

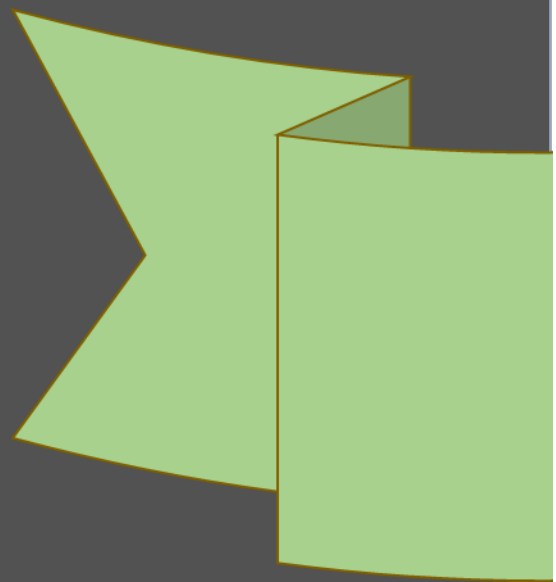
PORTFOLIO OF LEGAL AFFAIRS

Annual Report

2016-2017



**CAYMAN ISLANDS
GOVERNMENT
ADMINISTRATION**
133 ELGIN AVENUE



Portfolio of Legal Affairs

**4th Floor Government Administration Building
133 Elgin Avenue, George Town, Grand Cayman
Cayman Islands
P.O. Box 136, Grand Cayman KY1-9000
Tel: (345) 949-6022**

Foreword

This Annual Report is for the Portfolio of Legal Affairs (the “Portfolio”). The Portfolio provides legal advice and representation in civil proceedings to the Government, its affiliated bodies and statutory authorities. It is responsible for legislative drafting, law revision, law reform, and local legal education and training through the Truman Bodden Law School. In addition, the Portfolio offers financial intelligence services and support to Government and its stakeholders in relation to anti-money laundering. The Portfolio is headed by the Honourable Attorney General.

The Annual Report outlines the Portfolio’s performance during the period from July 1st, 2016 to December 31st, 2017 in comparison to that which was provided in the budget for the corresponding period.

The requirement for an Annual Report is prescribed under section 44 of the Public Management and Finance Law (2017 Revision) (PMFL). Section 44 states:

(1) An annual report of a ministry or portfolio shall be presented to the Cabinet for review within four calendar months after the end of each financial year.

(2) The annual report shall set out the performance of the ministry or portfolio and compare it with that set out in the annual budget statement (including any amendments thereto) for that financial year.

This Annual Report complies with the requirements of the PMFL and covers three main areas:

- Service Delivery;
- Financial performance; and
- Governance.

The service delivery section outlines the interventions carried out by the Portfolio in furtherance of the Government’s policy outcome goals. It also provides commentary which explains material variances in performance when compared to budget.

The financial performance section shows the financial resources the Portfolio was afforded in the 2016-17 budget and the inputs purchased to provide services. The financial performance is presented in the form of financial statements prepared in accordance with International Public Sector Accounting Standards (IPSAS) and the supporting notes to those financial statements.

The report also includes a section on Governance which outlines the Portfolio’s efforts in the areas of risk management, audit, freedom of information and other ancillary matters.

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Report Guide

This report has been prepared in accordance with the requirements stipulated in the Public Management and Finance Law (2017 Revision) for Ministries and Portfolios.

Glossary of Terms

This section provides definitions and explanations for abbreviations.

Overview

This chapter summarizes the Portfolio's overall responsibilities, describes the functions and activities of the Portfolio, and shows the Portfolio's organisational structure.

Achievements

The Portfolio's accomplishments are grouped according to core segments, and detailed explanations on key objectives achieved over the period are provided.

Human Resources Management

This section reports on key information and statistics relating to the Portfolio's work force.

Financial Statements

This section includes the Auditor General's report, a Management Discussion and analysis of the financial results for the Portfolio over the period, and the corresponding statements of Financial Position, Performance and Net Worth.

Appendices

This chapter summarizes major laws impacting the departments within the Portfolio and other information regarding risks and requests under the Freedom of Information framework.

Nature and Scope of Activities

General Nature of Activities

The provision of legal advice and legal education services.

Scope of Activities

The Portfolio's scope of activities involves:

- The provision of legal advice and legal representation to the Government, Government agencies and statutory authorities;
- Conducting civil litigation for and on behalf of Government;
- Drafting of legislation;
- The provision of legal education and training;
- Delivery of financial intelligence and anti-money laundering services to the Hon. Attorney General;
- Law revision services; and
- Reform services

For reporting purposes, the Portfolio is divided into five key sections:

- Legal Drafting & Review Services;
- Legal Advice & International Legal Assistance;
- Advice to the Hon. Attorney General;
- Financial Intelligence Services; and
- Legal Education Services.

The Portfolio provides legal advice and representation in civil proceedings to the Government, its affiliated bodies and statutory authorities. It is responsible for legislative drafting, law revision, law reform, and local legal education and training through the Truman Bodden Law School. In addition, the Portfolio offers financial intelligence services and support to Government and its stakeholders in relation to anti-money laundering.

The Portfolio is headed by the Honourable Attorney General, and includes the following Entities:

1. Solicitor General's Office
2. Legislative Drafting Department
3. Law Revision
4. Law Reform Commission
5. Truman Bodden Law School
6. Financial Reporting Authority
7. Anti-Money Laundering Unit

Customers for all activities are the Attorney General, Government agencies and the general public.



Message from the Honourable Attorney General

I am pleased to present the Annual Report for the Portfolio of Legal Affairs for the fiscal year ended 31 December 2017.

The Report highlights the achievements of the Portfolio and explains the steps taken to further the Government's policy outcome goals to foster a culture of good governance; ensure equitability and justice in our society; promote the rule of law; and to make the Cayman Islands a center of excellence for legal education.

The Portfolio's Annual Report is a key link in the chain of accountability. It provides citizens and the Legislature with an account of the resources entrusted to our stewardship, and the goods and services that were delivered through the use of those resources.

The policy decisions of the Government as at the 31st December 2017, with material economic or fiscal implications of which I am aware, have been considered in the preparation of this Report.

I am pleased with the services that were delivered by the Portfolio over the preceding 18-month period.

Under the able leadership of the Solicitor General (and Acting Solicitor General thereafter), the Legislative Drafting Department delivered a significant number of Bills and Regulations. The Financial Reporting Authority processed over 600 suspicious activity reports (SARs). Both the FRA and the Anti-Money

Laundering Unit engaged in significant work, including stakeholder consultation, training and advice as well as legislative reform, as part of the Cayman Islands' preparation for the CFATF 4th Round Mutual Evaluation which took place in December 2017.

Further details of these achievements, and the outputs delivered by other Departments of the Portfolio are outlined throughout this Report.

The Portfolio met or exceeded its budgetary expectations in several key areas during 2016-17. This was again achieved while providing critical support to other Government agencies to meet their service delivery goals.

Notwithstanding the significant volume of work delivered, the Portfolio was also able to return a considerable savings to the Cayman Islands Treasury in the form of expenditure savings and revenue from increased services to third parties.

The outstanding performance outlined in this Report was made possible by the dedication and commitment of the hardworking staff in the Portfolio of Legal Affairs. I would therefore like to extend my sincere thanks and congratulations to them for a job well done.

Sincerely,


Honourable Samuel Bulgin, QC, JP
Attorney General
Portfolio of Legal Affairs

28 February 2018

Message from the Acting Solicitor General

I am pleased to provide the Annual Report for the Portfolio of Legal Affairs for the fiscal year ended 31 December 2017.

The Report provides key insights into the areas of service delivery, financial management and governance of the Portfolio. It details the initiatives undertaken in 2016-2017 and the outcomes that were achieved with the resources provided.

The work of the Portfolio supports the Government in meeting its objectives within the parameters of the law. The provision of timely and appropriate legal advice to our public agencies allows for informed decision-making, the prevention of possible infringement of citizens' rights and freedoms and elimination or reduction of legal risk to Government. Above all, our work plays a pivotal role in upholding the rule of law in the Islands.

In 2016-17 the Portfolio's work included promulgation or amendment of several key pieces of legislation; processing 87 responses to requests from overseas Financial Intelligence Units; publication of the findings of the Islands' first National Risk Assessment of Money Laundering and Terrorist Financing; and dedicated preparation for the CFATF 4th Round Mutual Evaluation.

In terms of litigation and advisory legal services, the Portfolio handled some 56 litigation matters, 352 requests for advice, and reviewed 66 contracts.

The Truman Bodden Law School achieved another year of outstanding results with two First Class Degrees and six Upper Second Class Degrees in the LLB graduating class and a number of distinctions and commendations awarded to the PPC graduating class.

The results achieved and the services delivered are the result of hard work by my dedicated team of staff who tirelessly served our clients and Government's policy objectives. The demands have often been challenging but the accomplishments ultimately worthy of the dedicated efforts.

I am proud of the Portfolio's accomplishments this year. We remain committed to excellence and pledge to continue doing our part to ensure a culture of good governance and a Cayman Islands that is fair, just and equitable.

Yours sincerely,



Reshma Sharma
Acting Solicitor General and Chief Officer

Portfolio of Legal Affairs

Glossary of Abbreviations

AMLR	Anti-Money Laundering Regulations
AMLSG	Anti-Money Laundering Steering Group
AMLU	Anti-Money Laundering Unit
CFT	Combating the Financing of Terrorism
CFATF	Caribbean Financial Action Task Force
CIMA	Cayman Islands Monetary Authority
DNFBP	Designated Non-Financial Businesses and Professions
FRA	Financial Reporting Authority
FSHA	Financial Services & Home Affairs
FSP	Financial Services Providers
IACC	Inter-Agency Coordination Committee
IM	Immediate Outcomes
IPAC	Institute of Public Administration Canada
IPSAS	International Public Sector Accounting Standards
LL.B	Bachelor of Laws
MFSCE	Ministry of Financial Services, Commerce and Environment
NRA	National Risk Assessment
OBU	Oxford Brookes University
OFIU	Overseas Financial Intelligence Units
PCL	Proceeds of Crime Law
PMFL	Public Management and Finance Law
POCS	Portfolio of the Civil Service
PPC	Professional Practice Course
QLD	Qualifying Law Degree
SAR	Suspicious Activity Reports
SRA	Solicitors Regulatory Authority
TCQ	Technical Compliance Questionnaire
TF	Terrorist Financing
TL	Terrorism Law
WG	Working Group

The image shows the flag of the United Kingdom Overseas Territories, which is a blue field with the Union Jack in the canton and a white oval on the fly containing the coat of arms of the Overseas Territories. The flag is flying on a white pole against a blue sky with scattered white clouds. The word "Overview" is written in a large, white, serif font across the center of the flag.

