

Supplement No. 5 published with Gazette No. 15 of 21st July, 2008.

PUBLIC MANAGEMENT AND FINANCE LAW

(2005 Revision)

FINANCIAL REGULATIONS

(2008 Revision)

The Financial Regulations, 2004 consolidated with the Financial (Amendment) Regulations, 2005, the Financial (Amendment) Regulations, 2006, the Financial (Amendment) (No.2) Regulations, 2006 and the Financial (Amendment) Regulations, 2007.

Revised under the authority of the Law Revision Law (1999 Revision).

Originally made -

Regulations, 2004-18th May, 2004
Regulations, 2005-15th February, 2005
Regulations, 2006-27th June, 2006
Regulations (No. 2), 2006-11th April, 2006
Regulations, 2007-8th May, 2007.

Consolidated and revised this 13th day of May, 2008.

Note (not forming part of the Law): This revision replaces the 2007 Revision which should now be discarded.

FINANCIAL REGULATIONS

(2008 Revision)

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FINANCIAL REGULATIONS

(2008 Revision)

PART I- Introductory

- Citation 1. These regulations may be cited as the Financial Regulations (2008 Revision).
- Definitions 2. In these regulations -
- “Bank” means Cayman Islands Development Bank established under section 3 of the Development Bank Law (2004 Revision); 2004 Revision
- “Central Tenders Committee” or “Committee” means the Central Tenders Committee constituted under regulation 41(2);
- “Civil Aviation Authority” means the Civil Aviation Authority of the Cayman Islands established under section 3 of the Civil Aviation Authority Law (2005 Revision); 2005 Revision
- “IRIS” means the centralised accounting information system;
- “Port Authority” means the Port Authority of the Cayman Islands established by section 3 of the Port Authority Law (1999 Revision); 1999 Revision
- “Portfolio” means the Portfolio of Finance and Economics;
- “pre-qualifying tender process” means a process consisting of the following steps-
- (a) a tender shall be formulated to a preliminary degree of detail and notified in an offer advertised nationally (and internationally, if appropriate) in a newspaper or other appropriate medium; and
 - (b) two or more qualifying bidders shall be selected, and they shall be the only participants in a prescribed tendering process which shall be subsequently held and in which tenders shall be formulated to an advanced degree of detail;
- “prescribed entity” means a ministry or portfolio, the Audit Office or the Office of the Complaints Commissioner;
- “prescribed tendering process” means a process consisting of the following steps-
- (a) the offer of a contract for tender shall be advertised nationally (and internationally, if appropriate) in a newspaper or other appropriate medium;

- (b) the offer shall specify details of the criteria that will be used to evaluate tenders and to select the successful bidder;
- (c) the tenders shall be evaluated, and the successful bidder shall be selected, in accordance with the specified criteria; and
- (d) the prescribed entity, statutory authority or government company offering the contract shall notify all those who tendered of the successful bidder; and

“PSIC” means the Public Sector Investment Committee established by the Financial Secretary.

3. (1) These regulations apply to prescribed entities, the core government and the entire public sector.

Application and interpretation

(2) Parts II, III, VIII, IX and XII apply to statutory authorities and government companies.

(3) These regulations apply to financial activity relating to any financial year commencing after the 30th June, 2004.

(4) The decision of the Financial Secretary shall be final as to the correct interpretation of these regulations.

PART II - Information to Be Provided to the Portfolio

4. Each prescribed entity, statutory authority and government company shall supply accurate financial and non-financial budget information to the Portfolio, in the form and within the time frame from time to time notified by the Portfolio, for the following purposes -

Supply of budget information

- (a) the preparation of strategic policy statements;
- (b) the preparation of annual plans and estimates;
- (c) the preparation of supplementary annual plans and estimates;
- (d) the preparation of the Pre-election Economic and Financial Update; and
- (e) such other purposes as may be required by the Portfolio.

5. Each prescribed entity, statutory authority and government company shall supply accurate financial and non-financial information to the Portfolio, in the form and within the time frame from time to time notified by the Portfolio, for the following purposes -

Supply of actual financial and non-financial information

- (a) the preparation of Government quarterly reports;
- (b) the preparation of Government annual reports;
- (c) the monitoring of the financial and non-financial performance of the core government and the entire public sector; and

- (d) the monitoring of the financial and non-financial performance of prescribed entities, statutory authorities and government companies.

Provision of forecast
entity bank balance
information

6. (1) A prescribed entity operating an entity bank account in accordance with Part V, shall provide the Treasury with forecast closing balances for its entity bank account as follows -

- (a) a forecast closing balance for each month in a financial year shall be provided prior to the beginning of the financial year; and
- (b) a forecast closing balance for each working day in a month shall be provided prior to the beginning of the month.

(2) The daily cash balance forecasts shall be updated and resubmitted as necessary during the month.

(3) The forecasts shall be provided in the format specified by the Treasury.

Provision of forecast
cash disbursement
profile

7. (1) A prescribed entity operating an executive expenditure bank account in accordance with Part V shall provide a cash disbursement profile for that bank account to the Treasury as follows -

- (a) a forecast of the total expected amount of cash to be disbursed to the executive expenditure bank account in each month in a financial year shall be provided prior to the beginning of the financial year; and
- (b) a forecast total expected amount of cash to be disbursed to the executive expenditure bank account in each working day in a month shall be provided prior to the beginning of the month.

(2) A prescribed entity operating an executive revenue bank account in accordance with Part V shall provide a cash receipts profile for that bank account to the Treasury as follows -

- (a) a forecast of the total expected amount of cash to be banked into the executive revenue bank account in each month in a financial year shall be provided prior to the beginning of the financial year; and
- (b) a forecast total expected amount of cash to be banked into the executive revenue bank account in each working day in a month shall be provided prior to the beginning of the month.

(3) The daily cash disbursement and cash receipts profiles shall be updated and resubmitted as necessary during the month.

(4) The forecasts shall be provided in the format specified by the Treasury.

PART III - Financial Statement Format and Accounting Policies

8. Unless the Financial Secretary authorises otherwise in writing, the forecast financial statements in the annual plan and estimates, supplementary annual plan and estimates, and pre-election economic and financial update shall be prepared in accordance with -
- Government forecast financial statements
- (a) the relevant formats set out in the First Schedule; and
 - (b) the applicable accounting policies set out in the Third Schedule.
9. Unless the Financial Secretary authorises otherwise in writing, the financial statements in the Government quarterly report and Government annual report shall be prepared in accordance with -
- Government financial statements
- (a) the relevant formats set out in the First Schedule; and
 - (b) the applicable accounting policies set out in the Third Schedule.
10. Unless the Financial Secretary authorises otherwise in writing, the forecast financial statements in the annual budget statement of a prescribed entity shall be prepared in accordance with -
- Prescribed entity forecast financial statements
- (a) the relevant formats set out in the First Schedule; and
 - (b) the applicable accounting policies set out in the Third Schedule.
11. Unless the Financial Secretary authorises otherwise in writing, the financial statements in the quarterly report or annual report of a prescribed entity shall be prepared in accordance with -
- Prescribed entity financial statements
- (a) the relevant formats set out in the Second Schedule; and
 - (b) the applicable accounting policies set out in the Third Schedule.
12. Unless the Financial Secretary authorises otherwise in writing, the financial information provided by statutory authorities or government companies for inclusion in the core government or the entire public sector forecast financial statements or the core government or the entire public sector financial statements shall be prepared in accordance with -
- Financial information provided by statutory authorities and government companies
- (a) the relevant formats set out in the First Schedule; and
 - (b) the applicable accounting policies set out in the Third Schedule.
13. The values for items in the opening balance sheets of a prescribed entity, the core government and the entire public sector are to be prepared using the applicable accounting policies set out in the Fourth Schedule.
- Opening balance sheet values

PART IV - Centralised Accounting Information System

- Use of the IRIS 14. Unless exempted in writing by the Financial Secretary, prescribed entities shall use the IRIS to record their entity financial activity and the executive financial activity for which they are responsible.
- Responsibility for maintaining ledgers 15. Each prescribed entity is responsible for entering all data into the IRIS, for making all entries and adjustments to all ledgers relating to its entity or any executive reporting entity for which it is responsible, and for ensuring that the information within those ledgers is accurate, complete and up to date.
- Authorisation 16. (1) Access to the IRIS is to be restricted to employees authorised by the chief officer of the prescribed entity concerned.
- (2) The chief officer of a prescribed entity shall ensure that -
- (a) appropriate delegations and authorisations in relation to the IRIS are established;
- (b) those delegations and authorisations are complied with; and
- (c) authorised employees are capable of fulfilling their responsibilities.
- Timely recording 17. (1) A transaction shall be recorded by a prescribed entity as soon as possible after the transaction has occurred, and in all cases no later than one week from the date of the transaction.
- (2) All end of period adjustments shall be made within two weeks of the end of each quarter.

PART V - Bank Accounts and the Centralised Cash Management System

- Structure and operation of prescribed entity bank accounts 18. (1) Unless exempted in writing by the Financial Secretary, a prescribed entity shall operate a bank account only as part of the centralised banking system operated by the Treasury at the Royal Bank of Canada.
- (2) Subject to the approval of the chief officer of the Portfolio, a prescribed entity may determine the main account and sub-account structure of its bank account.
- (3) A prescribed entity may open and close bank accounts, within its approved bank account structure.
- Banking of entity transactions 19. (1) A prescribed entity shall bank all receipts relating to entity transactions into its bank account.

(2) A prescribed entity shall withdraw all payments relating to its entity transactions from its bank account.

(3) No receipts from entity transactions may be used to make payments without first being banked in the bank account of a prescribed entity.

20. (1) The chief officer of a prescribed entity shall maintain adequate internal controls over the operation of the entity's bank accounts.

Internal control over
bank accounts

(2) The chief officer of a prescribed entity shall ensure the prompt receipt and banking of money received.

(3) All payments (whether by cheque, tape, electronic funds transfer or other means) out of an entity bank account of ten thousand dollars or more shall be authorised by two account signatories, each of whom shall be appointed by the chief officer of the Portfolio.

(4) All payments (whether by cheque, tape, electronic funds transfer or other means) out of an entity bank account of less than ten thousand dollars shall be authorised by one account signatory, appointed by the chief officer of the Portfolio.

(5) Cheques shall have the name of the relevant prescribed entity printed on them.

(6) All entity bank accounts shall be reconciled at least monthly and such reconciliations shall be prepared by the Treasury or, if authorised by the chief officer of the Portfolio, prepared by the prescribed entity concerned and reviewed and approved by the Treasury.

21. (1) Written approval from the Financial Secretary is required to operate a foreign currency entity bank account.

Foreign currency entity
bank accounts

(2) The operation of foreign currency bank accounts is subject to the same requirements as domestic bank accounts, including all internal control requirements.

22. (1) Executive bank accounts, including any subsidiary executive bank accounts shall be operated only as part of the centralised banking system operated by the Treasury at the Royal Bank of Canada.

Structure of the
executive bank account

(2) The main account and sub-account structure of the executive bank account shall be determined by the chief officer of the Portfolio.

(3) Executive bank accounts within the determined structure shall be opened and closed, only with the authority of the chief officer of the Portfolio.

Responsibility for managing executive cash flows

23. (1) A prescribed entity, statutory authority or government company which, by way of annual budget statement or purchase agreement, has an obligation to manage executive assets, executive liabilities, executive revenues or executive expenses shall also be responsible for the management of the cash flows associated with those executive transactions.

(2) An entity with responsibility for managing cash flows associated with executive financial transactions shall operate a subsidiary executive bank account under delegated authority from the chief officer of the Portfolio.

(3) Separate executive bank accounts shall be maintained for executive receipts and executive payments.

(4) An entity with responsibility for managing cash flows associated with executive financial transactions shall deposit all such receipts into, and make all such payments from, an executive bank account.

(5) The chief officer of a prescribed entity, statutory authority or government company operating an executive bank account shall maintain adequate internal controls over the operation of executive bank accounts in the manner outlined in regulation 20.

Payment of interest

24. (1) All interest payable by the Royal Bank of Canada on amounts held within the centralised banking system shall be executive revenue and shall be paid into an executive bank account operated by the Treasury.

(2) The Treasury shall pay a prescribed entity interest on balances held in entity bank accounts that are part of the centralised banking system.

Investment of cash balances

25. (1) A prescribed entity shall not invest idle cash balances other than on deposit with the Treasury as part of the centralised cash management system.

(2) The Treasury shall pay a prescribed entity interest on deposits made with the Treasury by the entity as part of the centralised cash management system.

Notification of interest rates

26. The Treasury shall, from time to time, notify prescribed entities of the rates of interest payable by it on cash balances and deposits.

PART VI - Capital Charge

27. (1) The capital charge payable by a prescribed entity under section 41(5), is to be paid to the Portfolio on the 31st July and the 31st January of each year. Payment and calculation of capital charge

(2) The 31st July payment is to be calculated on the basis of the entity's net worth at the preceding 30th June.

(3) The 31st January payment is to be calculated on the basis of the entity's net worth at the preceding 31st December.

28. The capital charge rate shall be set annually by the Financial Secretary and shall apply to all prescribed entities unless a prescribed entity has obtained permission from the Financial Secretary to use a different rate. Capital charge rate

PART VII - General Financial Management Practices of Prescribed Entities

29. A chief officer of a prescribed entity shall ensure that an appropriate system of internal controls operates within the entity and that that system is adequate to safeguard the entity or executive resources for which the prescribed entity is responsible. System of internal controls

30. A chief officer of a prescribed entity shall ensure that the prohibition on borrowing in the Law (including finance leases and operating bank overdrafts) is not breached in his entity. Compliance with borrowing prohibition

31. (1) A chief officer of a prescribed entity is responsible for - Responsibility for risk management

- (a) identifying risks to which his entity is exposed;
- (b) establishing strategies to mitigate or manage those risks; and
- (c) ensuring those strategies are implemented.

(2) All risks shall be managed in accordance with the policies established by the Governor in Cabinet on the advice of the Financial Secretary.

(3) All insurance coverage shall be taken out through the Risk Management Office.

32. (1) A prescribed entity shall not enter into any transactions in foreign currencies (other than in US Dollars) except with the written authorisation of the Financial Secretary. Foreign currency exposure

(2) Where a prescribed entity is authorised to enter into a foreign currency transaction other than in US dollars, the chief officer of that entity shall identify

the foreign exchange transaction exposures of the entity and shall design policies to cover this exposure.

(3) All policies and revisions thereto shall be approved by the Portfolio.

(4) A prescribed entity authorised to enter into a foreign currency transaction other than in US dollars shall only enter into foreign currency transactions on the spot market or, where the term of the exposure is known, by way of forward exchange contracts.

PART VIII - Output Costing

Responsibility for output costing

33. The chief officer of a prescribed entity, statutory authority or government company is responsible for ensuring that the entity has a reliable and appropriate system for allocating entity input costs to the entity's outputs.

Basis of cost allocation

34. (1) The cost of all resources consumed in the production of outputs shall be allocated to outputs.

(2) Direct costs that relate to a specific output shall be allocated directly to the output to which they relate.

(3) Personnel costs shall be allocated on the basis of the proportion of a person's time spent producing the output.

(4) Time spent on overhead (non-output) activities, shall be treated as an indirect cost.

(5) Indirect costs that relate to a single cost centre shall be allocated to that cost centre.

(6) Indirect costs that relate to a number of cost centres shall be allocated to cost centres on the basis of the following methods -

Expense	Allocation Method
Audit fees	<i>Pro rata</i> basis
Building occupancy costs (including rent)	Amount of space occupied by cost centre
Communications (for example, phone, fax, mail)	Usage of services by cost centre
Computer systems	Number of terminals or personal

	computers used by cost centre
Depreciation	Use of assets concerned by cost centre
Insurance	Same manner as other costs for the insured asset type (for example, refer building costs, vehicle costs)
Utilities (for example, electricity and water)	Amount of space occupied by cost centre

(7) The indirect costs of a cost centre shall be allocated to the cost centre's outputs on the basis of the proportion of the cost centre's direct costs allocated to that output.

35. Entities may use alternative allocation policies provided that the alternative policy provides more accurate costs and has the prior approval of the Accountant General. Variation of allocation methods

PART IX - Procurement

36. Subject to an overriding requirement - Preference to local suppliers

- (a) to ensure value for money; and
- (b) to ensure that the price and quality of goods and services is no more than overseas procurement,

a prescribed entity, statutory authority or government company shall give preference to procuring goods and services from suppliers trading, carrying on business or operating within the Islands.

37. (1) Subject to paragraphs (2), (3) and (4), a prescribed entity, statutory authority or government company is required to offer for public tender - Requirement to tender

- (a) any contract for the purchase of supplies, services and assets over fifty thousand dollars; and
- (b) the sale of assets with a book value of fifty thousand dollars or more.

(2) In the case of a contract for the purchase of supplies, services and assets over twenty thousand dollars, where, in the opinion of the chief officer of a prescribed entity, statutory authority or government company, only one supplier

can provide the supplies, services or assets, the chief officer is not required to offer for public tender such contract but -

- (a) he shall comply with regulation 41; and
- (b) he shall be subject to an overriding requirement to ensure value for money.

(3) Without prejudice to paragraph (2), where a state of emergency is proclaimed under the Emergency Powers Law ^{2006 Revision} (2006 Revision) or an exceptional circumstance occurs, a prescribed entity, where it is impractical to do so, is not required to offer for public tender -

- (a) any contract for the purchase of supplies, services or assets; or
- (b) the sale of any assets,

and the chief officer of a prescribed entity may enter into any contract for the purpose of the restoration of the Islands, using rates established by him subject to an overriding requirement to ensure value for money.

(4) Where a chief officer enters into a contract pursuant to paragraph (3), a copy of the contract shall be provided to the Director of Internal Audit and the Auditor General.

Application to all transactions

38. The requirement to use a public tender applies to both entity financial transactions and executive financial transactions.

Pre-qualifying tender process

39. (1) A pre-qualifying tender process shall not be commenced except with the approval of the Central Tenders Committee.

