



GOVERNMENT OF THE CAYMAN ISLANDS

MINISTRY OF COMMERCE, PLANNING & INFRASTRUCTURE

**FOR THE EIGHTEEN MONTHS ENDED
31 DECEMBER 2017**

MINISTRY OF COMMERCE, PLANNING & INFRASTRUCTURE

Financial Statements for the eighteen months ended 31 December 2017

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MINISTRY OF COMMERCE, PLANNING & INFRASTRUCTURE

STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by the Ministry of Commerce, Planning and Infrastructure (the "Ministry") in accordance with the provisions of the *Public Management and Finance Law (2017 Revision)*.

We accept responsibility for the accuracy and integrity of the financial information in these financial statements and their compliance with the *Public Management and Finance Law (2017 Revision)*.

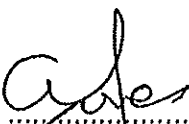
As Chief Officer I am responsible for establishing; and have established and maintained a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorised by law, and properly record the financial transactions of the Ministry.

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

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

- (a) Completely and reliably reflect the financial transactions of the Ministry for the eighteen months ended 31 December 2017;
- (b) Fairly reflect the financial position as at 31 December 2017 and performance for the eighteen months ended 31 December 2017;
- (c) Comply with International Public Sector Accounting Standards as set out by International Public Sector Accounting Standards Board under the responsibility of the International Federation of Accountants. Where guidance is not available, the financial statements comply with International Accounting Standards issued by the International Accounting Standards Committee 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.



Alan Jones, MRICS, JP
Chief Officer
Date:

13/7/18



Carrol A. Cooper
Chief Financial Officer
Date: July 13, 2018

AUDITOR GENERAL'S REPORT

To the Members of The Legislative Assembly and the Chief Officer of the Ministry of Commerce, Planning & Infrastructure

Opinion

I have audited the financial statements of the Ministry of Commerce, Planning & Infrastructure (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 statement of cash flows 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 32.

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 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.

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.

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 assets 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 GENERAL'S REPORT (continued)

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

13 July 2018
Cayman Islands

Explanation for Presentation of Financial Statements

There were two key changes that impacted the presentation of these financial statements. Firstly, the 2016/2017 budget was prepared and approved on the basis that the financial year-end would change from June 2017 to December 2017. Consequently, this resulted in an eighteen-month budget/reporting period. The second change resulted from the General Elections in May 2017. Following the elections, ministries and portfolios were restructured and reorganised with effect from July 1, 2017.

As this reorganisation took place during the financial year, it meant that the eighteen-month period encompassed two separate structures. That is, the *Ministry of Planning, Lands, Agriculture, Housing and Infrastructure* (PLAHI) and the *Ministry of Commerce, Planning and Infrastructure* (CPI). See **Note 1** of the Financial Statements, Description and Principal Activities.

The Public Management and Finance Law (PMFL) (2017 Revision), s2 defines "ministry" as: ...the whole of the division of government administration for the actions of which a minister is accountable to the Legislative Assembly. Consequently, in order to comply with the accountability and stewardship responsibilities stipulated in the International Public Sector Accounting Standards (IPSAS), and in particular, IPSAS 1 (Presentation of Financial Statements), the financial information for these financial statements is represented for the twelve months ended June 30, 2017 and the six months ended December 31, 2017. Thus separating the financial information for the Ministry of PLAHI (July 1, 2016 to June 30, 2017), and the Ministry of CPI (July 1, 2017 to December 31, 2017).

Both IPSAS and the PMFL stipulate that the financial statements shall present fairly the financial position, financial performance, and cash flows of an entity. The Standard suggests that fair representation requires the faithful representation of the effects of transactions, other events, and conditions.

To achieve fair presentation, IPSAS 1 requires that the financial statements be presented to ensure comparability with the entity's financial statements of the preceding period. Given the substantial reorganisation of this ministry, representing the financial statement for eighteen months collectively, would not offer any practical comparative to the preceding period, and would also be misleading to the users of these statements. In that, financial information relating to separate ministries with different ministers being held accountable, would amount to a concealment of critical information. Therefore, by representing the financial information to match the period of operation for each entity (PLAHI and CPI respectively), it is hoped, that this will result in greater transparency and effective disclosure for the users.

The presentation of these financial statements also ensures compliance with IPSAS 18 (Segment Reporting). This Standard requires that each segment be reported separately in the financial statements for the purpose of (a) evaluating the entity's past performance, and (b) making decisions about the allocation of resources. The presentation of these statements facilitates this kind of disclosure to give users a more profound understanding (See **Note 18** of the financial statements, Segment Reporting for the Ministry of PLAHI and Ministry of CPI).

These financial statements also comply with IPSAS 24, Presentation of Budget Information in Financial Statements. As the original eighteen-month budget is non-comparable to the eighteen-month actuals, this was amended to reflect the budgeted operating performance of each structure. That is, twelve months ended June 30, 2017 for PLAHI and six months ended December 31, 2017 for CPI. The budget information in the statement of financial position as at December 31, 2017 is based on the original budget.

Prior Year Actual 2015/16 \$'000	MINISTRY OF COMMERCE, PLANNING, & INFRASTRUCTURE STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017	Note	Actual as at June 2017 (unaudited) \$'000	Actual (December 2017)* \$'000	Budget (December 2017)* \$'000	Budget Variance* \$'000
	Current Assets					
7,915	Cash and cash equivalents	3	6,881	6,921	12,280	5,359
4,048	Trade receivables	4	8,243	8,761	2,626	(6,135)
2,803	Other receivables	4	850	5,695	1,396	(4,299)
1,218	Inventories	5	1,397	1,065	1,293	228
25	Prepayments	5b	45	586	96	(490)
16,009	Total Current Assets		17,416	23,028	17,691	(5,337)
	Non-Current Assets					
92	Intangible Assets	7	63	573	1,360	787
20,522	Property, plant and equipment	6	20,294	12,033	17,020	4,987
20,614	Total Non-Current Assets		20,357	12,606	18,380	5,774
36,623	Total Assets		37,773	35,634	36,071	437
	Current Liabilities					
691	Trade payables	8	731	1,229	100	(1,129)
1,858	Other payables and accruals	8	981	1,965	4,159	2,194
1,639	Unearned revenue	9	1,777	479	694	215
476	Employee entitlements	10	538	211	200	(11)
8,179	Repayment of surplus	11	8,179	9,079	8,828	(251)
12,843	Total Current Liabilities		12,206	12,963	13,981	1,018
12,843	Total Liabilities		12,206	12,963	13,981	1,018
23,780	Net Assets		25,567	22,671	22,090	(581)
	NET WORTH					
8,621	Contributed capital		8,621	16,464	11,845	(4,619)
15,159	Revaluation reserve		15,159	6,207	10,698	4,491
-	Accumulated surpluses/(deficits)		1,787	-	(453)	(453)
23,780	Total Net Worth		25,567	22,671	22,090	(581)

The accounting policies and notes starting on pages 10-32 form an integral part of these financial statements.