Overview

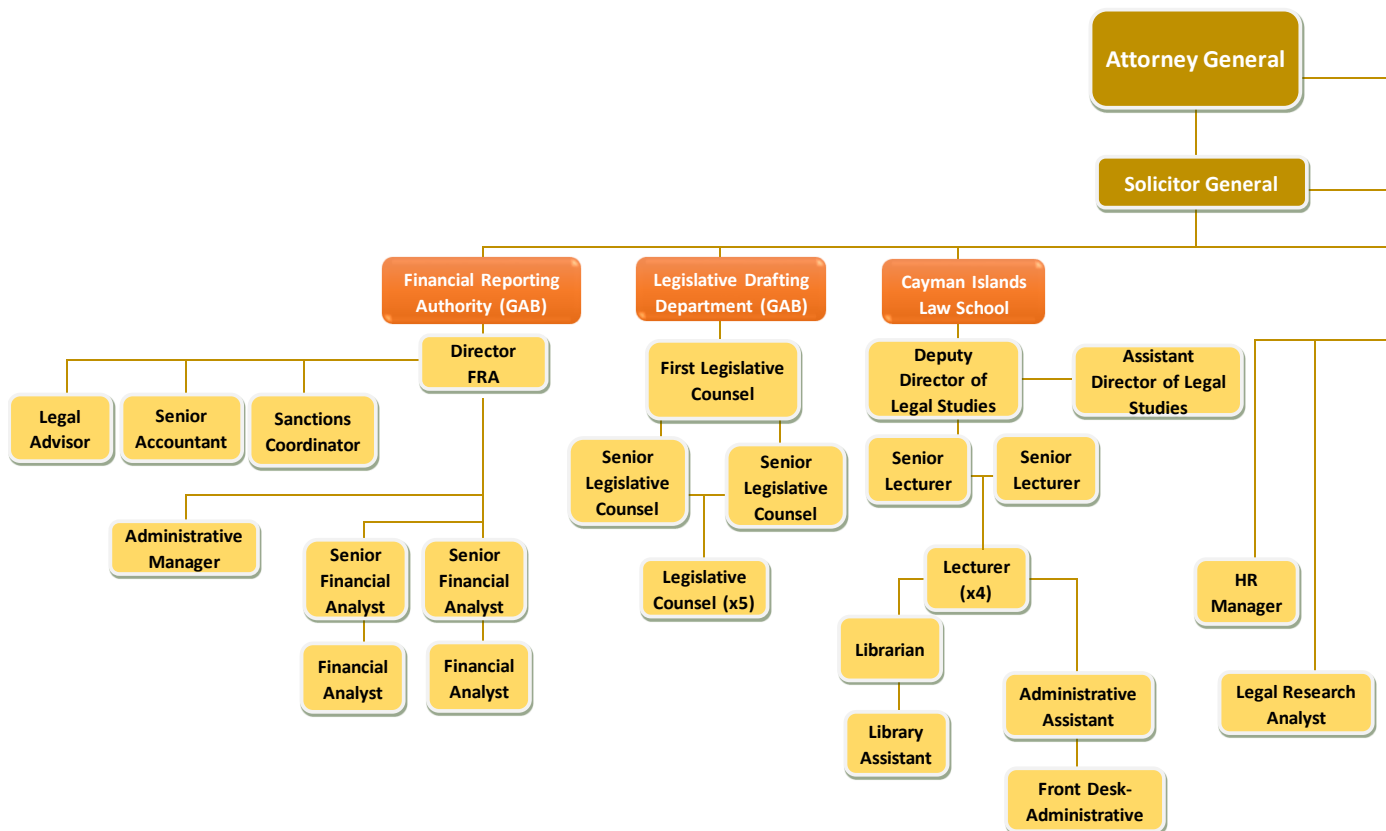
2016-17 at a Glance

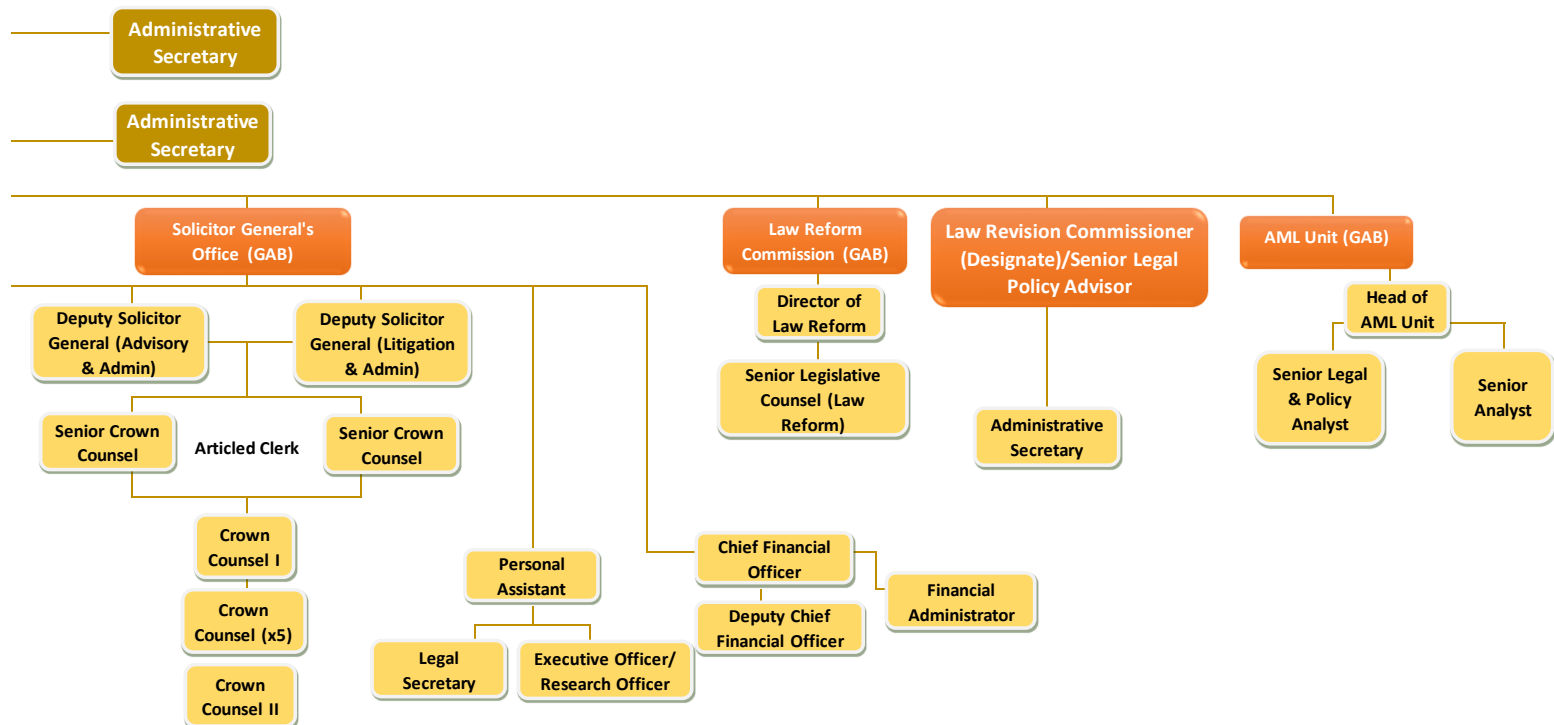
Financial Performance Measures	2016-17 Target	2016-17 Actual
Revenue from Cabinet	10,319,000	10,319,000
Revenue from ministries, portfolios, statutory authorities, government companies	150,000	150,000
Revenue from others	782,000	992,000
Total Revenue	11,251,000	11,460,000
Expenses	11,251,000	9,860,000
Surplus	-	1,600,000

Net-Worth	2016-17 Target	2016-17 Actual
Net Worth	2,292,000	2,217,000

Cash Performance	2016-17 Target	2016-17 Actual
Cash Flow from Operating activities	325,000	2,114,000
Cash Flows from Investing activities	(75,000)	(158,000)
Cash Flows from Financing activities	75,000	(1,296,000)
Change in cash balances	325,000	660,000

Organisational Structure





Strategic Overview

The Attorney General is the Government's principal legal adviser and head of the Portfolio which provides legal services to central Government entities and statutory authorities. The Portfolio also provides services in legislative drafting, law revision, law reform, financial intelligence and local legal education through the Truman Bodden Law School.

The key strategic ownership goals for the Portfolio in 2016-17 were as follows:

- Ensure optimum use of Government resources so that the delivery of services is effective and efficient
- Development of staff retention and training programmes to ensure that the Portfolio continues to be adequately staffed
- Provision of optimum legal services to the Government and Government entities
- Ongoing training of articled clerks
- The continuing professional education of all staff
- Training of administrative and support staff to paralegal standard
- Development and maintenance of appropriate legal research tools and databases
- The maintenance of equipment conducive to the production of the Portfolio's outputs

Entities under the Portfolio and their respective responsibilities are:

Solicitor General's Office

The Solicitor General's Office provides legal advice and representation on behalf of the Attorney General to Government departments and statutory boards and authorities. The legal advice spans the full spectrum of the exercise of the duties and responsibilities of Government departments and statutory boards and public authorities, including guidance on the exercise of statutory powers and the interpretation of statutory provisions. The Solicitor General's Office also represents Government ministries/ departments and some statutory authorities in legal proceedings before the courts as well as statutory tribunals such as the Planning Appeal Tribunal and the Immigration Appeal Tribunal.

Legislative Drafting

The Constitution empowers the Legislature to make laws for the peace, order and good governance of the Cayman Islands. The Legislative Drafting Department is responsible to the Attorney General for the provision of an effective legislative drafting service.

The Legislative Drafting Department has the following main categories of work:

- Drafting primary legislation (laws)
- Drafting subordinate legislation – regulations, orders, directions, rules, etc. and
- Advising on proposals for legislation and statutory interpretation.

Drafting instructions are provided to the Legislative Drafting Department following Cabinet approval. Instructing officers may be ministries, portfolios and Government departments. The drafting instructions are usually received from the Chief Officer of the relevant Government Department.

Law Reform Commission

The Law Reform Commission was established by the Law Reform Commission Law (No. 6 of 2005) and commenced operation on 16th September, 2005.

In accordance with the Law, the Law Reform Commission's mandate is to study and keep under constant review the statutes and other laws comprising the law of the Cayman Islands with a view to its systematic development and reform, including in particular -

- the modification of any branch of the law as far as that is practicable;
- the elimination of anomalies in the law, the repeal of obsolete and unnecessary enactments and modernisation of the law;
- providing research papers on law reform topics;
- the development of new areas in the law with the aim of making them more responsive to the changing needs of the Cayman Islands society;
- the adoption of new or more effective methods for the administration of the law and the dispensation of justice; and
- the codification of the unwritten laws of the Cayman Islands.

The Law Reform Commission consists of a Chairman and not less than four other Commissioners, all of whom are appointed by the Governor on the recommendation of the Attorney General. Other staff of the Commission include a Director, Senior Legislative Counsel and Administrative Secretary.

The work of the Commission is four-fold: (a) conducting legal research; (b) carrying out public and governmental consultation; (c) preparing reports on law reform topics; and (d) drafting reform legislation.

The Commission, in the performance of its functions, may:

- review and consider any proposals for the reform of the law which may be referred to it by any person or authority;
- prepare and submit to the Attorney General from time to time, a programme for the study and examination of any branch of the law with a view to making recommendations for its improvement, modernisation and reform;
- initiate and carry out or direct the initiation and carrying out of, studies and research necessary for the improvement and modernisation of the law;
- undertake, pursuant to any such recommendation approved by the Attorney General, the formulation and preparation of drafts in the form of Bills or other instruments for consideration by the Governor in Cabinet and the

Legislative Assembly;

- provide, at the instance of Government departments and other authorities concerned, advice, information and proposals for reform or amendment of any branch of the law; and
- with the approval of the Attorney General, appoint or empanel committees, whether from among members of the Commission or from among persons outside the Commission or both, to study and make recommendations to the Commission on any aspect of the law referred to it by the Commission.

The staff of the Commission (Director and Senior Legislative Counsel) also pursuant to the instructions of the Attorney General assist the Legislative Drafting Department with urgent work or in circumstances where staff of the Legislative Drafting Department are not available to assist in a matter.

Law Revision

The operational role of the Law Revision Department is to produce an annual revision and consolidation of all the laws of the Cayman Islands that have been amended during the previous 12 months. In addition, the Law Revision Department produces annually, a consolidated index of laws and regulations containing additional legal measures, including United Kingdom statutory instruments. The revisions and Index referred to above are published as Supplements to the Official Gazette and are intended to supply information to the public in general and to the legal profession in particular.

Truman Bodden Law School

The Truman Bodden Law School exists pursuant to Section 20 of the Legal Practitioners Law (2015) which makes provision for the establishment by the Governor (in consultation with the Legal Advisory Council) of a local system of legal education.

The Truman Bodden Law School's clients are its students, both local and international. The Law School also provides legal advice, as requested, to other ministries and departments. Additionally, the Truman Bodden Law School is frequently called upon to provide legal training to other departments, notably the police and the judiciary.

Financial Reporting Authority (FRA)

A primary role of the Financial Reporting Authority is to receive, (and, as far as permitted, request) analyze and disseminate disclosures of financial information concerning the proceeds of criminal conduct, suspected proceeds of criminal conduct, money laundering, suspected money laundering, or the financing of terrorism which is derived from any criminal offence committed in these Islands.

The Financial Reporting Authority's primary objective is to provide timely and high quality financial intelligence to local and overseas law enforcement agencies through their local Financial Intelligence Units, in keeping with the statutory requirements of the Proceeds of Crime Law (2016 Revision).

Collectively, these agencies focus on the delivery of **three (3) of the Government's primary outcome goals:**

Outcome Goal One – A more secure community

The Portfolio works collaboratively with other Government agencies to support safety and security within our Islands. A principal remit of the Portfolio is to ensure that Government agencies operate within the ambit of the relevant laws through the provision of sound legal advice and the review and update of our legislation.

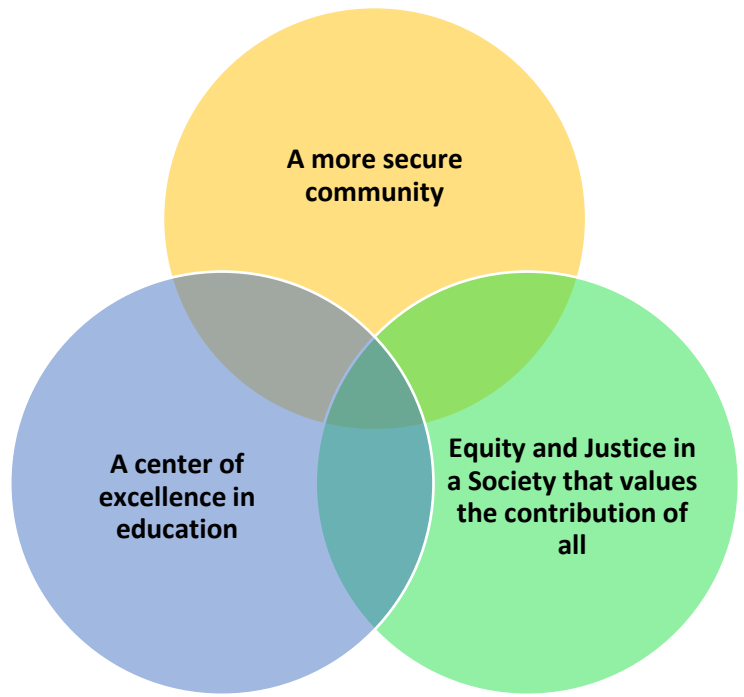
Outcome Goal Two - Equity and Justice in a Society that Values the Contribution of All

Outcome Goal Three – A Centre of Excellence in Education

The Truman Bodden Law School is the key policy instrument for achieving this outcome goal.

Key achievements for the Law School during the period include:

- The strongest assessment results achieved in the 35 year history of the Law School;
- Confirmation of a formal postgraduate affiliation with Oxford Brookes University;
- The introduction of two new taught postgraduate programmes, the Master of Laws in International Finance and the Postgraduate Diploma in International Finance, both awards of the University of Liverpool.







Legislative Drafting & Review Service

**These services are delivered by the Legislative Drafting
Department, the Law Reform Commission and the Law
Revision Department**



Performance Analysis

The Legal Drafting and Review Service group had a very active 2016-17 fiscal year. The group consists of the Legislative Drafting Department, the Law Reform Commission, and the Law Revision Department.

Law Reform Commission (the Commission)

During the year, the **Law Reform Commission's** work covered:

- **5 papers/reports**
- **13 Bills/regulations**
- **10 current areas of research**

These included:

1. Directors' Duties – to be finalised for submission to the Attorney General
2. Contempt of Court Bill - to be finalised for submission to the Attorney General
3. Penal Code (Amendment) Bill - to be finalised for submission to the Attorney General
4. Maintenance Bill - to be finalised for submission to the Attorney General
5. Family Property Rights of Spouses Bill - to be finalised for submission to the Attorney General
6. Criminal Justice (Offenders Assisting Investigations and Prosecution) Bill - to be finalised for submission to the Attorney General
7. Private Funding of Legal Services Bill - to be finalised for submission to the Attorney General
8. Private Funding of Legal Services Regulations - to be finalised for submission to the Attorney General
11. Trusts (Amendment) Bill - to be finalised for submission to the Attorney General
12. Modernisation of the Regulation of Strata Titles- finalised and sent to the Ministry and the Attorney General
13. Strata Titles Bill - finalised and sent to the Ministry and the Attorney General
14. Consumer Protection and Guarantees Bill - submitted for public and stakeholder consultation
15. Matrimonial Causes Bill - finalised and sent to the Ministry and the Attorney General
16. Trusts Law Reform Discussion Paper
17. Cyber Security Issues Paper



Current research for the Commission includes:

- Accomplice evidence/plea deals
- Criminal defamation
- Bullying legislative framework
- Computer misuse
- Penal Code reform
- Unilateral severance of joint tenancy agreements
- Reform of law regulating coroner's inquests and coroner's courts
- Cyber-security
- Modernisation of the Interpretation law
- Modernisation of Trusts Law regime

The following reflects details on some of the subjects researched.

1.1 Bullying Legislation:

Stemming from consultations with various stakeholders, after the release of issues paper entitled "Bullying: Legislation, Policy, or Both?", suggestions were made that some form of legislative intervention is required in the form of a balance between legislation and policy, to address the issue of bullying, and provide greater accountability.

Statistics provided by the National Drug Council reflect that there is a high incidence of bullying in schools. The Human Rights Commission has indicated that bullying is a human rights issue, as it affects the right of a child to education. The Commission will be drafting legislation for consultation to address the main issues.

1.2 Cybersecurity Issues:

The Law Reform Commission prepared an issues paper highlighting the concept of cybersecurity as it relates to social, legal, regulatory and technological measures sought to ensure the integrity and overall security of digital information and information systems.

A potential legislative framework to deal with cybersecurity breaches is currently being formulated. The legislation will be aimed at improving cybersecurity for individuals, business, critical national infrastructure and government.

The security, stemming from the proposed legislation, will facilitate a high degree of trust necessary for the development of a sustainable information society.

1.3 Statutory Regulation of Queen's Evidence:

The Commission continues its work on addressing crime in our community, and recommends, via 'The Criminal Justice (Offenders Assisting Investigations and Prosecutions) Bill, 2017', that the matter of codification of Queen's Evidence be based on the UK precedent found in the Serious Organized Crime Act of 2005.

Queen's Evidence (accomplice evidence) is defined as evidence from someone who has been accused of committing a crime, given against the people who were accused with them, in order to have their own punishment reduced.

There have been too many instances where investigations and prosecutions have stalled because witnesses fear reprisals. However, it is argued that obtaining accomplice evidence would allow prosecutors to be more effective and efficient at bringing criminals to justice.

1.4 Consumer Protection:

A draft Consumer Protection and Guarantees Bill, 2017 was published for consultation, following reviews received on discussion paper entitled "Consumer Protection: Entrenching Consumer Supremacy in Cayman Islands Legislation."

The Bill covers the following areas:

- procedure to make a consumer complaint;
- rights of consumers;
- consumer guarantees in relation to the supply of goods;
- consumer remedies when a supplier guarantee is breached;
- consumer remedies when a manufacturer guarantee is breached;

- consumer guarantees in respect of services;
- consumer remedies for breach of a service guarantee;
- duties of suppliers;
- unfair trade practices;
- unfair contract terms;
- recall of goods; and
- distance selling.

