



MINISTRY OF
FINANCE & ECONOMIC
DEVELOPMENT
CAYMAN ISLANDS GOVERNMENT

Annual Report

31 December 2017





CAYMAN ISLANDS GOVERNMENT
MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT
GOVT. ADMIN. BLDG. BOX 131
133 ELGIN AVE.
GRAND CAYMAN KY1-9000

PHONE: 244-2205

FAX: 949-8650

WEBSITES:

www.mof.gov.ky

www.customs.gov.ky

www.eso.ky

www.caymanpost.gov.ky

www.treasury.gov.ky



Table of Contents

Purpose.....	1
Message from the Minister	2
Message from the Financial Secretary & Chief Officer	3
Our Structure & Key Personnel	4
Details On Our Staff.....	5
What We Do	7
Key Events	8
What We Achieved.....	10
Statement of Executive Financial Transactions.....	23
Overview of the Financial Statements	27
Financial Statements	Appendix A

Purpose

The Public Management and Finance Law requires an entity (a Ministry, Portfolio or Office) to prepare and Table in the Legislative Assembly, an Annual Report. Annual Reports should include: details of an entity's activities during the year; a statement reporting all executive financial transactions that the entity administered on behalf of Cabinet; and financial statements that compare the entity's actual performance with the performance specified in budget documents.

A useful and effective Annual Report, gives the reader a view of the performance of an entity and whether it is doing well and has used public resources wisely. An entity inspires confidence and trust when: it can clearly demonstrate that it knows its own business; it is consistently performing well; it uses public resources wisely; is transparent about any changes it needs to make; and it assesses what it can do better—an Annual Report provides information with respect to these areas.

This Annual Report, which has been prepared by the Ministry of Finance and Economic Development (the Ministry), aims to provide a clear, understandable and comprehensive review of the Ministry's activities, achievements and performance during the 18-month period from 1 July 2016 to 31 December 2017. The financial statements, which are included in this Annual Report and which comply with International Public Sector Accounting Standards, detail the performance of the Ministry during the financial period noted above and, provide explanations for variances between actual and budgeted performance.

Message From The Minister



I am very grateful to be re-elected in the Cayman Islands' May 2017 General Election. I was chosen by the Islands' Honourable Premier to be Minister for Finance and Economic Development – the Finance element is a Constitutionally-recognised Ministerial position. I received my Letter of Appointment as Minister, from Her Excellency the Governor Helen Kilpatrick on 12 June 2017.

This Annual Report covers the 18-month period from 1 July 2016 to 31 December 2017 – a period that was deliberately established to transition the Government to a 1 January to 31 December financial year – the first of which started on 1 January 2018.

I am immensely proud of the Ministry's accomplishments during this 18-month period. In my view, the Ministry's single most important achievement was its lead role in piloting the Government to the

production of the Islands' first ever budget that covered two (2) financial years within one (1) Appropriation Bill. In November 2017, well ahead of the 2018 financial year, the Appropriation Bill for the 2018 and 2019 financial years was passed into Law.

It is important that the Ministry demonstrate that it is performing well and uses public resources carefully.

The Ministry's financial statements indicate that a Surplus of approximately \$5.2 million was earned during the financial period. Additionally, evidence is provided in the financial statements that the Ministry has used the public's resources carefully: expenditures incurred during the financial period are less than originally budgeted by approximately \$0.5 million.

It is also important that the Ministry indicates its willingness to seek improvements and, to do so in a transparent manner. This latter point is best demonstrated by the Ministry guiding the passage of the Public Management and Finance (Amendment) (No 2) Bill, 2017 into Law: this was achieved in March 2017. The amendment Law brings notable improvements in public financial reporting – such as reinstating the requirement for Government to report its financial results and position to the Legislative Assembly, on a quarterly basis. This change becomes effective in the 2018 financial year.

This Ministry continues to take a leading role in enhancing public finances in a sustainable manner; it provides prudent fiscal advice to Cabinet; and aims to develop policies that facilitate economic growth.

I thank the staff and management of the Ministry for their hard work during the 2016/17 financial period and I look forward to future successes in the years to come.

A blue ink signature of Hon Roy McTaggart, JP.

Hon Roy McTaggart, JP
Minister for Finance and Economic Development
28 February 2018

Message From The Financial Secretary & Chief Officer



I am pleased to present the Annual Report for the Ministry of Finance and Economic Development for the period ended 31 December 2017.

The Annual Report highlights the Ministry's contributions to the Government's broad outcome goals of providing a culture of good governance, providing a strong, thriving and increasingly diverse economy and having a more efficient, accessible and affordable public service.

As the overall leader of the Government's financial management and reporting functions, during the period, the Ministry developed governance frameworks on internal controls and transfer payments that aimed to improve transparency, accountability and value for money. By the introduction of sound procurement management practices, the Central Procurement Office streamlined and optimized the Government's procurement processes which resulted in \$4.0 million in expenditure savings.

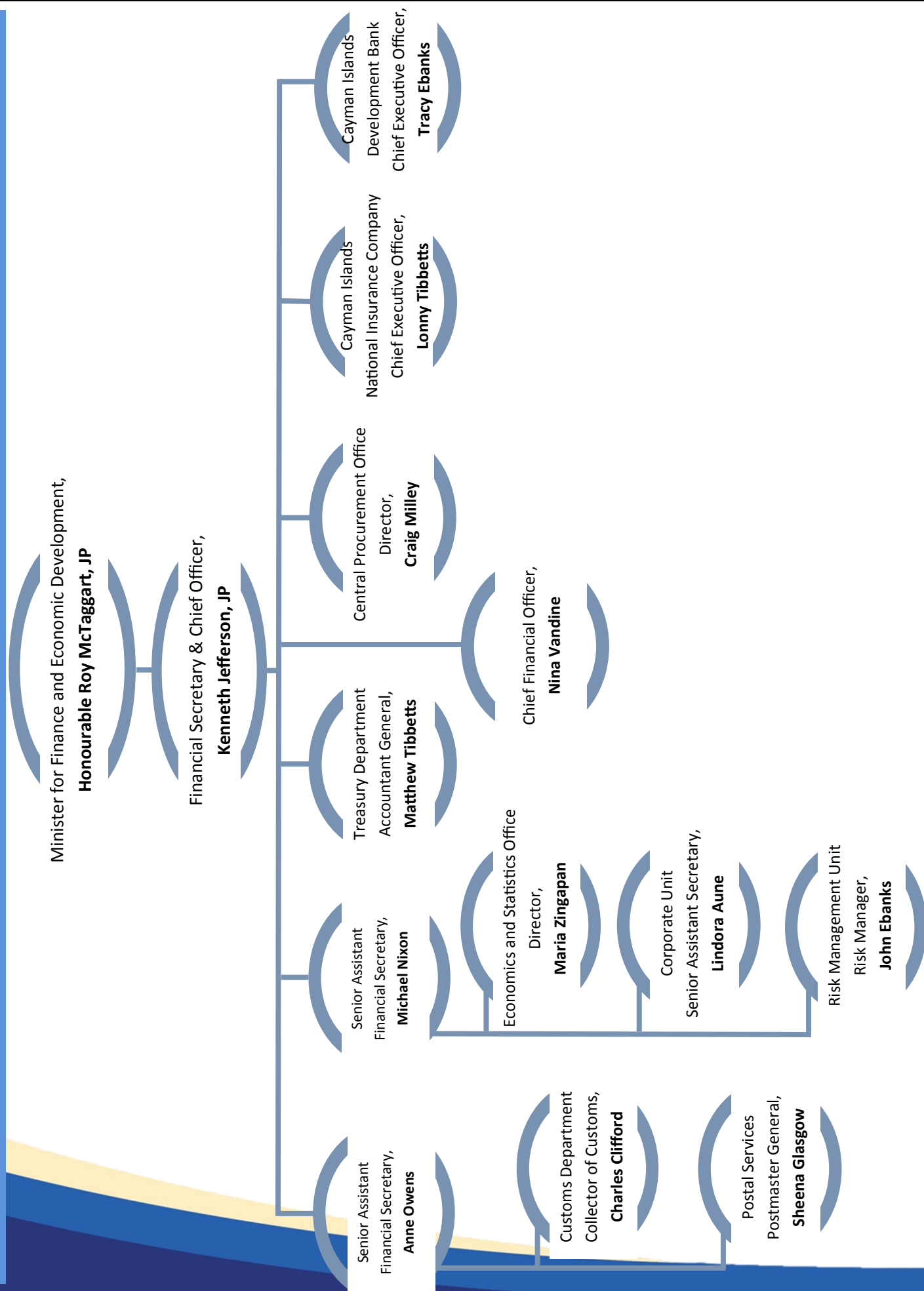
The Ministry's senior management is committed to excellent performance and, through bi-monthly strategic meetings and the hard work, pride and dedicated efforts of its teams, the Ministry aims to continue its exemplary leadership and delivery of high-quality services to the citizens of the Cayman Islands.

Along with the Honourable Minister, I would like to take this opportunity to thank the staff and management of the Ministry for their continued dedication, efforts and contribution to the Ministry's achievements and progress.

A handwritten signature in blue ink, appearing to read 'Kenneth Jefferson'.

Kenneth Jefferson, JP
Financial Secretary and Chief Officer
28 February 2018

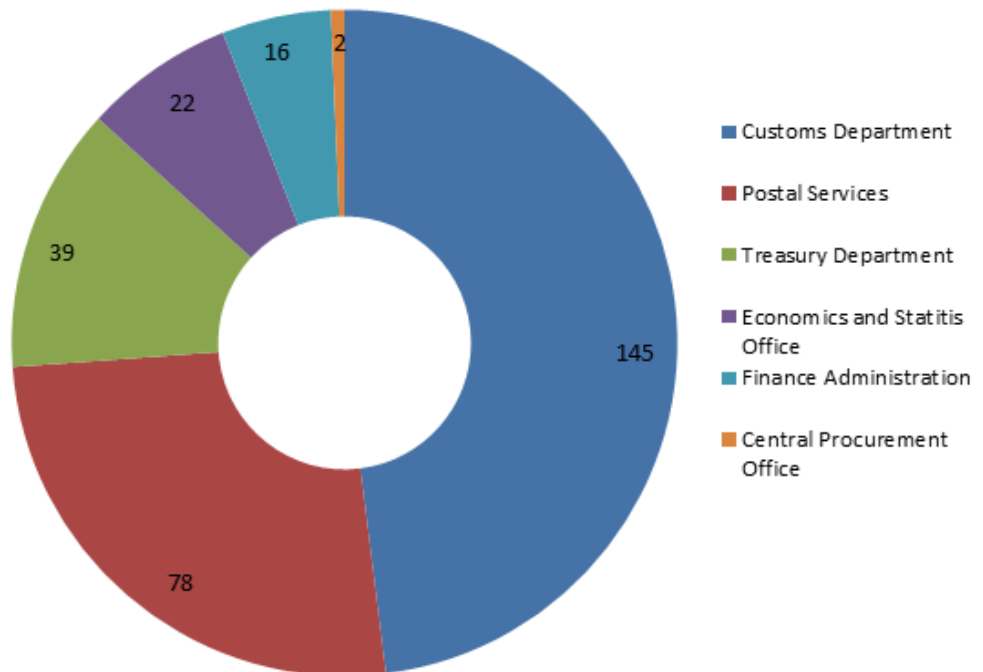
Our Structure & Key Personnel



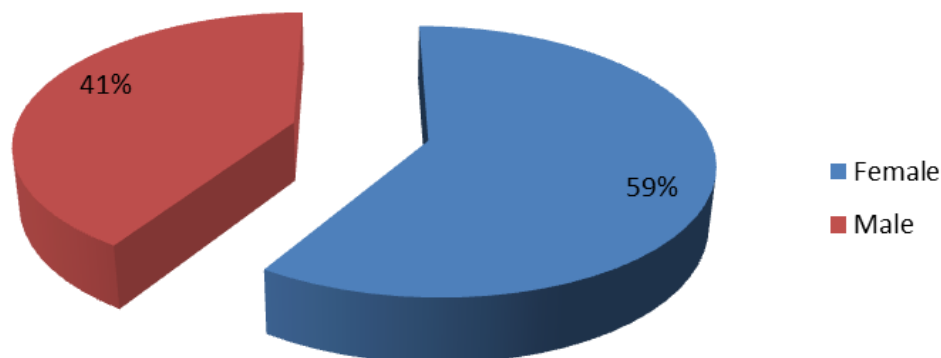
Details On Our Staff

The Ministry had a staff complement of 302 at 31 December 2017

Number of Staff



Gender Diversity



"178 or 59% of the staff in the Ministry are women"

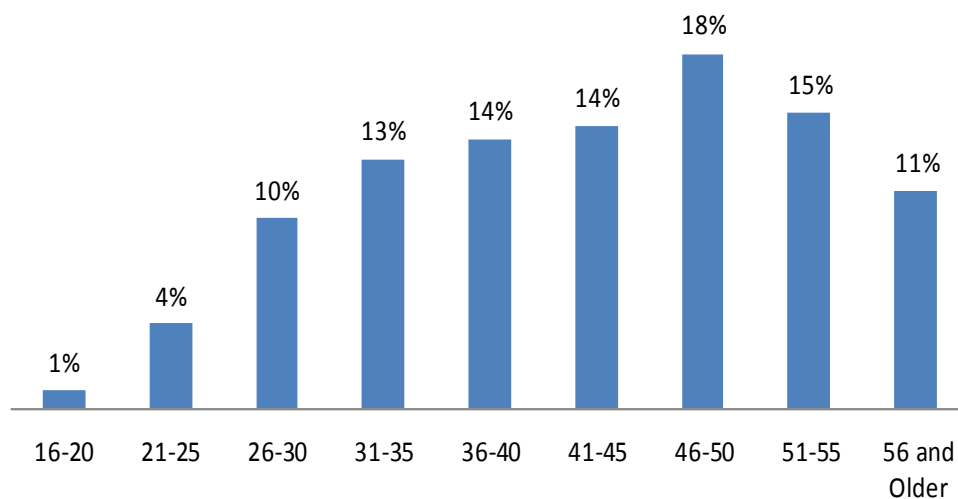
- SHARMENE BUSH,
HR MANAGER



Ministry's Senior Management Meeting

93% of the Ministry's Staff are Caymanian	Nationality	Total
	Caymanian	281
	Jamaican	7
	Canadian	5
	Trinidadian	2
	American	1
	British	1
	Dominican	1
	Grenadian	1
	Guyanese	1
	Filipino	1
	St. Vincentian	1
	Total	302

Age of the Ministry's Staff



The majority of the Ministry's staff are 41 years and older: indicating mature and experienced personnel

What We Do



Customs Department

Responsible for collecting and protecting Government's import duty revenue.