(2) For the purposes of an approval under subregulation (1), application shall be made to the Committee in accordance with a practice manual published by the Committee.

(3) Tenders in the pre-qualifying tender process shall be evaluated by the purchasing prescribed entity, statutory authority or government company, which shall furnish the Committee with a report, prepared in accordance with the manual referred to in subregulation (2), specifying the evaluation criteria used in that process and the respective identities of the qualifying bidders selected.

(4) Notice of the qualifying bidders selected by the prescribed entity, statutory authority or government company shall not be given to participants in the pre-qualification process, nor shall a prescribed tendering process for the award of a contract be commenced until, in accordance with subregulation (5), the Committee gives its approval in relation to -

- (a) the qualifying bidders; and
- (b) the commencement of the prescribed tendering process.

(5) On receipt of a report under subregulation (3), and after making such enquiries, if any, as it sees fit to make, the Committee, if it is satisfied -

(a) that the evaluation criteria used in the pre-qualifying tender process conform to its original approval under subregulation (2); and

(b) that those criteria were correctly and regularly applied,

shall give its approval for the purposes of subregulation (4), but otherwise may notify the prescribed entity, statutory authority or government company that it declines to do so, whereupon the pre-qualifying tender process shall be void and of no effect.

(6) Notwithstanding that an application or report under this regulation has been duly prepared in accordance with the manual referred to in subregulation (2), the Committee shall retain the right to be provided with such supplementary information, in a particular case as it sees fit to require, concerning -

(a) the evaluation criteria that are proposed to be used, or that were used, in any pre-qualifying tender process; or

(b) any other aspect of the pre-qualifying tender process.

(7) An approval of the Central Tenders Committee under subregulation (1) may be granted unconditionally or may be granted subject to conditions, and where it is granted subject to conditions, the prescribed entity, statutory authority or government company shall not conduct a pre-qualifying tender process otherwise than in accordance with those conditions.

40. (1) The prescribed tendering process shall be used in respect of any contract required by this Part to be offered for public tender.

Tendering process

(2) A pre-qualifying tender process shall not be used in respect of a contract with a value of less than two hundred and fifty thousand dollars.

(3) A pre-qualifying tender process may be used for a contract with a value of two hundred and fifty thousand dollars or more.

(4) In the evaluation of a tender, whether in the prescribed tendering process or a pre-qualifying tender process, any price quoted or indicated in the tender shall be considered, but the least expensive tender is not, by virtue of that fact alone, entitled to succeed.

41. (1) Tenders submitted for any contract with a value of less than two hundred and fifty thousand dollars shall be evaluated by a tenders committee established by the chief officer of the purchasing prescribed entity, statutory authority or government company.

Evaluation of tenders

(2) Tenders submitted for any contract with a value of two hundred and fifty thousand dollars or more shall be evaluated by a Central Tenders Committee comprising -

- (a) the chief officer of the Portfolio (or his nominee) as chairman; and
- (c) such other persons as may be appointed, from time to time, by the Financial Secretary.

(3) Subregulation (2) shall not apply to a pre-qualifying tender process, but applies to a prescribed tendering process to which any such pre-qualifying tender process was a preliminary.

PART X - Trust Assets

Managing trust assets

42. An entity with an agreement and delegation from the Financial Secretary to provide management services in relation to trust assets shall recognise such activity as an output, and record any fee charged for the management of trust assets as output revenue.

Accounting for trust assets

43. (1) Trust assets shall be accounted for separately from an entity's own assets and trust money shall be held in a trust bank account, separate from the entity bank account and from the executive bank account.

(2) Where an entity manages more than one type of trust money, such trust money may be held in one bank account, but separate records of the movements in each type of trust money shall be kept.

PART XI - Financial Record Keeping

Records to be retained

44. (1) A prescribed entity, statutory authority or government company is required to retain records pertaining to output reporting, entity financial transactions and executive financial transactions (including revenue, expenses, assets and liabilities) in such a manner that such records can be readily produced for operational and audit purposes.

(2) A prescribed entity shall comply with any Government record keeping requirements established by the Director of the National Archives and notified in writing to chief officers.

PART XII - Capital Project Appraisal

45. The chief officer of a prescribed entity shall ensure that all capital projects (whether entity or executive) that are three hundred thousand dollars and above are submitted to the PSIC for review. Responsibility of the chief officer
46. A chief officer is required to submit the following documentation to the PSIC using the formats for the Project Profile and Project Report set out in the Fifth Schedule - Information required
- (a) in relation to projects between three hundred thousand dollars and one million dollars, Project Profile; and
 - (b) in relation to projects over one million dollars, Project Profile and Project Report.
47. All completed Project Profiles and Project Reports are to be submitted to the PSIC at least two weeks in advance of its monthly meeting. Timing
48. The PSIC shall submit recommendations on the viability of capital projects to the Governor in Cabinet, through the Financial Secretary. Role of the PSIC
49. In this Part-
- “capital project” means any item that will be capitalised on the balance sheet in accordance with generally accepted accounting practice and the Third Schedule, and includes the construction or purchase of physical assets and the purchase or development of computer hardware or software. Definition of “capital project” for the purposes of Part XII

PART XIII - Weightings of Statutory Authority and Government Company Debt to be Included in Core Government Net Debt Calculation

50. The following weightings are to be used to calculate the portion of Government guaranteed statutory authority and government company debt to be included in the calculation of core government net debt in accordance with section 34, namely, in the case of statutory authorities and government companies- Calculation of core government net debt
- (a) that require an unpredictable level of budgetary support from the Governor in Cabinet (namely, Cayman Airways Limited), eighty per cent;
 - (b) that are financially stable and require a predictable level of budgetary support from the Governor in Cabinet (namely, the Cayman Islands Development Bank and the National Community Housing and Development Trust), fifty per cent; and

- (c) that have not required budgetary support from the Governor in Cabinet during the period of three years immediately preceding the date of the calculation (namely, the Civil Aviation Authority, the Port Authority and the Cayman Islands Turtle Farm Limited), twenty per cent.

FIRST SCHEDULE

FORMAT FOR THE FORECAST FINANCIAL STATEMENTS, THE QUARTERLY FINANCIAL STATEMENTS AND THE ANNUAL FINANCIAL STATEMENTS FOR THE CORE GOVERNMENT AND FOR THE ENTIRE PUBLIC SECTOR

1. This Schedule prescribes the format for the forecast financial statements, the quarterly financial statements and the annual financial statements for the core government and for the entire public sector.
2. The financial statements for the core government and the entire public sector shall be provided as one set of financial statements but with different column disclosures as shown in the formats.
3. In applying this format-
 - (a) individual line items on the face of the financial statements included in this Schedule may be omitted if the amounts involved are immaterial;
 - (b) additional line items may be added to the face of the financial statements if disclosure would be improved and the amounts are material;
 - (c) if the information required to be included in any of the Notes to the Financial Statement prescribed by this Schedule is immaterial, the Note, or a line item within a Note may be omitted; and
 - (d) additional Notes to the Financial Statements, or line items within a Note, not included in this Schedule, may be added if disclosure would be improved and the amounts are material.
4. Where the financial statements are forecast financial statements, the heading of each financial statement shall include the word “forecast”, for example “Forecast Operating Statement”, and the text of any financial statements amended to include the word forecast as indicated as follows in the formats: [forecast]
5. Unless the formats show otherwise, where the financial statements are forecast financial statements, the following column headings shall be used, with the dates of the relevant years inserted, for example 2004/5:

Core Government			Entire Public Sector		
[Budget Year]	[Year before Budget Year]	[Two years before Budget Year]	[Budget Year]	[Year before Budget Year]	[Two years before Budget Year]
Forecast	Est. Actual	Actual	Forecast	Est. Actual	Actual
\$000	\$000	\$000	\$000	\$000	\$000

6. Unless the formats show otherwise, where the financial statements are quarterly financial statements, the following column headings shall be used, with the dates of the relevant years inserted, for example 2004/5:

<i>Core Government</i>			Entire Public Sector		
[This Year] Year to Date	[This Year] Year to Date	[Last Year] Year to Date	[This Year] Year to Date	[This Year] Year to Date	[Last Year] Year to Date
Actual	Forecast	Actual	Actual	Forecast	Actual
\$000	\$000	\$000	\$000	\$000	\$000

7. Unless the formats show otherwise, where the financial statements are annual financial statements, the following column headings shall be used, with the dates of the relevant years inserted, for example 2004/5:

<i>Core Government</i>			<i>Entire Public Sector</i>		
[Actual This Year]	[Budget This Year]	[Actual last Year]	[Actual This Year]	[Budget This Year]	[Actual last Year]
Forecast	Est. Actual	Actual	Forecast	Est. Actual	Actual
\$000	\$000	\$000	\$000	\$000	\$000

8. In this schedule, all items within square brackets indicate either explanatory instructions or dates or words to be inserted into the format as relevant.

Format for the Government Financial Statements

STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL STATEMENTS [Forecast Financial Statements only]

These forecast financial statements have been prepared in accordance with the Public Management and Finance Law (2005 Revision). They report the forecast financial transactions for the Core Government and the Entire Public Sector reporting entity for the forthcoming year.

The forecast financial statements were prepared by the Portfolio of Finance and Economics on behalf of the Government. On the basis of the economic and financial information available, that Portfolio has used its best professional judgement in preparing the forecast statements.

The forecast financial statements incorporate the fiscal and economic implications of all Government decisions and circumstances as at [date].

We accept responsibility for the accuracy and integrity of the financial information in these forecast financial statements and their compliance with the Public Management and Finance Law (2005 Revision).

To the best of our knowledge the forecast financial statements are:

- (a) complete and reliable;
- (b) fairly reflect the forecast financial position [as at relevant date] and performance for the [period concerned];
- (c) include all policy decisions and other circumstances that have, or may have, a material effect on the forecast statements; and
- (d) comply with generally accepted accounting practice.

[Signature]
[Name]
Financial Secretary
[Date]

[Signature]
[Name]
Leader of Government Business
[Date]

STATEMENT OF RESPONSIBILITY FOR FINANCIAL STATEMENTS
[Quarterly and Annual Financial Statements only]

These financial statements have been prepared by the Portfolio of Finance and Economics in accordance with the Public Management and Finance Law (2005 Revision). The Financial Statements comply with generally accepted accounting practice as defined in International Public Sector Accounting Standards and International Accounting Standards.

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 (2005 Revision).

To the best of our knowledge the financial statements are:

- (a) complete and reliable;
- (b) fairly reflect the financial position as at [balance date] and performance for the [period concerned]; and
- (c) comply with generally accepted accounting practice.

[Signature]

[Name]

Financial Secretary

[Date]

[Signature]

[Name]

Leader of Government Business

[Date]

GOVERNMENT OF THE CAYMAN ISLANDS
[FORECAST] OPERATING STATEMENT FOR [THE YEAR ENDING 30 JUNE
[YEAR], THE QUARTER ENDED [XX MONTH YEAR], THE YEAR ENDED 30
JUNE [YEAR] which ever is relevant]

	Core Government	Entire Public Sector
	Note	
Coercive Revenue	1	
Levies on international trade and transactions		
Domestic levies on goods and services		
Levies on property		
Other levies		
Fines		
Total Coercive Revenue		
Other Revenue		
Sale of goods and services	2	
Investment revenue	3	
Donations		
Other operating revenue		
Net profit in investments in statutory authorities and government companies		
Total Other Revenue		
Total Operating Revenue		
Operating Expenses	4	
Personnel costs	5	
Supplies and consumables	6	
Depreciation	7	
Outputs from statutory authorities and government companies		
Outputs from non-governmental suppliers		
Transfer payments		
Other operating expenses		
Total Operating Expenses		
Surplus from Operating Activities		
Non-Operating Revenue and Expenses		
Financing expense	8	
Gains/losses on foreign exchange transactions		
Gains/losses on disposal or revaluation of non current assets		
Other non-operating revenues or expenses		
Total Non-Operating Revenue and Expenses		
Surplus before extraordinary items		
Extraordinary items		
Net Surplus or Deficit		

The accounting policies and notes on pages [xx-zz] form part of these [forecast] financial statements.

GOVERNMENT OF THE CAYMAN ISLANDS
[FORECAST] BALANCE SHEET AS AT [XX MONTH YEAR]

	Note	Core Government	Entire Public Sector
Current Assets			
Cash and cash equivalents	9		
Marketable securities and deposits	10		
Accounts receivable	11		
Inventories	12		
Other current assets	13		
Total Current Assets			
Non-Current Assets			
Loans			
Other investments	14		
Net worth of statutory authority and government companies			
Property, plant and equipment	15		
Other non-current assets	16		
Total Non-Current Assets			
Total Assets			
Current Liabilities			
Accounts payable	17		
Unearned revenue	18		
Employee entitlements	19		
Other current liabilities	20		
Total Current Liabilities			
Non-Current Liabilities			
Employee entitlements	21		
Unfunded pension liability	22		
Borrowings	23		
Currency issued			
Other non-current liabilities	24		
Total Non-Current Liabilities			
Total Liabilities			
TOTAL ASSETS LESS TOTAL LIABILITIES			
NET WORTH			
Asset revaluation reserve			
Accumulated surpluses	25		
Total Net Worth			

The accounting policies and notes on pages [xx-zz] form part of these [forecast] financial statements.

GOVERNMENT OF THE CAYMAN ISLANDS
[FORECAST] CASH FLOW STATEMENT FOR [THE YEAR ENDING 30 JUNE
[YEAR], THE QUARTER ENDED [XX MONTH YEAR], THE YEAR ENDED 30
JUNE [YEAR] [whichever is relevant]

	Core Government	Entire Public Sector
	Note	
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Receipts</i>		
Coercive receipts		
Sale of outputs (goods and services)		
Interest received		
Other receipts		
<i>Payments</i>		
Personnel costs		
Supplies and consumables		
Outputs from statutory authorities and government companies		
Outputs from non-governmental suppliers		
Transfer payments		
Interest and other financing costs paid		
Other payments		
Net cash flows from operating activities	26	
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of non-current assets		
Purchase of investments		
Equity injections into statutory authorities and government companies		
Proceeds from sale of non-current assets		
Proceeds from sale of investments		
Capital withdrawals/surplus distributions from statutory authorities and government companies		
Net cash flows from investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings		
Repayment of borrowings		
Net cash flows from financing activities		
Net increase/(decrease) in cash and cash equivalents		
Cash and cash equivalents at beginning of period		
Cash and cash equivalents at end of period	9	

The accounting policies and notes on pages [xx-zz] form part of these [forecast] financial statements.

GOVERNMENT OF THE CAYMAN ISLANDS
[FORECAST] STATEMENT OF CHANGES IN NET WORTH FOR [THE YEAR ENDING 30 JUNE [YEAR], THE QUARTER ENDED [XX MONTH YEAR], THE YEAR ENDED 30 JUNE [YEAR] [whichever is relevant]

	Core Government	Entire Public Sector
Opening balance net worth		
Surplus		
Property revaluations		
Investment revaluations		
Net revaluations during the period		
Total recognised revenues and expenses		
Closing balance net worth		

GOVERNMENT OF THE CAYMAN ISLANDS
[FORECAST] STATEMENT OF LOANS-MADE FOR [THE YEAR ENDING 30 JUNE [YEAR], THE QUARTER ENDED [XX MONTH YEAR], THE YEAR ENDED 30 JUNE [YEAR] [whichever is relevant]

	Core Government	Entire Public Sector
Civil Service Mortgage Loans		
Farmers/Ranchers Loans		
Overseas Medical Advances		
Other Loans to organisations [list separately if material]		
Other loans to individuals		
Total Loans		

The accounting policies and notes on pages [xx-zz] form part of these [forecast] financial statements.

GOVERNMENT OF THE CAYMAN ISLANDS
[FORECAST] STATEMENT OF BORROWINGS FOR [THE YEAR ENDING 30
JUNE [YEAR], THE QUARTER ENDED [XX MONTH YEAR], THE YEAR
ENDED 30 JUNE [YEAR] [whichever is relevant]

	Core Government	Entire Public Sector
Outstanding Debt		
<i>Local Currency Debt</i>		
Central Government loans		
Statutory bodies – self financing loans		
Statutory bodies – direct borrowing		
Total Local Currency Debt		
<i>Foreign Currency Debt</i>		
Central Government long-term loans		
Statutory bodies – self financing loans		
Statutory bodies – direct borrowing		
Total Foreign Currency Debt		
Total Outstanding Debt		
Less Marketable Securities and Deposits		
Local Currency		
Foreign Currency		
Total Marketable Securities and Deposits		
Net Public Debt		

The accounting policies and notes on pages [xx-zz] form part of these [forecast] financial statements.

GOVERNMENT OF THE CAYMAN ISLANDS
STATEMENT OF COMMITMENTS AS AT [BALANCE DATE, OR IN THE
CASE OF FORECAST STATEMENTS THE DATE THE FORECASTS WERE
FINALISED] [Statement not required for quarterly financial statements]

Type	Core Government				
	One year or less	One to five Years	Over five Years	As at [Date] Total	As at [Last Annual Report Date] Total
	\$000	\$000	\$000	\$000	\$000
Capital Commitments					
Land and buildings					
Other fixed assets					
Other commitments (list separately if material)					
Total Capital Commitments					
 Operating Commitments					
Non-cancellable accommodation leases					
Other non-cancellable leases					
Non-cancellable contracts for the supply of goods and services					
Other operating commitments					
Total Operating Commitments					
 Total Commitments					

The accounting policies and notes on pages [xx-zz] form part of these [forecast] financial statements.

Type	Entire Public Sector				
	One year or less	One to five Years	Over five Years	As at [Date] Total	As at [Last Annual Report Date] Total
	\$000	\$000	\$000	\$000	\$000
Capital Commitments					
Land and buildings					
Other fixed assets					
Other commitments (list separately if material)					
Total Capital Commitments					
Operating Commitments					
Non-cancellable accommodation leases					
Other non-cancellable leases					
Non-cancellable contracts for the supply of goods and services					
Other operating commitments					
Total Operating Commitments					
Total Commitments					

The accounting policies and notes on pages [xx-zz] form part of these [forecast] financial statements.