1.5 Defamation

The growing trend of finding and consuming news through social network platforms, has created both conveniences and consequences for society. Increasing allegations of 'fake news' and defamation have spurred the continuing research by the Law Reform Commission on matters regarding the abolition of a distinction between slander and libel; the abolition of the slander of women and girls; the introduction of the defence of triviality; and whether the country should pursue the abolition of the common law offences of seditious libel, defamatory libel and obscene libel.

The research is being conducted under three broad categories of reform: cosmetic, modern and radical.

1.6 Review of the Law of Contempt

The Contempt of Court Bill, 2017 and the Penal Code (Amendment) Bill, 2017 have now been finalized and will be submitted to the Attorney General.

Both bills serve to address issues surrounding 'juror contempt' (which is, the risk that jurors, despite the traditional warning from the judge, may be tempted to "surf the internet" hoping to find some item relevant to the case in respect of which they are jurors); contempt in the face of the court; contempt by publications tending to

prejudice the conduct of particular proceedings; and scandalizing the court; inter alia.

The Contempt of Court Bill, 2017 provides for, among other things, the strict liability rule and the limitation rule, the definition of when proceedings are active; the defence of innocent publication or distribution, and penalties for contempt.

The Penal Code (Amendment) Bill, 2017 lessens the current penalties for contempt, and modernizes the contempt offences relating to judicial proceedings contained in Section 111 of the current law.

1.7 Strata Titles Bill, 2016

As a result of extensive research and three public consultations, the Strata Titles Bill, 2016 was drafted and submitted to the ministry and Attorney General. This project generated the most public response for the period, due to the various issues residents face in this area of the law, due to the fact that a high percentage of the population lives in strata schemes. Residents were mainly concerned with the inefficient management of strata schemes. The business sector in particular highlighted the failure to regulate leasehold, mixed-use and multi-layered schemes.

The Strata Titles Bill, 2016 seeks to provide comprehensive regulation of strata schemes, and addresses, among other matters, the collection of arrears, insurance of buildings and common property, the auditing of accounts, the regulation of leasehold and vacant land strata schemes, and the use of mediation in strata disputes.

1.8 Codification of the Fiduciary Duties of Company Directors

The Commission also gathered stakeholder responses to an issues paper entitled “Director’s Duties- Is Statutory Codification Needed?”

The Commission recommended the following:

- No action be taken at this time to codify the fiduciary duties of directors;
- No action be taken at this time to expand the legislative regime for the disqualification of directors, and to introduce legislation for the indemnification of directors;
- The Common Law position should remain as the means through which a determination is made as to whether a director has breached his fiduciary responsibility, and if so, the appropriate remedies to be awarded;
- There already exists a core set of duties from which a director cannot be absolved through indemnification;
- At this time, there is no compelling need for a disqualification regime beyond that which exists under the Directors registration and Licensing Law, 2014.

1.9 Litigation Funding- Contingency and Conditional Fee Agreements

The Law Reform Commission is in the process of finalizing the Private Services Litigation Funding Bill and Regulations, stemming from the discussion paper entitled “A review of litigation funding in the Cayman Islands.”

The Bill provides for the following:

- Contingency fee agreements comprising of the US style agreement as well as the conditional fee style agreement with the success fee;
- Third party funding;
- Proposal that the Grand Court will be able to review such agreements upon application by the attorney and client;
- The form and content of an agreement
- Requirement that all agreement be in writing, signed by the client or his representative and relevant attorney-at-law, and state matters set out in the regulations.

1.10 Review of the Trusts Law

Stemming from recent developments in the law of trusts in other jurisdictions, the Law Reform Commission conducted a review of the Trusts Law (2011 Revision) to assess whether any amendments were needed. While the Trusts (Amendment) Law, 2016 is presently in force, that deals primarily with correcting inconsistencies in the transitional provisions of earlier trusts legislation.

A Trusts Reform discussion paper was submitted which examined whether reform was needed in the areas of codification of the duties of trustees, the Hastings Bass rule, judicial and extra-judicial variation of trusts, and the use of mediation and arbitration in trust disputes.

The Commission is currently preparing a final report with recommendations, for submission to the Attorney General.

1.11 Insulting the Modesty of a woman

The Law Reform Commission is currently examining Section 133 of the Penal Code (2013 Revision) which speaks to the offence of

insulting the modesty of a woman, as some have viewed this provision as archaic.

The Commission will explore the advantages and disadvantages of keeping this offence in the Cayman Islands, and if retained, whether the reform should be made gender neutral.

Law Revision Department

Structure

The Law Revision Department is headed by the Law Revision Commissioner who is assisted by the Administrative Secretary.

Activities of the Law Revision Department

- ensuring that the statute-book of more than 900 pieces of Cayman Islands legislation are regularly revised, and that an up-to-date index of the law is produced annually and made accessible to the public;
- preparing and publishing with the annual consolidated index of laws, a compendia of related laws in order to ensure easy accessibility of, and reference to, the laws;
- managing the database of the revised laws by continuously updating the consolidated index as new laws are made and brought into effect;
- continuously reviewing and analysing decisions of superior courts, particularly in the area of human rights, in order to ascertain their effect on legislation and making proposals for review of any affected laws.

Achievements of the Law Revision Department

- Revision of the laws of the Cayman Islands (2018 Revision);

- Revision of the Consolidated Index of the Laws of the Cayman Islands (2018 Revision);
- Maintaining an operational manual establishing work-flow processes as well as robust systems of document management and version control.

Ongoing projects of the Law Revision Department

- The development of an online presence;
- Study of the reception of United Kingdom law in the Cayman Islands;
- The implementation of legislative software to facilitate the revision process;
- The establishment of a point-in-time searchable database for access to laws of the Cayman Islands.

Training

The Law Revision Department maintains a programme of continuous training and updating of skills in order to be consistent with current legislative practices. Specifically, there is regular in-house training on issues related to statutory interpretation, as well as regular participation in relevant conferences such as those held by the Commonwealth Association of Legislative Counsel.

Legislative Drafting Department (the Drafting Department)

The Drafting Department is responsible to the Attorney-General, and through him to the Governor, for the provision of an efficient legislative drafting service, including related legislative advice for the Government.

The Drafting Department has a wealth of legislative drafting experience as most of the Legislative Counsel have been attorneys-at-law for at least 20 years. There are three main categories of work of the Drafting Department -

- drafting Primary Legislation (Bills);
- drafting Subordinate Legislation (Regulations and Orders, Directions, Rules etc.);
- advising on proposals for legislation and statutory interpretation.

Legislation to be considered by the Government in 2018/19

The primary legislation passed by the Legislative Assembly each year is not an accurate reflection of the quantum of legislation prepared during that year by Legislative Counsel. The Drafting Department produces a large amount of subordinate legislation, most of which is never seen by the Legislative Assembly.

The Drafting Department continues with a heavy legislative programme which exceeds one hundred and fifty pieces of legislation. Below is a list of some of the legislation that are presently being prepared by the staff of the Drafting Department and are due to be considered by the Government in 2018/2019:

1. The Matrimonial Causes Bill;
2. The Family Property (Rights of Spouses) Bill;
3. The Maintenance Bill;

- 
4. The Surveillance Devices Bill;
 5. The Cancer Registry Bill;
 6. The Anti- Corruption (Amendment) Bill;
 7. The Customs (Amendment) Bill;
 8. The National Honours and Awards (Amendment) Bill;
 9. The Advance Passenger and Information Bill;
 10. The Immunity and Indemnity Provisions Bill;
 11. Personnel (Amendment) Regulations;
 12. Firearms (Amendment) Regulations;
 13. Immigration (Amendment) Bill;
 14. Liquor Licensing (Systems and Training) Regulations;
 15. Trade and Business (Licensing Conditions) Order;
 16. The Explosives (Amendment) Bill;
 17. The Explosives Regulations;
 18. Prison Inspections Board Bill;
 19. Criminal Procedure Code (Amendment) Bill;
 20. Evidence (Amendment) Bill;
 21. Prison Bill;
 22. Animals Bill and Regulations;
 23. Plant Protection Bill and Regulations;
 24. Judicial and Legal Officers (Amendment) Bill;
 25. Elections (Amendment) Bill;
 26. Registered Land (Amendment) Rules;
 27. Youth Justice (Amendment) Bill;
 28. Health Care Decisions Bill;
 29. Costs (Criminal Proceedings) Bill;
 30. Disabilities Regulations;
 31. DNA Identification Bill;
 32. Labour Relations Bill;
 33. Data Protection Regulations,
 34. 2018 Customs Tariff (Amendment of Schedule) Order, 2017 permit;
 35. Amendments to the Information and Communications Technology Authority Law (2011 Revision);
 36. Strata Titles Bill;
 37. The Traffic (Amendment) Bill;
 38. The Marriage (Amendment) Bill;
 39. The Pharmacy Bill;
 40. Investigatory Powers Bill;
 41. Privy Council Order extending patents provisions of the UK Patent Designs and Copyright Act 1977 to CI (subject to a Schedule of amendments attached to the Order);
 42. Merchant Shipping (Marine Casualty Reporting and Investigation) Regulations;
 43. Merchant Shipping (Maritime Labour Convention) (Seafarer Employment Agreement, Shipowners' Liabilities and Wages) (Amendment) Regulations;
 44. The Marriage Regulations;

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45. Equality (Public Sector Equality Duty) Bill
 46. The Pharmacy Regulations;
 47. Public Lands Regulations;
 48. The Traffic Control (Amendment) Regulations;
 49. Human Tissue Donation and Transplantation Regulations;
 50. The Auditors Oversight (Amendment) Bill;
 51. The Banks and Trust Companies (Amendment) Bill;
 52. The Private Trust Companies (Amendment) Regulations;
 53. The Poor Persons Regulations;

54. The Travel (Departure Tax and Environmental Protection Fee) (Amendment) Bill;
55. The Companies (Amendment) Bill;
56. Restricted Marine Areas (Designation) (Amendment) Regulations, 2013;
57. The Securities Investments Business (Amendment) Bill.

The Drafting Department intends to introduce a new legal template as the template being used by the Department is 21 years old. The Department will also liaise with other departments to assist them in better understanding the role of the Drafting Department and to update and improve drafting instructions for the preparation of legislation.

Anti-Money Laundering/ Compliance

These Services are delivered by the Anti-Money Laundering Unit

Anti-Money Laundering Unit (AMLU)

The AMLU was established in 2014 out of the need for greater cooperation and coordination among relevant authorities at the operational level, regarding Anti-Money Laundering (AMT) and Countering the Financing of Terrorism (CFT). The AMLU serves as the secretariat for the AML Steering Group (“AMLSG”) and chairs the Inter-Agency Coordination Committee (IACC). The AMLU’s organisational structure is comprised of the Head, a Senior Legal & Policy Officer, a Policy Officer (currently vacant), and an Administrative Secretary.

The AMLSG is the governing body responsible for the general oversight of AML/CFT policy in the Cayman Islands, as stated in section 5(2)(a) of the Proceeds of Crime Law (2016 Revision) (the PCL). The AMLSG is chaired by the Honourable Attorney General. Its membership also includes the Chief Officer, Ministry of Financial Services, Commerce and Environment (MFSCE) as Deputy Chair; the Commissioner of Police; the Collector of Customs; the Managing Director of the Cayman Islands Monetary Authority (CIMA); the Solicitor General; and the Director of Public Prosecutions.

An Inter-Agency Coordination Committee (IACC), chaired by the Head of the AMLU, was established in 2017 at the operational level under section 5(3A) of the PCL with responsibilities for: 1) the implementation of AMLSG policies; 2) inter-agency cooperation and coordination with respect to anti-money laundering, counter terrorism financing and anti-proliferation financing; and 3) assessing AML and Terrorist financing (TF) risks.

The Cayman Islands was in preparation for its 4th Round Mutual Evaluation by the Caribbean Financial

Action Task Force (CFATF), based on the Financial Action Task Force’s (FATF’s) 40 Recommendations (2012) and Methodology (2013). The mutual evaluation is comprised of: a) an assessment of technical compliance of laws regulations and guidance with the recommendation; as well as b) an assessment of the effectiveness of implementation of the standards by competent authorities and industry.

Key Developments in 2016/2017

Secretarial and Administrative Support and Policy Advice

- **Identified AML/CFT Weaknesses to be Corrected** – significant time and effort were spent analyzing deficiencies in the AML/CFT framework, both from a technical compliance and effectiveness points of view.
- **Secretariat for AMLSG, IACC, and Mutual Evaluation Preparation Committee** - The AMLU served as the secretariat for the AMLSG, the Inter-agency Coordination Committee, as well as the Mutual Evaluation Preparation Committee.

Assessing Risks

- **AML/TF National Risk Assessment (NRA)** – *The Results of the 2015 Cayman Islands National Risk Assessment Relating to Money Laundering, Terrorism Financing, and Proliferation Financing* (Summary of the ML/TF NRA Results) document was published in April of 2017. The AML/TF NRA exercise was launched in October 2015 with technical assistance from the World Bank and training from the CFATF. An NRA working group (WG) was

commissioned by the Attorney General and the Minister for Financial Services, comprising of eight sub-working groups that included representatives from the relevant competent authorities as well as private sector representatives. The substantive work of the NRA WG was conducted in 2015 and summary findings of the NRA were presented to Cabinet in February 2016.

- **AML/CFT Strategy** - *The Cayman Islands Anti-Money Laundering and Counter Terrorist Financing Strategy 2017 – 2021* (the Strategy”) document was also published in May of 2017. The Strategy was designed to address the findings of the jurisdiction’s money laundering and terrorist financing national risk assessment and, to provide a road map for the strengthening of the existing AML/CFT framework over the next four years.

Cabinet Papers and Drafting Instructions to Update Legislation

Cabinet Papers, drafting instructions, and other forms of support were provided for key pieces of AML/CFT legislation during the period.

- **Proceeds of Crime Law** – Revisions to PCL took place in July and December of 2016, as well as May and November of 2017. Amendments focused on strengthening many aspects of the regime; such as to ensure full coverage of financial institutions and designated non-financial businesses and professions (DNFBPs), domestic cooperation and coordination, administrative penalties, and financial intelligence. Cabinet

papers and drafting instructions were issued during the period for the second set of amendments.

- **Terrorism Law (TL)** – The AMLU was instrumental in writing the cabinet Paper and providing drafting instructions for amendments to the TL, which was gazetted in May and November of 2017.
- **Anti-Money Laundering Regulations (AMLRs)** – A working group was assembled by the Attorney General to produce drafting instructions for the new AMLRs. The AMLU was a vital part of that WG. Three rounds of consultation took place in 2017, after which the draft bill was approved by Cabinet and gazetted in September of 2017. An amendment to the AMLRs was issued in November of 2017.
- **The Anti-Money Laundering (Designated Non-Financial Business and Professions) (Amendment) (No. 2) Regulations, 2017**, which was gazetted in December of 2017, gave the Department of Commerce and Investment AML/CFT supervisory powers over real estate agents and brokers, as well as dealers of precious metals and stones.
- **The Penal Code** – An amendment to the Penal Code was made in November of 2017 to criminalize the act of defrauding the government of revenue. This will allow for greater international cooperation in international cases related to tax evasion using the AML/CFT framework.

