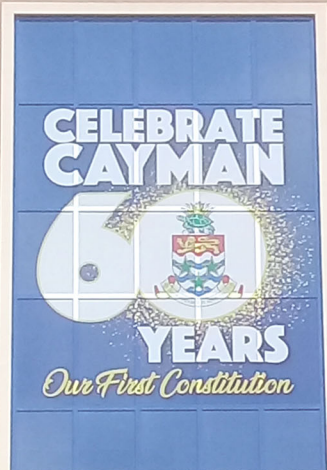




MINISTRY OF
FINANCE & ECONOMIC DEVELOPMENT
CAYMAN ISLANDS GOVERNMENT



CAYMAN ISLANDS GOVERNMENT

Annual Report

31 December 2020

A blue-toned map of the Cayman Islands is positioned in the background. It shows the three main islands: Grand Cayman at the bottom, which is the largest and most detailed; and the two smaller islands, Cayman Brac and Little Cayman, at the top. The map includes outlines of coastlines, major roads, and some internal features like lakes and buildings.

MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT
CAYMAN ISLANDS GOVERNMENT

GOVT. ADMIN. BLDG. BOX 131
133 ELGIN AVE.
GRAND CAYMAN KY1-9000

TEL: 244-2205

FAX: 949-8650

WEBSITES:

www.mof.gov.ky

www.treasury.gov.ky

www.procure.gov.ky

www.eso.ky

www.caymanpost.gov.ky

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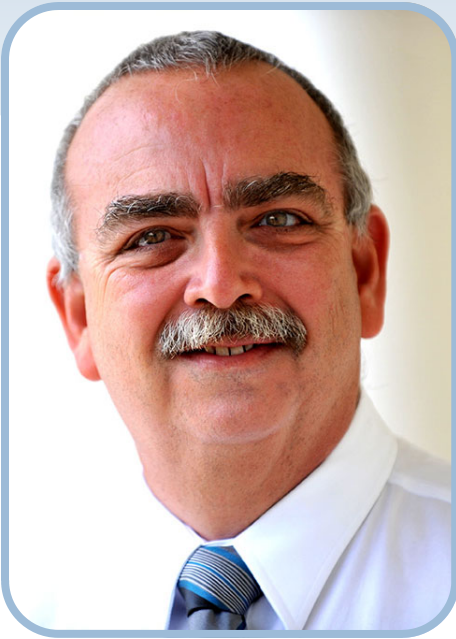
Purpose

The Public Management and Finance Act requires an entity (a Ministry, Portfolio or Office) to prepare and Table an Annual Report in the Parliament. Annual Reports should include: details of an entity's activities during the year; a statement reporting all executive financial transactions that the entity administered on behalf of Cabinet; and financial statements that compare the entity's actual performance with the performance specified in budget documents.

A useful and effective Annual Report, gives the reader a view of the performance of an entity and whether: it is doing well; and has used public resources wisely. An entity inspires confidence and trust when: it can clearly demonstrate that it knows its own business; it is consistently performing well; it uses public resources wisely; is transparent about any changes it needs to make; and it assesses what it can do better – an Annual Report provides information with respect to these areas.

This Annual Report, which is prepared by the Ministry of Finance and Economic Development (the "Ministry"), seeks to provide a clear, understandable and comprehensive review of the Ministry's activities, achievements and performance during the 12-month period from 1 January 2020 to 31 December 2020. The financial statements, which are included in this Annual Report and which comply with International Public Sector Accounting Standards, detail the performance of the Ministry during the financial period noted above and, provide explanations for variances between actual and budgeted performance.

Message from the Minister



Hon. Roy McTaggart, JP

Minister for Finance and Economic
Development

What a difference a year makes! Like the rest of the world, Cayman woke up in 2020 to the impacts of the COVID-19 pandemic – impacts that we never imagined we would ever experience in our lifetimes. Cayman faced its share of economic and financial hardships that required all of us to dig deep in order to persevere and survive.

The early and decisive actions taken by the Government, and astutely supported by the Opposition and the private sector, minimised the negative impact on our society. It was very tough for Government to effectively close down the Cayman Islands for a period of months but the way we have largely been able to avoid the catastrophic public health consequences of the COVID-19 pandemic suggests strongly that it was the right decision to have taken.

The Ministry of Finance played a critical role in the early decisions and actions the Government took to mitigate the potentially deadly impact of the pandemic on the lives, health and well-being of our citizens and residents.

Geared with the *COVID-19 Stimulus Plan*, which was developed by the Economics and Statistics Office (“ESO”), the Government was able to swiftly assess the economic environment worldwide, regionally and locally and immediately focus on implementing the extensive list of recommended stimulus measures and policies which were aimed at leaving money in the hands of affected individuals, supporting small business survival by buttressing their bottom line, and maintaining fiscal prudence while stimulating the entire economy.

During the 2020 financial year, due to the COVID-19 pandemic, the Government faced significant revenue reductions and unprecedented spending pressures.

The Government estimates that it spent \$65.4 million on COVID-19 related costs alone – which included costs for COVID-19 testing of individuals, purchase of swabs, purchase of PPE (such as masks, gowns, gloves), purchase of ventilators, management of quarantine facilities, financial assistance to Cayman tourism workers, “air bridge” flights, grants and technical support to micro and small businesses and financial assistance to persons in need.

I am pleased to report that preliminary 2020 financial results show that the Government achieved an operating deficit of approximately \$38.0 million – which is substantially less than the \$168.0 million that was initially projected.

As at 31 December 2020, Government Debt Balance was \$248.6 million and Government's bank account balances were \$448.5 million (of which \$104 million represents the Islands' General Reserves).

During the pandemic crisis, the Treasury Department diligently monitored and provided regular reports on the Government's financial performance and forecast financial results – which enabled the Government to closely monitor its expenditure levels and cash reserves whilst ensuring transparency. The Treasury Department was also responsible for arranging a CI\$330.0 million Emergency Line of Credit for the Government – which is an “insurance ” measure in order to avoid the depletion of cash reserves and to assist with meeting the Government's financial obligations, over the next two financial years, depending upon how the COVID-19 pandemic recovery unfolds.

The Cayman Islands Postal Services (“CIPS”) did an exemplary job with navigating the challenges of transportation logistics of incoming and outgoing mail, given that borders worldwide were closed and air transportation ceased. Once the borders re-opened and alternative transportation arrangements were made with the United States Postal Service, the CIPS was able to sanitize and process thousands of pounds of back-logged mail, which included much needed social security cheques for local residents.

In 2004, the Cayman Islands weathered the vast destruction and devastation of hurricane Ivan. In 2008, we were pummelled by hurricane Paloma and somewhere in the midst of recovery we were again hit by the 2009 global recession and the aftermath which that brought. Time and again, the people of these Islands have shown the resilience to get back up and to push forward once more. And, most importantly, we have done so together.

The way that our community came together to look after each other in the face of the pandemic is further testament, if any were needed, of our collective determination to stand up to adversity.

I am pleased to present the Annual Report for the Ministry of Finance & Economic Development for the financial year ended 31 December 2020 which provides a wealth of information on the Ministry's achievements during the unprecedented 2020 financial year.

I offer my sincere thanks and congratulations to the staff within the Ministry for their continued commitment, dedication and hard work throughout the year.



Hon Roy McTaggart, JP
Minister for Finance and Economic Development
26 February 2021



Kenneth Jefferson, JP
Financial Secretary
& Chief Officer

Message From The Financial Secretary & Chief Officer

I am pleased to present the Annual Report of the Ministry of Finance & Economic Development (“the Ministry”) for the 12-month financial period ending 31 December 2020.

As a result of the COVID-19 pandemic, the Government had to expeditiously implement a number of measures and plans that were aimed at eliminating the spread of the virus and ensuring the health and safety of the people of the Cayman Islands; mitigating the economic hardship on vulnerable individuals and businesses; and stimulating the local economy.

Despite the many operational challenges posed by the COVID-19 pandemic, the Ministry was intricately involved in the accomplishment of a number of stimulus measures and financial transactions undertaken by the Government. These included the:

- * disbursement of some \$65.4 million in funds with respect to Government expenditure incurred as a result of COVID-19 mitigation;
- * arrangement of a CI\$330.0 million Emergency Line of Credit with local banks – which is an “insurance / just-in-case” measure by the Government in order to avoid having to deplete all of its cash reserves and to assist with meeting financial obligations over the next 2 years;
- * facilitation of the temporary loan the Government made to the Cayman Islands Airports Authority (“CIAA”) - in order for the CIAA to meet its ongoing operational costs, complete capital projects and maintain the required operational and capital reserves; and
- * implementation of the Government Guaranteed Loan Scheme for Medium and Large-Sized Businesses – which is intended to assist such entities with their financing and refinancing needs.

I am also pleased to report that, entirely via Zoom meetings, the Ministry was also able to successfully develop and finalise its 2021-2025 Strategic Plan: the latter Plan is the very first one developed by the Ministry. The Plan was developed through a process that engaged stakeholders, managers and

employees in order to arrive at a consensus on an updated mission statement and an exciting vision, a set of value statements that reflect what we hold dear, a delivery model that provides a one page picture of our core business and the impacts that we influence along with four strategic objectives that will define our change agenda for the next five years. The management team and employees chose four objectives that will build upon the success that the Government has achieved in moving towards a transparent and accountable public sector that delivers value to our citizens and stakeholders. These objectives are:

- * take on leadership for the crafting of a Government-wide economic development strategy;
- * improve public and private sector decision-making, collaboration and resilience;
- * strengthen Government's managing for results environment and culture; and
- * within the Government, become a workplace of choice for Civil Servants.

I am immensely proud of the collective effort and exemplary achievements of the Ministry during the 2020 financial year. To this end, I want to extend my sincerest thanks to all staff within the Ministry for their continued invaluable efforts in achieving a successful year!



