



GOVERNMENT OF THE CAYMAN ISLANDS

Ministry of Human Resources and Immigration

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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Ministry of Human Resources and Immigration

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STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by the Ministry of Human Resources and Immigration in accordance with the provisions of the *Public Management and Finance Law (2018 Revision)*.

We accept responsibility for the accuracy and integrity of the financial information in these financial statements and their compliance with the *Public Management and Finance Law (2018 Revision)*.

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

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

The Ministry does not make any assertion in regards to the non-exchange transactions. The Ministry is unable to obtain reliable costing information from the relevant government departments for services provided.

With exception to the issue raised in the preceding paragraph, the financial statements fairly present the financial position, financial performance and cash flows of the Ministry of Human Resources and Immigration for the financial 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 the Ministry of Human Resources and Immigration 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 International Public Sector Accounting Standards as set out by International Public Sector Accounting Standards Board under the responsibility of the International Federation of Accountants. Where guidance is not available, the financial statements comply with International Accounting Standards issued by the International Accounting Standards Committee or accounting practice that is generally accepted in the United Kingdom as appropriate for reporting in the public sector.

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

Wesley Howell
Chief Officer

A handwritten signature in black ink, appearing to read 'W. Howell', written over a horizontal line.

April 29, 2019

Vinton Chinsee
Chief Financial Officer

A handwritten signature in black ink, appearing to read 'V. Chinsee', written over a horizontal line.

April 29, 2019

AUDITOR GENERAL'S REPORT

To the Members of the Legislative Assembly and the Chief Officer of the Ministry of Human Resources and Immigration

Opinion

I have audited the financial statements of the Ministry of Human Resources and Immigration (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 assets and cash flow 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 32.

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

AUDITOR GENERAL'S REPORT (continued)

audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

I have undertaken the audit in accordance with the provisions of Section 60(1)(a) 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
Auditor General

30 April 2019
Cayman Islands

Clarification Note to reading the presentation of the financial statements

The Government of the Cayman Islands undertook an exercise to change its fiscal year end from June 30th to December 31st in 2017. In order to achieve the change an 18-month budget and annual report was issued. The Ministry of Finance has requested that we report on an 18 month period rather than a 6 month and 12 month for the prior fiscal period.

After the May 2017 General Elections, significant changes were made to the Ministry. These changes resulted in a major shift in the priorities of the Ministry and its composition. The following Departments were transferred to the Ministry of Financial Services and Home Affairs as at July 1, 2017.

- Her Majesty's Prison Service
- Department of Community Rehabilitation
- The Cayman Islands Fire Service
- The Department of Public Safety
- Hazard Management Cayman Islands

The following Departments were transferred to the Ministry of Commerce, Planning and Infrastructure as at July 1, 2017.

- Computer Services Department

The following Departments were transferred from the Ministry of Education as at July 1, 2017.

- The National Workforce Development Agency
- The Department of Labour and Pensions

The Ministry was also renamed the Ministry of Human Resources and Immigration.

Due to these significant changes, the comparative financial statements for the prior period were prepared for the 18-month period ending December 31, 2017. The current year financial statements are for the years ended December 31, 2018 and are not comparable to the period numbers.

All figures, unless otherwise stated are expressed in Cayman Islands Dollars.

MINISTRY OF HUMAN RESOURCES AND IMMIGRATION
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

Prior Period Actual Restated \$'000		Note	Current Year Actual \$'000	Original Budget \$'000	Revised Budget \$'000	Budget Variance \$'000
Current Assets						
38,399	Cash and cash equivalents	2	47,206	39,973	39,973	(7,233)
13,605	Trade receivables	3	11,548	6,071	6,071	(5,477)
2,226	Other receivables	3	1,594	1,393	1,393	(201)
9	Inventories	4	1	12	12	11
120	Prepayments	5	2,890	248	248	(2,642)
54,359	Total Current Assets		63,239	47,697	47,697	(15,542)
Non-Current Assets						
427	Other Receivables	3	427	-	-	(427)
26,249	Property, plant and equipment	6	26,248	22,099	22,099	(4,149)
51	Intangible Assets	7	39	1,561	1,561	1,522
26,727	Total Non-Current Assets		26,714	23,660	23,660	(3,054)
81,086	Total Assets		89,953	71,357	71,357	(18,596)
Current Liabilities						
550	Trade payables	8	38	22	22	(16)
8,359	Other payables and accruals	8	5,910	2,084	2,084	(3,826)
776	Provisions for legal and other liabilities	21	796	-	-	(796)
2,303	Bank Overdraft	2	-	-	-	-
1	Unearned revenue	10	408	11	11	(397)
2,268	Employee entitlements	9	1,880	2,570	2,570	690
1,331	Surplus payable	29	12,253	2,508	2,508	(9,745)
15,588	Total Current Liabilities		21,285	7,195	7,195	(14,090)
15,588	Total Liabilities		21,285	7,195	7,195	(14,090)
65,498	Net Assets		68,668	64,162	64,162	(4,506)
NET WORTH						
41,753	Contributed capital		44,923	55,320	55,320	10,397
23,301	Revaluation reserve		23,301	8,905	8,905	(14,396)
444	Accumulated surpluses		444	(63)	(63)	(507)
65,498	Total Net Worth		68,668	64,162	64,162	(4,506)

The Notes to the Financial Statements on pages 9 to 32 form part of these financial statements.

MINISTRY OF HUMAN RESOURCES AND IMMIGRATION STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2018

Prior Period Actual Restated			Current Year Actual	Original Budget	Final Budget	Budget Variance
\$'000		Note	\$'000	\$'000	\$'000	\$'000
Revenue						
120,406	Sale of goods and services	11	67,017	66,215	66,765	(802)
281	Investment Revenue	12	516	-	-	(516)
746	Donations	13	1,958	-	-	(1,958)
138	Other revenue		74	-	-	(74)
121,571	Total Revenue		69,565	66,215	66,765	(3,350)
Expenses						
90,974	Personnel costs	14	46,823	49,357	49,907	2,534
22,185	Supplies and consumables	15	9,867	12,379	12,379	2,512
6,439	Depreciation	6	2,196	1,895	1,895	(301)
288	Amortisation of Intangible Assets	7	126	-	-	(126)
199	Litigation costs	17	33	75	75	42
229	Revaluation legal liability provisions	17	(612)	-	-	612
(85)	Other Gain and Losses	18	(19)	-	-	19
110	(Gains)/losses on disposal/revaluation of property, plant and equipment	18	20	-	-	(20)
-	(Gains)/losses from derecognition of assets	18	434	-	-	(434)
120,339	Total Expenses		58,868	63,706	64,256	4,838
1,232	Surplus for the period		10,697	2,509	2,509	(8,188)

The Notes to the Financial Statements on pages 9 to 32 form part of these financial statements.

