



GOVERNMENT OF THE CAYMAN ISLANDS

Ministry of Employment and Border Control

FINANCIAL STATEMENTS

FOR THE PERIOD 1 JAN 2020 TO 31 DECEMBER 2020

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STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by the Ministry of Employment and Border Control in accordance with the provisions of the *Public Management and Finance Act (2020 Revision)*.

We accept responsibility for the accuracy and integrity of the financial information in these financial statements and their compliance with the *Public Management and Finance Act (2020 Revision)*.

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

As Chief Officer and Chief Financial Officer we are responsible for the preparation of the Ministry of Employment and Border Control financial statements, representation and judgements made in these statements. The Ministry does not make any assertion in regards to the non-exchange transactions. The Ministry is unable to obtain reliable costing information from the relevant government departments for services provided.

After considering the preceding paragraph, we continue to conclude that the financial statements fairly present the financial position, financial performance and cash flows of the Ministry of Employment and Border Control for the financial year ended 31 December 2020.

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

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

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

Michael Ebanks
Acting Chief Officer

Vinton Chinsee
Chief Financial Officer

April 23, 2021

April 23, 2021

AUDITOR GENERAL'S REPORT

To the Members of Parliament and the Chief Officer of the Ministry of Employment and Border Control.

Opinion

I have audited the financial statements of the Ministry of Employment and Border Control (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 assets and cash flow 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 8 to 35.

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 Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, together with the ethical requirements that are relevant to my audit of the financial statements in the Cayman Islands, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

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

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

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

AUDITOR GENERAL'S REPORT (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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



Sue Winspear, CPFA
Auditor General

23 April 2021
Cayman Islands

MINISTRY OF EMPLOYMENT AND BORDER CONTROL
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

Prior Year Actual \$'000	Note	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Current vs Original \$'000
Current Assets					
46,717 Cash and cash equivalents	2	57,152	74,261	74,261	17,109
14,068 Trade receivables	3	10,239	10,465	10,465	226
15,844 Other receivables	3	2,751	2,145	2,145	(606)
37 Inventories	4	37	39	39	2
565 Prepayments	5	280	455	455	175
77,231 Total Current Assets		70,459	87,365	87,365	16,906
Non-Current Assets					
427 Other receivables	3	446	214	214	(232)
522 Intangible assets	7	3,487	1,909	1,909	(1,578)
47,180 Property, plant and equipment	6	10,715	15,146	15,283	4,431
48,129 Total Non-Current Assets		14,648	17,269	17,406	2,621
125,360 Total Assets		85,107	104,634	104,771	19,527
Current Liabilities					
134 Trade payables	8	209	116	116	(93)
4,943 Other payables and accruals	8	7,355	6,015	6,015	(1,340)
1,300 Provision for legal and other	8, 21	1,254	-	-	(1,254)
19 Unearned revenue	10	-	855	855	855
2,013 Employee entitlements	9	1,120	1,481	1,481	361
20,189 Surplus payable		23,582	14,153	14,153	(9,429)
28,598 Total Current Liabilities		33,520	22,620	22,620	(10,900)
96,762 Net Assets		51,587	82,014	82,151	30,427
NET WORTH					
73,018 Contributed capital		29,977	52,333	52,470	22,356
23,301 Revaluation reserve		21,167	23,301	23,301	2,134
443 Accumulated surpluses		443	6,380	6,380	5,937
96,762 Total Net Worth		51,587	82,014	82,151	30,427

The Notes to the Financial Statements on pages 8 to 35 form part of these financial statements.

MINISTRY OF EMPLOYMENT AND BORDER CONTROL
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 December 2020

Prior Year Actual \$'000	Note	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Current vs Original \$'000
Revenue					
85,527 Sale of goods and services	11	43,356	48,461	49,779	5,105
969 Investment revenue	12	252	-	-	(252)
1,029 Donations	13	-	-	-	-
2,211 Other revenue		1	-	-	(1)
89,736 Total Revenue		43,609	48,461	49,779	4,852
Expenses					
61,945 Personnel costs	14	32,642	32,800	33,637	158
14,773 Supplies and consumables	15	5,802	11,097	11,579	5,295
3,363 Depreciation	6	1,383	1,356	1,356	(27)
165 Amortisation of intangible assets	7	109	391	391	282
781 Impairment of property, plant and equipment	6	-	-	-	-
9 Litigation costs	17	-	-	-	-
27 Revaluation legal liability provisions	17	393	-	-	(393)
(30) Other Gains	18	(20)	6	6	26
3 Losses on disposal/revaluation of property, plant and equipment	18	73	-	-	(73)
717 Losses from derecognition of assets	18	-	-	-	-
81,753 Total Expenses		40,382	45,650	46,969	5,268
7,983 Surplus for the year		3,227	2,811	2,810	(416)

The Notes to the Financial Statements on pages 8 to 35 form part of these financial statements.