Prior Year Actual 2015/16 \$'000	MINISTRY OF COMMERCE, PLANNING & INFRASTRUCTURE STATEMENT OF FINANCIAL PERFORMANCE FOR THE EIGHTEEN MONTHS ENDED 31 DECEMBER 2017	Note	12 Months Actual June 2017 (unaudited) \$'000	6 Months Actual December 2017 (unaudited) \$'000	Current Actual (18 Months)* \$'000	Original Budget (18 Months) \$'000	Final Budget (18 Months)* \$'000	Budget Variance* \$'000
	<i>Revenue</i>							
42,082	Sale of goods and services	13	43,475	17,517	60,992	66,667	63,731	2,739
42,082	Total Revenue		43,475	17,517	60,992	66,667	63,731	2,739
	<i>Expenses</i>							
25,055	Personnel costs	14	25,253	10,390	35,643	41,303	38,793	3,150
15,407	Supplies and consumables	15	14,380	6,944	21,324	22,771	22,414	1,090
1,689	Depreciation & Amortisation	6 & 7	1,915	838	2,753	2,463	2,419	(334)
41	Other expenses		53	-	53	128	103	50
(18)	Other Gains and Losses	16	(8)	(3)	(11)	3	2	13
42,174	Total Expenses		41,593	18,169	59,762	66,668	63,731	3,969
(92)	Surplus or (Deficit) for the period		1,882	(652)	1,230	(1)	-	(1,230)

The accounting policies and notes starting on pages 10-32 form an integral part of these financial statements.

MINISTRY OF COMMERCE, PLANNING & INFRASTRUCTURE
STATEMENT OF CHANGES IN NET WORTH
FOR THE EIGHTEEN MONTHS ENDED 31 DECEMBER 2017

	Contributed Capital S'000	Revaluation Reserve S'000	Accumulated Surplus/ (deficits) S'000	Total S'000	Budget S'000	Budget Variance*
Balance at 30 June 2015 brought forward	5,877	10,698	-	16,575	15,795	(780)
Changes in net worth for 2014/15						
Prior Year Adjustments	(47)	-	(96)	(143)	-	143
Restated balance	5,830	10,698	(96)	16,432	15,795	(637)
Changes in net worth for 2015/16						
Gain/(loss) on property revaluation	-	4,461	-	4,461	-	(4,461)
CIG debt forgiveness	1,308	-	-	1,308	-	(1,308)
Equity Investment from Cabinet	1,483	-	-	1,483	1,273	(210)
Repayment of surplus/Dividends to Cabinet	-	-	188	188	-	(188)
Net revenue / expenses recognised directly in net worth	2,791	4,461	188	7,440	1,273	(6,167)
Surplus/(deficit) for the period 2015/16	-	-	(92)	(92)	-	92
Total recognised revenues and expenses for the period	2,791	4,461	96	7,348	1,273	(6,075)
Balance at 30 June 2016 brought forward	8,621	15,159	-	23,780	17,068	(6,712)
Prior Year Adjustments	-	-	(95)	(95)	-	95
Restated Balance 30 June 2016	8,621	15,159	(95)	23,685	17,068	(6,617)
Changes in net worth for 2016/17						
Surplus/(deficit) for the period July 2016 to June 2017	-	-	1,882	1,882	-	(1,882)
Total recognised revenues and expenses for the period	-	-	1,882	1,882	-	(1,882)
Balance at 30 June 2017 carried forward	8,621	15,159	1,787	25,567	17,068	(8,499)
	Contributed Capital	Revaluation Reserve	Accumulated Surplus/	Total	Total	Total
Balance at 30 June 2017 brought forward	8,621	15,159	1,787	25,567	17,068	(8,499)
Prior Year Adjustments						
Prior Year Adjustments	40	-	(329)	(289)	-	289
Restated balance 30 June 2017	8,661	15,159	1,458	25,278	17,068	(8,210)
Changes in net worth for six months ending December 2017						
Gain/(loss) on property revaluation	-	(8,952)	-	(8,952)	-	8,952
Transfer of departments	2,753	-	-	2,753	-	(2,753)
Equity Investment from Cabinet	5,050	-	-	5,050	5,022	(28)
Repayment of surplus to Cabinet	-	-	(806)	(806)	-	806
Net revenue / expenses recognised directly in net worth	7,803	(8,952)	(806)	(1,955)	5,022	6,977
Surplus/(deficit) for the six months ending December 2017	-	-	(652)	(652)	-	652
Total recognised revenues and expenses for the period	7,803	(8,952)	(1,458)	(2,607)	5,022	7,629
Balance at 31 December 2017 carried forward	16,464	6,207	-	22,671	22,090	(581)

The accounting policies and notes starting on pages 10-32 form an integral part of these financial statements.

Prior Year Actual 2015/16	MINISTRY OF COMMERCE, PLANNING & INFRASTRUCTURE CASH FLOW STATEMENT	12 Months Actual June 2017 (unaudited)	6 Months Actual December 2017 (unaudited)	Current Actual (18 Months)*	Budget*	Budget Variance*
\$'000	FOR THE EIGHTEEN MONTHS ENDED 31 DECEMBER 2017	\$'000	\$'000	\$'000	\$'000	\$'000
	CASH FLOWS FROM OPERATING ACTIVITIES					
	<i>Receipts</i>					
29,789	Outputs to Cabinet	27,963	14,777	42,740	51,122	8,382
2,272	Outputs to other government agencies	2,865	1,599	4,464	3,477	(987)
8,457	Sale of goods and services - third party	9,455	2,015	11,470	12,068	598
	<i>Payments</i>					
(25,098)	Personnel costs	(14,545)	(6,528)	(21,073)	(41,303)	(20,230)
(15,510)	Supplies and consumables	(27,143)	(10,842)	(37,985)	(22,773)	15,212
(6)	Other payments	-	(2)	(2)	(128)	(126)
(96)	Net cash flows (used in) / from operating activities	(1,405)	1,019	(386)	2,463	2,849
	CASH FLOWS FROM INVESTING ACTIVITIES					
(2,117)	Purchase of property, plant and equipment	(1,719)	(979)	(2,698)	(5,022)	(2,324)
46	Proceeds from sale of property, plant and equipment	-	-	-	-	-
(2,071)	Net cash flows used in investing activities	(1,719)	(979)	(2,698)	(5,022)	(2,324)
	CASH FLOWS FROM FINANCING ACTIVITIES					
	Equity Investment from Org 40	2,090	-	2,090	5,022	2,932
-	Net cash flows from financing activities	2,090	-	2,090	5,022	2,932
(2,167)	Net increase/(decrease) in cash and cash equivalents	(1,034)	40	(994)	2,463	3,457
10,082	Cash and cash equivalents at beginning of period	7,915	6,881	7,915	9,817	1,902
7,915	Cash and cash equivalents at end of period	6,881	6,921	6,921	12,280	5,359

The accounting policies and notes starting on pages 10-32 form an integral part of these financial statements.