GOVERNMENT OF THE CAYMAN ISLANDS
STATEMENT OF CONTINGENT LIABILITIES AS AT [BALANCE DATE, OR
IN THE CASE OF FORECAST STATEMENTS THE DATE THE FORECASTS
WERE FINALISED]

[Statement not required for quarterly financial statements]

Summary of Quantifiable Contingent Liabilities

	Core Government		Entire Public Sector	
	As at [Date]	As at [Last Annual Report Date] \$000	As at [Date]	As at [Last Annual Report Date] \$000
Guarantees				
Item 1 heading				
Item 1 description				
Item 2 heading				
Item 2 description				
Total Quantifiable Guarantees				
Uncalled Capital (relating to investments in companies)				
Item 1 heading				
Item 1 description				
Item 2 heading				
Item 2 description				
Total Uncalled Capital				
Legal Proceedings and Disputes				
Item 1 heading				
Item 1 description				
Item 2 heading				
Item 2 description				
Total Legal Proceedings and Disputes				
Other Contingent Liabilities				
Item 1 heading				
Item 1 description				
Item 2 heading				
Item 2 description				
Total Other Contingent Liabilities				

The accounting policies and notes on pages [xx-zz] form part of these [forecast] financial statements.

Summary of Non-Quantifiable Contingent Liabilities

Guarantees

Item 1 heading
Item 1 description
Item 2 heading
Item 2 description

Other

Item 1 heading
Item 1 description
Item 2 heading
Item 2 description

The accounting policies and notes on pages [xx-zz] form part of these [forecast] financial statements.

**GOVERNMENT OF THE CAYMAN ISLANDS
STATEMENT OF EMERGENCY FINANCIAL TRANSACTIONS FOR THE
PERIOD ENDED XX MONTH [YEAR] [Statement not required for forecast
financial statements]**

Under the Public Management and Finance Law (2005 Revision) if any state of emergency is proclaimed under the Emergency Powers Law (1997 Revision) the Governor in Cabinet may approve such executive financial transactions to meet the emergency as it thinks fit, whether or not those transactions have been authorised by an appropriation. A statement of those transactions that have not been appropriated are required to be included in the first Government quarterly report, the first Government annual report and the first Appropriation Bill after those transactions have been entered into.

[Either:

During the period no such emergency executive transactions were made.

Or:

During the year a [describe event] resulted in a state of emergency being declared in the areas of [state areas] and [state areas]. The Governor in Cabinet approved the following items in the absence of an appropriation. These items have been included in the financial statements for the period ended [XX month Year].

Nature of Transaction Approved by the Governor in Cabinet and Requiring Appropriation	Amount
Output expense	\$
Output description	
Output description	
Transfer payment	
Transfer description	
Other executive expenses	
Other executive expenses description	
Equity investment	
Equity investment	
Loan-made	
Loan-made	
Executive asset acquisition	
Asset description	
Borrowing	
Borrowing description]	

The accounting policies and notes on pages [xx-zz] form part of these financial statements.

GOVERNMENT OF THE CAYMAN ISLANDS
STATEMENT OF UNAPPROPRIATED FINANCIAL TRANSACTIONS FOR THE
PERIOD ENDED 30 JUNE [YEAR] [Statement required only for annual financial
statements]

[Either:

During the year no unappropriated financial transactions were made.

Or:

During the year the following transactions for which there was no appropriation occurred.

Nature of Transaction Requiring Appropriation	Unappropriated Amount \$
Output expense	
Output description	
Output description	
Transfer payment	
Transfer description	
Other executive expenses	
Other executive expenses description	
Equity investment	
Equity investment	
Loan-made	
Loan-made	
Executive asset acquisition	
Asset description	
Borrowing	
Borrowing description]	

The accounting policies and notes on pages [xx-zz] form part of these [forecast] financial statements.

GOVERNMENT OF THE CAYMAN ISLANDS
STATEMENT OF TRUST ASSETS FOR THE PERIOD ENDED 30 JUNE [YEAR]
[Statement required only for annual financial statements]

Trust	Opening Balance \$000	Capital Addition \$000	Capital Distribtn \$000	Revenue \$000	Expenses \$000	Closing Balance \$000
Name of Trust						
Asset						
Asset						
Name of Trust						
Asset						
Asset						

The accounting policies and notes on pages [xx-zz] form part of these financial statements.

GOVERNMENT OF THE CAYMAN ISLANDS
**STATEMENT OF ACCOUNTING POLICIES FOR [THE YEAR ENDING 30 JUNE
[YEAR], THE QUARTER ENDED [XX MONTH YEAR], THE YEAR ENDED 30
JUNE [YEAR]**

General Accounting Policies

Reporting entity

Basis of preparation

Reporting Period

Basis of Consolidation

Specific Accounting Policies

Revenue

Expenses

Assets

Liabilities

Commitments

Contingencies

STATEMENT OF SIGNIFICANT ASSUMPTIONS [Statement only required for forecast financial statements]

General Forecast Assumptions

Macroeconomic Assumptions

NOTES TO THE [FORECAST] FINANCIAL STATEMENTS

NOTE 1. COERCIVE REVENUE

	Core Government	Entire Public Sector
Coercive Revenue		
Levies on International Trade and Transactions		
Import Duties		
• Gasoline and Diesel		
• Alcoholic Beverages		
• Tobacco Products		
• Motor Vehicle Duty		
• Food		
• Manufactured Goods		
• Machinery and Transport Equipment		
• Other Import Duty and Charges		
Other Levies on International Trade and Transactions		
• Cruise Ship Tax		
• Environmental Protection Fees		
• Other		
Total Levies on International Trade and Transactions		
Domestic Levies on Goods and Services		
Business and Professional Licences		
• Law Firm Operational Licences		
• Money Services Licences		
• Work Permit Fees		
• Annual Permanent Resident Work Fees		
• Immigration Non-Refundable Repatriation Fee		
• Traders' Licence		
• Local Company and Corporate Management Fees		
• Company Fees Resident		
• Company Fees Non- Resident		
• Company Fees Exempt		
• Company Fees Foreign		
• Bank and Trust Licences		
• Security Investment Business Licences		
• Insurance Licences		
• Mutual Fund Administrators		
• Partnership Fees		
• Trust Registration Fees		
• Liquor Licence		
• CUC Licence		

<ul style="list-style-type: none"> • ICT Licences • Broadcasting Licences • Local Vessel Licences • Ship Registration Fees • Hotel Licence • Firearms Licences • Radio Licences • Special Marriage Licences • Fisheries Licences • Spear Gun Licences • Public Transport Drivers Licences • Public Transport Operator Licences • Miscellaneous Licences • HPB Fees 	
Other Levies on Goods and Services	
<ul style="list-style-type: none"> • Building Permit Fees • Planning Fees • Land Registry Fees (exec portion) • Motor Vehicle Drivers' Licences (exec portion) • Motor Vehicle Charges • Road Development Fund Charges • Court Fees • Legal Practitioner Fees • Notary Public Fees • Health Insurance Fund Fees • Pension Plan Registration Fees • Tourist Accommodation Tax • Misc. Stamp Duty • Debit Transaction Fees • Patents and Trademarks (exec portion) • Cemetery Fees • Other Immigration Fees (exec portion) • Package Charges 	
Total Domestic Levies on Goods and Services	
Levies on Property	
Land Transfer Duty	
<ul style="list-style-type: none"> • Land Transfer Stamp Duty • Land Holding Companies Share Transfer Charge • Timeshare Ownership Charges 	
Infrastructure Fund Fee	
Total Levies on Property	
Other Levies	
Fines	
Court Fines	
Customs Fines	
Compounded Penalties	
Procedural Fines	
Other Fines	
Total Fines	

Total Coercive Revenue

NOTE 2. GOODS AND SERVICES (INCLUDING FEES AND CHARGES)

	Core Government	Entire Public Sector
Fees and Charges		
• Hospital Fees		
• Garbage Fees		
• Planning Appeal Fees		
• Motor Vehicle Inspection Fees		
• Vehicle Bank Liens		
• Duplicate Vehicle Log Books		
• Vehicle Change of Ownership Fees		
• Vehicle Disposal Fees		
• Disinsection Fees		
• Mail Terminal Credits		
• Law School Fees		
• Customs Special Attendance Fees		
• Marine Survey Fees		
• Motor Vehicle Licence Plate Fees		
• Customised Motor Vehicle Licence Plate Fees		
• School Fees		
• Professional Legal Fees		
• Warehousing		
• Training Fees		
• Agriculture Fees		
• Electrical Inspection Fees		
• Computing Fees		
• Land Registry Fees		
• Land Survey Fees		
• Tourist Reservation Fees		
• Examination Fees		
• Public Record Fees		
• Other Immigration Fees		
• Recycling Fees		
• Annual Ship Tonnage Charges		
• Ship Manning Licences		
• Marine Rescue and Salvage Fees		
• Audit Fees		
• Authentication and Apostille of Documents Fees		
• Naturalisation and Registration Fees		
• Passport Fees		
• Drivers Examination Fees		
• Public Library Fees		
• Cabinet Appeal Fees		
• Environmental Service Fees		
• Bailiff Fees		
• Other Fees		

Total Fees and Charges

Sales of Goods

- Postal Stamps
- Sale of Agricultural Supplies & Produce
- Sale of Advertisements
- Canteen Sales
- Philatelic Sales
- Sale of Laws
- Sales of Forms and Tariff Notes
- Sales of Financial Services Handbook
- Sales of Marine Publications
- Sales of Gazettes and Subscriptions
- Livestock Sales
- Miscellaneous Planning Sales
- Other Sales

Total Sales of Goods

Rentals

- Post Boxes/ Franking Machine
- School Books and Canteen
- Lease of Crown Land
- Rentals of Government Housing
- Other Rentals

Total Rentals

Other

Total Goods and Services

NOTE 3. INVESTMENT REVENUE

	Core Government	Entire Public Sector
Interest on marketable securities, deposits and cash		
Interest on Loans-Made		
Royalties		
Total Investment Revenue		

NOTE 4. OPERATING EXPENSES BY FUNCTION

	Core Government	Entire Public Sector
Operating Expenses		
General government services		
Public order and safety		
Education		
Environmental protection		
Health		
Fuel and energy		
Social security and welfare		
Housing and community amenities		
Recreational, cultural and religious		
Transportation and communication		
Other economic affairs		
Total Expenses		

Operating expenses by function includes financing expenses that are separately disclosed in the Operating Statement.

NOTE 5. PERSONNEL COSTS

	Core Government	Entire Public Sector
Personnel Costs		
Salaries and wages (including employee pension contributions)		
Employer/Government pension expense		
Movement in unfunded pension liability		
Other personnel costs		
Total Personnel Costs		

NOTE 6. SUPPLIES AND CONSUMABLES

	Core Government	Entire Public Sector
Supplies and Consumables		
Supply of goods and services		
Operating lease rentals		
Other		
Total Supplies and Consumables		

NOTE 7. DEPRECIATION

	Core Government	Entire Public Sector
Buildings		
Infrastructure assets		
Roads and sidewalks		
Water reticulation and sewage		
Other (list separately if material)		
Vehicles		
Aeroplanes		
Boats		
Furniture and fittings		
Computer hardware and software		
Office equipment		
Other plant and equipment		
Other assets		
Total		

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

	Years
Buildings	
Infrastructure assets	
Roads and sidewalks	
Water reticulation and sewage	
Other [list separately if material]	
Vehicles	
Aeroplanes	
Boats	
Furniture and fittings	
Computer hardware and software	
Office equipment	
Other plant and equipment	
Other assets	

NOTE 8. FINANCING EXPENSE

	Core Government	Entire Public Sector
Financing Expense		
Interest on Bank Loans		
Interest on Bank Overdraft		
Other		
Total Financing Expense		

NOTE 9. CASH AND CASH EQUIVALENTS

	Core Government	Entire Public Sector
Cash on hand		
Bank accounts		
Bank overdrafts		
US deposit call accounts		
Fixed deposits (ninety days)		
Other short term investments		
Total Cash and Cash Equivalents		

NOTE 10. MARKETABLE SECURITIES AND DEPOSITS

	Core Government	Entire Public Sector
Fixed deposits		
Other [List separately if material]		
Total Marketable Securities and Deposits		

NOTE 11. ACCOUNTS RECEIVABLE

	Core Government	Entire Public Sector
Coercive revenue		
Sale of goods and services		
Overseas medical advances		
Asset sales		
Loans due within twelve months		
Prepayments		
Interest Receivable		
Other Receivables		
Total Gross		
Less provision for doubtful debts		
Total Net		
Accounts receivable maturity schedule		
Not later than one year		
Later than one year and not later than two years		
Later than two years and not later than five years		
Later than five years		
Total		

NOTE 12. INVENTORIES

	Core Government	Entire Public Sector
Raw Materials and Consumable Stores		
Work in Progress		
Finished Goods		
Total Inventories		

NOTE 13. OTHER CURRENT ASSETS

	Core Government	Entire Public Sector
Current loans [list separately if material]		
Current investments [list separately if material]		
Other [list separately if material]		
Total Other Current Assets		

NOTE 14. OTHER INVESTMENTS

	Core Government	Entire Public Sector
Fixed deposits longer than 90 days		
US Treasury bonds		
Other [list separately if material]		
Total Other Investments		

NOTE 15. PROPERTY, PLANT AND EQUIPMENT

	Core Government	Entire Public Sector
Land		
Buildings		
Infrastructure assets		
Roads and sidewalks		
Water reticulation and sewage		
Other [list separately if material]		
Vehicles		
Aeroplanes		
Boats		
Furniture and fittings		
Computer hardware and software		
Office equipment		
Other plant and equipment		
Construction in progress		
Other assets		
Total Cost or Valuation		

Accumulated Depreciation	
Buildings	
Infrastructure assets	
Roads and sidewalks	
Water reticulation and sewage	
Other [list separately if material]	
Vehicles	
Aeroplanes	
Boats	
Furniture and fittings	
Computer hardware and software	
Office equipment	
Other plant and equipment	
Other assets	
Total Depreciation	
Net Book Value	
Land	
Buildings	
Infrastructure assets	
Roads and sidewalks	
Water reticulation and sewage	
Other [list separately if material]	
Vehicles	
Aeroplanes	
Boats	
Furniture and fittings	
Computer hardware and software	
Office equipment	
Other plant and equipment	
Construction in progress	
Other assets	
Total Net Book Value	

NOTE 16. OTHER NON-CURRENT ASSETS

	Core Government	Entire Public Sector
Accounts receivable		
Inventories		
Other [list separately if material]		
Total Other Non-Current Assets		

NOTE 17. ACCOUNTS PAYABLE

	Core Government	Entire Public Sector
Trade Creditors		
Operating lease rental		
Statutory Authority and Government Company outputs		
Non-governmental outputs		
Transfers payable [list separately if material]		
Other		
Total Accounts Payable		

NOTE 18. UNEARNED REVENUE

	Core Government	Entire Public Sector
Rentals paid in advance		
Other [list by type if material]		
Total Unearned Revenue		

NOTE 19. EMPLOYEE ENTITLEMENTS (CURRENT)

	Core Government	Entire Public Sector
Leave entitlements		
Other salary related entitlements		
Total Current Employee Entitlements		

NOTE 20. OTHER CURRENT LIABILITIES

	Core Government	Entire Public Sector
Provisions		
Pension liability		
Borrowings		
Other		
Total Other Current Liabilities		

NOTE 21. EMPLOYEE ENTITLEMENTS (NON-CURRENT)

	Core Government	Entire Public Sector
Leave entitlements		
Other salary related entitlements		
Total Non-Current Employee Entitlements		

NOTE 22. UNFUNDED PENSION LIABILITY

	Core Government	Entire Public Sector
Defined Benefit Liability		
Defined Contribution Liability		
Total Unfunded Pension Liability		

NOTE 23. BORROWINGS

Maturity profile as at 30 June Year at Book Values (Note not required for forecast financial statements)

	Core Government	Entire Public Sector
Outstanding Debt		
<i>Local Currency Debt</i>		
Not later than one year		
Between one and two years		
Between two and five years		
Later than five Years		
Total Local Currency Debt		
<i>Foreign Currency Debt</i>		
Not later than one year		
Between one and two years		
Between two and five years		
Later than five years		
Total Foreign Currency Debt		
Total Outstanding Debt		
Marketable Securities and Deposits		
<i>Local Currency Marketable Securities and Deposits</i>		
Not later than one year		
Between one and two years		
Between two and five years		
Later than five years		
Total Local Currency Marketable Securities and Deposits		
<i>Foreign Currency Marketable Securities and Deposits</i>		
Not later than one year		
Between one and two years		
Between two and five years		
Later than five years		
Total Foreign Currency Marketable Securities and Deposits		
Total Marketable Securities and Deposits		
Net Public Debt		

NOTE 24. OTHER NON-CURRENT LIABILITIES

	Core Government	Entire Public Sector
Accounts payable		
Unearned revenue		
Provision for coercive revenue repayable		
Provision for licences/ fees repayable		
Provision for restructuring		
Other [list by type if material]		
Total Other Non-Current Liabilities		

NOTE 25. ACCUMULATED SURPLUS

Net worth includes the following discretionary reserves.