Facilitates legitimate trade and controls prohibited and restricted goods in a cost effective manner while preserving a safe environment for all. This includes: processing and inspecting of vessels and aircrafts; collection of duties; providing policy advice on Customs related matters; and border control and enforcement.

Postal Services

Provides business and residential mail services in the Cayman Islands.

Maintains 11,000 post boxes across all three Cayman Islands and processes more than 40,000 pieces of mail on a daily basis.

Treasury Department

Responsible for the preparation and consolidation of forecast and annual financial statements for central Government and the Entire Public Sector as required by sections 28(2) (b) and 29(2)(c) of the Public Management and Finance Law, using International Public Sector Accounting Standards.

Oversight of the management and forecasting of central government cash flows, negotiation, evaluation and administration of central Government borrowings.

Responsible for the design, quality assurance and management of the budget and reporting processes for the Entire Public Sector — this includes coordinating and preparing an annual timeline, strategic policy statement, plan and estimates, budget statements, ownership and purchase agreements and revenue forecasts.

Provides financial management services to Ministries/Portfolios/Offices and the Cabinet.

Economics and Statistics Office

Monitors the economy, develops economic policies and plans, and advises the Government on a range of economic issues to sustain growth of the Islands.

Conducts and analyses social and economic surveys and compiles and publishes comprehensive statistical data on the Cayman Islands.

Provides other Government agencies with technical advice on data collection and dissemination, and survey design and methodology.

Finance Administration

Provides policy advice, governance and administrative services on all financial, budgeting and reporting matters of the Government.

Processes applications for fees and customs duty waivers, stamp duty abatements and assessments, Government loans to Civil Servants.

Provides administrative support to and monitors the performance of, Offices/Departments under the Ministry.

Monitors the Risk Management Unit which develops, implements and coordinates comprehensive property and liability insurance programmes along with safety and loss control activities to minimize the negative financial impact of natural hazards, accidents and other unexpected events to the Government.

Provides oversight of the Cayman Islands National Insurance Company, Cayman Islands Development Bank and the Central Tenders Committee

Central Procurement Office

Provides the Government with procurement expertise and guidance in order to enhance procurement capacity and achieve value for money.

Key Events



JULY 2016

Annual Economic Report 2015 released.

Household Budget Survey Report 2015 released. The Report estimated the total household consumption expenditure in the Islands in 2015 at \$1.7 billion, representing an average annual increase of 4.0 percent from 2007.

Compendium of Statistics 2015 released.

AUGUST 2016

Senior Business Analyst, Ms. Carlene Watler-Scott, is named the Chief Officer's Employee of the Month.

OCTOBER 2016

Cayman Islands' Statistics Week 2016, with outreaches by ESO at Clifton Hunter and Wesleyan Christian Academy.

NOVEMBER 2016

Professional Development Week (partnered with Cayman Islands Institute of Professional Accountants) - provided important professional development education to Public Servants.

Her Majesty Queen Elizabeth II's 90th Birthday stamp issue released.

The Customs 'Red & Green' Channel was introduced at the Owen Roberts International Airport.

DECEMBER 2016

Import duty concessions continued on building materials and to encourage development on the Brac.

System of National Accounts Report 2016 released.

Balance of Payments and International Investment Report 2016 released.

FEBRUARY 2017

Average Consumer Price Index for 2016 falls by 0.6%.

ESO team won 2nd Place (Medium Team Category) in the Annual Pedometer Challenge.

MARCH 2017

The Ministry's 2015/16 Annual Report Tabled in the Legislative Assembly: unqualified audit opinion received.

Passage of the Public Management and Finance (Amendment)(No. 2) Law, 2017 in the LA. The Law reintroduces the reporting of the Government's financial performance on a quarterly basis.

The 50th Anniversary Agriculture stamp issue was released.

14 Customs Officers graduated from the Customs Basic Training Course.

APRIL 2017

A new Consumer Price Index basket was completed. The new basket consists of 2,227 items, prices on which are collected from a total of 203 outlets.

The Ministry issues the Pre-Election Economic and Financial Update for the financial periods ending 31 December 2017 and 2018, as required prior to a General Election.

Labour Force Report for Fall 2016 released. Employment grew by 3.3% in the second half of 2016 compared to the same period in 2015.

"The Ministry processed 976 requests for the waiver of stamp and import duties"

- LINDORA AUNE, SENIOR ASSISTANT SECRETARY



MAY 2017

Hon. Roy McTaggart, JP became the new Minister for Finance and Economic Development, following the May 2017 General Election.

2016 Foreign Trade Report released.

The new Customs' X-Ray Scanning Facility was officially opened.

JUNE 2017

The *Astronomy* stamp issue was released.

JULY 2017

The 2016 Annual Economic Report released.

AUGUST 2017

2018 Strategic Policy Statement Tabled in the Legislative Assembly—the “building-block” for the 2018 and 2019 Budgets.

This was Government's first multi-year Strategic Policy Statement.

SEPTEMBER 2017

Compendium of Statistics 2016 released.

Labour Force Survey Spring 2017 released.

Credit and Debt Administrator in the Treasury Department, Ms. Shiann Palmer, is named the CIG Employee of the Month for July 2017.

OCTOBER 2017

2018 and 2019 Budgets Tabled in the Legislative Assembly.

The Annual CARICOM Statisticians' Meetings were held in the Cayman Islands for the first time.

The Occupational Wage Survey 2017 was launched. The Survey seeks to establish a database of remuneration across occupations in the Islands for use by the Ministry of Human Resources and Immigration, businesses and the public.

Budget and Planning Manager in the Treasury Department, Ms. Karen Rivers, is named the CIG Employee of the Month for August 2017.

NOVEMBER 2017

Finance Committee examined and approved, the 2018 and 2019 Budgets.

The new Customs' IT Platform CTSS2.0/COLS was implemented.

DECEMBER 2017

The System of National Accounts Report 2016 released. The Islands' GDP growth for 2016 was estimated at 3.1%, higher than forecast and the highest growth since 2007.

“The Ministry responded to 58 Freedom of Information Requests between 1 July 2016 and 31 December 2017”

- ASENATH BLAKE, DEPUTY INFORMATION OFFICER



Customs Department
ICCI Smarten Up Fair

What We Achieved

During the financial period, 1 July 2016 to 31 December 2017, the Ministry achieved the following:

Finance Administration

Prepared Cabinet Papers and Cabinet Notes – Overall, the Ministry prepared 114 Cabinet Papers and Cabinet Notes for the consideration, notation and/or approval of Caucus and the Cabinet. The Ministry also provided comments on 91 Cabinet Papers written by other Ministries/Portfolios/Offices which contained recommendations with financial or economic implications for the Government.

Attended Meetings of Committees and Boards – Staff from the overall Ministry are ex-officio members of 17 Boards of Directors (for Statutory Authorities and Government Companies) and Committees and Boards of the Government. These Boards and Committees are:

PUBLIC ENTITY	NAME & TITLE
Auditors Oversight Authority	Kenneth Jefferson Financial Secretary & Chief Officer
Cayman Airways Limited	Kenneth Jefferson Financial Secretary & Chief Officer
Cayman Islands Airports Authority	Charles Clifford Collector of Customs
Cayman Islands Monetary Authority – Currency Board duties only	Randy Myles Deputy Manager of Entire Public Sector Reporting
Cayman Islands National Insurance Company Ltd	Anne Owens Senior Assistant Financial Secretary
Cayman Islands Stock Exchange Authority	Kenneth Jefferson Financial Secretary & Chief Officer
Cayman Turtle Conservation and Education Centre Limited	Michael Nixon Senior Assistant Financial Secretary
Central Tenders Committee	Lee Ramoon Director of Revenue Unit
Health Services Authority	Andre Scott Manager of Entire Public Sector Reporting
The National Drug Council	Randy Myles Deputy Manager of Entire Public Sector Reporting
National Housing Development Trust	Randy Myles Deputy Manager of Entire Public Sector Reporting
Port Authority of the Cayman Islands	Michael Nixon Senior Assistant Financial Secretary; and Charles Clifford Collector of Customs
Public Service Pensions Board	Kenneth Jefferson Financial Secretary & Chief Officer
Public Transport Appeals Tribunal	Lee Ramoon Director of Revenue Unit
University College of the Cayman Islands	Randy Myles Deputy Manager of Entire Public Sector Reporting
The Water Authority of the Cayman Islands	Anne Owens Senior Assistant Financial Secretary

Achieved CI\$4.0 million savings in Procurement - The Central Procurement Office conducted electronic reverse auctions across the Entire Public Sector for various supplies and consumables including office supplies and pharmaceutical supplies, which resulted in CI\$4.0 million in savings with a further estimated CI\$20.0 million in savings opportunities.

Conducted Procurement Training – The Central Procurement Office conducted training for over 200 Public Servants on Public Sector procurement.

Provided Internship Opportunities – The Ministry participated in the Government's summer internship programme which provides training and internship opportunities for students enrolled in high school and university. Overall, the Ministry employed 13 students in each of the Summers of 2016 and 2017.

Processed Applications for Personal and Settlement Loans – The Ministry processed 94 applications for personal and

settlement loans. Settlement loans are governed by

Schedule 1 of the Public Service Management Law where Civil Servants who are domiciled overseas at the time of recruitment are assisted with the expenses associated with relocating to the Cayman Islands. The Settlement Loan is a salary advance equal to one month's salary and is payable to the new recruit during the first week of residence in the Cayman Islands. The employee is required to repay the Settlement Loan in instalments over a period not exceeding six months by way of salary deduction or, where the employee leaves the Civil Service before the advance is fully repaid, by way of deduction from any other payments due to the employee.

Personal Loans these loans are available to Civil Servants who are faced with unexpected medical and bereavement expenses. Each loan application is assessed on its own merit. These loans attract interest of 13 per cent per annum and must be repaid within 12 months. However, where there are exceptional



Treasury Department

Credit and Debt Administrator, Ms. Shiann Palmer, is named the CIG Employee of the Month for July 2017

extenuating circumstances, the Financial Secretary or his delegate may extend the payment terms beyond 12 months. Ordinarily, qualified Civil Servants are able to borrow an amount up to CI\$5,000 unsecured. Exceptionally, for loans greater than CI\$5,000, the applicant must provide collateral in the form of land to secure the loan and the loan must be co-signed by one surety who is in gainful employment.

