



**CAYMAN ISLANDS  
GOVERNMENT**

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**Financial Statements (Unaudited)**

**of the**

***Portfolio of Finance and Economics***

**For the year ending 30 June 2006**

# PORTFOLIO OF FINANCE AND ECONOMICS FINANCIAL STATEMENTS (UNAUDITED)

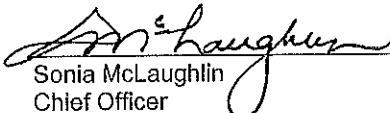
## Portfolio of Finance and Economics Statement of Responsibility for Financial Statements

These financial statements have been prepared in accordance with the provisions of the Public Management and Finance Law, 2005 Revision and The Public Management and Finance (Amendment) Law, 2011.

As Chief Officer and Deputy Chief Financial Officer, we are responsible for the preparation of the Financial Statements.

To the best of our knowledge these statements:

- (a) fairly reflect the financial position as at June 30<sup>th</sup>, 2006 and performance for the 2005/06 financial year ended 30 June 2006; and
- (b) comply with some of the International Public Sector Accounting Standards under the responsibility of the International Accounting Standards Board.



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Sonia McLaughlin  
Chief Officer  
Portfolio of Finance and Economics



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Nina Vandine  
Deputy Chief Financial Officer

15 September 2011

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**Statement of Financial Performance (Unaudited)**  
**Portfolio of Finance and Economics**  
**For the year ended 30 June 2006**

		2005/6 Actual	2005/6 Budget	2004/5 Actual
	Note	\$000	\$000	\$000
<b>Revenue</b>				
Outputs to Cabinet		15,979	18,481	16,808
Outputs to other government agencies		1,542	-	1,855
Outputs to others		16,116	14,795	14,850
Interest/ Investment revenue		169	-	-
Other operating revenue		184	51	124
<b>Total Operating Revenue</b>		<b>33,990</b>	<b>33,327</b>	<b>33,637</b>
<b>Operating Expenses</b>				
Personnel costs	1	13,441	13,833	14,459
Supplies and consumables	2	7,455	8,911	9,477
Depreciation	3	596	378	277
Capital charge		154	154	276
Outputs from non-governmental organisations		-	-	-
Transfer payments		-	-	-
Other operating expenses		-	6	28
<b>Total Operating Expenses</b>		<b>21,646</b>	<b>23,281</b>	<b>24,517</b>
<b>Surplus from operating activities and before extraordinary items</b>		<b>12,344</b>	<b>10,046</b>	<b>9,120</b>
Extraordinary items		-	-	165
<b>Net Surplus</b>		<b>12,344</b>	<b>10,046</b>	<b>8,955</b>

**Statement of Changes in Net Worth (Unaudited)**  
**Portfolio of Finance and Economics**  
**For the year ended 30 June 2006**

		2005/6 Actual	2005/6 Budget	2004/5 Actual
	Note	\$000	\$000	\$000
<b>Opening balance net worth</b>		6,088	6,794	4,374
Net surplus		12,344	10,046	8,955
Prior Period Adjustments		724,000	-	-
Property revaluations		-	-	(542)
Investment revaluations		-	-	-
<b>Total recognised revenues and expenses</b>		<b>19,156</b>	<b>16,840</b>	<b>12,787</b>
Equity investment		1,418	1,473	2,256
Repayment of surplus		(9,143)	(10,046)	(8,955)
Capital withdrawal		-	-	-
<b>Closing balance net worth</b>		<b>11,431</b>	<b>8,266</b>	<b>6,088</b>