MINISTRY OF EMPLOYMENT AND BORDER CONTROL
STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDED 31 DECEMBER 2020

	Contributed Capital \$'000	Reserves \$'000	Revaluation Reserve \$'000	Accumulated Surplus/ (deficits) \$'000	Total Net worth \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig. vs. Actual) \$'000
Balance at 31 December 2018 brought forward	44,923	-	23,301	444	68,668	69,532	69,532	864
Accounting Errors	-	-	-	(49)	(49)	-	-	49
Restated balance 31 December 2018	44,923	-	23,301	395	68,619	69,532	69,532	913
Changes in net worth for 2019								
Gain/(loss) on property revaluation	-	-	-	-	-	41,704	41,704	41,704
Ministry Reorganisation	4,432	-	-	-	4,432	-	-	(4,432)
Transfer of Land out of the Ministry	(551)	-	-	-	(551)	-	-	551
Equity investment from Cabinet	24,214	-	-	-	24,214	10,368	10,368	(13,846)
Capital withdrawals by Cabinet	-	-	-	-	-	-	-	-
Dividends payable to Cabinet	-	-	-	(7,935)	(7,935)	(5,924)	(5,924)	2,011
Net revenue / expenses recognised directly in net worth	28,095	-	-	(7,935)	20,160	46,148	46,148	25,988
Surplus/(deficit) for the year	-	-	-	7,983	7,983	5,924	5,924	(2,059)
Total recognised revenues and expenses for the year	28,095	-	-	48	28,143	52,072	52,072	23,929
Balance at 31 December 2019 carried forward	73,018	-	23,301	443	96,762	121,604	121,604	24,842
Balance at 31 December 2019 brought forward	73,018	-	23,301	443	96,762	121,604	121,604	24,842
Accounting Errors	-	-	-	167	167	-	-	(167)
Restated balance 31 December 2019	73,018	-	23,301	610	96,929	121,604	121,604	24,675
Changes in net worth for 2020								
Ministry Reorganisation	(44,245)	-	(2,134)	-	(46,379)	-	-	46,379
Equity Investment from Cabinet	1,204	-	-	-	1,204	6,028	6,165	4,824
Capital withdrawals by Cabinet	-	-	-	-	-	(45,618)	(45,618)	(45,618)
Dividends payable to Cabinet	-	-	-	(3,394)	(3,394)	(2,811)	(2,811)	583
Net revenue / expenses recognised directly in net worth	(43,041)	-	(2,134)	(3,394)	(48,569)	(42,401)	(42,264)	6,168
Surplus for the year	-	-	-	3,227	3,227	2,811	2,811	(416)
Total recognised revenues and expenses for the year	(43,041)	-	(2,134)	(167)	(45,342)	(39,590)	(39,453)	5,752
Balance at 31 December 2020 carried forward	29,977	-	21,167	443	51,587	82,014	82,151	30,427

The Notes to the Financial Statements on pages 8 to 35 form part of these financial statements.