Amended the Public Management and Finance Law – The Ministry made the following amendments to the Law:

Specifying Accountability Roles for the Chief Officer for Finance – this would ensure that the Chief Officer for Finance be held accountable for the functions outlined in section 54 of the Law and for monitoring compliance with the Law;

Defining the Roles of the Minister of Finance, Financial Secretary, Chief Officers and Chief Financial Officers - there was ambiguity in the Law with respect to roles and responsibilities of the Minister of Finance, Financial Secretary, Chief Officers and Chief Financial Officers. The Law was changed to define those roles and responsibilities and to ensure that they are consistent with the Constitution, the Public Service Management Law and job descriptions;



*Economics and Statistics Office –
Won 2nd Place (Medium Team Category) in the 2017 Annual Pedometer Challenge*

Empowering the Financial Secretary to Deliver the Government's Quarterly and Annual Reports, and to Monitor Compliance with the Law - as the overall leader of the Government's financial management and reporting functions, the Financial Secretary is responsible for the delivery of Government's quarterly and annual reporting and the monitoring of compliance with the Law. Section 56(1) of the Law was amended to give the Financial Secretary the authority to request information that is required for the delivery of government reports. Amending section 56(2) of the Law also gave the Minister for Finance, and not the Governor, the authority to determine if the requested information is relevant or not. The Director of Internal Audit will also assist the Financial Secretary with monitoring compliance with the Law;

Approval of a Supplementary Appropriation Bill before the End of the Respective Financial Year – requires the Legislative Assembly's approval of a Supplementary Appropriation Bill, for the related exceptional circumstances, to be achieved before the end of the respective financial year;

Re-introduction of Quarterly Reporting for Core Government – re-introduced un-audited quarterly reporting for core government which will enhance timely financial reporting and provide the public and the Legislative Assembly with timely updates on the Government’s financial performance during a financial year;

Timely and Frequent Reporting to the Legislative Assembly by all Agencies – requires Statutory Authorities and Government Companies to streamline reporting procedures and timelines with those of core government;

Clearer and Simpler Pre-Election and Financial Updates - requires the Financial Secretary to issue and Gazette recent economic and un-audited financial statements that provide an unbiased overview of the state of the Cayman Islands’ economy and financial position of the Government prior to a General Election;

Removing the Office of the Auditor General (“OAG”) from under the Ambit of the Internal Audit Unit (IAU) and Permitting Internal Audits and Control Reviews of the OAG to be conducted – being under the ambit of the IAU presented significant governance issues with the oversight and independence of the OAG. Amending section 57 of the Law, removed the OAG from under the ambit of the IAU and amending section 69 of the Law requires the OAG to have independent internal audits and control reviews;

Allowing for additional and voluntary debt principal repayments without causing an increase to the debt service ratio – the debt service ratio as prescribed in the Law, was making it difficult for the Government to make additional and voluntary debt principal repayments without increasing the ratio which, could result in the Government being in non-compliance with the Law. In November 2016, Government Ministers and Financial Secretary met with the Foreign and Commonwealth Office and it was agreed that early repayment of debt would not have an impact on the debt service ratio and the Law was amended to that effect;

Changing the presentation and names of Budget documents as a result of the Government changing its Budget preparation from Annual to Biennial – The Government moved to a multi-year Budget, effective 1 January 2018,



Central Procurement Office

Central Procurement Office conducted several procurement workshops including a workshop at the Aston Rutty Centre

which covers a two (2) year period. The names of the Budget documents in the Law was changed as they were still being referred to as “Annual”; and

Allowing Public Access to the Pre-Election Economic and Financial Update and, Quarterly and Annual Reports, and Delaying the Preparation of Quarterly Reports to 1 January 2018 – The Legislative Assembly may not always meet at the same time the Pre-Election Economic and Financial Update and the quarterly and Annual Reports are required to be published by Law. In order to ensure the timely release and presentation of such financial information, the Law was changed to allow the Pre-Election Economic and Financial Update and quarterly and Annual Reports to become public documents once they have been notified in the Gazette. To enable easy public access to the financial information, the Law was changed to require the public documents to be placed on a Government website that is most suitable. Further, the Law was changed to include a 1 January 2018 commencement date for quarterly reporting in order to give public entities sufficient time to implement robust reporting management systems.

Amended the Financial Regulations – The Ministry made amendments to the Financial Regulations to:

- amend definitions to reflect the same amendments made in the Public Management and Finance (Amendment) (No. 2) Law, 2017. The amendments were to the definitions for Capital Projects, Entire Public Sector, Exceptional Circumstance, Chief Officer

of Finance, Financial Secretary and Notified in the Gazette; and

- repeal the financial statement formats and accounting policies in Parts II and III and Schedules 1 to 4 of the Regulations – which were outdated and not in compliance with the International Public Sector Accounting Standards.

Developed the Policy on Internal Controls –

The Ministry developed a Policy to guide Ministries, Portfolios and Offices with establishing systems of internal controls within their agencies. Key topics include defining internal controls and explaining their importance, identifying key components of internal controls and who is responsible for implementing internal controls, specifying how to monitor and report on internal controls and providing examples of internal controls.



Customs Department
Supporting Fight Against Cancer

Prepared the Transfer Payments Governance Framework – The Ministry developed the Framework to correct the deficiencies identified in the Auditor General’s report on the Nation Building Fund and to provide assurance that appropriations made by the Cabinet are properly accounted for. The topics include the effective governance process that ensures transfer payment programmes are managed with integrity, transparency and accountability, the roles and responsibilities of all officials involved in the transfer payment programmes, the process and procedures for applying for grants or funds and the requirement to evaluate, disclose and report on the programmes.

Prepared a Strategic Assessment (SA) – The Ministry developed a SA to explore the options for the future operations and funding of the Cayman Islands National Insurance Company (CINICO).

Processed Requests for Waivers of Stamp and Import Duties - The Ministry processed 976 requests for the waiver of stamp and import duties:

Type of Application	Number	Amount of Waiver CI\$
Stamp Duty Waivers for First-Time Caymanian Property Buyers	379	7,162,729
Cayman Brac Stamp Duty Waivers	13	56,205
Waiver/Refund of Import Duty	513	5,845,598
Stamp Duty Waivers under the Discretion of the Minister of Finance and Economic Development	71	389,670
TOTAL	976	13,454,202

Replied to Freedom of Information (FOI) Requests - Overall, the Ministry responded to 58 requests under the FOI Law. Information sought included the amount of sick leave taken, number of positions held by non-Caymanians, details on the liability and motor insurance policies held by the Government, monthly cell phone charges for the Minister and Chief Officer, development projects that received concessions from the Government and the amount of money spent on free food and beverages.



Maintained the Health Insurance Benefit for Seafarers and Veterans - The Ministry manages the programme and ensures that Members are eligible, procedures and processes are timely pursuant to section 5(4) of the Health Insurance Law (2013 Revision). The Government paid CI\$577 per month for health insurance premiums for Seafarers and Veterans and their dependents. The number of Members and their dependents receiving the health insurance benefit averaged 1,130 during the financial period.

Postal Services

Moths stamp issue presentation to artists

Complied with Legislation – The Ministry’s activities during the financial period were governed under the below Legislation:

- Public Management and Finance Law (2017 Revision) (and as further amended) and the Financial Regulations (2013 Revision) (and as further amended);
- Statistics Law (2016 Revision);
- Customs Law (2017 Revision);
- Customs Tariff Law (2017 Revision);
- Customs Regulations (2011 Revision);
- Customs (Bonded Warehouses) Regulations (2017 Revision);
- Customs (Money Declarations and Disclosures) (Amendment) Regulations, 2017;
- Customs (Prohibited Goods) Order (2017 Revision);
- Copyright (Cayman Islands) Order, 2015;
- Copyright (Cayman Islands) (Amendment) Order, 2016;
- Copyright (Customs) Regulations, 2016;
- Misuse of Drugs Law (2017 Revision);
- Endangered Species (Trade and Transport) Law (2017 Revision);
- Endangered Species (Trade and Transport) Regulations, 2015 ;
- Export Duty Law (1998 Revision);
- The Customs (Temporary Provisions) (Amendment) Regulations, 2016;
- The Freedom of Information (Amendment) Law, 2017;
- The Evidence (Amendment) Law, 2017;
- The Penal Code (Amendment) Law, 2017;
- The Cautions (Adult) Law, 2017;
- The Trade And Business Licensing (Amendment) Law, 2017;
- The Criminal Procedure Code (2017 Revision);
- Dangerous Substance Law (2017 Revision);
- The Development Bank Law (2004 Revision); and
- The Postal Law (1997 Revision); and
- The Postal Regulations (2007 Revision).

Attended Overseas Training – Two staff members attended leadership training organized by the Institute of Public administration of Canada.

Treasury Department

Prepared the Loans Made Policy – The Treasury Department developed the Loans Made Policy in order to provide clear guidance and a uniform approach to the administration of loans, including setting-out procedures for conducting risk assessments, determining and monitoring loan delinquency, identifying suitability for debt forgiveness and writing-off loans where there is no realistic prospect of future recovery.



*Customs Department
Staff Appreciation Day*

Facilitated the Government's Transition to Multi-Year Budgeting - The Treasury Department successfully amended its budgeting processes and procedures to accommodate the Government's transition from a single-year budgeting framework to a multi-year budgeting framework where funds are appropriated every two years and approved in one Meeting of Finance Committee.

Provided Internship Opportunities - The Treasury Department engaged in the Government's internship programme which provides training and internship opportunities for students enrolled in high school and university. During the 2016/17 financial year, the Department employed six (6) students in the internship programme.

Adjusted the IRIS System After the Transfer of Departments - Following the General Elections in May 2017, the Treasury Department successfully made adjustments to the Government's financial management and reporting system, IRIS, to allow the re-structure and transfer of Departments between Ministries/Portfolios and Offices.

Managed the Highest Cash Balances in History - The Treasury Department focused on improving the efficiency of cash held for operations (such as reducing the amount of cash held for daily operations) which

resulted in more cash being invested in fixed deposits for a higher return. These efforts resulted in the Government having CI\$398 million invested in Fixed Deposits at the end of December 2017.

Developed Templates and Guidelines for Annual Reporting - The Treasury Department prepared templates and guidelines to assist public entities with the preparation of their Annual Reports. Annual Reports improve accountability and transparency and clearly present demonstrable information on the services being provided.

Assisted with the Implementation of Policies - The Treasury Department, in collaboration with the Deputy Governor, the Portfolio of the Civil Service, the Ministry of Human Resources and Immigration and the Ministry of Commerce, Planning and Infrastructure, assisted with the implementation of the following policies:

- Anti-Fraud Policy;
- Whistle Blower Policy;
- Code of Business Ethics and Conduct;
- Records and Information Management Standard; and
- Policy on Offering and Receiving Hospitality, Entertainment or Gifts.

Revalued the Government's Real Property and Roads - The Treasury Department oversaw and funded the revaluation exercise of the Government's real property and roads which resulted in some public entities receiving an unqualified audit opinion for the first time.



Customs Department Customs Basic Training Course Graduation

Attended Overseas Training – Two staff members attended leadership training organized by the Institute of Public Administration of Canada.

Management of Loans and Debts – The Treasury Department managed 129 loans with a value of CI\$1.0 million and 2,132 debts with a gross value of CI\$17.6 million as at 31 December 2017.

Developed of the Public Finance Manual – The Treasury Department developed and issued Part I of a four part Public Finance Manual. The Manual provides guidance to accounting staff on accounting policies and is aimed to improve the quality and consistency of financial statements across the public sector. The remaining sections of the Manual will be finalized and issued during the 2018 financial year.

Training: Collaborated with Treasury, Cayman Brac – In collaboration with the Treasury Department in Cayman Brac, a comprehensive training programme was conducted, over a two (2) week period, on the operations of the Government's accounting system, IRIS.

Increased interest rates and active Cash Management - Due to the significant surplus, increased interest rates and active management of cash by the Cash

Management Unit within the Treasury Department, the Cayman Islands Government earned \$8.94 million in interest revenue which is \$4.44 million (or 98.7%) higher than the original budget of \$4.50 million.

Economics and Statistics Office

Attended Overseas Training – Two staff members attended training overseas on the Introduction to Systems of National Accounts and National Accounts Supply and Use Tables. The training was fully sponsored by the Caribbean Regional Technical Assistance Center (CARTAC).

Hosted Regional Meetings – On 23 – 27 October, 2017, the Department hosted

the 42nd Meeting of the Caribbean Statisticians' Standing Committee, the

27th Meeting of the Regional Census Coordinating Committee, and the 10th Regional Statistical Research Seminar. The Meetings were held in the Cayman Islands for the first time and were attended by delegates from CARICOM

Member Countries, regional and



*Customs Department
Participated in the DGs 5K Run/Walk*

international organizations and other statistical offices with existing technical assistance programmes in the region. The Minister for Finance and Economic Development, Honourable Roy McTaggart, was the Keynote Speaker.

Completed the new Consumer Price Index (CPI) Basket - The new CPI basket updates the list of items (goods and services) that will be used in measuring the CPI in the Cayman Islands. The CPI is the basic statistics for estimating the inflation rate in the Cayman Islands, and is commonly used for public pensions review, electricity rates review and salary reviews. The inaugural CPI report using the new basket was presented for the third quarter of 2017.

Launched the Cabinet-mandated Occupational Wage Survey (OWS) 2017 - The OWS seeks to establish a database of employee remuneration across all types of occupations and in all industries of the Islands. It is intended for use by the Ministry of Human Resources and Immigration for a minimum wage review, by HR practitioners and the general public.

Prepared the Pre-Election Economic Report 2017 - The Report provided a comprehensive overview of the Islands' macroeconomic performance up to the end of 2016 and presented projections for the years 2017 to 2018.

Provision of Economic Forecasts and Reports - Annually, the Office provides the macroeconomic forecasts, assumptions and report on the economy in the preparatory phase of the Government's budget process which is coordinated by the Treasury Department.

Provision of Statistical Information - The Office provided 55 statistical information sets to external parties in both the public and private sectors; provided 34 technical assistance/advice data to other agencies including the Immigration Department's Public Relations Unit; and launched the Occupational Wage Survey 2017 to assist the Ministry of Human Resources and Immigration in developing their baseline database for the upcoming review of the minimum wage implementation.

