



**CAYMAN ISLANDS  
GOVERNMENT**

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**Financial Statements (Unaudited)**

**Of**

***Portfolio of Finance and Economics***

**For the year ending 30 June 2008**

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# PORTFOLIO OF FINANCE AND ECONOMICS

## FINANCIAL STATEMENTS (UNAUDITED)

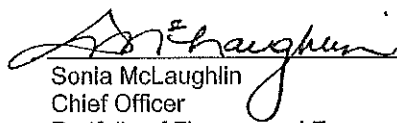
### Portfolio of Finance and Economics *Statement of Responsibility for Financial Statements (Unaudited)*

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.

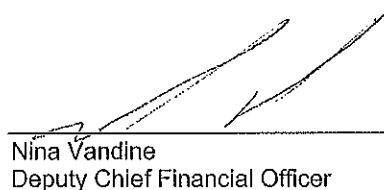
As Chief Officer and Deputy Chief Financial Officer, we are responsible for the preparation of the Financial Statements.

To the best of our knowledge these statements:

- (a) fairly reflect the financial position as at June 30<sup>th</sup>, 2008 and performance for the 2007/08 financial year ended 30 June 2008; and
- (b) comply with some of the International Public Sector Accounting Standards under the responsibility of the International Accounting Standards Board.



Sonia McLaughlin  
Chief Officer  
Portfolio of Finance and Economics



Nina Vandine  
Deputy Chief Financial Officer

15 September 2011

**Statement of Financial Performance (Unaudited)**  
**Portfolio of Finance and Economics**  
**For the year ended 30 June 2008**

		2007/08 Actual	2007/08 Budget	2006/07 Actual
	Note	\$000	\$000	\$000
<b>Revenue</b>				
Outputs to Cabinet		20,609	20,757	18,170
Outputs to other government agencies		1,498	1,165	1,155
Outputs to others		21,727	22,422	21,725
Interest/ Investment revenue		184	-	399
Other operating revenue		-	-	21
<b>Total Operating Revenue</b>		<b>44,018</b>	<b>44,344</b>	<b>41,469</b>
<b>Operating Expenses</b>				
Personnel costs	1	17,900	16,503	15,842
Supplies and consumables	2	8,162	9,801	7,863
Depreciation	3	688	555	635
Capital charge		1,353	617	347
Outputs from non-governmental organisations		-	-	-
Transfer payments		-	-	-
Other operating expenses		-	-	-
<b>Total Operating Expenses</b>		<b>28,103</b>	<b>27,476</b>	<b>24,686</b>
<b>Surplus from operating activities and before extraordinary items</b>		<b>15,915</b>	<b>16,868</b>	<b>16,783</b>
Extraordinary items		18	-	-
<b>Net Surplus</b>		<b>15,897</b>	<b>16,868</b>	<b>16,783</b>

**Statement of Changes in Net Worth (Unaudited)**  
**Portfolio of Finance and Economics**  
**For the year ended 30 June 2008**

		2007/08 Actual	2007/08 Budget	2006/07 Actual
	Note	\$000	\$000	\$000
<b>Opening balance net worth</b>		13,519	9,490	11,431
Net surplus		15,897	16,868	16,783
Prior Period Adjustments		-	-	-
Property revaluations		-	-	-
Investment revaluations		-	-	-
Net revaluations during the period		-	-	-
<b>Total recognised revenues and expenses</b>		<b>29,416</b>	<b>26,358</b>	<b>28,214</b>
Equity investment		720	1,765	306
Repayment of surplus		(16,952)	(16,868)	(15,000)
Capital withdrawal		-	-	-
<b>Closing balance net worth</b>		<b>13,185</b>	<b>11,255</b>	<b>13,519</b>