MINISTRY OF EMPLOYMENT AND BORDER CONTROL
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

Prior Year Actual \$'000		Note	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Current vs Original \$'000
CASH FLOWS FROM OPERATING ACTIVITIES						
<i>Receipts</i>						
66,986	Outputs to Cabinet		36,188	33,400	34,718	(2,788)
(5)	Outputs to other government agencies		-	-	-	-
15,113	Sale of goods and services - third party		11,172	15,051	15,051	3,879
882	Interest received		518	-	-	(518)
1,013	Donations / Grants		-	-	-	-
2,195	Other receipts		1	11	11	10
<i>Payments</i>						
(62,256)	Personnel costs		(33,069)	(32,800)	(33,637)	269
(12,734)	Supplies and consumables		(7,156)	(11,568)	(12,050)	(4,412)
262	Other payments		(3,090)	(5,535)	(5,535)	(2,445)
11,456	Net cash flows from operating activities	20	4,564	(1,441)	(1,442)	(6,005)
CASH FLOWS FROM INVESTING ACTIVITIES						
(21,892)	Purchase of property, plant and equipment		(2,574)	(6,028)	(6,165)	(3,454)
3	Proceeds from sale of property, plant and equipment		1	-	-	(1)
(21,889)	Net cash flows from investing activities		(2,573)	(6,028)	(6,165)	(3,455)
CASH FLOWS FROM FINANCING ACTIVITIES						
9,939	Equity investment from Org 40		16,421	6,028	6,165	(10,393)
4	Ministry Reorganisation		(7,977)	-	-	7,977
9,943	Net cash flows from financing activities		8,444	6,028	6,165	(2,416)
(489)	Net increase/(decrease) in cash and cash equivalents		10,435	(1,442)	(1,442)	(11,877)
47,206	Cash and cash equivalents at beginning of year		46,717	75,703	75,703	28,986
46,717	Cash and cash equivalents at end of year		57,152	74,261	74,261	17,109

The Notes to the Financial Statements on pages 8 to 35 form part of these financial statements.

Description and principal activities

The Ministry of Employment and Border Control (the “Ministry”) is a Government owned entity as defined by section 2 of the *Public Management and Finance Act (2020 Revision) (PMFA)* and it is domiciled in the Cayman Islands.

Its principal activities and operations include all activities carried out in terms of the outputs purchased by the Minister as defined in the Annual Plan and Estimates for the Government of Cayman Islands for the financial year ended 31 December 2020.

During the year, the Ministry of Employment and Border Control, under Cabinet Directive, funded by a section 11.5 supplementary budget, established the Cayman Islands Regiment. The Ministry continues to transform with WORC department in the management of the labour force. The Ministry continues to improve border security through the Customs and Border Control Department (CBC).

As a part of the 2020-2021 budget exercise, the Royal Cayman Islands Police Service was separated as its own entity as the Office of The Commissioner of Police. The Ministry of Employment and Border control’s new composition is the Workforce Opportunities and Residency Cayman, The Passport Office, The Department of Labour and Pensions, the Customs and Border Control Department and the Cayman Islands Regiment.

Note 1: Significant Accounting Policies

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

There are no known accounting standards that have been adopted by the IPSAS Board for use in future years that will impact these financial statements.

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

(a) Basis of preparation

The financial statements are presented in Cayman Islands dollars and are prepared on the accrual basis of accounting, except the land and buildings which have been measured using the revaluation method. The measurement base applied to these financial statements is the historical cost basis.

Certain new accounting standards have been published that are not mandatory for the 31 December 2020 reporting year and have not been adopted by the Ministry. The Ministry's assessments of the impact of these new standards are set out below.

Note 1: Significant Accounting Policies (continued)

IPSAS 41, Financial Instruments was issued in August 2018 and shall be applied for financial statements covering periods beginning on or after 1 January 2023. 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 2023. 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.

Changes in Accounting Policies

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

The practice of amortising the revaluation depreciation follows policy across government to include revaluation depreciation in the budgets and consistently apply the same practice across all government entities.

Segment reporting has been included in accordance with IPSAS 18.

(b) Budget amounts

The original budget amounts for the financial year are as presented in the 2020/21 Budget Statement and approved by the Parliament for the Ministry and adjusted for the funding related to the establishment of the Cayman Islands Regiment.

(c) Judgments and estimates

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

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the reporting period and in any future periods that are affected by those revisions.

Note 1: Significant Accounting Policies (continued)

(d) Revenue

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

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

(e) Expenses

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

(f) 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 lease, 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.

(g) Cash and cash equivalents

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

(h) Prepayments

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

(i) Inventories

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

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

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

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

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

Note 1: Significant Accounting Policies (continued)**(j) Property, plant and equipment**

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

Asset Revaluation

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

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

Valuation methods

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

Fair Value (Market Value) defined in accordance with IFRS 13 Fair Value Measurement as follows: "The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

Fair Value (Existing Use Value) extends the definition of Fair Value (Market Value) in "assuming that the buyer is granted vacant possession of all parts of the property required by the business and disregarding potential alternative uses and any other characteristics of the property that would cause its market value to differ from that needed to replace the remaining service potential at least cost."

