



GOVERNMENT OF THE CAYMAN ISLANDS

MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS

**FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED
31 DECEMBER 2017**

Financial Statements for the 18-month period ended 31 December 2017

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MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS

STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by the Ministry of Financial Services and Home Affairs 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 of Financial Services and Home Affairs.

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

The financial statements fairly present the financial position, financial performance and cash flows of the Ministry of Financial Services and Home Affairs for the 18 month period ended 31 December 2017.

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

- (a) completely and reliably reflect the financial transactions of the Ministry of Financial Services and Home Affairs for the 18 month period ended 31 December 2017;
- (b) fairly reflect the financial position as at 31 December 2017 and performance for the year 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 of Auditing.



Dax Basdeo
Chief Officer

Date – 13 JULY 2018



Wendy Manzanares
Chief Financial Officer

Date – 13 JULY 2018

AUDITOR GENERAL'S REPORT

To the Members of the Legislative Assembly and the Chief Officer of the Ministry of Financial Services and Home Affairs

Opinion

I have audited the financial statements of the Ministry of Financial Services and Home Affairs (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 flow 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 9 to 33.

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.

Emphasis of Matter

As outlines in note (1b) under significant accounting policies the Ministry of Financial Services and Home Affairs was authorized under section 11 (5) of the Public Management and Finance Law to adjustments to its appropriation for exceptional circumstances. As at the date of this report being issued the Supplementary Appropriation Bill has not been passed into Law by the Legislative Assembly. My opinion is not qualified with respect to this matter.

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 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 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.

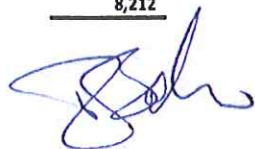


Sue Winspear
Auditor General

13 July 2018
Cayman Islands

MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

Prior Year Actual \$'000		Note	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
	Current Assets					
23,631	Cash and cash equivalents	2	(16)	6,929	7,711	6,945
10,480	Trade receivables	3	12,336	872	872	(11,464)
73	Other receivables	3	1,086	2	2	(1,084)
2	Inventories	5	149	-	-	(149)
5	Prepayments	4	56	-	-	(56)
<u>34,191</u>	Total Current Assets		<u>13,611</u>	<u>7,803</u>	<u>8,585</u>	<u>(5,808)</u>
1,037	Property, plant and equipment	6	24,989	1,283	1,283	(23,706)
1,113	Intangible assets	6b	659	1,074	1,074	415
<u>2,150</u>	Total Non-Current Assets		<u>25,648</u>	<u>2,357</u>	<u>2,357</u>	<u>(23,291)</u>
<u>36,341</u>	Total Assets	24	<u>39,259</u>	<u>10,160</u>	<u>10,942</u>	<u>(29,099)</u>
	Current Liabilities					
1,009	Trade payables and accruals	7	2,886	310	310	(2,576)
6	Other payables	7	306	73	73	(233)
230	Employee entitlements	8	2,129	233	233	(1,896)
235	Unearned Revenue	9	42	292	292	250
26,649	Surplus Payable		1,340	-	-	(1,340)
<u>28,129</u>	Total Current Liabilities		<u>6,703</u>	<u>908</u>	<u>908</u>	<u>(5,795)</u>
<u>28,129</u>	Total Liabilities	24	<u>6,703</u>	<u>908</u>	<u>908</u>	<u>(5,795)</u>
<u>8,212</u>	Net Assets	24	<u>32,556</u>	<u>9,252</u>	<u>10,034</u>	<u>(23,304)</u>
	NET WORTH					
8,189	Contributed capital		32,556	8,991	8,991	(23,565)
775	Accumulated surpluses		1,340	261	1,043	(1,079)
(775)	Repayment of Surplus		(1,340)	-	-	1,340
<u>8,212</u>	Total Net Worth		<u>32,556</u>	<u>9,252</u>	<u>10,034</u>	<u>(23,304)</u>


Dax Basdeo
Chief Officer

Date – 13 July 2018


Wendy Manzanares
Chief Financial Officer

Date – 13 JULY 2018

The accounting policies and notes on pages 9 to 33 form part of these financial statements.

MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE 18-MONTH PERIOD ENDED 31 DECEMBER 2017

Prior Year Actual \$'000		Note	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs actual) \$'000
	Revenue					
11,764	Sale of goods and services	10	35,409	21,096	34,876	(14,313)
-	Other Income	11	303	-	-	(303)
163	Donations	12	178	-	-	(178)
11,927	Total Revenue	24	35,890	21,096	34,876	(14,794)
	Expenses					
7,854	Personnel costs	13	24,092	14,169	23,616	(9,923)
2,727	Supplies and consumables	14	8,344	5,477	8,985	(2,867)
201	Depreciation	6	1,502	279	1,397	(1,223)
320	Amortisation of Intangible Assets	6b	557	593	593	36
-	Legal costs		-	150	-	150
(2)	Losses/(gains) on foreign exchange transactions	15	(4)	-	-	4
52	Loss on Disposal of Asset	15	41	-	-	(41)
-	Loss on Inventory	15	93	-	-	(93)
11,152	Total Expenses	24	34,625	20,668	34,591	(13,957)
775	Surplus for the period		1,265	428	285	(837)

The accounting policies and notes on pages 9 to 33 form part of these financial statements.

MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
STATEMENT OF CHANGES IN NET WORTH
FOR THE 18-MONTH PERIOD ENDED 31 DECEMBER 2017

	Contributed Capital	Revaluation Reserve	Accumulated (deficits)/surplus	Total Net worth	Original Budget	Final Budget	Variance (Orig. vs. Actual)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2015 brought forward	7,548	-	-	7,548	7,548	7,548	-
Changes in net worth for 2015/16							
Prior Year Adjustments	23	-	-	23	-	-	(23)
Balance	7,571	-	-	7,571	7,548	7,548	(23)
Changes in net worth for 2015/16							
Revaluation surplus	-	23	-	23	-	-	(23)
Equity Investment from Cabinet	618	-	-	618	675	675	57
Net revenue / expenses recognised directly in net worth	618	23	-	641	675	675	34
Surplus for the period 2015/16	-	-	775	775	460	460	(315)
Repayment of surplus	-	-	(775)	(775)	-	-	775
Total recognized revenues and expenses for the period	618	23	-	641	1,135	1,135	494
Balance at 30 June 2016	8,189	23	-	8,212	8,683	8,683	471
Balance at 30 June 2016 brought forward	8,189	23	-	8,212	8,683	8,683	471
Changes in net worth for 2016/17							
Prior Year Adjustments	-	-	52	52	-	-	(52)
Balance	8,189	23	52	8,264	8,683	8,683	419
Changes in net worth for 2016/17							
Equity Investment from Cabinet	1,321	-	-	1,321	602	602	(719)
Transfers	23,046	(23)	23	23,046	-	-	(23,046)
Capital Withdrawals by Cabinet	-	-	-	-	(460)	(460)	(460)
Net revenue / expenses recognised directly in net worth	24,367	(23)	23	24,367	142	142	(24,225)
Surplus for the period 2016/17	-	-	1,265	1,265	427	285	(980)
Repayment of surplus	-	-	(1,340)	(1,340)	-	-	1,340
Total recognized revenues and expenses for the period	24,367	(23)	(52)	24,292	569	427	(23,865)
Balance at 31 December 2017	32,556	-	-	32,556	9,252	9,110	(23,446)

The accounting policies and notes on pages 9 to 33 form part of these financial statements.

MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
STATEMENT OF CASH FLOWS
FOR THE 18-MONTH PERIOD ENDED 31 DECEMBER 2017

Prior Year Actual		Note	Current Year Actual	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000			\$'000	\$'000	\$'000	\$'000
	CASH FLOWS FROM OPERATING ACTIVITIES					
	<i>Receipts</i>					
8,081	Outputs to Cabinet		30,890	15,182	26,145	(15,708)
9	Outputs to other government agencies		-	-	-	-
3,288	Sale of goods and services - third party		4,096	6,156	8,732	2,060
120	Donations / Grants		235	-	48	(235)
	<i>Payments</i>					
(7,745)	Personnel costs		(24,189)	(14,209)	(23,616)	9,980
(2,473)	Supplies and consumables		(7,763)	(5,587)	(8,985)	2,176
(98)	Other payments		(210)	-	-	210
<u>1,182</u>	Net cash flows from operating activities		<u>3,059</u>	<u>1,542</u>	<u>2,324</u>	<u>(1,517)</u>
	CASH FLOWS FROM INVESTING ACTIVITIES					
(1,209)	Purchase of property, plant and equipment		(675)	(602)	(602)	73
-	Proceeds from sale of property, plant and equipment		-	-	-	-
<u>(1,209)</u>	Net cash flows used in investing activities		<u>(675)</u>	<u>(602)</u>	<u>(602)</u>	<u>73</u>
	CASH FLOWS USED IN FINANCING ACTIVITIES					
1,403	Equity Investment		619	602	602	(17)
-	Repayment of Surplus		(26,650)	(460)	(460)	26,190
<u>1,403</u>	Net cash flows used in financing activities		<u>(26,031)</u>	<u>142</u>	<u>142</u>	<u>26,173</u>
1,376	Net (decrease)/increase in cash and cash equivalents		<u>(23,647)</u>	<u>1,082</u>	<u>1,864</u>	<u>24,729</u>
<u>22,255</u>	Cash and cash equivalents at beginning of period		<u>23,631</u>	<u>5,847</u>	<u>5,847</u>	<u>(17,784)</u>
<u>23,631</u>	Cash and cash equivalents at end of period	2	<u>(16)</u>	<u>6,929</u>	<u>7,711</u>	<u>6,945</u>

The accounting policies and notes on pages 9 to 33 form part of these financial statements.

**MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED 31 DECEMBER 2017**

Description and Principal Activities

The Ministry of Financial Services and Home Affairs ("the Ministry") is a Government owned entity as defined by section 2 of the Public Management and Finance Law (2017 Revision) and it is domiciled in the Cayman Islands.

Its principal activities and operations include all activities carried out in terms of the outputs purchased by the Ministry as defined in the Annual Plan and Estimates for the Government of Cayman Islands for the 18 month period ended 31 December 2017. The Ministry consists of several departments including General Registry, Department of Financial Services, Department of International Tax Cooperation, Financial Services Administration, Fire Department, Her Majesty's Cayman Islands Prison Service, Hazard Management Cayman Islands, Department of Community Rehabilitation and Department of Public Safety and Communications. Our Ministry received five (5) additional departments and transferred out two (2) departments as at 1 July 2017 following the 2017 General Elections. The departments that transferred in are Fire Department, Her Majesty's Cayman Islands Prison Service, Hazard Management Cayman Islands, Department of Community Rehabilitation, and the Department of Public Safety and Communications. The departments that transferred out are the Department of Environment and the Department of Commerce and Investment.

Note 1: 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, unless otherwise stated. The statements are rounded to the nearest thousand.

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, Statement of Cashflows and related notes are not directly comparable.

**MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED 31 DECEMBER 2017**

Note 1: Significant Accounting Policies (continued)

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.

(b) Budget Amounts

There was a significant increase in the Ministry's budget in July 2017 following the 2017 General Elections which resulted in a reorganization of departments between Ministries. A section 11(5) allocation of additional funding was proposed. The proposed appropriation changes were provided in a supplementary appropriation budget for approval of the Legislative Assembly. The changes are as follows:

Appropriations to the Minister of Financial Services and Home Affairs

Appropriation Reference Number	Appropriation Name	2016/17 Supplementary Appropriation
Output Groups		
FSC 7	An Internationally Competitive Financial Services Industry	487,917
FSC 10	A Robust, Efficient Regime for the Registration of Corporate and Vital Information and the Licensing of Businesses	2,077,401
HCA 1	Policy Advice and Ministerial Services on Home Affairs	(125,000)
HCA 7	Electronic Monitoring and Incident Response	(48,000)
HCA 9	National Disaster Preparedness & Response Services	(415,000)
HCA 15	Domestic Fire Services	1,267,163
HCA 17	Aerodrome Fire Services	1,267,164
HCA 11	Prison Custodial Services	976,608
Total for Min FSHA Entity		5,488,253

(c) Judgments and Estimates

The preparation of financial statements is in conformity with International Public Sector Accounting Standards that requires judgments, estimates, and assumptions affecting the application of policies and reported amounts of assets and liabilities, 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 they are determined and in any future periods that are affected by those revisions.

**MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED 31 DECEMBER 2017**

Note 1: Significant Accounting Policies (continued)

(d) Changes in Accounting Estimates

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

(e) 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, to other agencies in government and to third parties. Revenue is recognised at fair value of services provided.

(f) Expenses

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

(g) Operating Leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under the operating leases are recognised as expenses on a straight-line basis over the lease term.

(h) 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 at the date of acquisition.

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

(i) 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.

**MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED 31 DECEMBER 2017**

Note 1: Significant Accounting Policies (continued)

(j) Prepayments

The portion of recognised expenditure paid in advance of receiving services has been recognised as a prepayment in these financial statements.

(k) Property, Plant and Equipment

Property, plant and equipment, is 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.

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

(k) Property, Plant and Equipment (continued)

<u>Asset Type</u>	<u>Estimated Useful life</u>
• Buildings and structures	10 – 60 years
• Building fit-out (when accounted for separately)	5 – 25 years
• Leasehold Improvement	Over the unexpired period of lease or the useful life of the improvement
• Computer Equipment	3 – 10 years
• Developed software	4 – 10 years
• Office equipment and furniture	3 – 25 years
• Motor vehicles	3 – 20 years
• Telecommunications	5 – 50 years
• Other equipment	5 – 20 years
• Boats and Marine Equipment	5 -25 years

Disposals

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

**MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED 31 DECEMBER 2017**

Note 1: Significant Accounting Policies (continued)

(l) 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.

(m) 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 year-end are reported as current liabilities at the amount expected to be paid.

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

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

(n) 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.

**MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED 31 DECEMBER 2017**

Note 1: Significant Accounting Policies (continued)

(n) Financial Instruments (continued)

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 receivables.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial instrument or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable. Financial instruments comprise of trade 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 expired.

(o) Contingent Liabilities and Assets (including guarantees)

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

(p) 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.

**MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED 31 DECEMBER 2017**

Note 1: Significant Accounting Policies (continued)

(p) Foreign Currency (continued)

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 at year end date;
- 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.

(q) Comparative Figures

Comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.

(r) 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 a fixed asset, such service in-kind is recognised in the cost of the fixed asset.

(s) Surplus Repayable

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

MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED 31 DECEMBER 2017

Note 2: Cash and Cash Equivalents

Cash and cash equivalents include cash on hand; bank accounts in the name of the Ministry of Financial Services and Home Affairs maintained at Royal Bank of Canada and short term deposits invested with the Cayman Islands Government Treasury. As at 31 December 2017 the Ministry held no restricted cash balances (30 June 2016: \$0). The negative cash balance as at 31 December 2017 resulted from a large repayment of surplus made during the 18 month period as well as some cash flow timing matters resulting from the transfer of departments to the Ministry.

Actual Prior Year	Description	Foreign Currency	Exchange Rate	Actual Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000		\$'000	\$'000	\$'000	\$'000
1	Cash on Hand			-	1	1	1
22,774	CI \$ Operational Current Account			1,226	5,945	5,945	4,719
519	USD \$ Operational Current Account	52	0.8375	44	533	533	489
8	CI \$ Payroll Current Account			(1,286)	16	16	1,302
320	CI \$ Grant Account			-	407	407	407
9	Cash in Transit			-	27	27	27
23,631	TOTAL			(16)	6,929	6,929	6,945

Note 3: Trade Receivables and Other Receivables

At year end all overdue receivables have been assessed and appropriate provisions made. The provision for doubtful debts has been calculated based on expected losses for the Ministry and review of specific debtors.

Actual Prior Year	Description	Actual Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
75	Sale of goods and services	271	1	1	(270)
9,715	Outputs to Cabinet	10,776	871	871	(9,905)
618	Equity Injection Funding	1,321	-	-	(1,321)
129	Other Trade Receivables	-	-	-	-
(57)	Less: Provision for doubtful debts	(32)	-	-	32
10,480	Total trade receivables	12,336	872	872	(11,464)

MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED 31 DECEMBER 2017

Note 3: Trade Receivables and Other Receivables (continued)

Actual Prior Year	Description	Actual Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
13	Advances (salary, official travel, etc.)	17	-	-	(17)
1	Dishonoured cheques	1	1	1	-
59	Other receivables	1,068	1	1	(1,067)
73	Total other receivables	1,086	2	2	(1,084)

As at 31 December 2017 and 30 June 2016, the aging analysis of trade receivables and other receivables is as follows:

Actual Prior Year	Description	Current	Total Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000	\$'000
-	Current	152	152	-	-	(152)
3,855	Past due 1-30 days	9,441	9,441	872	872	(8,569)
6,994	Past due 31-60 days	2,764	2,764	-	-	(2,764)
-	Past due 61-90 days	20	20	-	-	(20)
37	Past due 90 and above	1,076	1,076	-	-	(1,076)
10,886	Total	13,453	13,453	872	872	(12,581)

Note 4: Prepayments

Actual Prior Year	Description	Actual Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
5	Accrued Prepayments	56	-	-	(56)
5	Total Prepayments	56	-	-	(56)

Note 5: Inventories

Actual Prior Year	Description	Actual Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
2	Raw Materials	149	-	-	(149)
2	Total Inventory	149	-	-	(149)

MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED 31 DECEMBER 2017

Note 6: Property, Plant and Equipment
Cost

Description	Land	Buildings & Leasehold Improvements	Water Reticulation	Other Infra Assets	Vehicles	Aeroplanes	Boats	Furniture & Fittings	Computer Hardware	Office Equipment	Other Plant & Equipment	Other Assets
Balance as at 1 July 2015	-	267	-	19	785	-	905	315	288	60	399	30
Additions	-	3	-	-	118	-	212	-	32	22	76	-
Disposals	-	(81)	-	-	(65)	-	-	-	-	-	-	-
Transfers	-	27	-	-	-	-	-	-	-	-	-	-
Revaluation	-	21	-	-	-	-	-	-	-	-	-	-
Balance at 30 June 2016	-	237	-	19	838	-	1,117	315	320	82	475	30

Description	Land	Buildings & Leasehold Improvements	Water Reticulation	Other Infra Assets	Vehicles	Aeroplanes	Boats	Furniture & Fittings	Computer Hardware	Office Equipment	Other Plant & Equipment	Other Assets
Balance as at 1 July 2016	-	237	-	19	838	-	1,117	315	320	82	475	30
Additions	-	-	-	24	281	-	15	-	98	-	5	-
Disposals	-	-	-	-	(69)	-	(57)	-	(24)	(14)	(70)	-
Transfers In	4,093	12,566	5,398	3,648	1,212	99	770	258	1,267	519	14,266	-
Transfers Out	-	(210)	-	(19)	(924)	-	(1,120)	(178)	(150)	(23)	(475)	(30)
Revaluation	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 December 2017	4,093	12,593	5,398	3,672	1,338	99	725	395	1,511	564	14,201	-

MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED 31 DECEMBER 2017

Note 6: Property, Plant and Equipment (continued)
Accumulated Depreciation and impairment losses

Description	Land	Buildings & Leasehold Improvements	Water Reticulation ¹	Other Infra Assets	Vehicles	Aeroplanes	Boats	Furniture & Fittings	Computer Hardware	Office Equipment	Other Plant & Equipment	Other Assets	Assets in Progress	Actual 2015/16	Original Budget 2015/16	Variance (Orig vs Actual)
Balance as at 1 July 2015	-	64	-	19	656	-	674	217	279	58	391	-	-	2,358	2,408	50
Depreciation Expense	-	19	-	-	53	-	59	14	37	6	13	-	-	201	176	(25)
Eliminate on Disposal	-	(82)	-	-	-	-	-	-	-	-	-	-	-	(82)	-	82
Other Adjustments	-	-	-	-	(36)	-	-	-	-	-	-	-	-	(36)	-	36
Balance at 30 June 2016	-	1	-	19	673	-	733	231	316	64	404	-	-	2,441	2,584	143

Description	Land	Buildings & Leasehold Improvements	Water Reticulation ¹	Other Infra Assets	Vehicles	Aeroplanes	Boats	Furniture & Fittings	Computer Hardware	Office Equipment	Other Plant & Equipment	Other Assets	Assets in Progress	Actual 2016/17	Original Budget 2016/17	Variance (Orig vs Actual)
Balance as at 1 July 2016	-	1	-	19	673	-	733	231	316	64	374	30	-	2,441	2,354	(87)
Transfers in	-	1,649	754	3,237	830	9	385	140	1,099	383	11,019	-	-	19,505	-	(19,505)
Transfers Out	-	(61)	-	(19)	(752)	-	(846)	(138)	(142)	(14)	(397)	(30)	-	(2,399)	-	2,399
Depreciation Expense	-	393	270	29	139	3	73	34	93	29	439	-	-	1,502	279	(1,223)
Eliminate on Disposal	-	-	-	-	(69)	-	(57)	-	(23)	(14)	(52)	-	-	(215)	-	215
Balance at 31 December 2017	-	1,982	1,024	3,266	821	12	288	267	1,343	448	11,383	-	-	20,834	2,633	(18,201)
Net Book value 30 June 2016	-	236	-	-	165	-	384	84	4	18	71	30	45	1,037	1,567	530
Net Book value 31 December 2017	4,093	10,611	4,374	406	517	87	437	128	168	116	2,818	-	1,234	24,989	1,283	(23,706)

**MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED 31 DECEMBER 2017**

Note 6: Property, Plant and Equipment (continued)

Asset Revaluation

Property (buildings and structures) were revalued as at the 30th 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. Plant and equipment, are stated at historical cost less accumulated depreciation. 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 an item of property, plant, and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- a) Restated proportionately with the change in the gross carrying amount of the asset, so that the carrying amount of the asset after revaluation equals its revalued amount or
- b) Eliminated against the gross carrying amount of the asset.

Valuation methods

The valuations of the Ministry's buildings have been prepared in accordance with the aforementioned Standards and the guidance notes provided by the Royal Institute of Chartered Surveyors (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 FINANCIAL SERVICES AND HOME AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED 31 DECEMBER 2017**

Note 6: Property, Plant and 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 performs 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 \$0.5m 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.

Buildings were revalued as an entire class of asset.

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 of 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 amounts. The recoverable amount is the higher of the asset's fair value less costs to sell and its value for use in service.

MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED 31 DECEMBER 2017

Note 6b: Intangible Assets
Cost

Description	Computer Software	Actual 2015/16	Original Budget 2015/16	Variance (Orig vs Actual)
Balance as at 1 July 2015	1,464	1,464	1,739	275
Additions	250	250	175	(75)
Disposals	(27)	(27)	-	27
Transfers	-	-	76	76
Balance at 30 June 2016	1,687	1,687	1,990	303

Description	Computer Software	Actual 2016/17	Budget 2016/17	Variance (Orig vs Actual)
Balance as at 1 July 2016	1,687	1,687	1,659	(28)
Additions	27	27	268	241
Transfers In	610	610	-	(610)
Transfers Out	(22)	(22)	-	22
Balance at 31 December 2017	2,302	2,302	1,927	(375)

Amortization and impairment losses

Description	Computer Software	Actual 2015/16	Original Budget 2015/16	Variance (Orig vs Actual)
Balance as at 1 July 2015	256	256	196	(60)
Depreciation Expense	320	320	67	(253)
Eliminate on Disposal	(2)	(2)	-	2
Balance at 30 June 2016	574	574	263	(311)

MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED 31 DECEMBER 2017

Note 6b: Intangible Assets (continued)

Description	Computer Software	Actual 2016/17	Budget 2016/17	Variance (Orig vs Actual)
Balance as at 1 July 2016	574	574	255	(319)
Transfers In	534	534	5	(529)
Transfers Out	(22)	(22)	-	22
Depreciation Expense	557	557	593	36
Balance at 31 December 2017	1,643	1,643	853	(790)

Net book value 30 June 2016	1,113	1,113	1,727	614
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Net book value 31 December 2017	659	659	1,074	415
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The Tax Information Authority (TIA) is the sole dedicated channel in the Cayman Islands for international cooperation on matters involving the provision of tax related information. The TIA is a function of the Department for Tax International Tax Cooperation. The TIA established the AEOI Portal in 2015 to facilitate the automatic exchange of information on certain financial accounts maintained by thousands of Cayman Islands Financial Institutions with other competent authorities pursuant to domestic regulations regarding the US Foreign Account Tax Compliance Act (FATCA) and, since 2017, the OECD Common Reporting Standard (CRS). The AEOI Portal runs on software developed and maintained by Vizor Software, an Irish company. A number of other Competent Authorities also use Vizor's solution for this purpose.

General Registry utilizes a custom developed online Electronic Document Management System, EDMS. EDMS provides workflow management for staff to securely accept, review, manage and archive filings submitted electronically. EDMS is integrated with an Oracle database system, GRSS, which maintains the data for the Cayman Islands' national registers for Companies, Trusts, Partnerships, etc.

Functionality to support online archiving of scanned documents on the Registers was added to EDMS during the financial period of July 2016 to December 2017. Modules were added to allow Non-Profit Organisations (NPO) to manage their registration electronically. Enhancements were also done to allow Resident Companies to self-manage their compliance online including Annual Returns, Shareholder and Beneficial Owner filings with electronic payments through a secure portal called the Cayman Business Portal (CBP). The electronic payments are processed through the CIG RBC merchant account.

MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED 31 DECEMBER 2017

Note 7: Trade Payables, Other Payables and Accruals

Actual Prior Year	Description	Current	Total Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000	\$'000
108	Creditors	547	547	310	310	(237)
14	Creditors Ministries/Portfolios	-	-	-	-	-
104	Creditors other government agencies	-	-	-	-	-
538	Accrued expenses	2,138	2,138	-	-	(2,138)
237	Accrued Expenses Ministries/Portfolios	201	201	-	-	(201)
8	Accrued Expenses other gov agencies	-	-	-	-	-
1,009	Total Trades Payables and Accruals	2,886	2,886	310	310	(2,576)
2	Payroll deductions	6	6	70	70	64
4	Other payables	300	300	3	3	(297)
6	Total Other Payables	306	306	73	73	(233)
1,015	Total	3,192	3,192	383	383	(2,809)

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

Note 8: Employee Entitlements

Actual Prior Year	Description	Actual Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
Current employee entitlements are represented by:					
14	Comp time	426	15	15	(411)
216	Annual leave	1,449	218	218	(1,231)
-	Accrued Salaries	254	-	-	(254)
230	Total employee entitlements	2,129	233	233	(1,896)

The annual leave entitlement and compensated absence (comp time) are calculated based on current salary paid to those employees who are eligible for this benefit.

MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED 31 DECEMBER 2017

Note 9: Unearned Revenue

Actual Prior Year	Description	Actual Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
235	Unearned Revenue	42	292	292	250
235	Total Unearned Revenue	42	292	292	250

Unearned revenue represents funds received by Hazard Management Cayman Islands from agencies to which they provide tower and radio communication services.

Note 10: Sales of Goods and Services

Actual Prior Year	Description	Actual Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
9,715	Outputs to Cabinet	31,950	14,940	28,700	(17,010)
2,049	Fees and charges	3,459	6,156	6,176	2,697
11,764	Total sales of goods and services	35,409	21,096	34,876	(14,313)

Outputs to Cabinet comprises goods delivered to and services performed on behalf of the Cayman Islands Government. These are detailed in the Annual Budgeted Statements for the 18 month period ended 31 December 2017 and are covered by the appropriation law.

Fees and Charges comprise mainly of other administrative fees and user charges levied on the public for the delivery of government services. The respective rates and fee structures are gazetted and governed by the relevant revenue laws.

No revenue concessions were granted during the 18-month period year ended 31 December 2017.

Note 11: Other Income

Actual Prior Year	Description	Actual Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
-	Income from Settlement	303	-	-	(303)
-	Total other income	303	-	-	(303)

MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED 31 DECEMBER 2017

Other income comprises of miscellaneous receipts received during the 18 month period for sale of assets as well as a settlement received as a result of damage by a yacht to the coral reef.