Kenneth Jefferson, JP

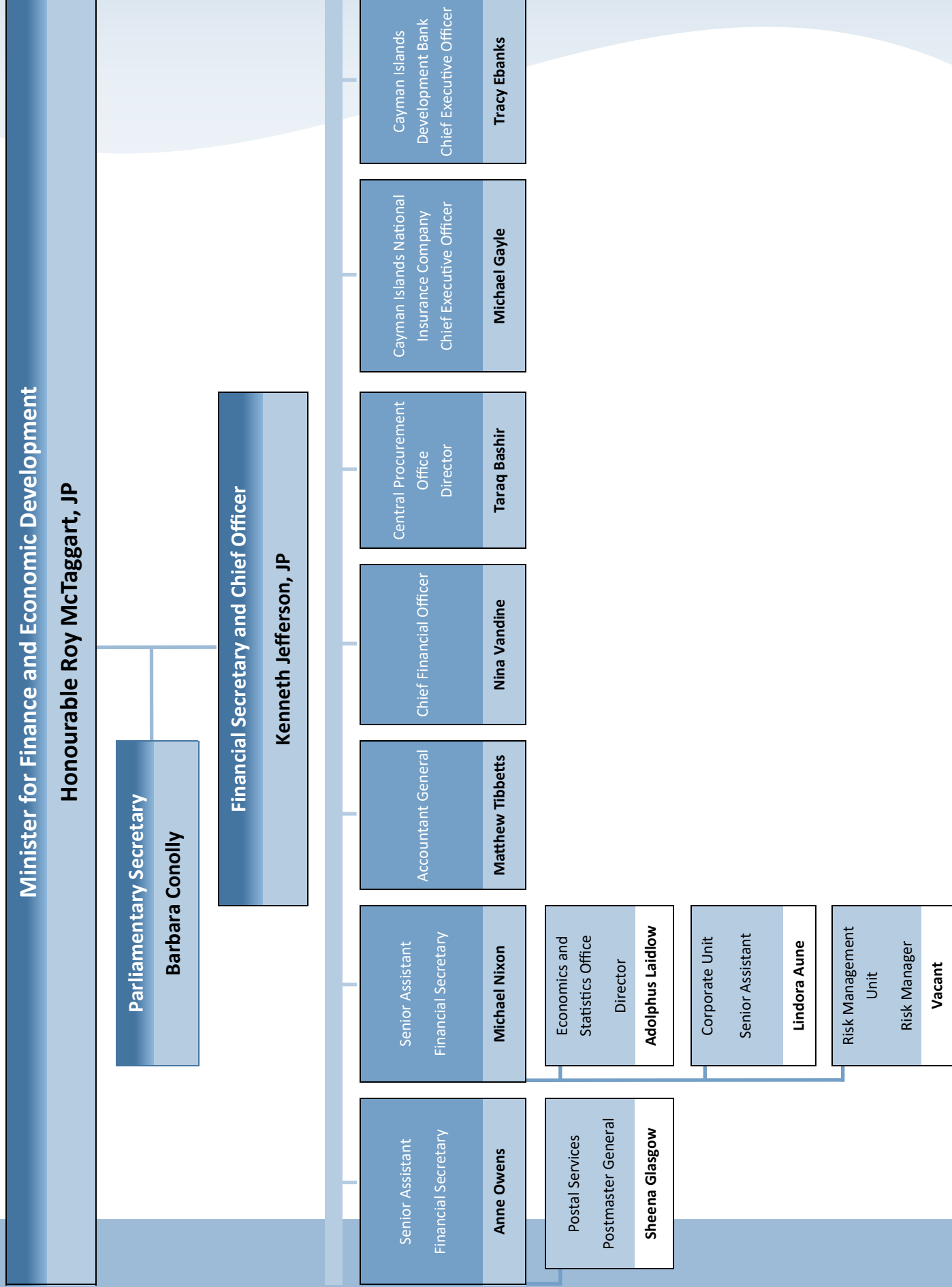
Financial Secretary & Chief Officer

26 February 2021

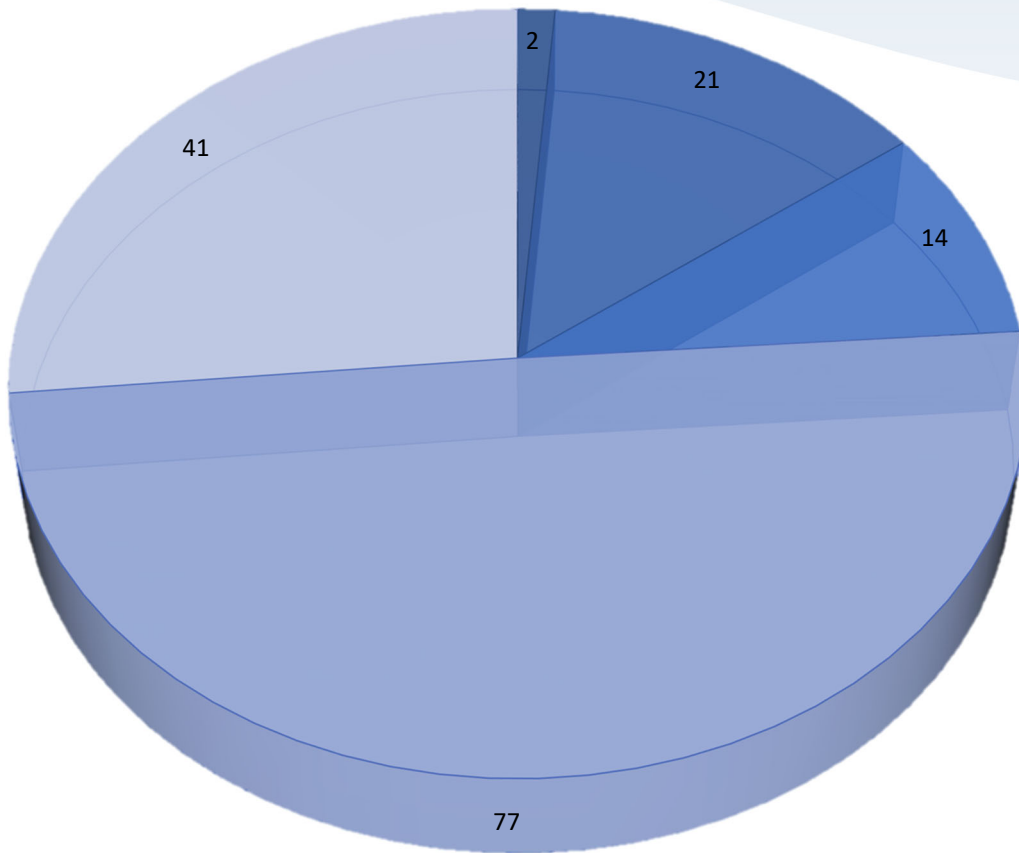


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ORGANISATIONAL CHART AND SENIOR MANAGEMENT



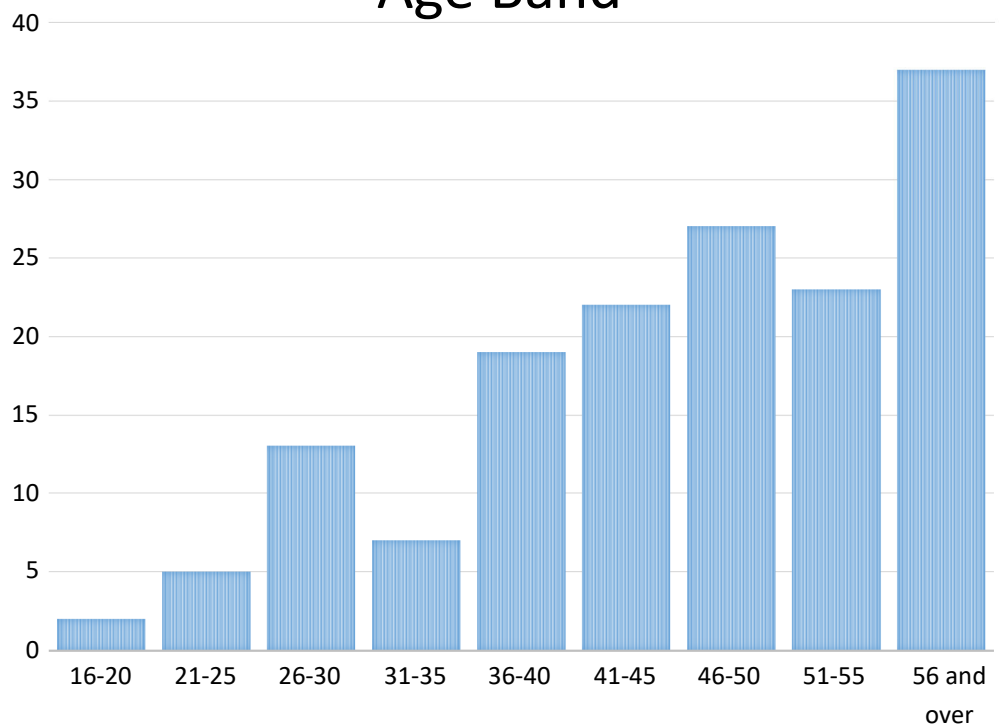
Details On Our Staff



Staff Numbers



Age Band



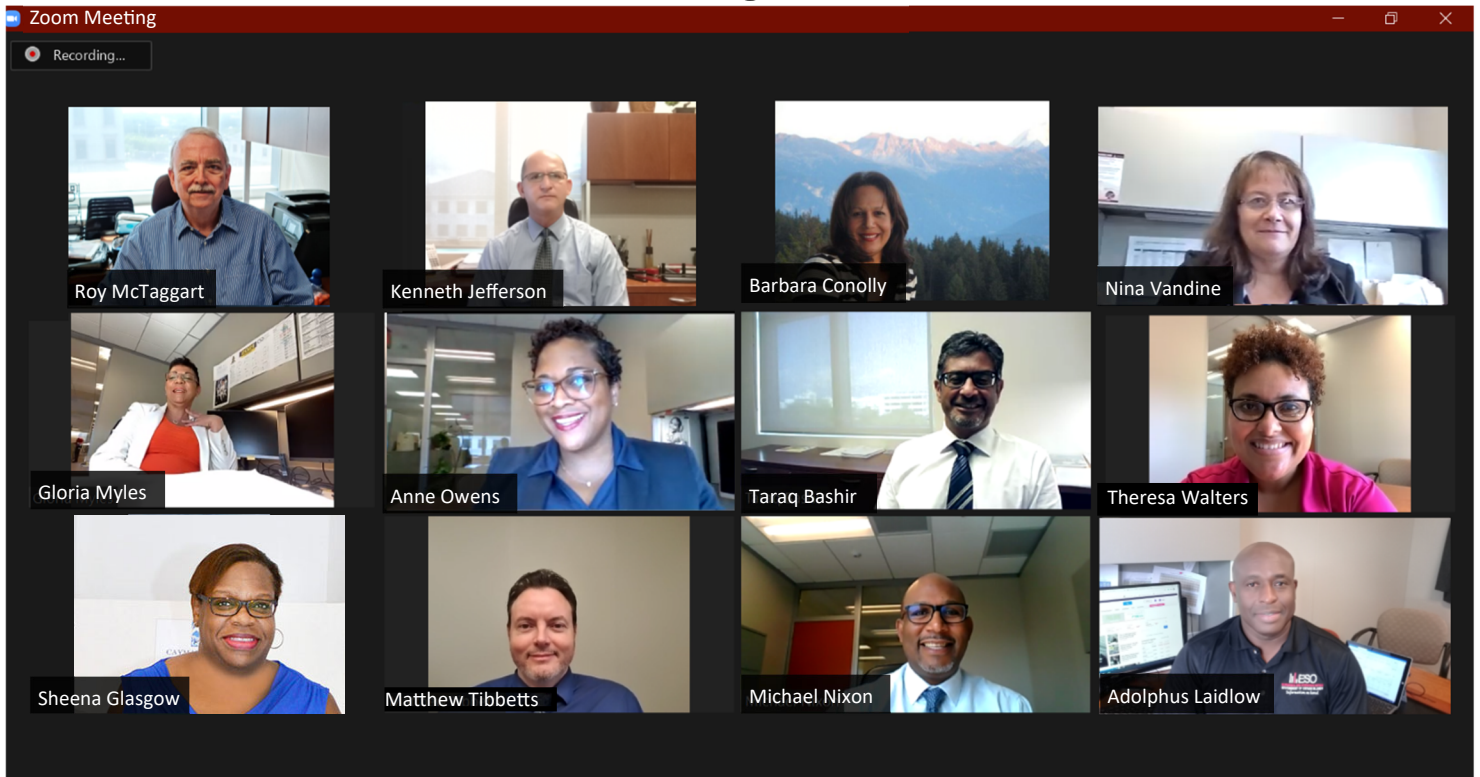
Gender Diversity

Female: **106**

Male: **49**

The Ministry had a staff complement of 155 at 31 December 2020

Senior Management Team



88% of the
Ministry's Staff are
Caymanian

The majority of the Ministry's staff are 41 years and older: indicating mature and experienced personnel

Nationality	Total
Caymanian	137
American	1
British	3
Canadian	1
Dominican	1
Guyanese	1
Jamaican	10
Saint Vincentian	1

Key Stakeholders



The Ministry has a diverse set of stakeholder groups given the range of programming that it delivers.

OTHER GOVERNMENT BODIES

- * The Cabinet, the Parliament, Ministries, Portfolios and Offices, Statutory Authorities and Government Companies that are consumers of the Ministry's outputs or producers of information used by the Ministry;
- * SAGCs reporting through the Ministry: CINICO and the CIDB; and
- * Producers of statistical information in the public sector including members of the National Statistical Coordination Committee.

THE LOCAL COMMUNITY

- * Businesses, including banks, philatelists and those who are vendors/suppliers to the Government;
- * Non-government organizations, such as the Cayman Islands Seafarers Association;
- * The general public;
- * Respondents, advocates and providers of feedback/recommendations on the Ministry's enabled products and services; and
- * Public-private sector committees whose specific data and information needs are addressed through Ministry programming.

INTERNATIONAL BODIES

- * International and regional organizations as providers of technical assistance especially related to the implementation of international or regional standards and as users of the Ministry's enabled statistics and reports especially in the areas of global and regional financial and economic surveillance.



The Ministry's Delivery Model

The “delivery model” represents the activities and outputs that we deliver to fulfill our mandate and mission, the inputs that we use to produce these outputs and the impacts that we make with these outputs. These delivery model components are defined as follows:

Inputs represent the resources and outputs from other parties that are consumed by our activities.

Activities describe collections of actions and services that we deliver under our mandate.

Outputs are the products or services generated by our activities.

Direct outcomes are the first level of outcomes or impacts that we influence – those over which we have the most direct influence with our outputs.

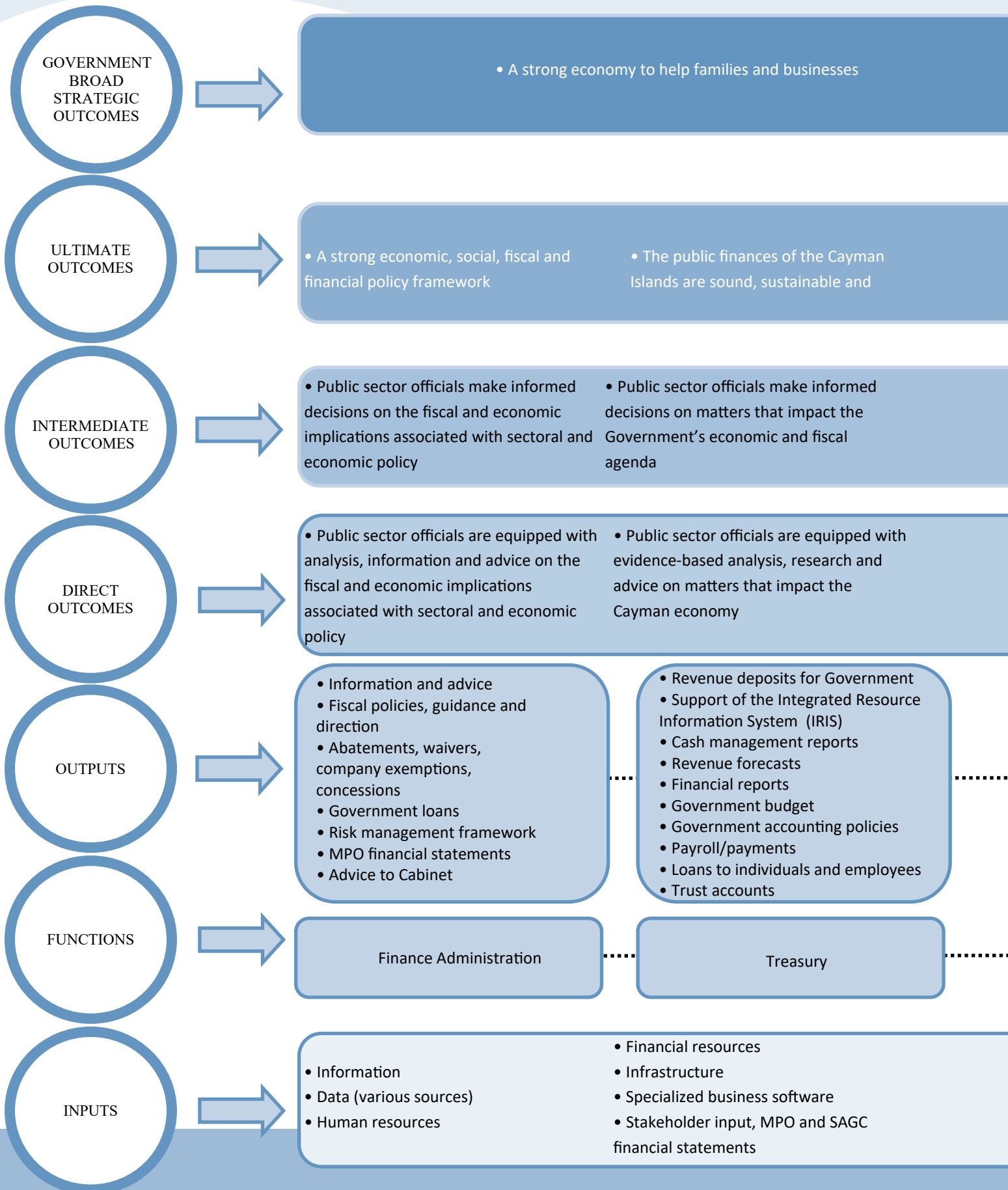
Intermediate outcomes comprise the second level of outcomes – those over which the Ministry has less influence with our outputs and where the influence may be shared with our stakeholders.

