



MINISTRY OF
DISTRICT ADMINISTRATION,
TOURISM & TRANSPORT
CAYMAN ISLANDS GOVERNMENT

Annual Report for the Year Ended 31 December 2018

Contact Information

Physical Address

5th Floor, Government Administration Building
133 Elgin Avenue, George Town,
Grand Cayman

Mailing Address

Ministry of District Administration, Tourism & Transport
P.O. Box 106
KY1-9000, Grand Cayman
CAYMAN ISLANDS

Website: <http://www.gov.ky/portal/page/portal/mtehome>

Table of Contents

Message from Hon. Deputy Premier	4
Message from Chief Officer	5
Overview	6
Human Resource Report	7-8
Organizational Chart	9
Department of Tourism	10-11
District Administration	12-13
National Weather Service	14-15
Public Transport Unit	16-17
Audited Financial Statements	18-43

Hon. Moses Kirkconnell, JP
Deputy Premier
Message for Annual Report

As Minister for District Administration, Tourism and Transport I am pleased to report on the developments and progress of the portfolios under my stewardship for the fiscal period 1 January to 31 December 2018.

With oversight for one of the Country's key service sectors and economic pillars, the Ministry strives to ensure that the tourism industry positively affects the lives of all who live, work and visit our Islands. Growth in visitor arrivals, visitors spend and indeed all of the key metrics' has ensured the financial year ending in December 2018 was a positive one for tourism on a number of fronts.

At the close of 2018, total visitation from cruise and stayover arrivals was 2,384,058, which is 11.05 percent higher than the same period in 2017. This surpassed all previous years of recorded visitation including 2006, which previously held the record for the highest number of total visitors in a calendar year.

Air Arrivals in 2018 amounted to 463,001 visitors and is the first time that arrivals have exceeded 450,000. As a double accomplishment in 'firsts' over 50,000 stayover visitors travelled to the destination within a single month, happening twice in 2018: March and December. Cruise passenger arrivals were equally impressive, allowing us to welcome 1,921,057 passengers to our shores.

Outstanding results over successive years have brought millions of investment dollars to our economy. The estimated total visitor spend in 2018 was US\$880.1m, an increase of 12.5 percent or US\$98.1m over 2017.

The strength of the tourism industry continues to act as a catalyst for further tourism development. New properties are planned, existing ones are being transformed and more jobs and business opportunities have been created. Against this backdrop of positive performance, Governments focus has remained on infrastructural development at our ports of entry and I am particularly pleased by the milestones that have been accomplished in this regard. The redevelopment and expansion of the public areas of the Owen Roberts International Airport are complete and the facility was opened on 27 March 2019 by HRH the Prince of Wales and Duchess of Cornwall. Work is already underway on the next phases of development, which are to lengthen the runway and increase the taxiways.

The proposed CBF project is also well advanced and formal financial commitments have been received from major cruise lines. Consequently the Invitation to Submit Final Tenders was issued to the three shortlisted bidders at the end of November 2018 and is due to be returned at the end of first quarter 2019.

In the Sister Islands, I was very pleased that the eight lane 25m Competition Swimming Pool was also officially opened by HRH the Prince of Wales during his visit to Cayman Brac on 28 March 2019. In addition to providing benefit across the community from youth to seniors, these enhanced facilities will help to attract sports tourism opportunities to the Sister Islands.

As these few examples illustrate, the Ministry, its Statutory Authorities, Companies and Departments maintain a global perspective with a parallel local sensitivity in order to meet our broad and varied objectives. Our achievements could not have been possible without the commitment and dedication of our talented staff and I extend sincere appreciation for their hard work behind our impressive performance.

Stran Bodden, JP
Chief Officer
Message for Annual Report

The 2018 Financial Year proved to be a year of significant achievement for the Ministry of District Administration, Tourism and Transport. As Chief Officer, I am pleased to present this Annual Report for the year ending 31 December 2018.

Like all other Government agencies, the Ministry was called upon to make more efficient use of available resources and I take this opportunity to thank all of our staff members for rising to the challenge.

Aside from enhanced Marketing and Promotions initiatives, a key area of priority has been strengthening a “culture” of good governance and proper procurement processes. This strengthened “culture” has realized many increased efficiencies and effectiveness in the work of the Ministry.

With stayover air arrivals reaching record breaking highs and cruise passenger visitation maintaining positive growth, the Ministry has remained cognizant of the need for world class infrastructure and facilities to sustain our growing tourism industry well into the future.

As such, we have keenly supported the redevelopment of the Owen Roberts International Airport which is now complete and continue to play an integral role in advancing the proposed cruise berthing facility project.

It is therefore gratifying to note that the processes used to secure the contracts and services for both of these major projects have followed the principles of international best practice. I am also pleased that the airport redevelopment project is the first major project to successfully complete the entire process outlined under the Framework for Fiscal Responsibility.

The Ministry’s performance this year is reflective of the contribution and perseverance of staff, who remain committed to ensuring that the mandate of the Cayman Islands Government is achieved. To this end, the Ministry holds in high regard its obligation to invest in the development of all who work within its portfolio, to ensure they are provided with the skills and support required to best serve the public.

I am particularly pleased to confirm that through diligent and effective succession planning, several of these roles were filled internally, and 96% of our staff are Caymanian.

As a Ministry we set very high standards for ourselves that staff meet and exceed; despite inevitable challenges and an often heavy workload. During this fiscal period the rapport between the Ministry, its Statutory Authorities and Government Companies and Departments has been highly productive, and I gratefully acknowledge and commend the respective senior management teams for their mutual cooperation and support.

Finally, I once again extend sincere appreciation to all the staff within the Ministry for their dedication and professionalism throughout the year.

Overview

What we do

The Ministry consists of the core ministry office and has responsibility for District Administration, Department of Tourism, Public Transport Unit, and National Weather Service. In addition the Ministry oversees (on the Minister's behalf) the performance of the following statutory authorities and Government companies (Tourism Attractions Board, Cayman Airways, Cayman Turtle Farm, C.I. Port Authority, C.I. Airports Authority).

Strategic Management

The Ministry of DAT&T administers the authority's operations at the organizational level; developing business plans and corporate policy; setting long-term goals and objectives; evaluating the agency's overall performance and progress towards established targets; managing programmes to improve business processes and ensure consistent service delivery; preparing or revising laws and other regulatory instruments that affect the authority's functions and responsibilities; obtaining legal advice from external sources using the laws that regulate the function of government entities.

Statistics

\$33 Million Spent

5 Departments

282 Employees

253 Caymanians

Authorities, Boards and Committees

Port Authority

Airports Authority

Cayman Turtle Centre Ltd.

Cayman Airways Board

Hotel Licensing Board

Miss Cayman Committee

Public Transport Board

Land & Sea Co-op

Tourism Advisory Council

Tourism Attractions Board

Cayman Islands Tourism Association

Sister Islands Tourism Association

Tourism Apprenticeship

Training Programme Council

National Tourism Management Policy

Steering Committee

National Festival Committee & District Committees

Sister Islands Affordable Housing Development Corporation

Human Resources

Human Resources Mission

The Ministry of DAT&T's Human Resources Division supports the Chief Officer and Heads of Departments through the development and administration of quality human resources systems, programs and services designed to enhance the work environment and increase organizational effectiveness.

Human Resources Vision

To provide a strategic and operational human resources function that is creative, customer focused (internal and external), quality driven, and highly effective toward the pursuit of an exceptional and diverse workforce.

Human Resources Management Report and Statistics

Recruitment:

Human resources initiatives undertaken during the year centered on identifying well-qualified and experienced candidates to fill vacant positions. The Ministry is particularly pleased to confirm that through diligent and effective succession planning, many of these roles were filled internally, and 96 of our staff based in the Cayman Islands are Caymanian. In cases where there were no available internal candidates to fill vacant positions, effective recruitment exercises were performed which resulted in the successful hiring of qualified external Caymanian applicants.

