

GOVERNMENT OF THE CAYMAN ISLANDS

MINISTRY OF HEALTH, ENVIRONMENT, YOUTH, SPORTS & CULTURE

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2012

CONTENTS

		Page
1.	Statement of Responsibility for the Financial Statements	3
2.	Auditor General's Report	4-5
3.	Statement of Financial Position	6
4.	Statement of Financial Performance	7
5.	Statement of Changes in Net Worth	8
6.	Statement of Cash Flows	9
7.	Notes to the Financial Statements	10-27

5th Floor Government Administration Building
Box 110, 133 Elgin Avenue
George Town
Grand Cayman KY1-9000
Cayman Islands

Phone: (345)949-7900 ext. 2318

Our Ref: **ADM/BUD/5**

Cayman Islands Government

Ministry of Health, Environment, Youth, Sports and Culture

STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by the Ministry of Health, Environment, Youth, Sports & Culture (the "Ministry") in accordance with the provisions of the Public Management and Finance Law (2010 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 (2010 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.

As Chief Officer and Chief Financial Officer we are responsible for the preparation of the Ministry's financial statements, representation and judgements made in these statements.

The Ministry does not make any assertion in regards to the following:

(a) Valuation of buildings – the Government of the Cayman Islands opted for the valuation model in prior fiscal years but has not carried out a revaluation every five years as required by the Financial Regulations (2010) and IPSAS 17, Property, Plant and Equipment.

With exception to the issue raised in the preceding paragraph, the financial statements fairly present the financial position, performance and cash flows of the Ministry for the financial year ended 30 June 2012.

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

(a) Completely and reliably reflect the financial transactions of the Ministry for the year ended 30 June 2012;

(b) Fairly reflect the financial position as at 30 June 2012 and performance for the year ended 30 June 2012;

(c) Comply with the provisions of the Public Management and Finance Law (2010 Revision) and International Public Sector Accounting Standards.

The Office of the Auditor General has been provided access to all the information necessary to conduct an audit in accordance with International Standards of Auditing.

Jennifer M. Ahearn, AICP
Permanent Secretary & Chief Officer
31 October 2012

Carrol A. Cooper
Chief Financial Officer
31 October 2012

Office of the Auditor General
CAYMAN ISLANDS

Phone: (345) - 244-3211
Fax: (345) - 945-7738
AuditorGeneral@gov.ky
www.auditorgeneral.gov.ky

3rd Floor, Anderson Square
64 Shedden Road, George Town
PO Box 2583 GT
Grand Cayman, KY1-1103, Cayman Islands

AUDITOR GENERAL'S REPORT

To the Chief Officer and Members of the Legislative Assembly of the Cayman Islands

I have audited the accompanying financial statements of the **Ministry of Health, Environment, Youth, Sports & Culture** (the "Ministry"), which comprise the statement of financial position as of 30 June 2012, and the statement of financial performance, statement of changes in net worth and cash flow statement, for the year then ended and a summary of significant accounting policies and other explanatory notes, in accordance with the provisions of Section 60(1)(a) of the *Public Management and Finance Law (2012 Revision)* ("PMFL").

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Public Sector Accounting Standards ("IPSAS"), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 statements.

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

Basis for Qualified Opinion

Fixed Assets

The Ministry has not revalued its buildings within five (5) years preceding the year ended June 30, 2012, in accordance with The Financial Regulations (2010 revision) and as required by IPSAS 17. I could therefore not determine if fixed assets were fairly stated as at June 30, 2012.

Net worth

I am unable to verify the amount presented in net worth due to the uncertainties surrounding the value of the entity's fixed assets.

Qualified Opinion

In my opinion, except for the possible effects of the matters described in the Basis of Opinion paragraphs, these financial statements present fairly, in all material respects, the financial position of the Ministry as at June 30, 2012, its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

Other matter

The Ministry was authorized by the Finance Committee under section 12 of the PMFL to incur expenses laid out in the *Supplementary Appropriation (July 2011 – June 2012) Bill, 2012*, which, as at 31 October 2012, has not been passed into Law by the Legislative Assembly. The Minister of Finance has the responsibility to table this Bill in the Legislative Assembly.