MINISTRY OF COMMERCE, PLANNING & INFRASTRUCTURE

Notes to the Financial Statements

For the eighteen months ended 31 December 2017

Note 1: Description and Principal Activities

The Ministry of Commerce, Planning & Infrastructure (formerly the Ministry of Planning, Lands, Agriculture, Housing and Infrastructure), (the "Ministry") is a Government owned entity as defined by the *Public Management and Finance Law (2017 Revision)* and it is domiciled in the Cayman Islands.

The Ministry funds, develops and monitors the implementation of policy, legislation and services in the areas of planning, infrastructure, management of crown estates and public buildings, agriculture, postal and petroleum inspection.

During the year ended 30 June 2017, the Ministry comprised the following departments: Ministry Administration (MDA), Department of Agriculture (DOA), Petroleum Inspectorate, Department of Vehicle and Equipment Services (DVES), Department of Lands and Survey (LSU), Postal Services Department (POS), Public Works Department (PWD), Recreation, Parks and Cemeteries Unit (RPCU), Department of Vehicle and Drivers Licensing (DVDL), Department of Planning (PLN) and Facilities Management (FM).

The Government tabled legislation which was taken to the October (2016) sitting of the Legislative Assembly, the Utility Regulation and Competition Bill, which established a multi-sector regulator (the Utility Regulation and Competition Office). As a result, in April 2017, the Petroleum Inspectorate was transferred to the Utilities Regulation and Competition Office.

Following the General Elections and change in administration in May 2017, the Ministry was restructured, the new ministry being the Ministry of Commerce, Planning and Infrastructure (CPI). The new structure took effect July 1, 2017 and comprised the following departments: Ministry Administration, Commerce and Investment, Computer Services, Planning, Vehicle and Drivers' Licensing, Public Works, Vehicle and Equipment Services, E-Government Unit and Facilities Management.

Consequently, the financial statements are presented to distinguish the former ministry (PLAHI), July 2016 to June 2017, and the new ministry (CPI), July 2017 to December 2017.

MINISTRY OF COMMERCE, PLANNING & INFRASTRUCTURE

Notes to the Financial Statements

For the eighteen months ended 31 December 2017

Note 2: Significant Accounting Policies

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

There are no known accounting standards that have been adopted by the IPSAS Board for use in future years that will impact these financial statements.

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

(a) Basis of Preparation

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

Changes in Accounting Policies

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

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

(b) Budget Amounts

The original budget amounts for the financial year are as presented in the 2016/2017 Annual Budget Statement and were approved by the Legislative Assembly 24 June 2016. The budget was prepared based on the accrual accounting concept and the going concern basis.

(c) Judgments and Estimates

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

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

MINISTRY OF COMMERCE, PLANNING & INFRASTRUCTURE

Notes to the Financial Statements

For the eighteen months ended 31 December 2017

Note 2: Significant Accounting Policies (continued)

Changes in Accounting Estimates

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

(d) Revenue

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

Cabinet revenue is recognized at the monthly cost to produce the outputs agreed in the Annual Budget Statement for 2016/2017. Other revenues are recognized at the fair value of services provided.

(e) Expenses

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

(f) Operating Leases

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

(g) Cash and Cash Equivalents

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

(h) Prepayments

The portion of recognized expenditure paid in advance of receiving services has been recognized as a prepayment.

(i) Inventories

Inventories held for distribution, or consumption in the provision of services, that are not issued on a commercial basis are measured at the lower of cost and net 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. Costs are assigned to inventories using first-in first-out (FIFO) as appropriate.

MINISTRY OF COMMERCE, PLANNING & INFRASTRUCTURE

Notes to the Financial Statements

For the eighteen months ended 31 December 2017

Note 2: Significant Accounting Policies (continued)

(j) Property, Plant and Equipment

Property, plant and equipment, are stated at historical cost less accumulated depreciation except for buildings which are stated at fair value. Items of property, plant and equipment are initially recorded at cost. 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.

In accordance with IPSAS 17, when buildings are revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset.

Depreciation is expensed on a straight-line basis at rates calculated to allocate the cost or valuation of an item of property, plant and equipment (other than land); less any estimated residual value, over its estimated useful life.

<u>Asset Type</u>	<u>Estimated Useful life</u>
• Buildings	40 – 60 years
• Motor vehicles	4 – 12 years
• Furniture and fittings	3 – 20 years
• Computer equipment and software	3 – 10 years
• Office equipment	3 – 20 years
• Other plant and equipment	5 – 25 years
• Other assets	3 – 25 years

Impairment

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the period end. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value for use in service.

Work in Progress

Work in progress items are valued at cost. No depreciation is applied to work in progress items until such time as they are commissioned.

Disposals

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

MINISTRY OF COMMERCE, PLANNING & INFRASTRUCTURE

Notes to the Financial Statements

For the eighteen months ended 31 December 2017

Note 2: Significant Accounting Policies (continued)

(k) Employee Entitlements

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

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

Prior to the 1 January 2000, the Board operated a defined benefit scheme. With effect from the 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 recognized 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 Cayman Islands Government.

(l) Financial Instruments

The Ministry is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, trade and accounts receivables and trade and accounts payable, all of which are recognized 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 recognized as an expense in the Statement of Financial Performance.

Classification

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

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

Recognition

The Ministry recognizes 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 recognized in the Statement of Financial Performance.

MINISTRY OF COMMERCE, PLANNING & INFRASTRUCTURE

Notes to the Financial Statements

For the eighteen months ended 31 December 2017

Note 2: Significant Accounting Policies (continued)

Financial Instruments (continued)

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 amortized cost, being the amount at which the liability was initially recognized 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-recognized when the Ministry realizes the rights to the benefits specified in the contract or loses control over any right that comprise that asset. A financial liability is derecognized when it is extinguished, that is when the obligation is discharged, cancelled, or expires.

(m) Contingent Liabilities and Assets (including guarantees)

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

(n) Foreign Currency

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

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

- Foreign currency monetary items are 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.

MINISTRY OF COMMERCE, PLANNING & INFRASTRUCTURE

Notes to the Financial Statements

For the eighteen months ended 31 December 2017

Note 2: Significant Accounting Policies (continued)

(o) **Revenue from Non-Exchange Transactions**

The Ministry receives various services from other government entities for which payment is made by the Cayman Islands Government. These services include but are not limited to accommodation in the central government building, computer repairs and software maintenance by the Computer Services Department and human resources management by the Portfolio of the Civil Service. The Ministry has designated these non-exchange transactions as services in-kind as defined under **IPSAS 23- Revenue from non-exchange Transactions**. When fair values of such services can be reliably estimated then the non-exchange transaction is recorded as an expense and an equal amount is recorded in other income as a service in-kind. Where services in-kind offered are directly related to construction or acquisition of an item of property, plant and equipment, such service in-kind is recognized in the cost of property, plant and equipment.