**Statement of Financial Position (Unaudited)**  
**Portfolio of Finance and Economics**  
**As at 30 June 2006**

		2005/6 Actual	2005/6 Budget	2004/5 Actual
	Note	\$000	\$000	\$000
<b>Current Assets</b>				
Cash and cash equivalents	4	2,585	1,877	2,364
Accounts receivable	5	5,708	1,621	10,893
Inventories	6	-	-	-
Other Current Assets		105	90	12
<b>Total Current Assets</b>		<b>8,398</b>	<b>3,588</b>	<b>13,269</b>
<b>Non-Current Assets</b>				
Property, plant and equipment	7	5,089	5,535	3,795
Other non-current assets		-	-	-
<b>Total Non-Current Assets</b>		<b>5,089</b>	<b>5,535</b>	<b>3,795</b>
<b>Total Assets</b>		<b>13,487</b>	<b>9,123</b>	<b>17,065</b>
<b>Current Liabilities</b>				
Accounts payable	8	1,631	200	1,399
Unearned revenue		-	-	34
Employee entitlements	9	248	347	193
Other current liabilities		177	310	9,350
<b>Total Current Liabilities</b>		<b>2,056</b>	<b>856</b>	<b>10,976</b>
<b>Non-Current Liabilities</b>				
Employee entitlements	10	-	-	-
Other non-current liabilities	11	-	-	-
<b>Total Non-Current Liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>		<b>2,056</b>	<b>856</b>	<b>10,976</b>
<b>TOTAL ASSETS LESS TOTAL LIABILITIES</b>		<b>11,431</b>	<b>8,267</b>	<b>6,088</b>
<b>NET WORTH</b>				
Contributed capital		11,431	8,267	6,088
Asset revaluation reserve		-	-	-
Accumulated surpluses		-	-	-
<b>Total Net Worth</b>		<b>11,431</b>	<b>8,267</b>	<b>6,088</b>

**Cash Flow Statement (Unaudited)**  
**Portfolio of Finance and Economics**  
**For the year ended 30 June 2006**

	2005/6 Actual	2005/6 Budget	2004/5 Actual
Note	\$000	\$000	\$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts			
Outputs to Cabinet	22,269	18,617	8,288
Outputs to other government agencies	182	-	1,803
Outputs to others	16,338	15,435	13,627
Interest received	169	-	7
Other receipts	-	51	150
Payments			
Personnel costs	(13,399)	(13,908)	(14,232)
Suppliers	(16,664)	(9,220)	(8,410)
Other payments	35	(160)	(276)
<b>Net cash flows from operating activities</b>	<b>8,930</b>	<b>10,813</b>	<b>957</b>
13			
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of non-current assets	(1,807)	(1,963)	(859)
Proceeds from sale of non-current assets			7
<b>Net cash flows from investing activities</b>	<b>(1,807)</b>	<b>(1,963)</b>	<b>(852)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Equity investment	1,899	1,473	2,256
Repayment of surplus	(9,159)	(10,046)	-
Capital withdrawal	-	-	-
<b>Net cash flows from financing activities</b>	<b>(7,260)</b>	<b>(8,573)</b>	<b>2,256</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>221</b>	<b>277</b>	<b>2,361</b>
Cash and cash equivalents at beginning of period	2,364	1,599	3
<b>Cash and cash equivalents at end of period</b>	<b>2,585</b>	<b>1,877</b>	<b>2,364</b>
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## Statement of Accounting Policies (Unaudited)

### General Accounting Policies

#### *Reporting entity*

These financial statements are for the Portfolio of Finance and Economics

#### *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 depreciation and or 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 reporting period is the period ended 30 June 2006.

### 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 generally provided on a straight-line basis at rates based on the expected useful lives of those assets.

##### *Leases*

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the operating statement in accordance with the terms of the lease.

#### *Assets*

##### *Cash and cash equivalents*

Cash and cash equivalents include cash held in the Ministry or Portfolio's bank account and on deposit with the Portfolio of Finance and Economics (Treasury).

##### *Accounts Receivables and Prepayments*

Accounts receivables are carried at the original invoice amount less an estimate for doubtful receivables based on a review of all outstanding amounts at the end of the year. The amount of any provision for doubtful receivables required would be recognized as an expense in the statement of financial performance.

##### *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 2003) less accumulated depreciation.

##### *Computer Hardware and Software*

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



Depreciation of property, plant and equipment is calculated using the straight-line method at the following rates, to allocate the cost of the assets over their estimated useful lives:

	<u>Years</u>
Buildings	
Infrastructure assets	40-60
Roads and sidewalks	6-50
Water reticulation and sewage	6-50
Other (list separately if material)	5-15
Vehicles	4-12
Aeroplanes	9-20
Boats	9-20
Furniture and fittings	3-20
Computer hardware	3-10
Computer Software	3-10
Office equipment	3-20
Other plant and equipment	5-25
Other assets	3-25
	Based on term of leases
Leasehold Improvements	

***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 at the current rates of pay.

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

***Pension Obligations***

Pension contributions for employees are paid to the Public Service Pensions Fund (the "Fund"). The Fund is administered by the Public Service Pensions Board and is operated as a multi-employer non-contributory Fund, whereby the employer pays both employer and employee contributions. Prior to 1 January 2000 the scheme underlying the fund was a defined benefit scheme. With effect from 1 January 2000 the Fund had both a defined benefit and defined contribution element. Participants joining after that date became members of the defined contribution element. Pension scheme contributions are included in personnel costs in the statement of financial performance.