Alastair Swarbrick, MA (Hons), CPFA
Auditor General

Cayman Islands
31 October 2012

MINISTRY OF HEALTH, ENVIRONMENT, YOUTH, SPORTS & CULTURE
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

Prior Year Actual $'000		Note	Current Year Actual $'000	Original Budget $'000	Final Budget $'000	Variance (Original vs Actual) $'000
	Current Assets					
5,195	Cash and cash equivalents	**3**	6,324	3,268	3,268	(3,056)
805	Trade receivables	**4**	1,655	815	815	(840)
	Other receivables	**4**	1			(1)
	Prepayments	**5**	34			(34)
6,000	**Total Current Assets**		**8,014**	**4,083**	**4,083**	**(3,931)**
	Non-Current Assets					
13,528	Property, plant and equipment	**6**	12,607	12,477	13,511	(130)
13,528	**Total Non-Current Assets**		**12,607**	**12,477**	**13,511**	**(130)**
19,528	**Total Assets**		**20,621**	**16,560**	**17,594**	**(4,061)**
	Current Liabilities					
1,178	Trade payables	**7**	1,243	204	204	(1,039)
1,256	Other payables and accruals	**7**	45			(45)
89	Unearned revenue	**9**	69			(69)
150	Employee entitlements	**8**	129			(129)
315	Repayment of surplus		2,210			(2,210)
2,988	**Total Current Liabilities**		**3,696**	**204**	**204**	**(3,492)**
2,988	**Total Liabilities**		**3,696**	**204**	**204**	**(3,492)**
16,540	**Net Assets**		**16,925**	**16,356**	**17,390**	**(569)**
	NET WORTH					
17,739	Contributed capital		18,046	13,340	14,374	(4,706)
(1,199)	Accumulated surpluses/(deficits)		(1,121)	3,016	3,016	4,137
16,540	**Total Net Worth**		**16,925**	**16,356**	**17,390**	**(569)**

The accounting policies and notes on pages [10-27] form an integral part of these financial statements.

MINISTRY OF HEALTH, ENVIRONMENT, YOUTH, SPORTS & CULTURE
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2012

Prior Year Actual			Current Year Actual	Original Budget	Final Budget	Variance (Original vs Actual)
$'000			$'000	$'000	$'000	$'000
	Revenue					
9,354	Sale of goods and services	10	10,109	9,769	9,993	(340)
	Gain on derecognition of capital charge liability	7	1,210			(1,210)
113	Donations	11	140			(140)
	Other revenue			10	10	10
9,467	**Total Revenue**		**11,459**	**9,779**	**10,003**	**(1,680)**
	Expenses					
6,171	Personnel costs	12	6,061	6,517	6,414	456
2,299	Supplies and consumables	13	2,253	2,100	2,426	(153)
1,029	Depreciation	6	1,199	962	963	(237)
264	Litigation costs	14	221	200	200	(21)
(2)	Gains/(losses) on foreign exchange transactions	15	3			(3)
33	Gains/(losses) on disposal/revaluation of property, plant and	15	(6)			6
	Extraordinary items	22	(168)			168
9,794	**Total Expenses**		**9,563**	**9,779**	**10,003**	**216**
(327)	**Surplus or (Deficit) for the period**		**1,896**	**(0)**	**(0)**	**(1,896)**

The accounting policies and notes on pages [10-27] form an integral part of these financial statements.

MINISTRY OF HEALTH, ENVIRONMENT, YOUTH, SPORTS & CULTURE
STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDED 30 JUNE 2012

	Contributed Capital $'000	Accumulated Surplus/ (deficits) $'000	Total Net worth $'000	Original Budget $'000	Final Budget $'000	Variance (Original vs Actual) $'000
Balance at 30 June 2010	17,079	(872)	16,207	16,657	16,657	450
Prior Year Adjustments	15		15	-	-	(15)
Restated balance	17,094	(872)	16,222	16,657	16,657	435
Changes in net worth for 2010/11						
Equity Investment from Cabinet	645	-	645	692	692	47
Net revenue / expenses recognized directly in net worth	645	-	645	692	692	47
Deficit for the period 2010/11	-	(327)	(327)	-	-	327
Total recognised revenues and expenses for the period	645	(327)	318	692	692	374
Balance at 30 June 2011 carried forward	**17,739**	**(1,199)**	**16,540**	**17,349**	**17,349**	**809**