MINISTRY OF HUMAN RESOURCES AND IMMIGRATION
STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDED 31 DECEMBER 2018

	Contribut ed Capital \$'000	Revaluation Reserve \$'000	Accumulated Surplus/ (deficits) \$'000	Total Net worth \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig. vs. Actual) \$'000
Balance at 30 June 2016 brought forward	64,496	23,301	445	88,242	88,537	88,537	295
Accounting Errors	-	-	18	18	-	-	(18)
Restated balance 30 June 2016	64,496	23,301	463	88,260	88,537	88,537	277
Changes in net worth for 2016/17							
Equity Investment from Cabinet	780	-	-	780	3,983	3,983	3,203
Capital withdrawals by Cabinet	-	-	-	-	-	-	-
Dividends payable to Cabinet	-	-	-	-	(3,442)	(3,442)	(3,442)
Net revenue / expenses recognised directly in net worth	780	-	-	780	541	541	(239)
Surplus/(deficit) for the period 2016/17	-	-	2,656	2,656	3,442	3,442	786
Total recognised revenues and expenses for the period	780	-	2,656	3,436	3,983	3,983	547
Balance at 30 June 2017 carried forward	65,276	23,301	3,119	91,696	92,520	92,520	824
Balance at 30 June 2017 brought forward	65,276	23,301	3,119	91,696	92,520	92,520	824
Prior Year Adjustments							
Accounting Errors	-	-	82	82	-	-	(82)
Restated balance 30 June 2017	65,276	23,301	3,201	91,778	92,520	92,520	742
Changes in net worth for 2016/17							
Ministry Reorganisation July 1, 2017	(25,587)	-	-	(25,587)	(37,266)	(37,266)	(11,679)
Equity Investment from Cabinet	2,064	-	-	2,064	2,454	2,454	390
Dividends payable to Cabinet	-	-	(1,331)	(1,331)	(5,540)	(5,540)	(4,209)
Net revenue / expenses recognised directly in net worth	(23,523)	-	(1,331)	(24,854)	(40,352)	(40,352)	(15,498)
Surplus/(deficit) for the 6 month period 16/17	-	-	(1,426)	(1,426)	5,540	5,540	6,966
Total recognised revenues and expenses for the period	(23,523)	-	(2,757)	(26,280)	(34,812)	(34,812)	(8,532)
Balance at 31 December 2017 carried forward	41,753	23,301	444	65,498	57,708	57,708	(7,790)
Balance at 31 December 2017 brought forward	41,753	23,301	444	65,498	57,708	57,708	(7,790)
Prior Year Adjustments							
Accounting Errors	-	-	225	225	-	-	(225)
Restated balance 31 December 2017	41,753	23,301	669	65,723	57,708	57,708	(8,015)
Changes in net worth for December 2017							
Ministry Reorganisation January 1, 2018	(51)	-	-	(51)	-	-	51
Equity Investment from Cabinet	3,221	-	-	3,221	6,456	6,456	3,235
Dividends payable to Cabinet	-	-	(10,922)	(10,922)	(2,508)	(2,508)	8,414
Net revenue / expenses recognised directly in net worth	3,170	-	(10,922)	(7,752)	3,948	3,948	11,700
Surplus/(deficit) for the period ended 31 December 2018	-	-	10,697	10,697	2,508	2,508	(8,189)
Total recognised revenues and expenses for the period	3,170	-	(225)	2,945	6,456	6,456	3,511
Balance at 31 December 2018	44,923	23,301	444	68,668	64,164	64,164	(4,504)

The Notes to the Financial Statements on pages 9 to 32 form part of these financial statements.

MINISTRY OF HUMAN RESOURCES AND IMMIGRATION
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

Prior Period Actual \$'000		Note	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Budget Variance \$'000
	CASH FLOWS FROM OPERATING ACTIVITIES					
	<i>Receipts</i>					
106,148	Outputs to Cabinet		56,877	54,553	55,103	(2,324)
1,540	Outputs to other government agencies		(138)	-	-	138
18,328	Sale of goods and services - third party		12,483	11,662	11,662	(821)
101	Interest received		453	-	-	(453)
67	Donations / Grants		1,958	-	-	(1,958)
1	Other receipts		14	-	-	(14)
	<i>Disbursements</i>					
(91,729)	Personnel costs		(46,458)	(49,356)	(49,906)	(2,898)
(22,092)	Supplies and consumables		(13,433)	(12,381)	(12,381)	1,052
(1,558)	Other payments		650	(75)	(75)	(725)
10,806	Net cash flows from operating activities	20	12,406	4,403	4,403	(8,003)
	CASH FLOWS FROM INVESTING ACTIVITIES					
(2,520)	Purchase of property, plant and equipment		(5,000)	(6,456)	(6,456)	(1,456)
139	Proceeds from sale of property, plant and equipment		48	-	-	(48)
(2,381)	Net cash flows from investing activities		(4,952)	(6,456)	(6,456)	(1,504)
	CASH FLOWS FROM FINANCING ACTIVITIES					
3,060	Equity Investment from Org 40		3,657	6,456	6,456	2,799
(1,329)	Repayment of Surplus to Org 40		-	(5,540)	(5,540)	(5,540)
1,731	Net cash flows from financing activities		3,657	916	916	(2,741)
10,156	Net increase/(decrease) in cash and cash equivalents		11,111	(1,137)	(1,137)	(12,248)
25,939	Cash and cash equivalents at beginning of period		36,095	41,110	41,110	5,015
36,095	Cash and cash equivalents at end of period		47,206	39,973	39,973	(7,233)

The Notes to the Financial Statements on pages 9 to 32 form part of these financial statements.

Description and principal activities

The Ministry of Human Resources and Immigration 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.

Its principal activities and operations include all activities carried out in terms of the outputs purchased by the Minister as defined in the Annual Plan and Estimates for the Government of Cayman Islands for the financial year ending 31 December 2018.

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 guidance is not available, the financial statements comply with International Accounting Standards issued by the International Financial Reporting Standards (IFRS).

New and revised accounting standards issued that are not yet effective for the financial year beginning 1 January 2018 and not early adopted.