MINISTRY OF COMMERCE, PLANNING & INFRASTRUCTURE

Notes to the Financial Statements

For the eighteen months ended 31 December 2017

Note 3: Cash and Cash Equivalents

Prior Year Actual 2015/16 (\$'000)	Description	Foreign Currency (\$'000)	Exchange Rate	Actual as at June 2017 (unaudited) (\$'000)	Actual (December 2017)* (\$'000)	Budget* (\$'000)	Budget Variance* (\$'000)
8	Cash on hand (IRIS Confirmation Account/Petty Cash)			8	6	8	2
332	Cash in transit (IRIS Remittance Account)			71	41	209	168
5,257	CI\$ Operational Current Account held at Royal Bank of Canada			5,065	6,458	11,063	4,605
148	US\$ Operational Current Account held at Royal Bank of Canada	121	0.8375	395	101	250	149
1,887	Payroll Current Account held at Royal Bank of Canada			1,342	315	500	185
283	Bank Accounts held at other financial institutions			-	-	250	250
-	Fixed Deposits held with Treasury (less than 90 days)			-	-	-	-
7,915	TOTAL			6,881	6,921	12,280	5,359

The Ministry's cash and cash equivalents as at the end of the eighteen months represents a reduction of 12% (or \$1M) compared to the previous financial year. The budget variance \$5.4 million is attributable to the restructuring of the Ministry.

MINISTRY OF COMMERCE, PLANNING & INFRASTRUCTURE

Notes to the Financial Statements

For the eighteen months ended 31 December 2017

Note 4: Trade and Other Receivables

Prior Year Actual 2015/16 \$'000	Trade Receivables	Actual as at June 2017 (unaudited) \$'000	Actual December 2017* \$'000	Budget* \$'000	Budget Variance* \$'000
1,677	Sale of goods and services	1,943	2,280	1,300	(980)
3,667	Outputs to Cabinet	7,604	7,453	2,100	(5,353)
(1,296)	Less: provision for doubtful debts	(1,304)	(972)	(774)	198
4,048	Total trade receivables	8,243	8,761	2,626	(6,135)

Prior Year Actual 2015/16 \$'000		Actual as at June 2017 (unaudited) \$'000	Actual December 2017* \$'000	Budget* \$'000	Budget Variance* \$'000
	Current				
2,032	Past due 1-30 days	4,653	4,720	2,626	(2,094)
346	Past due 31-60 days	1,651	1,936	-	(1,936)
190	Past due 61-90 days	126	17	-	(17)
1,480	Past due 90 and above	1,812	2,088	-	(2,088)
4,048	Total	8,243	8,761	2,626	(6,135)

Trade receivables

Trade receivables for sale of goods and services as at the end of the eighteen months were 75% more than budgeted. Provision for doubtful debts was reduced by 25% due to greater than expected collection of certain trade receivables for the DOA. Receivables in respect to Cabinet outputs increased by 103% over the previous year. This delay in processing Cabinet revenues was due to the restructuring of the Ministry.

Cabinet revenues are drawn down based on the entity costs incurred. At the end of December 2017, \$7.4 million was outstanding in Cabinet revenues, representing 255% more than budgeted, again, due to the restructuring of the Ministry.

MINISTRY OF COMMERCE, PLANNING & INFRASTRUCTURE

Notes to the Financial Statements

For the eighteen months ended 31 December 2017

Note 4: Trade and Other Receivables (continued)

Other receivables

Prior Year Actual 2015/16 \$'000	Other Receivables	Actual as at June 2017 (unaudited) \$'000	Actual December 2017* \$'000	Budget* \$'000	Budget Variance* \$'000
6	Advances (salary, Official Travel, etc.)	9	7	-	(7)
21	Dishonoured cheques	23	20	22	2
2,784	Other	818	5,903	1,374	(4,529)
(8)	Less: provision for doubtful debts	-	(235)	-	235
2,803	Total other receivables	850	5,695	1,396	(4,299)

Approximately 86% (\$5 million) of "other receivables" represents outstanding amount from Cabinet in respect to Equity Injection (EI) for the acquisition of fixed assets. The Ministry has acquired the assets for which the funds are intended, and will pursue the funds in the 2018 fiscal year. The Ministry had anticipated faster draw-down of EI, and consequently a budget variance of \$4.2 million.

Prior Year Actual 2015/16 \$'000		Actual as at June 2017 (unaudited) \$'000	Actual December 2017* \$'000	Budget* \$'000	Budget Variance* \$'000
	Current				
49	Past due 1-30 days	742	4,957	1,396	(3,561)
295	Past due 31-60 days	102	711	-	(711)
350	Past due 61-90 days	3	7	-	(7)
2,109	Past due 90 and above	3	20	-	(20)
2,803	Total	850	5,695	1,396	(4,299)

Changes in the provision of doubtful debts:

Prior Year Actual 2015/16 \$'000	Description	Actual as at June 2017 (unaudited) \$'000	Actual December 2017* \$'000	Budget* \$'000	Budget Variance* \$'000
(859)	Balance at 1 July	(1,304)	(1,304)	(774)	530
(687)	Reduction in provisions made during the year	-	97	-	(97)
242	Receivables written off during the period	-	-	-	
(1,304)	Balance at 30 June	(1,304)	(1,207)	(774)	433

MINISTRY OF COMMERCE, PLANNING & INFRASTRUCTURE

Notes to the Financial Statements

For the eighteen months ended 31 December 2017

Note 5: Inventories

Prior Year Actual 2015/16 \$'000	Description	Actual as at June 2017 (unaudited) \$'000	Actual December 2017* \$'000	Budget* \$'000	Budget Variance* \$'000
1,218	Inventory held for use in the provision of goods and services	1,397	1,065	1,293	228
1,218	Total	1,397	1,065	1,293	228

Despite the transfer of the departments of Agriculture and Postal out of the Ministry, inventories have only decreased by about 12% over the previous fiscal year. This is partly due to the fact that the DVDL's inventories have increased by over \$0.3 million due to the implementation of the electronic vehicle registration system, as well an increase of \$0.2 million in the value of inventories held by the DVES.