	Contributed Capital $'000	Accumulated Surplus/ (deficits) $'000	Total Net worth $'000	Original Budget $'000	Final Budget $'000	Variance (Original vs Actual) $'000
Balance at 30 June 2011 brought forward	17,739	(1,199)	16,540	15,916	15,916	(624)
Changes in net worth for 2010/11						-
Prior Year Adjustments	-	78	78	-	-	(78)
Restated balance	**17,739**	**(1,121)**	**16,618**	**15,916**	**15,916**	**(702)**
Changes in net worth for 2011/12						
Equity Investment from Cabinet	307	-	307	440	1,474	133
Repayment of surplus to Cabinet	-	(1,896)	(1,896)	-	-	1,896
Net revenue / expenses recognised directly in net worth	307	(1,896)	(1,589)	440	1,474	2,029
Surplus for the year 2011/12	-	1,896	1,896	-	-	(1,896)
Total recognised revenues and expenses for the period	307	-	307	440	1,474	133
Balance at 30 June 2012	**18,046**	**(1,121)**	**16,925**	**16,356**	**17,390**	**(569)**

The accounting policies and notes on pages [10-27] form an integral part of these financial statements.

MINISTRY OF HEALTH, ENVIRONMENT, YOUTH, SPORTS & CULTURE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012

Prior Year Actual $'000		Note	Current Year Actual $'000	Original Budget $'000	Final Budget $'000	Variance (Original vs Actual) $'000
	CASH FLOWS FROM OPERATING ACTIVITIES					
	Receipts					
10,050	Outputs to Cabinet		9,141	9,420	9,644	279
20	Outputs to other government agencies		80	-	-	(80)
177	Sale of goods and services - third party		178	-	-	(178)
59	Interest received		-	-	-	-
-	Donations / Grants		141	-	-	(141)
-	Other receipts		-	10	10	10
	Payments					
(6,292)	Personnel costs		(6,121)	(6,598)	(6,598)	(477)
(2,182)	Supplies and consumables		(2,238)	(2,199)	(2,423)	39
-	Interest paid		-	-	-	-
-	Other payments		(216)	-	-	216
1,832	**Net cash flows from operating activities**	16	**965**	**633**	**633**	**(332)**
	CASH FLOWS FROM INVESTING ACTIVITIES					
(543)	Purchase of property, plant and equipment		(154)	(440)	(440)	(286)
-	Proceeds from sale of property, plant and equipment		11	-	-	(11)
-	Purchase of investments		-	-	-	-
(543)	**Net cash flows from investing activities**		**(143)**	**(440)**	**(440)**	**(297)**
	CASH FLOWS FROM FINANCING ACTIVITIES					
1,050	Equity Investment		307	440	440	133
-	Repayment of Surplus		-	-	-	-
-	Capital withdrawal		-	-	-	-
1,050	**Net cash flows from financing activities**		**307**	**440**	**440**	**133**
2,339	**Net increase/(decrease) in cash and cash equivalents**		1,129	633	633	(496)
2,856	Cash and cash equivalents at beginning of period		5,195	2,635	2,635	(2,560)
5,195	**Cash and cash equivalents at end of period**		**6,324**	**3,268**	**3,268**	**(3,056)**

The accounting policies and notes on pages [10-27] form an integral part of these financial statements.

MINISTRY OF HEALTH, ENVIRONMENT, YOUTH, SPORTS & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1: Description and principal activities

The Ministry of Health, Environment, Youth, Sports & Culture (the "Ministry") is a Government owned entity as defined by section 2 of the Public Management and Finance Law (2010 Revision) and it is domiciled in the Cayman Islands.

Its principal activities and operations include all activities carried out in terms of the outputs purchased by the Minister of Health, Environment, Youth, Sports & Culture as defined in the Annual Plan and Estimates for the Government of the Cayman Islands for the financial year ending 30 June 2012.

During the year ended 30 June 2012, the Ministry comprised the following departments: Health Regulatory Services, Department of Environment, Department of Sports, Youth Services Unit and the Cayman Islands Cadet Corps.

NOTE 2: 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) Basis of preparation

The financial statements are presented in Cayman Islands dollars and are prepared on the accrual basis of accounting, unless otherwise stated. The measurement base applied to these financial statements is the historical cost basis (Buildings are stated at valuation).

Changes in Accounting Policies

When presentation or classification of items in the financial statements is amended or accounting policies are changed, comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.

The financial statements show comparison of actual amounts with amounts in the original and final budget. Explanations of material differences between original budget and actual amounts are provided as required by IPSAS 24.

(b) Budget amounts

The original budget amounts for the financial year are as presented in the 2011/2012 Annual Budget Statement and were approved by the Legislative Assembly in June 2011. The budget was prepared based on the accrual accounting concept and the going concern basis.

