIABILITIES  
AS AT 30 JUNE 2005**

**Summary of Quantifiable Contingent Liabilities**

	<b>\$000</b>
<b>Legal Proceedings and Disputes</b>	
Item 1 description	-
Item 2 description	-
<b>Total Legal Proceedings and Disputes</b>	<u>-</u>
<b>Other Contingent Liabilities</b>	
Item 1 description	-
Item 2 description	-
<b>Total Other Contingent Liabilities</b>	<u>-</u>

**Summary of Non-Quantifiable Contingent Liabilities**

Item 1 description  
Item 2 description

The accounting policies and notes on pages [24 to 25] form part of these financial statements.

**(NATIONAL GALLERY OF THE CAYMAN ISLANDS  
STATEMENT OF ACCOUNTING POLICIES  
FOR THE YEAR ENDED 30 JUNE 2005**

**General Accounting Policies**

***Reporting entity***

These financial statements are for the National Gallery of the Cayman Islands

***Basis of preparation***

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 Accounting Standards and United Kingdom reporting standards applicable to the public sector have been used. The measurement base applied is historical cost adjusted for revaluations of certain assets.

The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently.

***Reporting Period***

The annual reporting period is for the twelve months ended 30 June 2005.

As this is the first year in which financial statements have been prepared on an accruals basis no comparative figures are available or provided.

**Specific Accounting Policies**

***Revenue***

*Output revenue*

Output revenue, including entity revenue resulting from user charges or fees, is recognised when it is earned.

*Interest revenue*

Interest revenue is recognised in the period in which it is earned.

***Expenses***

*General*

Expenses are recognised when incurred.

*Depreciation*

Depreciation of non-financial physical assets is provided on a straight-line basis at rates based on the expected useful lives of those assets.

***Assets***

*Cash and cash equivalents*

Cash and cash equivalents include cash held in the NGCI bank accounts.

*Receivables and advances*

Receivables and advances are recorded at the amounts expected to be ultimately collected in cash.

*Inventory*

Inventories are recorded at the lower of cost and net current value. Where inventories are valued at cost, specific identification or the FIFO method has been used. Appropriate allowance has been made for obsolescence.

*Property, Plant and Equipment (including Infrastructure Assets)*

Buildings are recorded at historical cost (or fair value as at time of first recognition) or valuation.

Other plant and equipment, which includes motor vehicles and office equipment, is recorded at cost (or fair value if acquired prior to 2005 less accumulated depreciation).

*Computer Hardware and Software*

Computer hardware and software are recorded at cost, and depreciated in accordance with the policy on depreciation.

***Liabilities***

*Accounts Payable*

Accounts payable are recorded at the amount owing after allowing for credit notes and other adjustments.

*Provisions*

Provisions are recognised in accordance with IPSAS 19 Provisions, Contingent Liabilities and Contingent Assets.

*Employee entitlements*

Amounts incurred but not paid at the end of the reporting period are accrued. Annual leave due, but not taken, is recognised as a liability.

Long service leave liabilities are measured as the present value of estimated leave service entitlements.

**NATIONAL GALLERY OF THE CAYMAN ISLANDS  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1: PERSONNEL COSTS**

	<b>2004/5 Actual</b>	<b>2004/5 Budget</b>	<b>2003/4 Actual</b>
Salaries and wages (including employee pension contributions)	208153	165000	206095
Employer pension expense	8028		10210
Other personnel costs			
<b>Total Personnel Costs</b>	<b>216181</b>	<b>165000</b>	<b>216305</b>

**NOTE 2: SUPPLIES AND CONSUMABLES**

	<b>2004/5 Actual</b>	<b>2004/5 Budget</b>	<b>2003/4 Actual</b>
Supply of goods and services	172162	222000	209919
Operating lease rentals			
Other			
<b>Total Supplies and Consumables</b>	<b>172162</b>	<b>222000</b>	<b>209919</b>

**NOTE 3: DEPRECIATION**

	<b>2004/5 Actual</b>	<b>2004/5 Budget</b>	<b>2003/4 Actual</b>
Buildings			
Vehicles			
Aeroplanes			
Boats			
Furniture and fittings	6832	-	7126
Computer hardware and software	2265	-	1544
Office equipment	0	-	2050
Other plant and equipment	375	-	1188
Other assets			
<b>Total Depreciation</b>	<b>9472</b>		<b>11877</b>

Assets are depreciated on a straight-line basis as follows:

	Years
Buildings	
Vehicles	
Aeroplanes	
Boats	
Furniture and fittings	3-5
Computer hardware and software	3-5
Office equipment	3-5
Other plant and equipment	3-5
Other assets	

**NOTE 4: CASH AND CASH EQUIVALENTS**

	<b>2004/5 Actual</b>	<b>2004/5 Budget</b>	<b>2003/4 Actual</b>
Cash on hand			
Bank accounts	210937	32000	169348
Deposits with Portfolio Finance and Economic (Treasury)			
<b>Total Cash and Cash Equivalents</b>	<b>210937</b>	<b>32000</b>	<b>169348</b>

**NOTE 5: ACCOUNTS RECEIVABLE**

	<b>2004/5 Actual</b>	<b>2004/5 Budget</b>	<b>2003/4 Actual</b>
Outputs to Cabinet			
Outputs to other government agencies			
Outputs to others	500	500	500
Interest receivable	2148		665
Prepayments			
Other Receivables			
<b>Total Gross Accounts Receivable</b>	<b>2648</b>	<b>500</b>	<b>1165</b>
Less provision for doubtful debts			
<b>Total Net Accounts Receivable</b>	<b>2648</b>	<b>500</b>	<b>1165</b>