Specialized Assets: specialized assets are those for which no market exists for the current use. Specialized assets are valued using the Depreciated Replacement Cost method (DRC valuation). The definition of 'Depreciated Replacement Cost', as contained in The Standards, is as follows: "The current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization."

Valuation assumptions

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

Note 1: Significant Accounting Policies (continued)

(j) Property, plant and equipment (continued)

Valuation assumptions (Continued)

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

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

Valuations of each 'specialized building' state their total asset value and the (depreciated) value of the respective building. Those with a depreciated building value greater than \$0.5m also state figures for their 'component' parts. Buildings valued by the investment or comparison methods of valuation also state figures for their respective land values. These do not compute to reflect actual building values but indicate the inherent value attributing to the land only.

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

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

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

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

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

Buildings were revalued as an entire class of asset.

Note 1: Significant Accounting Policies (continued)

(j) Property, plant and equipment (continued)

Depreciation

Depreciation is expensed on a straight-line basis at rates calculated to allocate the cost or valuation of an item of property, plant and equipment (other than land); less any estimated residual value, over its estimated useful life.

Leasehold improvements are depreciated either over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is shorter.

<u>Asset Type</u>	<u>Estimated Useful life</u>
• Buildings and structures	10 – 60 years
• Building fit-out (when accounted for separately)	5 – 25 years
• Leasehold Improvement	Over the unexpired period of lease or the useful life of the improvement
• Computer equipment	3 – 10 years
• Developed software	4 – 10 years
• Office equipment and furniture	3 – 25 years
• Motor vehicles	3 – 20 years
• Boats and marine equipment	3 – 25 years
• Cleaning, refuse and recycling equipment	3 – 15 years
• Construction and other equipment	3 – 25 years
• Telecommunications	5 - 50 years
• Books, Music, manuscripts and works of art	2 – 10 years
• Clothing	0 - 4 years
• Other equipment	5 – 20 years
• Library assets	5 – 10 years
• Scientific and laboratory equipment	4 – 25 years
• Canine	6 – 8 years

Disposals

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

(k) Intangible assets

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

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

Note 1: Significant Accounting Policies (continued)**(l) Employee benefits**

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

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

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

(m) Financial instruments

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

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

Classification

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

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

Recognition

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

Measurement

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

Note 1: Significant Accounting Policies (continued)**(m) Financial instruments (continued)**

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

De-recognition

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

(n) Provisions, Contingent liabilities and assets (including guarantees)

Contingent liabilities and assets are reported at the point the contingency becomes evident. Contingent liabilities are disclosed when there is a possible obligation or present obligations that may, but probably will not, require an outflow of resources. Contingent assets are disclosed if it is probable that the benefits will be realised. Provisions are recognised when it becomes probable that an outflow of cash or other economic resources will be required to settle a liability of uncertain timing and amount. If an outflow is not probable, the item is treated as a contingent liability.

(o) Foreign currency

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

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

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

(p) Comparative figures

Comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so. Current year balances and amounts includes those pertaining to the Customs Department moved from the Ministry of Finance and Economic Development (now called as Customs and Border Control department) but prior year corresponding information have not been updated, in keeping with IPSAS.

Note 1: Significant Accounting Policies (continued)

(q) Revenue from non-exchange transactions

The Ministry receives various services from other government entities for which payment is made by the Cayman Islands Government. These services include but are not limited to accommodations in the Government Administration Building, maintenance and project management by the Public Works Department, fuel and vehicle maintenance from the Department of Vehicles and Equipment Services, and supplies, exemption of duties and charges from Customs and Border Control and human resource management from the Portfolio of the Civil Service. The Ministry has designated these non-exchange transactions as services in kind as defined under IPSAS 23 – Revenue from Non-Exchange Transactions. When fair values of such services can be readily estimated then the non-exchange transaction is recorded as an expense and an equal amount is recorded in other income as a service in kind. Since they cannot be readily estimated, they were not recognised in the financial statements. Where services in kind offered are directly related to construction of fixed assets, such service in kind is recognised in the cost of the asset.