NOTE 2: Significant Accounting Policies (continued)

(c) Judgments and Estimates

The preparation of financial statements is in conformity with International Public Sector Accounting Standards that requires judgments, estimates, and assumptions affecting the application of policies and reported amounts of assets and liabilities, revenues 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 on-going basis. Revisions to accounting estimates are recognised in the reporting period and in any future periods that are affected by those revisions.

Changes in Accounting Estimates

IPSAS 3 requires disclosure of any changes in accounting estimates and the nature, amount and the financial effect on present, past and/or future period. There were no changes in accounting estimates.

(d) 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 a significant percentage of its revenue through the provision of services to Cabinet. A relatively small component of the Ministry's revenue comes from other agencies in government and third parties. Cabinet revenue is recognised at the unit price agreed in the Annual Budget Statement for 2011/2012. Other revenues are recognised at the fair value of services provided.

Revenue from non-exchange transactions

Transfer revenue received from other government departments is recognised in the accounting period in which the benefit was received. The revenue is measured at the values agreed by the departments in their annual budget based on their funding from Cabinet for the services rendered.

(e) Expenses

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

(f) 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.

(g) 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 Operating Statement.

NOTE 2: Significant Accounting Policies (continued)

(h) Prepayments

The portion of recognised expenditure paid in advance of receiving services has been recognised as a prepayment and is classified as accounts receivable in these financial statements.

(i) Inventories

Inventories held for distribution, or consumption in the provision of services, that are not issued on a commercial basis are measured at the lower of cost and net realisable value. Where inventories are acquired at no cost, or for nominal consideration, the amount reported is the current replacement cost at the date of acquisition.

The amount reported for inventory held for distribution reflects management's estimates for obsolescence or other impairments.

Inventories held for sale or use in the production of goods and services on a commercial basis are valued at the lower of cost and net realisable value. Costs are assigned to inventories using first-in first-out (FIFO) as appropriate.

The write-down from cost to current replacement cost or net realisable value is recognised in the statement of financial performance in the period when the write-down occurs.

(j) Property, Plant and Equipment

Property, plant and equipment, is stated at historical cost less accumulated depreciation except for buildings which are stated at valuation. Items of property, plant and equipment are initially recorded at cost. Where an asset is acquired for nil or nominal consideration, the asset is recognised initially at fair value, where fair value can be reliably determined, and as revenue in the Operating Statement in the year in which the asset is acquired.

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.

Asset Type	***Estimated Useful life***
• Buildings	40 – 60 years
• Infrastructure	40 – 60 years
• Motor vehicles	4 – 12 years
• Marine Vessels	4 – 12 years
• Furniture and Office equipment	3 – 20 years
• Computer equipment and software	3 – 10 years
• Plant and equipment	5 – 25 years
• Other assets	3 – 25 years

Disposals

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

NOTE 2: Significant Accounting Policies (continued)

(k) Employee Benefits

Employee entitlements to salaries and wages, annual leave, long service leave, retiring leave and other similar benefits are recognised in the Operating Statement 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 Operating Statement 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.

(l) 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 Balance Sheet.

Classification

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

A financial liability is any liability that is a contractual obligation to deliver cash or another financial instrument or to exchange financial instruments with another enterprise under 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 Operating Statement.

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.

NOTE 2: Significant Accounting Policies (continued)

De-recognition
A financial asset is de-recognised when the Ministry 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.

(m) Contingent Liabilities and Assets (including guarantees)
Contingent liabilities and assets are reported at the point the contingency becomes evident. Contingent liabilities are disclosed when there is a possible obligation or present obligations that may, but probably will not, require an outflow of resources. Contingent assets are disclosed if it is probable that the benefits will be realised.

(n) 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 Operating Statement.

At the end of the reporting period the following exchange rates are 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.

(o) Comparative Figures
The presentation of the prior year financial statements has been changed to include a comparison of actual amounts with amounts in the original budget. Comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.

Note 3: Cash and cash equivalents

Actual Prior Year $'000	Description	Foreign Currency $'000	Exchange Rate	Actual Current Year $'000	Original Budget $'000	Revised Budget $'000	Variance (Original vs Actual)
21	Cash in transit (IRIS Remittance Account)			21			(21)
4,942	CI$ Operational Current Account held at Royal Bank of Canada			5,964	3,268	3,268	(2,696)
102	US$ Operational Current Account held at Royal Bank of Canada	322	0.84	270			(270)
130	Bank Accounts held at other financial institutions			69			(69)
5,195	**TOTAL**	**322**		**6,324**	**3,268**	**3,268**	**(3,056)**