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 assessment of the impact of these new standards is set out below. The impact of this standard will be assessed more fully closer to the effective date of adoption.

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*. It is anticipated that IPSAS 41 will not have a significant impact on the Ministry's financial statements. This will be assessed more fully closer to the effective date of adoption.

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. It is anticipated that IPSAS 42 will not have an impact on the Ministry's financial statements, but this will be assessed more fully closer to the effective date of adoption.

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

Note 1: Significant Accounting Policies (continued)**(a) Basis of preparation**

The financial statements are presented in Cayman Islands dollars and are prepared on the accrual basis of accounting, unless otherwise stated. The measurement base applied to these financial statements is the historical cost basis except for land and buildings which are measured on the revaluation basis. Unless stated, all numbers in these financial statements have been rounded to the nearest thousand.

Changes in Accounting Policies

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

Segment reporting has been included in accordance with IPSAS 18.

(b) Budget amounts

The original budget amounts for the year reflect the figures in the Ministry's Budget Statement and the amounts are rolled up to the Plan and Estimates, both of which are presented to the Legislative Assembly pursuant to the statutory budget process. Any changes to the original budget are reflected in the final budget and disclosed in the notes to financial statements, and significant variances between actual and budgeted figures are explained in the notes to the financial statements. As required by law, budgets are presented on the same basis as the annual financial statements.

(c) Judgments and estimates

The preparation of financial statements in conformity with International Public Sector Accounting Standards requires judgments, estimates, and assumptions affecting the application of policies and reported amounts of assets and liabilities, 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 on-going basis. Revisions to accounting estimates are recognised in the reporting period that they are made and in any future periods that are affected by those revisions.

(d) 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.

(e) Expenses

Expenses are recognised in the accounting period in which they are incurred. Non-coercive Interagency costs are not recognised in the expenses of the accounts.

Note 1: Significant Accounting Policies (continued)**(f) Operating leases**

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

(g) Cash and cash equivalents

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

(h) Prepayments

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

(i) Inventories

Inventories held for distribution, or consumption in the provision of services, that are not issued on a commercial basis are measured at the lower of cost and net 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.

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

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

Costs are assigned to inventories using first in first out method.

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

(j) Property, plant and equipment

Property, plant and equipment, is stated at historical cost less accumulated depreciation except for land and buildings. Items of property, plant and equipment are initially recorded at cost. Where an asset is acquired for nil or nominal consideration, the asset is recognized initially at fair value, where fair value can be reliably determined, and as revenue in the statement of financial performance in the year in which the asset is acquired.

Asset Revaluation

Properties (buildings and structures) were revalued as at the 30th June 2016 by in-house professionals with the exception of specialized buildings which were contracted to independent evaluators and are stated at revalued amounts less accumulated depreciation.

Note 1: Significant Accounting Policies (continued)

In accordance with IPSAS 17, when an item of property, plant, and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset.

Valuation methods

The valuations contained within this report have been prepared in accordance with the aforementioned Standards and the guidance notes provided by the Royal Institute of Chartered Surveyors (RICS). Particular regard should be paid to the following definitions and methodology having been adopted in the assessment of value:

- Fair Value (Market Value) defined in accordance with IFRS 13 Fair Value Measurement as follows: "The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."
- Fair Value (Existing Use Value) extends the definition of Fair Value (Market Value) in "assuming that the buyer is granted vacant possession of all parts of the property required by the business and disregarding potential alternative uses and any other characteristics of the property that would cause its market value to differ from that needed to replace the remaining service potential at least cost."
- Specialized Assets: specialized assets are those for which no market exists for the current use. Specialized assets are valued using the Depreciated Replacement Cost method (DRC valuation). The definition of 'Depreciated Replacement Cost', as contained in The Standards, is as follows: "The current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization."

Valuation assumptions

Plant and machinery have only been included in the valuation of building assets where these form an integral part of the fabric of the building (e.g. lifts or air conditioning equipment) or where they perform a task crucial to the continuation of the existing use (e.g. swimming pools). Unless specifically stated otherwise, it is assumed that such items are reflected in the unit building cost.

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

Where an asset has been valued by Depreciated Replacement Cost (DRC) it is subject to the prospect and viability of the asset continuing to be used for the existing use. These valuations do not take into account any form of selling or purchase costs, tax (including Stamp Duty), inflation or finance costs. In the Cayman Islands, there is no tax on property except for Stamp Duty which is ordinarily required to be paid by a purchaser.

1: Significant Accounting Policies (continued)

Valuations of each 'specialized building' state their total asset value and the (depreciated) value of the respective building. Those with a depreciated building value greater than \$0.5m also state figures for their **Note**

'component' parts. Buildings valued by the investment or comparison methods of valuation also state figures for their respective land values. These do not compute to reflect actual building values but indicate the inherent value attributing to the land only.

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

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

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

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

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

Buildings were revalued as an entire class of asset.

Depreciation

Depreciation is expensed on a straight-line basis at rates calculated to allocate the cost or valuation of an item of property, plant and equipment (other than land); 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.

Asset Type

Estimated Useful life

- | | |
|--|---|
| • 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 estimated useful life of the improvement, whichever is shorter. |
| • Computer Equipment | 3 – 10 years |

Note 1: Significant Accounting Policies (continued)

<u><i>Asset Type</i></u>	<u><i>Estimated Useful life</i></u>
• Developed software	4 – 10 years
• Office equipment and furniture	3 – 25 years
• Motor vehicles	3 – 20 years
• Boats and marine equipment	3 – 25 years
• Cleaning, refuse and recycling equipment	3 – 15 years
• Construction and other equipment	3 – 25 years
• Telecommunications	5 – 50 years
• Books, Music, manuscripts and works of art	2 – 10 years
• Clothing	0 – 4 years
• Aeroplanes and aviation equipment	5 – 15 years
• Firefighting plant and equipment	10 – 12 years
• Other equipment	5 – 20 years
• Medical and medical laboratory equipment	1 – 25 years
• Library assets	5 – 10 years
• Scientific and laboratory equipment	4 – 25 years
• Canine	6 – 8 years

Disposals

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

(k) Intangible assets

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

The carrying value of an intangible asset with a finite life is amortized on a straight line basis over its useful life. Amortization begins when the asset is available for use and ceases at the date that the asset is derecognized. Amortization charge for each period is recognized in the statement of financial performance.

(l) 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.