Ultimate outcomes are the highest-level outcomes to which we contribute with our outputs and are subject to many influences beyond those of the Ministry.



Treasury Department Annual Retreat, 21 February 2020

Delivery Model



Ministry of Finance & Economic Development

- Stable, effective and accountable Government
- Stronger communities and support for the most vulnerable

- Well-managed and efficient Government/ public sector operations
- A transparent, accountable and responsible public sector
- A strong local supply base for works, goods and services

- The Government organizations implement sound financial and non-financial management practices
- Public sector and persons living in the Cayman Islands are able to contribute to the quality of life in their communities and to business and Governmental results

- Public sector officials are equipped with information, knowledge and tools to put in place sound management practices
- Public sector, the private sector and persons living in the Cayman Islands have communications, logistics and materials to enable them to conduct their individual, business and Governmental affairs

- Survey instruments, Statistical Principles, classifications and methodologies
- Economic forecasts and reports
- Economic research studies
- Statistical reports, publications and support
- Statistics and data
- Policies and technical advice on economic and statistical matters, data collection and dissemination, survey design and methodologies

Economics and Statistics

- Education and training opportunities
- Procurement legislation, regulations, policies, procedures, guidance
- Procurement standards, tools and templates
- Procurement decisions
- Government-wide contracts

Procurement

- Mail deliveries and support
- Retail sales
- Revenue deposits for Government and other entities;
- philatelic program

Postal Services

- IT support
- Policies, legislation and regulations
- International treaties
- International statistical standards and methodologies; stamps
- Requests for information and advice

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Our Mission, Vision and Values

Our revised mission statement and four values statements that represent what we consider as the essential attitudes and approaches we must bring to our daily delivery of that mission, and the individual and collective contributions we will be making towards our shared vision for the future.

OUR MISSION

“To foster sustainable economic growth and international competitiveness through effective and accountable use of public finances that enhance quality of life in the Cayman Islands.”

OUR VISION

“An innovative Ministry that drives excellence through timely, informed and accountable decision making.”

OUR VALUES

Transparency and accountability: We take responsibility for our actions and are transparent and accountable when dealing with others;

Integrity: We conduct our work ethically and truthfully, in a manner that creates confidence and trust in those we work with and report to;

Teamwork and collaboration: We achieve common goals through successful working relationships with those who may have diverse ideas, strengths and cultural backgrounds; and

Respect: We treat everyone with respect, fairness and dignity and value the ideas and opinions of those with whom we work.



Ministry of Finance accepting its PAC award for achieving an Unqualified (“clean”) audit opinion on its 31 December 2019 Financial Statements – August 2020



What We Do

Finance Administration

Provides policy advice, governance and administrative services on all financial, budgeting and reporting matters of the Government.

Processes applications for fees and customs duty waivers, stamp duty abatements and assessments, Government loans to civil servants.

Provides administrative support to and monitors the performance of, Offices/Departments under the Ministry.

Monitors the Risk Management Unit which develops, implements and coordinates comprehensive property and liability insurance programmes along with safety and loss control activities to minimize the negative financial impact of natural hazards, accidents and other unexpected events to the Government.

Provides oversight of the Cayman Islands National Insurance Company, the Cayman Islands Development Bank and the Public Procurement Committee ("PPC").

Treasury Department

Responsible for the preparation and consolidation of forecast and annual financial statements for Central Government and the Entire Public Sector as required by the Public Management and Finance Act, using International Public Sector Accounting Standards.

Responsible for the design, quality assurance and management of the budget and reporting processes for the Entire Public Sector – this includes coordinating and preparing a bi-annual budget timeline, strategic policy statement, plan and estimates, budget statements, ownership and purchase agreements and revenue forecasts. Provides financial management services to Ministries/Portfolios/Offices and the Cabinet.

Oversight of the management and forecasting of Central Government cash flows, negotiation, evaluation and administration of Central Government borrowings



Central Procurement Office

Develops, implements and carries out periodic reviews and recommendations for adjustment of policies and procedures for procurement to be used by all entities including requirements for business case preparation.

Ensures that all procurement acts, regulations, policies and procedures are promoted, publicized and easily accessible to public servants, suppliers and the general public.

Has established and maintains a common, accessible, electronic platform, called Bonfire, for use by all entities for the purpose of advertising and reporting results of all public procurement opportunities required.

Provides the Cayman Islands' Entire Public Sector with procurement expertise, training and guidance.

Enhances procurement capacity and capability with standards, tools and templates in order to achieve value for money across all Ministries, Portfolios, Offices and Statutory Authorities and Government Companies of the Cayman Islands.

Advises and supports the PPC on all procurements with spends of over \$250,000.

Oversees the procurement spend across the Entire Public Sector which accounted for over \$500 million during 2020 by supporting 41 Entities, their Procurement Committees, Chief Officers and Chief Executive Officers as well as their teams engaged in the procurement process.

Provides procurement leadership to 700 public servants registered on the Cayman Islands electronic procurement portal, Bonfire.

Economics and Statistics Office (the “ESO”)

The ESO monitors the local economy and provides macroeconomic forecasts, conducts economic policy research and economic impact studies, and advises the Government on a range of macroeconomic issues to sustain economic growth in the Islands.

Conducts and analyses social and economic surveys and compiles and publishes comprehensive statistical data on the Cayman Islands.

Provides other Government agencies with technical advice on data collection and dissemination, and survey design and methodology.



Cayman Islands Postal Service

The Cayman Islands Postal Service (“CIPS”) is the Government Department designated as the postal operator responsible for fulfilling the Government’s obligations arising from adherence to the Universal Postal Union Convention in the Cayman Islands. As the designated postal operator, the Postal Service is charged with ensuring that postal services are accessible to all residents and visitors in the territory and operates a network of 16 post offices across all three Islands. It is also part of a network of over 700,000 postal outlets worldwide.

The Cayman Islands is a member of the Universal Postal Union through Great Britain and also a member of the Caribbean Postal Union and the Express Mail Service (“EMS”) and Telematics Cooperatives in its own right.

Core postal services are domestic and international in scope and encompass ordinary letter mail including mail with certified posting, registered mail, prepaid postage (franking meters and online meters), parcels, re-direction of mail, safe mail as well as the postal industry’s courier service – EMS.

The CIPS participates in the Global Monitoring System (“GMS”) which is a UPU test system to measure delivery quality. GMS uses a network of panelists to send and receive test letters. The test letters contain a small label which has a tiny antenna that transmits a unique identification number as a radio signal. This radio frequency identification system allows test letters to move through the postal network disguised as ordinary letters and the data is captured by the special receiving antennas at the door of processing centers. This gives the post office data on how fast mail is moving, and where process improvements need to be made. The CIPS joined GMS in 2012 and began testing in late 2013.



Key Events

January

- * Procurement training workshop delivered to Public Authorities' Boards
- * Completed user-acceptance testing and training of staff for new retail management system: "Swift Postal"

February

- * Training on tender document development provided to public servants
- * Treasury Department Annual Staff Retreat, *"Making the Best Even Better"*, focuses on motivation, stress management and teambuilding
- * Launched Swift Postal at the Airport Post Office
- * Cayman was elected for 1-year term to the EMS Cooperative Board. Making it the 1st Caribbean country elected to this 9-member board
- * Cayman receives s42 certification, validating Cayman's international addressing standard. Validated addressing standards provide international senders a defined format and are critical address format databases which support international ecommerce
- * Demand for payment via cheques stood at a peak of 4,010 compared to 285 in Electronic Funds Transfer (EFT) remittances

March

- * Commenced Spring Labour Force Survey (LFS), however, the survey was cancelled due to the effects of COVID-19 pandemic
- * The Consumer Price Index Report for 2019 was presented and it indicated that the inflation rate for 2019 was 6.0%
- * CIPS receives formal notification of 2019 GMS results: 97.6% on time delivery of letter mail
- * CIPS ceases most operations as part of the CIG COVID-19 suppression efforts
- * From March through to May, provided procurement and logistics support to the National Emergency Operations Centre (NEOC) in response to the threat of the COVID-19 virus
- * Treasury joins daily NEOC meetings
- * 16 March Cayman Islands Government announces the closing of its borders for three weeks
- * 17 March it becomes apparent that there is an urgent need for additional resources to equip staff with the necessary tools
- * Laptops and other required tools sourced from within the Government and/or ordered from overseas vendors within a matter of days
- * 22 March Cayman closes its borders to visitors and ceases all commercial flights in and out of the Islands except for those persons repatriating
- * Government closes all its offices to the public
- * Essential staff delivering key services to the





greater community continue to work on site including most Cash Management Unit staff, Accounts Payable/ Payroll, TSY cashier and Bank Recon Unit

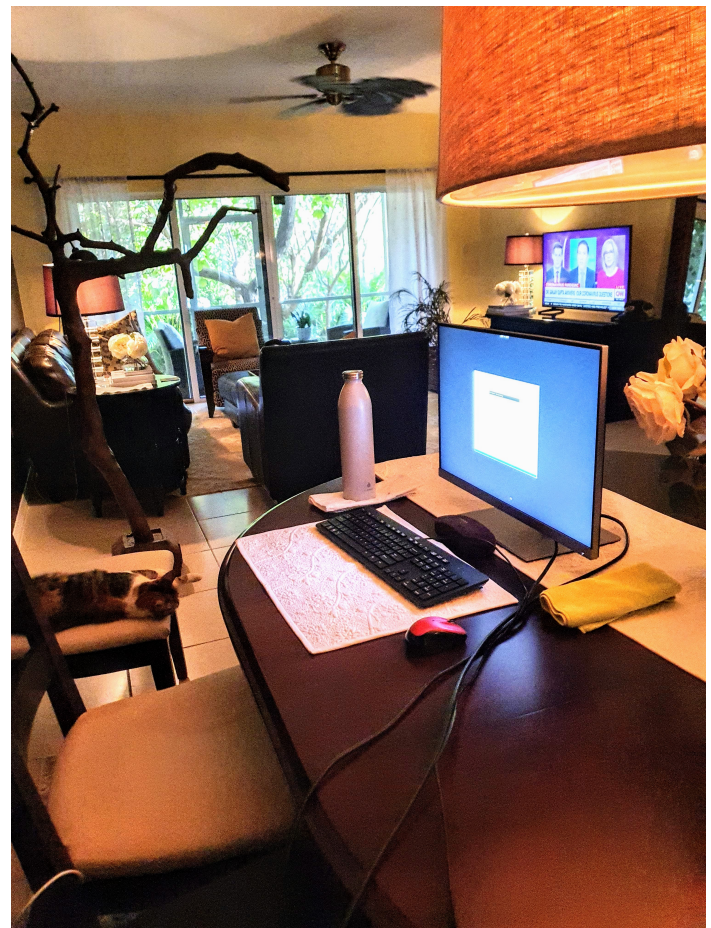
- * Treasury Cashier moves to Guard House at entrance of Government Administration Building parking lot to continue cheque distribution and other Treasury Cashier services
- * Non-essential staff work remotely where possible

April

- * CIPS was the first “non-essential service” CIG Department to resume operations despite continued COVID-19 lock-down measures
- * With the closure of the border in late March demand for cheques fell to 1,076 in April while at the same time the demand for EFT remittances rose to 1,469 and continued this upward trajectory until July 2020 when it started to level off as agencies became more keen to use the online bill payment and business pay mechanisms that promote recurring bulk payments

May

- * ESO conducted a COVID-19 departure survey to capture economic data of people leaving the Cayman Islands
- * Minister McTaggart delivers the COVID-19 Cayman Islands’ Economic Assessment and Stimulus Plan at a Government COVID-19 Press Briefing
- * Ministry staff develop the Ministry’s Strategic Plan for 2021–2025
- * Gazettal of 2020 First Quarter Financial Report
- * Timely submission of 2019 Entire Public Sector Consolidated Financial Statements to Office of the Auditor General



Sample Setup of Remote Working – “Stay Home Cayman”



Valentine's Day 2020

June

- * The First Quarter Consumer Price Index Report presenting the 2020 inflation rate (3.0%) released
- * Facilitated a workshop on procurement principles and ethics for public servants
- * CIPS commenced collecting payments on behalf of the Planning Department and the Deputy Governor's Office
- * Minister McTaggart Tables the Ministry's 2019 Annual Report in Parliament
- * Treasury and EY Cayman present an update to Audit and Risk Assurance Committee ("ARAC") on Risk Framework and Risk and Control Self-Assessment ("RCSA") Tool
- * Treasury attends Public Accounts Committee ("PAC") meetings to provide support for PAC Members