Note 12: Donations

Actual Prior Year	Description	Actual Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
163	Other Donations	178	-	-	(178)
163	Total Donations	178	-	-	(178)

The Department of Environment administers grant funded projects as a part of their operations. Donations are received from international donors as well as from local sources. The donations are recognized as revenue when the entity satisfies its obligation in relation to the liability therefore when the project is carried out (IPSAS 23 - Recognition of Revenue from Non-Exchange Transactions).

Note 13: Personnel Costs

Actual Prior Year	Description	Actual Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
6,483	Salaries, wages and allowances	20,005	11,525	18,939	(8,480)
1,037	Health care	3,197	2,007	3,620	(1,190)
332	Pension	974	617	1,012	(357)
(3)	Leave	(147)	-	5	147
5	Other personnel related costs	63	20	40	(43)
7,854	Total personnel costs	24,092	14,169	23,616	(9,923)

MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED 31 DECEMBER 2017

Note 14: Supplies and Consumables

Actual Prior Year	Description	Actual Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
1,632	Purchase of services	4,397	3,039	3,785	(1,358)
93	Lease of Property and Equipment	315	162	337	(153)
280	Travel and Subsistence	459	595	600	136
193	Supplies and Materials	1,171	259	1,114	(912)
53	Utilities	774	123	869	(651)
122	Interdepartmental expenses	102	241	259	139
79	General Insurance	908	135	565	(773)
74	Recruitment and Training	144	172	340	28
201	Other	74	751	1,116	677
2,727	Total supplies and consumables	8,344	5,477	8,985	(2,867)

Note 15: (Gains) / Losses

Actual Prior Year	Description	Actual Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
52	(Gain)/ Loss on Disposal of Asset	41	-	-	(41)
(2)	Net losses/(gains) on foreign exchange Transactions	(4)	-	-	4
-	(Gain)/Loss on Inventory	93	-	-	(93)
50	Total losses	130	-	-	(130)

Note 16: Revenue from Non-Exchange Transactions

During the year 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 reliably determined and therefore no expense has been recognised in these financial statements.

**MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED 31 DECEMBER 2017**

Note 17: 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 Cayman Islands Government.

Note 18: Explanation of Major Variances against Budget

There were major variances for the Ministry's performance against the original budget following the 2017 General Elections which resulted in a reorganization of departments between Ministries. Our Ministry received five (5) additional departments and transferred out two (2) departments during this process.

Statement of financial position

Cash and Cash Equivalents

Cash and cash equivalents were \$6.9million below budget as a result of a large repayment of surplus made during the 18 month period as well as some cash flow timing matters that resulted from the transfer of departments with high volume operations to the Ministry.

Trade Receivables

Trade receivables were \$11.5million higher than the original budget because some of the output funding and Equity Injection funding from Cabinet was not drawn down within the financial year.

Other Receivables

Other receivables were \$1million higher than the original budget due to the transfer of departments to the Ministry after the 2017 General Elections.

Property, Plant and Equipment

Property, plant and equipment was \$23.7million higher than the original budget due to the transfer of departments with significant value of assets to the Ministry after the 2017 General Elections.

Trade Payables

The balance is \$2.5million higher than budget because credit balances were not settled under after the year end even though they were budgeted for settlement within the financial year. The transfer of departments to the Ministry after the 2017 General Elections has also contributed to a higher than budgeted balance in trade payables.

Employee Entitlements

The balance is \$1.9million higher than budget due to the transfer of departments with large leave and comp time liability balances to the Ministry after the 2017 General Elections.

**MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 18-MONTH PERIOD ENDED 31 DECEMBER 2017**

Note 18: Explanation of Major Variances against Budget (continued)

Contributed Capital

The balance is \$23.6million higher than budget due to the transfer of departments to the Ministry after the 2017 General Elections.

Surplus Payable

The balance is \$1.3million higher than original budget because there was no budget for surplus payable for 2016-17 and the surplus for 2016-17 was not paid over within the 2016-17 18 month financial period.

Statement of financial performance

Sale of Goods and Services

The balance is \$14.3million higher than original budget due to the transfer of departments to the Ministry after the 2017 General Elections. The transfer of departments resulted in higher revenue from cabinet as well as higher third party revenue.

Personnel Costs

Personnel Costs were \$9.9million higher than original budget due to the transfer of departments to the Ministry after the 2017 General Elections. The transfer of departments resulted in much higher staff numbers hence significantly higher personnel costs.

Supplies and Consumables

The balance is \$2.9million higher than original budget due to the transfer of departments to the Ministry after the 2017 General Elections. The transfer included some large departments with high volume departments which resulted in much higher operating expenditure.

Depreciation

The balance is \$1.2million higher than the original budget due to the transfer of departments with significant value of assets to the Ministry after the 2017 General Elections.