Note 1: 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 contribution to defined contribution retirement plans are recognised in the Statement of Financial Performance as they are earned by employees. Obligations for defined benefit retirement plans are reported in the Consolidated Financial Statements for the Entire Public Sector of the Cayman Islands Government.

(m) Financial instruments

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

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

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, trade and other receivables and prepayments.

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

Recognition

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

Measurement

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

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

Note 1: Significant Accounting Policies (continued)**De-recognition**

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

(n) Provisions, 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. Provisions are recognised when it becomes probable that an outflow of cash or other economic resources will be required to settle a liability of uncertain timing and amount. If an outflow is not probable, the item is treated as a contingent liability.

(o) Foreign currency

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

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

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

(p) Comparative figures

The presentation of the current year financial statements includes a comparison of actual amounts with amounts in the original. Comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.

(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 accommodations in the central government building, computer repairs and software maintenance by the Computer Services Department, maintenance and project management by the Public Works Department, fuel and vehicle maintenance from the Department of Vehicles and Supplies, exemption of duties and charges from Customs and human resource management from the Portfolio of the Civil Service. The Ministry has designated these non-exchange transactions as services in kind as defined under IPSAS 23 – Revenue from Non-Exchange Transactions. When fair values of such services can be readily 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 of fixed assets, such service in kind is recognised in the cost of the asset.

MINISTRY OF HUMAN RESOURCES AND IMMIGRATION
Notes to the Financial Statements
Year Ended 31 December 2018

Note 2: Cash and cash equivalents

Cash and cash equivalents include cash on hand; bank accounts in the name Ministry of Human Resources and Immigration are maintained at Royal Bank of Canada; and short-term deposits invested with the Cayman Islands Government Treasury. The Ministry's unrestricted cash balances as at 31 December 2017 and 31 December 2018 are presented below. No restricted cash balances were held by the Ministry at 31 December 2018.

Prior Period Actual	Description	Foreign Currency 31 December 2018	Exchange Rate	Current Year Actual	Original Budget	Final Budget	Budget Variance
\$'000		\$'000		\$'000	\$'000	\$'000	\$'000
4	Cash on hand (IRIS Confirmation Account/Petty Cash)		1.0000	4	5	5	1
659	Cash in transit (IRIS Remittance Account)		1.0000	216	207	207	(9)
6,705	CI\$ Operational Current Account held at Royal Bank		1.0000	5,393	8,528	8,528	3,135
153	US\$ Operational Current Account held at Royal Bank	303	0.8375	254	377	377	123
-	Payroll Current Account held at Royal Bank of Canada		1.0000	4	(55)	(55)	(59)
33	Bank Accounts held at other financial institutions		1.0000	37	130	130	93
30,845	Fixed Deposits held with Treasury (less than 90 days)		1.0000	41,298	30,781	30,781	(10,517)
38,399	TOTAL			47,206	39,973	39,973	(7,233)
(2,303)	Payroll Current Account held at Royal Bank of Canada						
36,096	NET			47,206	39,973	39,973	(7,233)

Note 3: Trade receivables and other receivables

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

Prior Period Actual	Trade Receivables	Current Year Actual	Original Budget	Final Budget	Budget Variance
\$'000		\$'000	\$'000	\$'000	\$'000
329	Sale of goods and services	454	199	199	(255)
13,276	Outputs to Cabinet	11,094	5,872	5,872	(5,222)
13,605	Total trade receivables	11,548	6,071	6,071	(5,477)

MINISTRY OF HUMAN RESOURCES AND IMMIGRATION
Notes to the Financial Statements
Year Ended 31 December 2018

Note 3: Trade receivables and other receivables (continued)

Prior Period		Current Year	Original Budget	Final Budget	Budget Variance
Actual	Other Receivables	Actual			
\$'000		\$'000	\$'000	\$'000	\$'000
(1)	Advances (salary, Official Travel, etc)	2	4	4	2
-	Dishonoured cheques	-	10	10	10
191	Interest receivable	253	-		(253)
3,327	Other	2,493	1,418	1,418	(1,075)
(1,291)	Less: provision for doubtful debts	(1,154)	(39)	(39)	1,115
2,226	Total other receivables	1,594	1,393	1,393	(201)

Prior Period		Current Year	Original Budget	Final Budget	Budget Variance
Actual	Other Non-current Receivables	Actual			
\$'000		\$'000	\$'000	\$'000	\$'000
427	Other Non-Current Assets	427	-	-	(427)
427	Total other receivables	427	-	-	(427)

Changes in the provision of doubtful debts:

Prior Period		Current Year	Original Budget	Final Budget	Budget Variance
Actual	Description	Actual			
\$'000		\$'000	\$'000	\$'000	\$'000
(200)	Balance at 1 January	(1,291)	(39)	(39)	1,252
(1,091)	Net additional provisions made during the year	137	-	-	(137)
(1,291)	Total	(1,154)	(39)	(39)	1,115

The provision for doubtful debts includes an amount receivable of \$838,085 (2017: \$714,133) for abnormal fees owed by Cayman Airways. The fees accumulated over a number of years and have never been paid by the airline.

MINISTRY OF HUMAN RESOURCES AND IMMIGRATION
Notes to the Financial Statements
Year Ended 31 December 2018

Note 4: Inventories

The carrying amount for inventories held for distribution as at 31 December 2018 was \$1k and it was \$9k for 31 December 2017.

There was no write down to net realisable value at the year end. No inventories are pledged as security for liabilities.

Prior Period Actual \$'000	Description	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Budget Variance \$'000
9	Inventory held for use in the provision of goods and services	1	12	12	11
9	TOTAL INVENTORIES	1	12	12	11

Note 5: Prepayments

Prior Period Actual \$'000	Description	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Budget Variance \$'000
120	Accrued Prepayments	2,890	248	248	(2,642)
120	Total Prepayments	2,890	248	248	(2,642)

Included under prepayments is an amount of paid \$2.0m paid to Airbus as a deposit towards the procurement of the H145 helicopter.