Learning & Development:

Several staff members have embraced opportunities to further their education and professional development by pursuing degrees at the Associate, Bachelor's and Master's levels, while others are completing accounting certifications. In November 2018, Managers and Department Heads attended a 2-day Leadership Conference, organized by the Portfolio of the Civil Service, which centered around the theme "The Dynamic Leader: Responding to an Uncertain World". Employees continue to take advantage of free training sessions and courses provided by the Portfolio of Civil Service to enhance their personal and professional development, as well as attending local conferences focused on their areas of expertise.

Performance Management:

For the 2018 financial year, the Ministry had Performance Agreements in place for all employees based in the Cayman Islands, as part of its overall performance management system to increase accountability and drive performance across all sectors.

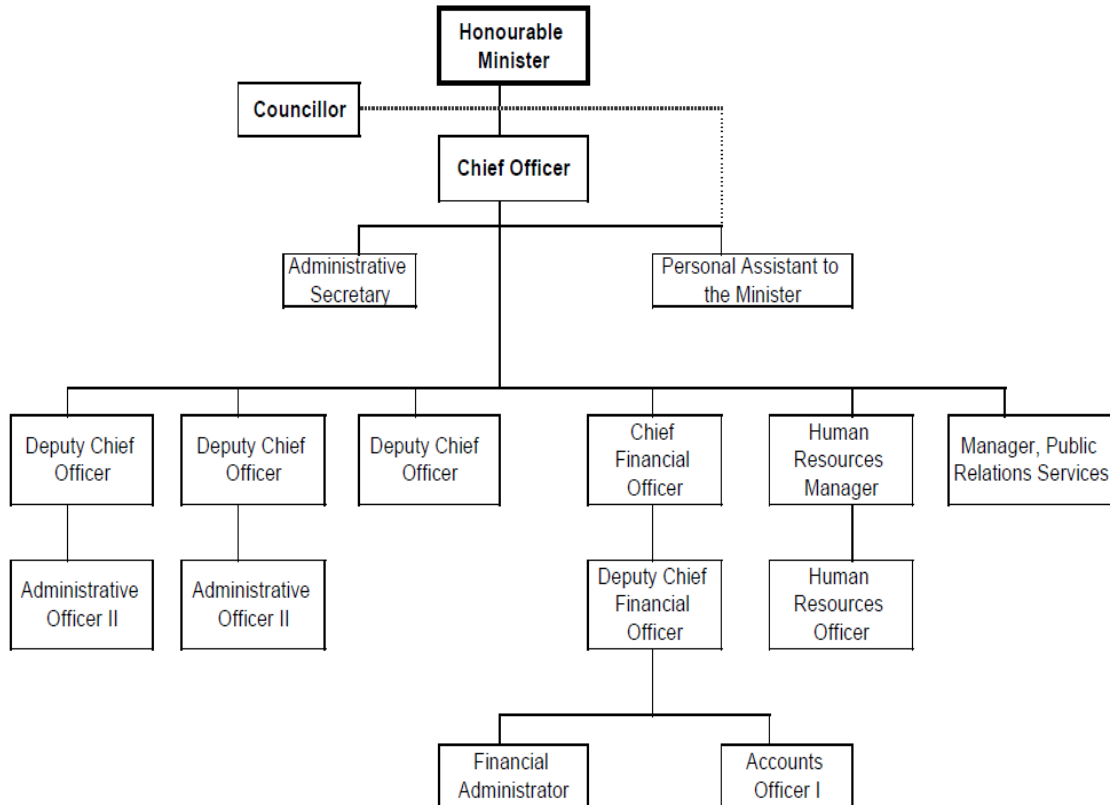
Staff Complement as of 31 December 2018

Cost Center	Caymanians	PR or Married to Caymanian	Non-Caymanians	Total Staff Complement	Percentage Caymanian
District Administration	169	4	1	174	97%
Core Ministry Administration	14	1	0	15	93%
Public Transport Unit	11	0	0	11	100%
National Weather Service	15	0	1	16	94%
Department of Tourism	44	0	22*	66	67%
Total	253	5	24	282	90%

* 19 of the Non-Caymanians in the Department of Tourism are employees within the overseas offices located in Canada, USA and UK; the remaining 3 Non-Caymanians are located in the Cayman office.

Organisational Chart

The Ministry of District Administration, Tourism and Transport
Core Ministry - Organizational Chart - as of 31 December 2018



Department of Tourism



About us

The Cayman Islands Department of Tourism (CIDOT) is a public sector agency charged with short and medium term responsibility for strategic planning and general destination management for the Cayman Islands tourism industry. The Department practices corporate business management acumen in the public sector environment, and involves a close working relationship with a wide range of stakeholders. To be successful, the Department must maintain a global perspective and a parallel local sensitivity in order to meet its broadest objectives as identified in the National Tourism Plan to be implemented from 2019 onwards.

Scope of Activities

The nature of the activities executed by the Department range from research and policy advice to international marketing and sales, from industry training programmes to the development of responsible management of the tourism industry. At all times, the Department seeks to advance the heritage, culture and values of the Cayman Islands and promote the advancement of sustainable tourism policies for the benefit of present and future generations.

Our People

- Sixty-two (62) employees from all Cayman Islands global offices completed training on “Think Feel Know” a communication indicator framework to continue to improve team dynamics and communication.
- As part of Staff Engagement and becoming a World Class Civil Service, the Department facilitated two (2) workshops for GCM employees to attend during 2018. The workshops were “Dress for Success and Taming your Stress Monster”.
- Some employees also received Gallup Strengths Based Development training as part of the Caribbean Tourism Organization’s Human Resource Conference which the Department hosted in November 2018.
- Three (3) staff members advanced in continuing education and are currently pursuing degrees at various levels that include Associate, Bachelor’s and Master’s levels.
- The Department of Tourism Grand Cayman Head Office is comprised of 93% Caymanians.

Department of Tourism

Achievements

- JetBlue, American Airlines, Air Canada, West Jet and Cayman Airways all added additional service to Grand Cayman
- #10 Cayman Islands - Best Islands in the World - Condé Nast Traveler readers ranked the 30 best islands in the world outside the U.S.
- Cayman Islands was ranked 1st on "The 19 Best Caribbean Islands to visit in 2019" in the Caribbean Journal round-up and also won Best Cruise Destination, Caribbean/Bahamas from TRAVVY
- Cayman Vows won a Gold HSMAI Award for "Best Integrated Marketing Campaign"
- #19 out of 25 Best Island Beaches for Swimming and Snorkeling by Condé Nast Traveler
- Cayman Islands Seven Mile Beach is a winner on TripAdvisor's Traveler's Choice Awards ranking now at #5 in the World and #4 in the Caribbean

Forward looking

As the Cayman Islands Department of Tourism looks to future expansion of the Cayman Islands Tourism Product and the responsible management of the sector, the following strategic areas will be a priority in the 2019 fiscal year:

- Begin implementation of 5-year National Tourism Plan 2019 – 2023 with focus on points of entry, visitor experience and tourism talent development
- Modernization of Tourism Law (1995 Revision) and Tourism Regulations (2002 Revision)
- Support the advancement of cruise and stayover tourism and the modernization of ports of entry
- Build internal and external human resource capacity to enhance sustainable destination management and operation through the School of Hospitality Studies programme, support for tourism education and career development, DOT industry workshops, seminars and training tools as well as staff training and development
- Advance Aviation as a critical success factor, sustain visitation and diversify source markets by focusing on UK/Europe
- Grow Brand awareness in the US with the launch of a new Advertising campaign
- Investigate a Digital Tourism Tax Remittance Solution
- Expand Global Destination Brand Awareness through delivery of increased visitation from the Cayman Islands primary market (USA), secondary markets (Canada & UK/Europe) and new growth markets
- Shape a European Strategy to expand markets beyond the United Kingdom and Ireland through Sales, Advertising and Aviation Relations. Specifically, to effectively rebound the Continental Europe visitation levels through marketing strategies and partnerships
- Conduct research on Tourism Satellite Account development for economic measurement of tourism and reporting purposes

District Administration

About us

District Administration Department is the main Government Office within the Sister Islands. The general nature of activities is to administer and support the business of government in Cayman Brac and Little Cayman, ensuring the timely and efficient implementation of government policies. It is headed by the District Commissioner and the Deputy District Commissioner.