Note 19: Related Party and Key Management Personnel Disclosures

Related party disclosure

The Ministry is a wholly owned 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 were provided free of cost during the 18-month financial period ended 31 December 2017 and were consistent with normal operating relationships between entities and were undertaken on terms and conditions that are normal for such transactions.

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Note 19: Related Party and Key Management Personnel Disclosures (continued)

Key management personnel

Key management personnel including Ministers of the Government, are also considered to be related parties, and as such received the following remuneration.

Actual Prior Year	Description	Actual Current Year	Final Budget	Variance (Orig vs Actual)	Number of persons
\$'000		\$'000			
1,928	Salaries & other short-term employee benefits	3,231	-	(3,231)	29
1,928	Total	3,231	-	(3,231)	29

There were no loans granted to key management personnel and or their close relatives.

Note 20: Commitments

Operating Commitments	One Year or Less	One to Five Years	Over Five Years	Total	Total 2015/16
	\$'000	\$'000	\$'000	\$'000	\$'000
Non-cancellable accommodation leases	289	211	-	500	382
Hazard Management Cayman Islands	4,550	-	-	4,550	-
Total Operating Commitments	4,839	211	-	5,050	382

The Ministry has a commitment for the purchase of a new Emergency Communications Radio System. There are also 2 non-cancellable accommodation leases that will expire in September 2019.

Note 21: Events occurring after Reporting Date

There were no subsequent events to report.

Note 22: 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, advances, trade 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.

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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 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 a target level of available cash to meet liquidity requirements.

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

Note 23: Financial instruments – fair values

As at 31 December 2017 and 30 June 2016, the carrying values of cash and cash equivalents, accounts receivable, accounts payable and employee entitlements approximate their fair values due to their relative short-term maturities.

Fair values are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions, economic conditions and other factors could cause significant changes in fair value estimates.

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Note 24: Segment Reporting

	ENVIRONMENT		HOME AFFAIRS		FINANCIAL SERVICES		CONSOLIDATED	
	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue								
Outputs from Cabinet	3,075	3,077	18,313	-	10,561	6,638	31,949	9,715
Fees and Charges	-	-	177	-	3,586	2,049	3,763	2,049
Donations	177	163	1	-	-	-	178	163
Total Revenue	3,252	3,240	18,491	-	14,147	8,687	35,890	11,927
Expenses								
Personnel	2,381	2,271	13,059	-	8,652	5,583	24,092	7,854
Supplies & Consumables	650	798	3,886	-	3,900	1,929	8,436	2,727
Depreciation	148	170	1,317	-	595	352	2,060	522
Other expenses	-	-	(16)	-	53	49	37	49
Total Expenses	3,179	3,239	18,246	-	13,200	7,913	34,625	11,152
Surplus/(Deficit) from Operating Activities	73	1	245	-	947	774	1,265	775
Assets								
Current Assets	-	499	853	-	12,758	33,692	13,611	34,191
Non-Current Assets	-	957	23,995	-	1,653	1,193	25,648	2,150
Total Assets	-	1,456	24,848	-	14,411	34,885	39,259	36,341
Liabilities								
Current Liabilities	-	484	4,165	-	2,538	27,645	6,703	28,129
Total Liabilities	-	484	4,165	-	2,538	27,645	6,703	28,129
Net Assets	-	972	20,683		11,873	7,240	32,556	8,212

The Ministry of Financial Services & Home Affairs reported on three segments of business.

Financial Services is mainly focused on the country's financial services sector. This segment includes General Registry, the Department of International Tax Cooperation, and the Department of Financial services and is responsible for providing policy direction and monitoring to ensure the Cayman Islands continues to be recognized as one of the world's leading global financial services centres.

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Note 24: Segment Reporting (continued)

The Department of Environment (DoE) facilitates responsible management and sustainable use of the natural environment and the natural resources of the Cayman Islands; through environmental protection and conservation, wise use, scientific research and public education. This was transferred out of the Ministry as at 30 June 2017.

Home Affairs is mainly focused on the country's national security and public safety. This segment includes Hazard Management Cayman Islands, the Department of Public Safety Communications, Her Majesty's Royal Cayman Islands Prison Service, Cayman Islands Fire Service, the Department of Community Rehabilitation, and is responsible for providing policy direction and monitoring to ensure the Cayman Islands remains a safe and secure place to live, visit and invest.

Comparatives provided for the DoE only relate to the period July 2016 to June 2017 and there are no comparatives available for the Home affairs Departments as they were added to the Ministry on 1 July 2017.

Note 25: Surplus Repayment

As at 31 December 2017 the Ministry recorded surplus payable of \$1,340,081. The surplus payable recorded as at 30 June 2016 was \$26,650,188. As per section 39 3 (f) of the Public Management and Finance Law (2017 Revision), the entity shall "retain such part of its net operating surplus as determined by the Minister of Finance". We confirm that as at 31 December 2017, the entity has not been advised that it may retain any operating surplus.