MINISTRY OF HUMAN RESOURCES AND IMMIGRATION
Notes to the Financial Statements
Year Ended 31 December 2018

Note 6: Property, plant and equipment

COST or OPENING VALUATION	Land \$'000	Plant & Equipment \$'000	Buildings & Leasehold \$'000	Furniture & Office Equipment \$'000	Computers Hardware \$'000	Motor Vehicles \$'000	Marine Vessels \$'000	Aircraft \$'000	Assets under construction/ development \$'000	Total \$'000
Balance as at 1 July 2016	11,076	15,867	40,658	2,148	5,673	5,713	4,308	3,323	1,371	90,137
Additions	-	1,221	322	107	352	67	183	-	296	2,548
Disposals / Transfers	-	(1,113)	(13)	(94)	(72)	(605)	(8)	-	-	(1,905)
Balance as at 30 June 2017	11,076	15,975	40,967	2,161	5,953	5,175	4,483	3,323	1,667	90,780
Balance as at 1 July 2017	11,076	15,975	40,967	2,161	5,953	5,175	4,483	3,323	1,667	90,780
Additions	-	99	731	77	837	307	103	20	(1,610)	564
Disposals / Transfers	(4,093)	(14,285)	(24,028)	(819)	(5,054)	(1,285)	(770)	(99)	-	(50,433)
Balance as at 31 December 2017	6,983	1,789	17,670	1,419	1,736	4,197	3,816	3,244	57	40,911
Balance as at 1 Jan 2018	6,983	1,789	17,670	1,419	1,736	4,197	3,816	3,244	57	40,911
Reclassification	2	-	2	1	(5)	(21)	(1)	-	1	(21)
Additions	-	71	4	47	482	1,245	-	12	126	1,987
Disposals / Transfers	-	(314)	-	(325)	(211)	(540)	-	(20)	-	(1,410)
Balance as at 31 Dec. 2018	6,985	1,546	17,676	1,142	2,002	4,881	3,815	3,236	184	41,467

A small number of asset balances were reclassified into their correct representative buckets. Some accumulated due to round adjustment for cumulative balances and some resulted from some assets changing categories on the register to a more representative bucket.

MINISTRY OF HUMAN RESOURCES AND IMMIGRATION
Notes to the Financial Statements
Year Ended 31 December 2018

ACCUMULATED DEPRECIATION	Land	Plant & Equipment	Buildings & Leasehold	Furniture & Office Equipment	Computers Hardware	Motor Vehicles	Marine Vessels	Aircraft	Assets under construction/ development	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2016	-	11,886	7,434	1,692	5,008	4,075	1,839	2,476	-	34,410
Transfers	-	-	-	-	-	(23)	-	-	-	(23)
Depreciation Expense 2015/16	-	1,089	2,800	175	434	585	277	7	-	5,367
Eliminate on Disposal or Derecognition 2015/16	-	(1,153)	(10)	(93)	(72)	(581)	(8)	-	-	(1,917)
Balance as at 30 June 2017	-	11,822	10,224	1,774	5,370	4,056	2,108	2,483	-	37,837
Balance as at 1 July 2017	-	11,822	10,224	1,774	5,370	4,056	2,108	2,483	-	37,837
Ministry Reorganisation	-	-	-	-	-	-	-	-	-	-
Transfers	-	(11,018)	(5,289)	(527)	(3,725)	(841)	(385)	(9)	-	(21,794)
Impairment change 2016/17	-	-	(678)	-	-	-	-	-	-	(678)
Depreciation Expense 2016/17	-	76	1,043	79	203	199	109	-	-	1,709
Eliminate on Disposal or Derecognition 2016/17	-	(18)	(699)	(39)	(932)	(87)	-	-	-	(1,775)
Balance as at 31 December 2017	-	862	4,601	1,287	916	3,327	1,832	2,474	-	15,299
Prior period adjustment	-	-	(637)	-	-	-	-	-	-	(637)
Balance as at December 31, 2017 Restated	-	862	3,964	1,287	916	3,327	1,832	2,474	-	14,662
Balance as at 1 Jan 2018	-	862	3,964	1,287	916	3,327	1,832	2,474	-	14,662
Reclassification of asset balance	-	100	237	(106)	(50)	(210)	6	-	-	(23)
Depreciation Expense 2018	-	96	813	84	432	582	189	-	-	2,196
Eliminate on Disposal or Derecognition 2018	-	(216)	(343)	(325)	(209)	(523)	-	-	-	(1,616)
Balance as at 31 Dec. 2018	-	842	4,671	940	1,089	3,176	2,027	2,474	-	15,219
Net Book value 30 June 2017	11,076	4,153	30,743	387	583	1,119	2,375	840	1,667	52,943
Net Book value 31 December 2017	6,983	927	13,706	132	820	870	1,984	770	57	26,249
Net Book value 31 Dec. 2018	6,985	704	13,005	202	913	1,705	1,788	762	184	26,248

MINISTRY OF HUMAN RESOURCES AND IMMIGRATION
Notes to the Financial Statements
Year Ended 31 December 2018

Note 7: Intangible assets

COST or OPENING VALUATION	Computer Software	Assets under construction/ development	Total	Original Budget	Final Budget	Variance (Orig vs Actual)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2016	6,069	218	6,287	5,881	5,881	(406)
Ministry Reorganisation	-	-	-	-	-	-
Additions	280	(218)	62	397	397	335
Balance as at 30 June 2017	6,349	-	6,349	6,278	6,278	(71)
Balance at July 1, 2017	6,349	-	6,349	6,278	6,278	(71)
Additions	302	-	302	(4,568)	(4,568)	(4,870)
Revaluation	(299)	-	(299)	-	-	299
Disposals/Transfers	(4,651)	-	(4,651)	-	-	4,651
At December 31, 2017	1,701	-	1,701	1,710	1,710	9
Balance at Jan 1, 2018	1,701	-	1,701	1,710	1,710	9
Additions	116	-	116	1,233	1,233	1,117
Disposals/Transfers	(12)	-	(12)	-	-	12
At December 31, 2018	1,805	-	1,805	2,943	2,943	1,138

ACCUMULATED DEPRECIATION	Computer Software	Assets under construction/ development	Total	Original Budget	Final Budget	Variance (Orig vs Actual)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2016	5,989	-	5,989	5,441	5,441	(548)
Amortisation	233	-	233	545	545	312
Disposals / Transfers	6	-	6	-	-	(6)
Balance as at 30 June 2017	6,228	-	6,228	5,986	5,986	(242)
Balance at July 1, 2017	6,228	-	6,228	5,986	5,986	(242)
Amortisation	55	-	55	270	270	215
Disposals / Transfers	(4,633)	-	(4,633)	-	-	4,633
At December 31, 2017	1,650	-	1,650	1,304	1,304	(346)
Balance at Jan 1, 2018	1,650	-	1,650	1,304	1,304	(346)
Amortisation	126	-	126	78	78	(48)
Disposals / Transfers	(10)	-	(10)	-	-	10
At December 31, 2018	1,766	-	1,766	1,382	1,382	(384)
Net book value 30 June 16	121	-	121	292	292	171
Net book value 31 Dec 2017	51	-	51	406	406	355
Net book value 31 Dec 2018	39	-	39	1,561	1,561	1,522