	Core Government	Entire Public Sector
Housing Guarantee Reserve Fund		
Environmental Protection Fund		
Infrastructure Development Fund		
[Specify other funds as necessary]		
eral Funds		
Total Accumulated Surplus		

NOTE 26. RECONCILIATION OF OPERATING SURPLUS TO CASH FLOWS FROM OPERATING ACTIVITIES

	Core Government	Entire Public Sector
Operating surplus/(deficit)		
Non-cash movements		
Depreciation		
Increase in provision for doubtful debts		
Increase in payables/accruals		
Personnel		
Subsidies, grants and transfers		
Increase in borrowings		
Net gain/loss from sale of fixed assets		
Net gain/loss from sale of investments		
Increase in other current assets		
Increase in investments due to revaluation		
Increase in receivables		
Net cash flows from operating activities		

NOTE 27. EVENTS OCCURRING AFTER BALANCE DATE [Note only required for annual financial statements]

1. Conditions existing at balance date

(a) Details of events occurring after balance date which provide additional evidence of conditions that existed at balance date or reveal for the first time a condition that existed at balance date and where the financial effect of that event was brought to account: [describe event and financial impact]

(b) Details of events occurring after balance date which provide additional evidence of conditions that existed at balance date or reveal for the first time a condition that existed at balance date and where the financial effect of that event was not brought to account: [describe event and financial impact]

2. Conditions after balance date

Details of events occurring after balance date which do not relate to conditions existing at balance date are as follows: [describe event and financial impact]

NOTE 28. RELATED PARTY DISCLOSURES [Note only required for annual financial statements]

[Note any financial transactions which have occurred between senior government officials, members of Cabinet and any bodies forming part of the reporting entity.]

SECOND SCHEDULE

**FORMAT FOR THE FORECAST FINANCIAL STATEMENTS, THE
QUARTERLY FINANCIAL STATEMENTS AND THE ANNUAL
FINANCIAL STATEMENTS OF PRESCRIBED ENTITIES**

Explanatory Introduction

1. This Schedule prescribes the format for the forecast financial statements, the quarterly financial statements and the annual financial statements of ministries, portfolios, the Audit Office and the Office of the Complaints Commissioner.
2. In applying this format-
 - (a) individual line items on the face of the financial statements included in this Schedule may be omitted if the amounts involved are immaterial;
 - (b) additional line items may be added to the face of the financial statements if disclosure would be improved and the amounts are material;
 - (c) if the information required to be included in any of the Notes to the Financial Statements prescribed by this Schedule is immaterial, the Note, or a line item within a Note may be omitted; and
 - (d) additional Notes to the Financial Statements, or line items within a Note, not included in this Schedule, may be added if disclosure would be improved and the amounts are material.
3. Where the financial statements are forecast financial statements, the heading of each financial statement shall include the word “forecast”, for example “Forecast Operating Statement”, and the text of any financial statements amended to include the word forecast as indicated as follows in the formats: [forecast]
4. Where the financial statements are forecast financial statements, the following column headings shall be used, with the dates of the relevant years inserted, for example 2004/5:

[Budget Year]	[Year before Budget Year]	[Two years before Budget Year]
Forecast	Est. Actual	Actual
\$000	\$000	\$000

5. Where the financial statements are quarterly financial statements, the following column headings shall be used, with the dates of the relevant years inserted, for example 2004/5:

[This Year] Year to Date Actual \$000	[This Year] Year to Date Forecast \$000	[Last Year] Year to Date Actual \$000
--	---	--

6. Where the financial statements are annual financial statements, the following column headings shall be used, with the dates of the relevant years inserted, for example 2004/5:

[Actual This Year] Forecast \$000	[Budget This Year] Est. Actual \$000	[Actual Last Year] Actual \$000
--	--	--

7. In this schedule, all items within square brackets indicate either explanatory instructions or dates or words to be inserted into the format as relevant.

Format for the Financial Statement

STATEMENT OF RESPONSIBILITY FOR [FORECAST] FINANCIAL STATEMENTS

These [forecast] financial statements have been prepared by [name of Portfolio or Ministry] 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 [forecast] financial statements and their compliance with the Public Management and Finance Law (2005 Revision).

To the best of my knowledge the [forecast] financial statements are:

- (a) complete and reliable;
- (b) fairly reflect the [forecast] financial position [as at balance date] and [forecast] financial performance for the [period concerned]; and
- (c) comply with generally accepted accounting practice.

[Signature]
[Name]
Chief Officer
[Ministry or Portfolio Name]
[Date]

**[MINISTRY OR PORTFOLIO NAME]
[FORECAST] OPERATING STATEMENT
FOR [THE YEAR ENDING 30 JUNE [YEAR], THE QUARTER ENDED [XX
MONTH YEAR], THE YEAR ENDED 30 JUNE [YEAR] [whichever is relevant]**

NOTE

Revenue	
Outputs to Cabinet	
Outputs to other government agencies	
Outputs to others	
Interest revenue	
Total Operating Revenue	<u> </u>
Operating Expenses	
Personnel costs	1
Supplies and consumables	2
Depreciation	3
Capital charge	
Other operating expenses	
Total Operating Expenses	<u> </u>
Surplus from Operating Activities	
Gains/losses on foreign exchange transactions	
Gains/losses on disposal or revaluation of non-current assets	
Total Non-Operating Revenue and Expenses	<u> </u>
Surplus before extraordinary items	
Extraordinary items	
Net Surplus or Deficit	<u> </u>

**[MINISTRY OR PORTFOLIO NAME]
STATEMENT OF CHANGES IN NET WORTH
FOR [THE YEAR ENDING 30 JUNE [YEAR], THE QUARTER ENDED [XX
MONTH YEAR], THE YEAR ENDED 30 JUNE [YEAR] which ever is relevant]**

Opening balance net worth	
Net surplus	
Property revaluations	
Investment revaluations	
Net revaluations during the period	
Total recognised revenues and expenses	
Equity investment from Cabinet	
Capital withdrawal by Cabinet	
Repayment of surplus to Cabinet	
Closing balance net worth	<u> </u>

The accounting policies and notes on pages [xx-zz] form part of these [forecast] financial statements.

[MINISTRY OR PORTFOLIO NAME]

**[FORECAST BALANCE SHEET]
AS AT [XX MONTH YEAR]**

	Note	
Current Assets		
Cash and cash equivalents	4	
Accounts receivable	5	
Inventories	6	
Other current assets		
Total Current Assets		
Non-Current Assets		
Property, plant and equipment	7	
Other non-current assets		
Total Non-Current Assets		
Total Assets		
Current Liabilities		
Accounts payable	8	
Unearned revenue		
Employee entitlements	9	
Other current liabilities		
Total Current Liabilities		
Non-Current Liabilities		
Employee entitlements	10	
Other non-current liabilities	11	
Total Non-Current Liabilities		
Total Liabilities		
TOTAL ASSETS LESS TOTAL LIABILITIES		
NET WORTH		
Contributed capital		
Asset revaluation reserve		
Accumulated surpluses		
TOTAL NET WORTH		

The accounting policies and notes on pages [xx-zz] form part of these [forecast] financial statements.

[MINISTRY OR PORTFOLIO NAME]
 [FORECAST] CASH FLOW STATEMENT
 FOR [THE YEAR ENDING 30 JUNE [YEAR], THE QUARTER ENDED [XX
 MONTH YEAR], THE YEAR ENDED 30 JUNE [YEAR] [which
 ever is relevant]

	Note	
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Outputs to Cabinet		
Outputs to other government agencies		
Outputs to others		
Interest received		
Payments		
Personnel costs		
Suppliers		
Other payments		
Net cash flows from operating activities	13	
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of non-current assets		
Proceeds from sale of non-current assets		
Net cash flows from investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Equity investment (where appropriate)		
Repayment of surplus (where appropriate)		
Capital withdrawal (where appropriate)		
Net cash flows from financing activities		
Net increase/(decrease) in cash and cash equivalents		
Cash and cash equivalents at beginning of period		
Cash and cash equivalents at end of period	4	

The accounting policies and notes on pages [xx-zz] form part of these [forecast] financial statements.

[MINISTRY OR PORTFOLIO NAME]
STATEMENT OF COMMITMENTS
AS AT 30 JUNE [YEAR] [Statement only required for annual financial statements]

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

The accounting policies and notes on pages [xx-zz] form part of these [forecast] financial statements.

[MINISTRY OR PORTFOLIO NAME]
STATEMENT OF CONTINGENT LIABILITIES
AS AT 30 JUNE [YEAR] [Statement on required for annual financial statements]

Summary of Quantifiable Contingent Liabilities

	[This Year]	[Last Year]
	\$000	\$000
Legal Proceedings and Disputes		
Item 1 description		
Item 2 description		
Total Legal Proceedings and Disputes	<hr/>	<hr/>
Other Contingent Liabilities		
Item 1 description		
Item 2 description		
Total Other Contingent Liabilities	<hr/>	<hr/>

Summary of Non-Quantifiable Contingent Liabilities

Item 1 description
Item 2 description

The accounting policies and notes on pages [xx-zz] form part of these [forecast] financial statements.

[MINISTRY OR PORTFOLIO NAME]
STATEMENT OF ACCOUNTING POLICIES
FOR [THE YEAR ENDING 30 JUNE [YEAR], THE QUARTER ENDED [XX MONTH YEAR], THE YEAR ENDED 30 JUNE [YEAR] which ever is relevant]

General Accounting Policies

Reporting entity

Basis of preparation

Reporting Period

Specific Accounting Policies

Revenue

Expenses

Assets

Liabilities

Commitments

Contingencies

NOTES TO THE [FORECAST] FINANCIAL STATEMENTS

NOTE 1. PERSONNEL COSTS

Salaries and wages (including employee pension contributions)	
Employer pension expense	
Other personnel costs	
Total Personnel Costs	<hr/> <hr/>

NOTE 2. SUPPLIES AND CONSUMABLES

Supply of goods and services	
Operating lease rentals	
Other	
Total Supplies and Consumables	<hr/> <hr/>

NOTE 3. DEPRECIATION

Buildings	
Vehicles	
Aeroplanes	
Boats	
Furniture and fittings	
Computer hardware and software	
Office equipment	
Other plant and equipment	
Other [list separately if material]	
Total Depreciation	<hr/> <hr/>

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

	Years
Buildings	
Vehicles	
Aeroplanes	
Boats	
Furniture and fittings	
Computer hardware and software	
Office equipment	
Other plant and equipment	
Other (list separately if material)	

NOTE 4. CASH AND CASH EQUIVALENTS

Cash on hand	
Bank accounts	
Deposits with Portfolio Finance and Economics	
Total Cash and Cash Equivalents	<hr/> <hr/>

NOTE 5. ACCOUNTS RECEIVABLE

Outputs to Cabinet	
Outputs to other government agencies	
Outputs to others	
Prepayments	
Interest receivable	
Other Receivables	
Total Gross Accounts Receivable	_____
Less provision for doubtful debts	_____
Total Net Accounts Receivable	_____

NOTE 6. INVENTORIES

Raw Materials and Consumable Stores	
Work in Progress	
Finished Goods	
Total Inventories	_____

NOTE 7. PROPERTY, PLANT AND EQUIPMENT

	Cost or Revalued Amount \$000	Accum. Depreciatio n \$000	[This Year] Book Value \$000	[Last Year] Book Value \$000
Land				
Buildings				
Vehicles				
Aeroplanes				
Boats				
Furniture and fittings				
Computer hardware and software				
Office equipment				
Other plant and equipment				
Construction in progress				
Other assets				
Total	_____	_____	_____	_____

NOTE 8. ACCOUNTS PAYABLE

Trade Creditors	
Operating lease rental	
Accruals	
Total	_____

NOTE 9. EMPLOYEE ENTITLEMENTS (CURRENT)

Leave entitlements	
Other salary related entitlements	
Total	<u> </u>

NOTE 10. EMPLOYEE ENTITLEMENTS (NON-CURRENT)

Leave entitlements	
Other salary related entitlements	
Total	<u> </u>

NOTE 11. OTHER NON-CURRENT LIABILITIES

Provision for entity revenue repayable	
Provision for restructuring	
Accounts payable	
Unearned revenue	
Other [List by type if material]	
Total	<u> </u>

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

Operating surplus/(deficit)	
Non-cash movements	
Depreciation	
Increase in provision for doubtful debts	
Increase in payables/accruals	
Personnel	
Other	
Net gain/loss from sale of fixed assets	
Net gain/loss from sale of investments	
Increase in other current assets	
Increase in receivables	
Net cash flows from operating activities	<u> </u>

NOTE 13. EVENTS OCCURRING AFTER BALANCE DATE [Note only required for annual financial statements]

1. Conditions existing at balance date

(a) Details of events occurring after balance date which provide additional evidence of conditions that existed at balance date or reveal for the first time a condition that existed at balance date and where the financial effect of that event was brought to account: [describe event and financial impact]

(b) Details of events occurring after balance date which provide additional evidence of conditions that existed at balance date or reveal for the first time a condition that existed at balance date and where the financial effect of that event was not brought to account: [describe event and financial impact]

2. Conditions after balance date

Details of events occurring after balance date which do not relate to conditions existing at balance date are as follows: [describe event and financial impact]

NOTE 14. RELATED PARTY DISCLOSURES [Note only required for annual financial statements]

[Note any financial transactions which have occurred between senior government officials, members of Cabinet and any bodies forming part of the EPS reporting entity.]

THIRD SCHEDULE

ACCOUNTING POLICIES FOR THE FINANCIAL STATEMENTS OF THE ENTIRE PUBLIC SECTOR, CORE GOVERNMENT AND PRESCRIBED ENTITIES

PART 1: BASIS AND APPLICATION

Application

These accounting policies in this schedule are to be used by the following reporting entities:

- Entire Public Sector;
- Core Government;
- Ministries and Portfolios (including the Judicial Administration);
- Cayman Islands Audit Office; and
- The Office of the Complaints Commissioner.

Financial information provided to the Portfolio of Finance and Economics by statutory authorities or government companies for incorporation in Core Government or Entire Public Sector reports must also comply with these accounting policies.

Basis of Accounting Policies

The accounting policies specified are based on generally accepted accounting practice as defined in the Public Management and Finance Law (2005 Revision).

Generally accepted accounting practice means:

- International Public Sector Accounting Standards (IPSASs) issued by the International Federation of Accountants (IFAC);
- Where no guidance is provided by those standards, International Accounting Standards issued by the International Accounting Standards Committee; and
- Where no guidance is provided by those standards, accounting practice that is generally accepted within the accounting profession in the United Kingdom as appropriate for reporting in the public sector.

Periodic Review

These accounting policies will be periodically reviewed and updated by the Accountant General to ensure consistency with IPSASs and any other changes in accounting practice.

PART 2: General Accounting Policies

Going Concern

The financial statements are to be prepared on the basis of the going concern assumption. If the going concern assumption is not appropriate for a particular entity because of impending restructuring, a different measurement base may be used and this fact is to be reflected in the statement of accounting policies.

Accrual Accounting

The accrual basis of accounting is to be used.

Measurement Model

The measurement base is historical cost adjusted for the revaluation of certain classes of assets (known as modified historical cost).

Materiality

When items of revenue and expense within surplus or deficit from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the reporting entity for the period, the nature and amount of such items is to be disclosed separately.

External financial reports are to be prepared having due regard to the materiality of the information being provided. In particular, the inclusion of transactions, the levels of disclosure and the effect of an accounting treatment should be considered.

Information is material if it could influence users' decisions taken on the basis of the financial statements. If that information is misstated or if certain information is omitted, the materiality of the misstatement or omission depends on the size and nature of the item in question judged to the particular circumstances of the case.

Items of a similar nature are to be considered in the aggregate as well as individually.

Where a specific disclosure is required as a result of statutory obligations, this disclosure must be made regardless of the materiality of the item.

Assessing Materiality

In determining materiality those responsible for the preparation of financial statements must consider:

- The value of the amount, that is, by how much would the figure have to be inaccurate to distort the users' overall view of the accounts;
- The nature of the information. Does the error affect a figure in the accounts that the users expect to be stated with a high degree of accuracy or which is likely to be of great interest to them? e.g., senior staff remuneration, the audit fee;
- The context of the information. Is the error material because of its implications for other aspects of the accounts? e.g., would the amount result in the reported achievement of a key performance measure when the measure has not been achieved?

In considering whether an item is material because of its value, the item should be assessed in relation to:

- (a) Operating Statement: the amount of the appropriate revenue or expense class.
- (b) Balance Sheet: the amount of the lower of net assets and the appropriate total asset and liability class.

Where an amount in the Balance Sheet affects the Operating Statement, the lower materiality level is appropriate.

The overriding criterion for determining materiality is whether its omission, non-disclosure or misstatement would cause the financial statements to be distorted and of less help to users.

Reporting Entity

The Entire Public Sector reporting entity comprises:

- The Legislative Assembly and the Cabinet (Executive);
- Ministries and Portfolios (including Judicial Administration);
- The Cayman Islands Audit Office;

- The Office of the Complaints Commissioner; and
- Statutory authorities and government companies (fully consolidated).

The Core Government reporting entities comprise:

- The Legislative Assembly and the Cabinet (Executive);
- Ministries and Portfolios (including Judicial Administration);
- The Cayman Islands Audit Office;
- The Office of the Complaints Commissioner; and
- Statutory authorities and government companies (accounted for using the equity method).

In the case of a ministry, portfolio, the Audit Office and Office of the Complaints Commissioner, the reporting entity comprises:

- the core ministry/portfolio/Audit Office/Office of Complaints Commissioner; and
- its departmental sections or units.

The financial statements of each reporting entity are to include all revenues, expenses, assets, and liabilities of the reporting entity. They are not to include any revenues, expenses, assets, and liabilities, which are not controlled by the reporting entity e.g., trust assets or, in the case of a ministry or portfolio, executive financial transactions.

Consolidation of Controlled Entities

The consolidated financial statements of each reporting entity are to include all subsidiary entities in which the reporting entity has a controlling interest.

Controlling interest is to be assessed in accordance with section 6 of the Public Management and Finance Law (2005 Revision) and by applying the concept of control in IPSAS 6 *Consolidated Financial Statements and Accounting for Controlled Entities*.

Entities in which the entity has a controlling interest are to be consolidated using the purchase method of combination in accordance with IPSAS 6 *Consolidated Financial Statements and Accounting for Controlled Entities*. All material transactions and balances between sub-entities are to be eliminated on combination.

Uniform accounting policies are to be applied in the preparation of consolidated financial statements.

All reporting entities are to record details of material transactions (and any resulting balances) between the reporting entity and any other reporting entities within the Core Government/Entire Public Sector reporting entity.

Combination of Associates

Entities over which a reporting entity has significant influence are to be accounted for as an associate using the equity method of accounting in accordance with IPSAS 7 *Accounting for Investments in Associates*.