**NOTE 6: INVENTORIES**

	<b>2004/5 Actual</b>	<b>2004/5 Budget</b>	<b>2003/4 Actual</b>
Raw Materials (including Consumable Stores)			
Work in Progress			
Finished Goods	3186	7000	7296
<b>Total Inventories</b>	<b>3186</b>	<b>7000</b>	<b>7296</b>

**NOTE 7: PROPERTY, PLANT AND EQUIPMENT**

	<b>Cost or Revalued Amount</b>	<b>Accumulated Depreciation</b>	<b>30 June 2005 Book Value Actual</b>	<b>30 June 2004 Book Value Actual</b>
Buildings				
Vehicles				
Aeroplanes				
Boats				
Furniture and fittings	35985	30646	5339	8116
Computer hardware and software	9783	3740	6043	4417
Office equipment	2050	2050	0	0
Other plant and equipment	5346	3221	2125	0
Construction in progress				
Other assets (list if material)				
<b>Total</b>	<b>53164</b>	<b>39657</b>	<b>13507</b>	<b>12533</b>

**NOTE 8: ACCOUNTS PAYABLE**

	<b>2004/5 Actual \$000</b>	<b>2004/5 Budget \$000</b>	<b>2003/4 Actual \$000</b>
Trade Creditors	-	-	-
Operating lease rental	-	-	-
Accruals	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

**NOTE 9: EMPLOYEE ENTITLEMENTS (CURRENT)**

	<b>2004/5 Actual \$000</b>	<b>2004/5 Budget \$000</b>	<b>2003/4 Actual \$000</b>
Long service leave and other leave entitlements	-	-	-
Other salary related entitlements	-	-	-
<b>Total Employee Entitlements</b>	-	-	-

**NOTE 10. EMPLOYEE ENTITLEMENTS (NON-CURRENT)**

	<b>2004/5 Actual \$000</b>	<b>2004/5 Budget \$000</b>	<b>2003/4 Actual \$000</b>
Long service leave and other leave entitlements	-	-	-
Other salary related entitlements	-	-	-
<b>Total</b>	-	-	-

**NOTE 11: OTHER NON-CURRENT LIABILITIES**

	<b>2004/5 Actual \$000</b>	<b>2004/5 Budget \$000</b>	<b>2003/4 Actual \$000</b>
Provision for agency revenue repayable	-	-	-
Provision for restructuring	-	-	-
Accounts payable	-	-	-
Unearned revenue	-	-	-
Other	-	-	-
<b>Total</b>	-	-	-

**NOTE 12: RECONCILIATION OF OPERATING SURPLUS TO CASH FLOWS FROM OPERATING ACTIVITIES**

	<b>2004/5 Actual \$000</b>	<b>2004/5 Budget \$000</b>	<b>2003/4 Actual \$000</b>
Operating surplus/(deficit)	42600		120057
<b>Non-cash movements</b>			
Depreciation	9472		11877
Increase in provision for doubtful debts			
Services donated by KPMG	21500		19500
(Decrease)/increase in payables/accruals	(21500)		(19500)
Net (gain)/loss from sale of fixed assets			
Net gain/loss from sale of investments			
Increase in other current assets			
(Increase)/decrease in receivables	(1483)		1192
Decrease/(increase in inventory	4110		(7296)
<b>Net cash flows from operating activities</b>	<u>54699</u>		<u>125830</u>



## Important Background Information

1. The National Gallery of the Cayman Islands was established on April 23, 1999 in accordance with the National Gallery Law. Prior to this date, the Gallery operated as an unincorporated entity. The gallery through its governing Board, acquires artworks and collects materials to be held in trust for the purpose of preserving them for posterity and promoting their usefulness in the development of the arts, exhibition, research and education for the public benefit. Through organizing and maintaining permanent and temporary public exhibitions of works of art, the Gallery promotes and encourages the awareness, appreciation and practice of the visual arts in these Islands. The property of the Gallery is vested in three trustees appointed by the Governor in Cabinet, one of whom is also a member of the Management Board. The Gallery is located at P.O. Box 10197, Harbour Place, Grand Cayman KY1-1002, Cayman Islands
2. The Gallery relies on public and private grants and donations to cover a substantial portion of its operating expenses.
3. Consistent with the practice followed by many galleries, collections and exhibits purchased and donated are not included in the balance sheets. The cost of all objects purchased are recorded as an expense in the statements of operations. Objects acquired by gift or donations are not recorded in these financial statements since it is difficult to obtain an objective measurement or valuation. The Gallery has 78 works of art in its permanent collection with an insured value of \$102,191.
4. A substantial number of unpaid volunteers make significant contributions of their time to develop the Gallery's programs. The value of this contributed time is not reflected in these financial statements since it is not susceptible to objective measurement or valuation. The services of KPMG in connection with the Gallery's audited statements are donated, at the applicable cost of CI \$21,500 and are reflected as part of donations in the statement of operations.
5. During the year ended December 31, 1998, a parcel of land was donated to a trust for a period of 80 years, for the exclusive use of the Gallery and for a National Art Gallery to be built upon. The property is not to be subdivided or combined with the surrounding land, and will at all times be held by the trustees, as separate and apart from the adjacent lots. The land which is valued at US \$543,367 is not reflected in these financial statements.
6. The restricted building fund has been set aside for the development of a new Gallery building. Funds raised for the development of the new Gallery building (\$297,638) cannot be used for any other purpose.
7. The board of directors manages the Gallery's market risk. The investment portfolio is managed within the scope of the Gallery's investment guidelines. The Gallery invests only in US\$ and CI\$ denominated fixed deposits. As the Cayman Islands dollar is fixed to the UAS dollar, the Gallery is not exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse affect on the value of that portion of the Gallery's assets or liabilities denominated in currencies other than the Cayman Islands dollars.