***Government Contributions***

Government contributions relate to the fixed asset acquisitions, working capital and cash of the Portfolio that are funded by Cabinet.

## Notes to the Financial Statements (Unaudited)

### NOTE 1. PERSONNEL COSTS

	2005/6 Actual	2005/6 Budget	2004/5 Actual
	\$000	\$000	\$000
Salaries and wages (including employee pension contributions)	11,718	13,158	13,209
Employer/Government pension expense	578	676	609
Other Personnel Costs	1,145	-	641
<b>Total Personnel Costs</b>	<b>13,441</b>	<b>13,833</b>	<b>14,459</b>

### NOTE 2. SUPPLIES AND CONSUMABLES

	2005/6 Actual	2005/6 Budget	2004/5 Actual
	\$000	\$000	\$000
Supply of goods and services	5,248	5,399	7,907
Operating lease rentals	2,188	2,071	1,570
Other	19	1,441	-
<b>Total Supplies and Consumables</b>	<b>7,455</b>	<b>8,911</b>	<b>9,477</b>

### NOTE 3. DEPRECIATION

	2005/6 Actual	2005/6 Budget	2004/5 Actual
	\$000	\$000	\$000
Buildings	115	125	114
Roads and sidewalks	-	-	-
Water reticulation and sewage	-	-	-
Other infrastructure assets	-	-	-
Vehicles	55	21	3
Aeroplanes	-	-	-
Boats	-	-	-
Furniture and fittings	47	57	24
Computer hardware and software	56	35	75
Office equipment	64	26	57
Other plant and equipment	9	7	3
Other assets	250	107	-
<b>Total Depreciation</b>	<b>596</b>	<b>378</b>	<b>277</b>

**NOTE 4. CASH AND CASH EQUIVALENTS (Unaudited)**

	2005/6 Actual	2005/6 Budget	2004/5 Actual
	\$000	\$000	\$000
Cash on hand	3	-	3
Bank accounts	2,582	1,877	2,361
Deposits with Portfolio Finance and Economic (Treasury)	-	-	-
Other cash or cash equivalents	-	-	-
<b>Total Cash and Cash Equivalents</b>	<b>2,585</b>	<b>1,877</b>	<b>2,364</b>

**NOTE 5. ACCOUNTS RECEIVABLE**

	2005/6 Actual	2005/6 Budget	2004/5 Actual
	\$000	\$000	\$000
Outputs to Cabinet	2,724	1,526	9,014
Outputs to other government agencies	2,957	95	1,580
Outputs to others	22	-	-
Overseas medical advances	-	-	-
Asset sales	-	-	-
Prepayments	-	-	-
Other Receivables	5	-	359
<b>Total Gross</b>	<b>5,708</b>	<b>1,621</b>	<b>10,953</b>
Less provision for doubtful debts	-	-	(59)
<b>Total Net</b>	<b>5,708</b>	<b>1,621</b>	<b>10,894</b>

**NOTE 6. INVENTORIES**

	2005/6 Actual	2005/6 Budget	2004/5 Actual
	\$000	\$000	\$000
Raw Materials (including Consumable Stores)	-	-	-
Work in Progress	-	-	-
Finished Goods	-	-	-
<b>Total Inventories</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

	Cost	Accumulated Depreciation	Book Value 2005/6	2005/6 Budget	Book Value 2004/5
	\$000	\$000	\$000	\$000	\$000
Land	-	-	-	-	-
Buildings	4,578	1,581	2,997	2,987	3,111
Vehicles	313	87	226	259	54
Aeroplanes	-	-	-	-	-
Boats	-	-	-	-	-
Furniture and fittings	688	156	532	108	177
Computer hardware and software	429	309	120	108	131
Office equipment	390	258	132	98	138
Other plant and equipment	1,344	262	1,082	66	183
Construction in progress	-	-	-	-	-
Other assets	-	-	-	1,910	-
<b>Total</b>	<b>7,742</b>	<b>2,653</b>	<b>5,089</b>	<b>5,535</b>	<b>3,795</b>