MINISTRY OF HEALTH, ENVIRONMENT, YOUTH, SPORTS & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Note 4: Trade and other receivables

Actual Prior Year $'000	Trade Receivables	Actual Current Year $'000	Original Budget $'000	Revised Budget $'000	Variance (Original vs Actual)
7	Sale of goods and services	25			(25)
798	Outputs to Cabinet	1,630	815	815	(815)
	Less: provision for doubtful debts				
805	**Total trade receivables**	**1,655**	**815**	**815**	**(840)**

Actual Prior Year $'000	Other Receivables	Actual Current Year $'000	Original Budget $'000	Revised Budget $'000	Variance (Original vs Actual)
	Advances (salary, Official Travel, etc)	**1**			**(1)**
	Dishonoured cheques				
	Interest receivable				
	Other Receivable				
	Loans				
	Interentity Due from				
	Less: provision for doubtful debts				
	Total other receivables	**1**			**(1)**

Actual Prior Year $'000	Receivables	Trade Receivable $'000	Other Receivable $'000	Original Budget $'000	Revised Budget $'000	Variance (Original vs Actual)
	Current					
805	Past due 1-30 days	**1,655**	**1**	**815**	**815**	**(840)**
	Past due 31-60 days					
	Past due 61-90 days					
	Past due 90 and above					
	Non-Current					
	Past due 1 year and above					
805	**Total**	**1,655**	**1**	**815**	**815**	**(840)**

MINISTRY OF HEALTH, ENVIRONMENT, YOUTH, SPORTS & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Note 5: Prepayments

Actual Prior Year $'000	Description	Actual Current Year $'000	Original Budget $'000	Revised Budget $'000	Variance (Original vs Actual)
	Accrued Prepayments	34			(34)
	Total Investments at the lower of cost or market value	**34**			**(34)**

MINISTRY OF HEALTH, ENVIRONMENT, YOUTH, SPORTS & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Note 6: Property, plant & equipment

Cost

	Plant and equipment	*Buildings and Leasehold*	*Furniture and Office Equipment*	*Computers*	*Other assets*	*Infrastructure*	*Motor Vehicles*	*Marine Vessels*	*Assets under construction or development*	*Total*	*Original Budget*	*Revised Budget*	Variance (Original vs Actual)
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Balance as at 1 July 2010	481	14,140	399	243	34	98	742	815	100	17,052	16,861	16,861	(191)
Additions	6	266	65	38	8	53	32	78	29	575	114	114	(461)
Disposals	(10)		(63)	(18)	-	-	-	-	-	(91)	-	-	91
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2011	477	14,406	401	263	42	151	774	893	129	17,536	16,975	16,975	(561)

	-	-	-	-	-	-	-	-	-	*Total*	*Original Budget*	*Revised Budget*	Variance (Original vs Actual)
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Balance as at 1 July 2011	477	14,406	401	263	42	151	774	893	129	17,536	16,975	16,975	(561)
Additions	14	138	16	10	-	(9)	56	42	14	281	440	1,473	159
Disposals	(8)	-	-	(7)	-	-	(1)	(42)	-	(58)	-	-	58
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 30 June 2012	483	14,544	417	266	42	142	829	893	143	17,759	17,415	18,448	(344)

Accumulated Depreciation and impairment losses

	-	-	-	-	-	-	-	-	-	*Total*	*Original Budget*	*Revised Budget*	Variance (Original vs Actual)
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Balance as at 1 July 2010	323	1,368	170	216	23	20	535	353	-	3,008	2,959	2,959	(49)
Transfers 2010/11	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment Reserve 2010/11	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation Expense	32	771	39	24	4	8	61	90		1,029	1,015	1,015	(14)
Eliminate on Disposal	(1)	-	(15)	(13)	-	-	-	-	-	(29)	-	-	29
Balance as at 30 June 2011	**354**	**2,139**	**194**	**227**	**27**	**28**	**596**	**443**	**-**	**4,008**	**3,974**	**3,974**	**(34)**

	-	-	-	-	-	-	-	-	-	*Total*	*Original Budget*	*Revised Budget*	Variance (Original vs Actual)
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Balance as at 1 July 2011	354	2,139	194	227	27	28	596	443	-	4,008	3,975	3,975	(33)
Transfers 2011/12	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment Reserve 2011/12	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation Expense 2011/12	32	950	27	18	4	7	68	93	-	1,199	963	962	(236)
Eliminate on Disposal 2011/12	(8)	-	-	(7)	-	-	2	(42)	-	(55)	-	-	55
Balance at 30 June 2012	378	3,089	221	238	31	35	666	494	-	5,152	4,938	4,937	(214)
Net Book value 30 June 2011	123	12,267	207	36	15	123	178	450	129	13,528	13,000	13,000	(528)
Net Book value 30 June 2012	105	11,455	196	28	11	107	163	399	143	12,607	12,477	13,511	(130)