**Statement of Financial Position (Unaudited)**  
**Portfolio of Finance and Economics**  
**As at 30 June 2008**

		2007/08 Actual	2007/08 Budget	2006/07 Actual
	Note	\$000	\$000	\$000
<b>Current Assets</b>				
Cash and cash equivalents	4	22,290	4,346	4,121
Accounts receivable	5	7,252	1,398	7,113
Inventories	6	-	-	-
Other Current Assets		14	303	4
<b>Total Current Assets</b>		<b>29,556</b>	<b>6,047</b>	<b>11,238</b>
<b>Non-Current Assets</b>				
Property, plant and equipment	7	4,951	6,055	4,920
Other non-current assets		-	-	-
<b>Total Non-Current Assets</b>		<b>4,951</b>	<b>6,055</b>	<b>4,920</b>
<b>Total Assets</b>		<b>34,507</b>	<b>12,102</b>	<b>16,158</b>
<b>Current Liabilities</b>				
Accounts payable	8	3,378	319	2,125
Unearned revenue		-	-	-
Employee entitlements	9	828	404	292
Other current liabilities		17,11	124	222
<b>Total Current Liabilities</b>		<b>21,322</b>	<b>847</b>	<b>2,639</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>21,322</b>	<b>847</b>	<b>2,639</b>
<b>TOTAL ASSETS LESS TOTAL LIABILITIES</b>		<b>13,185</b>	<b>11,255</b>	<b>13,519</b>
<b>NET WORTH</b>				
Contributed capital		13,185	11,255	13,519
Asset revaluation reserve		-	-	-
Accumulated surpluses		-	-	-
<b>Total Net Worth</b>		<b>13,185</b>	<b>11,255</b>	<b>13,519</b>

**Cash Flow Statement (Unaudited)**  
**Portfolio of Finance and Economics**  
**For the year ended 30 June 2008**

		2007/08 Actual	2007/08 Budget	2006/07 Actual
	Note	\$000	\$000	\$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts				
Outputs to Cabinet		18,442	20,676	18,575
Outputs to other government agencies		1,352	1,650	1,201
Outputs to others		23,894	22,422	19,866
Interest received		184	-	399
Other receipts		-	-	21
Payments				
Personnel costs		(17,288)	(16,305)	(15,673)
Suppliers		(8,398)	(9,998)	(7,721)
Other payments		16,952	(617)	-
<b>Net cash flows from operating activities</b>	13	<b>35,137</b>	<b>17,828</b>	<b>16,668</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of non-current assets		(541)	(1,776)	(438)
Proceeds from sale of non-current assets		-	-	-
<b>Net cash flows from investing activities</b>		<b>(541)</b>	<b>(1,776)</b>	<b>(438)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Equity investment		720	1,765	306
Repayment of surplus		(16,952)	(16,868)	(15,000)
Capital withdrawal		-	-	-
<b>Net cash flows from financing activities</b>		<b>(16,231)</b>	<b>(15,103)</b>	<b>(14,694)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>18,365</b>	<b>949</b>	<b>1,564</b>
Cash and cash equivalents at beginning of period		3,924	3,396	2,585
<b>Cash and cash equivalents at end of period</b>	4	<b>22,290</b>	<b>4,346</b>	<b>4,121</b>

## **Statement of Accounting Policies**

### **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 2008.

### **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
Leasehold Improvements	of leases

#### ***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

### NOTE 1. PERSONNEL COSTS

	2007/08 Actual	2007/08 Budget	2006/07 Actual
	\$000	\$000	\$000
Salaries and wages (including employee pension contributions)	15,562	15,232	13,667
Employer/Government pension expense	774	1,093	677
Other Personnel Costs	1,564	-	1,497
<b>Total Personnel Costs</b>	<b>17,900</b>	<b>16,325</b>	<b>15,842</b>

### NOTE 2. SUPPLIES AND CONSUMABLES

	2007/08 Actual	2007/08 Budget	2006/07 Actual
	\$000	\$000	\$000
Supply of goods and services	3,951	6,306	3,916
Operating lease rentals	1,960	1,446	1,845
Other	2,251	2,227	2,102
<b>Total Supplies and Consumables</b>	<b>8,162</b>	<b>9,979</b>	<b>7,863</b>

### NOTE 3. DEPRECIATION

	2007/08 Actual	2007/08 Budget	2006/07 Actual
	\$000	\$000	\$000
Buildings	117	114	114
Roads and sidewalks	-	-	-
Water reticulation and sewage	-	-	-
Other infrastructure assets	-	-	-
Vehicles	54	27	55
Aeroplanes	-	-	-
Boats	-	-	-
Furniture and fittings	53	45	57
Computer hardware and software	80	53	70
Office equipment	50	79	50
Other plant and equipment	71	33	37
Other assets	263	204	252
<b>Total Depreciation</b>	<b>688</b>	<b>555</b>	<b>635</b>