The sections that fall under the remit of District Administration include:

- District Commissioner's Office
- Human Resources
- Finance/Budget
- Computer Services
- General Administration
- Public Works
- Facility Management (New)
- Customs
- Immigration
- Treasury
- Day Care Centre
- District Office (Little Cayman)
- Heritage House
- Marketing & Promotions
- Museum
- Vehicle Licensing

Scope of Activities

To provide the following services in Cayman Brac and Little Cayman:

- General Administration, Policy Formulation, Coordination and Implementation;
- Customs and Immigration Services and Controls;
- Public Works Implementation and Management;
- Facility Management;
- Disaster Management;
- Treasury Services;
- Vehicle and Licensing Services;
- Coordinate VIP Visits and Host Official Ceremonial and Social Functions;
- Administer Museum/Cultural/Heritage Awareness Services;
- Provide Pre-School and Child Care Services;
- Marketing & Promotions Services
- IT Services
- Respond to the needs of other government (client) departments and agencies

District Administration

Customers and Location of Activities

District Administration customers include the general public, resident and non-resident, and, other government departments and agencies. District Administration Department Headquarters is located at 19 Kirkconnell Street, Stake Bay, Cayman Brac with other operational offices at various locations on Cayman Brac and Little Cayman.

Achievements - Cayman Brac & Little Cayman

- 25 houses repaired for Senior Citizens
- Roads repaired in West End area as Water Authority installed water pipelines
- Secondary public roads paved with asphalt in West End and Spot Bay area
- 25M Swimming Pool – 95% complete (Full completion anticipated in 1st half of 2019)
- Sports Complex Multi-Purpose Hall Interior Fit-Out – 80% Completed (Full completion anticipated in 1st half of 2019)
- Construction of Little Cayman ‘Mary’s Bay’ Public Restroom completed
- Salt Water Pond – Water level and pumps maintained/monitored
- Procured for major fleet replacement of PWD aged Heavy Equipment & Vehicles – (Equipment/Vehicles to arrive in 1st half of 2019)
- Full replacement of District Administration Building AC system
- Procured for replacement AC systems at Brac Daycare Centre, LCM Multi-Purpose Hall and Brac Sports Complex Changing Rooms – (Installation to be completed in 1st quarter 2019)
- Procured for four (4) New Buildings by District Administration for much needed Office Space – (Exterior works to be completed by 3rd quarter 2019)
- Continuation of Brac & LCM Roadside Clean-Up Program in phases – January thru December

Forward looking – Cayman Brac & Little Cayman

- Repair approx. 25 additional houses for Senior Citizens
- Continue Paving with Asphalt, secondary roads, as well as repairs to main roads due to Water Authority pipeline installation
- Complete the 25M Swimming Pool
- Complete interior Fit-Out of the Sports Complex Multi-Purpose Hall
- Construct the parking Lots for the Swimming Pool & Multi-Purpose Hall
- Prepare Architectural Plans for the tender for the renovation of District Administration Building
- Continue Roadside Clean-Up Program
- Continue the maintenance/monitoring of Salt Water Pond water levels/pump
- Complete exterior works on four (4) new Office space buildings by District Administration Building
- Construct two (2) Changing Rooms and a Public Restroom at the Sports complex Pool Site
- Continue road repairs in Little Cayman
- Design and replace Public Docks on the western end of Little Cayman

National Weather Service



About us

The Cayman Islands National Weather Service (CINWS) provides services to a wide suite of customers including the aviation sector, marine boaters and sea sporting activities, fishermen and General Public. The CINWS also provides warnings to protect life and property from adverse weather conditions including those during the passage of tropical cyclones. The Cayman Islands National Weather Service (CINWS) is involved in a four-fold mission: monitoring; research; service provision and international cooperation.

Scope of Activities

CINWS provides the following services:

- Meteorological observing, monitoring and related services (manual observations, Weather website, weather app and radar images);
- Range of weather information, forecast and warning services, (Aviation lightning Alerting and weather radio);
- Maintenance of systems for the collection and quality control of observational data, (Including Cayman Brac);
- Maintenance of the national climate archive. (For both Grand Cayman and Cayman Brac)

Governance

- Locally the service is supported by the National Weather service Law, 2010, "Section 3 (1) The Cayman Islands National Weather Service shall be recognized as the authority for all weather, climate, seismic and other meteorological matters in the Islands."
- Meteorological duties are carried out under strict rules and regulations as agreed by international bodies such as the World Meteorological Organization (WMO) and the International Civil Aviation Authority (ICAO).

Our People

The Service operates with a staff of 16 officers, 15 of which are Caymanian. The staff operates on a shift system that covers 17 hours for the day. All staff is qualified through the regional training center in Barbados.

National Weather Service

Achievements

- Install GOES-R weather satellite receiving system in summer 2018 for enhanced weather forecasting, storm tracking, and meteorological research – Advanced training set for January 2019.
- Completed Preliminary Plans for the New National Weather Service Operational and Research Facility and Cost Estimate for the facility.
- Increased radar technical support through attendance of a workshop for radar techs in various Caribbean locations every 5 years.
- Continued investment in succession planning by sending staff to international conferences and appropriate training.
- Continued involvement in International Meteorological affairs - Director General trip to St Kitts for the Caribbean Meteorological Council meeting, Chief Meteorologist trip to Martinique for the Regional Hurricane Committee meeting.
- Continued work in carrying out the CINWS Strategic Plan 2018 – 2022.
- Completion of the Business Case for the AWOS (Automatic Weather Observation System) network includes 8 locations in Grand Cayman, and 2 in the Sister Islands; 2 weather buoys to support stakeholders including Agriculture, aviation, Coast Guard, Hazards Management, etc.
- Sent staff for specialized training for Wave Modeling; Completed procurement for wave modeling computer and program.

Forward looking:

- Specialized Goes R training planned for January 2019; Produce an Implementation plan by February 2019 and to be fully operational by March 2019.
- Completion of Final Architect Plans, obtaining of Building Permit and start of construction for the New National Weather Service Operational and Research Facility.
- Completion of Plans for the AWOS network and Cost Estimate: Procurement and installation of a few of the systems based in priority.
- Continued implementation phases of the CINWS Strategic Plan 2018 – 2022.
- Plans to start an on-call shift for Aviation Meteorology Support Services outside of normal working hours.
- Purchase and implementation of wave modeling project: Delivery of specialized products to specific sectors.
- Have discussions and produce MOU's with a number of agencies such as Police, Port Authority, Department of Tourism, etc. These MOU's deals with the operational support of the CINWS for these specific agencies.
- Continued development of the CINWS Weather APP and look into the installation of a Weather Radio for the Sister Islands.

Public Transport Unit



About us

The Public Transport Unit is vital for the proper functioning, growth and development of the Cayman Islands. The Public Transport Unit ensures efficient and effective transportation services in six categories including bus routes at acceptable levels of modern, urbanized cities.

The Transport Unit together with its stakeholders provides public transportation for residents, and tourist alike. The provision of best services includes customer service, hailing options, and routes circulation in a timely manner and care for older and handicaps passengers with various types of modern vehicles.

Scope of Activities

- Assist with the training of all public passenger operators and drivers.
- Conduct general knowledge test and reviews
- Conduct Inspections for customer assurance both on public passenger vehicles and drivers to ensure operators and drivers are compliant with the Laws, Regulations, PTB policies and guidelines.
- Prepare reports as requested for the PTB to assist in their decision making process.
- Prepare agendas, and minutes of the PTB meetings.
- Prepare and issue letters to applicants
- Prepare reports for the PTB at the Public Transport Appeals Tribunal meetings
- Investigate complaints.
- Queue and dispatch omnibuses from the Bus Depot.
- Co-ordinate with tourism stakeholders to enhance their businesses and our guest experience.
- Provide information and answers queries about all forms of transportation.
- Monitor all operators and drivers to ensure the travelling public receives quality of service.