MINISTRY OF HEALTH, ENVIRONMENT, YOUTH, SPORTS & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Note 7: Trade payables, other payables & Accruals

Actual Prior Year $'000	Description	Current $'000	Non-current $'000	Total Current Year $'000	Original Budget $'000	Revised Budget $'000	Variance (Original vs Actual) $'000
67	Creditors	156	-	156	204	204	48
-	Creditors Ministries/Portfolios	744	-	744	-	-	(744)
-	Creditors other government agencies	7	-	7	-	-	(7)
1,111	Accrued Expenses	336	-	336	-	-	(336)
1	Other payables	2	-	2	-	-	(2)
45	Payroll Deductions	43	-	43	-	-	(43)
1,210	Capital Charge	-	-	-	-	-	-
2,434	**Total trade payables other payables and accruals**	**1,288**	**-**	**1,288**	**204**	**204**	**(1,084)**

Outstanding capital charges totalling $1.2m were derecognized during 11/12 as per government policy.

Note 8: Employee entitlements

Actual Prior Year $'000	Description	Actual Current Year $'000
	Current employee entitlements are represented by:	
38	Annual Leave	21
112	Retirement and long service leave	108
150	**Total current portion**	**129**
	Non-current employee entitlements are represented by:	
-	Retirement and long service leave	-
150	**Total employee entitlements**	**129**

MINISTRY OF HEALTH, ENVIRONMENT, YOUTH, SPORTS & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Note 9: Unearned Revenues

Actual Prior Year $'000	Details	Actual Current Year $'000	Original Budget $'000	Revised Budget $'000	Variance (Original vs Actual) $'000
	Current Portion				
-	Revenue deposits	-	-	-	-
89	Other unearned revenue	69	-	-	(69)
89	**Total current portion**	**69**	**-**	**-**	**(69)**
	Non-current Portion				
-	Non-current Unearned revenues	-	-	-	-
89	**Total unearned reveune**	**69**	**-**	**-**	**(69)**

Note 10: Sales of Goods & Services

Prior Year $'000	Revenue type	Current Year $'000	Original Budget $'000	Final Budget $'000	Variance (Original vs Actual) $'000
9,218	Outputs to Cabinet	9,973	9,769	9,993	(204)
	Outputs to other Ministries and Portfolios	52			(52)
	Outputs to other Statutory Authorities and Government Companies	5			(5)
	Outputs to other 3rd Parties	79	10	10	(69)
136	Other Interdepartmental Revenue				
9,354	**Total sales of goods and services**	**10,109**	**9,779**	**10,003**	**(330)**

MINISTRY OF HEALTH, ENVIRONMENT, YOUTH, SPORTS & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Note 11: Donations

Actual Prior Year $'000	Source	Actual Current Year $'000	Original Budget $'000	Revised Budget $'000	Variance (Final vs Actual) $'000
	Description				
113	Other	140			
113	**Total Investments at the lower of cost or market value**	**140**			

Note 11(b): Transfer revenue

Actual Prior Year $'000	Description	Actual Current Year $'000	Original Budget $'000	Revised Budget $'000	Variance (Final vs Actual) $'000
37	Processing of payroll	42	0	0	(42)
425	Server and network support	425	0	0	(425)
95	Maintenance of facilities	148	0	0	(148)
					0
557	**Total Transfer Revenue**	**615**	**0**	**0**	**(615)**

During the year ended 30 June 2012, the Ministry received various services in-kind from the public works department, computer services department and the Treasury. The fair value of these services could not be reliably determined but is estimated to be $615k (2011: $557k) and therefore no expense has been recognized in these financial statements for such services other than the disclosure above.