MINISTRY OF HUMAN RESOURCES AND IMMIGRATION
Notes to the Financial Statements
Year Ended 31 December 2018

Note 8: Trade payables, other payables and accruals

Prior Period Actual	Description	Current Year Actual	Original Budget	Final Budget	Budget Variance
\$'000		\$'000	\$'000	\$'000	\$'000
538	Creditors	35	22	22	(13)
12	Creditors Ministries/Portfolios	3	-	-	(3)
290	Payroll Deductions	318	261	261	(57)
2,560	Accrued Expenses	1,484	1,700	1,700	216
3,097	Accrued Expenses Ministries/Portfolios	3,885	-	-	(3,885)
2,388	Accrued Expenses other government agencies	199	-	-	(199)
24	Other payables	24	123	123	99
8,909	Total trade payables other payables and accruals	5,948	2,106	2,106	(3,842)

Note 9: Employee entitlements

Prior Period Actual	Description	Current Year Actual	Original Budget	Final Budget	Budget Variance
\$'000		\$'000	\$'000	\$'000	\$'000
<i>Current employee entitlements are represented by:</i>					
2,067	Annual Leave & Comp Time	1,608	2,377	2,377	769
-	Retirement and long service leave	-	-	-	-
202	Accrued salaries	272	192	192	(80)
2,269	Total employee entitlements	1,880	2,569	2,569	689

Note 10: Unearned revenue

Prior Period Actual	Description	Current Year Actual	Original Budget	Final Budget	Budget Variance
\$'000		\$'000	\$'000	\$'000	\$'000
<i>Current Portion</i>					
1	Other unearned revenue	408	11	11	(397)
1	Total unearned revenue	408	11	11	(397)

MINISTRY OF HUMAN RESOURCES AND IMMIGRATION
Notes to the Financial Statements
Year Ended 31 December 2018

Note 11: Sales of Goods and Service (Revenue)

Prior Period Actual \$'000	Revenue type	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Budget Variance \$'000
102,215	Outputs to Cabinet	54,695	54,553	55,103	(142)
257	Outputs to other government agencies	-	-	-	-
16,236	Fees and charges	11,208	10,661	10,661	(547)
1,527	General sales	993	897	897	(96)
171	Other	122	105	105	(17)
120,406	Total sales of goods and services	67,018	66,216	66,766	(802)

Outputs to Cabinet comprise of services delivered to and services performed on behalf of the Cayman Islands Government. During the 18-month periods ended 30 December 2017 and 12-month period ended 31 December 2018 there are no revenue concessions that were granted and off-set against the relevant revenue type.

Note12: Investment revenue

Prior Period Actual \$'000	Source	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Budget Variance \$'000
	Interest on cash balances				
281	Interest on deposits held with Treasury	516	-	-	(516)
281	Total Investment Revenues	516	-	-	(516)

Note13: Donations

Prior Period Actual \$'000	Source	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Budget Variance \$'000
	Description				
746	Other	1,958	-	-	(1,958)
746	Total Donations	1,958	-	-	(1,958)

Donations represents amounts originally donated by the Foreign and Commonwealth Office towards the procurement of a new H 145 helicopter for the Royal Cayman Islands Police Service (RCIPS). The total donation amounted to \$2,3m of which \$2.0m was realised by making a twenty-percent deposit on a new helicopter slated to arrive in June 2019 but was delivered in March 2019. A portion of the donation amounting to \$0,3m was deferred at year-end as the funds had not yet been utilised.

MINISTRY OF HUMAN RESOURCES AND IMMIGRATION
Notes to the Financial Statements
Year Ended 31 December 2018

Note 14: Personnel costs

Prior Period Actual \$'000	Description	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Budget Variance \$'000
74,398	Salaries, wages and allowances	38,221	40,439	40,989	2,218
12,771	Health care	6,749	6,778	6,778	29
3,573	Pension	1,864	1,965	1,965	101
(192)	Leave	(186)	-	-	186
424	Other personnel related costs	175	175	175	-
90,974	Total Personnel Costs	46,823	49,357	49,907	2,534

Note 15: Supplies and consumables

Prior Period Actual \$'000	Description	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Budget Variance \$'000
2,938	Supplies and Materials	1,235	1,146	1,146	(89)
9,683	Purchase of services	5,048	5,752	5,752	704
2,260	Lease of Property and Equipment	1,442	1,588	1,588	146
2,775	Utilities	1,201	1,218	1,218	17
1,595	General Insurance	-	-	-	-
511	Interdepartmental expenses	308	323	323	15
457	Travel and Subsistence	127	176	176	49
615	Recruitment and Training	409	759	759	350
1,351	Other	97	1,417	1,417	1,320
22,185	Total Supplies & consumables	9,867	12,379	12,379	2,512

Note 16: Finance costs (Bank overdraft)

During the year the Ministry had no finance cost on the overdraft balance charged to the accounts.

MINISTRY OF HUMAN RESOURCES AND IMMIGRATION
Notes to the Financial Statements
Year Ended 31 December 2018

Note 17: Litigation costs

The Attorney General's Office provides litigation services to the Ministry of Human Resources and Immigration. In addition, during the year ended 31 December 2018 the use of legal services from outside of the Government were authorised by the Attorney General's Office. The costs of these services were \$199k in the period ended December 2017, the twelve months to December 31, 2018, \$33K. Provisions for legal cost and settlements are evaluated periodically based on the latest information. This resulted in a net overall decrease in the provision.

Prior Period		Current Year	Original	Final	Budget
Actual	Description	Actual	Budget	Budget	Variance
\$'000		\$'000	\$'000	\$'000	\$'000
199	Legal Fees	33	75	75	42
229	Revaluation of Legal Liabilities	(612)	-	-	612
428	Total litigation costs	(579)	75	75	654

Note 18: (Gains) / Losses

Prior Period		Current Year	Original	Final	Budget
Actual	Description	Actual	Budget	Budget	Variance
\$'000		\$'000	\$'000	\$'000	\$'000
110	Net (gain) / loss on disposal of property, plant and equipment	20	-	-	(20)
-	Gain/Loss on Derecognition of Assets	434	-	-	(434)
(85)	Net (gain) / loss on foreign exchange Transactions	(19)	-	-	19
25	Total gain/ (losses)	435	-	-	(435)

Note 19: Revenue from non-exchange transactions

During the year ended 31 December 2018, the entity received services in-kind. The fair value of these services cannot be determined and therefore no expense has been recognized in these financial statements.