Public Transport Unit

Customers/Location of Activities/ Total Number of Person Employed as 31 December 2018

PTU customers include guest and residents in the Cayman Islands at ports of entry, hotels, restaurants, attractions, and local residences.

In 2018, 289,576 passengers took the public bus from the Bus Depot. This is an increase of approximately 40,000 passengers or 11.4% over 2017. Dispatching also increased to 72,642 per annum. This is an increase of 13,068 per annum or 21.97% over 2017.

Currently there are 776 persons employed in the transportation sector with 577 or 74.22% being Caymanian. This represents a decrease from 778 in 2017 with 600 or 77.12% being Caymanians. This is still an increase over 2016 when 753 persons were employed in the six transportation services. Caymanian participation in transportation continues to decrease from a high of 636 or 84.36% in 2016. In 2018 the Public Transport Board approved an increase of 20% for taxi fares which was the first increase in 10 years. New fares will commence once the new taxi fare app is operational. Three new bus routes commenced operation in 2018 to meet customer demands.

Audited Financial Statements



**MINISTRY OF DISTRICT ADMINISTRATION, TOURISM AND
TRANSPORT**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2018**



Cayman Islands Government
Government Administration Building
Grand Cayman,
Cayman Islands
Tel: 345-949-7900 ext. 2420

MINISTRY OF DISTRICT ADMINISTRATION, TOURISM AND TRANSPORT

STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by the Ministry of District Administration, Tourism and Transport in accordance with the provisions of the Public Management and Finance Law (2018 Revision) and International Public Sector Accounting Standards.

We are responsible for establishing; and have established and maintain a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorised by law, and properly record the financial transactions of the Ministry of District Administration, Tourism and Transport.

We are responsible for the preparation of the Ministry of District Administration, Tourism and Transport's financial statements and for the judgements made in them. We accept responsibility for their accuracy and integrity.

The financial statements fairly present the statement of financial position, statement of financial performance, statement of cash flows and statement of changes in net worth for the year ended 31 December 2018.

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

- (a) completely and reliably reflect the financial transactions of Ministry of District Administration, Tourism and Transport for the year ended 31 December 2018;
- (b) fairly reflect the financial position as at 31 December 2018 and performance for the year ended 31 December 2018;
- (c) comply with the provisions of the Public Management and Finance law (2018 Revision) and International Public Sector Accounting Standards.

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

A blue ink signature of Stran Boddan, written in a cursive style.

Stran Boddan
Chief Officer

Date- 25 APRIL 2019

A blue ink signature of Neyka Webster, written in a cursive style.

Neyka Webster
Chief Financial Officer

Date- 25 April 2019



Phone: (345) - 244-3211 3rd Floor, Anderson Square
Fax: (345) - 945-7738 64 Shedden Road, George Town
AuditorGeneral@oag.gov.ky P.O.Box 2583
www.auditorgeneral.gov.ky Grand Cayman, KY1-1103, Cayman Island

AUDITOR GENERAL'S REPORT

To the Members of the Legislative Assembly and the Chief Officer of the Ministry of District Administration, Tourism and Transport

Opinion

I have audited the financial statements of the Ministry of District Administration, Tourism and Transport (the "Ministry"), which comprise the statement of financial position as at 31 December 2018 and the statement of financial performance, statement of changes in net worth and cash flows statement for the year ended 31 December 2018, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 9 to 25.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Ministry as at 31 December 2018 and its financial performance and its cash flows for the year ended 31 December 2018 in accordance with International Public Sector Accounting Standards.

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Ministry in accordance with the International 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.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are

AUDITOR GENERAL'S REPORT (continued)

considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

I have undertaken the audit in accordance with the provisions of section 60(1)(a) of the Public Management and Finance Law (2018 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

25 April 2019
Cayman Islands

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018
(EXPRESSED IN CAYMAN ISLANDS DOLLAR)**

18 Months to 31 December 2017			31 December 2018	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		Note	\$'000	\$'000	\$'000	\$'000
	Current Assets					
6,839	Cash and cash equivalents	3	13,269	10,592	10,592	(2,677)
9,659	Trade receivables	4	3,385	2,678	2,678	(707)
143	Other receivables	4	99	13	13	(86)
346	Inventories	5	321	502	502	181
449	Prepayments	6	1,119	6	6	(1,113)
17,436	Total Current Assets		18,193	13,791	13,791	(4,403)
10,082	Property, plant and equipment	7	10,315	10,789	11,368	474
6	Intangible assets	7b	44	10	10	(34)
10,088	Total Non-Current Assets		10,359	10,799	11,378	440
27,524	Total Assets		28,552	24,590	25,169	(3,963)
	Current Liabilities					
534	Trade payables	8	324	221	221	(103)
1,117	Other payables and accruals	8	1,323	285	285	(1,038)
298	Employee entitlements	9	405	395	395	(10)
14,469	Repayment of surplus	22	14,581	-	-	(14,581)
16,418	Total Current Liabilities		16,633	901	901	(15,732)
16,418	Total Liabilities		16,633	901	901	(15,732)
11,106	Net Assets		11,919	23,689	24,268	11,770
	NET WORTH					
3,712	Contributed capital	23	4,483	23,942	24,521	19,459
7,394	Revaluation reserve		7,436	7,499	7,499	63
-	Accumulated surpluses		-	(7,752)	(7,752)	(7,752)
11,106	Total Net Worth		11,919	23,689	24,268	11,770

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2018
(EXPRESSED IN CAYMAN ISLANDS DOLLAR)**

18 Months to 31 December 2017			31 December 2018	Original Budget	Final Budget	Variance (Orig vs actual)
\$'000		Note	\$'000	\$'000	\$'000	\$'000
	Revenue					
47,732	Sale of goods and services	10	35,060	34,808	35,003	(252)
47,732	Total Revenue		35,060	34,808	35,003	(252)
	Expenses					
21,939	Personnel costs	11	15,816	16,712	16,907	896
22,852	Supplies and consumables	12	16,549	17,097	17,097	548
1,133	Depreciation	7	764	763	763	(1)
7	Amortisation of Intangible Assets	7b	11	6	6	(5)
142	Legal costs	13	105	222	222	117
(4)	Losses on impairment of property, plant and equipment	14	23	-	-	(23)
(39)	Other gains	14	(66)	-	-	66
9	Losses on foreign exchange transactions	14	20	8	8	(12)
46,039	Total Expenses		33,222	34,808	35,003	1,586
1,693	Surplus for the year		1,838	-	-	(1,838)

**STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDED 31 DECEMBER 2018
(EXPRESSED IN CAYMAN ISLANDS DOLLAR)**

	Contributed Capital	Revaluation Reserve	Accumulated (deficits)/surplus	Total Net worth	Original Budget	Final Budget	Variance (Orig. vs. Actual)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 30 June 2016 (restated)	3,632	7,394	-	11,026	22,899	22,899	11,873
Changes in net worth for 2016/17:							
Equity Investment from/to Other Government Entity	(11)	-	-	(11)	-	-	11
Equity Investment from Cabinet	91	-	-	91	100	100	9
Net revenue / expenses recognised directly in net worth	80	-	-	80	100	100	20
Surplus for the period 2016/17	-	-	1,692	1,692	145	145	(1,547)
Repayment of surplus	-	-	(1,692)	(1,692)	-	-	1,692
Total recognized revenues and expenses for the period	80	-	-	80	245	245	165
Balance as at 31 December 2017	3,712	7,394	-	11,106	23,143	23,143	12,037
Changes in net worth for 2017/18:							
Prior Year Adjustments	(23)	42	-	19	-	-	(19)
Balance	3,689	7,436	-	11,125	23,143	23,143	12,018
Changes in net worth for 2018:							
Equity Investment from Cabinet	794	-	-	794	546	1,125	(248)
Net revenue / expenses recognised directly in net worth	794	-	-	794	546	1,125	(248)
Surplus for the period 2018	-	-	1,838	1,838	-	-	(1,838)
Repayment of surplus	-	-	(1,838)	(1,838)	-	-	1,838
Total recognized revenues and expenses for the period	794	-	-	794	546	1,125	(248)
Balance as at 31 December 2018	4,483	7,436	-	11,919	23,689	24,268	11,770

**STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2018
(EXPRESSED IN CAYMAN ISLANDS DOLLAR)**

18 Months to 31 December 2017			31 December 2018	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		Note	\$'000	\$'000	\$'000	\$'000
	CASH FLOWS FROM/USED IN OPERATING ACTIVITIES					
	<i>Receipts</i>					
39,112	Outputs to Cabinet		41,360	32,948	32,948	(8,412)
842	Sale of goods and services - third party		657	520	520	(137)
1,407	Other receipts		1,083	-	-	(1,083)
	<i>Payments</i>					
(14,915)	Personnel costs		(10,263)	(16,712)	(16,712)	(6,449)
(31,288)	Supplies and consumables		(21,981)	(17,327)	(17,327)	4,654
(53)	Other payments		(1,066)	-	-	1,066
<u>(4,895)</u>	Net cash flows from/used in operating activities		<u>9,790</u>	<u>(571)</u>	<u>(571)</u>	<u>(10,361)</u>
	CASH FLOWS USED IN INVESTING ACTIVITIES					
(159)	Purchase of property, plant and equipment	7	(1,028)	(1,402)	(1,402)	(374)
-	Advance payments for property, plant and equipment	7	(686)	-	-	686
<u>(159)</u>	Net cash flows used in investing activities		<u>(1,714)</u>	<u>(1,402)</u>	<u>(1,402)</u>	<u>312</u>
	CASH FLOWS USED IN FINANCING ACTIVITIES					
192	Equity Investment		47	546	546	498
<u>(2,207)</u>	Repayment of Surplus	22	<u>(1,693)</u>	<u>(145)</u>	<u>(145)</u>	<u>1,548</u>
<u>(2,015)</u>	Net cash flows used in financing activities		<u>(1,646)</u>	<u>401</u>	<u>401</u>	<u>2,046</u>
(7,069)	Net (decrease)/increase in cash and cash equivalents		6,430	(1,572)	(1,572)	(8,004)
<u>13,908</u>	Cash and cash equivalents at beginning of period		<u>6,839</u>	<u>12,164</u>	<u>12,164</u>	<u>5,325</u>
<u>6,839</u>	Cash and cash equivalents at end of period	3	<u>13,269</u>	<u>10,592</u>	<u>10,592</u>	<u>(2,679)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Note 1: Description and Principal Activities

The Ministry of District Administration, Tourism and Transport ("the Ministry") is a Government owned entity as defined by section 2 of the Public Management and Finance Law (2018 Revision) and it is domiciled in the Cayman Islands.

- The Ministry's principal activities and operations include the activities carried out by the departments as follows: The Department of Tourism seeks to advance the heritage, culture and values of the Cayman Islands and promote the advancement of sustainable tourism policies for the benefit of future generations. The Department is charged with short and medium term responsibility for strategic planning and general destination management for the Cayman Islands tourism industry. The nature of the activities include such areas as research and policy advice, international marketing and sales, industry training programmes, and development of environmentally responsible management of the tourism industry. The Department operates offices in the Cayman Islands, New York and London.
- The District Administration department administers the business of the Cayman Islands Government in Cayman Brac and Little Cayman, ensuring the timely and efficient implementation of Government policies.
- The Cayman Islands National Weather Service is responsible for monitoring meteorological events and provision of meteorological information. The unit also plays a key role in Cayman's hurricane preparedness and mitigation efforts. The weather service operates from the General Aviation Terminal at the Owen Roberts International Airport.
- The Public Transport Unit is responsible for the public transport network, schedules and fares in the Cayman Islands. The Unit manages the dispatch of buses to all districts from the Bus Depot located in central George Town.

The Ministry's financial year end was changed from 30th June to 31st December as a result of an amendment to the Public Management and Finance Law (2018 Revision) that was passed by the Legislative Assembly on 27th March 2017. Accordingly, the comparative financial statements for the prior year were prepared for the 18-month period ending 31 December 2017. The current year financial statements are for the year ended 31st December 2018 and are not directly comparable to the 18 months 31st December 2017 numbers.

Note 2.1: Statement of Compliance and basis of preparation

The financial statements of the Ministry have been prepared on an accrual basis in accordance with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Cayman Islands dollars, which is the functional and reporting currency of the Ministry. Except where noted, all values in these financial statements are rounded to the nearest thousand (\$000). The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flows statement is prepared using the direct method.

Certain new accounting standards have been published that are not mandatory for the 31 December 2018 reporting period and have not been early adopted by the Ministry. The Ministry's assessments of the impact of these new standards are set out below:

IPSAS 40, Public Sector Combinations was issued in January 2017 and shall be applied for annual financial statements covering periods beginning on or after 1 January 2019.

IPSAS 41, Financial Instruments was issued in August 2018 and shall be applied for financial statements covering periods beginning on or after 1 January 2022. IPSAS 41 establishes new requirements for classifying, recognizing and measuring financial instruments to replace those in IPSAS 29, Financial Instruments: Recognition and Measurement.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Note 2.1: Statement of Compliance and basis of preparation (continued)

IPSAS 42, Social Benefits was issued in December 2018 and shall be applied for financial statements covering periods beginning on or after 1 January 2022. IPSAS 42 defines social benefits and determines when expenses and liabilities for social benefits are recognized and how they are measured.

Based on our assessment it is anticipated that these standards will not be applicable to the Ministry in future periods, however, we will reassess IPSAS 41, Financial Instruments more fully closer to the effective date of adoption.

Note 2.2: Significant Accounting Policies

(a) Changes in accounting policies

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

The Ministry has presented prior year comparative information in the financial statements in accordance with IPSAS 1, Presentation of Financial Statements.

(b) Budget amounts

The original budget amounts for the financial year are presented in the “2018-19 Annual Budget Statements” and were approved by the Legislative Assembly in December 2017. The Supplementary Appropriation (January 2018 to December 2018) Bill, 2018 was passed in the Legislative Assembly in 2018 to increase the budgeted amounts by \$194,589 for the Ministry to account for the increase in CINICO premiums that were not budgeted for.

(c) Judgments and estimates

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the reporting period that s affected by those revisions and future years, where applicable.

(d) Changes in accounting estimates

As at 31 December 2018 there were no material changes to accounting estimates as defined by IPSAS 3.

(e) Revenue

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Note 2.2: Significant Accounting Policies (continued)

(f) Expenses

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

(g) Operating leases

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

(h) Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, cash in-transit and cash at bank with an original maturity of three months or less from the date of acquisition. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

(i) Prepayments

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

(j) Inventory

Inventory shall be measured at the lower of cost and net realisable value. Where inventories are acquired at no cost, or for nominal consideration, the amount reported is the current replacement cost at the date of acquisition.

Costs are assigned to inventory using the first in first out method.

The write-down from cost to current replacement cost or net realisable value is recognized in the statement of financial performance in the period when the write down occurs.

(k) Property, plant and equipment

Plant and equipment, is stated at historical cost less accumulated depreciation and impairment losses. Items of plant and equipment are initially recorded at cost. Cost includes expenditure that is directly attributable to the acquisition of the items. Property is stated at the revaluation model, after initial recognition, the asset is carried at fair value being recognised in the statement of changes in net worth in accumulated net worth under the heading revaluation reserve. Any increases in the fair value are only recognised in the statement of financial performance to the extent that the increase reverses a revaluation decrease of the same asset previously recognised in profit or loss.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Ministry recognizes such parts as individual assets with specific useful lives and depreciated them accordingly. All other repairs and maintenance costs are recognized in the statement of financial performance as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation on assets is charged on a straight-line basis over the useful life of the assets (with the exception of land). Depreciation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life; rates are stipulated in table below.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Note 2.2: Significant Accounting Policies (continued)

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

Disposals

The Ministry derecognizes items of property, plant and equipment and/or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the surplus or deficit at the time the asset is derecognized.