**NOTE 8. ACCOUNTS PAYABLE**

	2005/6 Actual	2005/6 Budget	2004/5 Actual
	\$000	\$000	\$000
Trade Creditors	116	100	157
Operating lease rental	-	100	-
Other accounts payable	1,515	-	-
Accruals	-	-	1,242
<b>Total</b>	<b>1,631</b>	<b>200</b>	<b>1,399</b>

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

	2005/6 Actual	2005/6 Budget	2004/5 Actual
	\$000	\$000	\$000
Long service leave and other leave entitlements	248	347	175
Other salary related entitlements	-	-	18
<b>Total Employee Entitlements</b>	<b>248</b>	<b>347</b>	<b>193</b>

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

	2005/6 Actual	2005/6 Budget	2004/5 Actual
	\$000	\$000	\$000
Long service leave and other leave entitlements	-	-	-
Other salary related entitlements	-	-	-
<b>Total</b>	<u>-</u>	<u>-</u>	<u>-</u>

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

	2005/6 Actual	2005/6 Budget	2004/5 Actual
	\$000	\$000	\$000
Provision for agency revenue repayable	-	-	-
Provision for restructuring	-	-	-
Accounts payable	-	-	-
Unearned revenue	-	-	-
Other	-	-	-
<b>Total</b>	<u>-</u>	<u>-</u>	<u>-</u>

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

	2005/6 Actual	2005/6 Budget	2004/5 Actual
	\$000	\$000	\$000
<b>Operating surplus/(deficit)</b>	<b>12,344</b>	<b>10,046</b>	<b>8,955</b>
<b>Non-cash movements</b>			
Depreciation	596	378	277
Increase in provision for doubtful debts	-	-	-
Decrease in payables/accruals	(8,975)	(293)	1,292
Personnel	55	(75)	227
Net gain/loss from sale of fixed assets	184	-	-
Net gain/loss from sale of investments	-	-	-
Increase in other current assets	-	(17)	-
Decrease in receivables	4,726	775	(9,794)
<b>Net cash flows from operating activities</b>	<u><b>8,930</b></u>	<u><b>10,814</b></u>	<u><b>957</b></u>

### NOTE 13. RELATED PARTY DISCLOSURE

The Portfolio of Finance and Economics is unaware of any material financial transactions between this entity and any senior government officials or members of Cabinet other than those of an employer employee nature.

As the Portfolio of Finance is a central Government Agency, it transacts business with approximately 120 other Departments in core Government as well as the wider public section. These business relationships are mainly due to the FMI reform whereby each cost centre seeks to show the true cost of producing its goods or services. These related party transactions will be fully eliminated in the preparation of the accounts for the entire public sector.

A total of \$1,035,067 was paid out during the fiscal year 2005/06 to 8 key management personnel at the Senior Management Level. The total remuneration includes: regular salary, allowances, pension contributions and health insurance contributions. Total remuneration for key management personnel in 2004/05 was approximately \$1,232,979.

### NOTE 13. OPERATING LEASE DISCLOSURE

During the 2005/06 financial year, the Portfolio of Finance and Economics rented various accommodations under operating lease agreements as part of its normal course of business. The table summarizes the various transactions.

<b>Organization</b>	<b>Amount</b>
C.I. Shipping Office - London	30,000
Cayman Corporate Centre	43,000
CIG - Lands and Survey	20,000
CIG - Public Works	1,000
Crew Road Tile & Building	17,000
Delliotte & Touche Properties	6,000
Flowers, Clarence B.	44,000
Kirk Freeport Limited	27,000
Lands & Survey Dept	3,000
Mini Warehouse Two Ltd.	11,000
Montpellier Properties	166,000
Platinum Properties	8,000
Port Authority of Cayman Islands	9,000
SAGC - Cayman Islands Airport Authority	891,000
Surebuilt Construction	5,000
UBW Ltd.	249,000
<b>Total</b>	<b>1,530,000</b>