MINISTRY OF HEALTH, ENVIRONMENT, YOUTH, SPORTS & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Note 12: Personnel costs

Prior Year $'000	Description	Actual Current Year $'000	Original Budget $'000	Revised Budget $'000	Variance (Original vs Actual) $'000
5,200	Salaries, wages and allowances	5,023	5,388	5,285	**365**
718	Health care	781	821	821	**40**
286	Pension	272	307	307	**35**
(40)	Leave	(22)			**22**
7	Other personnel related costs	7	1	1	**(6)**
6,171	**Total Personnel Costs**	**6,061**	**6,517**	**6,414**	**456**

Note 13: Supplies and consumables

Prior Year $'000	Description	Actual Current Year $'000	Original Budget $'000	Revised Budget $'000	Variance (Original vs Actual) $'000
177	Supplies and Materials	151	131	131	(20)
861	Purchase of services	920	844	928	(76)
195	Lease of Property and Equipment	94	89	89	(5)
550	Utilities	558	348	592	(210)
378	General Insurance	370	470	470	100
39	Interdepartmental expenses	-	88	88	88
63	Travel and Subsistence	113	69	69	(44)
21	Recruitment and Training	24	21	21	(3)
15	Other	23	40	38	17
2,299	**Total Supplies & consumables**	**2,253**	**2,100**	**2,426**	**(153)**

Note 14: Litigation costs

Prior Year $'000	Description	Actual Current Year $'000	Original Budget $'000	Revised Budget $'000	Variance (Original vs Actual) $'000
264	Legal Fees	221	200	200	**(21)**
264	**Total litigation costs**	**221**	**200**	**200**	**(21)**

The Attorney General's Office provides litigation services to the Ministry. However, the above costs represent services sourced externally that were authorised by the Attorney General's Office.

Note 15: Gains / (losses)

Prior Year $'000	Description	Actual Current Year $'000	Original Budget $'000	Revised Budget $'000	Variance (Original vs Actual) $'000
33	Net (gain) / loss on disposal of property, plant and equipment	(6)			6
(2)	Net (gain) / loss on foreign exchange Transactions	3			(3)
31	**Total gains/ (losses)**	**(3)**	-	-	**3**

MINISTRY OF HEALTH, ENVIRONMENT, YOUTH, SPORTS & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

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

Prior Year $'000	Description	Actual Current Year $'000	Original Budget $'000	Revised Budget $'000	Variance (Original vs Actual) $'000
(327)	Surplus/(deficit) from ordinary activities	1,896			**(1,896)**
	Non-cash movements				
1,029	Depreciation expense	1,200	963	963	**(237)**
	Impairment				
33	(Gain)/losses on sale of property plant and equipment	(6)			**6**
	Changes in current assets and liabilities:				
834	(Increase)/decrease in receivables - Cabinet	(851)	(363)	(363)	**488**
438	(Increase)/decrease in other current assets	(1,283)			**1,283**
(133)	Increase/(decrease) in current liabilities	31	33	33	**2**
(42)	Increase/(decrease) in provisions relating to employee costs	(22)			**22**
1,832	Net cash flows from operating activities	**965**	**633**	**633**	**(332)**

Note 17: Related party and key management personnel disclosures

Prior Year $'000	Description	Actual Current Year $'000	Number of persons
1,080	Salaries & other short-term employee benefits	1,071	11
1,080	**Total**	**1,071**	

No loans were granted to key management personnel or their close relatives during the financial year ended June 30, 2012.

MINISTRY OF HEALTH, ENVIRONMENT, YOUTH, SPORTS & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Note 18: Segment reporting

	Environment		Youth & Sports		Health Administration		Consolidated	
	11/12	**10/11**	**11/12**	**10/11**	**11/12**	**10/11**	**11/12**	**10/11**
Revenue								
Outputs from Cabinet	2,608	2,974	4,277	3,313	3,088	2,947	9,973	9,234
Outputs - Other govt agencies		0	1	0	33		34	0
Donations	84	113	0	0	57	0	141	113
Other revenue	44	25	38	95	1,229		1,310	120
Total Revenue	**2,735**	**3,112**	**4,316**	**3,408**	**4,407**	**2,947**	**11,459**	**9,467**
Expenses								
Salaries and Wages	2,094	2,074	1,807	1,911	2,160	2,186	6,061	6,171
Other expenses	646	699	2,412	2,106	444	818	3,502	3,623
Total Expenses	**2,740**	**2,773**	**4,219**	**4,017**	**2,604**	**3,004**	**9,563**	**9,794**
Surplus/ (Deficit) from Operating Activities	**(5)**	**339**	**97**	**(609)**	**1,803**	**(57)**	**1,896**	**(327)**
Assets								
Current Assets	268	356	630	135	7,114	5,509	8,012	6,000
Fixed Assets	1,308	1,419	11,117	12,013	184	96	12,609	13,528
Total Assets	**1,576**	**1,775**	**11,747**	**12,148**	**7,298**	**5,605**	**20,621**	**19,528**
Liabilities								
Current Liabilities	180	371	244	741	3,272	1,876	3,696	2,988
Total Liabilities	**180**	**371**	**244**	**741**	**3,272**	**1,876**	**3,696**	**2,988**
Capital expenditure	**210**	**215**	**32**	**269**	**7**	**38**	**249**	**522**