(l) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite.

An intangible asset with a finite life is amortized over its useful life:

Software 4 – 10 years

Intangible assets with a finite useful life are assessed for impairment whenever there is an indication that the asset may be impaired. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the surplus or deficit when the asset is derecognized.

An intangible asset with an indefinite useful life should not be amortised. Its useful life should be reviewed each reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset.

(m) Employee benefits

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Note 2.2: Significant Accounting Policies (continued)

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

Prior to 1 January 2000, the Board operated a defined benefit scheme. With effect from 1 January 2000, the Board continued to operate a defined benefit scheme for existing employees and a defined contribution scheme for all new employees.

Obligations for contributions to defined contribution retirement plans are recognised in the statement of financial performance as they are earned by employees. Obligations for defined benefit retirement plans are centralized in the Government and therefore, reported in the consolidated financial statements for the entire public sector of the Cayman Islands Government.

(n) Financial instruments

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

When there is objective evidence that a financial asset or group of financial assets is impaired the losses are recognised as a loss in the statement of financial performance.

Classification

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

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

Recognition

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

Measurement

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

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

De-recognition

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Note 2.2: Significant Accounting Policies (continued)

(o) Contingent liabilities and assets (including guarantees)

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

(p) Foreign currency

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

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

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

(q) Revenue from non-exchange transactions

The Ministry receives various services from other government entities for which payment is made by the Cayman Islands Government. These services include but are not limited to computer repairs and software maintenance by the Computer Services Department, human resources management by the Portfolio of the Civil Service and office space from the Cayman Islands Airport Authority.

The Ministry has designated these non-exchange transactions as services in-kind as defined under IPSAS 23 – Revenue from non-exchange transactions. When fair values of such services can be reliably estimated then the non-exchange transaction is recorded as an expense and an equal amount is recorded in other income as a service in-kind. Where services in-kind offered are directly related to construction or acquisition of a fixed asset, such service in-kind is recognised in the cost of the fixed asset.

Note 3: Cash and cash equivalents

Cash and cash equivalents include cash on hand; bank accounts in the name of the Ministry of District Administration, Tourism and Transport maintained at Royal Bank of Canada, Cayman National Bank, Barclays Bank (UK) and Bank of America (NY), and short term deposits invested with the Cayman Islands Government Treasury Department. As at 31 December 2018 the Ministry held restricted cash balances of \$44 thousand dollars payable to other Government departments. The District Administration Department acts as an intermediary for the other government departments as it is the only department in Cayman Brac with a bank account.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Note 3: Cash and cash equivalents (continued)

Actual 2016/17	Description	Foreign Currency	Exchange Rate	Actual 2018	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000		\$'000	\$'000	\$'000	\$'000
2	Cash on hand	-	-	2	1,309	1,309	1,307
-	Cash in transit	-	-	-	1	1	1
1,608	CI\$ operational current account	-	-	7,699	3,767	3,767	(3,931)
174	US\$ operational current account	(80)	0.8375	(67)	72	72	139
31	Payroll current account	-	-	74	435	435	361
(123)	US\$ bank accounts	394	0.8375	330	(83)	(83)	(413)
(4)	CDN\$ bank accounts	(95)	0.6480	(62)	(97)	(97)	(35)
116	GBP bank accounts	175	1.1148	195	180	180	(15)
5,036	Fixed Deposits	-	-	5,098	5,007	5,007	(92)
6,839	TOTAL			13,269	10,592	10,592	(2,677)

Note 4: Trade receivables and other receivables

As at 31 December 2018 all overdue receivables have been assessed and appropriate provisions made.

Actual 2016/17	Description	Actual 2018	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
187	Sale of goods and services	44	79	79	35
9,472	Outputs to Cabinet	3,341	2,599	2,599	(742)
9,659	Total trade receivables	3,385	2,678	2,678	(707)

Actual 2016/17	Description	Actual 2018	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
3	Advances (salary, official travel, etc.)	20	1	1	(19)
2	Dishonoured cheques	2	2	2	-
138	Other receivables	77	10	10	(67)
143	Total other receivables	99	13	13	(86)

Actual 2016/17	Description	Actual 2018	Non-current	Total Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
9,472	Current	3,348	-	3,348	-	-	(3,348)
47	Past due 1-30 days	3	-	3	2,678	2,678	2,675
3	Past due 31-60 days	1	-	1	-	-	(1)
1	Past due 61-90 days	1	-	1	-	-	(1)
4	Past due 90 and above	6	-	6	-	-	(6)
32	Non-current	4	-	4	-	-	(4)
100	Past due 1 year and above	22	-	22	-	-	(22)
9,659	Total	3,385	-	3,385	2,678	2,678	(707)

The provision for doubtful debts has been calculated based on expected losses from a review of specific debtors, an analysis of the Ministry losses in previous periods. As at 31 December 2018 trade receivables were not impaired.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Note 5: Inventory

Actual 2016/17	Description	Actual 2018	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
346	Inventory held for use in the provision of goods and services	321	502	502	181
346	Total Inventory	321	502	502	181

As at 31 December 2018 inventory was held at a net realizable value of \$321k. Management determined that no write down of inventory was required.

Note 6: Prepayments

Actual 2016/17	Description	Actual 2018	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
449	Accrued Prepayments	1,119	6	6	(1,113)
449	Total Prepayments	1,119	6	6	(1,113)

As at 31 December 2018, the Ministry made payments in advance for several contracts for the delivery of services relating to the Department of Tourism. At 31 December 2018, the amounts paid in advance were for items of property, plant and equipment and for several contracts entered into for the provision of services also relating to the Department of Tourism.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Note 7: Property, plant and equipment

Cost	Plant and equipment	Buildings	Furniture and Office Equipment	Computer Hardware	Other assets	Infrastructure	Water reticulation	Motor Vehicles	Marine Vessels	Aircrafts	Assets under construction or development	Total	Original Budget 2016/17	Final Budget 2016/17	Variance (Orig vs Actual)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2016	812	9,677	341	217	-	18	19	4,424	17	36	87	15,649	14,735	14,735	(914)
Additions	9	43	26	69	7	6	-	398	144	-	768	1,470	853	853	(617)
Revaluations	-	-	-	-	-	-	-	-	-	-	(2)	(2)	622	622	624
Disposals	(9)	-	(21)	(28)	-	-	-	(45)	-	-	(850)	(953)	-	-	953
Transfers	-	-	-	(2)	-	-	-	(44)	-	-	-	(46)	-	-	46
Balance at 31 December 2017	812	9,720	346	256	7	24	19	4,733	161	36	3	16,118	16,210	16,210	92

Cost	Plant and equipment	Buildings	Furniture and Office Equipment	Computer Hardware	Other assets	Infrastructure	Water reticulation	Motor Vehicles	Marine Vessels	Aircrafts	Assets under construction or development	Total	Original Budget 2018	Final Budget 2018	Variance (Orig vs Actual)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 January 2018	812	9,720	346	256	7	24	19	4,733	161	36	3	16,118	16,210	16,789	92
Additions	43	93	32	117	-	173	-	150	-	-	370	977	1,392	1,392	415
Disposals	-	-	-	(5)	(7)	-	-	(129)	-	-	-	(141)	-	-	141
Balance at 31 December 2018	855	9,813	378	368	-	197	19	4,754	161	36	373	16,954	17,602	18,281	648

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Note 7: Property, plant and equipment (continued)