July

- * Procurement overview training provided to civil servants
- * Workshops on procurement principles and ethics as well as the Cayman Islands electronic procurement portal, Bonfire
- * The Supplementary Appropriation (January 2018 to December 2018) Bill, 2020 is Tabled in Parliament
- * The Supplementary Appropriation (January 2019 to December 2019) Bill, 2020 is Tabled in Parliament
- * Minister McTaggart makes a statement in Parliament on the "Exceptional Circumstance" Transactions that the Ministry incurred during the 2019 financial year
- * Work continues on identifying CIG's Top 10 Risks
- * Treasury attends PAC meetings to provide support for PAC Members
- * Treasury works with the Office of the Auditor General to provide information to PAC and the public on COVID-19 related expenditure
- * Treasury participated in planning and preparation meetings for the annual AICPA Summit



August

- * Procurement overview training provided to public servants
- * Minister McTaggart delivers the virtual Keynote Address at the Chamber of Commerce's 2020 Economic Forum – which comprised of an economic and financial update
- * Treasury secured approval for the business case put forward to support a CI\$500 million stand-by LoC and issued the Request for Proposal for the financing
- * Gazettal of the 2020 Second Quarter Financial Report

September

- * The Second Quarter Consumer Price Index Report presenting the 2020 inflation rate (1.0%) released
- * Training provided on the CI electronic procurement portal, Bonfire
- * Recruitment of the Entire Public Sector ("EPS") Reporting Manager
- * Government reopens most offices to the public
- * Initiated EPS 2021 Real Property valuation process with Lands and Survey. This process is carried out in partnership with Lands and Survey Department



October

- * Procurement workshop facilitated for Entity Procurement Committee members
- * Swift Postal implementation completed on Cayman Brac and Little Cayman
- * CIPS is notified that Cayman will be first country to launch the Electronic Advance Data app for creating outbound customs declarations
- * The Ministry's 2021-2025 Strategic Plan is Tabled in Parliament
- * The Supplementary Appropriation (January 2020 to December 2020) Bill, 2020 is Tabled in Parliament
- * The Ministry arranged the CI\$330.0 million Emergency Line of Credit – which is an "insurance" measure for the Government to avoid having to deplete all of its cash reserves and to assist with meeting its financial obligations over the next 2 years depending on how the COVID-19 pandemic recovery proceeds
- * Tabling of January 2018 to December 2018 Supplementary Appropriation (No 2) Bill and Plan & Estimates in Parliament
- * Tabling of January 2019 to December 2019 Supplementary Appropriation Bill and Plan & Estimates in Parliament
- * Tabling of January 2020 to December 2020 Supplementary Appropriation Bill and Plan & Estimates in Parliament
- * Asset Management (Proceeds of Crime) Policy – The Ministry of Finance & Economic Development in collaboration with the Director of Public Prosecutions develop and issue policy on 7 October

November

- * Lunch & learn session on procurement for the Department of Tourism
- * CIPS released a new Definitive stamp issue which honours the 25th Anniversary of HM Queen Elizabeth Botanic Park
- * Recruitment of the Accounts Payable and Payroll Officer
- * Treasury attends PAC meetings to provide support for PAC Members
- * Gazettal of the 2020 Third Quarter Financial Report
- * Asset Management (Proceeds of Crime) Policy published on the Ministry of Finance & Economic Development's website
- * Internal Policy on Asset Management and Realisation" developed in collaboration with Office of the Director of Public Prosecution
- * Minister McTaggart delivers the virtual Keynote Address at the 2020 AICPA and CIIPA 4th Annual Summit – which comprised of an economic and financial update
- * The Ministry arranges the Government Guaranteed Loan Scheme for Medium and Large-Sized Businesses – which is a loan scheme to assist medium and large-sized businesses in dealing with the financial hardships of the COVID-19 Pandemic
- * Minister McTaggart delivers statement on Cabinet's approval of import and stamp duty concessions – which expire on 31 December 2021 and comprise of: (1) a 100% import duty waiver on building materials imported to the Sister Islands; (2) a flat 15% import duty rate on building materials imported to Grand Cayman; (3) a 100% import duty waiver on gasoline imported to Cayman Brac; (4) a 100% import duty waiver on specified household appliances imported to Cayman Brac; (5) a 3% stamp duty on the purchase of property already built on Cayman Brac; and (6) a 100% stamp duty waiver in respect of land purchases on Cayman Brac, subject to certain conditions precedent

December

- * The Third Quarter Consumer Price Index Report presenting the 2020 inflation rate (-1.6%) released
- * Balance of Payments and International Investment Position released
- * System of National Accounts Report 2019 is released – the Gross Domestic Product up 3.8% released
- * Cayman was re-elected for a 2-year term to the EMS Board
- * CIPS ended year with COVID-19 impacts still affecting international mail operations with a 47% decline in mail volumes
- * Government executes loan guarantee agreement with 5 Class A Banks
- * Government secures a US\$403 million (CI\$330 million) stand-by LoC from a consortium of 4 Class A Banks
- * Worked with EY Ltd to continue development of a RSCA Tool

What We Achieved

During the financial period, 1 January 2020 to 31 December 2020, the Ministry achieved the following:

Finance Administration

Prepared Cabinet Papers and Cabinet Notes – Overall, the Ministry prepared 87 Cabinet Papers and Cabinet Notes for the consideration, notation and/or approval of Caucus and the Cabinet. The Ministry also provided comments on 136 Cabinet Papers written by other Ministries/Portfolios/Offices which contained recommendations with financial or economic implications for the Government.

Attended Meetings of Committees and Boards – Staff from the Ministry are ex-officio members of 12 Boards of Directors (for Statutory Authorities and Government Companies) and Committees and Boards of the Government. These Boards and Committees are:

PUBLIC ENTITY	NAME & TITLE
Auditors Oversight Authority	Kenneth Jefferson, Financial Secretary & Chief Officer
Cayman Airways Limited	Kenneth Jefferson, Financial Secretary & Chief Officer
Cayman Islands Monetary Authority – Currency Board duties only	Evelyn McTaggart, Deputy Funds and Cash Flow Manager Randy Myles, Acting Funds and Cash Flow Manager
Cayman Islands National Insurance Company Ltd	Anne Owens, Senior Assistant Financial Secretary
Cayman Islands Stock Exchange Authority	Kenneth Jefferson, Financial Secretary & Chief Officer
Cayman Turtle Conservation and Education Centre Limited	Michael Nixon, Senior Assistant Financial Secretary
National Housing Development Trust	Nathania Pearson Manager, Treasury's Debt Recovery Unit
Port Authority of the Cayman Islands	Michael Nixon, Senior Assistant Financial Secretary
Public Service Pensions Board	Kenneth Jefferson, Financial Secretary & Chief Officer
Public Transport Appeals Tribunal	Lee Ramoon, Director of Revenue Unit
University College of the Cayman Islands	Matthew Tibbetts, Accountant General
The Water Authority of the Cayman Islands	Anne Owens, Senior Assistant Financial Secretary

Processed Applications for Personal and Settlement Loans – The Ministry processed 43 applications for personal and settlement loans.

Processed and Managed the Health Insurance Benefit for Seafarers and Veterans – The Ministry processed and managed the health insurance benefit for 1,085 Seafarers and Veterans.

Amended the Postal Regulations – The Ministry made the following amendments to the Regulations :

- a) reduce by \$25, the annual rental fee of any sized private box, accessible at all times, for persons aged 65 years or older;
- b) reduce by \$10, the annual rental fee of any sized private box, accessible only during Post Office working hours, for persons aged 65 years or older ;
- c) provide the Postmaster General with the discretion to refuse an application when there are concerns regarding the applicant's intended use of a post office box or private bag; and
- d) prohibit a renter of a post office box or private bag from making that address available to others in return for a fee or other commercial benefit. The practice of post office boxes being shared by family, friends and employees, on a non-commercial basis, would continue to be permitted.

Replied to Freedom of Information ("FOI") Requests

Finance Administration responded to one request under the FOI Act.

Complied with Legislation – The Ministry's activities during the financial period were governed under the following Legislation:

- * Public Management and Finance Act (2020 Revision);
- * Financial Regulations (2018 Revision);
- * Statistics Act (2016 Revision);
- * The Freedom of Information Act (2020 Revision);
- * The Development Bank Act (2004 Revision);
- * The Postal Act (1997 Revision);
- * The Postal Regulations (2019 Revision);
- * The Procurement Act, 2016; and
- * The Procurement Regulations, 2018.



Staff Christmas Lunch 2020

**Processed Requests for Waivers of Stamp and
Import Duties —**

Type of Application	No.	Waived/Refunded CI\$	Revenue CI\$
Stamp Duty <u>Waivers</u> for First-Time Caymanian Property Buyers	262	\$3,873,833.90	\$101,380.00
Stamp Duty <u>Restriction Removals</u> for First-Time Caymanian Property Buyers	16	N/A	N/A
Stamp Duty Extensions for First-Time Caymanian Property Buyers	6	N/A	N/A
Stamp Duty <u>Denials</u> for First-Time Caymanian Property Buyers	7	N/A	N/A
Prorated Stamp Duty <u>Payable</u> for First-Time Caymanian Property Buyers	17	N/A	\$65,051.00
Cayman Brac Stamp Duty <u>Waivers</u>	19	\$82,410.00	N/A
Cayman Brac Stamp Duty <u>Restriction Removals & Stamp Duty Payable</u>	2	N/A	\$56,070.00
Cayman Brac Stamp Duty <u>Extensions</u>	13	N/A	N/A
Cayman Brac Stamp Duty <u>Denials</u>	1	N/A	N/A
<u>Waiver</u> of Import Duty	360	\$1,178,950.41	\$48,954.42
<u>Refund</u> of Import Duty	7	\$205,475.68	N/A
Payment Plan/Deferral of Import Duty	5	N/A	\$22,454.58
<u>Denial</u> of Import Duty	10	N/A	N/A
Land Holding Companies Share Transfer Tax - <u>Waivers</u>	42	N/A	N/A
Land Holding Companies Share Transfer Tax - <u>Returns</u>	12	N/A	\$452,139.24
Stamp Duty under the Discretion of the Minister of Finance and Economic Development <u>Waivers</u>	30	\$265,693.81	\$55,750.00
Stamp Duty under the Discretion of the Minister of Finance and Economic Development <u>Refunds</u>	21	\$80,918.70	N/A
Stamp Duty under the Discretion of the Minister of Finance and Economic Development <u>Denials</u>	17	N/A	N/A
Stamp Duty under the Discretion of the Minister of Finance and Economic Development <u>Payment Plan</u>	1	N/A	\$7,649.97
Restoration of Struck off Companies Permission to own/lease land in the Cayman Islands	37	N/A	N/A
Stamp Duty <u>Waiver</u> for No Change In Beneficial Ownership	201	N/A	N/A
Stamp Duty <u>Waiver</u> for Natural Love and Affection	39	N/A	N/A
<u>Waiver</u> Planning Fees	3	\$8,794.38	N/A
<u>Refund</u> Planning Fees	3	\$358,193.30	N/A
Return of Vested Property/Assets	3	N/A	N/A
Bonded Warehouse	7	N/A	\$6,000.00
TOTAL APPLICATIONS PROCESSED	1,141	\$6,054,270.18	\$815,449.21

Treasury Department

Ministry Executes a Loan Guarantee Agreement

The Ministry executes a loan guarantee agreement for CI\$100 million on 7 December 2020 to assist medium-sized businesses (MSB) and large-sized businesses (LSB). The five participating banks include Butterfield Bank (Cayman) Limited, Cayman National Bank, FirstCaribbean International Bank (Cayman) Limited, RBC Royal Bank (Cayman) Limited and Scotiabank & Trust (Cayman) Ltd. The guarantee loan program primary objectives are to promote and assist participating banks to offer and provide new credit facilities to qualifying MSBs and LSBs under financial duress, in order to provide critical working capital. It offers borrowers a moratorium on principal repayments for the first year, a loan term of seven (7) years at Prime +1.5% spread and a floor of 4.25%.

Ministry Executes a Stand-by Line of Credit With Favorable Terms

The Ministry secured US\$403 million (CI\$330.0 million) LoC in the form of an overdraft facility from a consortium of four local banks consisting of Butterfield Bank (Cayman) Limited, Cayman National Bank, FirstCaribbean International Bank (Cayman) Limited, and RBC Royal Bank (Cayman) Limited on 18 December 2020. The facility spans a period of 18-months with an option to convert any amounts withdrawn to a 15-year amortized loan facility at **3.25%** interest with fixed equal monthly payments of principal plus interest, inclusive of early repayment options upon 90 days written notice. As at 31 December 2020, the Government did not have a need to access the LoC as a result of its prudent spending policy and higher cash inflows in December 2020 than anticipated from the financial services sector.

Generated Incremental Revenue

The Ministry generated approximately CI\$8.4 million in incremental revenue from investments in 2020.

Management of Cash and Investments – Cash Management Unit continues to manage historical high levels of cash even after the fall off in cash inflows in 2020 and high demand for resources to fund COVID-19 expenditure and to provide financial assistance to the greater community in terms of grants and stipends. The Treasury



Staff Christmas Lunch 2020

remains steadfast in optimizing efficiencies and maximizing return on investments, by limiting the amount of cash lying idle in operating bank accounts and matching the maturity of investments to debt obligations as they fall due. This strategy together with Government's prudent spending policy resulted in approximately CI\$415.1 million or 92% of its operating cash and reserves invested in short- to medium-term instruments, which yielded CI\$8.4 million in incremental revenue (unaudited). All this was achieved during a crucial time when the whole world was on lockdown, the tourism sector had come to a grinding halt and diminishing returns on investments in a climate of low interest rates.

Remote Delivery of Essential Services and Key Outputs

Whilst some key Treasury personnel were required to be working on-site during the national lockdown to manage and mitigate the effects of COVID-19, essential services such as technical support of IRIS and provision of timely financial information for decision-making were successfully delivered by teams working remotely. The IRIS, Budget, Systems Accounting and EPS Reporting teams diligently worked off-site to support the critical function of financial management and reporting throughout the Government, whilst still meeting all statutory reporting deadlines.