Coordination of Responses to the CFATF Mutual Evaluation Questionnaire

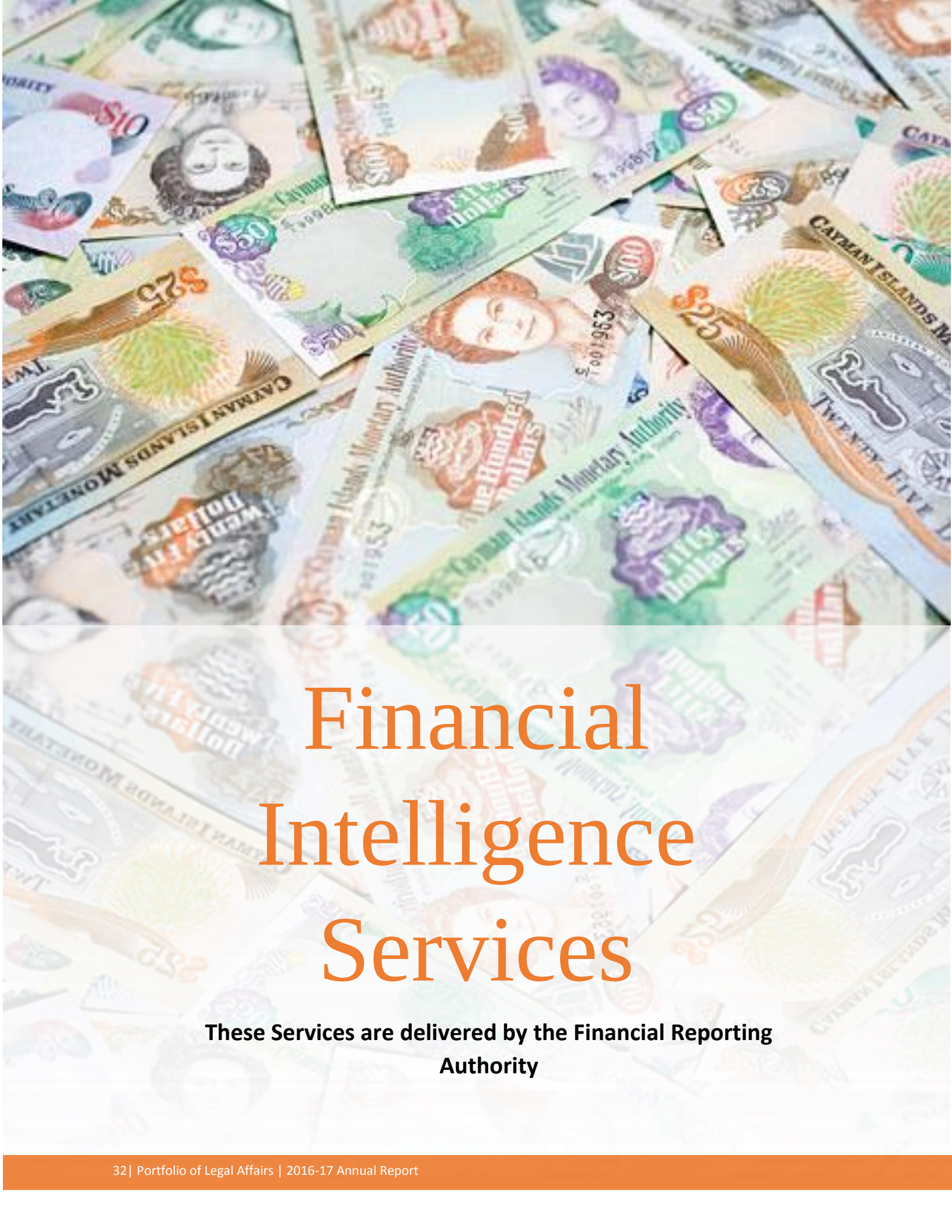
- **Technical Compliance Questionnaire (TCQ)** – Submissions were received from the relevant competent authorities, and the AMLU conducted a quality review prior to the 5th June 2017 submission to the CFATF.
- **Submission on Effectiveness** - Government submitted a report on “effectiveness”, based on eleven Immediate Outcomes, to the CFATF on Friday 4th August 2017. Each Immediate Outcome (IO) was assigned to a lead agency through which supporting agencies provided input. There is no template for “effectiveness”, but the AMLU conducted a review to ensure that core issues were addressed in accordance with the FATF Methodology.

CFATF On-site Mutual Evaluation Visit

- A CFATF Mutual Evaluation team was in the Cayman Islands from 4th to 15th December 2017 to interview competent authorities and representatives from the financial and designated non-financial sector; all coordinated by the AMLU.

Response to FATF and CFATF Surveys and Questionnaires

- The AMLU coordinated responses to the FATF fact-finding questionnaire on Terrorism Finding in November of 2017, and on its Policy Development Group’s consultation on beneficial ownership (August 2017). Three responses were made with respect to actions taken following two FATF Plenaries and one CFATF Plenary.



Financial Intelligence Services

**These Services are delivered by the Financial Reporting
Authority**

The Financial Reporting Authority (the FRA)

Financial Intelligence Services are principally delivered by the FRA. The following is a synopsis of the activities for the year.

Receipt of Suspicious Activity Reports

The FRA received 1,164 suspicious activity reports (SARs) during the 2016-2017 reporting period (the Reporting period). While there was a 3% decrease in the number of SARs received in the 12 month period July 1, 2016 to June 30, 2017 compared to 2015/2016 (601 vs 620), there was a 90% increase in SARs received during the 6 month period July 1, 2017 to December 31, 2017 compared to the same period in 2016 (563 vs 296).

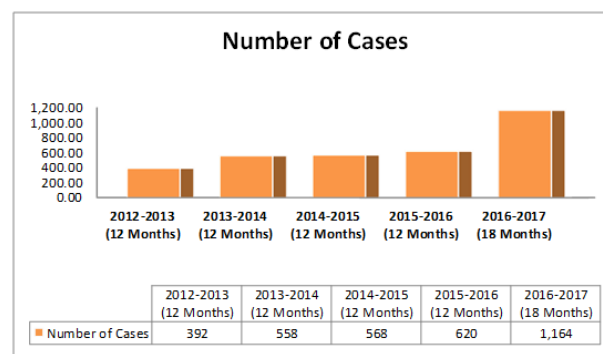
Analysis and Dissemination of SARs

The FRA received SARs from 202 different reporting entities, not including the 40 overseas Financial Intelligence Units (OFIUs) that voluntarily disclosed information or requested information from the FRA. Banks continue to be the largest source of SARs (520 cases: 45%), followed by OFIUs (122 cases: 10%), Money Services Businesses and Trust Companies (101 cases: 9%), and Company Managers / Corporate Services providers (90 cases: 7%).

The five most common reasons for filing SARs were: (i) suspicious activity (334 cases: 29%); (ii) tax evasion (268 cases: 23%); (iii) fraud (249 cases: 21%); (iv) corruption (116 cases: 10%); and (v) money laundering (61 cases: 5%).

In an effort to provide a more detailed breakdown of what types of activities were deemed suspicious by SAR filers, the FRA has

broken down the 334 cases of 'Suspicious Activity' by the following sub-categories:



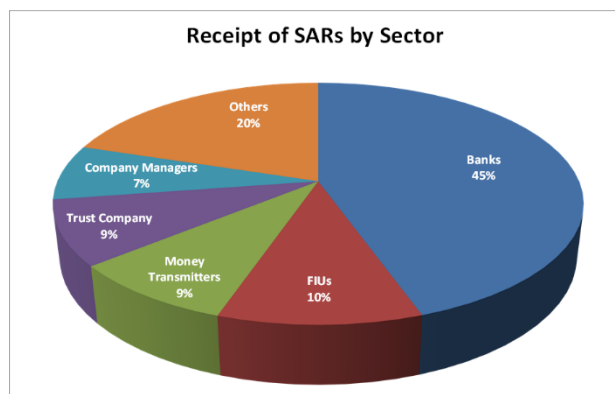
1. Inadequate and/or inconsistent information: 82 cases
2. Unusual conditions or circumstances: 77 cases
3. High volume transactions: 75 cases
4. Inconsistent with client profile: 44 cases
5. Transactions that appear to be structured to avoid reporting thresholds: 31 cases
6. Activities that appear to lack economic purpose: 25 cases

Analysis of SARs

The FRA completed the analysis of 548 cases during the Reporting Period, comprising: 400 of the 1,164 new cases received during the Reporting Period, 113 of the cases carried forward from 2015/16, and 35 cases carried forward from 2014/15.

Dissemination of SARs

The FRA closed 509 cases during the Reporting Period, comprising: 294 of the 1,164 new cases received during the Reporting Period; 136 of the cases carried forward from 2015/16; 70 cases carried forward from 2014/15; 8 cases carried forward from 2013/14; and 1 case carried forward from 2012/13. Of the 509 cases closed, 226 resulted in a disclosure¹, 183 were deemed to require no further immediate action, 87 were replies to requests from FIUs, and 13 were replies to requests from local competent authorities.



The FRA also completed the analysis on 134 of 268 cases carried over from 2014-2015, 77 of 89 cases carried over from 2013-2014 and 32 of 33 cases carried over from 2012-2013, a total of 243 cases. Of the 243 previous cases that were completed, 155 were deemed to require no further immediate action, 75 resulted in a disclosure², 12 were replies to requests from FIUs and 1 was a reply to a request from a local agency.

¹ Total number of disclosures to local law enforcement agencies, the CIMA and OFIUs.

Other Key Initiatives

FRA staff spent significant time during the Reporting Period preparing for and meeting obligations regarding the jurisdiction's 4th Round Mutual Evaluation by the CFATF. The key activities included: assuming responsibility for implementing relevant targeted financial sanctions, and monitoring compliance with regulations prescribing anti-terrorism financing and anti-proliferation financing measures; reviewing and proposing changes to relevant legislation; preparing responses for the assigned FATF Recommendations for the TCQ and IOs; drafting and updating relevant procedure manuals; and participating in interviews during the CFATF's Onsite Visit. The FRA remains committed to the ongoing activities concerning the Mutual Evaluation process.

² Total number of disclosures to local law enforcement agencies, the CIMA and OFIUs.



Outreach Events/ Representing the FRA

Outreach: Staff of the FRA engaged in the following Outreach events:

1. Conducted six (6) presentations at industry events, or directly to individual Financial Services Providers (FSPs) or DNFBPs covering a combination of the following topics: functions of the FRA, SAR statistics, SAR reporting obligations, and obligations regarding targeted financial sanctions related to terrorist financing and proliferation financing.
2. Held four (4) one-and-one meetings with Money Laundering Reporting Officers of financial institutions to exchange feedback on SAR filings and discuss trends and typologies; and one (1) courtesy meeting was held with senior management and compliance staff of a financial institution.

Representing the FRA: Staff members represented the FRA at the following events:

1. 44th CFATF Plenary
2. Egmont Group Working Groups and Head of Financial Intelligence Units Meetings
3. 45th CFATF Plenary
4. 24th Plenary of the Egmont Group of Financial Intelligence Units
5. 46th CFATF Plenary



**TRUMAN BODDEN
LAW SCHOOL**

CAYMAN ISLANDS

САУМАН ИСТАНДС

**ЛАУ ССНООГ
ТРУМАН БОДДЕН**

Legal Education Services

These Services are delivered by the Truman Bodden Law School

The Truman Bodden Law School (the Law School)

Legal Education Services are delivered by the Law School which recorded a number of notable achievements during 2016/17.

Approximately 80 undergraduate and postgraduate students enrolled in September 2017. Over 70% of the anticipated enrollment is expected to be Caymanian.

Assessment results released by examiners of the University of Liverpool's Law School, UK, and the Legal Advisory Council revealed results that were amongst the strongest in the 35 year history of the Law School. Chief amongst these were the two First Class Degrees and the six Upper Second Class Degrees awarded in July 2017 to the Bachelor of Laws (LL.B) graduating class (eleven students); and the four Distinctions and four Commendations awarded to the Professional Practice Course (PPC) graduating class (eight students).

In July 2015, the Law School's law degrees were re-confirmed by the United Kingdom Solicitors Regulatory Authority (SRA) until 30th April, 2020.

This means that the LL.B degree has 'Qualifying Law Degree' (QLD) status, enabling LL.B graduates to use the qualification to enroll on professional legal practice courses in the UK, the Cayman Islands, and any jurisdiction which recognizes UK QLDs.

This recognition follows on from the institutional visit completed by the University of Liverpool, in April 2014. It confirms that the degree programmes offered by the school are of the highest quality and compliant with UK standards. The degree offering is unique as it is the thought to be the only taught degree of its kind in the Caribbean region.

Key strategic initiatives achieved by the law school during 2016-17 included the following:

- The publication of Issues 1 and 2 of the Cayman Islands Law Review in October 2016 and September 2017 respectively. The Review contains summaries of decisions of the Grand Court and Court of Appeal of the Cayman Islands. Each issue also features an academic article written by a member of staff of TBLS. The Review is published under the general editorship of the Director of the Law School;
- Following a successful institutional review and validation visit conducted by a team of senior academics from Oxford Brookes University (OBU) and an external reviewer in April 2017, a formal postgraduate affiliation with OBU was confirmed in the summer of 2017. The consequence of this affiliation is that from July 2018, all newly registered PPC students will be eligible to receive the OBU Postgraduate Certificate in Legal Practice. The introduction (on a part-time basis) in September 2017 of two new taught postgraduate programmes, the Master of Laws in International Finance and the Postgraduate Diploma in International Finance, both awards of the University of Liverpool.





Human Resource Management

Overview on Human Resource Achievements

Employment Statistics

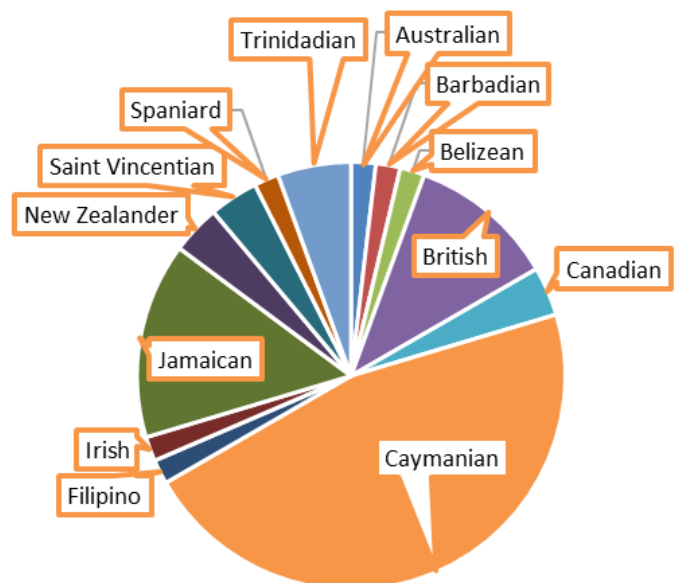
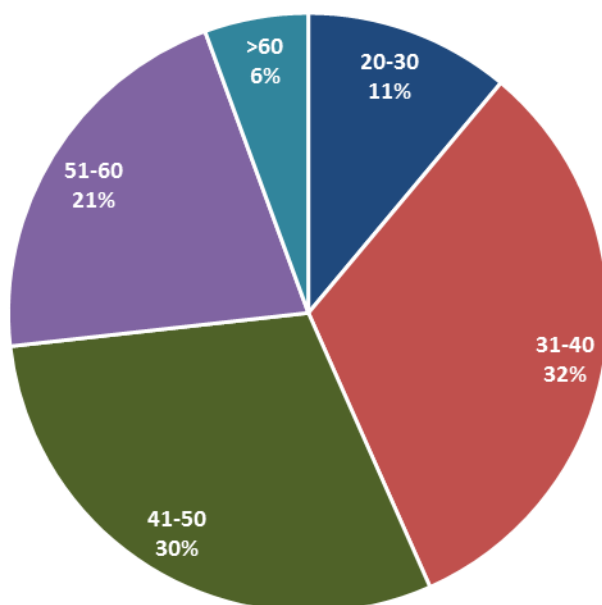
The Portfolio had 54 staff members as at 31st December 2017. Caymanians accounted for 46 percent or 25 members of staff. Jamaicans accounted for 15 percent (8), and British Nationals accounted for 11 percent (6). Various nationalities combined for the remaining 18 percent which amounted to 15 individuals.