Accumulated Depreciation	Plant and equipment	Buildings	Furniture and Office Equipment	Computer Hardware	Other assets	Infrastructure	Water reticulation	Motor Vehicles	Marine Vessels	Aircrafts	Assets under construction or development	Total	Original Budget 2016/17	Final Budget 2016/17	Variance (Orig vs Actual)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2016	500	44	274	158	-	17	-	4,028	17	-	-	5,039	4,947	4,947	(92)
Prior-year adjustments	-	(2)	-	-	-	-	-	-	-	-	-	(2)	-	-	2
Transfers	2	(2)	-	1	-	-	-	-	-	-	-	1	-	-	(1)
Impairment reserve	-	-	-	-	-	-	-	(33)	-	-	-	(33)	49	49	82
Depreciation expense	80	671	31	67	1	-	1	266	14	2	-	1,139	1,055	1,055	(78)
Eliminate on disposal	(9)	-	(18)	(30)	-	-	-	(43)	-	-	-	(102)	-	-	102
Other adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 December 2017	573	711	287	196	1	17	1	4,216	31	2	-	6,036	6,051	6,051	15

Accumulated Depreciation	Plant and equipment	Buildings	Furniture and Office Equipment	Computer Hardware	Other assets	Infrastructure	Water reticulation	Motor Vehicles	Marine Vessels	Aircrafts	Assets under construction or development	Total	Original Budget 2018	Final Budget 2018	Variance (Orig vs Actual)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 January 2018	573	711	287	196	1	17	1	4,216	31	2	-	6,036	6,051	6,051	15
Depreciation expense	56	449	21	60	1	16	0	148	12	1	-	764	763	763	(1)
Eliminate on disposal	-	-	-	(5)	(2)	-	-	(111)	-	-	-	(118)	-	-	118
Other adjustments	-	(42)	-	-	-	-	-	-	-	-	-	(42)	-	-	42
Balance at 31 December 2018	629	1,118	308	251	-	33	1	4,253	43	3	-	6,640	6,814	6,814	173
Net Book value 31 December 2017	239	9,009	59	60	6	7	18	517	130	34	3	10,082	10,160	10,160	77
Net Book value 31 December 2018	226	8,695	70	117	-	164	18	501	118	33	373	10,315	10,789	11,367	474

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Note 7b: Intangible Assets

Cost	Computer Software	Total	Original Budget 2016/17	Final Budget 2016/17	Variance (Orig vs Actual)
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2016	26	26	26	26	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Balance at 31 December 2017	26	26	26	26	-

Cost	Computer Software	Total	Original Budget 2018	Final Budget 2018	Variance (Orig vs Actual)
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 January 2018	26	26	26	26	-
Additions	49	49	10	10	(39)
Balance at 31 December 2018	75	75	36	36	(39)

Accumulated Depreciation	Computer Software	Total	Original Budget 2016/17	Final Budget 2016/17	Variance (Orig vs Actual)
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2016	13	13	13	13	-
Depreciation expense	7	7	7	7	-
Balance at 31 December 2017	20	20	20	20	-

Accumulated Depreciation	Computer Software	Total	Original Budget 2018	Final Budget 2018	Variance (Orig vs Actual)
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 January 2018	20	20	20	20	-
Depreciation expense	11	11	6	6	(5)
Balance at 31 December 2018	31	31	26	26	(5)

Net Book value 31 December 2017	6	6	6	6	-
---------------------------------	---	---	---	---	---

Net Book value 31 December 2018	44	44	10	10	(34)
---------------------------------	----	----	----	----	------

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Note 8: Trade payables, other payables & Accruals

Actual 2016/17 \$'000	Description	Current \$'000	Non-current \$'000	Actual 2018 \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
189	Creditors	191	-	191	221	221	30
344	Creditors other government agencies	133	-	133	-	-	(133)
142	Payroll deductions	55	-	55	37	37	(18)
772	Accrued expenses	1,109	-	1,109	105	105	(1,004)
204	Other payables	160	-	160	145	145	(16)
1,651	Total trade payables, other payables & accruals	1,648	-	1,648	506	506	(1,142)

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

Note 9: Employee entitlements

Actual 2016/17 \$'000	Description	Actual 2018 \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
Current employee entitlements are represented by:					
52	Comp time	79	112	112	33
245	Annual leave	325	282	282	(43)
1	Accrued Salaries	1	1	1	-
298	Total employee entitlements	405	395	395	(10)

The Compensatory time in excess of standard time and long-service leave entitlements as per the individual employment contract is calculated based on current salary paid to those employees who are eligible for this benefit.

Note 10: Sales of goods & services

Actual 2016/17 \$'000	Description	Actual 2018 \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
46,857	Outputs to Cabinet ¹	34,483	34,288	34,483	(195)
501	Fees and charges ²	328	417	373	89
155	General sales	72	40	84	(32)
85	Rentals	50	37	37	(13)
134	Other	127	26	26	(101)
47,732	Total sales of goods and services	35,060	34,808	35,003	(252)

¹ Outputs to Cabinet comprise goods delivered to and services performed on behalf of the Cayman Islands Government in accordance with the Plan and Estimates for the year ended 31 December 2018.

²Fees & charges, general sales, rentals & others include administrative fees and user charges levied on the public for the delivery of government services. Certain respective rates and fee structures are gazetted and governed by the relevant revenue laws and regulations. No revenue concessions were granted during the financial year ended 31 December 2018.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Note 11: Personnel costs

Actual 2016/17	Description	Actual 2018	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
17,857	Salaries, wages and allowances	12,725	13,616	13,614	891
3,157	Health care	2,368	2,397	2,592	29
880	Pension	640	684	684	44
(76)	Leave	52	-	-	(52)
121	Other personnel related costs	31	15	17	(16)
21,939	Total personnel costs	15,816	16,712	16,907	896

Note 12: Supplies and consumables

Actual 2016/17	Description	Actual 2018	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
398	Supplies and materials	270	436	436	166
17,486	Purchase of services	13,042	12,861	12,861	(181)
429	Maintenance of vehicles and equipment, roads, buildings, etc.	263	297	297	34
872	Lease of property and equipment	535	687	687	152
871	Utilities	582	627	627	45
286	General insurance	9	16	16	7
143	Interdepartmental expenses	117	123	123	6
950	Travel and subsistence	833	821	821	(12)
233	Recruitment and training	93	253	253	160
601	Local promotion / community sponsor	268	286	286	18
359	Programme support services	344	390	390	46
200	Research and development	165	281	281	116
24	Other	28	19	19	(9)
22,852	Total supplies and consumables	16,549	17,097	17,097	548

Note 13: Legal costs

The Attorney General's Office provides litigation services to the Ministry. During the year ended 31 December 2018 the use of legal services by the Department of Tourism overseas offices was from legal firms outside of the Government for services such as contract reviews and human resources related matters. The costs were \$105 thousand for the year ended December 31, 2018 (31 December 2017: \$142 thousand).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Note 14: Gains / (Losses)

Actual 2016/17	Description	Actual 2018	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
(4)	Net losses on impairment of property, plant and equipment	23	-	-	(23)
8	Net losses on foreign exchange transactions	20	8	8	(12)
(39)	Other (gains)/losses	(66)	-	-	66
(35)	Total losses	(23)	8	8	31

Note 15: Contingent liabilities and assets

The Ministry has no contingent assets and liabilities as at 31 December 2018. (31 December 2017: NIL).

Note 16: Explanation of major variances against budget

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

Statement of financial position

Cash and cash equivalents

The actual year-end cash balance was \$2.7 million above budget primarily due to the monitoring of budgets, managed vacancies, delays in recruitment and ensuring value for money.

Trade receivables

The actual year-end trade receivables were \$707 thousand above budget primarily due to the delay in collection of funds related to Cabinet funding.

Inventories

Inventories were \$181 thousand below budget primarily due to the monitoring of inventories and ensuring we do not hold too much excess in inventory.

Prepayments

Prepayments were over budget by \$1.1 million due to budgeted property, plant and equipment items and various marketing and advertising services being purchased late in the financial year and not being on-hand or delivered by year-end.

Property, plant and equipment

Property, plant and equipment were under budget by \$474 thousand in the financial year due to budgeted items being purchased late in the financial year and not being on-hand at year-end.