Note 5b: Prepayments

Prior Year Actual 2015/16 \$'000	Description	Actual as at June 2017 (unaudited) \$'000	Actual December 2017* \$'000	Budget* \$'000	Budget Variance* \$'000
25	Accrued Prepayments	45	586	96	(490)
25	Total	45	586	96	(490)

Prepayments have increased by just under \$0.6 million following the restructuring of the Ministry. This is attributable to the various software subscriptions held by the CSD and e-Gov. Both CSD and e-Gov were transferred to the Ministry following the General Elections and the ensuing restructuring exercise. As these transfers were not foreseen there were no budgetary provisions, hence the budget variance.

MINISTRY OF COMMERCE, PLANNING & INFRASTRUCTURE

Notes to the Financial Statements

For the eighteen months ended 31 December 2017

Note 6: Property, Plant & Equipment

	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Cost of property, plant & equipment</i>	<i>Plant and equipment</i>	<i>Buildings and Leasehold</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Office Equipment</i>	<i>Infrastructure</i>	<i>Motor Vehicles</i>	<i>Other assets</i>	<i>Assets under construction or development</i>	<i>Total</i>	<i>Budget</i>	<i>Variance</i>
Balance as at 1 July 2015	919	17,291	233	1,535	648	213	4,787	234	253	26,113	27,331	1,219
Additions	118	-	-	122	37	-	1,376	-	2,023	3,676	-	(3,676)
Prior-year adjustments	-	-	-	11	1	-	89	-	-	101	398	297
Disposals and Derecognition	(5)	-	-	(60)	(23)	-	(759)	-	-	(847)	-	847
Revaluation	-	251	-	-	-	-	-	-	-	251	-	(251)
Transfers	-	-	(28)	-	-	-	28	-	(1,709)	(1,709)	-	1,709
Balance as at 30 June 2016	1,032	17,542	205	1,608	664	213	5,520	234	567	27,586	27,729	145
	<i>Plant and equipment</i>	<i>Buildings and Leasehold</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Office Equipment</i>	<i>Infrastructure</i>	<i>Motor Vehicles</i>	<i>Other assets</i>	<i>Assets under construction or development</i>	<i>Total</i>	<i>Budget</i>	<i>Variance</i>
Balance as at 1 July 2016	1,032	17,542	205	1,608	664	213	5,520	234	567	27,586	26,684	(902)
Additions	32	409	47	90	55	6	289	-	1,181	2,109	4,481	2,372
Transfers	(16)	-	-	(7)	-	-	(22)	-	(505)	(550)	-	550
Balance as at 30 June 2017	1,048	17,951	252	1,691	719	219	5,787	234	1,243	29,146	31,165	2,019
	<i>Plant and equipment</i>	<i>Buildings and Leasehold</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Office Equipment</i>	<i>Infrastructure</i>	<i>Motor Vehicles</i>	<i>Other assets</i>	<i>Assets under construction or development</i>	<i>Total</i>	<i>Budget</i>	<i>Variance</i>
Balance as at 1 July 2017	1,048	17,951	252	1,691	719	219	5,787	234	1,243	29,146	31,165	2,019
Additions	2	106	5	548	23	-	277	-	1,494	2,455	-	(2,455)
Disposals and Derecognition	-	-	-	(40)	-	-	(919)	-	-	(959)	-	959
Adjustment	-	-	-	(2)	-	-	-	-	-	(2)	-	2
Transfers	(597)	(9,226)	(52)	1,756	(432)	1,488	(1,650)	(234)	(1,546)	(10,493)	-	10,493
Balance as at 31 December 2017	453	8,831	205	3,953	310	1,707	3,495	-	1,191	20,147	31,165	11,018
<i>Accumulated depreciation and impairment losses</i>	<i>Plant and equipment</i>	<i>Buildings and Leasehold</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Office Equipment</i>	<i>Infrastructure</i>	<i>Motor Vehicles</i>	<i>Other assets</i>	<i>Assets under construction or development</i>	<i>Total</i>	<i>Budget</i>	<i>Variance</i>
Balance as at 1 July 2015	574	3,182	155	1,361	500	198	4,157	216	-	10,344	10,237	(106)
Adjustments	-	-	(4)	-	-	-	22	-	-	18	-	(18)
Prior-year adjustments	-	-	-	2	1	-	48	-	-	51	-	(51)
Revaluation	-	(4,211)	-	-	-	-	-	-	-	(4,211)	-	4,211
Depreciation Expense	74	1,061	10	100	38	8	365	6	-	1,662	1,509	(153)
Eliminate on Disposal or Derecognition	(3)	-	-	(60)	(19)	-	(719)	-	-	(801)	-	801
Balance as at 30 June 2016	645	32	161	1,403	520	206	3,873	222	-	7,065	11,746	4,684
	<i>Plant and equipment</i>	<i>Buildings and Leasehold</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Office Equipment</i>	<i>Infrastructure</i>	<i>Motor Vehicles</i>	<i>Other assets</i>	<i>Assets under construction or development</i>	<i>Total</i>	<i>Budget</i>	<i>Variance</i>
Balance as at 1 July 2016	645	32	161	1,403	520	206	3,873	222	-	7,065	11,802	4,737
Transfers	(2)	(36)	-	(6)	-	-	(51)	-	-	(95)	-	95
Impairment change	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation Expense	73	1,150	13	134	42	4	461	6	-	1,883	2,343	460
Eliminate on Disposal or Derecognition	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2017	716	1,146	174	1,531	562	209	4,283	228	-	8,852	14,145	5,293
	<i>Plant and equipment</i>	<i>Buildings and Leasehold</i>	<i>Furniture and Fittings</i>	<i>Computer Hardware</i>	<i>Office Equipment</i>	<i>Infrastructure</i>	<i>Motor Vehicles</i>	<i>Other assets</i>	<i>Assets under construction or development</i>	<i>Total</i>	<i>Budget</i>	<i>Variance</i>
Balance as at 1 July 2017	716	1,146	174	1,531	562	209	4,283	228	-	8,852	14,145	5,293
Transfer in	-	-	2	2,653	7	672	85	-	-	3,419	-	(3,419)
Transfer out	(359)	(522)	(10)	(1,039)	(356)	(30)	(1,425)	(228)	-	(3,969)	-	3,969
Depreciation Expense	11	320	3	151	14	19	229	-	-	747	-	(747)
Eliminate on Disposal or Derecognition	-	-	-	(41)	-	-	(894)	-	-	(935)	-	935
Balance as at 31 December 2017	369	945	169	3,255	227	870	2,279	-	-	8,114	14,145	6,031
Net Book value 30 June 2016	387	17,510	44	206	145	7	1,648	13	567	20,522	15,983	(4,539)
Net Book value 30 June 2017 (unaudited)	331	16,804	79	160	158	9	1,504	6	1,243	20,294	-	(20,294)
Net Book value 31 December 2017	85	7,887	36	698	83	837	1,216	-	1,191	12,033	17,020	4,987

MINISTRY OF COMMERCE, PLANNING & INFRASTRUCTURE

Notes to the Financial Statements

For the eighteen months ended 31 December 2017

Note 6: Property, Plant & Equipment (continued)

Asset Revaluation

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.