Customs Department

Arrests & Seizures Achieved - The Department detected, seized and made the following arrests in the financial period:

Drug Offences:

Number of arrests: 58 persons
Number of pounds of ganja seized: 51.08
Number of pounds of cocaine seized: 2.12

Firearm Offences:

Number of arrests: 11 persons
Number of rounds of ammunition seized: 22



Economics and Statistics Office – Host of the 42nd Meeting of the Caribbean Statisticians' Standing Committee, the 27th Meeting of the Regional Census Coordinating Committee, and the 10th Regional Statistical Research Seminar

Conducted Joint Operations - The Department participated in 29 joint operations with the Royal Cayman Islands Police Service and Immigration which resulted:

Number of arrests:	19
Number of pounds of ganja seized:	630
Number of pounds of cocaine seized:	5.77
Number of firearms seized:	1

Completed the Customs' Scanning Building Facility – In May 2017, the Customs Scanning Building Facility, which cost CI\$1.3 million, was completed. The building is located adjacent to the Port Authority's cargo distribution centre and houses the mobile container scanner. The mobile container scanner was purchased in 2010 and is a crucial tool used to keep drugs and guns out of the Islands, better enforce collections and prevent stolen goods being shipped out.

Attended Training and Conferences - Customs Officers and senior staff attended a total of fifty-one (51) training courses and conferences. The training and conferences included Intelligence Analysis, Cybercrimes Investigations, Conflict Resolutions and Leadership & Management Development.

Conducted In-House Training for New Customs Officers - As part of the Customs Department's reform and modernisation agenda, the Customs Department has delivered an enhanced basic training program for new Customs Officers. This program provides learning time for new Customs Officers as they worked in various general and specialist sections. The training comprised of: Border Security - Train The Trainer; HCVM Operators Training; Border Protection Enforcement Training; Defense Aerosol Training; Monadnock Baton Training; CTSS 2.0 Training; Business Processes Workshop; Anti-fraud Policy Training; Gas Detector Instrument Workshop; and Rovertech Behavioral Analysis Training

Supported In-House Secondments and Succession Planning – To support staff development and succession planning, the Department supported the secondment of Officers to the IT Unit and the Accounts Department. Staff were also given the opportunity to act in higher positions.

Amended the Customs Tariff Law – Amended Schedules 2 and 7 of the Customs Tariff Law:

- to formalise the duty free allowance for music recorded and imported by Caymanian musicians and for the definition of a Caymanian musician to mean a Caymanian musician who resides in the Cayman Islands and not overseas; and



Postal Services

2016 Staff Function with Awardees

- so that firearms (shotguns, sporting pistols, BB guns and rifles) purchased personally by members of Cayman Islands Sports Shooting Association (CISSA), for use at the CISSA's compound, attract a 22% import duty rate; and sporting clay target machines and other components used by members of the CISSA that require repair and/or replacement, attract a 22% import duty rate; and so that ammunition and targets (clay, steel and paper) used by CISSA are duty free and, firearms (shotguns, sporting pistols, BB guns and rifles) purchased by the CISSA, for the use of all incoming and existing members, are duty free.

Conducted Workshops for Importers and Traders – The Department conducted workshops on the Harmonised Tariff System for importers and traders with emphasis on the importance and role of trade statistics.

Provision of Trade Statistics – The Department collaborated with the Economics and Statistics Office on the compilation and publication of the Quarterly Trade Bulletin and the Annual Foreign Trade Report.

Made Improvements to IT systems – The Department made multiple IT improvements including:

- established backup and data protection systems across the Department's key core IT systems to ensure their operational continuity;
- upgraded the Department's core IT



Postal Services Employee of the Year 2017

systems hardware and software to ensure growth across future systems enhancement efforts, while ensuring operational system recovery integrity;

- completed Phase I upgrades for the Department's transition to the comprehensive core IT systems that facilitated the local business processes, policies, legal, fiduciary, and anti-money laundering controls, while improving system efficiencies for employees and public stakeholders;



Postal Services

Team of the Year – Mail Transport Team

- developed further capacity for the Department's automated systems that captured all activities and provided reliable information for management and reporting purposes;
- provided continued improvements for maximizing technology use across the Department's service units through the expansion of core IT Systems, while extending public IT kiosk systems; and
- provided IT systems coordination and support with other law enforcement agencies locally, regionally, and internationally which foster co-operation and information sharing.

Postal Services

Processed Mail – The Postal Services processed 6,185,762 pieces of mail during the financial period. Of this amount, 4,752,796 (77%) was domestic mail, 1,377,233 (22%) was inward bound mail and 55,733 (1%) was outward bound mail.

Delivered Mail – The Postal Services delivered mail within the timeframe established by the Universal Postal Union, 90% of the time.

Commenced the Universal Postal Union's Operational Readiness for E-Commerce (ORE) Project - In August 2017, the Postal Services commenced the ORE project which aims to establish an integrated, inclusive and innovative e-commerce ecosystem provided by postal operators through online e-commerce platforms. These platforms use the postal network and products for cross-border logistics, deliveries, returns and payments. Of the 129 action points, the Postal Services has completed 35 (27%) with the remaining 94 (73%) actions points in progress.



Treasury Department

Budget and Planning Manager, Ms. Karen Rivers, is named the CIG Employee of the Month for August 2017

Statement of Executive Financial Transactions

“Entity Financial Transactions” are the financial transactions that a Ministry, Portfolio or Office engages when conducting its business or delivering its outputs.

The entity financial transactions include entity revenue, entity expenses, entity liabilities and entity assets. Entity expenses include salaries, pension, electricity and software licensing fees amongst other costs. Entity assets are assets used for the delivery of a Ministry’s, Portfolio’s or Office’s Outputs and include furniture, motor vehicles, warehouses and computers. Entity liabilities incurred by a Ministry, Portfolio or Office include accounts payable, pension obligations and comp time. The revenue that a Ministry, Portfolio or Office receives from the Cabinet, to deliver its Outputs, is known as entity revenue which is used to pay for entity expenses, entity assets and entity liabilities.

“Executive Financial Transactions”, on the other hand, are the financial transactions that do not relate to the operations of a Ministry, Portfolio or Office but to the executive revenue, executive expenses, executive liabilities and executive assets of the Cabinet.

Executive revenue is for the benefit of Cabinet’s use and includes import duty, motor vehicle duty, garbage fees and work permit fees amongst many other revenue descriptions. The Cabinet uses the executive revenue to pay for its executive expenses such as Outputs delivered by Ministries, Portfolios and Offices, scholarships, Needs Assessment support and finance costs amongst many other such costs. The executive liabilities of the Cabinet include the unfunded pension liability for Civil Servants and, Borrowings.

The following Statement of Executive Financial Transactions sets out the executive revenue that the Ministry of Finance collected on behalf of the Cabinet and the Cabinet’s executive expenses that are related to the Ministry of Finance.



Central Procurement Office

Procurement Director (4th from left) Represents the Cayman Islands in the XIII Inter-American Network on Government Procurement (INGP) Annual Conference

Statement of Executive Financial Transactions
for the period ended December 31, 2017

Executive Revenue	Actual	Budget	Variance
Motor Vehicle Duty	24,797,712	17,237,000	7,560,712
Gasoline & Diesel Duty	20,901,607	13,409,000	7,492,607
Alcoholic Beverages Duty	30,964,026	27,226,000	3,738,026
Tobacco Products Duty	11,277,512	11,631,000	(353,488)
Other Import Duty	152,154,158	150,070,521	2,083,637
Cruise Ship Departure Tax	14,780,959	13,934,000	846,959
Environment Protection Fund Fees	8,133,405	7,970,000	163,405
Motor Vehicle Environmental Tax	3,662,337	1,151,000	2,511,337
Bank Charges Reimbursable	3,620	-	3,620
Debit Transaction Fees	4,429,658	4,303,000	126,658
Not-for-Profit Licence	6,000	-	6,000
Change of Directors	5,000	-	5,000
Change of Name Fee	1,000	-	1,000
Package Charges	1,547,072	1,729,000	(181,928)
Land Holding Companies Share Transfer Charge	18,202,930	300,000	17,902,930
Other Stamp Duty	1,424,405	720,000	704,405
Stamp Duty - Online	203,857	-	203,857
Property Insurance Stamp Duty	1,671,879	1,843,000	(171,121)
Customs Fines	1,750	42,000	(40,250)
Compounded Penalties	84,188	57,000	27,188
Procedural Fines	67,300	161,000	(93,700)
Miscellaneous	38,272	-	38,272
Proceeds of Liquidated Entities	3,550,331	2,416,000	1,134,331
Application Processing Fee Corporate Unit	-	150,000	(150,000)
Total Executive Revenue	297,908,976	254,349,521	43,559,455

Executive Expenses	Actual	Budget	Variance
FED 1 - Policy Advice and Ministerial Services	2,641,766	3,191,389	549,623
FED 2 - Governance and Administrative Services	311,293	441,112	129,819
FED 3 - Collection of Coercive Revenue	2,892,777	2,901,072	8,295
FED 4 - Preparation and Publication of Statistical Reports	1,941,442	2,254,494	313,052
FED 5 - Financial Reporting and Management Services	6,247,313	6,274,525	27,212
FED 6 - Processing of Passengers and Inspection of Aircrafts, Vessels and Cargo	11,537,710	11,541,896	4,186
FED 7 - Detection, Interdiction and Prosecution of Customs Offences	2,194,123	3,078,514	884,391
FED 9 - Administration and Processing of Applications	411,696	454,462	42,766
FED 10- National Mail Service	856,692	-	(856,692)
FED 11 - Monitoring and Reporting on the Economy	367,254	416,955	49,701
CIN 1- Health Insurance for Seamen and Veterans for Primary and Secondary Health Care	11,337,339	11,285,336	(52,003)
OE 9- Caribbean Economic Community (CARICOM) Fees	231,903	232,000	97
OE 10- Caribbean Regional Technical Assistance Centre (CARTAC) Contribution	376,875	525,000	148,125
OE 27- Past Service Pension Liability Payment	17,100,000	17,100,000	-
OE 54 - Caribbean Catastrophe Risk Insurance Facility - Annual Premium	1,256,251	1,256,251	0
OE 57 - Executive Bank Charges	4,175	8,000	3,825
OE 86 - Compensation	515,025	590,000	74,975
DVB 1 - Administration of Lending for Human Resource Development	63,566	63,566	-
DVB 2 - Administration of Lending for Micro and Small Businesses Development	78,012	78,012	-
DVB 3 - Administration of Lending for Mortgage Lending	121,580	121,580	-
EI 4 - Cayman Islands Development Bank	6,280,000	6,280,000	-
EI 31 - Cayman Islands National Insurance Company	7,100,000	7,100,000	-
EI 70 - Ministry of Finance and Economic Development	575,534	575,534	-
Total Executive Expenses	74,442,325	75,769,697	1,327,372

Explanation of Material Variances

The following are explanations for the material variances for the Ministry's performance against the original budget for Executive Financial Transactions:

Executive Revenue

Motor Vehicle Duty – over budget by CI\$7,560,712 due to the number and value of imported vehicles.

Gasoline & Diesel Duty – over budget by CI\$7,492,607 due to the assumption that an additional 25 cent duty reduction was going to be placed on diesel for the Caribbean Utilities Company – which did not realize. Further, fuel imports increased by 5.5% for the period.

Alcoholic Beverages Duty – over budget by CI\$3,738,026 due to an increase in demand.

Motor Vehicle Environmental Tax – over budget by CI\$2,511,337 due to an increase in the number of imported cars with Cost, Insurance, Freight (CIF) values of under CI\$12,000.

Land Holding Companies Share Transfer Charge – over budget by CI\$17,902,930 due primarily to the sale of the Ritz Carlton property.

Other Stamp Duty – over budget by CI\$704,405 due to an increase in stamp revenues and the amount of leases on properties that incurred stamp duty charges.

Stamp Duty – Online – over budget by CI\$203,857 due to the Ministry of Finance and Economic Development acquiring Postal Services after the May 2017 General Election and the original budget for Stamp Duty – Online being appropriated to the Ministry of Planning, Lands, Agriculture, Housing and Infrastructure.

Procedural Fines – under budget by CI\$93,700 due to increased enforcement efforts in educating traders and the public on compliance.

Proceeds of Liquidated Entities – over budget by CI\$1,134,331 due to an increase in the number of unclaimed dormant trust funds being transferred to the Government.

Application Processing Fee Corporate Unit – under budget by CI\$150,000 due to the postponed implementation of the concession policy and application processing fee.

Executive Expenditure

FED 1 - Policy Advice and Ministerial Services – cost savings of CI\$549,623 due to the budget being overstated based on the allocation of personnel costs, vacancies not filled and cost savings.

FED 2 - Governance and Administrative Services – cost savings of CI\$129,819 due to the budget being overstated based on the allocation of personnel costs, vacancies not filled and cost savings.

FED 4 - Preparation and Publication of Statistical Reports – cost savings of CI\$313,052 due to delays in filling vacancies and the postponed implementation of the Occupational Wage Survey from the third quarter of 2016 to the fourth quarter of 2017.

FED 7 - Detection, Interdiction and Prosecution of Customs Offences – cost savings of CI\$884,391 due to the budget being overstated based on the allocation of personnel costs, vacancies not filled and cost savings.

FED 10 – National Mail Service – over budget of CI\$856,692 due to the Ministry of Finance and Economic Development acquiring Postal Services after the May 2017 General Election and the original budget for the output being appropriated to the Ministry of Planning, Lands, Agriculture, Housing and Infrastructure.