Of the total staff, 35 percent (19) were classified as Legal Practitioners, 24 percent (13) were classified as Administrative Personnel, Finance Personnel accounted for 15 percent (8) and Educationalists accounted for a further 11 percent (6). The preceding four categories accounted for 85 percent of the Portfolio's staff. The remaining 15 percent consisted of Department Executives, Support Personnel, Specialists, and middle management.

The Average staff age as at 31st December 2017 was 43. Further analysis shows that 33 percent (18) of staff were in the 31-40 age range, 30 percent (16) were between the ages of 41 and 50 and 22 percent (12) were between 51 and 60 years of age. The Portfolio had 3 staff members over the age of 60 and 5 who were between 20 and 30 years of age as at the Balance Sheet Date.



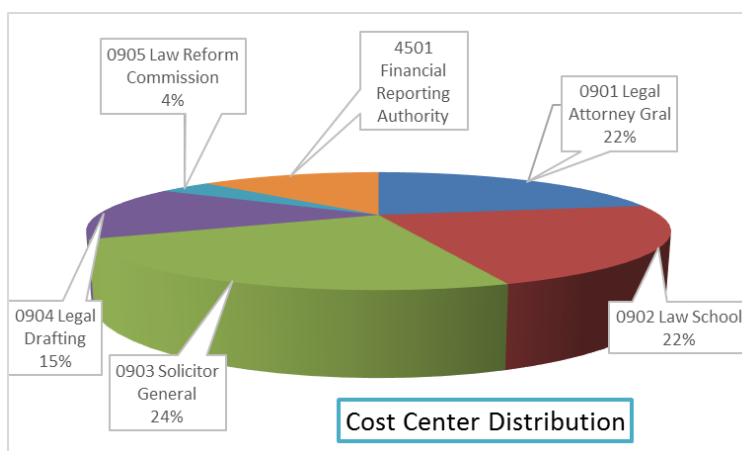
Age Distribution



Employment Statistics continued

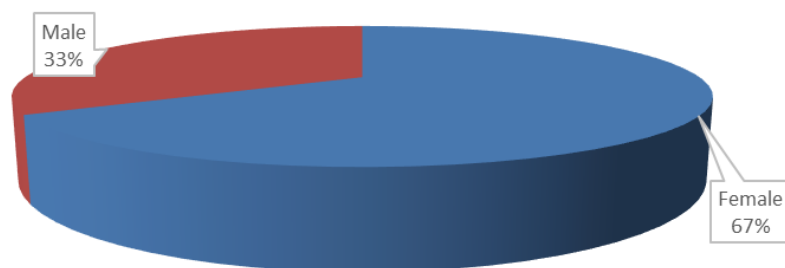
The “H” Grade on the Government’s salary scale ranges from \$6,020 to \$8,098 per month. 35 percent (19) of the total staff in the Portfolio were on salary grade “H” as at 31st December 2017.

Staff paid on Grade “N” (\$2,993 - \$4,023) accounted for 11 percent (6). The Portfolio also had nine individuals (17 percent) who were compensated on the “F” Grade which attracts a monthly salary ranging from \$7,666 to \$9,575.



24 percent of the staff (13) employed as at 31st December worked in the Solicitor General’s Office. A further 22 percent (12) worked at the Truman Bodden Law School. The same number also work at the Attorney General’s Office. The Drafting Department had eight members of staff (15 percent) while the FRA had seven and two employees respectively.

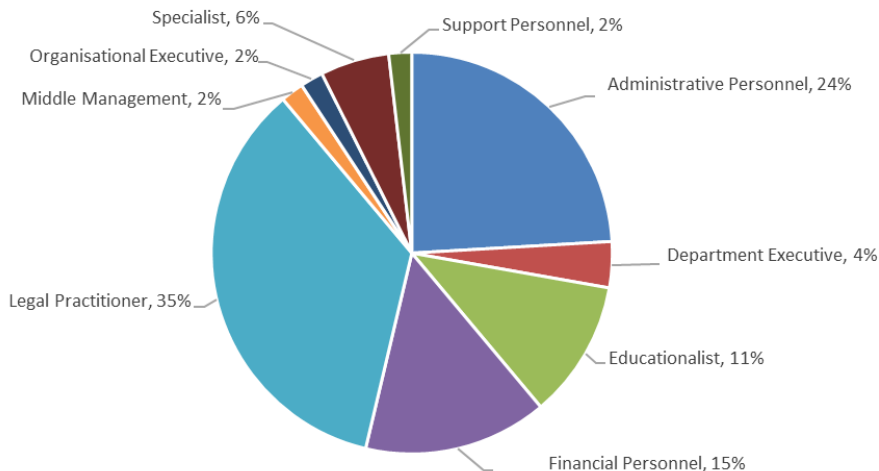
Gender Distribution

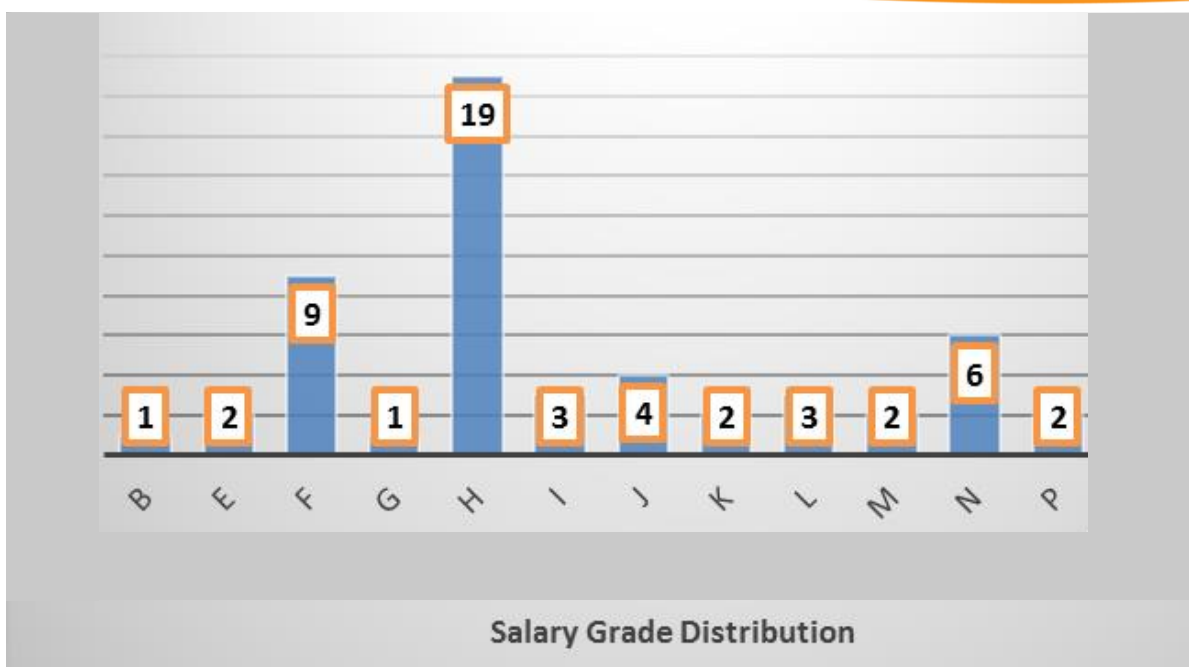


Females outnumbered males 2 to 1 as at 31st December 2017 and accounted for some 67 percent (36). This gender distribution was spread fairly consistently among all areas of the Portfolio.

38 Percent of staff are compensated on Grade “H”.

Job Classification





Staff Training

During the 2016/17 period, various staff members of the Portfolio undertook the following training:

Law Revision Department:

- Legislative Drafting and Law Reform – conducted by the International Legislative Drafting Institute, Tulane Public Law Centre, New Orleans;
- Legislative Publishing using MS Word 2010 – conducted by the Regional Law Revision Centre Inc., Anguilla;
- Leadership and Management - conducted by the Institute of Public Administration Canada (IPAC);
- Policy Concepts, Analysis Tools and Evaluation – conducted by Cabinet Office, Cayman Islands Government;
- Paralegal certification – conducted by the Online Training College, United Kingdom;
- Legislative Publishing using MS Word 2010 – conducted by the Regional Law Revision Centre Inc., Anguilla;
- Policy Concepts – conducted by Cabinet Office, Cayman Islands Government;
- Business Writing Skills – conducted by the Cayman Islands Chamber of Commerce;
- Office Continuity Planning – conducted by the Hazard Management Department; and
- First Aid Certification – conducted by the Red Cross, Cayman Islands.

Anti-Money Laundering Unit

- CFATF, Plenary – MER Jamaica, in Turks and Caicos on November 7 – 10, 2016;
- CFATF, Plenary – as Financial Assessor to the Bahamas, in Trinidad & Tobago on May 28 to June 1, 2017;
- CFATF, Pre-Assessment Training, in the Cayman Islands, on June 28 – 30, 2017;
- Counter Terrorist Financing Training, Cayman Islands, January 31 – February 3, 2017;
- Visualize cases and flows of money, International Centre for Asset Recovery (Switzerland – eLearning Campus), February 3 – 6, 2017;
- Sources and application of Bribery Money Laundering, International Centre for Asset Recovery (Switzerland – eLearning Campus), February 4 – 5, 2017;
- Operational Analysis – analysis of suspicious transactions related to Money Laundering and Terrorism Financing, International Centre for Asset Recovery (Switzerland – eLearning Campus), March 28 – 29, 2017;
- Fighting Financial Crimes, Institute of Chartered Secretaries and Administrators (ICSA) online, March 7 – 11, 2017;
- Governance Risk and Compliance of Financial Services, Institute of Chartered Secretaries and Administrators (ICSA) online, March 11 – 14, 2017;
- International Financial Administration – Core 8 Modules, Institute of Chartered Secretaries and Administrators (ICSA) ongoing, November 9, 2016;
- International Financial Administration – Accounting Module and Administrators (ICSA) ongoing, Institute of Chartered Secretaries, June 9, 2017 to present;
- CFATF, Pre-Assessment Training, Westin, Cayman Islands, June 28 – 30, 2017;
- CFATF Assessor Training, Trinidad & Tobago, July 11 – 15, 2016;
- CFATF, Plenary – MER Jamaica, Turk and Caicos, November 7 – 10, 2016;
- Counter Terrorist Financing Training, Cayman Islands, January 31 – February 3, 2017; and
- CFATF, Plenary – MER Bahamas, Trinidad & Tobago, May 28 – June 1, 2017.

Attorney General's Chambers

- Lectures Series on Rule of Law & International Trade and Development, London, England, March 3, 2017
- Anti-Money Laundering/Assessment training, Cayman Islands, June 28-30, 2017

Attorney General's Chambers- Solicitor General's Office

During the year, as part of the Portfolio's internal training and development program the Deputy Solicitor General Reshma Sharma and Crown Counsel Rachael Hoare delivered training to the Portfolio on current human rights issues arising in the Islands with reference to Schedule 1, Part I of the Cayman Islands Constitution Order, 2009 (the Bill of Rights). Topics included freedom of expression, the Conditional

Release Law, 2004 and the freedom from punishment without law pursuant to section 8(1) of the Bill of Rights and the recognition of same-sex marriages in the Islands.

In addition, members of the administrative staff attended various courses and training in areas including information management, protocol and business etiquette.

Finance

- Government Professional Development Week – Cayman Islands, November 23-25, 2016
 - (i) IFRS/IPSAS Update;
 - ii) Communication Skills (Business Communications) or Customer Service;
 - iii) Protecting Against Fraud or Performance Management & Reporting Part 1;
 - iv) A Practical Approach to Managing Issues (Conflict Management) or Building Better Business Cases;
 - v) Preparing Winning Annual Reports or Project Management – Tips for Success; and
 - vi) Ethics, It's Good for Business too or Leadership is Half the Story.
- Certificate awarded for Understanding Fraud, Investigating Internal Fraud & Conducting Interviews, Cayman Islands, July 4-7, 2017.

Legislative Drafting

All Legislative Counsel participated in Legislative Drafting Template Training held in Grand Cayman from May 1-9, 2017. In addition, certain members of staff attended other training including the following:

- CALC Conference and Workshop, Melbourne and Sydney, Australia, March 29 – 31 & April 4, 2017
- Institute of Leadership Management Certificate Programme, Cayman Islands, September 2016 – to date, & and CALC Conference and Workshop, Melbourne and Sydney, Australia, March 29 – 31 & April 4, 2017

Financial Reporting Authority

- Global Compliance Solutions 12th AML, Compliance & Financial Crime Conference;
- Counter Terrorist Financing Training (coordinated by the RCIPS with speakers from the UK and Trinidad & Tobago);
- CFATF Assessor's Training (presented by the CFATF);
- Roles and responsibilities of Liquidators and Receivers (Presented by a Big 4 Firm at the request of the FRA);
- Perspectives on Global Tax and Financial Crime (presented by Cayman Finance);
- 15th Annual Offshore Alert Conference North America: A Financial Intelligence & Investigations Event ;
- CFATF Mutual Evaluation Assessment Training (presented by the CFATF);

- 
- FATF Standards Training – Implementation and Understanding of the FATF Recommendations (presented by FATF Training & Research Institute);
 - ACAMS 16th Annual AML and Financial Crime Conference; and
 - Egmont Operational Analysis Training (e-learning tool developed by the Egmont Group).

Other Human Resources Matters

The Portfolio of the Civil Service (POCS) approved the recruitment of a Policy Officer for the AMLU. However, a temporary Policy Officer was appointed for six months (in September 2017) to assist with the immediate preparations for the on-site visit and responses to the first draft of the CFATF Mutual Evaluation Report for the Cayman. Interviews were subsequently held, but it was decided that efforts would be made in recruiting a graduate trainee who could aspire to the position after a period of mentorship.

Cheryl Neblett was appointed First Legislative Counsel on May 2017, following the retirement of Myrtle Brandt. The former First Legislative Counsel Mrs. Brandt retired on 31st May 2017 after 17 years with the Department.



Financial Statements

Management Discussion

The Portfolio derives most of its revenue from the sale of services to Cabinet. During the period under review, approximately \$10.3 million was delivered as services to Cabinet. This amount was equal to the allocated budget.

The Portfolio's **working capital** increased slightly to \$1.6 million during the period under review. This provides the ability for timely settlement of financial obligation and allows for fiscal planning.

Expressed in Cayman Islands Dollars and in thousands



As the chart above shows, the value of our **property plant and equipment** continues to decline for the Portfolio. This is primarily due to annual depreciation and efforts to conserve capital spending in line with Government's overall fiscal strategy to improve its cash reserves.