Valuation methods

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. Particular regard should be paid to the following definitions and methodology having been adopted in the assessment of value:

- 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."
- Fair Value (Existing Use Value) extends the definition of Fair Value (Market Value) in "assuming that the buyer is granted vacant possession of all parts of the property required by the business and disregarding potential alternative uses and any other characteristics of the property that would cause its market value to differ from that needed to replace the remaining service potential at least cost."
- Specialized Assets: specialized assets are those for which no market exists for the current use. Specialized assets are 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 COMMERCE, PLANNING & INFRASTRUCTURE

Notes to the Financial Statements

For the eighteen months ended 31 December 2017

Note 6: Property, Plant & Equipment (continued)

Valuation assumptions

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.

It is assumed that all properties have the required planning consents and certificates for use and construction. Where Fair Value (or land value in a DRC valuation) relies on obtaining an alternative planning consent the alternative use has been derived from consideration of prevailing land uses in the immediate area and Local Planning Policies and practice.

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.

These valuations do not take into account any form of selling or purchase costs, tax (including Stamp Duty), inflation or finance costs. In Cayman, there is no tax on property except for Stamp Duty which is ordinarily required to be paid by a purchaser.

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.

Where applicable, the remaining economic life of the building / building components has been indicated. This is the period during which the building element is anticipated to have a future useful economic life for its existing purpose.

In preparing the valuations, information has been obtained from the following sources:

- Cayman Islands Government 2001 Asset Register.
- Cayman Islands Government Land Registry Database.
- Caymanlandinfo System (Mapping, aerial photography, evidence of comparable sales and lettings).
- Copies of and extracts from leases.
- Architect scaled floor plans.
- Ministries and users / occupiers of operational property assets.

Land areas (where stated) are provided for guidance only and are quoted from the Land Registers or otherwise from Caymanlandinfo database. Any building floor areas supplied have been obtained from one of the following sources:

- Measurements taken on site.
- Measurements extracted from Cayman Islands Government property records.

Buildings were revalued as an entire class of asset.

MINISTRY OF COMMERCE, PLANNING & INFRASTRUCTURE

Notes to the Financial Statements

For the eighteen months ended 31 December 2017

Note 7: Intangible Assets

Cost	Computer Software \$'000	Total \$'000	Budget \$'000	Budget Variance \$'000
Balance as at 1 July 2015	524	524	499	(25)
Additions	34	34	874	840
Balance as at 30 June 2016	558	558	1,374	816
	Computer Software \$'000	Total \$'000	Budget \$'000	Budget Variance \$'000
Balance as at 1 July 2016	558	558	1,374	816
Additions	2	2		(2)
Balance as at 30 June 2017 (unaudited)	560	560	1,374	814
	Computer Software \$'000	Total \$'000	Budget \$'000	Budget Variance \$'000
Balance as at 1 July 2017	560	560	1,374	814
Additions	366	366	566	200
Transfers	3,962	3,962	-	(3,962)
Balance as at 31 December 2017	4,888	4,888	1,939	(2,949)
Accumulated Depreciation and impairment losses				
	Computer Software \$'000	Total \$'000	Budget \$'000	Budget Variance \$'000
Balance as at 1 July 2015	439	439	453	14
Depreciation Expense	27	27	14	(13)
Balance as at 30 June 2016	466	466	466	1
	Computer Software \$'000	Total \$'000	Budget \$'000	Budget Variance \$'000
Balance as at 1 July 2016	466	466	466	0
Depreciation Expense	32	32		(32)
Balance as at 30 June 2017 (unaudited)	498	498	466	(32)
	Computer Software \$'000	Total \$'000	Budget \$'000	Budget Variance \$'000
Balance as at 1 July 2017	498	498	466	(32)
Transfer in	3,726	3,726	-	(3,726)
Depreciation Expense	91	91	114	23
Balance as at 31 December 2017	4,315	4,315	580	(3,735)
Net Book value 30 June 2016	92	92	907	815
Net Book value 30 June 2017 (unaudited)	63	63	907	845
Net Book value 31 December 2017	573	573	1,360	787

MINISTRY OF COMMERCE, PLANNING & INFRASTRUCTURE

Notes to the Financial Statements

For the eighteen months ended 31 December 2017

Note 8: Trade Payables, Other Payables & Accruals

Prior Year Actual 2015/16 \$'000		Actual as at June 2017 (unaudited) \$'000	Actual December 2017* \$'000	Budget* \$'000	Budget Variance* \$'000
563	Creditors	577	1,140	100	(1,040)
91	Creditors Ministries/Portfolios	112	87	-	(87)
38	Creditors other government agencies	41	2	-	(2)
(21)	Payroll Deductions	(15)	(43)	7	50
1,511	Accrued Expenses	565	1,590	3,762	2,172
(45)	Accrued Expenses Ministries/Portfolios	-	2	-	(2)
412	Other payables	432	416	390	(26)
2,549	Total trade payables other payables and accruals	1,712	3,194	4,259	1,065

Trade and other payables are non-interest bearing and are normally settled on 30-day terms. The budget variance is due to the restructuring of the Ministry.

Note 9: Unearned Revenues

Prior Year Actual 2015/16 \$'000	Details	Actual as at June 2017 (unaudited) \$'000	Actual December 2017* \$'000	Budget* \$'000	Budget Variance* \$'000
1,639	Other unearned revenue	1,777	479	694	215
1,639	Total unearned revenue	1,777	479	694	215

Unearned revenue at the end of the eighteen months totalled just under \$0.5 million. This largely comprised deposits being held by the Department of Planning in respect to planning applications. The balance has reduced over the previous year due to the transfer of the Postal and Lands and Survey departments which normally held significant unearned revenue. The budget variance is attributable to the restructuring of the Ministry.

MINISTRY OF COMMERCE, PLANNING & INFRASTRUCTURE

Notes to the Financial Statements

For the eighteen months ended 31 December 2017

Note 10: Employee Entitlements

Prior Year Actual 2015/16 \$'000		Actual as at June 2017 (unaudited) \$'000	Actual December 2017* \$'000	Budget* \$'000	Budget Variance* \$'000
3	Annual Leave	3	3	-	(3)
473	Retirement and long service leave	535	208	200	(8)
476	Total current portion	538	211	200	(11)
476	Total employee entitlements	538	211	200	(11)

Annual leave entitlements are calculated on current salary, pay scale, and years of service in accordance with the *Public Service Management Law* and the accompanying Regulations.

Note 11: Surplus Payable

Surplus payable represents accumulated surplus of \$9.1 million as at 31 December 2017 (2016: \$8.2 million). Under the *Public Management & Finance Law (2017 Revision)* section 39 (3) (f), Ministry may "retain such part of its net operating surplus as is determined by the Financial Secretary". The Financial Secretary has not confirmed whether Ministry can retain the surplus achieved during the year.