MINISTRY OF HUMAN RESOURCES AND IMMIGRATION
Notes to the Financial Statements
Year Ended 31 December 2018

Note 20: Reconciliation of net cash flows from operating activities to surplus

Prior period actual \$'000	Description	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Budget Variance \$'000
1,232	Surplus/(deficit) from ordinary activities	10,697	2,508	2,508	(8,189)
	Non-cash movements				
6,439	Depreciation expense	2,196	1,895	1,895	(301)
288	Amortisation of Intangible Assets	126	-	-	(126)
-	Gain/Loss on Derecognition of Asset/Liab	434	-	-	(434)
650	Provision for Doubtful Debt	(143)	-	-	143
(85)	Exchange (Gain)/Loss	(19)	-	-	19
110	(Gain)/losses on sale of property plant	20	-	-	(20)
(679)	Donation of physical assets	-	-	-	-
	Changes in current assets and liabilities:				
4,324	(Increase)/decrease trade receivables	2,342	-	-	(2,342)
(317)	(Increase)/decrease in other current assets	(122)	-	-	122
(137)	Increase/(decrease) trade payables	(2,955)	-	-	2,955
(1,131)	Increase/(decrease) other payables and accruals	77	-	-	(77)
(753)	Increase/(decrease) in provisions relating to employee costs	365	-	-	(365)
229	Increase/(decrease in provisions for legal & other liabilities	(612)	-	-	612
10,170	Net cash flows from operating activities	12,406	4,403	4,403	(8,003)

Note 21: Provisions for legal and other liabilities.

While the Ministry has several potential legal disputes pending. These will be reviewed on a continuous basis to establish if provisions are necessary. The Ministry has contingent liabilities estimated at \$587k.

	Beginning Balance \$'000	Additions \$'000	Disbursements \$'000	Adjustments \$'000	Ending Balance \$'000
Potential ongoing Legal claims	776	-	(86)	(630)	60
Other ongoing claims	-	736	-	-	736
Total other contingent liabilities	776	736	(86)	(630)	796

MINISTRY OF HUMAN RESOURCES AND IMMIGRATION
Notes to the Financial Statements
Year Ended 31 December 2018

NOTE 22: Commitments

Prior Period Actual	Type	One year or less \$'000	Two to five Years \$'000	Over five Years \$'000	Total \$'000
	Operating Commitments				
566	Non-cancellable accommodation leases	148	230	-	378
566	Total Commitments	148	230	-	378

NOTE 23: Related party and key management personnel disclosures

Related party disclosure

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

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Ministry.

Prior Period Actual	Number of persons	Description	Current Year Actual	Number of persons
\$'000			\$'000	
2,877	16	Salaries & other short-term employee benefits	1,613	12
2,877		Total	1,613	

There were no loans granted to key management personnel and or their close relatives. Janitorial services totalling \$6k for the year 2016/17 was procured from Affordable Assistance and \$21k for the year 2016/17 from A & G Janitorial Services. Both organisations were declared as owned by relatives of two different employees in the contracting department. These arrangements did not continue under this Ministry for 2018. The Ministry does regular business with Aviation Communications and one of the owners is related to an employee. The total business conducted with that organisation in 2018 is \$24k.

NOTE 24: Events occurring after reporting date

The Ministry of Human Resources and Immigration is actively implementing the Workforce Opportunities and Residency Cayman structures and services. This is a priority mandate of the government and represents a transformational approach towards the management of the labour force. The Government has also given the Ministry the mandate to establish new border control mechanisms and organisations to further modernise and strengthen border security.

NOTE 24: Events occurring after reporting date (continued)

To achieve this objective the Workforce Opportunities and Residency Cayman (WORC) Department was established January 1, 2019 with responsibility for labour force management and work permits and on February 1, 2019 the Customs Department was transferred from the Ministry of Finance and merged the border functions of the Immigration Department to form the Customs and Border Control (CBC) department. During the SPS presentation to the Legislative Assembly, the name of the ministry was changed to the Ministry of Employment and Border Control to reflect the true nature of the Ministry.

In February 2019, an accident with the existing EC 135 helicopter necessitated the early arrival of the new EC 145 helicopter which had already been ordered as at December 31, 2018. The damage to the aircraft is estimated at over \$2M. No decision has been made as to whether or not the EC 135 will be repaired or permanently taken out of service

NOTE 25: 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's financial liabilities (creditors and payables) will be settled in less than six months from the date of these financial statements.

Note 26: Financial instruments – fair values

As at 31 December 2017 and 31 December 2018, the carrying values of cash and cash equivalents, accounts receivable, accounts payable and employee entitlements approximate their fair values due to their relative short-term maturities.

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

MINISTRY OF HUMAN RESOURCES AND IMMIGRATION
Notes to the Financial Statements
Year Ended 31 December 2018