Central Procurement Office

Vendor/Supplier training module created and published on the Cayman Islands' procurement website

Entity Procurement Committee handbook produced and published

The Central Procurement Office newsletter launched. The number of vendors registered on the CI electronic procurement portal increased by 25% to 3,447

The number of Government users of the CI procurement portal increased by 22% to 691.

190 new procurement projects created on the electronic procurement portal

51 projects valued over \$250k reviewed by the Public Procurement Committee

A toolkit to better manage public contracts produced

Economics and Statistics Office

Preparatory work for the Cayman Islands' 2021

Census of Population and Housing (Census 2021)

Following international recommendations, the Office continued with the planning and preparatory activities for Census 2021 after a postponement due to the Global COVID-19 pandemic. Census enumeration area maps started and completed. Census 2021 will be administered using a customized pilot-tested questionnaire on Tablets. The Census 2021 questionnaire will cover demographics characteristics; disability and health insurance; school attendance; highest grade completed and examination passed; union status; fertility, employment; housing; mortality; emigration; crime; and environment resources and food security.

Economic Monitoring

In response to the impact of COVID-19 on the Cayman Islands economy, the ESO was mandated to produce an economic impact assessment and policy responses to mitigate the negative effect on residents. The report was produced and published in June 2020.



Staff Christmas Lunch 2020

In compliance with the economic monitoring requirements of the Public Management and Finance Act (PMFA), the ESO completed the surveys that provided the raw data for estimating the following: Gross Domestic Product (the System of National Accounts Surveys 2019); consumer price index inflation rate (Consumer Price Index Quarterly Surveys Q1 2020 to Q4 2020); employment and unemployment rate (Labour Force Survey Spring and Fall 2020); and the current account of the balance of payments (the Balance of Payments Survey 2019). These surveys also provide the data for updating the economic forecasts for the Islands.

Updating of Economic Forecasts

In 2020, the ESO continued to improve forecasts by updating forecasting models required in the preparation of the Strategic Policy Statement's Economic Overview. The forecasts comprised of (a) GDP; (b) consumer price index inflation rate; (c) employment levels and unemployment rates; and (d) the current account of the balance of payments. The forecasts were also used for discussions with credit rating agencies, presentations to the private sector, and in economic impact studies. The forecasts took into account the updated reports of the International Monetary Fund (IMF), particularly with regard to their assessment on the economic performance and outlook of the United States, the rest of the Advanced Economies and the global economy in general.

Cayman Islands Postal Service

During 2020, the CIPS continued operations despite significant limitations to international air transport and increased security and safety restrictions due to the COVID-19 pandemic.

As one of 9 members on the EMB Board, Cayman continued to advocate for the interest of small postal administrators.

Cayman successfully completed test of a new app for the generation of customs declarations; the app was developed by the Universal Postal Union. Though launch in 2020 was delayed, the app will be deployed in 2021.

The CIPS continued to excel in its performance under GMS. The CIPS ended 2020 with a GMS average of 97.6% on-time delivery against a target of 95%.



Grand Court Opening January 2020

Statement of Executive Financial Transactions

Statement of Executive Financial Transactions

“Entity Financial Transactions” are the financial transactions that a Ministry, Portfolio or Office carry-out when conducting its business or delivering its outputs.

The entity financial transactions include entity revenue, entity expenses, entity liabilities and entity assets. Entity expenses include salaries, pension, electricity and software licensing fees amongst other costs. Entity assets are assets used for the delivery of a Ministry’s, Portfolio’s or Office’s Outputs and include furniture, motor vehicles, warehouses and computers. Entity liabilities incurred by a Ministry, Portfolio or Office include accounts payable, pension obligations and comp time. The revenue that a Ministry, Portfolio or Office receives, primarily from the Cabinet, to deliver its Outputs, is known as entity revenue which is used to pay for entity expenses, entity assets and entity liabilities.

“Executive Financial Transactions”, on the other hand, are the financial transactions that do not relate to the operations of a Ministry, Portfolio or Office but to the executive revenue, executive expenses, executive liabilities and executive assets of the Cabinet.

Executive revenue is for the benefit of Cabinet’s use and includes import duty, motor vehicle duty, garbage fees and work permit fees amongst many other revenue descriptions. The Cabinet uses the executive revenue to pay for its executive expenses such as Outputs delivered by Ministries, Portfolios and Offices, scholarships, Needs Assessment support and finance costs amongst many other such costs. The executive liabilities of the Cabinet include the unfunded pension liability for civil servants and, Borrowings.

The following Statement of Executive Financial Transactions sets out the executive revenue that the Ministry of Finance collected on behalf of the Cabinet and the Cabinet’s executive expenses that are related to the Ministry of Finance.

Statement of Executive Financial Transactions for the year ended December 31, 2020				
Executive Revenue	Actual \$'000	Budget \$'000	Revised Budget \$'000	Actual vs. Budget Variance \$'000
Cruise Ship Departure Tax	3,273	12,017	12,017	(8,744)
Environment Protection Fund Fees	2,031	6,414	6,414	(4,383)
Debit Transaction Fees	3,370	3,733	3,733	(363)
Land Holding Companies Share Transfer Charge	542	300	300	242
Other Stamp Duty	1,935	2,100	2,100	(165)
Stamp Duty - Online	0	300	300	(300)
Property Insurance Stamp Duty	1,724	1,338	1,338	386
Proceeds of Liquidated Entities	31,963	34,245	34,245	(2,282)
Total Executive Revenue	\$ 44,838	\$ 60,447	\$ 60,447	\$ (15,609)

Executive Expenses	Actual \$'000	Budget \$'000	Revised Budget \$'000	Actual vs. Budget Variance \$'000
FED 1 - Policy Advice and Ministerial Services	1,811	2,203	2,203	392
FED 2 - Governance and Administrative Services	183	191	191	8
FED 4 - Preparation and Publication of Statistical Reports	1,668	3,639	3,639	1,970
FED 5 - Financial Reporting and Management Services	4,961	5,269	5,269	307
FED 9 - Administration and Processing of Applications	313	313	313	0
FED 10- National Mail Service	3,537	3,240	3,540	(297)
CIN 1- Health Insurance for Seamen and Veterans for Primary and Secondary Health Care	12,712	13,048	13,048	336
OE 9- Caribbean Economic Community (CARICOM) Fees	168	162	168	(6)
OE 10- Caribbean Regional Technical Assistance Centre (CARTAC) Contribution	84	85	85	1
OE 27- Past Service Pension Liability Payment	18,624	15,140	18,624	(3,484)
OE 54 - Caribbean Catastrophe Risk Insurance Facility - Annual Premium	680	840	840	160
OE 57 - Executive Bank Charges	1	5	5	4
OE 86 - Compensation	34	-	34	(34)
OE 110 - General Insurance	5,936	4,800	4,800	(1,136)
OE 121 - Additional Normal Costs for Pension Plans	2,922	3,551	3,131	629
OE 140 - COVID-19 Response and Recovery	31,439	-	40,000	(31,439)
DVB 1 - Administration of Lending for Human Resource Development	139	139	139	-
DVB 2 - Administration of Lending for Micro and Small Businesses Development	156	156	156	0
DVB 3 - Administration of Lending for Mortgage Lending	231	231	231	(0)
EI 4 - Cayman Islands Development Bank	4,500	4,500	4,500	-
EI 70 - Ministry of Finance and Economic Development	256	1,220	1,220	964
Total Executive Expenses	\$ 90,355	\$ 58,732	\$ 102,136	\$ (31,623)

Explanation of Major Variances Against Budget

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

Executive Revenue

- a. Cruise Ship Departure Tax – under budget by \$8.7 million due to the Covid-19 pandemic and borders being closed;
- b. Environmental Protection Fund Fees – under budget by \$4.4 million due to the COVID-19 pandemic and border closures;
- c. Debit Transaction Fees – under budget by \$363 thousand due to a decline in economic activity as a result of border closures, lockdown and a decline in the population;
- d. Other Stamp Duty – under budget by \$165 thousand due to a decrease in demand as the supplier of franking machines ceased support in the Caribbean effective 31 December 2019;
- e. Stamp Duty Online – under budget by \$300 thousand due to a decrease in demand as the supplier of franking machines ceased support in the Caribbean effective 31 December 2019;
- f. Property Insurance Stamp Duty – over budget by \$386 thousand due to an active real estate market in 2020; and
- g. Proceeds of Liquidated Entities – under budget by \$2 million due to the inability to transfer two accounts which were received later than anticipated and will be transferred in 2021.

FED 1 – Policy Advice and Ministerial Services - under budget by \$392 thousand due to budgeted vacant positions not being filled in 2020.

FED 4 – Preparation and Publication of Statistical Reports – under budget by \$2 million due to the 2020 Census being deferred to 2021.

FED 5 – Financial Reporting and Management Services – under budget by \$307 thousand due to budgeted vacant positions not being filled in 2020.

FED 10 – National Mail Service – over budget by \$297 thousand due to a decline in revenue from local and international mail as a result of border closures – which resulted in a net increase in expenditures.

CIN 1 – Health Insurance for Seamen and Veterans for Primary and Secondary Health Care – under budget by \$336 thousand due to the number of seamen and veterans seeking coverage being less than expected.

OE 27 – Past Service Pension Liability Payment – over budget \$3.5 million over budget due to a change in valuation rates for Defined Benefit Pension Plan.

OE 121 – Additional Normal Costs for Pension Plans – under budget by \$629 thousand due to the trend of expenditure being unknown when the budget was prepared.

OE 140 – COVID-19 Response and Recovery – there was not a budget for this account because the COVID-19 pandemic could not have been anticipated. Response and recover activities will continue into 2021.

EI 70 – Ministry of Finance and Economic Development – under budget by \$964 thousand due to capital expenditures being deferred as a result of the COVID-19 pandemic.



National Heroes Day January 2020

Overview of the Financial Statements

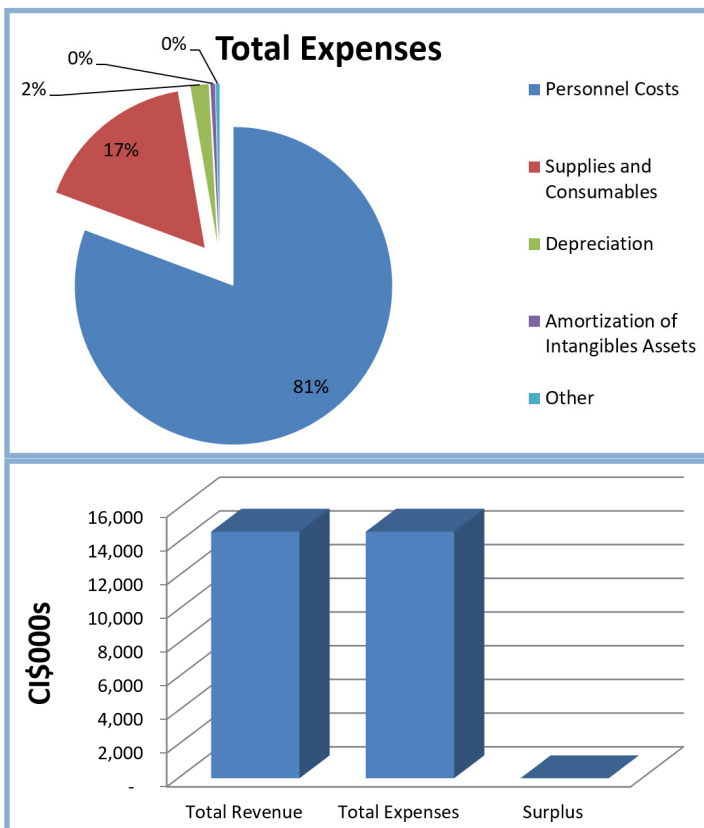
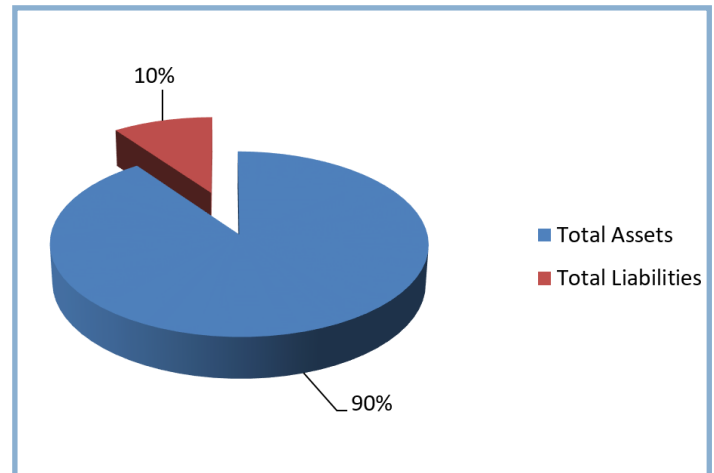
Overview of the Financial Statements

The financial statements, for the Ministry of Finance and Economic Development for the financial year ended 31 December 2020, are attached to this Annual Report as Appendix A.

The Statement of Financial Position, as shown on page 6 of the financial statements, shows that the Ministry ended the 2020 financial year with CI\$19.2 million in Total Assets. Of this amount, CI\$9.9 million or 51.6% comprise of cash and cash equivalents which includes cash on hand, cash in transit and bank accounts with a maturity of no more than three (3) months from the date of acquisition.

Total liabilities amounted to CI\$2.1 million, the majority of which comprise of CI\$1.0 million in other payables and accruals.

Net assets, which are Total Assets less Total Liabilities, amounted to CI\$17.1 million.



The Statement of Financial Performance, as shown on page 7 of the financial statements, shows that the Ministry earned CI\$14.6 million in revenue for the 12-month period. Almost all of this revenue was earned from the delivery of outputs to Cabinet.