Note 12: Revenue from Non-Exchange Transactions

During the eighteen months ended 31 December 2017, the Ministry received services in-kind in the form of accommodation in the central government building, computer repairs and software maintenance by the Computer Services Department and human resources management by the Portfolio of the Civil Service. The fair value of these services cannot be determined and therefore no expense has been recognised in these financial statements for the eighteen months ended 31 December 2017 (2016: \$nil).

MINISTRY OF COMMERCE, PLANNING & INFRASTRUCTURE

Notes to the Financial Statements

For the eighteen months ended 31 December 2017

Note 13: Sales of Goods & Services

Prior Year Actual 2015/16 \$'000	Revenue type	12 Months Actual June 2017 (unaudited) \$'000	6 Months Actual December 2017 (unaudited) \$'000	Current Actual (18 Months)* \$'000	Original Budget (18 Months) \$'000	Final Budget (18 Months)* \$'000	Budget Variance* \$'000
31,339	Outputs to Cabinet	31,900	14,626	46,526	51,122	50,763	4,237
2,248	Outputs to other government agencies	2,652	959	3,611	3,477	3,533	(78)
3,290	Fees and charges	4,261	1,724	5,985	5,271	4,790	(1,195)
3,782	General sales	3,238	4	3,242	4,704	3,111	(131)
1,181	Rentals	1,119	20	1,139	1,744	1,268	129
242	Other	305	184	489	349	266	(223)
42,082	Total sales of goods and services	43,475	17,517	60,992	66,667	63,731	2,739

Outputs to Cabinet comprise goods delivered to and services performed on behalf of the Cayman Islands Government.

Outputs to other government agencies comprise trade between the Ministry of Commerce, Planning & Infrastructure and other government bodies. These are arm length transactions governed by Service Level Agreements (SLAs) between the contracting parties.

Fees & charges, general sales, rentals & others 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.

The Ministry, on a monthly basis, bills Cabinet for the cost to produce and deliver the agreed outputs. Like in previous years, there was a continued effort to contain personnel cost resulting in lower Cabinet billing. Cabinet revenue as at the twelve months ended June 30, 2017 was \$0.561 million more than the previous year. The budget variances are attributed to the restructuring of the Ministry.

For the eighteen months ended 31 December 2017, Cabinet provided 76% of the Ministry's funding, while 17% was generated from trading with the public and the remaining 7% from inter-government trading.

The budget variance of \$2.7 million represents a combination of savings on Cabinet revenue (\$4.2 million), largely attributable to savings in personnel cost (**Note 14**), and greater than expected revenues booked for fees and charges.

MINISTRY OF COMMERCE, PLANNING & INFRASTRUCTURE

Notes to the Financial Statements

For the eighteen months ended 31 December 2017

Note 14: Personnel costs

Prior Year Actual 2015/16 \$'000	Description	12 Months Actual June 2017 (unaudited) \$'000	6 Months Actual December 2017 (unaudited) \$'000	Current Actual (18 Months)* \$'000	Original Budget (18 Months) \$'000	Final Budget (18 Months)* \$'000	Budget Variance* \$'000
19,998	Salaries, wages and allowances	20,030	8,531	28,561	32,799	30,872	2,311
3,966	Health care	4,008	1,577	5,585	6,585	6,121	536
993	Pension	1,040	439	1,479	1,771	1,672	193
(18)	Leave	62	(147)	(85)	6	6	91
116	Other personnel related costs	113	(10)	103	142	122	19
25,055	Total Personnel Costs	25,253	10,390	35,643	41,303	38,793	3,150

For the first twelve months, Personnel Costs were just about the same as the previous year. This was driven by the Government and Ministry's continuing strategy to contain personnel cost. This essentially resulted in reduced billings to Cabinet (see Note 13 above). This strategy also contributed to the budget variance of \$3.1 million as at the end of the eighteen months.

Note 15: Supplies and consumables

Prior Year Actual 2015/16 \$'000	Description	12 Months Actual June 2017 (unaudited) \$'000	6 Months Actual December 2017 (unaudited) \$'000	Current Actual (18 Months)* \$'000	Original Budget (18 Months) \$'000	Final Budget (18 Months)* \$'000	Budget Variance* \$'000
7,023	Supplies and Materials	6,725	2,161	8,886	9,857	8,649	(237)
3,387	Purchase of services	3,704	2,851	6,555	5,602	6,750	195
172	Lease of Property and Equipment	206	82	288	315	303	15
2,483	Utilities	2,492	984	3,476	3,995	3,796	320
1,126	General Insurance	866	498	1,364	2,137	2,088	724
100	Interdepartmental expenses	58	63	121	117	122	1
72	Travel and Subsistence	71	24	95	147	148	53
260	Recruitment and Training	155	201	356	429	437	81
784	Other	103	80	183	172	121	(62)
15,407	Total Supplies & consumables	14,380	6,944	21,324	22,771	22,414	1,090

For the twelve months ended June 2017, there was a reduction of \$1.0 million (7%) in respect to supplies and consumables, largely due to electricity and building insurance. Like the previous year, electricity trended under budget due to sustained reduction in the cost of fuel.

MINISTRY OF COMMERCE, PLANNING & INFRASTRUCTURE

Notes to the Financial Statements

For the eighteen months ended 31 December 2017

Note 16: (Gains) /losses

Prior Year Actual 2015/16 \$'000		12 Months Actual June 2017 (unaudited) \$'000	6 Months Actual December 2017 (unaudited) \$'000	Current Actual (18 Months)* \$'000	Original Budget (18 Months) \$'000	Final Budget (18 Months)* \$'000	Budget Variance* \$'000
(18)	Net (gain) / loss on foreign exchange Transactions	(8)	(3)	(11)	3	2	13
(18)	Total gains/ (losses)	(8)	(3)	(11)	3	2	13

Note 17: Related party and key management personnel disclosures

The Ministry is a wholly owned entity of the government from which it derives its major source of its revenue. The Ministry and its key management personnel transact with other government entities on a regular basis.

All transactions between government departments and key management personnel are at arm's length and all goods and services supplied at the going rate to the public. While the ministries and portfolios do not settle the cost of the services directly with the Ministry, the Cabinet compensates the Ministry for the provision of these services to government departments under the agreed purchase agreements. These transactions are consistent with normal operating relationships between entities under common control and are being disclosed in compliance with the requirements of IPSAS.

Key management personnel, for the purposes of this disclosure, is defined as ministers of the government, chief officer and deputies, chief HR officer, chief financial officer, heads of department, deputies and finance managers. The summary of the remuneration paid to the key management personnel is as outlined below. (There were 33 key management personnel in the prior year).

The Ministry maintains a register of interest for all employees which is updated annually.