OE 10- Caribbean Regional Technical Assistance Centre (CARTAC) Contribution – cost savings of CI\$148,701 due to an over estimated budget which was based on historical invoices.



*Treasury Department
Strategic Meeting*

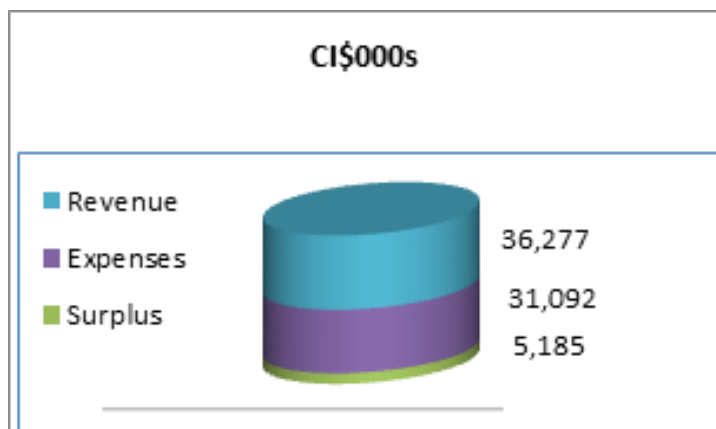
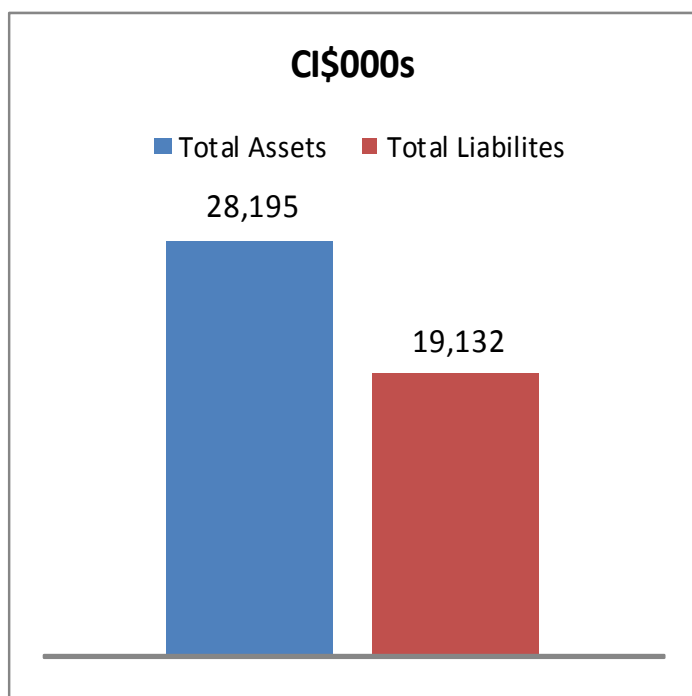
Overview of the Financial Statements

The financial statements, for the Ministry of Finance and Economic Development for the 18-month period ended 31 December 2017, are provided in this Annual Report as Appendix A.

The Statement of Financial Position, as shown on page 6 of the financial statements, shows that the Ministry ended the financial period with CI\$28.2 million in Total Assets. Of this amount, CI\$14.2 million or 50% is comprised of cash and cash equivalents which includes cash on hand, cash in transit and bank accounts with a maturity of no more than three (3) months from the date of acquisition.

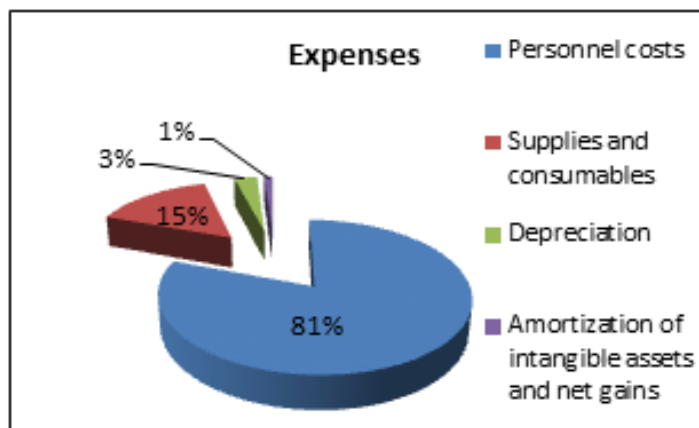
Total Liabilities amounted to CI\$9.1 million, the majority of which comprise of a CI\$5.2 million Surplus Payable to the Cabinet that represents the Surplus earned during the period and which will be repaid to the Cabinet during the 2018 financial year.

Net Assets, which are Total Assets less Total Liabilities, amounted to CI\$19.1 million.



The Statement of Financial Performance, as shown on page 7 of the financial statements, shows that the Ministry earned CI\$36.3 million in Revenue for the period. Most of this Revenue was earned from the delivery of Outputs to Cabinet and administrative fees and user charges levied on the public for the delivery of services.

The Ministry incurred CI\$31.1 million in expenses during the period, of which CI\$25.1 million or 81% comprise of personnel costs. Personnel costs include salaries, health insurance and pension costs.



The Surplus, which is Total Revenue less Total Expenses, amounted to CI\$5.2 million. The Surplus will be repaid to the Cabinet during the 2018 financial year.



CAYMAN ISLANDS GOVERNMENT

Ministry of Finance & Economic Development

Financial Statements

**For the 18-month period ended
31 December 2017**

Contents

Statement of Responsibility for Financial Statements	3
Auditor General's Report	4
Statement of Financial Position	6
Statement of Financial Performance	7
Statement of Changes in Net Worth	8
Cash Flow Statement	9
Description and Principal Activities and Notes to the Financial Statements	10

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
STATEMENT OF RESPONSIBILITY FOR FINANCIAL STATEMENTS
31 DECEMBER 2017

These financial statements are prepared by the Ministry of Finance & Economic Development (the "Ministry") in accordance with the provisions of the Public Management and Finance Law (2017 Revision), and as further amended (together the "Law").

We accept responsibility for the accuracy and integrity of the financial information in these financial statements and their compliance with the Law.

As Financial Secretary & Chief Officer, I am responsible for establishing, and have established and maintained, a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorised by law, and properly record the financial transactions of the Ministry.

As Financial Secretary & Chief Officer, and Chief Financial Officer, we are responsible for the preparation of the financial statements, representations and judgements made in these statements.

To the best of our knowledge, these statements:

- (a) fairly reflect the financial position as at 31 December 2017 and performance for the 18 month financial period ended 31 December 2017; and
- (b) comply with International Public Sector Accounting Standards ("IPSAS") as set out by International Public Sector Accounting Standards Board under the responsibility of the International Federation of Accountants. Where guidance is not available under IPSAS, the financial statements comply with International Accounting Standards issued by the International Accounting Standards Board or accounting practice that is generally accepted in the United Kingdom as appropriate for reporting in the public sector.

The Office of the Auditor General conducts an independent audit and expresses an opinion on the accompanying financial statements. The Office of the Auditor General has been provided access to all the information necessary to conduct an audit in accordance with International Standards on Auditing.


Kenneth Jefferson
Financial Secretary & Chief Officer
Ministry of Finance & Economic Development


Nina Vandine
Chief Financial Officer
Ministry of Finance & Economic Development

08 April 2018

AUDITOR GENERAL'S REPORT

To the Members of the Legislative Assembly and the Financial Secretary and Chief Officer of the Ministry of Finance and Economic Development

Opinion

I have audited the financial statements of the Ministry of Finance and Economic Development (the "Ministry"), which comprise the statement of financial position as at 31 December 2017 and the statement of financial performance, statement of changes in net worth and cash flows statement for the 18 month period from 1 July 2016 to 31 December 2017, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 10 to 26.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Ministry as at 31 December 2017 and its financial performance and its cash flows for the 18 month period from 1 July 2016 to 31 December 2017 in accordance with International Public Sector Accounting Standards.

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Ministry in accordance with the the International Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, together with the ethical requirements that are relevant to my audit of the financial statements in the Cayman Islands, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Matter

Approval for supplementary funding under Section 11 (5) of the Public Management and Finance Law (2017 Revision)

Cabinet approved a supplementary funding under the provisions of section 11(5) of the Public Management and Finance Law (2017 Revision) (the "PMFL") in the amount of \$225,534 for the replacement of the Total Revenue Integrated Processing System (TRIPS) with an enhanced Customs Tariff Support System (CTSS 2.0). The Ministry is required under section 11 (6b) of the PMFL to include this transaction in the next Supplementary Appropriation Bill introduced in the Legislative Assembly to obtain approval for the supplementary funding. As of the date of my audit report, the Legislative Assembly's approval has not yet been obtained for this funding.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

AUDITOR GENERAL'S REPORT (continued)

In preparing the financial statements, management is responsible for assessing the Ministry's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Ministry or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Ministry's financial reporting process.

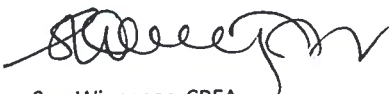
Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ministry's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Ministry's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Ministry to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I have undertaken the audit in accordance with the provisions of section 60(1)(a)(ii) of the Public Management and Finance Law (2017 revision). I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Sue Winspear, CPFA
Auditor General

8 April 2018
Cayman Islands

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

Prior Year Actual June 30, 2016 \$'000		Note	Current Period Actual \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
	Current Assets					
11,424	Cash and cash equivalents	2	14,193	14,242	14,242	49
3,108	Trade receivables	3	3,206	2,705	2,705	(501)
1	Other receivables	3	251	1	1	(250)
	Inventories	4	266	-	-	(266)
422	Prepayments	5	338	188	188	(150)
14,955	Total Current Assets		18,254	17,136	17,136	(1,118)
	Non-Current Assets					
57	Prepayments	5	-	-	-	-
4,164	Property, plant and equipment	6	8,791	3,975	4,051	(4,816)
1,400	Intangible assets	7	1,150	1,108	1,134	(42)
5,621	Total Non-Current Assets		9,941	5,083	5,185	(4,858)
20,576	Total Assets		28,195	22,219	22,321	(5,976)
	Current Liabilities					
120	Trade payables	8	328	40	40	(288)
2,078	Other payables and accruals	8	2,402	1,696	1,696	(706)
	Unearned revenue	9	524	-	-	(524)
474	Employee entitlements	10	623	346	346	(277)
3,481	Surplus payable	23	5,185	5,331	5,331	146
6,153	Total Current Liabilities		9,062	7,413	7,413	(1,649)
6,153	Total Liabilities		9,062	7,413	7,413	(1,649)
14,423	Net Assets		19,132	14,806	14,908	(4,326)
	NET WORTH					
15,916	Contributed capital		20,629	16,265	16,367	(4,363)
(1,493)	Historical Surpluses/(Deficits)		(1,496)	(1,459)	(1,459)	37
14,423	Total Net Worth		19,132	14,806	14,908	(4,326)

The Accounting Policies and Notes starting on page 10 form an integral part of these financial statements.

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE 18-MONTH PERIOD ENDED 31 DECEMBER 2017

Prior Year			Current Period	Original	Final	Variance
Actual			Actual	Budget	Budget	(Orig vs Actual)
June 30, 2016			\$'000	\$'000	\$'000	\$'000
\$'000						
	Revenue					
22,411	Sale of goods and services	11	36,270	36,884	38,790	614
<u>1</u>	Investment revenue	12	<u>7</u>	<u>1</u>	<u>1</u>	<u>(6)</u>
22,412	Total Revenue		36,277	36,885	38,791	608
	Expenses					
15,634	Personnel costs	13	25,076	24,588	25,815	(488)
2,986	Supplies and consumables	14	4,754	5,849	6,377	1,095
508	Depreciation	6	929	815	939	(114)
227	Amortization of Intangible assets	7	321	303	303	(18)
-	(Gains)/losses on foreign exchange transactions	15	(6)	-	-	6
3	(Gains)/losses on disposal/revaluation of property, plant and equipment	15	(4)	-	-	4
(427)	(Gain)/Loss on revaluation of asset	15	22	-	-	(22)
-	Other expenses		-	-	25	-
18,931	Total Expenses		31,092	31,555	33,459	463
3,481	Surplus for the period		5,185	5,330	5,332	146

The Accounting Policies and Notes starting on page 10 form an integral part of these financial statements.