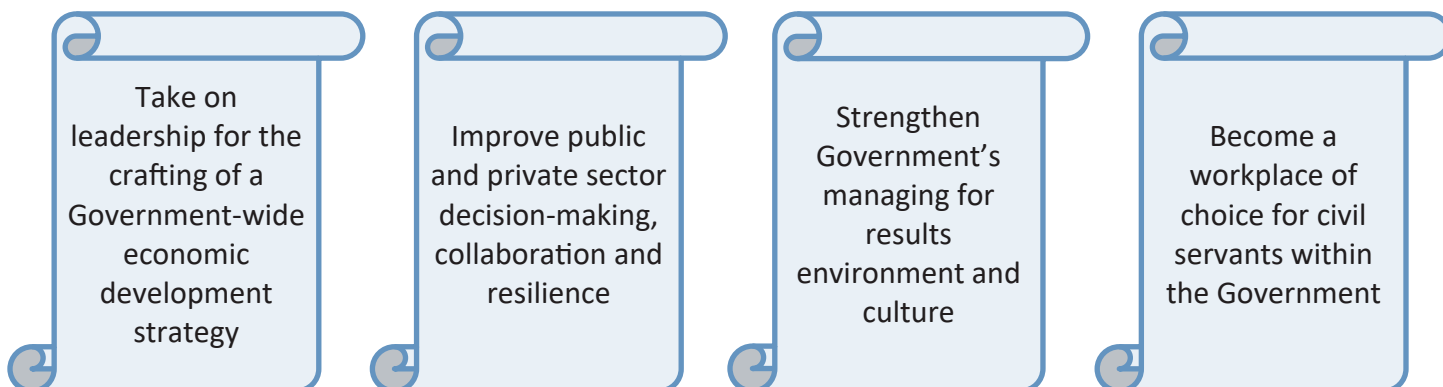
The Ministry incurred the same amount, CI\$14.6 million, in operating expenses during the year, of which CI\$11.8 million or 80.8% comprise of personnel costs. Personnel costs include salaries, health insurance and pension.

Looking Forward: Our Strategic Objectives for 2021-2025

The strategic objectives and supporting initiatives that make up this Plan were derived from a consultation process that engaged key stakeholders, managers and employees through a survey, interviews and working sessions to arrive at key strategic issues the Ministry needs to address over the next five years. These strategic issues were then grouped into a set of proposed themes and prospective initiatives for consideration by the Ministry's management team, who then decided on the objectives and initiatives that follow.

These strategic objectives represent the key priorities in support of our vision that the Ministry wishes to embark on over the next five years. The work that will be undertaken during this time represents our agenda for change.

THE PLAN HAS FOUR STRATEGIC OBJECTIVES:



Take on leadership for the crafting of a Government-wide economic development strategy

Over the next five years we will undertake the following initiatives:

- * Re-examine, define and re-design the Ministry's economic development role;
- * Work with our public and private sector stakeholders and Cabinet to craft an integrated strategy for the development of the economy of the Cayman Islands;
- * Develop a more strategic and structured approach to Government procurement as well as reviewing and improving procurement processes; and
- * Help build capacity across the public sector to support a collaborative and impactful economic development strategy

Improve public and private sector decision-making, collaboration and resilience

Over the next five years we will undertake the following initiatives:

- * Develop statistical information that is tailored to the unique needs of various stakeholder groups;
- * Strengthen statistical capacity and data literacy in public and private sector organizations and within the Caymanian population;
- * Develop a framework and work with stakeholders to improve data collection and data integrity and promote a data-driven culture; and
- * Review and enhance the government-wide risk management framework and plan

Strengthen Government's managing for results environment and culture

There are two primary areas that the Ministry will focus on in relation to this strategic objective:

1. Continue to work with public entities to bolster the timeliness, quality and usefulness of financial reporting across the Government. The Ministry will build upon current projects underway, for example, to develop and implement risk management processes that ensure the effective collection of government revenues and to modernize the budget system for the 2024 and 2025 budgets; and
2. Enhance the framework for reporting service performance information with the objective of demonstrating how effectively and efficiently public resources are used and the performance expectations and impacts achieved. This will help make the transition to the better management of outputs and outcomes.

During the life of this strategic plan, we will, therefore, undertake the following initiatives:

- * Develop a managing for results policy together with the supporting implementation guidance;
- * Modernize the business practices, decision-making processes and tools used to support results-based management and accountability;
- * Implement a strategy for building capacity and evolving the Government managing for results culture;
- * Develop and implement a government-wide results-based management and accountability framework for assessing financial and non-financial performance; and
- * Review and enhance the reporting processes and tools for budgeting, revenue forecasting, stress testing and planning.

Become a workplace of choice for civil servants within the Government

In order to achieve this objective, the following initiatives will be carried out:

- * Champion new approaches, tools and materials that will foster a workplace culture of mutual trust, respect and dignity for everyone;
- * Embed a culture of constant improvement, innovation, and proactivity within the Ministry;
- * Develop a coordinated learning and development plan for the Ministry to build capacity and guide career development and advancement; and
- * Strengthen leadership, decision-making and communication skills in the management levels of the Ministry.

Appendix A



CAYMAN ISLANDS GOVERNMENT

Ministry of Finance & Economic Development

Financial Statements

For the year ended 31 December 2020

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Statement of Changes in Net Worth	8
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Notes to the Financial Statements	10

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
STATEMENT OF RESPONSIBILITY FOR FINANCIAL STATEMENTS
31 DECEMBER 2020

These financial statements are prepared by the Ministry of Finance & Economic Development (the "Ministry") in accordance with the provisions of the Public Management and Finance Act (2020 Revision), (the "Act").

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

As Financial Secretary & 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 the Act, and properly record the financial transactions of the Ministry.

As Financial Secretary & Chief Officer, and Chief Financial Officer, we are responsible for the preparation of the financial statements, representations and judgements made in these statements.

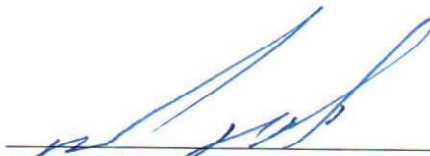
To the best of our knowledge, these financial statements:

- (a) fairly reflect the financial position as at 31 December 2020 and financial performance for the financial year ended 31 December 2020; and
- (b) comply with International Public Sector Accounting Standards ("IPSAS") as set out by International Public Sector Accounting Standards Board under the responsibility of the International Federation of Accountants. Where guidance is not available under IPSAS, the financial statements comply with International Accounting Standards issued by the International Accounting Standards Board or accounting practice that is generally accepted in the United Kingdom as appropriate for reporting in the public sector.

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



Kenneth Jefferson
Financial Secretary & Chief Officer
Ministry of Finance & Economic Development



Nina Vandine
Chief Financial Officer
Ministry of Finance & Economic Development

10 March 2021

AUDITOR GENERAL'S REPORT

To the Members of the Parliament and the Financial Secretary and Chief Officer of the Ministry of Finance and Economic Development

Opinion

I have audited the financial statements of the Ministry of Finance and Economic Development (the "Ministry"), which comprise the statement of financial position as at 31 December 2020 and the statement of financial performance, statement of changes in net worth and cash flows statement for the year ended 31 December 2020, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 10 to 26.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Ministry as at 31 December 2020 and its financial performance and its cash flows for the year ended 31 December 2020 in accordance with International Public Sector Accounting Standards.

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Ministry in accordance with the International Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, together with the ethical requirements that are relevant to my audit of the financial statements in the Cayman Islands, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

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

In preparing the financial statements, management is responsible for assessing the Ministry's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the 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 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.

AUDITOR GENERAL'S REPORT (continued)

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 Act (2020 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.



Angela Cullen
Acting Auditor General

10 March 2021
Cayman Islands

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
STATEMENT OF FINANCIAL POSITION
AS AT 31 December 2020

Prior Year Actual December 31, 2019 \$'000		Note	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
	Current Assets					
10,414	Cash and cash equivalents	2	9,933	12,364	12,364	2,431
2,829	Trade receivables	3	3,292	1,273	1,273	(2,019)
1,107	Other receivables	3	983	761	761	(222)
202	Inventories	4	236	207	207	(29)
154	Prepayments	5	142	150	150	8
14,706	Total Current Assets		14,586	14,755	14,755	169
	Non-Current Assets					
4,118	Property, plant and equipment	6	3,950	4,716	4,716	766
531	Intangible Assets	7	677	830	830	153
4,649	Total Non-Current Assets		4,627	5,546	5,546	919
19,355	Total Assets		19,213	20,301	20,301	1,088
	Current Liabilities					
409	Trade payables	8	157	133	133	(24)
1,094	Other payables and accruals	8	1,018	917	917	(101)
378	Unearned revenue	9	505	460	460	(45)
297	Employee entitlements	10	427	304	304	(123)
308	Repayment of surplus	23	3	-	-	(3)
2,487	Total Current Liabilities		2,110	1,814	1,814	(296)
2,487	Total Liabilities		2,110	1,814	1,814	(296)
16,868	Net Assets		17,103	18,487	18,487	1,384
	NET WORTH					
17,367	Contributed capital		17,623	18,874	18,874	1,251
(498)	Accumulated surpluses/(deficits)		(520)	(387)	(387)	133
16,869	Total Net Worth		17,103	18,487	18,487	1,384

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

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 December 2020

Prior Year Actual December 31, 2019 \$'000			Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
Revenue						
15,931	Sale of goods and services	11	14,603	17,797	17,797	3,194
75	Investment revenue	12	33	60	60	27
16,006	Total Revenue		14,636	17,857	17,857	3,221
Expenses						
12,142	Personnel costs	13	11,817	12,679	12,679	862
3,196	Supplies and consumables	14	2,430	4,671	4,671	2,241
302	Depreciation	6	271	338	338	67
1	Amortization of Intangible Assets	7	68	107	107	39
-	Impairment of inventory	4	-	-	-	-
4	Litigation costs		-	-	-	-
(13)	(Gains)/Losses on foreign exchange transactions	15	(12)	-	-	12
6	(Gains)/Losses from derecognition of assets	15	-	-	-	-
60	Other expenses		59	62	62	3
15,698	Total Expenses		14,633	17,857	17,857	3,224
308	Surplus for the period		3	-	-	(3)

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

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDED 31 December 2020

	Contributed Capital \$'000	Accumulated Surplus/(deficits) \$'000	Total Net worth \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
Balance as at December 31 2018	21,068	(387)	20,681	20,681	20,681	-
Prior Year Adjustments	-	(111)	(111)	-	-	111
Restated balance	21,068	(498)	20,570	20,681	20,681	111
Changes in Net Worth for 2019						
Equity Investment from Cabinet	732	-	732	850	850	118
Capital withdrawals by Cabinet	(4,433)	-	(4,433)	(4,433)	(4,433)	-
Repayment of surplus to Cabinet	-	(308)	(308)	(312)	(312)	(4)
Net revenue / expenses recognised directly in net worth	(3,701)	(308)	(4,009)	(3,895)	(3,895)	114
Surplus/(deficit)for the period 2019	-	308	308	312	312	4
	(3,701)	-	(3,701)	(3,583)	(3,583)	118
Balance at 31 December 2019 carried forward	17,367	(498)	16,869	17,098	17,098	229
	Contributed Capital	Accumulated Surplus/(deficits)	Total Net worth	Original Budget	Final Budget	Variance (Orig vs Actual)
Balance at 31 December 2019 brought forward	17,367	(498)	16,869	17,098	17,098	229
Changes in Net Worth for 2020						
Prior Year Adjustments	-	(22)	(22)	-	-	22
Restated balance	17,367	(520)	16,847	17,098	17,098	251
Changes in net worth for 2020						
Equity Investment from Cabinet	256	-	256	1,389	1,389	1,133
Repayment of surplus/Dividends to Cabinet	-	(3)	(3)	-	-	3
Net revenue / expenses recognised directly in net worth	256	(3)	253	1,389	1,389	1,136
Surplus/(deficit)for the period 2020	-	3	3	-	-	(3)
	256	-	256	1,389	1,389	1,133
Balance at 31 December 2020	17,623	(520)	17,103	18,487	18,487	1,384

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

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 December 2020

Prior Year Actual December 31, 2019 \$'000		Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
	CASH FLOWS FROM OPERATING ACTIVITIES				
	<i>Receipts</i>				
13,090	Outputs to Cabinet	12,033	14,755	14,755	2,722
3,394	Sale of goods and services	2,256	3,049	3,049	793
55	Interest received	88	45	45	(43)
-	Other receipts	16	-	-	(16)
	<i>Payments</i>				
(12,377)	Personnel costs	(11,688)	(12,676)	(12,676)	(988)
(3,212)	Supplies and consumables	(2,692)	(4,690)	(4,690)	(1,998)
(57)	Other payments	(44)	(61)	(61)	(17)
893	Net cash flows from operating activities	(31)	422	422	453
	CASH FLOWS FROM INVESTING ACTIVITIES				
(676)	Purchase of property, plant and equipment	(398)	(1,220)	(1,220)	(822)
-	Proceeds from sale of property, plant and equipment	-	-	-	-
(676)	Net cash flows from investing activities	(398)	(1,220)	(1,220)	(822)
	CASH FLOWS FROM FINANCING ACTIVITIES				
-	Equity Investment from Org 40	256	1,389	1,389	1,133
(3,837)	Repayment of Surplus to Org 40	(308)	(312)	(312)	(4)
(3,837)	Net cash flows from financing activities	(52)	1,077	1,077	1,129
(3,620)	Net increase/(decrease) in cash and cash equivalents	(481)	279	279	760
14,034	Cash and cash equivalents at beginning of period	10,414	12,085	12,085	1,671
10,414	Cash and cash equivalents at end of period	9,933	12,364	12,364	2,431

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

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Amounts Expressed in CI \$000's)

Description and Principal Activities

The Ministry of Finance & Economic Development (the "Ministry") is a Government entity as defined by section 2 of the Public Management and Finance Act (2020 Revision) (the "Act").