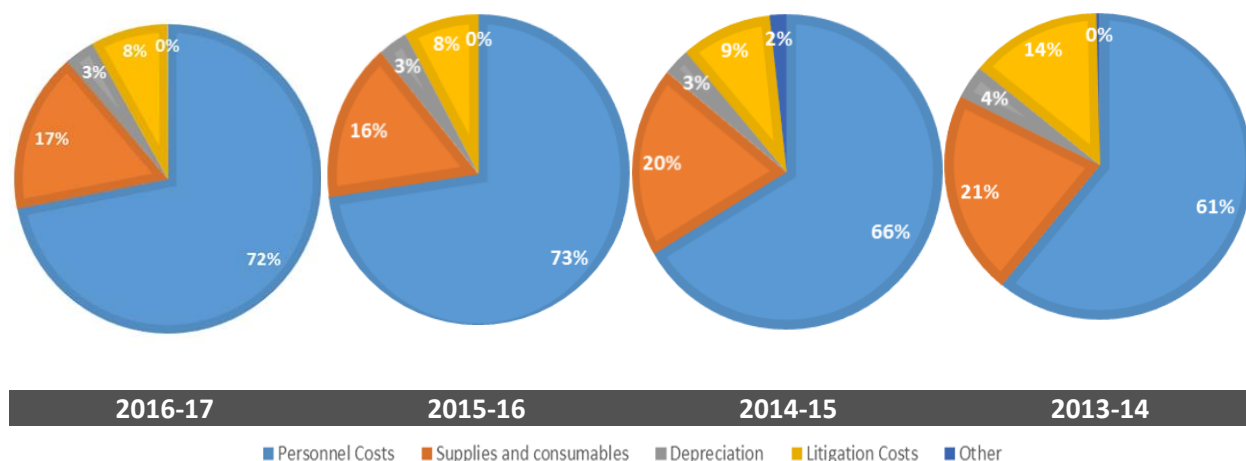
2016/17 produced another record **surplus** when compared with the previous 4 fiscal years. As a result of constrained recruitment and careful management of supplies and consumables, the Portfolio was able to realize a surplus of \$1.600 million. This surplus will be returned to Cabinet in line with Government's policy.

Other fiscal ratios tracked are all showing positive indicators. Cash flow from operations were recorded at \$2.1 million for the year, while our total assets increased from \$4.1 million at the close of 2015/16 to \$4.3 million at the close of the current financial year. The increased Liability is primarily in relation to surplus to be repaid to the Cabinet. This surplus is typically not paid until the completion of the annual

Four-year financial summary	2016-17	2015-16	2014-15	2013-14	2012-13
Total Revenue	11,460	7,144	6,858	6,665	6,023
Total Expenses	9,860	5,848	5,990	6,543	5,998
Net results	1,600	1,296	868	122	25
Cash Flow from Operations	2,114	1,537	1,063	447	928
Total Assets	4,311	4,057	3,439	2,961	5,497
Total Liabilities	2,094	1,840	1,222	744	3,412

audit process by the Auditor General's Office.

Expressed in Cayman Islands Dollars and in thousands



The rate of increase shown for personnel costs in prior financial periods have now leveled off at the 72%. The Portfolio operated with several key vacancies during the period under review, consequently, the budget for personnel cost was underspent by some \$1.31 million during the period.

A significant portion of the savings in supplies and consumables were from the recruitment and training budget. This is consistent with savings recorded in personnel cost due to fewer members on staff during the period. The resultant workload on remaining staff limited the quantities of training that could be undertaken during the year. The Portfolio will be seeking to increase its focus on training in 2018 to ensure staff remain current with the most up to date information in the legal arena.

Depreciation costs were lower than budgeted by \$28 thousand during the period under review. This is largely due to changes in estimate regarding the wearing out period associated with the Portfolio's assets.

The Attorney General's Office provides litigation services to the Government and its ministries, portfolios and other offices. During the 18-month period ended 31 December 2017, the use of legal services from outside of the Government was authorized by the Attorney General's Office to augment in such litigation services. The costs of these services were \$793 thousand (2016: \$468 thousand).

Four-year Operating Expenditures	2016-17	2015-16	2014-15	2013-14
Personnel Costs	7,098	4,251	3,967	3,983
Supplies and consumables	1,653	942	1,189	1,404
Depreciation	318	185	171	232
Litigation costs	793	468	564	903
Other	(2)	2	99	21
Total	9,860	5,848	5,990	6,543

Statement of Responsibility for the Financial Statements

These financial statements have been prepared by the Portfolio in accordance with the provisions of the *Public Management and Finance Law (2017 Revision)* (the PMFL).

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

As Solicitor General (Acting) 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 Portfolio.

As Solicitor General (Acting) and Chief Financial Officer we are responsible for the preparation of the Portfolio's financial statements, representation and judgments made in these statements.

The financial statements fairly present the financial position, financial performance and statement of cash flows 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 Portfolio for the 18 month period ended 31 December 2017;
- (b) fairly reflect the financial position as at 31 December 2017 and performance for the 18 month period ended 31 December 2017; and
- (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.

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



Ms. Reshma Sharma
Acting Solicitor General

Date:

2/05/18



Mrs. Tiffany Ebanks
Chief Financial Officer

Date:

2 May 2018

AUDITOR GENERAL'S REPORT

To the Solicitor General and the Members of the Legislative Assembly

Opinion

I have audited the financial statements of the Portfolio of Legal Affairs (the "Portfolio"), which comprise the statement of financial position as at 31 December 2017, the statements of financial performance, changes in net assets/equity and cash flows for the period from 1 July 2016 to 31 December 2017, and notes, comprising significant accounting policies and other explanatory information.

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

Basis for Opinion

I have conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Portfolio in accordance with International Ethics 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. In rendering my audit opinion on the financial statements of the Portfolio, I have relied on the work carried out on my behalf by a public accounting firm that performed its work in accordance with International Standards on Auditing.

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

Management is responsible for the preparation and fair presentation of these 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 Portfolio'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 Portfolio or to cease operations, or has no realistic alternative but to do so.

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

AUDITOR GENERAL'S REPORT (continued)

Auditors' 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 auditors' 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 our 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 Portfolio'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 Portfolio's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in our auditors' 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 our auditors' report.
- Evaluate the overall presentation, structure and content of the financial statements, including the 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

2 May 2018
Cayman Islands

Statement of Financial Position

PORTFOLIO OF LEGAL AFFAIRS
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	Current Period Actual	Approved Budget	Variance (Budget vs. Actual)	30 June 2016 Actual
<i>(expressed in Cayman Islands dollars and in thousands)</i>					
Current Assets					
Cash and cash equivalents	2, 18	3,128	1,337	(1,791)	2,468
Receivables from exchange transactions	3, 19	436	655	219	711
Other Receivables	3	30	13	(17)	5
Prepayments	18	82	75	(7)	78
Total Current Assets		3,676	2,080	(1,596)	3,262
Non-Current Assets					
Property, plant and equipment	4, 18	634	478	(156)	792
Intangible Assets	5	1	72	71	3
Total Non-Current Assets		635	550	(85)	795
Total Assets		4,311	2,630	(1,681)	4,057
Current Liabilities					
Trade Payables	6, 19	1	9	8	2
Accruals and other liabilities	6, 18	214	169	(45)	349
Unearned revenue	7, 18	108	-	(108)	-
Employee entitlements	8	171	160	(11)	193
Surplus payable	9, 18, 19	1,600	-	(1,600)	1,296
Total Current Liabilities		2,094	338	(1,756)	1,840
Total Liabilities		2,094	338	(1,756)	1,840
Net Assets		2,217	2,292	75	2,217
Net Assets/Equity					
Contributed Capital		2,217	2,292	75	2,217
Total Net Assets/Equity		2,217	2,292	75	2,217

The accounting policies and notes on pages 55- 76 form part of these financial statements.

Statement of Financial Performance

PORTFOLIO OF LEGAL AFFAIRS
STATEMENT OF FINANCIAL PERFORMANCE
AS AT 31 DECEMBER 2017

	Note	Current Year Actual	Approved Budget	Variance (Budget vs. Actual)	Prior Year Actual
<i>(expressed in Cayman Islands dollars and in thousands)</i>					
Revenue					
Sales of outputs to Cabinet	11, 18, 19, 21	10,319	10,319	-	6,416
Donations	11, 12, 18, 21	41	-	(41)	-
Sale of outputs to other Government Agencies	11, 18, 19, 21	150	150	-	100
Sale of outputs to others	11, 18, 21	950	782	(168)	628
Total Revenue		11,460	11,251	(209)	7,144
Expenses					
Personnel costs	13, 18, 19, 21	7,098	8,410	1,312	4,251
Supplies and consumables	14, 18	1,653	1,834	181	942
Depreciation	4, 5	318	346	28	185
Bad debt expense		5	-	(5)	12
Litigation costs	15, 18	793	661	(132)	468
Loss/(Gain) on disposal of property and equipment		-	-	-	(6)
Gains on foreign exchange transactions		(7)	-	7	(4)
Total Expenses		9,860	11,251	1,391	5,848
Surplus for the period		1,600	-	(1,600)	1,296

The accounting policies and notes on pages 55- 76 form part of these financial statements.

Statement of Changes in Net Assets/ Equity

PORTFOLIO OF LEGAL AFFAIRS

STATEMENT OF CHANGES IN NET ASSETS/ EQUITY

FOR THE 18 MONTH PERIOD ENDED 31 DECEMBER 2017

	Contributed Capital	Accumulated Surpluses	Total Net Assets/ Equity	Approved Budget	Variance (Budget vs Actual)
<i>(expressed in Cayman Islands dollars and in thousands)</i>					
Balance at 30 June 2015	2,217	-	2,217	2,217	-
Equity investment from Cabinet	-	-	-	-	-
Surplus for the year 2015/16	-	1,296	1,296	-	(1,296)
Surplus repayment for the year 2015/16	-	(1,296)	(1,296)	-	1,296
Balance at 30 June 2016	2,217	-	2,217	2,217	-
Equity investment from Cabinet	-	-	-	-	-
Surplus for the period 2016/17	-	1,600	1,600	-	(1,600)
Surplus repayment for the period 2016/17	-	(1,600)	(1,600)	-	1,600
Balance at 31 December 2017	2,217	-	2,217	2,217	-

The accounting policies and notes on pages 55- 76 form part of these financial statements.

Statement of Cash Flows

**PORTFOLIO OF LEGAL AFFAIRS
STATEMENT OF CASH FLOWS
FOR THE 18 MONTH PERIOD ENDED 31 DECEMBER 2017**

	Note	Current Year Actual	Approved Budget	Variance (Budget vs. Actual)	Prior Year Actual
<i>(expressed in Cayman Islands dollars and in thousands)</i>					
Cash flows managed on behalf of Cabinet					
Operating Activities					
Cash received					
Sale of goods and services - third party		950	779	(171)	628
Sale of goods and services to other government agencies		150	150	-	100
Sales to Cabinet		10,589	10,281	(308)	6,246
Donations/grants received		41	-	(41)	-
Other receipts		-	3	3	-
Cash used					
Personnel costs		(7,120)	(8,410)	(1,290)	(4,241)
Supplies and consumables		(2,496)	(2,478)	18	(1,196)
Net cash flows from (used by) operating activities	16	2,114	325	(1,789)	1,537
Investing Activities					
Cash received					
Proceeds from the sale of property, plant and equipment		-	-	-	6
Cash used					
Purchase of property, plant and equipment	4	(158)	(75)	83	(176)
Net cash flow from (used by) investing activities		(158)	(75)	83	(170)
Financing Activities					
Cash received					
Equity injections from Cabinet		-	75	75	-
Cash used					
Repayment of surplus	9, 19	(1,296)	-	1,296	(868)
Net cash flows from (used by) financing activities		(1,296)	75	1,371	(868)
Net increase/(decrease) in cash and cash equivalents held		660	325	(335)	499
Cash and cash equivalents at beginning of period		2,468	1,012	(1,456)	1,969
Cash and cash equivalents at the end of the period		3,128	1,337	(1,791)	2,468

The accounting policies and notes on pages 55- 76 form part of these financial statements.



Portfolio of Legal Affairs

Notes to the Financial Statements

For the 18 month period ended 31 December 2017

Description and principal activities

The Portfolio is a Government-owned entity as defined by section 2 of the PMFL and is domiciled in the Cayman Islands.

Its principal activities and operations include all activities carried out in terms of the outputs purchased by the Cabinet as defined in the Annual Plan and Estimates for the Government of Cayman Islands for the 18 month period ended 31 December 2017.

The Portfolio is located on the 4th Floor of the Government Administration Building, 133 Elgin Avenue, George Town, Grand Cayman. As of 31 December 2017, the Portfolio had 54 employees (2016: 47).

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.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. There have been no significant changes to the accounting policies during the 18 month period ended 31 December 2017.

(a) Basis of preparation

These financial statements have been prepared on a going concern basis and the accounting policies set out below have been applied consistently to all periods presented. The financial statements are presented in Cayman Islands dollars and the measurement base applied to these financial statements is the historical cost basis.

(b) Reporting Period

The Public Management and Finance (Amendment) Law, 2015 section 2(c) was passed on 15 October 2015 to reflect a change in the annual reporting date from 30 June to 31 December. The Reporting Period is for the 18 months commencing 1 July 2016 and ending 31 December 2017.



Portfolio of Legal Affairs

Notes to the Financial Statements

For the 18 month period ended 31 December 2017

Note 1: Significant accounting policies (continued)

(b) Reporting Period (continued)

In changing the annual reporting date the entity underwent an 18 month transition period. The prior year amounts presented in the financial statements is for a 12 month period and therefore are not entirely comparable to the current period actuals for the 18 month period. IPSAS 1(66) allows for the financial statements to be presented for a period longer or shorter than one year when an entity's reporting date changes.

(c) Budget amounts

The 2016/17 budget amounts were prepared using the accrual basis of accounting and the accounting policies have been consistently applied with the actual financial statement presentation. The 2016/17 budget was presented in the 2016-2017 Annual Budget Statement of the Government of the Cayman Islands and approved by the Legislative Assembly on 24 June 2016.

(d) Judgments and estimates

The preparation of financial statements in accordance with IPSAS 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. The account balances that require judgement are receivables from exchange transactions and property and equipment. 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 that is affected by those revisions.

(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 deferred as a liability until it is earned.

The Portfolio 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.



Portfolio of Legal Affairs

Notes to the Financial Statements

For the 18 month period ended 31 December 2017

Note 1: Significant accounting policies (continued)

(f) Expenses

Expenses are recognised when incurred on the accrual basis of accounting. In addition, an expense is recognised for the consumption of the estimated fair value of contributed goods and services received, when an estimate can realistically be made.

(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.

(i) Prepayments

The portion of amounts paid for goods and services in advance of receiving goods and services has been recognised as a prepayment.

(j) Property and equipment

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

Portfolio of Legal Affairs

Notes to the Financial Statements

For the 18 month period ended 31 December 2017

Note 1: Significant accounting policies (continued)

(j) Property and equipment (continued)

Asset Type	Estimated Useful Life
Computer equipment	3-10 years
Office equipment and furniture	3-25 years
Motor vehicles	3-20 years
Other equipment	5-20 years
Leasehold improvements	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at year end. Assets that are subject to depreciation 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 amounts. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use in service.

During the year, management assessed the depreciation policy of textbooks to determine if 10 years was still applicable. In doing so, management determined textbooks were being replaced more frequently and thus a change of estimate from 10 years to 3 years for the economic useful life was applied in the current period. A change in accounting estimate is recognised prospectively and thus an accelerated depreciation charge of textbooks is reflected in the current period in the amount of \$25 thousand.

Disposals

Gains and losses on disposals of property 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.

(k) 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.