If an investment is acquired and held exclusively with a view to its disposal in the near future it should be accounted for under the cost method in accordance with IPSAS 7.

Reporting Period

Where the financial statements of any entity incorporated in a financial report have a reporting period other than 1 July to 30 June, that fact shall be disclosed.

Changes in Accounting Policies

Any change in accounting policy is to be disclosed in the notes to the financial statements in accordance with IPSAS 1 *Presentation of Financial Statements*.

PART 3: Revenue

Definition and Recognition of Revenues

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets/equity, other than increases relating to contributions from owners.

Revenues, in accordance with IPSAS 9 *Revenue from Exchange Transactions*, are to be recognised when an increase in future economic benefits related to an increase in an asset or a decrease of a liability has arisen that can be measured reliably.

Revenue received but not yet earned at the end of the reporting period is to be recognised as a liability (unearned revenue).

Where revenue is waived after an amount has become due for payment the revenue is still to be recognised and the amount waived is to be recognised as an expense.

Where revenue is waived before an item has become due for payment the item is not to be recognised as revenue. The amount and nature of revenue waived is to be disclosed in the notes to the financial statements.

Classification of Core Government and Entire Public Sector Revenues

Core Government and Entire Public Sector revenues are to be classified as follows, with further disclosure as appropriate:

- Coercive Revenue
 - Levies on International Trade and Transactions
 - Domestic Levies on Goods and Services
 - Levies on Property
 - Other Levies
 - Fines
 - Other Revenue
- Sale of Goods and Services
- Investment Revenue
- Donations
- Foreign Exchange Gains/Losses
- Gains/Losses on Sale of Assets
- Other.

Classification of Ministry, Portfolio, Audit Office and Office of the Complaints Commissioner Revenues

Revenues of a ministry, portfolio, the Audit Office and Office of the Complaints Commissioner are to be classified as follows, with further disclosure as appropriate:

- Sale of Goods and Services
 - Outputs to Cabinet
 - Outputs to Other Government Agencies
 - Outputs to Others
- Interest Revenue
- Foreign Exchange Gains/Losses

- Gains/Losses on Sale of Assets
- Other Revenue.

Coercive Revenue

Coercive revenue, as defined in the Public Management and Finance Law (2005 Revision), is to be recognised as revenue on the following basis:

COERCIVE REVENUE	REVENUE RECOGNITION POINT
Levies on International Trade and Transactions	
Import Duties	When goods become liable for duty, generally at declaration, prior to release of goods.
<ul style="list-style-type: none"> • Gasoline and Diesel • Alcoholic Beverages • Tobacco Products • Motor Vehicle Duty • Food • Manufactured Goods • Machinery and Transport Equipment • Other Import Duty and Charges 	
Other Levies on International Trade and Transactions	When liability for tax or fee is incurred; date of arrival for cruise ships and date of departure for aircraft.
<ul style="list-style-type: none"> • Cruise Ship Departure Tax • Environmental Protection Fees 	
Domestic Levies on Goods and Services	
Business and Professional Licences	Upon initial application and, if appropriate, when renewed (renewal dates vary).
<ul style="list-style-type: none"> • Work Permit Fees • Traders' Licence • Company Fees • Bank and Trust Licence • Insurance Licences • Mutual Fund Administrators • Partnership Fees • Trust Registration Fees • Liquor Licence • CUC Licence • Cable and Wireless Licence • TV Station Licence 	

• Ship Registration Fees	
• Hotel Licence	
• Other Licences	
• Radio stations	
Other Levies on Goods and Services	When due.
Motor Vehicle Tax	Upon initial application and due date for annual renewal.
Tourist Accommodation Tax	Recognise when monthly return due.
Misc. Stamp Duty	At the time the goods are delivered (on parcels).
Misc. Immigration Fees	Upon application.
Levies on Property	
Land Transfer Duty	At time of transfer of ownership (set fee).
Infrastructure Fund Fee	For non-refundable fees, upon application for planning approval. For refundable fees, once planning approval is granted.
Other Levies	
Court Fines	When fine imposed.
Other Fines	When fine imposed.

Investment Revenue

Interest Revenue

Interest revenue is to be recognised on a time proportional basis, taking into account the interest rates applicable. Interest earned, but not received, is to be accounted for as accrued revenue.

Royalties

Royalties (e.g., for dredging and quarrying) are to be recognised when the royalty payment is due, either annually or monthly as appropriate.

Distributions/Dividends

Distributions or dividends from statutory authorities and government owned companies are to be recognised when the right to receive a distribution/dividend has been established.

Output Revenue/Revenue from Sale of Goods or Services

Output revenue/revenue from sale of goods and services is to be recognised in the Operating Statement of an entity as it is earned.

Revenue is normally earned when outputs are delivered, although reference should also be had to the provisions in any sales agreement or contract.

If an Annual Budget Statement, Service Level Agreement or other output delivery contract does not specify the timing for output delivery, output revenue is to be recognised on a monthly basis as one twelfth of the total amount of the output contract.

Revenue from partially completed services is to be recognised by reference to the stage of completion of contracts or in accordance with the underlying agreement or contract. The stage of completion is determined according to the proportion that costs incurred to date bear to the estimated total costs of completion.

Where user charges (fees and charges) relate to the delivery of an output, the charges are to be accounted for as revenue from outputs to others.

The detailed recognition policies for specific fees and charges are as follows:

REVENUE	REVENUE RECOGNITION POINT
Fees and Charges	
Garbage Fees	When payment is due.
Building Permit Fees	Upon planning approval.
MV Drivers' Licences	Upon initial application and three yearly renewal (when renewed).
Planning Application Fees	Upon application.
Land Registry Fees	On delivery of service.
MV Inspection Fees & Driving	On delivery of service.
Fees of Court	On delivery of service.
Disinsection Fees	On delivery of service.
Mail Terminal Credits	Upon issue of quarterly invoice.
Law School Fees	When due: exam fees and tuition fees (3rd term and 1st week of

Customs Special Attendance	3rd term) On delivery of service: at time of attendance.
Marine Survey Fees	On delivery of service: when certificate is-issued.
MV Licence Plates	At time of transaction: when purchased.
School Fees	When due: beginning of term.
Professional Legal Fees	On delivery of service.
Warehousing	On delivery of service: at declaration, prior to release of goods.
Patents and Trademarks	On initial application for registration of patent and trademark and subsequent renewals.
Cemetery fees	At time of sale.
Sales of Goods	
Postal Stamps	At time of sale.
Sale of Agricultural Supplies & Produce	At time of sale.
Sale of Advertisements	At time of sale.
Other Sales	At time of sale.
Rentals	
Post Boxes/ Franking Machine	Upon initial application (and payment of deposit) and subsequent refills.
School Books and Canteen	At time of transaction.
Other Rentals	At time of transaction.
All other	When earned/delivered.

Donations

Donations (resources received free of charge or for nominal consideration) are to be recognised as revenue (and increases in assets or decreases in liabilities) at time of receipt, provided that the revenue is both measurable and probable.

Donations are to be recognised at fair value.

Where donations are subject to conditions, a liability is to be recognised only when there is an obligation to repay funds because of a failure by the recipient to meet the related conditions. All conditions are to be disclosed in the notes to the financial statements. Where donated assets are restricted to a certain purpose, such restrictions are to be disclosed in the notes to the financial statements (as a note to the relevant class of assets).

Donated services are to be recognised (as revenue and expense) only when the services consist of specialised skills which would have been purchased if not donated. Other donated services are not to be recognised, but disclosure should be made of their nature and fair values (where known).

Where resources received free of charge cannot be reliably measured, details of these resources are to be disclosed in the notes to the financial statements.

Other Revenue

Surplus or Loss on Construction Contracts

Revenue from construction contracts is to be accounted for in accordance with IPSAS 11 *Construction Contracts*.

Contract revenue is to include the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments:

- (a) to the extent that it is probable that they will result in revenue; and
- (b) they are capable of being reliably measured.

Contract costs are to include:

- (a) costs that relate directly to the specific contract;
- (b) costs that are attributable to contract activity in general and can be allocated to the contract on a systematic and rational basis; and
- (c) such other costs as are specifically chargeable to the customer under the terms of the contract.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with a construction contract are to be recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the

reporting date. Any expected deficit on a construction contract is to be recognised as an expense immediately.

When the outcome of a construction contract cannot be estimated reliably:

- revenue is to be recognised only to the extent of contract costs incurred that it is probable will be recoverable; and
- contract costs are to be recognised as an expense in the period in which they are incurred.

An expected or probable deficit on a construction contract is to be recognised as an expense immediately.

Operating Lease Revenue

Rentals on properties and government-owned staff accommodation is to be recognised when the rent is due.

Revenue from the lease of Crown land is to be recognised in the year to which it relates.

Finance Lease Revenue

The recognition of finance lease revenue is to be based on a pattern reflecting a constant periodic rate of return on the lessor's net investment outstanding in respect of the finance lease.

Part 4: Expenses

Definition and Recognition of Expenses

Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in net worth other than those relating to distributions to owners.

Expenses are to be recognised when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that is probable and can be measured reliably.

Expenses are to be recognised when incurred.

Classification of Core Government and Entire Public Sector Expenses

Core Government and Entire Public Sector expenses are to be classified under the following headings, with further disclosure as appropriate:

- Personnel costs (wages, salaries and pension contributions)
- Supplies and consumables
- Depreciation
- Transfer payments
- Other operating
- Borrowing expense
- Losses on disposal or revaluation of assets
- Foreign currency losses.

In addition the Core Government and Entire Public Sector is to provide note disclosure on expenses classified in accordance with the Government Finance Statistics functional classifications:

- General public services
- Defence
- Public order and safety
- Economic affairs
- Environmental protection
- Housing and community amenities
- Health
- Recreation, culture and religion
- Education
- Social protection.

Classification of Ministry, Portfolio, Audit Office and Office of the Complaints Commissioner Expenses

Ministry, portfolio, the Audit Office and Office of the Complaints Commissioner expenses are to be classified under the following headings, with further disclosure as appropriate:

- Personnel costs (Wages, salaries and pension contributions)
- Supplies and consumables
- Depreciation
- Other operating
- Capital charge
- Losses on disposal or revaluation of assets
- Foreign currency losses.

Employee Expenses (Wages, Salaries and Pension Contributions)

The full cost of employees' services is to be recognised as an expense when the expense is incurred. Amounts incurred, but not paid, are to be accrued.

Employee expenses include:

- Gross salaries and wages paid or payable, including all allowances paid or payable;
- Annual leave entitlement incurred during the reporting period;
- Sick leave and other types of leave paid during the period;
- Employee and employer contributions to employee pension plans; and
- Health Insurance premiums.

Leave passages are to be recognised as an expense in the period that the full entitlement becomes due.

In relation to the defined benefit component of the pension plans, and in accordance with IAS 19 *Employee Benefits*, the net total of the following amounts is to be recognised as an expense in the current period:

- Current service cost;
- Interest cost;
- The expected return on plan assets;
- Actuarial gains and losses, to the extent that they are recognised in accordance with IAS 19 (this refers to fluctuations which exceed the limits set out in IAS 19);
- Past service cost, to the extent that it is recognised in accordance with IAS 19;
- The effect of any curtailments or settlements.

In relation to the defined contribution component of the pension plans, and in accordance with IAS 19 *Employee Benefits*, the contribution due to a defined contribution plan in exchange for service provided by employees during the year is to be recognised as an expense.

Supplies and Consumables

Supplies and consumables (including office expenses) are to be recognised when incurred.

Operating lease payments are to be accounted for in accordance with IPSAS 13 *Leases*. Operating lease payments are to be recognised as an expense in the operating statement 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.

Depreciation

All property, plant and equipment (including revalued assets) is to be depreciated.

The depreciation charge for each period is to be recognised as an expense unless it is included in the carrying amount of another asset.

Assets are to be depreciated in accordance with the methods and rates shown below. The default method is the straight-line method. Alternative methods or rates may be used with the approval of the Accountant General.

Leasehold improvements are to be depreciated either over the unexpired period of the lease or the useful lives of the improvements, whichever is the shorter.

<i>Depreciation Methods and Rates</i>		<i>Years</i>
Buildings and structures		
Buildings and structures (default class)	40-60	
Boat shelters		25
Buildings (concrete)	40-60	
Buildings (portable)		12
Buildings (wooden)		40
Carparks		50
Cisterns		50
Communications bunker		20
Covered walkways		25
Cruise ship landings		25
Docks	50	
Driveways		50
Fences		15
Grandstands		50
Heritage buildings		100
Jetties		25

Memorials and monuments		100
Reservoirs		50
Site huts		10
Towers (for floodlights)		25
Turtle Holding Tanks		10
<u>Port specific buildings</u>		
Arrival facility/arrival facility		25
Concrete beacon		15
Dock		50
Lighthouse		15
Port extension		50
Rotunda		25
Seawalls/ retaining walls		25
Terminal ramps		25
Towers		15
Wharf tarmac		20
Building fit-out (when accounted for separately)		
Building fit-out (default class)		20
Air conditioning systems		20
Air conditioning systems (in use 24 hours per day)		12
Alarm systems (fire)		20
Alarms (burglar)		10
Awnings		10
Benches (Outside seating)		10
Blinds, curtains and drapes		8
Carpets		5
Canopy		7
Ceilings (suspended)		20
Flagpoles		25
Guardrails		10
Handrails		25
Hose reels (fire)		25
Hurricane shutters		10
Lifts		25
Light fittings		10
Signs	20	
Signage on dock		5
Smoke detectors		20
Sprinkler systems		25
Computer equipment		
Computer equipment (default class)	3-4	

Backup units (tape type)	3
Cabling (not fiber optic)	10
Mainframe computers	6
Scanners	3
Developed Software	4-10
Office equipment and furniture	
Office equipment (default class)	5
Office furniture (default class)	12
Binding machines	3
Calculators	3
Chairs	9
Cupboards	20
Desks	15
Dictating machines	3
Drafting tables	10
Drawing boards	10
Drinking fountain	15
Facsimile machines	5
Filing cabinets	15
Furniture (fitted)	15
Furniture (loose)	10
Guillotines	8
Intercom systems	8
Microfiche/ Microfilm equipment	8
Monitoring systems	5
PA and paging systems	8
Photocopiers	4
Plan copiers	4
Postal canceling machine	6
Postal franking machines	6
Projectors	4
Radios	5
Reception counters	20
Safes	25
Screens and partitions	15
Security systems (including fire alarm systems)	10
Shelving (fixed)	20
Shredders	8
Tables	15
Telephone systems	6
Telephones (cell/mobile)	3
Telephones (portable)	3
Time recorders	10

Typewriters	5
Water coolers	5
Whiteboards (electronic)	5
Vehicles	
Vehicles (default class)	20
Ambulances	10
Buses (9 – 68 seats)	10
Car	5
Chassis 40 foot	4
Compactor	8
Container handler	12
Diggers (mini)	10
Distributor	12
Dozer	8
Emergency Rescue Unit	12
Excavator	8
Fork lift	8
Forklift	12
Freightliner	3
Grader	8
Loader	8
Motorcycles	5
Pickup truck	4
Pick-ups and utilities	4
Roller	8
Tanker (Grizzly and other)	12
Tractor	12
Tractor	4
Trailers (Boat)	8
Trailers (Other)	8
Trailers (Road marker)	8
Truck (Container)	12
Truck (Crash)	12
Truck (Garbage)	10
Truck tray	5
Van (Dental)	5
Van (Other)	5
Vans (Rescue)	5
Turtle Farm Vehicles	3

Boats and marine equipment

(categories of boats being checked with relevant departments)

Boats and marine equipment (default class)	15
Anchors and chains	15
Boats – medium (23” to 30”)	12
Boats – small (14” and under 22”)	9
Boats (non-steel hulled) 30” and over	20
Boats (steel hulled)	15
Bollards	20
Buoys	20
Diving tanks	10
Dive gear	5
Fire pump	10
Hovercrafts	8
Jetski	5
Liferafts	8
Motor boats	15
Markers	5
Upright poles	15
Marker lights, solar panels and batteries	15
Outboard motors	3
Row boats	15
Sea cushion fenders	10
Seaguard fenders	10
Ship loading and unloading equipment	15
Steel plates for ro ro ramp	25
Tenders	5
Trailers	5
Tugs	25
Cleaning, refuse and recycling	
Cleaning, refuse and recycling equipment (default class)	8
Baling plant (wastepaper)	15
Bins (for glass)	3
Bins (metal, rubbish)	8
Bins (recycling plastic)	3
Bins (rubbish)	3
Incineration plant (rubbish)	15
Skips (metal, rubbish)	8
Refuse station plant	15
Construction and other equipment	
Contractors and builders equipment (default class)	15
Bitumen laying equipment	12
Cable and pipe detectors	8
Chainsaws	3

Compressor	7
Concrete mixers	8
Crane	25
Crushers	12
Fastening guns	20
Floodlights (portable)	5
Isolating transformers	8
Ladders	8
Scaffolding	19
Surveying equipment	5
Tarpaulins	3
Tools (hand and power)	3
Waterblasters	8
Wheelbarrows	3
Telecommunications	
Telecommunication equipment (default class)	5
Antenna	5
Cabling (including fibre optic and copper cabling – land based)	10
Ducts and in-ground conduits	50
Fibre optic repeaters	12
Microwave radio system	7
Radio broadcasting equipment	8
Radio telephone equipment	5
Radios	5
Repeaters, line and network terminating equipment	7
Satellite dishes	7
Telephone equipment	5
Test instruments	5
Towers	20
Two-way radios	5
VHF Paging Transmitter	5
VHF Marine System	7
Books, music, manuscripts, and works of art	
Books	10
Library books, and periodicals (bound, in-house)	10
Library books, and periodicals (bound, law)	10
Library books, and periodicals (bound, public)	5
Library books, and periodicals (bound, school)	5
Library books, and periodicals (bound, scientific)	10
Library books, and periodicals (bound, college)	8
Manuscripts	2
Music	2