Its principal activities and operations include all activities carried out in terms of the Outputs purchased by the Minister of Finance & Economic Development as defined in the Plan and Estimates for the Government of the Cayman Islands (the "Government") for the year ended 31 December 2020. The purpose of the Ministry is to develop, implement and maintain macro-economic and budgetary policies, maintain measures to manage the finances of the Government and exercise supervision and control in all matters relating to the financial affairs of the Government. The Ministry consists of several departments, including Economics and Statistics Office, Finance Administration, Risk Management, Treasury, Central Procurement Office and Postal Service.

Following the formation of the Cayman Islands Customs and Border Control, the Customs Department was reassigned to the Ministry of Human Resources and Immigration effective 1 February 2019 and therefore ceased to be a department of the Ministry on the effective date. The prior year actual figures and details includes January 2019 data for the Customs Department.

Note 1: Significant Accounting Policies

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

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

Basis of Preparation

The financial statements are presented in Cayman Islands Dollars (CI\$) and are prepared on the accrual basis of accounting, unless otherwise stated. The statements are rounded to the nearest thousand. Any discrepancies between totals and sums of components are due to rounding. The measurement base applied to these financial statements is the historical cost basis, unless otherwise stated.

New and revised accounting standards issued that are not yet effective for the financial year beginning 1 January 2020 and not early adopted.

Certain new accounting standards have been published that are not mandatory for the 31 December 2020 reporting year 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 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.

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020
(Amounts Expressed in CI \$000's)

Changes in Accounting Policies

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

Budget Amounts

The original budget amounts for the year ended 31 December 2020 are as presented in the 2020 Budget Statement and the amounts are rolled up into the Plan and Estimates document which was approved by the Legislative Assembly. Any changes to the original budget are reflected in the final budget. As required by the Act, budgets are presented on the same basis as the annual financial statements.

Judgments and Estimates

The preparation of financial statements in conformity with IPSAS requires judgments, estimates, and assumptions to effect 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 and in any future periods that are affected by those revisions.

Changes in Accounting Estimates

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

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, other agencies in Government and third parties. Revenue is recognised at fair value of services provided.

Expenses

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

Operating Leases

Operating lease payments 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 payments under operating leases, net of lease incentives received, are recognised as expenses on a straight-line basis over the lease term. Lease incentives received are recognised evenly over the term of the lease as a reduction in rental expense.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash in-transit, cash at bank, deposits on call and short term highly liquid investments with maturity of no more than three months from the date of acquisition, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

Inventory

Inventory held for distribution, or consumption in the provision of services, that are not issued on a commercial basis are measured at the lower of cost and net realizable value. Where inventories are acquired at no cost, or for nominal consideration, the amount reported is the current replacement cost at the date of acquisition.

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

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

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020
(Amounts Expressed in CI \$000's)

Prepayments

The portion of recognised expenditure paid in advance of receiving services is recognised as a prepayment.

Property, Plant and Equipment

Property, Plant and Equipment are stated at historical cost upon initial recognition less accumulated depreciation. 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.

Property, Plant and Equipment reported in the Statement of Financial Position as of the year end are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment loss. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially for those that would be determined using fair values at the end of each reporting year.

Any revaluation increase arising on the revaluation of such assets is recognized in the Statement of Changes in Net Worth (equity), except to the extent that it reverses a revaluation decrease for the same class of asset previously in surplus or deficit in the Statement of Financial Performance, in which case the increase is credited to the surplus or deficit to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such assets is recognized in surplus or deficit to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to previous revaluation of that class of asset.

Assets under Construction

Assets under construction or development are carried at cost, less any recognized impairment loss. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets (on the same basis as the asset category) commences when the assets are ready for their intended use.

Furniture and Equipment

Furniture and Equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

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 and assets under construction); 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.

<u>Asset Type</u>	<u>Estimated Useful life (in Years)</u>
Buildings and structures	40 - 60
Leasehold Improvement	Unexpired period or useful life
Furniture, fittings and office equipment	3-20
Computer hardware	3 - 10
Computer software	3 - 10
Other plant and equipment	5 - 25
Motor vehicles	4 - 12

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020
(Amounts Expressed in CI \$000's)

Intangible Assets

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

The carrying value of an intangible asset with a finite life is amortized on a straight line basis over its estimated useful life. Amortization begins when the asset is available for use and ceases at the date that the asset is derecognized. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately (if any) are carried at cost less accumulated impairment losses. Amortization charge for each year is recognized in the Statement of Financial Performance.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all the following have been demonstrated:

- a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- b) the intention to complete the intangible asset and use or sell it;
- c) the ability to use or sell the intangible asset;
- d) how the intangible asset will generate probable future economic benefits;
- e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- f) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above.

Derecognition of Assets

An item of property, plant and equipment and intangible asset is derecognized upon disposal or when no future economic benefits are expected to rise from the continued use of the asset.

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.

Employee Benefits

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

Pension contributions for employees of the Ministry are paid to the Public Service Pension Fund (the "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 only operated a defined benefit scheme. With effect from 1 January 2000 the Board continued to operate a defined benefit scheme for existing employees and introduced 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 Government.

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020
(Amounts Expressed in CI \$000's)

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 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 trade 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 liabilities 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 expires.

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.

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 year the following exchange rates are to be used to translate foreign currency balances:

- a) Foreign currency monetary items are to be reported in Cayman Islands Dollars using the closing rate;
- b) 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
- c) Non-monetary items that are carried at fair value denominated in a foreign currency are reported using the exchange rates that existed when the fair values were determined.

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020
(Amounts Expressed in CI \$000's)

Surplus Repayable

Pursuant to Section 39 (3) (f) of the Act any net surplus is transferred to surplus repayable, and, ultimately, repaid to the Cabinet.

Note 2: Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, bank accounts in the name of the Ministry and are maintained at Royal Bank of Canada, and short term on call deposits invested with the Government's Treasury. As at 31 December 2019 and 31 December 2020, the Ministry's unrestricted cash balances were, as presented below. No restricted cash balances were held at 31 December 2020.

Prior Year Actual December 31, 2019	Description	Foreign Currency	Exchange Rate	Actual Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
	- Cash on hand			17	-	-	(17)
	22 Cash in transit			255	47	47	(208)
5,754	CI\$ Operational Current Account			4,212	8,223	8,223	4,011
41	US\$ Operational Current Account	191	0.84	160	74	74	(86)
761	Payroll Current Account			1,386	219	219	(1,167)
72	Bank Accounts held at other financial institutions			51	37	37	(14)
3,764	Treasury Internal Deposits			3,852	3,764	3,764	(88)
10,414	TOTAL			9,933	12,364	12,364	2,431

Note 3: Trade Receivables and Other Receivables

At year end all overdue receivables are assessed and appropriate provisions made. The provisions for doubtful debts are calculated based on expected losses for the Ministry and a review of specific debtors. Expected losses are determined based on an analysis of the Ministry's losses in previous years.

Prior Year Actual December 31, 2019		Actual Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
	Trade Receivables				
60	Sale of goods and services	83	53	53	(30)
2,769	Outputs to Cabinet	3,210	1,220	1,220	(1,990)
-	Less: provision for doubtful debts	(1)	-	-	1
2,829	Total trade receivables	3,292	1,273	1,273	(2,019)
	Other Receivables				
	- Advances (salary, Official Travel, etc)				
2	Dishonoured cheques	2	1	1	(1)
56	Interest receivable	1	60	60	59
1,049	Other Receivable	980	700	700	(280)
1,107	Total other receivables	983	761	761	(222)

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020
(Amounts Expressed in CI \$000's)

Actual Prior Year	Receivables	Trade Receivable	Other Receivable	Actual Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
3,665	Past due 1-30 days	3,248	282	3,530	1,749	1,749	(1,781)
46	Past due 31-60 days	-	1	1	-	-	(1)
3	Past due 61-90 days	2	1	3	-	-	(3)
19	Past due 90 and above	30	25	55	165	165	110
	Non-Current						
203	Past due 1 year and above	12	674	686	119	119	(567)
3,936	Total	3,292	983	4,275	2,033	2,033	(2,242)

Changes in the provision of doubtful debts:

Actual Prior Year	Description	Actual Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
-	Balance at 1 Jan	-	-	-	-
-	Additional provisions made during the	(1)	-	-	1
-	Receivables written off during the period	-	-	-	-
-	Balance at 31 December	(1)	-	-	1

Note 4: Inventories

Prior Year Actual December 31, 2019	Description	Current Period Actual	Original Budget	Final Budget	Variance (Orig vs Actual)
202	Inventory held for use in the provision of goods and services	236	207	207	(29)
202	Total Inventories	236	207	207	(29)

Note 5: Prepayments

Prior Year Actual December 31, 2019	Description	Actual Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
	Current				
154	Accrued Prepayments	142	150	150	8
154	Total Prepayments	142	150	150	8

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020
(Amounts Expressed in CI \$'000's)

Note 6: Property, plant and equipment

	<i>Plant and equipment</i>	<i>Buildings and Leasehold</i>	<i>Furniture and Office Equipment</i>	<i>Computer Hardware</i>	<i>Other assets</i>	<i>Motor Vehicles</i>	<i>Assets under construction or development</i>	<i>Total</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Variance (Orig vs Actual)</i>
Cost or Opening Valuation	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Balance as at 1 Jan 2019	1,116	7,763	634	273	26	3,003	16	12,831	12,831	12,831	-
Additions	61	-	4	30	-	-	96	191	164	164	(27)
Disposals	-	-	-	-	-	(45)	-	(45)	-	-	45
Transfers	(959)	(3,229)	(204)	(49)	(26)	(2,716)	(16)	(7,199)	(7,200)	(7,200)	(1)
Balance as at 31 December 2019	218	4,534	434	254	-	242	96	5,778	5,795	5,795	17

	<i>Plant and equipment</i>	<i>Buildings and Leasehold</i>	<i>Furniture and Office Equipment</i>	<i>Computer Hardware</i>	<i>Other assets</i>	<i>Motor Vehicles</i>	<i>Assets under construction or development</i>	<i>Total</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Variance (Orig vs Actual)</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Balance as at 1 Jan 2020	218	4,534	434	254	-	242	96	5,778	5,795	5,795	17
Additions	-	-	-	46	-	58	-	104	950	950	846
Revaluations	-	-	-	-	-	-	-	-	-	-	-
Disposals	(7)	-	(32)	(35)	-	-	-	(74)	-	-	74
Transfers	-	-	-	96	-	-	(96)	-	-	-	-
Balance at 31 December 2020	211	4,534	402	361	-	300	-	5,808	6,745	6,745	937

	<i>Plant and equipment</i>	<i>Buildings and Leasehold</i>	<i>Furniture and Office Equipment</i>	<i>Computer Hardware</i>	<i>Other assets</i>	<i>Motor Vehicles</i>	<i>Assets under construction or development</i>	<i>Total</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Variance (Orig vs Actual)</i>
Accumulated Depreciation and Impairment Losses	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Balance as at 1 Jan 2019	843	835	464	260	4	2,059	-	4,465	4,465	4,465	-
Transfers	(732)	(365)	(83)	(49)	(4)	(1,828)	-	(3,061)	(3,109)	(3,109)	(48)
Depreciation Expense	19	207	16	11	-	49	-	302	337	337	35
Eliminate on Disposal	-	-	-	-	-	(45)	-	(45)	-	-	45
Balance as at 31 December 2019	130	677	397	222	-	235	-	1,661	1,693	1,693	32

	<i>Plant and equipment</i>	<i>Buildings and Leasehold</i>	<i>Furniture and Office Equipment</i>	<i>Computer Hardware</i>	<i>Other assets</i>	<i>Motor Vehicles</i>	<i>Assets under construction or development</i>	<i>Total</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Variance (Orig vs Actual)</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Balance as at 1 Jan 2020	130	677	397	222	-	235	-	1,661	1,693	1,693	32
Transfers	-	-	-	-	-	-	-	-	-	-	-
Depreciation Expense	21	193	13	38	-	6	-	271	336	336	65
Eliminate on Disposal/Revaluation	(7)	-	(32)	(35)	-	-	-	(74)	-	-	74
Balance at 31 December 2020	144	870	378	225	-	241	-	1,858	2,029	2,029	171
Net Book value 31 December 2019	88	3,857	37	32	-	8	96	4,118	4,102	4,102	(15)
Net Book value 31 December 2020	67	3,664	24	136	-	59	-	3,950	4,716	4,716	766

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020
(Amounts Expressed in CI \$000's)

Note 7: Intangible assets

	<i>Computer Software</i>	<i>Assets under development</i>	<i>Total</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Variance (Orig vs Actual)</i>
Cost or Opening Valuation	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 Jan 2019	122	290	412	412	412	-
Additions	-	564	564	700	700	136
Transfers	-	(323)	(323)	(290)	(290)	33
Balance as at 31 December 2019	122	531	653	822	822	169

	<i>Computer Software</i>	<i>Assets under development</i>	<i>Total</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Variance (Orig vs Actual)</i>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 Jan 2020	122	531	653	822	822	169
Additions	214	-	214	270	270	56
Transfers	531	(531)	-	-	-	-
Balance at 31 December 2020	867	-	867	1,092	1,092	225

	<i>Computer Software</i>	<i>Assets under development</i>	<i>Total</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Variance (Orig vs Actual)</i>
Accumulated Amortization and Impairment Losses	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 Jan 2019	121	-	121	121	121	-
Depreciation Expense	1	-	1	34	34	33
Balance as at 31 December 2019	122	-	122	155	155	33

	<i>Computer Software</i>	<i>Assets under development</i>	<i>Total</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Variance (Orig vs Actual)</i>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 Jan 2020	122	-	122	155	155	33
Depreciation Expense	68	-	68	107	107	39
Balance at 31 December 2020	190	-	190	262	262	72
Net Book value 31 December 2019	-	531	531	667	667	136
Net Book value 31 December 2020	677	-	677	830	830	153

The Ministry has a Point of Sale Software (Swift Postal) that has been implemented for use at Postal Services. The current systems which were acquired in 2009 were failing, obsolete and couldn't be repaired. The introduction of one system across all Post Offices will facilitate the collection and protection of Government Revenues and improve customer service. Other postal administrations in the region who have implemented Swift Postal have been able to offer their Governments a central payment point for all Government services, so the introduction of Swift Postal offers the Cayman Islands Government options to maximize the foot-print of Post Offices to enhance services for all CIG Departments.