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
STATEMENT OF CHANGES IN NET WORTH
FOR THE 18-MONTH PERIOD ENDED 31 DECEMBER 2017

	Contributed Capital \$'000	Accumulated Surplus/(Deficits) \$'000	Total Net Worth \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
Balance at 30 June 2015	15,265	(1,450)	13,815	13,815	13,815	-
Prior Year Adjustments	-	(43)	(43)	(8)	(8)	35
Restated balance	15,265	(1,493)	13,772	13,807	13,807	35
Changes in Net Worth for 2015/16						
Equity Investment from Cabinet	650	-	650	650	650	-
Surplus Payable to Cabinet	-	(3,481)	(3,481)	(3,557)	(3,557)	(76)
Net Revenue / Expenses Recognised Directly in Net Worth	650	(3,481)	(2,831)	(2,907)	(2,907)	(76)
Surplus/(Deficit) for 2015/16	-	3,481	3,481	3,557	3,557	76
Changes in Net Worth During 2015/16	650	-	650	650	650	-
Balance at 30 June 2016 carried forward	15,915	(1,493)	14,422	14,457	14,457	35
	Contributed Capital	Accumulated Surplus/(Deficits)	Total Net Worth	Original Budget	Final Budget	Variance (Orig vs Actual)
Balance at 30 June 2016 brought forward	15,915	(1,493)	14,422	14,457	14,333	35
Changes in Net Worth for 2016/17						
Prior Year Adjustments	-	(3)	(3)	-	-	3
Restated balance	15,915	(1,496)	14,419	14,457	14,333	38
Changes in Net Worth for 2016/17						
Equity Investment from Cabinet	4,713	-	4,713	350	575	(4,363)
Surplus Payable to Cabinet	-	(5,185)	(5,185)	(5,331)	(5,331)	(146)
Net Revenue / Expenses Recognised Directly in Net Worth	4,713	(5,185)	(472)	(4,981)	(4,756)	(4,509)
Surplus/(Deficit) for 2016/17	-	5,185	5,185	5,331	5,331	146
Changes in Net Worth During 2016/17	4,713	-	4,713	350	575	(4,363)
Balance at 31 December 2017	20,628	(1,496)	19,132	14,807	14,908	(4,325)

The Accounting Policies and Notes starting on page 10 form an integral part of these financial statements.

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
CASH FLOW STATEMENT
FOR THE 18-MONTH PERIOD ENDED 31 DECEMBER 2017

Prior Year Actual June 30, 2016 \$'000		Current Period Actual \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
	CASH FLOWS FROM OPERATING ACTIVITIES				
	<i>Receipts</i>				
19,418	Outputs to Cabinet	29,662	31,309	31,309	1,647
3,703	Sale of goods and services	6,399	5,540	5,540	(859)
1	Interest received	2	1	1	(1)
-	Other receipts	-	36	36	36
	<i>Payments</i>				
(15,631)	Personnel costs	(25,022)	(24,648)	(24,649)	374
(2,722)	Supplies and consumables	(4,304)	(5,381)	(5,381)	(1,077)
3	Other payments	6	-	-	(6)
4,772	Net Cash Flows from Operating Activities	6,743	6,857	6,856	114
	CASH FLOWS FROM INVESTING ACTIVITIES				
(567)	Purchase of property, plant and equipment	(1,072)	(705)	(930)	367
-	Proceeds from sale of property, plant and equipment	4	-	-	(4)
(567)	Net Cash Flows from Investing Activities	(1,068)	(705)	(930)	363
	CASH FLOWS FROM FINANCING ACTIVITIES				
650	Equity Investment	576	350	576	(226)
(5,754)	Repayment of Surplus	(3,481)	(3,557)	(3,557)	(76)
(5,104)	Net Cash Flows from Financing Activities	(2,905)	(3,207)	(2,981)	(302)
(898)	Net Increase/(Decrease) in Cash and Cash Equivalents	2,770	2,944	2,944	174
12,322	Cash and Cash Equivalents at 1 July, 2016	11,424	11,298	11,298	(126)
11,424	Cash and Cash Equivalents at 31 December, 2017	14,193	14,242	14,242	48

The Accounting Policies and Notes starting on page 10 form an integral part of these financial statements.

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED 31 DECEMBER 2017
(Amounts Expressed in CI \$000's)

Description and Principal Activities

The Ministry of Finance & Economic Development (the "Ministry") is a Government entity as defined by section 2 of the Public Management and Finance Law (2017 Revision) and as further amended (together the "Law").

Its principal activities and operations include all activities carried out in terms of the Outputs purchased by the Minister of Finance & Economic Development as defined in the Annual Plan and Estimates for the Government of the Cayman Islands (the "Government") for the 18-month financial period ended 31 December 2017. The purpose of the Ministry is to develop, implement and maintain macro-economic and budgetary policies and maintain measures to manage the finances of the Government and exercise supervision and control in all matters relating to the financial affairs of the Government. The Ministry consists of several departments, including Customs Department, Economics and Statistics Office, Finance Administration, Risk Management, Treasury and Postal Service.

The Postal Service was added to the Ministry effective 1 July, 2017 as a result of reassignment of Cabinet subject matter responsibilities after the General Election in May 2017.

Note 1: Significant Accounting Policies

These financial statements are prepared in accordance with International Public Sector Accounting Standards (IPSAS), issued by the International Federation of Accountants and its International Public Sector Accounting Standards Board using the accrual basis of accounting. Where additional guidance is required, International Accounting Standards issued by the International Accounting Standards Board, are used.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Basis of Preparation

The financial statements are presented in Cayman Islands Dollars (CI\$) and are prepared on the accrual basis of accounting, unless otherwise stated. The statements are rounded to the nearest thousand. Any discrepancies between totals and sums of components are due to rounding. The measurement base applied to these financial statements is the historical cost basis, unless otherwise stated.

The financial year end of the Ministry was changed from 30 June to 31 December in order to facilitate more efficient monitoring of revenues and expenditures by Government during a financial year. This change would facilitate Government's ability to make meaningful adjustments to its expenditure plans to mitigate any adverse revenue performance. Accordingly, the current financial statements are prepared for 18 months from 1 July 2016 to 31 December, 2017 and as a result, the comparative figures stated in the Statement of Financial Performance, Statement of Changes in Net Worth, Cash Flow Statement and related notes are not directly comparable.

Changes in Accounting Policies

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

Budget Amounts

The original budget amounts for the 18-month financial period are as presented in the 2016/2017 Annual Budget Statement and the amounts are rolled up into the Annual Plan and Estimates document which was presented to the Legislative Assembly. Any changes to the original budget are reflected in the final budget and have been approved by Cabinet through Section 11(5) of the Law. As required by the Law, budgets are presented on the same basis as the annual financial statements.

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED 31 DECEMBER 2017
(Amounts Expressed in CI \$000's)

Judgments and Estimates

The preparation of financial statements in conformity with IPSAS requires judgments, estimates, and assumptions to effect the application of policies and reported amounts of assets and liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the reporting period and in any future periods that are affected by those revisions.

Changes in Accounting Estimates

There have been no changes in accounting estimates as defined by IPSAS 3.

Revenue

Revenue is recognised in the accounting period in which it is earned. Revenue received but not yet earned at the end of the reporting period is recognised as a liability (unearned revenue).

The Ministry derives its revenue through the provision of services to Cabinet, other agencies in Government and third parties. Revenue is recognised at fair value of services provided.

Expenses

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

Operating Leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, where this is representative of the pattern of benefits to be derived from the leased property. Lease payments under operating leases, net of lease incentives received, are recognised as expenses on a straight-line basis over the lease term. Lease incentives received are recognised evenly over the term of the lease as a reduction in rental expense.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash in-transit and bank accounts with a maturity of no more than three months from the date of acquisition.

Inventory

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

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

Inventories held for sale or use in the production of goods and services on a commercial basis are valued at the lower of cost and net realizable value.

Prepayments

The portion of recognised expenditure paid in advance of receiving services is recognised as a prepayment.

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED 31 DECEMBER 2017
(Amounts Expressed in CI \$000's)

Property, Plant and Equipment

Property, Plant and equipment are stated at historical cost upon initial recognition less accumulated depreciation. Where an asset is acquired for nil or nominal consideration, the asset is recognized initially at fair value, where fair value can be reliably determined, and as revenue in the Statement of Financial Performance in the year in which the asset is acquired.

Property, Plant and equipment reported in the Statement of Financial Position as of the period end are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment loss. Revaluation are performed with sufficient regularity such that the carry amounts do not differ materially for those that would be determined using fair values at the end of each reporting period.

Any revaluation increase arising on the revaluation of such assets is recognized in the Statement of Changes in Net Worth (equity), except to the extent that it reverses a revaluation decrease for the same class of asset previously in surplus or deficit in the Statement of Financial Performance, in which case the increase is credited to the surplus or deficit to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such assets is recognized in surplus and deficit to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to previous revaluation of that class of asset.

Assets Under Construction

Assets under construction or development are carried at cost, less any recognized impairment loss. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets (on the same basis as the asset category) commences when the assets are ready for their intended use.

Furniture and Equipment

Furniture and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation

Depreciation is expensed on a straight-line basis at rates calculated to allocate the cost or valuation of an item of property, plant and equipment (other than land and assets under construction); less any estimated residual value, over its estimated useful life. Leasehold improvements are depreciated either over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is shorter.

<u>Asset Type</u>	<u>Estimated Useful life (in Years)</u>
Buildings and structures	40 - 60
Leasehold Improvement	Unexpired period or useful life
Furniture, fittings and office equipment	3-20
Computer hardware	3 - 10
Computer software	3 - 10
Other plant and equipment	5 - 25
Motor vehicles	4 - 12

Intangible Assets

Acquired computer software licenses lasting over a year are capitalized on the basis of the costs incurred to acquire and bring to use the specific software.

The carrying value of an intangible asset with a finite life is amortized on a straight line basis over its estimated useful life. Amortization begins when the asset is available for use and ceases at the date that the asset is derecognized. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately (if any) are carried at cost less accumulated impairment losses. Amortization charge for each period is recognized in the Statement of Financial Performance.

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED 31 DECEMBER 2017
(Amounts Expressed in CI \$000's)

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all the following have been demonstrated:

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

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above.

Derecognition of Assets

An item of property, plant and equipment and intangible asset is derecognized upon disposal or when no future economic benefits are expected to rise from the continued use of the asset.

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

Employee Benefits

Employee entitlements to salaries and wages, annual leave, long service leave, retiring leave and other similar benefits are recognised in the Statement of Financial Performance when they are earned by employees. Employee entitlements to be settled within one year following the period-end are reported as current liabilities at the amount expected to be paid.

Pension contributions for employees of the Ministry are paid to the Public Service Pension Fund (the "Fund") and administered by the Public Service Pension Board (the "Board"). Contributions of 12% - employer 6% and employee 6% are made to the Fund by the Ministry.

Prior to 1 January 2000, the Board operated a defined benefit scheme. With effect from 1 January 2000 the Board continued to operate a defined benefit scheme for existing employees and a defined contribution scheme for all new employees. Obligations for contribution to defined contribution retirement plans are recognised in the Statement of Financial Performance as they are earned by employees. Obligations for defined benefit retirement plans are reported in the Consolidated Financial Statements for the Entire Public Sector of the Government.

Financial Instruments

The Ministry is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short term deposits, trade and accounts receivables and trade and accounts payable, all of which are recognised in the Statement of Financial Position.

When there is objective evidence that a financial asset or group of financial assets is impaired, the losses are recognised as an expense in the Statement of Financial Performance.

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED 31 DECEMBER 2017
(Amounts Expressed in CI \$000's)

Classification

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

A financial liability is any liability that is a contractual obligation to deliver cash or another financial instrument or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable. Financial liabilities comprise of accounts payable and accrued expenses.

Recognition

The Ministry recognises financial assets and financial liabilities on the date it becomes party to the contractual provisions of the instrument. From this date, any gains and losses arising from changes in fair value of the assets and liabilities are recognised in the Statements of Financial Performance.

Measurement

Financial instruments are measured initially at cost which is the fair value of the consideration given or received. Subsequent to initial recognition all financial assets are recorded at historical cost, which is considered to approximate fair value due to the short-term or immediate nature of these instruments.

Financial liabilities are subsequently measured at amortised cost, being the amount at which the liability was initially recognised less any payment plus any accrued interest of the difference between that initial amount and the maturity amount.

De-recognition

A financial asset is de-recognised when the Ministry realises the rights to the benefits specified in the contract or loses control over any right that comprise that asset. A financial liability is derecognised when it is extinguished, that is when the obligation is discharged, cancelled, or expires.

Contingent Liabilities and Assets (including Guarantees)

Contingent liabilities and assets are reported at the point the contingency becomes evident. Contingent liabilities are disclosed when there is a possible obligation or present obligations that may, but probably will not, require an outflow of resources.

Foreign Currency

Foreign currency transactions are recorded in Cayman Islands Dollars using the exchange rate in effect at the date of the transaction. Foreign currency gains or losses resulting from settlement of such transactions are recognised in the Statement of Financial Performance.

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 Islands Dollars using the closing rate;
- Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported in Cayman Islands Dollars using the exchange rate at the date of the transaction; and
- Non-monetary items that are carried at fair value denominated in a foreign currency are reported using the exchange rates that existed when the fair values were determined.

Surplus Repayable

Pursuant to Section 39 (3) (f) of the Law any net Surplus is transferred to Surplus repayable.

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED 31 DECEMBER 2017
(Amounts Expressed in CI \$000's)

Note 2: Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, bank accounts in the name of the Ministry and are maintained at Royal Bank of Canada, with short term deposits invested with the Government's Treasury. As at 30 June 2016 and 31 December 2017, the Ministry's unrestricted cash balances were, as presented below. No restricted cash balances were held at 31 December 2017.