Newspapers (where to be held)	2
Periodicals (if to be held but not bound)	2
Textbooks for class use	3
Heritage assets/collection assets	
Museum natural history exhibition	nil
Museum cultural heritage exhibition	nil
Clothing	
Non-protective clothing (default class)	3
Protective clothing (default class)	0
Footwear	0
Lifejackets	4
Parachutes	3
Roads	
Culverts	15
Manholes	30
Signs (road and street signs)	6
Traffic lights	12
Formation works	50
Road structure	20
Drainage works	30
Aeroplanes and airport/aviation equipment	
Aeroplanes (737s)	9-15
Aeroplanes (spraying)	20
Airport runways and turning bay	33
Baggage carts	10
Conveyor belt	15
X ray security system	8
Fire fighting plant and equipment	
Foam tender pump	12
Tanker pump	12
Rescue unit	10
Trailer pump	12
Water and sewage treatment	
Water and sewerage treatment (default class)	50
Cayman Brac Production	15
Lower Valley Production	10
Building	50
Mechanical	15

Electrical	15
Tools & equipment	10
Furniture & fixtures	10
Communication equipment	5
Computers	5
Vehicles	5
Lab equipment	5
Piping	25

Other equipment

Appliances (e.g., microwave, refrigerator)	8
Agricultural and horticultural machinery	15
Audio, video and photographic equipment	5
Cash registers	5
Electronic access arms	15
Electronic gates	10
Electronic scales	8
Lawnmowers	5
Guns	20
Generators (diesel, not standby)	8
Generators (gas and oil)	20
Generators (standby)	20
Generator (solar)	5
Radar navigational equipment	10
Sprayers (backpack)	3
Sprayers (mobile crop)	5
Sprayers (mobile weed)	5
Wooden pallets	10
Workshop equipment	10

Medical and medical laboratory equipment

Medical laboratory plant and equipment (default class)	8
Anesthesia equipment	10
Analysers	8
Audiometers	8
Autoclaves	10
Baths (water)	7
Bedding and linen	3
Beds (Hi-Lo)	10
Beds (standard)	15
Blood warmers	7
Breathing apparatus	10
Centrifuges	8
Chambers (vacuum)	10

Chromatographs	8
Cylinders (gas)	5
Defibrillators	6
Dental chairs	15
Dental units	8
Dialysis machines	8
Diathermy equipment	3
Electrical test meters	8
Electrocardiographs	7
Electrodiagnostic equipment	6
Electronic balances	5
Electrosurgical equipment	3
Fibre optic scopes	3
Fitness equipment	5
Flasks (vacuum)	10
Flow measuring equipment	6
Freezers	10
Fume cabinets	10
Furnaces	15
Furniture	10
Gamma cameras	8
Hoists (for patients)	10
Humidifiers	5
Hydrocollators	10
Incinerators (pathological)	20
Incubators	10
Infusion pumps (and the like)	5
Instruments (hand held)	5
Invalid scooters	8
Irradiation plant	25
Laparoscopic equipment	3
Laser surgical and dental equipment	5
Lighting	12
Linear accelerator/simulator	10
Mannequins and skeletons	10
Microscope equipment	10
Microtomes	10
Operating tables	10
Optical equipment	10
Orthopaedic appliances	3
Oscilloscopes	8
Patient monitoring equipment	6
Physiotherapy equipment	10
Recorders	8

Refrigerators	10
Respiration apparatus	10
Resuscitators	8
Scanners	10
Sluicers	10
Solarium beds and lamps	5
Spectrophotometers	7
Splints	1
Sterilisers	10
Surgical implant instrument sets (orthopedic)	3
Treatment planning system (radiotherapy)	6
Trusses	3
Ultrasonic diagnostic equipment	5
Ultrasonic equipment	8
Vaporisers/absorbers	10
Ventilators	8
Vessels (vacuum)	10
Walking frames	3
Washing decontaminators	8
Weighing equipment (for patients—electronic)	12
Weighing equipment (for patients—mechanical)	20
Wheelchairs (non-powered)	8
Wheelchairs (powered)	6
X-ray cassettes	5
X-ray equipment, processors and viewers	10

Scientific and laboratory equipment

Scientific and laboratory equipment (excluding medical laboratory equipment) (default class)	10
Analysers	8
Autoclaves	8
Baths (water)	10
Calipers	8
Centrifuges	10
Chambers (vacuum)	10
Chromatographs	8
Cylinders (gas)	5
Electrical test meters	8
Electronic balances	8
Flasks (vacuum)	5
Flow measuring equipment	6
Fume cabinets	15
Furnaces	15
Incubators (laboratory)	8

Instruments (hand held)	5
Meteorological equipment	10
Micrometers	8
Microscope equipment	10
Microtomes	10
Navigational equipment	8
Oscilloscopes	8
Recorders	8
Spectrophotometers	8
Sterilisers	8
Surveying equipment	8
Surveying equipment (electronic)	4
Telescopes	10
Ultrasonic equipment	8
Vessels (vacuum)	10
X-ray equipment	10
Tanks and vats	25

Impairment

Impairment is the loss in the service potential or future economic benefits of an asset, over and above the systematic recognition of the loss of an asset's service potential recognised through depreciation. This policy applies to property, plant and equipment.

An impairment loss is to be recognised as an expense in the operating statement for assets carried at cost and as a revaluation decrease for assets carried at revalued amounts.

The following factors are to be used as possible indicators of impairment:

- (a) A change in the extent to which an asset is used;
- (b) A change in the manner in which the asset is used;
- (c) Significant technological development;
- (d) Physical damage;
- (e) A decline in, or cessation of, the demand or need for services provided by the asset;
- (f) A decision to halt the construction of the asset before it is complete or in an usable condition;
- (g) A change in the law, government policy or environment that limits the extent to which the asset can be used; or
- (h) A significant decline in the observable market value of the asset.

If these indicators exist, an impairment test is to be applied.

Impairment tests

Where an asset is held for its ability to generate net cash inflows, impairment is to be measured in accordance with IAS 36 *Impairment of Assets*. Impairment is to be measured by reference to the higher of net selling price and value-in-use (present value of future cash flows).

Where an asset is not held for its ability to generate net cash inflows the observable market value of the asset is to be used in measuring any impairment loss.

Where an asset does not have an observable market value and the asset continues to have utility for the entity, its depreciated replacement cost is to be used in measuring any impairment loss. Where an asset does not have an observable market value and the asset no longer has utility for the entity, or its ability to utilise the asset has been significantly restricted, a disposal value (net selling price) should be used.

Transfer payments

All discretionary transfer payments (including those to individuals, local voluntary organisations, and international organisations and also including gifts and donations) are to be recognised as an expense when approved for payment, unless there is a legally enforceable obligation prior to that date. If there is a legally enforceable obligation prior to the date of payment, the expense is to be recognised at the time the obligation arises.

Ongoing payments for recurrent transfer payments (such as grants and subsidies) are to be recognised when payments are due.

Where a transfer payment is subject to conditions and may be repayable/returnable, the expense is to be recognised in full at the time of payment. An asset (transfer payment receivable) is to be recognised only at the point at which it is probable that the grant conditions will not be met and that the funds/asset will be returned.

Borrowing expense

At the end of each reporting period interest payable/accrued should be recognised as an expense for that period.

Borrowing costs (including interest on bank overdrafts and short and long-term borrowings, amortisation of up front ancillary costs) are to be

recognised as an expense in the reporting period in which they are incurred.

Capital Charge

The capital charge is to be recognised at the end of each reporting period on a straight-line basis.

PART 5: ASSETS

Definition and Recognition of Assets

Assets are resources controlled by an entity as a result of past events and from which future economic benefits or service potential are expected to flow to the entity.

Assets are to be recognised when, and only when:

- It is probable (more likely than less likely) that the future economic benefits or service potential embodied in the asset are to eventuate; and
- The asset possesses a cost or other value that can be measured reliably.

All assets that fulfil the definition and recognition criteria are, subject to materiality, to be recognised in the financial statements.

The threshold for recognising an asset is one thousand dollars. Assets below that amount are to be expensed.

Classification of Core Government and Entire Public Sector Assets

Core Government and Entire Public Sector assets are to be classified under the following headings, with further disclosure as appropriate:

- Current Assets
- Cash and Cash Equivalents
- Marketable securities and deposits
- Accounts Receivable
- Inventories
- Other current assets
- Non-current assets
- Loans
- Other Investments
- Property, Plant and Equipment

- Intangible Assets
- Other non-current assets
- Intangible Assets.

Classification of Ministry, Portfolio, the Audit Office and Office of the Complaints Commissioner Assets

Ministry, Portfolio, the Audit Office and Office of the Complaints Commissioner assets are to be classified under the following headings, with further disclosure as appropriate:

- Current Assets
- Cash and Cash Equivalents
- Accounts Receivable and Accrued Revenue
- Inventories
- Non-current assets
- Property, Plant and Equipment
- Intangible Assets
- Other non-current assets.

Cash and Cash Equivalents

Cash and cash equivalents is to include:

- Cash on hand (cash awaiting banking, cash in transit)
- Bank account balances (including overdrafts)
- Cash equivalents (short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, for example, short term deposits, and deposits at call).

Accounts Receivable and Accrued Revenue

Accounts receivable are to be recognised at the time goods or services, including outputs, are provided, that is, when revenue is earned. The raising of an invoice, assessment or any other obligation to pay usually evidences the recognition of an account receivable.

Amounts invoiced to clients where the entity has not yet provided the goods or services are to be included in accounts receivable but adjusted for unearned revenue in accordance with the policy on unearned revenue.

All accounts receivable are to be recorded at the amounts expected to be ultimately collected in cash.

Bad and Doubtful Debts

All bad debts are to be written-off and an adequate provision is to be made for the doubtful debts.

Bad debts are to be written-off as soon as they are known to be bad. Where the bad debt was previously provided for as a doubtful debt, the bad debt is to be written-off against the provision. Where the bad debt was not previously provided for, the bad debt is to be expensed.

If, at any time, the debt is recovered, the write-off is to be reversed.

Inventories: General

Inventories are to be recognised when title to the goods has passed to the purchaser and there is a legal obligation to pay for the goods. For goods in transit the exact point at which ownership passes will depend upon the standard contract terms.

Inventories are to be measured at the lower of cost and net realisable value (NRV) on an item-by-item or group basis.

When inventories are sold or consumed, the carrying amount of those inventories is to be recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value (due to obsolescence, damage etc) and all losses of inventories are to be recognised as an expense in the period the write down or loss occurs.

Costs are to be assigned to inventories using specific identification or FIFO as appropriate.

Inventories: Definition

Inventories encompass goods purchased and held for resale including, for example, merchandise purchased by an entity and held for resale, or land and other property held for sale. Inventories also encompass finished goods produced, or work in progress being produced, by the entity. Inventories also include materials and supplies awaiting use in

the production process and goods purchased or produced by an entity, which are for distribution to other parties for no charge or for a nominal charge

Inventories: Work in Progress

Work in progress is to be measured at the lower of cost and net realisable value.

Where work in progress of an entity relates to the provision of non-capital outputs, work in progress is to be determined on the basis of costs to date based on the stage of completion of the output.

Inventories: Capital Work in Progress

Expenditure incurred on capital work in progress is to be recognised as an asset and classified as non-current.

Capital work in progress is to be measured at the lower of cost and net realisable value.

Capital work in progress that is completed and commissioned and held ready for use is to be transferred to the appropriate non-current physical asset category and depreciated accordingly.

The cost of self-constructed assets is to be determined in accordance with IPSAS 17 *Property, Plant and Equipment*. Refer also to the policy for Property, Plant and Equipment.

Borrowing costs are to be recognised as an expense in the reporting period in which they are incurred.

Inventories: Construction Contracts

Where work in progress relates to a construction contract the construction work in progress is to be accounted for in accordance with IPSAS 11 *Construction Contracts*.

The cost of construction work in progress is to include:

- (a) Costs that relate directly to the specific contract;
- (b) Costs that are attributable to contract activity in general and can be allocated to the

contract on a systematic and rational basis;
and

(c) Such other costs as are specifically chargeable to the customer under the terms of the contract.

The gross amount due from customers for contract work is to be recognised as an asset.

The gross amount due to customers for contract work is to be recognised as a liability.

The revenue and expenses associated with a construction contract are to be recognised in accordance with the policy on Surplus or Loss on Construction Contracts.

Inventories: Agricultural Crops and Livestock

Agricultural crops and livestock are to be accounted for in accordance with IAS 41 *Agriculture*.

A biological asset is to be recognised when:

- (a) It is probable that future economic benefits associated with the asset will flow to the enterprise; and
- (b) The cost or fair value of the asset can be measured reliably.

Biological assets should be measured at each balance sheet date at their fair value.

The change in fair value of biological assets during a period should be recognised in net profit or loss for the period as part of profit or loss from operating activities.

Costs of producing and harvesting biological assets should be charged to expense when incurred. Costs that increase the number of units of biological assets owned or controlled by the enterprise are added to the carrying amount of the asset.

Agricultural produce should be recognised as a separate asset at the point of harvest, at which time the agricultural produce is removed from the enterprise's biological assets.

Agricultural produce derived from an enterprise's own biological assets should be measured at fair value in its harvested state at the point of harvest. Such measurement is deemed to be the cost when applying IPSAS 12 *Inventories*, or other applicable accounting policies.

The net change in fair value between the last balance sheet date and the point of harvest should be included in determining that period's profit or loss from operating activities.

In accordance with IAS 41 *Agriculture*, an entity should present a reconciliation of the changes in the carrying amount of each group of biological assets between the beginning and the end of the current financial reporting period.

Inventories: Marl and Gravel

Stocks of marl and gravel that have been extracted by the reporting entity are to be recognised as inventories at the earliest stage at which materials representing saleable product have been extracted and the quantities of such materials can be determined reliably.

The recognition of economically recoverable reserves as assets is to be subject to the general asset recognition policy.

All pre-production costs involved in locating marl or gravel are to be written-off.

Sales revenue is to be recognised when, and only when, the marl and gravel is in a saleable form and there is a clear agreement to purchase the marl and gravel.

Any liability for restoration costs is to be recognised as a liability in accordance with IPSAS 19 *Provisions, Contingent Liabilities and Contingent Assets*.

Inventories: Bullion

Gold and silver bullion (held for numismatic purposes) is to be valued at the lower of cost or market value.

Inventories: Unissued Currency

Unissued currency is to be valued at the cost of production, which includes all of the costs incurred in bring it to its present location and condition.

Inventories: Postal stamps

Unissued stamps are to be valued at the cost of production, which includes all of the costs incurred in bring it to its present location and condition.

Prepayments

The portion of expenditure paid in advance of receiving services is to be recognised as a prepayment. Subject to materiality, prepayments may be classified as accounts receivable for purposes of presentation on the face of the published financial statements. Separate note disclosure of prepayments (if material) is required.

Investments: Loans and Advances

Loans and advances provided to other entities or individuals are to be recognised as assets. They are to be valued at the lower of the balance owed or the amount that is expected to be recovered.

Where recovery of a loan or advance is doubtful, the receivable is to be treated in accordance with the policy on bad and doubtful debts.

Loans or advances provided at concessionary rates to related parties are to be disclosed in accordance with the policy on related party disclosures.

All loans or advances are to be initially recorded at the full face value of the amount advanced (classified as current or non-current as appropriate).

Principal amounts received are to be offset against the amount receivable.

The interest portion of the repayment is to be recognised as interest revenue. Both interest receivable (where interest is due) and accrued interest (where payment is not yet due but a portion of the next payment has been earned) at the end of the period are to be recognised. Interest

revenue is to be recognised in accordance with the policy on interest revenue.

Any repayment waived is to be written off the recorded amount of the loan/advance and recognised as an expense in that reporting period.

Investments: Marketable Securities

Investments held as current assets are to be carried at the lower of cost or market value. When reliable measurements of market value are available, these are to be disclosed in the notes to the financial statements. Where market value is not known, this fact is to be disclosed.

Marketable securities that are held for trading purposes are to be recorded at net current value.

Where there has been a decline, other than temporary, in the value of a non-current asset, the carrying amount of the investment is to be reduced and the decline is to be recognised as an expense in the operating statement for that reporting period.

Investments: Other Investments

Other investments are to be recorded at the lower of cost and net current value. Investments that are held for hedging purposes are to be recorded on the same basis as the item being hedged.

Property, Plant and Equipment

Property, plant and equipment includes:

- Land
- Buildings
- Leasehold improvements
- Furniture and fittings
- Office equipment
- Motor vehicles
- Infrastructure assets
- Heritage assets (including monuments)
- Library assets
- Other plant and equipment.

Items of property, plant and equipment, meeting the recognition criteria for assets, with a value of greater than one thousand dollars are to be capitalised and depreciated in accordance with IPSAS 17 *Property, Plant and Equipment*.

Cost

Items of property, plant and equipment are to be initially recorded at cost.

Where an item's cost cannot be determined, or is not reliable, it is to be recorded at its fair value as at the date it is first recognised as an asset in the financial statements.

The cost of an item of property, plant and equipment is to include:

- The purchase price (including import duties and less trade discounts and rebates)
- The directly attributable costs of bringing the asset to working condition for its intended use (including the cost of site preparation, initial delivery and handling costs, installation costs, professional fees such as for architects and engineers and the estimated cost of dismantling the asset and restoring the site if required).

When payment for an item of property, plant and equipment is deferred beyond normal credit terms, its cost is to be recorded as the cash price equivalent; the difference between this amount and the total payments is to be recognized as interest expense over the period of credit.

Self constructed plant and equipment is to be accounted for in accordance with IPSAS 17 *Property, Plant and Equipment* as follows:

- The cost of materials, labour and other inputs used during the construction process is to be obtained from transactions with parties external to the entity;
- The cost of abnormal amounts of wasted material, labour or other resources is not to be included in the cost of the asset; and
- Administration and other general overhead costs are not to be included unless they can be directly attributed to the construction of the asset or bringing it to its working condition.