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020
(Amounts Expressed in CI \$000's)

Note 8: Trade Payables, Other Payables and Accruals

Prior Year Actual December 31, 2019	Description	Actual Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
193	Creditors	2	133	133	131
216	Creditors Ministries/Portfolios	155	-	-	(155)
394	Accrued Expenses	352	392	392	40
681	Accrued Expenses Ministries/Portfolios	652	515	515	(137)
3	Accrued Expenses other government agencies	3	-	-	(3)
16	Other payables	11	8	8	(3)
-	Payroll Deductions	-	2	2	2
1,503	Total trade payables, other payables & accruals	1,175	1,050	1,050	(125)

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

Note 9: Unearned Revenue

Prior Year Actual December 31, 2019	Details	Actual Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
	Current Portion				
378	Other unearned revenue	505	460	460	(45)
378	Total unearned revenue	505	460	460	(45)

Note 10: Employee Entitlements

Prior Year Actual December 31, 2019	Description	Actual Current Year	Original Budget	Revised Budget	Variance (Orig vs Actual)
	<i>Current employee entitlements are represented by:</i>				
14	Comp Time	20	17	17	(3)
198	Annual Leave	322	195	195	(127)
9	Accrued salaries	-	10	10	10
82	Pension	85	82	82	(3)
(6)	Other salary related entitlements	-	-	-	-
297	Total employee entitlements	427	304	304	(123)

The annual leave entitlements and compensated absence (Comp time) are calculated on current salary paid to those employees eligible for this benefit.

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020
(Amounts Expressed in CI \$000's)

Note 11: Sale of Goods and Services

Prior Year Actual December 31, 2019	Revenue type	Actual Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
12,491	Outputs to Cabinet	12,473	14,855	15,155	2,382
102	Outputs to other government agencies	101	97	97	(4)
180	Fees and charges	-	-	-	-
2,046	General Sales	999	1,755	1,455	756
1,112	Other	1,030	1,090	1,090	60
15,931	Total sales of goods and services	14,603	17,797	17,797	3,194

Outputs to Cabinet comprises goods delivered to and services performed on behalf of the Government.

Outputs to other Government agencies comprises trade between the Ministry and other government bodies.

Fees & charges, general sales (postage) & others (post office box rental, miscellaneous) 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.

Note 12: Investment Revenue

Prior Year Actual December 31, 2019	Source	Actual Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
75	Interest on deposits held with Cabinet	32	60	60	28
-	Interest on cash balances	1	-	-	(1)
75	Total Investment Revenues	33	60	60	27

Note 13: Personnel Costs

Prior Year Actual December 31, 2019	Description	Actual Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
9,778	Salaries, wages and allowances	9,299	9,905	9,905	606
1,957	Health care	1,864	2,196	2,196	332
531	Pension	511	557	557	46
(133)	Leave	130	10	10	(120)
9	Other personnel related costs	13	11	11	(2)
12,142	Total Personnel Costs	11,817	12,679	12,679	862

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020
(Amounts Expressed in CI \$000's)

Note 14: Supplies and Consumables

Prior Year Actual December 31, 2019	Description	Actual Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
371	Supplies and Materials	117	176	176	59
1,850	Purchase of services	1,477	3,497	3,497	2,020
128	Lease of Property and Equipment	130	129	129	(1)
306	Utilities	240	277	277	37
408	Interdepartmental expenses	420	432	432	12
50	Travel and Subsistence	12	77	77	65
81	Recruitment and Training	32	82	82	50
2	Other	2	1	1	(1)
3,196	Total Supplies & Consumables	2,430	4,671	4,671	2,241

Note 15: Gains/(Losses)

Prior Year Actual December 31, 2019	Description	Actual Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
6	Gain/Loss on Derecognition of Asset/Liab	-	-	-	-
(13)	Net (Gain)/Loss on foreign exchange Transactions	(12)	-	-	12
(7)	Total Gain/ (Losses)	(12)	-	-	12

Note 16: Contingent Liabilities and Assets

The Ministry has no contingent assets as at 31 December 2020. Any contingent liabilities relating to the Ministry as at 31 December 2020 are reported in the consolidated accounts for the Government.

Note 17: Explanation of major variances against budget

There was one change between original budget and final budget, which was an increase in Cabinet funding for Postal Services approved by Cabinet under Section 11(5) of the Act; this is to be included in the Supplementary Appropriation Bill to be introduced to the Parliament by 31 March 2021, as required by Section 11(6) of the Act. As depicted in Note 11, this resulted in a reclassification of revenue from general sales to Outputs to Cabinet.

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

Statement of Financial Performance

Sale of Goods and Services Revenue

Revenue was below budget by \$3.2 million, due to a decline in Postal revenue due to COVID-19 restrictions, as well as lower expenditures for departments resulting in lower Cabinet revenue. The Ministry only bills for Cabinet revenue as the expenditures occur.

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020
(Amounts Expressed in CI \$000's)

Personnel Costs

Personnel costs were lower than the original budget by \$862 thousand. The variance is comprised of vacancies and the timing of vacant posts being filled.

Supplies and Consumables

Supplies and Consumables costs were lower than original budget by \$2.2 million. The Census was postponed until October 2021 due to COVID-19 and lockdown measures, this resulted in savings of \$1.8 million, there were also other savings in utilities, travel, training, supplies, security and overseas mail expenditures for an additional amount of \$400 thousand.

Depreciation & Amortization

Depreciation and amortization was lower than original budget by \$106 thousand, due to capital expenditures being postponed.

Statement of Financial Position

Cash and Cash Equivalents

The actual year end cash balance was lower than budget by \$2.4 million, as a result of 3 months of Cabinet revenue receivable being outstanding at the end of the year, the budget was for 1 month.

Trade & Other Receivables

The actual year-end trade receivable balance was higher than the budget by \$2 million as a result of Cabinet revenue receivable.

Other Receivables

The actual year-end balance of other receivables was higher than the original budget by \$222 thousand due to postal terminal dues receivable being higher than anticipated.

Property, Plant and Equipment

The actual year end property, plant and equipment ("PPE") were lower than the original budget by \$766 thousand as a result of capital expenditures being deferred.

Intangible Assets

The actual year end intangible assets were lower than the original budget by \$153 thousand as a result of deferring the purchase of budget software.

Trade Payables, Other Payables and Accruals

The actual year end payables and accrual balances were higher than the original budget by \$125 thousand due to timing of payments over the holidays.

Unearned Revenue

The actual year end unearned revenue was higher than the original budget by \$45 thousand due to the variable nature of when customers make payments throughout the year and therefore it becomes a timing issue.

Employee Entitlements

The actual year end employee entitlements were higher than the original budget by \$123 thousand due to travel restrictions as a result of COVID-19.

Statement of Changes in Net Worth

The equity investment from Cabinet was lower than budget by \$1.1 million due to the decision to defer the purchase of mail sorting equipment, budget software and other small capital purchases.

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020
(Amounts Expressed in CI \$000's)

Cash Flow Statement

Cash from Operating Activities

Cash from operating activities was under budget by \$453 thousand due to lower third party revenue than budgeted due to a decline in Postal revenue.

Cash from Investing Activities

Cash from investing activities was lower than budget by \$822 thousand due to the decision to defer the purchase of mail sorting equipment and budget software.

Cash from Financing Activities

The cash inflow from financing was under budget by \$1.1 million, was a result of not drawing on the equity injection due to deferral of capital expenditures.

Note 18: Related Party and Key Management Personnel Disclosures

Related party disclosure

The Ministry is an 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 are provided free of cost during the year ended 31 December 2020 and are consistent with normal operating relationships between entities and are undertaken on terms and conditions that are normal for such transactions.

Key Management Personnel

Key management personnel are also considered to be related parties and received the following remuneration.

Prior Year Actual December 31, 2019	Description	Actual Current Year	Number of posts
1,131	Salaries & other short-term employee benefits	1,168	8
125	Other long-term benefits	126	
<u>1,256</u>	<u>Total</u>	<u>1,294</u>	

The prior year total included nine posts, however the reassignment of the Customs department to the Ministry of Human Resources and Immigration resulted in a reduction for 2020.

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

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020
(Amounts Expressed in CI \$'000's)

Note 19: Commitments

Prior Year Actual December 31, 2019	Type	One year or less \$'000	One to five Years \$'000	Over five Years \$'000	Total \$'000
Capital Commitments					
130	Other commitments (list separately if material)	-	-	-	-
130	Total Capital Commitments	-	-	-	-
Operating Commitments					
416	Non-cancellable contracts for the supply of goods and services	416	-	-	416
416	Total Operating Commitments	416	-	-	416
546	Total Commitments	416	-	-	416

Note 20: Events Occurring After Reporting Date

No significant events occurred after the reporting date.

Note 21: 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, accounts receivable, Cabinet receivables 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 nor interest rate risk.

Liquidity Risk

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

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020
(Amounts Expressed in CI \$'000's)

Note 22: Segment Reporting

Prior Year Actual		Current Year Actual \$'000						
		FIN ADMIN	RSK	ESO	TSY	POS	CPO	TOTAL
Revenue								
12,491	Outputs from Cabinet	1,702	82	1,713	5,158	3,537	281	12,473
3,440	Sale of goods and services	-	-	-	112	2,018	-	2,130
75	Other revenue	32	-	-	-	1	-	33
16,006	Total Revenue	1,734	82	1,713	5,270	5,556	281	14,636
Expenses								
12,142	Salaries and Wages	1,564	82	1,593	3,989	4,351	238	11,817
3,556	Other expenses	167	0	120	1,281	1,205	43	2,816
15,698	Total Expenses	1,731	82	1,713	5,270	5,556	281	14,633
308	Net Surplus/ (Deficit)	3	-	-	-	-	-	3
Assets								
14,706	Current Assets	13,134	-	-	150	1,282	20	14,586
4,649	Non-Current Assets	8	-	5	28	4,586	-	4,627
19,355	Total Assets	13,142	-	5	178	5,868	20	19,213
(2,486)	Total Liabilities	(263)	-	(72)	(919)	(842)	(14)	(2,110)
731	Total Capital Expenditures	7	-	-	12	236	-	255

Joint assets and liabilities held as common are directly managed by the Finance Administration (FIN ADMIN) section; therefore FIN ADMIN would include such assets as cash and cash equivalents and receivables from Cabinet. It would also include such liabilities as Surplus payable and payroll deductions that are payable.

FIN ADMIN section assists the Financial Secretary and the Minister for Finance by providing policy advice, governance and administrative services on all financial, budgeting and reporting matters of the Government. The section processes applications for fees and import duty waivers, stamp duty abatements and assessments, Government Loans to Civil Servants, as well as providing administrative support and monitoring the performance of Departments under the Ministry.

The Risk Management Unit's (RSK) primary purpose is develop, implement and coordinate comprehensive property and liability insurance programmes along with safety and loss control activities to minimize the negative financial impact of natural hazards, accidents and other unexpected events to the Government.

The Economic and Statistics Office (ESO) monitors the economy, develops economic policies and plans, and advises the Government on a range of economic issues to sustain growth in the Islands. The ESO also conducts and analyses social and economic surveys and compiles and publishes statistical data on the Cayman Islands, and provides other Government Departments with technical advice on data collection and dissemination, and survey design and methodology.

The Treasury Department (TSY) is responsible for the preparation and the consolidation of the forecast and annual financial statements for core Government and the Entire Public Sector (EPS), as required by section 29(A) of the Act, using IPSAS. Treasury has oversight for the management and forecasting of core government cash flows, negotiation, evaluation and administration of core Government borrowings. It is responsible for the design, quality assurance and management of the budget and reporting processes for the EPS; this includes coordinating and preparing an annual timeline, Strategic Policy Statement, Plan and Estimates, Budget Statements, Ownership and Purchase Agreements and revenue forecasts. The Treasury also provides financial management services to Ministries/Portfolios and the Cabinet.

MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020
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The Cayman Islands Postal Services (POS) is the Government Department designated as the postal operator responsible for fulfilling the Government's obligations arising from adherence to the Universal Postal Union Convention in the Cayman Islands. As the designated postal operator, the Postal Service is charged with ensuring that postal services are accessible to all residents and visitors in the territory and operates a network of 16 Postal Services across all Islands. It is also part of a network of over 700,000 postal outlets worldwide. Core postal services are domestic and international in scope and encompass ordinary letter mail including mail with certified posting, registered mail, prepaid postage (franking meters and online meters), parcels, re-direction of mail, safe mail as well as the postal industry's courier service – Express Mail Service (EMS).

The Central Procurement Office (CPO) provides training, advice and guidance to all entities and persons involved in public procurement.

Note 23: Surplus Payable

Surplus payable represents surplus earned of \$3 thousand during the year ended 31 December 2020 (2019: \$308 thousand), which is to be repaid to the Cabinet, in the next financial year.

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MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT

ANNUAL REPORT FOR THE YEAR ENDED
31 DECEMBER 2020