NOTE 27: Segment reporting

12 Month Actual June 2017 National Security \$'000	12 Month Actual June 2017 Good Governance \$'000	12 Month Total Actual June 2017 \$'000	6 Month Actual Dec 2017 Labour Management \$'000	6 Month Actual Dec 2017 Security \$'000	6 Month Actual Dec. 2017 \$'000	18 month actual December 2017 \$'000		Actual Labour Management 2018 \$'000	Actual Security 2018 \$'000	Actual for the year 2018 \$'000
74,579	7,149	81,728	1,958	18,529	20,487	102,215	Revenue			
11,824	258	12,082	3,739	3,535	7,274	19,356	Outputs from Cabinet	7,903	46,792	54,695
							Sale of goods and services & other revenue	6,881	7,990	14,871
86,403	7,407	93,810	5,697	22,064	27,761	121,571	Total Revenue	14,784	54,782	69,566
							Expenses			
63,816	5,427	69,243	3,715	18,016	21,731	90,974	Salaries and Wages	7,555	39,267	46,822
13,987	1,952	15,939	292	5,953	6,245	22,184	Supplies and Consumables	2,613	7,253	9,866
4,445	283	4,728	47	1,663	1,710	6,438	Depreciation of PPE	115	2,083	2,198
95	139	234	19	35	54	288	Amortisation of Intangibles	45	81	126
-	-	-	-	-	-	-	Loss on revaluation	-	-	-
117	-	117	24	58	82	199	Litigation Costs	-	33	33
(36)	(46)	(82)	(17)	15	(2)	(84)	Gains and Losses on FX	(27)	8	(19)
23	-	23	27	60	87	110	Gains and losses on disposal of assets	3	17	20
-	-	-	-	-	-	-	(Gains)/losses from derecognition of assets	(17)	451	434
314	-	314	8	(93)	(85)	229	Revaluation legal liability provisions	128	(740)	(612)
82,761	7,755	90,516	4,115	25,707	29,822	120,338	Total Expenses	10,415	48,453	58,868
3,642	(348)	3,294	1,582	(3,643)	(2,061)	1,233	Surplus/ (Deficit) from Operating Activities	4,369	6,329	10,698
3,642	(348)	3,294	1,582	(3,643)	(2,061)	1,233	Net Surplus/ (Deficit)	4,369	6,329	10,698
							Assets			
11,363	39,771	51,134	45,308	9,050	54,358	54,359	Current Assets	51,033	12,207	63,240
41,541	12,864	54,405	616	26,112	26,728	26,090	Non-Current Assets	3,231	23,483	26,714
52,904	52,635	105,539	45,924	35,162	80,449	80,449	Total Assets	54,264	35,690	89,954
							Liabilities			
12,923	283	13,206	4,720	10,231	14,951	14,951	Current Liabilities	6,977	13,446	20,423
12,923	283	13,206	4,720	10,231	14,951	14,951	Total Liabilities	6,977	13,446	20,423
39,981	52,352	92,333	41,204	24,931	65,498	65,498	Net Worth	47,287	22,244	69,531

As at December 31, 2018, the Ministry of Human Resources and Immigration reported on two segments of business. The Labour Management segment includes all the components in the Ministry relating to the management and regulation of the labour market. This includes departments like the National Workforce Development Agency and the Department of Labour and Pensions. The Security segment includes all components relating to border security and national security. This includes departments such as, The Royal Cayman Islands Police Service, Immigration Department and the Passport and Corporate Services.

Segments in the prior period were very different and changed during the period as the Government restructures ministries. This Security segment then included the Royal Cayman Islands Police Service, the Immigration Department, Hazard Management Emergency Service Communications, Her Majesty's Prison Service, the Fire Department and the Department for Community Rehabilitation. The Good Governance segment included those components supporting good governance and supporting administration. These include the Chief Officer's Office and the Computer Services Department.

NOTE 28: Explanation of variances to budget**Statement of financial position**

Increase in cash balances expanded creditor amounts over the original budget. Timing differences in the accounts payable as well as a significant surplus yielded additional cash balances to the tune of \$7.2m. Trade receivables were in excess of budget by \$5.5m due to outstanding Cabinet billing at the end of the fiscal year over the amounts planned.

Prepayments were over the anticipated budget due to a deposit on a H 145 helicopter of \$2m which is slated to arrive in June 2019 but arrived March 2019. The helicopter is twenty-five percent funded by a grant from the Foreign and Commonwealth Office and the deposit is twenty-percent with the balance due upon arrival.

Repayment of surplus is material over budget by \$8.8M primarily due to the significant surplus of the Ministry resulting from significant savings in expenditures.

Trade receivables are more than the anticipated budgets primarily due to additional outstanding Cabinet bills.

Property, Plant and Equipment is under the anticipated budget as the budget figures had a lower starting point due to estimates of the transferred assets being inaccurate for the reorganisation after the Elections. In addition, the prior period adjustment of \$637k in the depreciation for the Marine Base accounted for the remainder.

Other payable and accruals are above budget as the Ministry is still carrying unsettled liabilities totalling \$3.8m that it anticipated would have been disbursed before the fiscal year end.

Provisions are higher than budgeted because of an unanticipated liability for overtime for the RCIPS officers totalling \$736k.

Unearned revenues are accounted for by the amount of the differed donation from the Foreign and Commonwealth Office towards a new helicopter.

Surplus payable was \$9m over budgeted due to delays in the implementation of some of the projects that will drive costs such as the implementation of the Workforce Opportunities and Residency Cayman (WORC) and delays in hiring staff for the RCIPS and WORC.

Statement of financial performance*Revenues*

Investment revenues positive variance with budget resulted from actively placing excess cash on fixed deposits with Treasury. This yielded \$0.5m in investment revenues. The positive variance in donations is as a direct result of the deposit of twenty-percent grant from the Foreign and Commonwealth Office towards the new helicopter.

Expenses

Personnel costs were in aggregate \$2.5M below budget for the 2018 fiscal period. Significant delays in hiring in the RCIPS which were not resolved until late in the year resulted in significant vacancies. Delays in the implementation of the WORC department also contributed to some of these vacancies.

NOTE 28: Explanation of variances to budget (continued)

Delays in implementing the talent, facilities and system component of the WORC implementation also resulted in significant delays in expenditures in training and professional services which overall was \$0.9M in services, and \$0.3M in training. The delays in the WORC department also impacted the capability to deliver related programmes in the fiscal year. This accounts for the supplies and consumables being \$2,5M below budget.

NOTE 29: Surplus repayment

Pursuant to Section 39 (3) (f) of the *Public Management and Finance Law (2018 Revision)* any net surplus is transferred to surplus repayable. Accumulated surpluses for the prior years was still outstanding to Cabinet during the fiscal year totalling \$0.6M. The surplus payable for the 2018 fiscal period is \$10.7M.

NOTE 30: Capital Commitments

As of December 31, 2018, the Ministry committed to acquiring a new H145 helicopter from Airbus costing \$11M USD. This was part funded to the tune of 25% by the FCO and the Ministry had approval under section 11(5) of the Public Financial Management Law 2018 for the difference in the cost.

NOTE 31: Restatement of prior period

During the year, management made efforts to clean up the fixed asset register by assessing and reclassifying assets into the correct classification buckets. During this process, it was noted that the depreciation expense in relation to the revalued amounts on the Marine Base was incorrectly overstated by \$637K for the period June 1, 2016 to December 31, 2017. As a result, the prior period figures for period December 31, 2017 have been restated to reflect this restatement. The effects on these financial statements are as follows:

	2016/17 Restatement \$'000	2016/17 Prior to Restatement \$'000	Effect of Restatement \$'000
Balance Sheet			
Property, plant and equipment	26,249	25,612	637
Surplus Payable	1,331	694	637
Statement of Financial Performance			
Depreciation	6,439	7,076	(637)
Net Surplus	1,232	595	637