Portfolio of Legal Affairs

Notes to the Financial Statements

For the 18 month period ended 31 December 2017

Note 1: Significant accounting policies (continued)

(k) Employee benefits (continued)

Pension contributions for employees of the Portfolio are paid to the Public Service Pension Fund (the “Fund”) and administered by the Public Service Pensions Board. Contributions of 12% on basic salary, employer 6% and employee 6% are made to the Fund by the Portfolio. Contributions of 12% on acting, duty allowances employer 6% and employee 6% are made to the Fund by the Portfolio.

(l) Financial instruments

The Portfolio is party to financial instruments as part of its normal operations. These financial instruments include cash and cash equivalents, receivables from exchange transactions, other receivables, trade payables, accruals and other liabilities, employee entitlements and surplus payables, all of which are recognised in the statement of financial position.

Classification

A financial asset is classified as any asset that is cash, a contractual right to receive cash or another financial asset, or exchange financial instruments under conditions that are potentially favourable.

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.

Recognition

The Portfolio 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 recognised in the Statement of Financial Performance.



Portfolio of Legal Affairs

Notes to the Financial Statements

For the 18 month period ended 31 December 2017

Note 1: Significant accounting policies (continued)

(l) Financial instruments (continued)

Measurement

Financial instruments are measured initially at a cost which is the fair value of the consideration given or received. Subsequent to initial recognition, all financial assets are recorded at a 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 an 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 derecognised when the Portfolio 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 has expired.

(m) Provisions and contingencies

Provisions are recognised when an obligation (legal or constructive) is incurred as a result of a past event and where it is probable that an outflow of assets embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities are not recognised but are disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised but are disclosed in the financial statements when an inflow of economic benefits is probable.

Portfolio of Legal Affairs

Notes to the Financial Statements

For the 18 month period ended 31 December 2017

Note 1: Significant accounting policies (continued)

(n) Foreign currency

Foreign currency transactions are recorded in Cayman Islands dollars using the exchange rate in effect at the date of the transaction. Foreign currency gains or losses resulting from settlement of such transactions are recognised in the statement of financial performance.

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

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

(o) Comparative figures

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

(p) Revenue from non-exchange transactions

The Portfolio 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 POCS. The Portfolio 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.

(q) Impairment

An asset is impaired when its carrying amount exceeds its recoverable amount. If there is any indication of impairment present, the Portfolio is required to make a formal estimate of recoverable amount.

Portfolio of Legal Affairs

Notes to the Financial Statements

For the 18 month period ended 31 December 2017

Note 2: Cash and cash equivalents

As at 31st December, 2017 the Portfolio held no restricted cash balances (30 June 2016: \$0). No interest was earned during the year on the amounts held in these bank accounts (30 June 2016: \$0).

Description	Current Period Actual	Approved Budget	Variance (Budget vs. Actual)	30 June 2016 Actual
<i>(expressed in Cayman Islands dollars and in thousands)</i>				
Operational Current Account - KYD	2,156	542	(1,614)	1,574
Payroll Current Account - KYD	(1)	50	51	21
Operational Current Account - USD	973	745	(228)	873
Cash and cash equivalents	3,128	1,337	(1,791)	2,468

Note 3: Receivables from exchange transactions and other receivables

At period 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 Portfolio and review of specific debtors. Expected losses have been determined based on an analysis of the Portfolio losses in previous periods.

Description	Current Period Actual	Approved Budget	Variance (Budget vs. Actual)	30 June 2016 Actual
<i>(expressed in Cayman Islands dollars and in thousands)</i>				
Sale of outputs to Cabinet	236	573	337	535
Outputs to other government agencies	38	10	(28)	122
Sale of goods and services	195	100	(95)	85
Provision for doubtful debts	(33)	(28)	5	(31)
Net Trade receivables	436	655	219	711

Portfolio of Legal Affairs

Notes to the Financial Statements

For the 18 month period ended 31 December 2017

Note 3: Receivables from exchange transactions and other receivables (continued)

As at 31 December 2017 and 30 June 2016, the ageing analysis of receivables under exchange transactions is as follows:

Receivables from exchange transactions	Current Period (Gross)	Current Year Impairment	Net	30 June 2016 Actual
<i>(expressed in Cayman Islands dollars and in thousands)</i>				
Current	262	-	(262)	651
Past due 31-60 days	16	-	(16)	6
Past due 61-90 days	14	-	(14)	27
Past due 90 and above	178	-	(178)	58
Total Trade Receivables	470	-	(470)	742

As at 31 December 2017 and 30 June 2016, other receivables are composed of:

Description	Current Period Actual	Approved Budget	Variance (Budget vs. Actual)	30 June 2016 Actual
<i>(expressed in Cayman Islands dollars and in thousands)</i>				
Advances	17	-	(17)	1
Dishonoured cheques	2	1	(1)	2
Other	11	12	1	3
Total Other Receivables	30	13	(17)	6
Less: provision for doubtful debts	-	-	-	(1)
Net Total Other Receivables	30	13	(17)	5

Changes in the provision for doubtful debts, in total for receivables from exchange transactions and other receivables, during the 18 month period ended 31 December 2017 and the year ended 30 June 2016 are as follows:

Description	Current Period Actual	30 June 2016 Actual
<i>(expressed in Cayman Islands dollars and in thousands)</i>		
Balance at 1 July	32	28
Additional provisions made during the year	2	12
Receivables written off during the period	-	(8)
Provision for Doubtful Debts	34	32

As of 31 December 2017, receivables from exchange transactions are all due within one year (2016: all due within one year) from the financial position date.

Portfolio of Legal Affairs

Notes to the Financial Statements

For the 18 month period ended 31 December 2017

Note 4: Property and equipment

Cost of Property, plant & equipment

	Furniture and Fittings	Computer Hardware	Office Equipment	Other assets	Motor Vehicles	Total Property Plant and Equipment
<i>(expressed in Cayman Islands dollars and in thousands)</i>						
Balance as at 1 July 2015	7	12	32	2,067	15	2,133
Additions	-	3	-	159	14	176
Disposals	-	-	-	-	(15)	(15)
Balance as at 30 June 2016	7	15	32	2,226	14	2,294

	Furniture and Fittings	Computer Hardware	Office Equipment	Other assets	Motor Vehicles	Total Property Plant and Equipment
<i>(expressed in Cayman Islands dollars and in thousands)</i>						
Balance as at 1 July 2016	7	15	32	2,226	14	2,294
Additions	3	3	2	150	-	158
Disposals	-	-	-	(29)	-	(29)
Balance as at 31 December 2017	10	18	34	2,347	14	2,423

Portfolio of Legal Affairs

Notes to the Financial Statements

For the 18 month period ended 31 December 2017

Note 4: Property and equipment (continued)

	Furniture and Fittings	Computer Hardware	Office Equipment	Other assets	Motor Vehicles	Total Property Plant and Equipment
<i>(expressed in Cayman Islands dollars and in thousands)</i>						
Balance at at 1 July 2015	2	4	11	1,300	15	1,332
Disposals	-	-	-	-	(15)	(15)
Depreciation Expense	1	4	5	174	1	185
Balance as at 30 June 2016	3	8	16	1,474	1	1,502
	Furniture and Fittings	Computer Hardware	Office Equipment	Other assets	Motor Vehicles	Total Property Plant and Equipment
<i>(expressed in Cayman Islands dollars and in thousands)</i>						
Balance as at 1 July 2016	3	8	16	1,474	1	1,502
Disposals	-	-	-	(29)	-	(29)
Depreciation Expense	1	6	8	297	4	316
Balance as at 31 December 2017	4	14	24	1,742	5	1,789
Net Book value 30 June 2016	4	7	16	752	13	792
Net Book value 31 December 2017	6	4	10	605	9	634

As of 31 December 2017, other fixed assets are composed of:

Description	Cost	Accumulated depreciation	Carrying value	Prior Year Actual
<i>(expressed in Cayman Islands dollars and in thousands)</i>				
Library books	2,284	(1,710)	574	714
Lease improvements	55	(30)	25	31
Security System	8	(2)	6	7
Total other fixed assets	2,347	(1,742)	605	752

Portfolio of Legal Affairs

Notes to the Financial Statements

For the 18 month period ended 31 December 2017

Note 5: Intangible assets

<u>Cost of Intangible Asset</u>	Computer Software
<i>(expressed in Cayman Islands dollars and in thousands)</i>	
Balance as at 1 July 2015	3
Additions	-
Disposal/ Derecognition	-
Balance as at 30 June 2016	3
Balance as at 1 July 2016	3
Additions	-
Disposal/ Derecognition	-
Balance as at 31 December 2017	3

<u>Accumulated Amortization and impairment losses</u>	Computer Software
<i>(expressed in Cayman Islands dollars and in thousands)</i>	
Balance as at 1 July 2015	-
Eliminate on Disposal/Derecognition	-
Amortization Expense	-
Balance as at 30 June 2016	-
Balance as at 1 July 2016	-
Eliminate on Disposal/Derecognition	-
Amortization Expense	2
Balance as at 31 December 2017	2
Net Book value 30 June 2016	3
Net Book value 31 December 2017	1

Portfolio of Legal Affairs

Notes to the Financial Statements

For the 18 month period ended 31 December 2017

Note 6: Trade Payables, accruals and other liabilities

Description	Current Period Actual	Approved Budget	Variance (Budget vs. Actual)	30 June 2016 Actual
<i>(expressed in Cayman Islands dollars and in thousands)</i>				
Creditors	1	9	8	2
Accrued Expenses	203	167	(36)	336
Creditors other government agencies	8	-	(8)	10
Other	3	2	(1)	3
Total payables under exchange transactions, other payables and accruals	215	178	(37)	351

Payables under exchange transactions and other payables are non-interest bearing and are normally settled on 30-day terms.

Note 7: Unearned revenue

In the latter part of 2017, the Law School collected fees for courses which will be held in 2018. These amounted to \$108 thousand (2016: \$0). As the financial period has been the same as the school year in the prior period, no such revenues were earned as fees were collected during the period.

Note 8: Employee entitlements

Details	Current Period Actual	Approved Budget	Variance (Budget vs. Actual)	30 June 2016 Actual
<i>(expressed in Cayman Islands dollars and in thousands)</i>				
Employee entitlements are represented by:				
Annual leave	171	160	(11)	193
Total employee entitlements	171	160	(11)	193

The leave entitlements are calculated based on current salary paid to those employees who are eligible for this benefit.

Note 9: Surplus payable

Surplus payable represents surplus of \$1,600 thousand as at 31 December 2017 (2016: \$1,296 thousand). Under the PMFL section 39 (3) (f), the Portfolio may “retain such part of its net operating surplus as is determined by the Financial Secretary”. Therefore, the Portfolio has recorded a surplus payable to Government in the amount of \$1,600 thousand as at 31 December 2017 as the Financial Secretary has not confirmed whether the Portfolio can retain the surplus achieved during this year and the prior year. During the year the Portfolio paid to Cabinet surplus payable in the amount of \$1,296 thousand (2016: \$868 thousand).

Portfolio of Legal Affairs

Notes to the Financial Statements

For the 18 month period ended 31 December 2017

Note 10: Revenue from non-exchange transactions

During the 18 month period ended 31 December 2017, the Portfolio received services in-kind in the form of accommodation in the central Government building as well as computer repairs and software maintenance by the Computer Services Department and human resources management by the POCS. The fair value of these services cannot be determined and therefore were not recognised as revenues and expenses in these financial statements.

Note 11: Revenue

Description	Current Period Actual	Approved Budget	Variance (Budget vs. Actual)	30 June 2016 Actual
<i>(expressed in Cayman Islands dollars and in thousands)</i>				
Law School Fees	915	779	(136)	604
Sale of outputs to Cabinet	10,319	10,319	-	6,416
Sale of outputs to other government agencies	150	150	-	100
Donations	41	-	(41)	-
Other	35	3	(32)	24
Total Sale of Goods & Services	11,460	11,251	(209)	7,144

Note 12: Donations

During the 18 month period ended 31 December 2017, the Law school received an anonymous unrestricted donation of \$41 thousand (30 June 2016:\$0).

Note 13: Personnel costs

Description	Current Period Actual	Approved Budget	Variance (Budget vs. Actual)	30 June 2016 Actual
<i>(expressed in Cayman Islands dollars and in thousands)</i>				
Salaries, wages and allowances	6,069	7,095	1,026	3,637
Health care	676	835	159	379
Pension	328	395	67	184
Leave	(21)	16	37	10
Other Personnel related costs	46	69	23	41
Total Personnel Cost	7,098	8,410	1,312	4,251

Portfolio of Legal Affairs

Notes to the Financial Statements

For the 18 month period ended 31 December 2017

Note 14: Supplies and consumables

Description	Current Period Actual	Approved Budget	Variance (Budget vs. Actual)	30 June 2016 Actual
<i>(expressed in Cayman Islands dollars and in thousands)</i>				
Supplies and Materials	88	133	45	57
Purchase of services	545	312	(233)	173
Utilities	148	189	41	108
General Insurance	22	38	16	15
Travel and Subsistence	91	203	112	47
Recruitment & Training	64	214	150	69
Lease of property and equipment	519	519	-	340
Reference materials	117	155	38	79
Audit and inspection fees	41	41	-	36
Repairs and maintenance	18	30	12	18
Total Supplies & Consumables	1,653	1,834	181	942

Note 15: Litigation costs

The Attorney General's Office provides litigation and legal advisory services to the Government and its ministries, portfolios and offices. During the 18 month period ended 31 December 2017, the use of legal services from outside of the Government was authorized by the Attorney General's Office to augment the delivery of its litigation and legal advisory services. The costs for these external legal services were \$793 thousand (2016: \$468 thousand).

Note 16: Reconciliation of net cash flows from operating activities to surplus

Description	Current Period Actual	Original Budget	Variance (Budget vs. Actual)	30 June 2016 Actual
<i>(expressed in Cayman Islands dollars and in thousands)</i>				
Surplus for the period	1,600	-	(1,600)	1,296
Non-cash movements				
Depreciation expense	318	346	28	185
Provision for bad debts	5	-	(5)	12
Gain on disposal of property and equipment	(7)	-	7	(6)
Debts written off	2	-	(2)	(8)
Changes in current assets and liabilities:				
Decrease/(increase) in receivables from excha	275	(38)	(313)	(162)
Decrease/(increase) in other receivables and p	(29)	-	29	30
Increase/(decrease) in trade payables and accruals	(136)	17	153	180
Increase in unearned revenue	108	-	(108)	
(Decrease)/increase in employee entitlements	(22)	-	22	10
Net cash flows from operating activities	2,114	325	(1,789)	1,537

Portfolio of Legal Affairs

Notes to the Financial Statements

For the 18 month period ended 31 December 2017

Note 17: Commitments

Type	One year or less	One to five Years	Over five Years	Total	30 June 2016 Actual
<i>(expressed in Cayman Islands dollars and in thousands)</i>					
Operating Commitments					
Non-cancellable accommodation leases	316	466	-	782	1,282
Total Operating Commitments	316	466	-	782	1,282

The Portfolio has two medium-to long-term leases for the term of 5 ½ year for the property occupied by the Law School at 11 Dr. Roy's Drive, in George Town. The lease expires on June 30, 2020. The Portfolio also has a short-term accommodation leases for the warehouse premises it occupies in George Town. The leases expire on March 22, 2018. The amounts disclosed above as future commitments are based on the current rental rates.

Note 18: Explanation of major variances against original budget

Explanations for major variances for the Portfolio performance against the original budget are as follows:

Statement of Financial Position

Cash and cash equivalents

The \$1,791 thousand increase in year-end cash and cash equivalents in comparison to the budgeted amount can be attributable to the fact that an unbudgeted surplus was achieved of \$1,600 thousand, unearned revenue received by the Law School in an amount of \$108 thousand and donations to the Law School of \$41 thousand.