**NOTE 4. CASH AND CASH EQUIVALENTS**

	2007/08 Actual	2007/08 Budget	2006/07 Actual
	\$000	\$000	\$000
Cash on hand	5	-	3
Bank accounts	21,601	4,346	3,556
Deposits with Portfolio Finance and Economic (Treasury)	684	-	562
Other cash or cash equivalents	-	-	-
<b>Total Cash and Cash Equivalents</b>	<b>22,290</b>	<b>4,346</b>	<b>4,121</b>

**NOTE 5. ACCOUNTS RECEIVABLE**

	2007/08 Actual	2007/08 Budget	2006/07 Actual
	\$000	\$000	\$000
Outputs to Cabinet	4,486	888	2,319
Outputs to other government agencies	-	585	-
Outputs to others	2,210	-	3,106
Overseas medical advances	-	-	-
Asset sales	-	-	-
Prepayments	3	-	-
Other Receivables	553	-	1,688
<b>Total Gross</b>	<b>7,252</b>	<b>1,473</b>	<b>7,113</b>
Less provision for doubtful debts		(75)	
<b>Total Net</b>	<b>7,252</b>	<b>1,398</b>	<b>7,113</b>

**NOTE 6. INVENTORIES**

	2007/08 Actual	2007/08 Budget	2006/07 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 2007/08	2007/08 Budget	Book Value 2006/07
	\$000	\$000	\$000	\$000	\$000
Land					-
Buildings	4,661	1,812	2,850	2,774	2,966
Vehicles	325	174	151	241	171
Aeroplanes					
Boats					
Furniture and fittings	677	240	436	207	486
Computer hardware and software	561	378	183	1,468	190
Office equipment	442	281	161	91	152
Other plant and equipment	248	41	207	198	939
Construction in progress	298		298		19
Other assets	1,508	843	665	1,076	
<b>Total</b>	<b>8,720</b>	<b>3,769</b>	<b>4,951</b>	<b>6,055</b>	<b>4,920</b>

**NOTE 8. ACCOUNTS PAYABLE**

	2007/08 Actual	2007/08 Budget	2006/07 Actual
	\$000	\$000	\$000
Trade Creditors	159	319	143
Operating lease rental	-	-	-
Other accounts payable	3,219	-	1,982
Accruals	-	-	-
<b>Total</b>	<b>3,378</b>	<b>318</b>	<b>2,125</b>

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

	2007/08 Actual	2007/08 Budget	2006/07 Actual
	\$000	\$000	\$000
Long service leave and other leave entitlements	349	404	292
Other salary related entitlements	479	-	0
<b>Total Employee Entitlements</b>	<b>828</b>	<b>404</b>	<b>292</b>

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

	2007/08 Actual	2007/08 Budget	2006/07 Actual
	\$000	\$000	\$000
Long service leave and other leave entitlements	-	-	-
Other salary related entitlements	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

	2007/08 Actual	2007/08 Budget	2006/07 Actual
	\$000	\$000	\$000
Provision for agency revenue repayable	-	-	-
Provision for restructuring	-	-	-
Accounts payable	-	-	-
Unearned revenue	-	-	-
Other	-	124	-
<b>Total</b>	<b>-</b>	<b>124</b>	<b>-</b>

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

	2007/08 Actual	2007/08 Budget	2006/07 Actual
	\$000	\$000	\$000
<b>Operating surplus/(deficit)</b>	<b>15,897</b>	<b>16,868</b>	<b>16,783</b>
<b>Non-cash movements</b>			
Depreciation	688	555	635
Increase in provision for doubtful debts	-	(19)	-
Decrease in payables/accruals	18,070	-	413
Personnel	612	-	141
Net gain/loss from sale of fixed assets	18	-	-
Net gain/loss from sale of investments	-	-	-
Increase in other current assets	-	20	-
Decrease in receivables	(148)	404	(1,304)
<b>Net cash flows from operating activities</b>	<b>35,137</b>	<b>17,828</b>	<b>16,668</b>

### 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 \$746,693 was paid out during the fiscal year 2007/08 to eight 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 2006/07 was approximately \$967,909.

### NOTE 13. OPERATING LEASE DISCLOSURE

During the 2007/08 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>
Cayman Corporate Centre	34,220.74
CIG - Lands and Survey	6,976
Flowers, Clarence B.	72,224.93
Mini Warehouse Two Ltd.	10,780
Montpelier Properties	264,829.72
Port Authority of Cayman Islands	8,004
SAGC - Cayman Islands Airport Authority	612,633.75
Surebuilt Construction	15,600
UBW Ltd.	261,905.37
<b>Total</b>	<b><u>1,287,174.51</u></b>