Note 2: Cash and cash equivalents

Prior Year Actual	Description	Foreign Currency	Exchange Rate	Current Period Actual	Original Budget	Final Budget	Variance (Orig vs Actual)
June 30, 2016							
5	Cash on hand			5	5	5	-
25	Cash in transit			26	78	78	52
10,734	CI\$ Operational Current Account			13,383	13,432	13,432	49
3	US\$ Operational Current Account	69	0.84	58	25	25	(33)
(43)	Payroll Current Account			(8)	2	2	10
-	Bank Accounts held at other financial institutions			27	-	-	(27)
700	Treasury Internal Deposits			702	700	700	(2)
11,424	TOTAL			14,193	14,242	14,242	49

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED 31 DECEMBER 2017
(Amounts Expressed in CI \$000's)

Note 3: Trade Receivables and Other Receivables

At year end all overdue receivables are assessed and appropriate provisions made. The provision for doubtful debts are calculated based on expected losses for the Ministry and review of specific debtors. Expected losses are determined based on an analysis of the Ministry's losses in previous periods.

Prior Year Actual		Current Period Actual	Original Budget	Final Budget	Variance (Orig vs Actual)
June 30, 2016	Trade Receivables				
363	Sale of goods and services	720	405	405	(315)
2,746	Outputs to Cabinet	2,486	2,300	2,300	(186)
-	Less: provision for doubtful debts	-	-	-	-
3,109	Total trade receivables	3,206	2,705	2,705	(501)

Actual Prior Year	Other Receivables	Current Period Actual	Original Budget	Final Budget	Variance (Org vs Actual)
-	Advances (salary, Official Travel, etc)				
-	Dishonoured cheques	1	-	-	(1)
1	Interest receivable	7	1	1	(6)
-	Other Receivable	243	-	-	(243)
-	Less: provision for doubtful debts	-	-	-	-
1	Total other receivables	251	1	1	(250)

Actual Prior Year	Receivables	Trade Receivable	Other Receivable	Current Period Actual	Original Budget	Final Budget	Variance (Orig vs Actual)
3,062	Past due 1-30 days	2,900	251	3,150	2,597	2,597	(553)
37	Past due 31-60 days	278	-	278	108	108	(170)
4	Past due 61-90 days	12	-	12	-	-	(12)
6	Past due 90 and above	10	-	10	-	-	(10)
	Non-Current						
1	Past due 1 year and above	6	-	6	-	-	(6)
3,110	Total receivables	3,206	251	3,456	2,705	2,705	(751)

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED 31 DECEMBER 2017
(Amounts Expressed in CI \$000's)

Note 4: Inventories

Actual Prior Year	Description	Current Period Actual	Original Budget	Final Budget	Variance (Orig vs Actual)
-	Inventory held for use in the provision of goods and services	266	-	-	(266)
-	Total Inventories	266	-	-	(266)

Note 5: Prepayments

Prior Year Actual June 30, 2016	Description	Current Period Actual	Original Budget	Final Budget	Variance (Orig vs Actual)
	Current				
333	Accrued Prepayments	338	155	155	(183)
89	Prepaid Insurance	-	33	33	33
422	Total Current	338	188	188	(150)
	Non-Current				
34	Accrued Prepayments	-	-	-	-
23	Prepaid Insurance	-	-	-	-
479	Total Prepayments	338	188	188	(150)

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED 31 DECEMBER 2017
(Amounts Expressed in CI \$'000's)

Note 6: Property, plant and equipment

	<i>Plant and equipment</i>	<i>Buildings and Leasehold</i>	<i>Furniture and Office Equipment</i>	<i>Computer Hardware</i>	<i>Motor Vehicles</i>	<i>Assets under construction or development</i>	<i>Total</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Variance (Orig vs Actual)</i>
Cost or Opening Valuation	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2015	970	1,718	446	120	2,541	23	5,818	5,867	5,867	49
Additions	3	-	16	3	72	474	568	905	905	337
Revaluation Gain	-	105	-	-	-	-	105	-	-	(105)
Disposals	-	-	-	-	(13)	-	(13)	-	-	13
Balance as at 30 June 2016	973	1,823	462	123	2,600	496	6,477	6,772	6,772	295
	<i>Plant and equipment</i>	<i>Buildings and Leasehold</i>	<i>Furniture and Office Equipment</i>	<i>Computer Hardware</i>	<i>Motor Vehicles</i>	<i>Assets under construction or development</i>	<i>Total</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Variance (Orig vs Actual)</i>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2016	973	1,823	462	123	2,600	496	6,477	6,772	6,772	295
Additions	39	-	17	9	67	926	1,058	655	855	(403)
Disposals	-	-	-	-	(16)	-	(16)	-	-	16
Transfers from Work in Progress	-	1,406	17	-	-	(1,423)	-	-	-	-
Transfers	122	4,534	350	135	287	-	5,428	-	-	(5,428)
Balance at 31 December 2017	1,134	7,763	845	267	2,938	-	12,947	7,427	7,627	(5,521)
	<i>Plant and equipment</i>	<i>Buildings and Leasehold</i>	<i>Furniture and Office Equipment</i>	<i>Computer Hardware</i>	<i>Motor Vehicles</i>	<i>Assets under construction or development</i>	<i>Total</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Variance (Orig vs Actual)</i>
Accumulated Depreciation and Impairment Losses	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2015	490	264	367	111	902	-	2,134	2,134	2,134	-
Depreciation Expense	108	83	24	5	288	-	508	503	503	(5)
Eliminate on Disposal/Revaluation	-	(322)	-	-	(7)	-	(329)	-	-	329
Balance as at 30 June 2016	598	25	391	116	1,183	-	2,313	2,637	2,637	324
	<i>Plant and equipment</i>	<i>Buildings and Leasehold</i>	<i>Furniture and Office Equipment</i>	<i>Computer Hardware</i>	<i>Motor Vehicles</i>	<i>Assets under construction or development</i>	<i>Total</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Variance (Orig vs Actual)</i>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2016	598	25	391	117	1,182	-	2,313	2,637	2,637	324
Transfers	105	193	295	121	216	-	930	-	-	(930)
Depreciation Expense	146	266	44	15	459	-	929	815	939	(114)
Eliminate on Disposal/Revaluation	-	-	-	-	(16)	-	(16)	-	-	16
Balance at 31 December 2017	849	484	730	253	1,841	-	4,156	3,452	3,576	(704)
Net Book value 30 June 2016	375	1,798	71	6	1,418	496	4,164	4,135	4,135	(29)
Net Book value 31 December 2017	285	7,279	115	14	1,097	-	8,791	3,975	4,051	(4,817)

Properties (buildings and structures) were revalued as at 30 June 2016 by in-house professionals with the exception of specialized buildings which were contracted to independent evaluators and are stated at revalued amounts less accumulated depreciation. The previous revaluation was conducted 1 July 2012.

The valuations of the Ministry's buildings have been prepared in accordance with IPSAS, Royal Institute of Chartered Surveyors (RICS) Red Book, 2016 Valuation Standards references with the International Valuation Standards, and the guidance notes provided by the RICS. The Customs building was valued at fair Fair Value (Market Value) defined in accordance with IFRS 13 Fair Value Measurement as follows: "The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." The Post Offices are considered specialized assets defined as those for which no market exists for the current use and were valued using the Depreciated Replacement Cost method (DRC valuation). The definition of 'Depreciated Replacement Cost', as contained in The Standards, is as follows: "The current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization."

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED 31 DECEMBER 2017
(Amounts Expressed in CI \$'000's)

Plant and machinery have only been included in the valuation of building assets where these form an integral part of the fabric of the building (e.g. lifts or air conditioning equipment) or where it perform a task crucial to the continuation of the existing use (e.g. swimming pools). Unless specifically stated otherwise, it is assumed that such items are reflected in the unit building cost. Where an asset has been valued by Depreciated Replacement Cost (DRC) it is subject to the prospect and viability of the asset continuing to be used for the existing use. Valuations of each 'specialized building' state their total asset value and the (depreciated) value of the respective building. Those with a depreciated building value greater than \$0.5 million also state figures for their 'component' parts. Buildings valued by the investment or comparison methods of valuation also state figures for their respective land values. These do not compute to reflect actual building values but indicate the inherent value attributing to the land only.

Note 7: Intangible assets

	<i>Computer Software</i>	<i>Assets under development</i>	<i>Total</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Variance (Orig vs Actual)</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Cost or Opening Valuation						
Balance as at 1 July 2015	2,099	50	2,149	2,099	2,099	(50)
Additions	-	-	-	-	-	-
Transfers	50	(50)	-	-	-	-
Balance as at 30 June 2016	2,149	-	2,149	2,099	2,099	(50)

	<i>Computer Software</i>	<i>Assets under development</i>	<i>Total</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Variance (Orig vs Actual)</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Balance as at 1 July 2016	2,149	-	2,149	2,099	2,099	(50)
Additions	-	71	71	-	25	(71)
Transfers	-	-	-	50	50	50
Balance at 31 December 2017	2,149	71	2,220	2,149	2,174	(71)

	<i>Computer Software</i>	<i>Assets under development</i>	<i>Total</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Variance (Orig vs Actual)</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Accumulated Amortization and Impairment Losses						
Balance as at 1 July 2015	522	-	522	522	522	(0)
Amortization Expense	227	-	227	215	215	(12)
Balance as at 30 June 2016	749	-	749	737	737	(12)

	<i>Computer Software</i>	<i>Assets under development</i>	<i>Total</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Variance (Orig vs Actual)</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Balance as at 1 July 2016	749	-	749	737	737	(12)
Amortization Expense	321	-	321	303	303	(19)
Balance at 31 December 2017	1,070	-	1,070	1,039	1,039	(31)
Net Book value 30 June 2016	1,400	-	1,400	1,362	1,362	(38)
Net Book value 31 December 2017	1,079	71	1,150	1,109	1,134	(41)

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED 31 DECEMBER 2017
(Amounts Expressed in CI \$000's)

The Ministry has software TRIPS (Total Revenue Integrated Processing System) that was implemented in 2013 for integration with IRIS. The licensor has granted a perpetual irrevocable license. The intent of the system is to assist in capturing real-time information for the collection of all Customs revenue and provide statistical data.

The Ministry has software CIMS (Customs Information and Management System) under development to replace TRIPS as there is a need to manage the risk of ownership and control. TRIPS is not owned by Customs and the high cost of maintenance and enhancements was a growing concern. CIMS will facilitate the new automated plan of Customs as well as allow for the instant sharing of information and intelligence across Customs and with stakeholders where necessary.

Note 8: Trade Payables, Other Payables and Accruals

Prior Year Actual June 30, 2016	Description	Current	Non-current	Total Current Period	Original Budget	Final Budget	Variance (Orig vs Actual)
120	Creditors	192	-	192	40	40	(152)
-	Creditors Ministries/Portfolios	133	-	133	-	-	(133)
-	Creditors other government agencies	2	-	2	-	-	(2)
368	Accrued Expenses	656	-	656	272	272	(384)
1,707	Accrued Expenses Ministries/Portfolio	1,733	-	1,733	1,400	1,400	(333)
3	Accrued Expenses other government agencies	2	-	2	20	20	18
-	Other payables	12	-	12	4	4	(8)
2,198	Total trade payables, other payables & accruals	2,730	-	2,730	1,736	1,736	(994)

Trade and other payables are non-interest bearing and are normally settled on 30-day terms.

Note 9: Unearned Revenue

Prior Year Actual	Details	Current Period Actual	Original Budget	Final Budget	Variance (Orig vs Actual)
-	Other unearned revenue	524	-	-	(524)
-	Total unearned revenue	524	-	-	(524)

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED 31 DECEMBER 2017
 (Amounts Expressed in CI \$000's)

Note 10: Employee Entitlements

Prior Year Actual	Description	Current Period Actual	Original Budget	Final Budget	Variance (Orig vs Actual)
June 30, 2016					
	<i>Current employee entitlements are represented by:</i>				
51	Comp Time	78	20	20	(58)
268	Annual Leave	322	171	171	(151)
53	Accrued salaries	78	45	45	(33)
102	Pension	145	110	110	(35)
474	Total current portion	623	346	346	(277)
	<i>Non-current employee entitlements are represented</i>				
-	Retirement and long service leave	-	-	-	-
474	Total employee entitlements	623	346	346	(277)

The annual leave entitlements and compensated absence (Comp time) are calculated on current salary paid to those employees eligible for this benefit.

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED 31 DECEMBER 2017
(Amounts Expressed in CI \$000's)

Note 11: Sale of Goods and Services

Prior Year Actual	Revenue type	Current Period Actual	Original Budget	Final Budget	Variance (Orig vs Actual)
June 30, 2016					
18,819	Outputs to Cabinet	29,403	31,409	31,813	2,006
99	Outputs to other government agencies	130	145	145	15
1,766	Fees and charges	2,641	2,847	2,847	206
1,695	General Sales	3,511	2,448	3,526	(1,063)
32	Other	585	35	459	(550)
22,411	Total sales of goods and services	36,270	36,884	38,790	614

Outputs to Cabinet comprises goods delivered to, and services performed on behalf of, the Government.

Outputs to other Government agencies comprises trade between the Ministry and other government bodies. These are arms length transactions governed by Service Level Agreements between the contracting parties.

Fees and charges, general sales and other, include administrative fees and user charges levied on the public for the delivery of Government services. Certain respective rates and fee structures are Gazetted and governed by the relevant revenue laws and regulations.