The Ministry segment report is prepared on the basis of the following areas: environment, youth & sports and health administration. Environmental services are provided by the Department of Environment, youth & sports through the Department of Sports, Youth Services Unit and the Cayman Islands Cadet Corps. Health administration included services provided by the core Ministry and the Department of Health Regulatory Services.

MINISTRY OF HEALTH, ENVIRONMENT, YOUTH, SPORTS & CULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Note 19: Appropriations used

		Year -to-Date Actual	Full Year Budget	Variance
2010/11 Actual	**Output Group**	**2011/12**	**2011/12**	
		CI $'000	**CI $'000**	**CI $'000**
	Appropriation to the Minister			
2,377	HES 1 - Policy Advice and Ministerial Servicing	2,357	2,363	(6)
945	HES 2 - Health Regulatory Services	856	856	0
2,567	HES 4 - Sports Coaching and Training Programmes	3,551	3,551	0
737	HES 5 - Youth Education, Mentorship and Community Activities	726	740	(14)
2,592	HES 6 - Environmental Services and Research	2,483	2,483	0
9,218	**Total**	**9,973**	**9,993**	**(20)**

Note 20: Explanation of major variances against budget

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

Statement of financial position

Cash and cash equivalents
The actual year-end cash balances were above budget due to unpaid capital charges, insurance premiums as well as depreciation representing cash held for replacement of fixed assets.

Trade receivables
The Ministry closed the financial year with two months of cabinet funding outstanding (May and June), whereas only June was budgeted to be outstanding.

Fixed assets
Actual fixed assets as at June 30, 2012 was only one percentage (1%) higher than budget. This variance is partly due to projects that were scheduled to be completed in 2010/11 completed in 2011/12, in particular, the Little Cayman Renovation Project.

Creditors and other payables
Creditors, accruals and other payables were higher than the original budget due to insurance premiums for 10/11 and 11/12 remaining unpaid at June 30, 2012, as well as outstanding capital charges.

Note 20: Explanation of major variances against budget (Continued)

Statement of financial performance

Sale of goods and services
The Ministry received an additional $224K in cabinet revenue which was approved in the supplementary budget for 2011/12. This was largely for the Department of Sports in respect to utility and maintenance expenses.

Personnel Costs
Personnel costs were below budget due to the moratorium on hiring which was in effect during the financial year. As a result, the ministry had a number of budgeted posts that were not filled.

Depreciation
Budgeted depreciation expenses were understated resulting in the adverse variance at June 30, 2012.

Extraordinary items
The Ministry recovered $167,500 in referral of overseas healthcare cost which arose from the settlement of a legal case.

Statement of cash flows

Cash from operating activities
The increase in cash from operating activities is due to timing differences for receipt of output funding, payments for supplies and consumables as well as the extraordinary revenue indicated above.

Cash from investing activities
The Ministry did not utilise the full budget of $440k for equity injection, as due to time constraints, all the capital projects were not realised.

Cash from financing activities
The Ministry did not utilise the full budget of $440k for equity injection, as due to time constraints, all the capital projects were not realised.

Note 21: Grants

The Ministry received the following grants during the year:

- Darwin Initiative (2006) - This was a two-and-half year project to carry out research and monitor marine and terrestrial biodiversity such coral reefs, marine turtles and breeding Nassau groupers, endemic plants, iguanas and parrots. Balance as at July 1, 2011 was $51,396; expenditure during the year was $14,356 and a balance of $37,040 at June 30, 2012.

- Darwin Initiative – MPA Assessment 2010 - This is a three year grant from the UK Government Department of Environment Food & Rural Affairs (DEFRA), and is a collaborative project between Bangor University, the Cayman Islands Department of Environment, and The Nature Conservancy USA (TNC). The project aims to enhance an established marine protected area system in the Cayman Islands. Receipts during 2011/12 was $51,978, expenditure $36,233 and closing balance $15,745.

Note 22: Extraordinary items

The Ministry recovered $167,500 from overseas healthcare cost which arose from settlement of a legal case. In 2010/11, Department of Environment had insurance loss claims for boats totalling $23,782.