Following acquisition

Subsequent to the year of acquisition, property, plant and equipment is to be accounted for in accordance with IPSAS 17 *Property, Plant and Equipment* as follows:

- In subsequent reporting periods, recorded at cost (less any accumulated depreciation and any accumulated impairment loss) or

revalued amount (fair value at date of revaluation less any subsequent accumulated depreciation and any accumulated impairment loss);

- Depreciated in accordance with the policy on depreciation;
- Reviewed regularly for evidence of impairment in accordance with the policy on impairment;
- Subsequent expenditure is to be capitalised only when it is probable that future economic benefits or service potential over the total life of the asset (in excess of the most recently assessed standard of performance of the existing asset), will flow to the entity. All other subsequent disbursements are to be recognised as expenses in the period in which they are incurred; and
- Gains or losses arising from the retirement or disposal of an item of property are to be accounted for in accordance with the policy on gains and losses on disposal of non-current assets.

Revaluation

Land, buildings, leasehold improvements and infrastructure are to be revalued every five years. Other assets are not to be revalued. Revaluations are to be accounted for in accordance with IPSAS 17 *Property, Plant and Equipment* as follows:

- Entire classes of assets are to be revalued;
- Revaluations are to be made with sufficient regularity that the carrying amount does not differ from that which would be determined using fair value at the balance date. Three to five years will generally be sufficient unless the class of assets experiences significant movements in fair value;
- Valuations are to be undertaken by a member of the valuation profession;
- Where no market value exists, value is to be assessed in relation to other similar assets or depreciated replacement cost;
- Any accumulated depreciation in respect of the class of assets is to first be credited to the assets to which it relates;
- A revaluation increase for a class of assets is to be directly credited to an asset revaluation reserve (except that a revaluation increase is to be recognised as revenue to the extent that it reverses a revaluation decrease of the same class of assets previously recognised as an expense);
- A revaluation decrease for a class of assets is to be recognised as an expense (although a decrease may be charged directly against any related revaluation surplus to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same class of assets); and

- Revaluation increases and decreases relating to individual assets within a class of property, plant and equipment are to be offset against one another within that class but must not be offset in respect of assets in different classes.

In determining the fair value of an asset, the valuation standards of the Royal Institution of Chartered Survey (Manual of Valuation Practices) are to be applied.

The initial recognition of an item of property, plant and equipment at its fair value, in the absence of a determinable or reliable cost, does not constitute a revaluation.

Property, Plant and Equipment: Library Assets

Library books, text books, magazines and audio/visual material are to be capitalised and accounted for at cost less accumulated depreciation and accumulated impairment losses in accordance with IPSAS 17 *Property, Plant and Equipment*.

Property, Plant and Equipment: Heritage assets

Heritage assets are assets which cultural, environmental or historical significance.

Heritage assets (including monuments) which have a market value or determinable value and which meet the definition and recognition criteria for assets are to be recognised and accounted for in accordance with IPSAS 17 *Property, Plant and Equipment*.

Where the service potential of a collection asset does not decline over time it is not to be depreciated.

Heritage assets which do not meet the definition and recognition criteria for assets should be not be recognised in the balance sheet but should be disclosed in the notes to the financial statements in accordance with the policy on assets not recognised.

Heritage assets do not meet the criteria for recognition when they do not have a reliable cost or reliable fair value.

Property, Plant and Equipment: Infrastructure Assets

Infrastructure assets are assets that comprise public utilities and which provide essential services and enhance the productive capacity of the economy. Infrastructure assets include:

- Roads and sidewalks; and
- Water supply and sewerage.

Infrastructure assets are to be accounted for in accordance with IPSAS 17 *Property, Plant and Equipment*.

Each component of an infrastructure asset with a materially different useful life from other components is to be accounted for as a separate asset and depreciated over its useful life.

Initial cost is the cost of construction. Where initial cost of construction is not known, refer to the policies for determining opening balances.

Land underneath or alongside roads is valued using the opportunity cost based on adjacent use, as an approximation to net current value.

Property, Plant and Equipment: Collection Assets

Collection assets are to be capitalised and accounted for at cost (or fair value) less accumulated depreciation and accumulated impairment losses in accordance with IPSAS 17 *Property, Plant and Equipment*. Where the service potential of a collection asset does not decline over time it is not to be depreciated.

Leased Assets

Assets acquired under finance leases are to be accounted for in accordance with IPSAS 13 *Leases*. They are to be recognised as assets. The associated lease obligations are to be recognised as liabilities. Leased assets are to be depreciated in the same manner as other similar assets owned by the entity.

The assets (and liabilities) are to be recognised at amounts equal at the inception of the lease to the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

In calculating the present value of the minimum lease payments, the discount factor is the interest rate implicit in the lease, if this is

practicable to determine; if not, the lessee's incremental borrowing rate should be used.

Assets leased by way of operating lease are to be accounted for in accordance with IPSAS 13 *Leases* and the policy on consumables and supplies.

Sale and Leaseback Transactions

Sale and leaseback transactions are to be accounted for in accordance with IPSAS 13 *Leases*.

If a sale and leaseback transaction results in a finance lease, any excess of sales proceeds over the carrying amount is to be deferred and amortised over the lease term. It is not to be immediately recognised as revenue in the financial statements of a seller-lessee.

If a sale and leaseback transaction results in an operating lease, and it is clear that the transaction is established at fair value, any gain or loss should be recognised immediately.

If the sale price is below fair value, any gain or loss should be recognised immediately except that, if the loss is compensated by future lease payments at below market price, it should be deferred and amortised in proportion to the lease payments over the period for which the asset is expected to be used.

If the sale price is above fair value, the excess over fair value should be deferred and amortised over the period for which the asset is expected to be used.

For operating leases, if the fair value at the time of a sale and leaseback transaction is less than the carrying amount of the asset, a loss equal to the amount of the difference between the carrying amount and fair value is to be recognised immediately.

Computer Hardware and Software

Computer hardware and software (purchased or developed internally) that meet the criteria for recognition are to be recorded at cost, which is equal to the purchase price, including installation costs.

Training costs are to be expensed as they are incurred. Maintenance costs are to be expensed as incurred except to the extent that the expenditure improves or significantly enhances the functionality of the asset.

One-off software licence fees are to be capitalised (subject to the fee meeting the definition and recognition criteria for an asset). Yearly licence fees are to be expensed in the year of payment, taking into account any prepaid portion, in accordance with the policy on prepayments.

Computer equipment is to be depreciated in accordance with the policy on depreciation.

Intangible Assets

All intangible assets meeting the criteria for recognition in IAS 38 *Intangible Assets* are to be recognised at cost. The criteria are:

- It is probable that the future economic benefits that are attributable to the asset will flow to the entity; and
- The cost of the asset can be measured reliably.

Expenditure on the research phase of generation is to be recognised as an expense.

Expenditure on the development phase of generation is to be recognised as an asset when, and only when the entity can demonstrate:

- (a) The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) Its intention to complete the intangible asset and use or sell it;
- (c) Its ability to use or sell the intangible asset;
- (d) How the asset will generate probable future economic benefits or service potential;
- (e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) Its ability to measure the expenditure attributable to the intangible asset during its development reliably.

The cost of an internally generated intangible asset is to include all expenditure that can be directly attributed, or allocated on a reasonable and consistent basis, to creating, producing and preparing the asset for its intended use.

Overheads are to be included in the cost of the asset but only to the extent that they are necessary to generate the asset and that can be allocated on a reasonable and consistent basis to the asset.

Internally generated goodwill, brands, mastheads, publishing titles, customer lists and similar items are not to be recognised.

In subsequent periods intangible assets are to be recognised at cost, less any accumulated amortisation and any accumulated impairment losses.

Amortisation policies are to be reviewed annually.

Information on intangible assets not recognised in the balance sheet is to be disclosed in the notes to the financial statements in accordance with the policy on assets not recognised.

Contingent Assets

Contingent assets are to be accounted for in accordance with IPSAS 19 and accordingly are not to be recognised.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise.

Where an inflow of economic benefits is probable, a brief description of the nature of the contingent assets at the balance date, and an estimate of their financial effect, is to be disclosed in the notes to the financial statements.

PART 6: LIABILITIES

Definition and Recognition of Liabilities

Liabilities are present obligations of an entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits or service potential.

Liabilities are to be recognised when and only when:

- It is probable (more likely than less likely) that an outflow of resources embodying economic benefits will result from the settlement of a present obligation; and
- The amount of the outflow can be measured reliably.

Liabilities that fulfil the definition and recognition criteria specified above are, subject to materiality, to be recognised in the financial statements.

Classification of Core Government and Entire Public Sector Liabilities

Core Government and Entire Public Sector liabilities are to be classified under the following subheadings with further disclosure as appropriate.

- Current Liabilities
- Accounts Payable
- Unearned Revenue
- Employee Entitlements
- Other Current Liabilities
- Non-Current Liabilities
- Employee Entitlements
- Pension Liabilities
- Borrowings
- Currency Issued
- Other Non-Current Liabilities.

Classification of Ministry, Portfolio, the Audit Office and Office of the Complaints Commissioner Liabilities

Ministry, Portfolio, the Audit Office and Office of the Complaints Commissioner liabilities are to be classified under the following subheadings with further disclosure as appropriate:

- Current Liabilities
- Accounts Payable
- Unearned Revenue
- Employee Entitlements
- Other Current Liabilities
- Non-Current Liabilities
- Employee Entitlements
- Portion of current liabilities
- Other Non-Current Liabilities.

Accounts Payable and Accrued Expenses

Accounts Payable (Creditors) are to be recorded at the amount owing after allowing for credit notes and other adjustments.

Adjustments for expenses already incurred but for which no transaction has been recorded are to be made at end of each reporting period.

Provisions

Provisions are to be accounted for in accordance with IPSAS 19 *Provisions, Contingent Liabilities and Contingent Assets*.

A provision is to be recognised as a liability when, and only when:

- An entity has a present obligation (legal or constructive) as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- A reliable estimate can be made of the amount.

Provisions are to be recorded at the best estimate of the expenditure required to settle the present obligation at the reporting date.

The best estimate is to be determined using:

- Judgement of management;
- Experience with similar transactions;
- Reports from independent experts;
- Any additional evidence provided by events after the reporting date.

Uncertainty regarding possible outcomes is to be dealt with by using expected values.

Provisions are to be classified as other non-current liabilities (or current liabilities as appropriate).

Employee Entitlements

Salaries and wages are to be recognised as the expense is incurred. A liability for amounts incurred, but not paid, is to be accrued at the end of the reporting period.

Annual leave due, but not taken, is to be recognised as a liability. It is to be calculated on the basis of leave owing to each employee (including any time in lieu) and is to be based on the individual employee's current salary.

The calculation of the annual leave liability is to be based on the leave records of all employees using current salary rates.

Where employees have taken more leave than their entitlement at the end of the reporting period, a negative liability is to be recorded for those employees.

Accrued annual leave that must be taken within the following year is to be classified as a current liability. Accrued annual leave that may be taken after the following year is to be classified as a non-current liability.

Leave passages are to be recognised at the point that the employee becomes entitled to them.

No liability or expense is to be recognised in relation to sick leave and compassionate leave until the time of absence because the employee's services gives rise to no obligation until that time.

Unearned Revenue

Unearned revenue is to be recognised as a liability in the reporting period that it is received and as revenue in the period when the relevant goods or services are supplied.

Pension Liability: Defined Benefit (Core Government and Entire Public Sector only)

The pension liability arising in respect of the defined benefit portion of the pension plans is to be accounted for in accordance with IAS 19 *Employee Benefits*.

The amount recognised as a defined benefit liability is to be the net of the following amounts:

- The present value of the defined benefit obligation as at the balance sheet date;
- Plus any actuarial gains (less any actuarial losses) not recognised as income or expense;
- Minus any past service cost not yet recognised as an expense; and
- Minus the fair value at the balance date of plan assets out of which the obligations are to be settled directly.

Pension Liability: Defined Contribution (Core Government and Entire Public Sector only)

The pension liability arising in respect of the defined contribution portion of the pension plans is to be accounted for in accordance with IAS 19 *Employee Benefits*.

A liability for contributions payable to a defined contribution plan is recognised only if the contribution paid during the period is less than contribution required. Otherwise no liability is to be recognised.

If the contribution already paid exceeds the contribution due for service before the end of the reporting period, an asset (prepayment) should be recognised, to the extent that such prepayments will lead to a reduction in future payments or a cash refund.

Borrowings

All borrowings are to be recognised as a liability when the obligation is established.

Borrowings are to be measured at their book value (equal to their nominal value).

Currency Issued

Currency issued for circulation, including demonetised currency, is to be recognised at face value as it constitutes a liability in favour of the holder. No liability for redeeming the value of numismatic coins is to be recognised.

Unissued currency is to be reported as inventory (at cost of production).

Finance Lease Liabilities

Finance leases are to be accounted for in accordance with IPSAS 13 *Leases* and the policy on leased assets.

Lease payments are to be apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is to be allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Commitments

Commitments are to be recorded in the Statement of Commitments at the value of the obligation. A commitment is a firm intention at the end of the reporting period to incur a future obligation for the purchase or construction of a capital asset, which will give rise to a future payment or sacrifice of economic benefits.

Contingent Liabilities (including Guarantees)

Contingent Liabilities are to be accounted for in accordance with IPSAS 19 *Provisions, Contingent Liabilities and Contingent Assets*, and accordingly are to be recognised as liabilities when they are probable.

The nature and an estimate of the financial effect of contingent liabilities is to be disclosed in the Statement of Contingent Liabilities.

If the information or evidence available is insufficient to reliably estimate the amount of the contingency, this fact, along with the contingency's nature and existence is to be disclosed in the notes to the Statement of Contingent Liabilities.

Part 7: NET WORTH

Composition of Net Worth

The net worth portion of the balance sheet is to separately disclose the following:

- Contributed capital (where relevant)
- Accumulated surplus/deficit
- Asset revaluation reserve

The accumulated surplus/deficit of the Core Government and Entire Public Sector is to be further classified as:

- Housing Guarantee Reserve Fund;
- Environmental Protection Fund;
- Infrastructure Development Fund;
- Other Funds as necessary; and
- General Funds.

Contributed Capital

Equity investments or capital withdrawals are to be credited or debited against contributed capital.

Any return of surplus from operations for the year is to be recorded as a distribution of surplus rather than as a reduction of contributed capital.

Accumulated Surplus and Deficit

The accumulated surplus or deficit is to report the accumulated undistributed surpluses or deficits derived in each reporting period.

Asset Revaluation Reserve

Where assets are revalued in accordance with the policy on revaluation of assets, an asset revaluation reserve is to be established.

Revaluation increments are to be credited directly to an asset revaluation reserve, except that to the extent that such an increment reverses a revaluation increment previously charged to the operating statement in respect of that same class, in which case it is to be credited to the operating statement.

Revaluation decrements are to be debited to the operating statement, except that to the extent that such a decrement reverses a previous increment previously credited to, and still included in an asset revaluation reserve, in respect of that same class of assets, it is to be debited directly to the revaluation reserve.

PART 8: OTHER POLICIES

General Presentation and Disclosure

The presentation (classification) and disclosure of items is to be in accordance with the specific accounting standards adopted.

Extraordinary Items

The nature and the amount of each extraordinary item are to be separately disclosed. Extraordinary items are revenue or expenses that arise from events or transactions that are clearly distinct from the ordinary activities of the reporting entity, are not expected to recur frequently or regularly and are outside the control or influence of the reporting entity.

Gains and Losses on Disposal of Non-current Assets

Gains and losses on disposal of non-current assets are to be recognised when control passes to the purchaser.

When a non-current asset is retired or disposed of, the difference between its carrying amount (its historical cost or other value less any accumulated depreciation), and any net amount of proceeds on disposal is to be recognised at the time of disposal as a gain or loss on disposal.

Amounts appearing in the asset revaluation reserve relating to an asset that is disposed of are to be transferred directly from the asset revaluation reserve to the accumulated surplus/(deficit).

The gain or loss on disposal of a previously revalued non-current asset is to be measured as the difference between the carrying amount of the revalued asset as at the time of disposal and the net proceeds (if any) from disposal.

If a non-current asset has been retired from active use and/or is held for disposal and is not expected to realise its carrying amount, the carrying amount is to be reduced to its net realisable value with the difference treated as a revaluation decrement.

Revenues and expenses arising from the sale or disposal of non-current assets are to be disclosed in the operating statement on a net basis.

Assets and Liabilities Transferred

When an asset is transferred, the entity transferring the asset is to show the transaction as a withdrawal of capital. The entity receiving the asset is to show the transaction as an equity investment.

When a liability is transferred, the entity transferring the liability is to show the transaction as an equity investment. The entity receiving the liability is to show the transaction as a withdrawal of capital.

Any gain or loss on transfer (resulting from the transfer at an amount different to the net carrying amount) is to be recognised as revenue or expense.

Assets and Liabilities Not Recognised

Where assets and liabilities are not recognised in the financial statements because they do not meet the recognition criteria (e.g., unidentifiable financial assets) details of these items may nonetheless be disclosed in the notes to the financial statements.

Where a specific policy requires separate disclosure of assets and liabilities not recognised (e.g., contingent liabilities), then the requirements of that specific policy are to be followed.

Events After Reporting Date

In accordance with IPSAS 14 *Events After the Reporting Date*, the amounts recognised in the financial statements are to be adjusted to reflect adjusting events after the reporting (balance) date. Adjusting events are those that provide evidence of conditions that existed at the reporting date.

The amounts recognised in the financial statements are not to be adjusted to reflect non-adjusting events after the reporting date. Non-adjusting events are those that are indicative of conditions that arose after the reporting date.

Where non-adjusting events are of such importance that non-disclosure would affect the ability of the users of the financial statements to make proper evaluations and decisions, the following information is to be disclosed:

- The nature of the event; and
- An estimate of its financial effect, or a statement that such an estimate cannot be made.

Cost accounting policies

The method used to allocate input costs to outputs is to be:

- Documented;
- Disclosed in the accounting policies of the entity; and
- Applied consistently from one reporting period to the next.