Prepayments

The increase of \$7 thousand from the budget is primarily due to law journals and book subscriptions prepaid for 2018.

Property and equipment and intangible assets

The increase of \$85 thousand in property and equipment and intangible assets is primarily due to the acquisition of non-budgeted purchases of \$85 thousand during the year.

Accruals and other liabilities

The increase of \$45 thousand from the budget is due mainly to legal costs in respect of which invoices were submitted in December and settled after the end of the financial year.



Portfolio of Legal Affairs

Notes to the Financial Statements

For the 18 month period ended 31 December 2017

Note 18: Explanation of major variances against original budget (continued)

Unearned revenue

The increase of \$108 thousand from the budget is due to Law School fees collected in late 2017 for courses to be held in 2018.

Surplus payable

The Entity had a significant surplus in the current year as there were favorable variances noted for personnel costs and supplies and consumables as discussed below.

Statement of Financial Performance

Revenue

The increase in revenue of \$209 thousand is due to \$136 thousand in the Law School revenue, \$32 thousand in miscellaneous revenues and a donation of \$41 thousand. The increase in the Law School revenue is a direct result of the increased intake in students. The Law School also received a donation. Miscellaneous revenues are ad hoc and can vary each year. These include fees for applications for recognition as Legal Practitioners, invigilation etc.

Personnel costs

Actual personnel costs are lower than budget by \$1,312 thousand primarily because of the non-fulfillment of budgeted positions or filling of these positions at later dates than anticipated. A number of vacant posts in the Portfolio, including that of the Solicitor General for a period of 7 months, remained vacant during the financial period.

Supplies and consumables

The net decrease of \$181 thousand to budget is primarily due to decreases in recruitment and training of \$150 thousand, travel and subsistence of \$112 thousand, utilities of \$41 thousand, reference materials of \$38 thousand, supplies and materials of \$45 thousand and repairs and maintenance of \$12 thousand. There was a net offset of \$233 thousand due to an increase in the purchase of services.

The decrease in travel and subsistence is notably due to lower travel and subsistence expense as a result of reduced travelling by the Attorney General's Chambers. The level of training budgeted did not materialize during the year, mainly due to delayed recruitment and vacancy of posts.

The decrease in supplies and materials is due to the ongoing efforts to coordinate the purchasing of paper and printing consumables and office supplies and equipment. Use was made of vendors with preferred pricing through existing government tenders. This resulted in savings of \$45 thousand.



Portfolio of Legal Affairs

Notes to the Financial Statements

For the 18 month period ended 31 December 2017

Note 18: Explanation of major variances against original budget (continued)

The decrease in repairs and maintenance is mainly due to the reduction in office equipment maintenance charges during the period. This resulted in saving of \$12 thousand.

The decrease in utilities of \$41 thousand is directly related to the savings in electricity for the Law School as a result of lower than budgeted fuel surcharge rates.

The increase in purchase of services of \$233 thousand is primarily due to an unbudgeted cost for the CFATF mock assessment of \$100 thousand. In addition, external professional services were obtained for the period in the amount \$115 thousand, as a result of an unfilled post. This post would have been budgeted for within personnel costs. Amounts were also incurred for the development of a legal drafting template that would not have been contemplated in the original budget.

Litigation fees

Professional fees are budgeted as contingencies for the defense of the Government in litigation as well as the provision of legal advice to Government, and vary from year to year depending on the number and complexity of cases. This expense was \$132 thousand higher than budgeted, due to ongoing matters and new matters arising during the financial period.

Note 19: Related party and key management personnel disclosures

Related party disclosure

The Portfolio is a wholly-owned entity of the Government from which it derives a major source of its revenue. The Portfolio transacts with other Government entities on a regular basis. These transactions were provided free of cost during the 18 month period ended 31 December 2017. They were consistent with normal operating relationships between entities and were undertaken on terms and conditions that are normal for such transactions.

Portfolio of Legal Affairs

Notes to the Financial Statements

For the 18 month period ended 31 December 2017

Note 19: Related party and key management personnel disclosures (continued)

	Current Period Actual	Approved Budget	Variance (Budget vs. Actual)	30 June 2016 Actual
<i>(expressed in Cayman Islands dollars and in thousands)</i>				
Statement of financial position				
Receivables from exchange transactions	436	655	219	711
Surplus payable	1,600	-	(1,600)	1,296
Surplus paid during the year	1,296	-	(1,296)	868
Trade payables	1	9	8	1
Statement of financial performance				
Sale of goods and services	10,319	10,319	-	6,416
Sale of outputs to other government agencies	150	150	-	100
Insurance expense	22	38	16	15

Key management personnel

Key management personnel are also considered to be related parties.

For the 18 months ended 31 December 2017, there are seven (2016: six) full-time and one part-time equivalent personnel considered at the senior management level. The total remuneration includes: regular salary, allowances, pension contributions and health insurance contributions. Total remuneration for the members of senior management for the 18 months ended 31 December 2017 was \$1,496 thousand (2016: \$827 thousand). There were no loans made to key management personnel or their close family members for the 18 months ended 31 December 2017 (2016: \$0).

Note 20: Financial instrument risks

The Portfolio is exposed to a variety of financial risks including credit risk, exchange risk and liquidity risk. The Portfolio's risk management policies are designed to identify and manage these risks, to set appropriate risk limits and controls, and to monitor the risks and adhere to limits by means of up-to-date and reliable information systems. These risks are managed within the parameters established by the Financial Regulations (2013 Revision) as amended.



Portfolio of Legal Affairs

Notes to the Financial Statements

For the 18 month period ended 31 December 2017

Note 20: Financial instrument risks (continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Portfolio. Financial assets which potentially expose the Portfolio to credit risk comprise cash and cash equivalents and receivables from exchange transactions and other receivables.

The Portfolio is exposed to potential loss that would be incurred if the counterparty to the bank balances fails to discharge its obligation to repay. All bank balances are with one financial institution located in the Cayman Islands which management considers to be financially secure and well-managed.

The Portfolio is also exposed to a significant concentration of credit risk in relation to receivables from exchange transactions, significant portions of which are due from other Government entities. No credit limits have been established. As at 31 December 2017, no provision for doubtful debts (2016: \$0) has been made on these receivable as none of these accounts are impaired and management considers these debts to be recoverable in full.

The carrying amount of financial assets recorded in the financial statements represents the Portfolio's maximum exposure to credit risk. No collateral is required from debtors.

Liquidity risk

Liquidity risk is the risk that the Portfolio is unable to meet its payment obligations associated with its financial liabilities when they are due.

The ability of the Portfolio to meet its debts and obligation is dependent upon its ability to collect the debts outstanding to the Portfolio on a timely basis. In the event of being unable to collect its outstanding debts, it is expected that the Government would temporarily fund any shortfalls the Portfolio would have with its own cash flows. As at 31 December 2017, all of the financial liabilities were due within three months of the year end dates (2016: three months).

Exchange rate risk

The entity does not have significant exposure to currency exchange rate risk as the Cayman Islands dollar is pegged to the United States Dollar.

Portfolio of Legal Affairs

Notes to the Financial Statements

For the 18 month period ended 31 December 2017

Note 21: Segment reporting

For the 18 months ended 31 December 2017:

	Legal Drafting & Review & Modernization of Laws	Litigation & Legal Advice	Ministerial Advice to the Attorney General	Financial Intelligence Services	Law School	Total
<i>(expressed in Cayman Islands dollars and in thousands)</i>						
Revenue						
Sale of outputs to Cabinet	2,200	2,864	1,678	1,532	2,045	10,319
Sale of outputs to other Government agencies	-	150	-	-	-	150
Sale of outputs to others	-	-	26	-	924	950
Donation	-	-	-	-	41	41
Total Revenue	2,200	3,014	1,704	1,532	3,010	11,460
Expenses						
Personnel costs	1,802	1,752	936	937	1,671	7,098
Other expenses	197	915	603	79	968	2,762
Total Expenses	1,999	2,667	1,539	1,016	2,639	9,860
Surplus for the period	201	347	165	516	371	1,600

For the year ended 30 June 2016:

	Legal Drafting & Review & Modernization of Laws	Litigation & Legal Advice	Ministerial Advice to the Attorney General	Financial Intelligence Services	Law School	Total
<i>(expressed in Cayman Islands dollars and in thousands)</i>						
Revenue						
Sale of outputs to Cabinet	1,360	1,937	1,041	772	1,306	6,416
Sale of outputs to other Government agencies	-	100	-	-	-	100
Sale of outputs to others	-	7	7	-	614	628
Total Revenue	1,360	2,044	1,048	772	1,920	7,144
Expenses						
Personnel costs	1,062	1,063	470	623	1,033	4,251
Other expenses	130	412	352	55	648	1,597
Total Expenses	1,192	1,475	822	678	1,681	5,848
Surplus for the period	168	569	226	94	239	1,296



Portfolio of Legal Affairs

Notes to the Financial Statements

For the 18 month period ended 31 December 2017

Note 21: Segment reporting (continued)

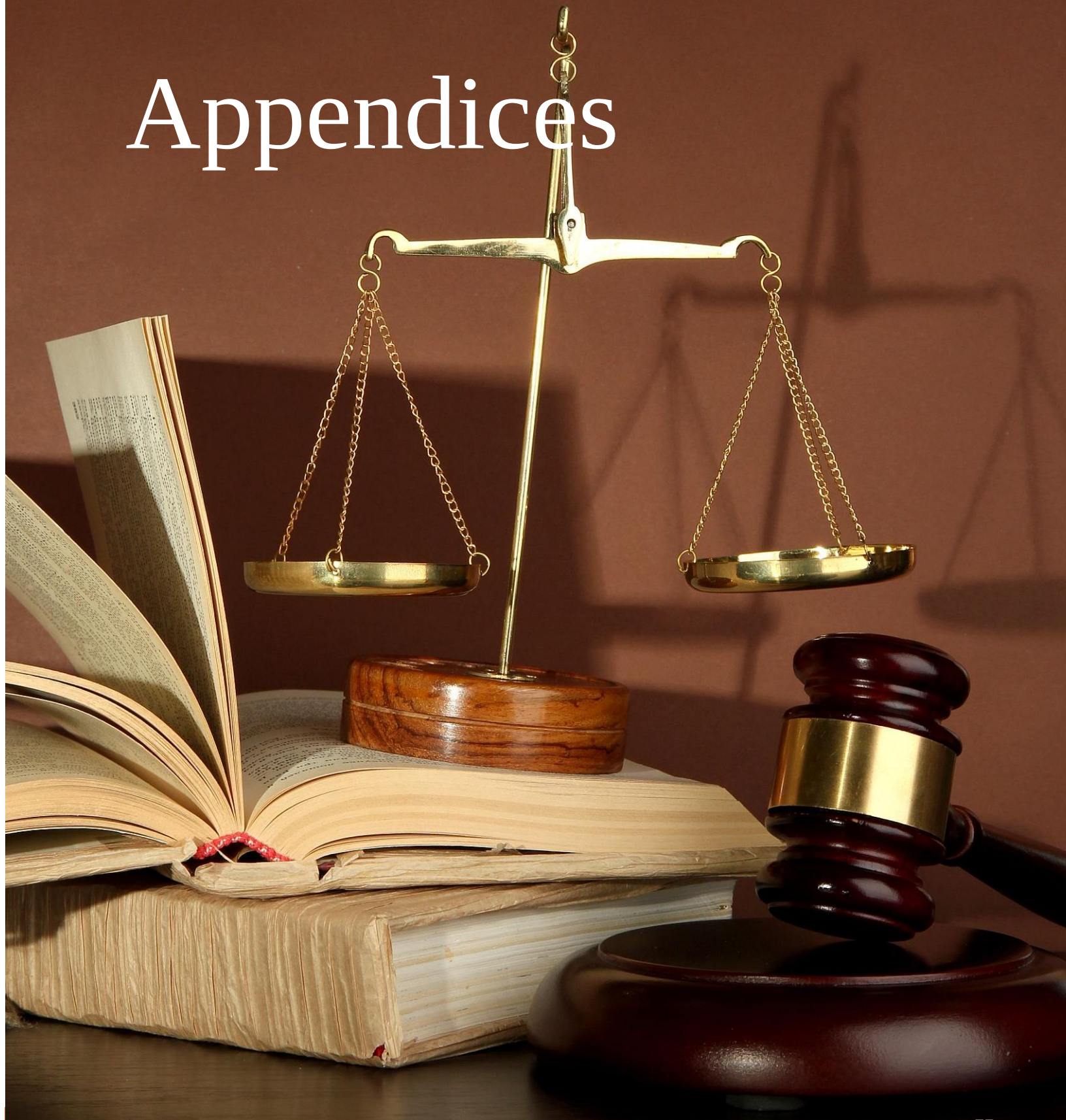
The Portfolio does not maintain a separate monitoring of total assets, total liabilities and capital cost for each segment. The Portfolio segment report is prepared on the basis of five major department activities:

1. Legal drafting and the review and modernization of laws: This includes the drafting of legislation and regulations for the Government and the study and review of statutes and other laws of the Cayman Islands with a view to their systematic development and reform.
2. The provision of legal advice and representation to Government Ministries, Departments and Portfolios on civil matters and the provision of international legal assistance.
3. Ministerial advice to the Attorney General: This includes secretarial, administrative, law revision and policy advice.
4. Financial Intelligence services: This includes receipt of financial intelligence (suspicious activity reports (SARs) under the Proceeds of Crime Law, the Misuse of Drugs Law, and Terrorism Law and facilitating requests for financial intelligence from overseas counterparts.
5. Law School: The Law School falls under the remit of the Portfolio. The Law School offers the LL.B degree programme, part time and full time, and the PPC. In September 2017 two new taught postgraduate programs were launched- the postgraduate Diploma and Master of Laws (LLM) in International Finance (on a part-time basis). The Law School is affiliated with the University of Liverpool, a leading government funded, but independent institution of Higher Education in the UK, and the LLB degrees are from the University of Liverpool. There are 87 students registered in total as at 31 December 2017 (30 June 2016: 69).

Note 22: Subsequent events

In preparing these financial statements management has evaluated and disclosed all material subsequent events up to 2 May 2018 which is the date that the financial statements were available to be issued.

Appendices





Governance and Risk Management

The Portfolio of Legal Affairs is subject to normal risks associated with most public agencies. For 2016-17 those risks include:

Human Capital Risks

- Loss or absence of key staff along with their expertise and experience;
- Insufficient administrative support; and
- Performance risks.

Infrastructure Risks

- Physical and electronic/cyber security;
- Natural disasters including hurricanes, fires and other perils; and
- File storage and retrieval.

Business Specific Risks

- Loss of records;
- Failure to provide accurate or timely advice; and
- Conflicts of interest.

The Portfolio effectively managed these risks during the 2016-17 fiscal year without material interruption to operations. Appropriate strategies will be developed to manage future risks as part of an overall risk management framework.

Internal and External Audit Updates

The Audit for the Portfolio of Legal Affairs was completed by the Office of the Auditor General on 2nd May 2018. The Portfolio received an Unqualified Opinion. That means the Information presented in the Financial Statements for the 2016-17 Fiscal Year, fairly represented the operating results for the period, and the financial position as at 31st December 2017 and can therefore be relied upon.

Notes

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Portfolio of Legal Affairs

Annual Report
2016-2017



CAYMAN ISLANDS
GOVERNMENT

4th Floor, Government Administration Building, Grand Cayman, Cayman Islands
Tel: (345) 244-2405 | Fax: (345) 949-6079 | www.judicial.ky