Current liabilities

Current liabilities were \$15.7 million above budget mainly due to the Ministry recognizing a surplus due to Cabinet of \$14.5 million as of 31 December 2018.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Note 16: Explanation of major variances against budget (continued)

Statement of financial performance

Sales of Goods and Services

Sales of goods and services from third parties were \$252 thousand above budget mainly due to higher than expected third party revenue such as immigration related fees as well as additional Cabinet revenue allocated to the Ministry for CINICO health premium increases not allocated in the original budget.

Personnel Costs

Personnel costs were \$896 thousand below budget due to managed/delayed vacancies during the year.

Supplies and consumables

Supplies and consumables were \$548 thousand below budget due to savings attributed to the change of advertising and public relations agencies, closure of the Canada Office, reduction of fuel due to the implementation of fuel tracking system, a decrease in maintenance expenses as a result of the inventory tracking system and a reduction in demand.

Depreciation

Depreciation expense was under budgeted by \$6 thousand in the financial year due to the purchase of items not budgeted during the year.

Statement of changes in net worth

Net Worth was over budgeted by \$11.7 million due to the revaluation exercise as at 30 June 2016 which resulted in an increase in the value of buildings and due to a restatement in accumulated surpluses. The Equity Injection received for the year amounts to appx. \$794k which is what is known as an EI68. EI68 is a budgeted appropriation used for the purchase of capital assets. Once the capital assets are purchase Cabinet provides an equity injection for these amounts.

Statement of cash flows

Net cash flows from operating activities

The increase in cash from operating activities is \$10.4 million above budget is partially due to the untimely collection of Cabinet billing in 2016-17 that was collected in 2018, and personnel costs budgeted for but not incurred as a result of vacancies in the financial year.

Note 17: Related party and key management personnel disclosures

Related party disclosure

The Ministry is a wholly owned entity of the government from which it derives a major source of its revenue. The Ministry transacts with other government entities on a regular basis. These transactions were provided free of cost during the 12 month financial year ended 31 December 2018 and were consistent with normal operating relationships between entities and were undertaken on terms and conditions that are normal for such transactions.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Note 17: Related party and key management personnel disclosures (continued)

Key management personnel

Key management personnel of the Ministry received the following remuneration;

Actual 2016/17	Description	Actual 2018	Number of persons
\$'000		\$'000	
1,806	Salaries & other short-term employee benefits	1,332	12
1,806	Total	1,332	12

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

During the year, the entity had no transactions which are considered a related party to key management personnel.

Note 18: Events occurring after reporting date

No events materially affecting these financial statements occurred after 31 December 2018.

Note 19: Financial instrument risks

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

Credit risk

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

Currency and interest rate risk

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

Liquidity risk

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Note 20: Segment Reporting

	Department of Tourism - New York		Department of Tourism - Grand Cayman		Department of Tourism - London		Department of Tourism - Toronto		District Administration		National Weather Services		Ministry Administration		Public Transport Unit		Consolidated	
	2018 \$'000	2016/17 \$'000	2018 \$'000	2016/17 \$'000	2018 \$'000	2016/17 \$'000	2018 \$'000	2016/17 \$'000	2018 \$'000	2016/17 \$'000	2018 \$'000	2016/17 \$'000	2018 \$'000	2016/17 \$'000	2018 \$'000	2016/17 \$'000	2018 \$'000	2016/17 \$'000
Revenue																		
Outputs from Cabinet	10,718	14,623	7,175	9,962	1,141	2,168	1,466	1,729	9,904	13,769	1,321	1,843	1,978	2,443	778	914	34,483	46,856
Revenue from External Sources	-	-	4	34	-	-	-	-	494	790	13	19	41	9	25	24	577	876
Total Revenue	10,718	14,623	7,179	9,996	1,141	2,168	1,466	1,729	10,398	14,559	1,334	1,862	2,019	2,452	803	938	35,060	47,732
Expenses																		
Personnel	1,090	1,660	3,501	5,243	276	391	186	198	7,771	10,408	1,029	1,414	1,479	1,959	534	671	15,816	21,939
Supplies & Consumables	9,274	12,949	3,053	3,755	1,211	1,603	997	1,532	1,322	2,170	259	562	326	310	108	171	16,550	22,852
Depreciation	-	-	34	52	1	1	-	-	681	1,051	39	8	5	8	16	20	775	1,140
Other expenses	12	29	64	119	15	(1)	8	(4)	23	(39)	-	-	(64)	3	24	-	82	108
Total Expenses	10,376	14,638	6,652	9,169	1,503	1,994	1,141	1,726	9,797	13,585	1,327	1,784	1,746	2,280	682	862	33,222	46,039
Surplus/(Deficit) from Operating Activities	342	(15)	527	227	(362)	174	327	3	601	974	7	83	273	172	121	76	1,838	1,693
Assets																		
Current Assets	520	(14)	1,064	2,253	277	234	(40)	17	6,812	6,838	18	19	9,539	8,082	3	6	18,193	17,435
Fixed Assets	-	-	128	78	3	4	-	-	10,092	9,909	217	12	(199)	5,954	74	134	10,315	10,082
Fixed Assets - Intangible	-	-	13	11	-	-	-	-	-	2	28	-	8	(7)	-	-	44	6
Total Assets	520	(14)	1,205	2,342	280	238	(40)	17	16,904	10,740	263	31	9,348	14,029	77	140	28,552	27,524
Liabilities																		
Current Liabilities	751	23	344	726	49	7	35	8	395	532	70	56	395	552	13	45	2,052	1,949
Repayment of Surplus	-	-	-	-	-	-	-	-	-	-	-	-	14,581	14,469	-	-	14,581	14,469
Total Liabilities	751	23	344	726	49	7	35	8	395	532	70	56	14,976	15,021	13	45	16,633	16,418

The Ministry of District Administration, Tourism and Transport's segment report is prepared on the basis of four major sections: District Administration, Tourism, Public Transport and National Weather Service. Activities that cannot be allocated to any other segment are reported under Ministry Administration. The District Administration department administers the business of the Cayman Islands Government in Cayman Brac and Little Cayman. The Department of Tourism seeks to advance the heritage, culture and values of the Cayman Islands and promote the advancement of sustainable tourism policies for the benefit of future generations. The Public Transport Unit is responsible for the public transport network, schedules and fares in the Cayman Islands. The National Weather Service is responsible for monitoring meteorological events and provision of meteorological information.

The Ministry uses segment reporting to identify allocated resources to the operating segments and assesses their performance. The reportable segments are identified, and the disclosures selected, in line with the internal financial reporting system and based on the group accounting policies.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Note 21: Commitments

Future minimum lease commitments under non-cancellable operating leases:

Operating Commitments	One Year or Less	One to Five Years	Over Five Years	Total
	\$'000	\$'000	\$'000	\$'000
Total Operating Commitments	564	893	1,753	3,210

The London Office in the Department of Tourism leases from the Cayman Islands London Office. The current lease will expire in the year 2021.

The New York Office in the Department of Tourism leases from the Empire State Building Company L.L.C. On 29 April, 2016 the lease was renewed for another 10 years, expiring in the year 2026.

The amounts disclosed above as future commitments are based on the rental rates as stated in the lease contracts.

Note 22: Surplus repayment

As at 31 December 2018, the Ministry recorded a surplus payable of \$14.6 million (31 December 2017 as restated: \$14.5 million). As per section 39 3 (f) of the Public Management and Finance Law (2018 Revision), the entity shall "retain such part of its net operating surplus as is determined by the Minister of Finance". We confirm that as of year-end, the entity has not been advised that it may retain any operating surplus.

Note 23: Contributed capital

As at 31 December 2018, the Ministry recorded contributed capital of \$794 thousand (31 December 2017: \$91 thousand). Contributed capital is the contribution made from Cabinet at the inception of the Ministry and any additional funding requirements such as purchasing of assets.

Note 24: Revenue from non-exchange transactions

During the year ended 31 December 2018, the Ministry received services in-kind in the form of accommodation in the central government building, computer repairs and software maintenance by the computer services department and human resources management by the Portfolio of the Civil Service. The fair value of these services cannot be reliably determined and therefore no expense has been recognised in these financial statements.