Note 12: Investment Revenue

Prior Year Actual	Source	Current Period Actual	Original Budget	Final Budget	Variance (Orig vs Actual)
June 30, 2016					
1	Interest on Deposits	7	1	1	(6)
1	Total Investment Revenues	7	1	1	(6)

Note 13: Personnel Costs

Prior Year Actual	Description	Current Period Actual	Original Budget	Final Budget	Variance (Orig vs Actual)
June 30, 2016					
12,671	Salaries, wages and allowances	20,317	19,803	20,651	(514)
2,195	Health care	3,659	3,685	3,988	26
770	Pension	1,082	1,075	1,150	(7)
(9)	Leave	(14)	19	19	33
7	Other personnel related costs	32	6	7	(26)
15,634	Total Personnel Costs	25,076	24,588	25,815	(488)

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED 31 DECEMBER 2017
(Amounts Expressed in CI \$'000's)

Note 14: Supplies and Consumables

Prior Year Actual	Description	Current Period Actual	Original Budget	Final Budget	Variance (Orig vs Actual)
June 30, 2016					
262	Supplies and Materials	430	400	433	(30)
1,744	Purchase of services	2,665	3,732	3,919	1,067
44	Lease of Property and Equipment	117	75	119	(42)
249	Utilities	478	480	704	2
123	General Insurance	195	228	261	33
396	Interdepartmental expenses	575	607	607	32
22	Travel and Subsistence	84	41	45	(43)
138	Recruitment and Training	194	272	275	78
8	Other	16	14	14	(2)
2,986	Total Supplies & consumables	4,754	5,849	6,377	1,095

Note 15: Gains/(Losses)

Prior Year Actual	Description	Current Period Actual	Original Budget	Final Budget	Variance (Orig vs Actual)
June 30, 2016					
3	Net (gain) / loss on disposal of property, plant and equipment	(4)	-	-	4
(427)	Loss/(Gain) on Revaluation of Asset	22	-	-	(22)
	Net (gain) / loss on foreign exchange	(6)	-	-	6
(424)	Total gain/ (losses)	12	-	-	(12)

Note 16: Contingent Liabilities and Assets

The Ministry has no contingent assets as at 31 December 2017. Any contingent liabilities relating to the Ministry as at 31 December 2017 are reported in the consolidated accounts for the Government.

Note 17: Commitments

Prior Year Actual June 30, 2016	Type	One year or less \$'000	One to five Years \$'000	Over five Years \$'000	Total \$'000
	Capital Commitments				
1,153	Property, plant and equipment	-	-	-	-
-	Other fixed assets	-	-	-	-
-	Other commitments (list separately if material)	-	-	-	-
1,153	Total Capital Commitments	-	-	-	-

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED 31 DECEMBER 2017
(Amounts Expressed in CI \$000's)

Note 18: Explanation of major variances against budget

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

Statement of Financial Performance

Sale of Goods and Services Revenue

Revenue was below budget by \$614 thousand. This net variance is due to the inability to bill Cabinet for unspent appropriations in addition to an increase in third party revenue from acquiring the Postal Services, effective 1 July 2017.

The changes between the original budget and the final budget are a result of the 6 month portion (July – Dec 2017) of the Postal Services' budget being added to the final budget and reallocations between executive and entity budget impacting the Ministry. The reallocation was approved by Cabinet under Section 11(5) of the law and a Supplementary Appropriation Bill will be presented to the Legislative Assembly for approval.

Personnel Costs

The actual year-personnel costs were higher than the original budget by \$488 thousand due to acquiring the Postal Service. There were savings from other departments to offset part of the cost associated with Postal, this was a result of when or if vacancies were filled.

Supplies and Consumables

Supplies and Consumables costs were \$1.1 million below budget due to a decision not to purchase the codes of TRIPS or enter into a maintenance agreement of software support, in addition to the efficient use of allocated funds to derive value for money.

Depreciation

Depreciation costs were \$114 thousand over original budget due to the acquiring of fixed assets of the Postal Services.

Statement of Financial Position

Trade and Other Receivables

The actual year-end trade and other receivable balances were higher than the original budget by \$751 thousand due to timing in receipt of payments and the December 2017 Cabinet billing being higher than anticipated, as a result of Postal Services joining the Ministry.

Inventories

The Inventory was higher than the original budget by \$266 thousand due to acquiring the Postal Services.

Prepayments

The actual period-end prepayments were higher than the original budget by \$150 thousand due to deposits on various new projects and the addition of Postal Services and change in financial year end.

Property, Plant and Equipment

The actual period-end property, plant and equipment were higher than the original budget by \$4.8 million due to acquiring the Postal Services.

Trade Payables, Other Payables and Accruals

The actual period-end payables and accrual balances were higher than the original budget by \$994 thousand due to timing of payments being made and as a result of acquiring Postal Services.

Employee Entitlements

The actual period-end employee entitlements were higher than the original budget by \$277 thousand due to increase in the accrual for annual leave and the acquiring of Postal Services.

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED 31 DECEMBER 2017
(Amounts Expressed in CI \$000's)

Unearned Revenue

The actual period-end unearned revenue was higher than the original budget by \$524 thousand due to acquiring the Postal Services, prior to this the Ministry did not have unearned revenue.

Repayment of Surplus

The actual period-end repayment of Surplus balance was lower than the original budget by \$146 thousand due to a lower than anticipated Surplus for the year.

Cash Flow Statement

Cash from Operating Activities

Cash from operating activities was under budget by \$114 thousand due to a decrease in general revenue earned and an increase in spending on personnel costs compared to budget.

Cash from Investing Activities

Cash from investing activities was over budget by \$363 thousand due to the delayed construction of the scanner building, which meant that expenditure expected to be incurred in the 2015/16 financial year, were actually incurred in the 2016/17 financial period.

Cash from Financing Activities

The cash outflow from financing being less than budget by \$302 thousand, was a result of surplus repayment being less than the budget and additional equity injection funding from Cabinet.

Note 19: Related Party and Key Management Personnel Disclosures

Related party disclosure

The Ministry is an entity of the Government from which it derives a major source of its revenue. The Ministry and its key management personnel transact with other Government entities on a regular basis. These transactions are provided free of cost during the 18-month financial period ended 31 December 2017 and are consistent with normal operating relationships between entities and are undertaken on terms and conditions that are normal for such transactions.

Key Management Personnel

Key management personnel are also considered to be related parties and received the following remuneration.

Prior Year Actual June 30, 2016	Description	Current Period Actual	Number of posts
902	Salaries & other short-term employee benefits	1,467	8
91	Other long-term benefits	162	
993	Total	1,629	

No loans were granted to key management personnel or to their close relatives.

Note 20: Events Occurring After Reporting Date

No significant events after the reporting date.

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED 31 DECEMBER 2017
(Amounts Expressed in CI \$000's)

Note 21: Financial Instrument Risks

The Ministry is party to financial instrument arrangements as part of its everyday operations. These financial instruments include cash and bank balances, accounts receivable, debtor-Cabinet and creditors and other payables. The fair value of financial instruments is equivalent to the carrying amount disclosed in the Statement of Financial Position.

Credit Risk

In the normal course of its business the Ministry is subject to credit risk from debtors other than the Cabinet. The Ministry does not have significant concentrations of credit risk for its other financial instruments.

Currency and Interest Rate Risk

The Ministry has no significant exposure to currency exchange loss risk nor interest rate risk.

Liquidity Risk

In meeting its liquidity requirements, the Ministry closely monitors its forecast cash requirements with expected cash draw-downs from Cabinet and receipts from third parties and maintains a target level of available cash to meet liquidity requirements.

All of the Ministry's financial liabilities (creditors and payables) will be settled in less than six months from the date of these financial statements.

Note 22: Segment Reporting

	FIN ADMIN	RSK	CUS	ESO	TSY	POS	TOTAL
Revenue							
Outputs from Cabinet	2,698	234	16,614	2,399	6,600	857	29,403
Sale of goods and services	-	-	5,178	-	158	1,531	6,867
Other revenue	-	-	7	-	-	-	7
Total Revenue	2,698	234	21,799	2,399	6,758	2,388	36,277
Expenses							
Salaries and Wages	2,365	226	13,502	2,019	5,202	1,762	25,076
Other expenses	333	8	3,112	380	1,556	626	6,016
Total Expenses	2,698	234	16,614	2,399	6,758	2,388	31,092
Net Surplus/ (Deficit)	-	-	5,185	-	-	-	5,185
Assets							
Current Assets	16,035	-	1,444	-	239	536	18,254
Non-Current Assets	10	-	5,535	5	11	4,380	9,941
Total Assets	16,045	-	6,979	5	250	4,916	28,195
Total Liabilities	(5,456)	(3)	(720)	(65)	(1,918)	(900)	(9,062)
Total Capital Expenditures	9	-	1,103	-	7	11	1,129

Joint assets and liabilities held as common are directly managed by the Finance Administration (FIN ADMIN) section; therefore FIN ADMIN would include such assets as cash and cash equivalents and receivables from Cabinet. It would also include such liabilities as Surplus payable and payroll deductions that are payable.

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED 31 DECEMBER 2017
(Amounts Expressed in CI \$000's)

Finance Administration (FIN ADMIN) section assists the Financial Secretary and the Minister for Finance by providing policy advice, governance and administrative services on all financial, budgeting and reporting matters of the Government. The section processes applications for fees and customs duty waivers, stamp duty abatements and assessments, government loans to Civil Servants, as well as providing administrative support and monitoring the performance of Departments under the Ministry.

The Risk Management Unit's (RSK) primary purpose is develop, implement and coordinate comprehensive property and liability insurance programmes along with safety and loss control activities to minimize the negative financial impact of natural hazards, accidents and other unexpected events to the Government.

The Customs Department (CUS) is responsible for collecting and protecting Government's revenue, facilitating legitimate trade and controlling prohibited and restricted goods in a cost effective manner while preserving a safe environment for all. Customs activities include: processing and inspecting of vessels and aircrafts; collection of duties; providing policy advice on Customs related matters and border control and enforcement.

The Economic and Statistics Office (ESO) monitors the economy, develops economic policies and plans, and advises the Government on a range of economic issues to sustain growth in the Islands. The ESO also conducts and analyses social and economic surveys and compiles and publishes statistical data on the Cayman Islands, and provides other Government Departments with technical advice on data collection and dissemination, and survey design and methodology.

The Treasury Department (TSY) is responsible for the preparation and the consolidation of the forecast and annual financial statements for core Government and the Entire Public Sector (EPS), as required by section 29(A) of the Law, using IPSAS. Treasury has oversight for the management and forecasting of core government cash flows, negotiation, evaluation and administration of core Government borrowings. It is responsible for the design, quality assurance and management of the budget and reporting processes for the EPS; this includes coordinating and preparing an annual timeline, strategic policy statement, plan and estimates, budget statements, ownership and purchase agreements and revenue forecasts. The Treasury also provides financial management services to Ministries/Portfolios and the Cabinet.

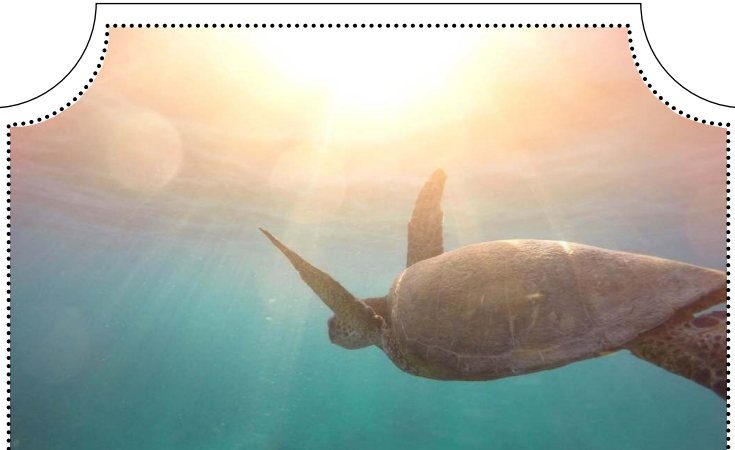
The Cayman Islands Postal Services (POS) is the Government Department designated as the postal operator responsible for fulfilling the Government's obligations arising from adherence to the Universal Postal Union Convention in the Cayman Islands. As the designated postal operator, the Postal Service is charged with ensuring that postal services are accessible to all residents and visitors in the territory and operates a network of 16 Postal Services across all Islands. It is also part of a network of over 700,000 postal outlets worldwide. Core postal services are domestic and international in scope and encompass ordinary letter mail including mail with certified posting, registered mail, prepaid postage (franking meters and online meters), parcels, re-direction of mail, safe mail as well as the postal industry's courier service – Express Mail Service (EMS).

Note 23: Surplus Payable

Surplus payable represents Surplus of \$5.185 million earned during the 18-month period ended 31 December 2017 (2016: \$3.481 million), and which is to be repaid to the Cabinet, in the next financial year.

This page was intentionally left blank





**MINISTRY OF FINANCE AND
ECONOMIC DEVELOPMENT**

ANNUAL REPORT FOR THE PERIOD ENDED

31 DECEMBER 2017