Comparatives

Where there is any change of format or presentation from one reporting period to the next, comparatives should be restated, and that fact should

be disclosed in the notes to the financial statements together with any explanation necessary for the reader to understand the changes that have occurred.

Related Party Disclosures

The following related party relationships and transactions are to be disclosed in accordance with IPSAS 20 *Related Party Disclosures*:

- Related party relationships where control exists, regardless of whether there have been transactions between the related parties;
- Transactions between related parties including the nature of the relationship, the type of transaction and the elements of the transactions necessary for an understanding of the financial statements.

No disclosure is required of transactions between:

- Ministries, portfolios, the Audit Office, the Office of the Complaints Commissioner statutory authorities and government owned companies acting in the course of their normal dealings;
- Customers with whom an entity transacts a significant volume of business are not related merely by virtue of the resulting economic dependence. This exclusion applies to private sector or not-for-profit agencies that are dependent upon government funding.

Related parties include key management personnel. Any transaction between a chief officer of an entity and the entity is therefore a related party transaction.

Foreign Currency

Foreign currency transactions are to be measured and recorded in Cayman Island dollars using the exchange rate in effect at the date of the transaction.

Where short-term transactions are covered by a forward exchange contract, the forward rates specified in those contracts are to be used to translate the transactions into Cayman Island dollars. Gains or losses on foreign currency forward contracts are to be separately disclosed.

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

- Foreign currency monetary items are to be reported in Cayman Island dollars using the closing rate;

- Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are to be reported in Cayman Island 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 to be reported using the exchange rates that existed when the fair values were determined.

Foreign currency monetary items include borrowings denominated in foreign dollars and amounts owed for overseas purchases where the account is to be settled in another currency.

Exchange differences (apart from the two exceptions listed below) arising on the settlement of monetary items, or on reporting monetary items at rates different from those at which they were initially recorded or reported, are to be recognised as revenue or expenses in the period in which they arise.

The two exceptions are:

- Exchange differences arising on a monetary item that, in substance, forms part of an entity's net investment in a foreign entity; and
- Exchange differences arising on a foreign currency liability accounted for as a hedge of an entity's net investment in a foreign entity.

These two forms of exchange differences are to be taken directly to the balance sheet and classified as net worth until the disposal of the net investment, at which time they should be recognised as revenue or expenses.

The foreign currency transactions and balances of integral foreign operations are to be accounted for in the same way as those of the reporting entity.

FOURTH SCHEDULE

ACCOUNTING POLICIES FOR OPENING BALANCE SHEET VALUES FOR THE ENTIRE PUBLIC SECTOR, CORE GOVERNMENT AND PRESCRIBED ENTITIES

1 INTRODUCTION

The purpose of this schedule is to:

- Establish the criteria to be used in classifying executive assets and liabilities;
- Establish the valuation policies for the opening balance sheet; and
- Establish the procedures to be followed in obtaining and documenting the existence of opening balances and their values.

It is to be read in conjunction with the Third Schedule: Accounting Policies for the Financial Statements of the Entire Public Sector, Core Government and Ministries and Portfolios.

2 EXECUTIVE ASSETS AND LIABILITIES

Executive resources (including assets and liabilities) are to be recognised in the core government and entire public sector financial statements only.

Entity resources (including assets and liabilities) are to be recorded in the financial statements of the relevant ministry and portfolio.

Executive assets are those assets that are controlled by the Governor in Cabinet. Any accounts receivable associated with executive revenues (e.g., receivables associated with coercive revenue) are also an executive asset. Executive assets do not include those assets used by ministries and portfolios in the production of their outputs.

Executive liabilities are those liabilities that are controlled by the Governor in Cabinet or that do not relate to the output production activities of a ministry or portfolio. They include state liabilities that relate to the government as a whole rather than a specific entity.

Entity resources are the revenues, expenses, assets and liabilities under the control of a ministry, portfolio, the Audit Office, the Office of the Complaints Commissioner, statutory authority or government-owned company.

The key criterion in distinguishing between executive and entity resources is who controls (and is accountable for) the asset/liability.

The implications of this distinction for the opening balance sheet are:

- All assets and liabilities need to be classified as either executive or entity;
- All revenue and expenses need to be classified as either executive or entity because the receivables and payables (e.g., transfers payable) associated with revenues and expenses will be located on the relevant executive or entity balance sheet.

Executive assets include:

- Crown land;
- Roads and sidewalks (including roads under construction);
- Accounts receivable relating to coercive revenue;
- Loans (excluding those made by statutory authorities and government companies);
- Investments (excluding those made by statutory authorities and government companies);
- The equity investment of the Government in ministries, portfolios, statutory authorities and government companies;
- Marine reserves;
- Cemeteries;
- Civic Centres;
- Community halls;
- The Legislative Assembly building;
- The Governor's residence; and
- Monuments.

Executive liabilities include:

- Borrowings;
- Unfunded pension liability for defined benefit plans;
- Unfunded pension liability for defined contribution plans;
- Accounts payable relating to executive expenses (e.g., interest payable on borrowings); and
- Transfers payable.

3 OPENING BALANCES VALUATION POLICIES: ASSETS

Cash and Cash Equivalents

Record at nominal value.

Accounts Receivable and Accrued Revenue

Record at net realisable value – the amount expected to be ultimately collected in cash. Where an individual receivable is known to be bad (that is unlikely to be collected) the receivable is not to be included on the opening balance sheet. Where a category of receivables may still be collected but there is uncertainty as to whether the total amount will be collected (either because of individuals defaulting or paying less than the total amount owed) the receivables are to be recorded gross and a provision for doubtful debts established.

Inventories

General

Inventories are to be measured at the lower of cost or net realisable value (NRV).

Where the cost of inventories is not known, inventories are to be measured at net realisable value (NRV) on an item-by-item or group basis.

Net realisable value

Net realisable value is to be determined taking account of likely sale proceeds less costs of disposal.

Where inventories do not have any determinable net realisable value (because they are held for use within the public sector only) replacement cost is to be used as a proxy for net realisable value.

Work in Progress

Work in progress relating to the provision of outputs is not to be recorded in the opening balance sheet unless significant and identifiable costs have been incurred and there is a clear agreement that the outputs are to be delivered and paid for following the balance date.

Work in progress relating to physical inventories is to be measured at the lower of cost and net realisable value. Where the amounts are not material, an opening value of zero may be used.

Capital Work in Progress

Capital work in progress is to be measured at the lower of cost and net realisable value.

Where work in progress relates to land and buildings or roads, the opening value is to be determined by a registered valuer.

Construction Contracts

Construction work in progress is to be accounted for in accordance with IPSAS 12 *Construction Contracts*, that is at cost plus any surplus or loss recognised.

Where cost is not known, or the construction contract relates to buildings or roads, the opening value is to be determined by a registered valuer.

Agricultural Crops and Livestock

Biological assets (unharvested crops and livestock) are to be measured at their net realisable value.

Marl and Gravel

Stocks of marl and gravel purchased for use are to be recorded at the lower of cost or net realisable value.

Stocks of marl and gravel extracted by a government entity for its own use or sale are to be measured at the lower of cost or net realisable value. If cost is unknown, they are to be measured at net realisable value.

Bullion

Gold and silver bullion (held for numismatic purposes) is to be valued at historic cost.

Unissued Currency

Unissued currency is to be valued at the cost of production.

Postal stamps

Unissued stamps are to be valued at the cost of production. Where total cost of production is unknown, cost is to be determined with reference to the cost of the paper and printing.

Prepayments

Prepayments are to be recorded at the amount paid. If there is some doubt that the goods or services paid for will be received, the amount of the prepayment is to be reduced accordingly.

Investments

Loans and Advances

Loans and advances are to be valued at the lower of the balance owed or the amount expected to be recovered.

Marketable Securities

Investments held as current assets are to be measured at the lower of cost or market value.

Other Investments

Other investments are to be recorded at the lower of cost or market value.

Property, Plant and Equipment

Land

Land is to be valued at market value on the basis of existing use, not alternative use.

Buildings and leasehold improvements

Buildings and leasehold improvements are to be valued at depreciated replacement cost (adjusted to take into account any major differences between the actual asset and the proxy asset). They are to be valued on the basis of existing use, not alternative use.

Furniture and fittings

Furniture and fittings purchased or acquired since 1996 are to be recorded at cost, less the amount of accumulated depreciation that would have been recorded if they had been depreciated from date of purchase.

Furniture and fittings purchased or acquired before 1996; or whose cost cannot be determined, or whose cost is not reliable, are to be recorded at depreciated replacement cost (adjusted to take into account any major differences between the actual asset and the proxy asset).

Furniture and fittings older than the expected useful life are to be recorded at a net book value of zero.

Office equipment

Office equipment purchased or acquired since 1996 is to be recorded at cost, less the amount of accumulated depreciation that would have been recorded if it had been depreciated from date of purchase.

Office equipment purchased or acquired before 1996; or whose cost cannot be determined, or whose cost is not reliable, is to be recorded at depreciated replacement cost (adjusted to take into account any major differences between the actual asset and the proxy asset).

Office equipment older than the expected useful life is to be recorded at a net book value of zero.

Motor vehicles

Motor vehicles purchased or acquired since 1996 are to be recorded at cost, less the amount of accumulated depreciation that would have been recorded if they had been depreciated from date of purchase.

Motor vehicles purchased or acquired before 1996; or items whose cost cannot be determined, or whose cost is not reliable, are to be recorded at depreciated replacement cost (adjusted to take into account any major differences between the actual asset and the proxy asset).

Motor vehicles older than the expected useful life are to be recorded at a net book value of zero.

Aeroplanes

Aeroplanes purchased or acquired since 1996 are to be recorded at cost, less the amount of accumulated depreciation that would have been recorded if they had been depreciated from date of purchase.

Aeroplanes purchased or acquired before 1996; or items whose cost cannot be determined, or whose cost is not reliable, are to be recorded at depreciated replacement cost (adjusted to take into account any major differences between the actual asset and the proxy asset).

Aeroplanes older than the expected useful life are to be recorded at a net book value of zero.

Boats

Boats purchased or acquired since 1996 are to be recorded at cost, less the amount of accumulated depreciation that would have been recorded if they had been depreciated from date of purchase.

Boats purchased or acquired before 1996; or items whose cost cannot be determined, or whose cost is not reliable, are to be recorded at depreciated replacement cost (adjusted to take into account any major differences between the actual asset and the proxy asset).

Boats older than the expected useful life are to be recorded at a net book value of zero.

Library Assets

Library assets purchased or acquired since 1996 are to be recorded at cost, less the amount of accumulated depreciation that would have been recorded if it had been depreciated from date of purchase.

Library assets purchased or acquired before 1996; or items whose cost cannot be determined, or whose cost is not reliable, are to be recorded at depreciated replacement cost (adjusted to take into account any major differences between the actual asset and the proxy asset).

Library assets which are older than the expected useful life are to be recorded at a net book value of zero unless they have value as a collectors item, in which case they are to be reclassified and valued at market value. Refer to the policy on collection assets.

Heritage assets

Heritage assets meeting the definition of an asset and the recognition criteria for property, plant and equipment are to be recorded at market value or in the absence of market value at an assessed value. The basis for the assessment is to be disclosed.

Collection assets

Collection assets meeting the definition of an asset and the recognition criteria for property, plant and equipment, are to be recorded at market value or in the absence of market value at an assessed value. The basis for the assessment is to be disclosed.

Infrastructure Assets

Items of property, plant and equipment purchased or acquired since 1996 are to be recorded at cost, less the amount of accumulated depreciation that would have been recorded if it had been depreciated from date of purchase.

Items purchased or acquired before 1996; or whose cost cannot be determined, or whose cost is not reliable, are to be recorded at depreciated replacement cost (adjusted to take into account any major differences between the actual asset and the proxy asset).

The opening value of roads is to be determined using depreciated replacement cost based on the estimated present cost of constructing the

existing component of the road by the same or (similar method) of construction.

Land underneath or alongside roads is valued using the valuation method for land based on adjacent use.

Leased Assets

Assets acquired under finance leases are to be recorded at the fair value of the leased asset at the inception of the lease (less accumulated depreciation) or, if lower, at the present value of the minimum lease payments.

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Computer Hardware and Software

Computer hardware and software purchased or acquired since 1996 is to be recorded at cost, less the amount of accumulated depreciation that would have been recorded if it had been depreciated from date of purchase.

Computer hardware and software purchased or acquired before 1996; or whose cost cannot be determined, or whose cost is not reliable, is to be recorded at depreciated replacement cost (adjusted to take into account any major differences between the actual asset and the proxy asset).

Computer hardware and software older than the expected useful life is to be recorded at a net book value of zero.

Intangible Assets

Only those intangible assets meeting the criteria in IAS 38 are to be recognised.

Intangible assets purchased or acquired since 1996 are to be recorded at cost, less the amount of accumulated amortisation that would have been recorded if they had been amortised from date of purchase.

Intangible assets purchased or acquired before 1996; or whose cost cannot be determined, or whose cost is not reliable, are to be recorded at amortised replacement cost (adjusted to take into account any major differences between the actual asset and the proxy asset).

Intangible assets older than the expected useful life are to be recorded at a net book value of zero.

Other plant and equipment

Other plant and equipment purchased or acquired since 1996 is to be recorded at cost, less the amount of accumulated depreciation that would have been recorded if they had been depreciated from date of purchase.

Other plant and equipment purchased or acquired before 1996; or whose cost cannot be determined or is not reliable, is to be recorded at depreciated replacement cost (adjusted to take into account any major differences between the actual asset and the proxy asset).

Other plant and equipment older than the expected useful life is to be recorded at a net book value of zero.

**4 OPENING BALANCES VALUATION POLICIES:
LIABILITIES**

Accounts Payable and Accrued Expenses

The opening balance of accounts payable and accrued expenses is to be the nominal value, adjusted for any bad or doubtful debts.

Provisions

The opening balance of provisions is to be the expected present value of the future obligation, using risk adjusted cash flows and a risk free discount rate. The best estimate of future cash flows is to be used.

Finance Lease Liabilities

Finance leases are to be accounted for in accordance with IPSAS 13 *Leases*. The liabilities are to be recognised at amounts equal at the inception of the lease to the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Employee Entitlements

The opening balance of the liability for employee entitlements is to be valued using the average number of days owed to employees at balance date.

Pension Liability: Defined Benefit (core government and entire public sector only)

The opening balance of the defined benefit liability is to be the net of the following amounts:

- the present value of the defined benefit obligation as at the end of the reporting period;
- plus any actuarial gains (less any actuarial losses) not recognised as income or expense;
- minus any past service cost not yet recognised as an expense; and
- minus the fair value at the end of the reporting period of plan assets out of which the obligations are to be settled directly.

The latest actuarial assessment of the pension plans is to be used as the basis for the valuation.

Pension Liability: Defined Contribution (core government and entire public sector only)

A liability for contributions payable to a defined contribution plan is recognised only if the contribution paid during the period is less than contribution required. Otherwise no liability is to be recognised.

Borrowings

The opening balance of borrowings is to be the nominal value of the borrowings.

Unearned Revenue

The opening balance of unearned revenue is to be valued at the nominal amount.

Currency Issued

Issued currency (excluding numismatic coins) is to be measured at face value.

**5 OPENING BALANCES VALUATION POLICIES:
CONTRIBUTED CAPITAL**

At the opening balance sheet date contributed capital is to be recorded as the net amount of assets less liabilities.

Any subsequent adjustment to *opening* asset or liability values is to be treated as an adjustment to contributed capital.

FIFTH SCHEDULE: PROJECT APPRAISAL DOCUMENTS

PART 1: PROJECT PROFILE FORM

Summary of Project Details

Proposing Ministry:

Project Name/Location:

Project Goal:

Core Project Objective:

Estimated Cost: \$

Estimated Duration:

Signature of Chief Officer/Date:

A. *Project Background*

(a) **Identification** of the problem (describe the ‘core’ problem which the project addresses)

(b) **Justification** for the project (describe the ‘without’ situation for the project and the alternative solutions)

B. Objectives of the project (**state the national goals to which the project contributes and its intended achievements**)

C. Outputs of the project (**list the goods and services that the project will produce**)

D. Stakeholders **of the project**

- E. Target Institutions (specify the required resources; organizations involved in planning and implementation; and the extent of support required)**

- F. Activities of the project (list the specific tasks within the project)**

- G. Summary of Inputs for the project (list the major inputs required)**

- H. Risks & Assumptions of the project**

- I. Estimated Financial Summary of the project (throughout project life)***

Investment Costs Schedule CI\$ ('000s)	Year 1	Year 2	Year 3	Year 4	Year n
Land Purchase					
Site Development					
Building & External Works					
Equipment					
Other*					
Total Investment Costs					

* Although detailed costs will be included in the PDD, a cost summary is required here.

Operating Cost Schedule CI\$ ('000s)	Year 1	Year 2	Year 3	Year 4	Year ⁿ
Personnel Costs					

Other Operating & Maintenance Services					
Utilities					
Pension Contributions					
Other*					
Total Operating Costs					

Benefit Schedule CI\$ ('000s)	Year 1	Year 2	Year 3	Year 4	Year ⁿ
Financial Benefits					
Cost Savings					
Revenues					
Output Increases					
Other*					
Total Benefits					

* Any other relevant items should be placed in this category, listed separately.

- J.** Non-Quantifiable Costs and Benefits (**summarise other costs and benefits that cannot be captured in figures** but are important for the project)
- K.** Annex: Project Definition Document (**the PDD must be attached to the Project Profile**)

PART 2: FORMAT FOR PROJECT REPORT

1. Executive Summary
2. Background

- Nature of the problem
 - Options explored
3. Project Rationale
 - Objectives
 - Expected outcomes
 4. Project Description
 - Key components
 - Policy and institutional support
 - Intended beneficiaries
 5. Project Analyses
 - Financial
 - Economic
 - Technical
 - Social
 - Institutional
 - Environmental
 6. Conclusion and Recommendations

Annex: Project Implementation Schedule

Publication in consolidated and revised form authorised by the Governor in Cabinet this 13th day of May, 2008.

Carmena Watler
Clerk of Cabinet.

(Price \$25.60)