Prior Year Actual 2015/16 \$'000	Description	12 Months Actual June 2017 (unaudited) \$'000	6 Months Actual December 2017 (unaudited) \$'000	Current Actual (18 Months)* \$'000	Original Budget (18 Months) \$'000	Budget Variance* \$'000
3,573	Salaries & other short-term employee benefits	3,217	1,622	4,839	4,675	(164)
3,573	Total	3,217	1,622	4,839	4,675	(164)

Number of key management personnel as at December 31, 2017: 28 (2016: 33).

There were no loans granted to key management personnel or their close relatives during the eighteen months (2016: \$nil).

MINISTRY OF COMMERCE, PLANNING & INFRASTRUCTURE

Notes to the Financial Statements

For the eighteen months ended 31 December 2017

Note 18: Segment Reporting

Ministry of PLAHI twelve months ended June 2017

	Planning & Infrastructure		Vehicle & Drivers' Licensing		Vehicle & Equipment Services		Postal Services		Agricultural Services		Other Services		CONSOLIDATED	
	Jun 2017	15/16	Jun 2017	15/16	Jun 2017	15/16	Jun 2017	15/16	Jun 2017	15/16	Jun 2017	15/16	Jun 2017 (unaudited)	15/16
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue														
Outputs from Cabinet	19,131	19,647	41	33	3,702	3,498	2,006	1,649	4,592	4,333	2,428	2,179	31,900	31,339
Outputs - Other gov't agencies	1,843	1,070	-	1	1,609	1,407	16	13	-	30	(816)	(273)	2,652	2,248
Other revenue	1,462	1,144	2,736	2,561	116	12	2,733	2,789	1,907	1,714	(31)	275	8,923	8,495
Total Revenue	22,436	21,861	2,777	2,595	5,427	4,917	4,755	4,451	6,499	6,077	1,581	2,181	43,475	42,082
Expenses														
Personnel	13,266	13,178	1,714	1,766	2,067	1,990	3,654	3,648	3,017	2,929	1,535	1,544	25,253	25,055
Supplies & Consumables	7,136	7,367	407	416	2,291	2,769	816	904	3,025	2,839	705	1,112	14,380	15,407
Depreciation	811	762	85	86	178	162	257	255	454	387	130	37	1,915	1,689
Other expenses							53	23			(8)		45	23
Total Expenses	21,213	21,307	2,206	2,268	4,536	4,921	4,780	4,830	6,496	6,155	2,362	2,693	41,593	42,174
Surplus/(Deficit) from Operating Activities	1,223	554	571	327	891	(4)	(25)	(379)	3	(78)	(781)	(512)	1,882	(92)
Assets														
Current Assets	5,030	3,106	109	13	2,226	1,141	1,278	1,061	1,665	1,261	7,108	9,427	17,416	16,009
Fixed Assets	5,675	6,117	2,183	1,648	1,420	1,270	4,498	4,717	4,834	5,109	1,684	1,662	20,294	20,522
Intangible Assets	23	32	-	-	39	59	-	-	-	-	1	1	63	92
Total Assets	10,728	9,255	2,292	1,661	3,685	2,470	5,776	5,778	6,499	6,370	8,793	11,090	37,773	36,623
Liabilities														
Current Liabilities	3,479	2,647	(301)	(323)	496	448	1,162	1,004	179	351	7,191	8,715	12,206	12,843
Total Liabilities	3,479	2,647	(301)	(323)	496	448	1,162	1,004	179	351	7,189	8,715	12,206	12,843

The Ministry's segments for the twelve months ended June 30, 2017, are based on the following services: agriculture, postal, vehicle and drivers' licensing, vehicle and equipment services, planning and infrastructure and administrative services. Planning and infrastructure services are delivered by the following departments: Planning, Public Works, Lands and Survey, Central Petroleum Inspectorate and Facilities Management; administrative services are provided by the Ministry Administration.

MINISTRY OF COMMERCE, PLANNING & INFRASTRUCTURE

Notes to the Financial Statements

For the eighteen months ended 31 December 2017

Note 18: Segment Reporting (continued)

Ministry of CPI six months ended December 2017

	Commerce & Investment	Planning & Infrastructure	Information Technology & e-Services	Vehicle & Drivers' Licensing	Vehicle & Equipment Services	Other Services	CONSOLIDATED
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue							
Outputs from Cabinet	455	8,426	3,269	11	1,450	1,017	14,626
Outputs - Other gov't agencies	-	330	86	-	571	(28)	959
Other revenue	387	70	20	1,387	(73)	139	1,932
Total Revenue	842	8,826	3,375	1,398	1,948	1,128	17,517
Expenses							
Personnel	623	5,049	2,081	838	971	828	10,390
Supplies & Consumables	92	3,931	1,035	388	1,211	286	6,944
Depreciation	7	401	218	48	98	67	838
Other expenses						(3)	(3)
Total Expenses	722	9,381	3,334	1,274	2,280	1,178	18,169
Surplus/(Deficit) from Operating Activities	120	(555)	41	124	(332)	(50)	(652)
Assets							
Current Assets	344	4,802	2,304	430	1,573	13,577	23,028
Fixed Assets	38	5,380	2,024	1,686	1,432	1,472	12,033
Intangible Assets	-	6	537	-	29	1	573
Total Assets	382	10,188	4,865	2,116	3,034	15,050	35,634
Liabilities							
Current Liabilities	(97)	(1,996)	(495)	261	(442)	(10,194)	(12,963)
Total Liabilities	(97)	(1,996)	(495)	261	(442)	(10,194)	(12,963)

The Ministry's segments for the six months ended December 31, 2017, are based on the following services: commerce and investment, information technology and e-services, vehicle and drivers' licensing, vehicle and equipment services, planning and infrastructure and administrative services. Commerce and investment is provided by the Department of Commerce and Investment; information technology and e-services by Computer Services and E-Gov. Planning and infrastructure services are delivered by the departments of Planning, Public Works and Facilities Management and other services are provided by the Ministry Administration.

MINISTRY OF COMMERCE, PLANNING & INFRASTRUCTURE

Notes to the Financial Statements

For the eighteen months ended 31 December 2017

Note 19: Subsequent Events

No material events occurred after the reporting date.

Note 20: Financial Instruments Risks

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.

At 31 December 2017, the Ministry held various sums in financial instruments represented by cash and cash equivalents at two financial institutions in the Cayman Islands. As such, the Ministry is exposed to credit related losses in the event of non-performance by the financial institution. However, given the high credit rating of this financial institution, management does not anticipate any material losses as a result of this concentration.

Currency and interest rate risk

The Ministry has no significant exposure to currency exchange loss risk and interest rate risk.

Liquidity risk

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

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

Note 21: Contingent Liabilities and Assets

The Ministry had no contingent assets and liabilities as at 31 December 2017 (2016: \$nil).