MINISTRY OF EMPLOYMENT AND BORDER CONTROL
Notes to the Financial Statements
Year Ended 31 December 2020

Note 2: Cash and cash equivalents

Cash and cash equivalents include cash on hand; bank accounts in the name Ministry of Employment and Border Control are maintained at Royal Bank of Canada; and short-term deposits invested with the Cayman Islands Government Treasury. The Ministry's unrestricted cash balances as at 31 December 2019 and 31 December 2020 are presented below. No restricted cash balances were held by the Ministry at 31 December 2020.

Prior Year Actual	Description	Foreign Currency December 31, 2020	Exchange Rate	Current Year Actual	Original Budget	Final Budget	Current vs Original
\$'000	Note	\$'000		\$'000	\$'000	\$'000	\$'000
19	Cash on hand (IRIS Confirmation Account/Petty Cash)	8	1.0000	8	(6)	(6)	(14)
653	Cash in transit (IRIS Remittance Account)	1,059	1.0000	1,059	1,367	1,367	308
19,650	CI\$ Operational Current Account held at Royal Bank of Canada	14,989	1.0000	14,989	30,752	30,752	15,763
523	US\$ Operational Current Account held at Royal Bank of Canada	376	0.8375	315	296	296	(19)
(6,104)	Payroll Current Account held at Royal Bank of Canada	(1,604)	1.0000	(1,604)	2	2	1,606
109	Bank Accounts held at other financial institutions	-	1.0000	-	69	69	69
31,866	Fixed Deposits held with Treasury (less than 90 days)	42,384	1.0000	42,384	41,781	41,781	(603)
46,716	Total			57,151	74,261	74,261	17,110

Note 3: Trade receivables and other receivables

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

Prior Year Actual	Description	Current Year Actual	Original Budget	Final Budget	Current vs Original
\$'000		\$'000	\$'000	\$'000	\$'000
2,353	Sale of goods and services	2,748	728	728	(2,020)
12,289	Outputs to Cabinet	6,291	11,069	11,069	4,778
-	Outputs to other government agencies	1,629	-	-	(1,629)
(574)	Less: provision for doubtful debts	(429)	(1,118)	(1,118)	(689)
14,068	Total trade receivables	10,239	10,679	10,679	440

MINISTRY OF EMPLOYMENT AND BORDER CONTROL
Notes to the Financial Statements
Year Ended 31 December 2020

Note 3: Trade receivables and other receivables (continued)

Prior Year Actual \$'000	Other Receivables	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Current vs Original \$'000
2	Dishonoured cheques	2	-	-	(2)
341	Interest receivable	75	-	-	(75)
16,648	Other	3,537	2,145	2,145	(1,392)
(1,147)	Less: provision for doubtful debts	(863)	-	-	863
15,844	Total other receivables	2,751	2,145	2,145	(606)

Prior Year Actual \$'000	Other Non-current Receivables	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Current vs Original \$'000
427	Total other receivables	446	-	-	(446)
427	Total other non-current receivables	446	-	-	(446)

Changes in the provision of doubtful debts:

Prior Year Actual \$'000	Description	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Current vs Original \$'000
(1,154)	Balance at December 31	(1,721)	(1,118)	(1,118)	603
(567)	Additional (recovery of) provisions made during the year	429	-	-	(429)
(1,721)	Total	(1,292)	(1,118)	(1,118)	174

Most of the provisions were made to cover abnormal fees owed by Cayman Airways. The fees accumulated over a number of years and have never been paid by the airline.

Note 4: Inventories

The carrying amount for inventories held for distribution as at 31 December 2020 was \$37K and \$37k for 31 December 2019.

There was no write down to net realisable value at the year end.

No inventories are pledged as security for liabilities. Inventories consist of stocks of passports.

Prior Year Actual \$'000	Description	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Current vs Original \$'000
37	Inventory held for use in the provision of goods and services	37	39	39	2
37	Total inventories	37	39	39	2

Note 5: Prepayments

Prior Year Actual \$'000	Description	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Current vs Original \$'000
565	Accrued Prepayments	280	455	455	175
565	Total Prepayments	280	455	455	175

MINISTRY OF EMPLOYMENT AND BORDER CONTROL
Notes to the Financial Statements
Year Ended 31 December 2020

Note 6: Property, plant and equipment

COST or OPENING VALUATION	Land	Plant & Equipment	Buildings & Leasehold	Furniture & Office Equipment	Computers Hardware	Motor Vehicles	Marine Vessels	Aircraft	Assets under construction/development	Total	Original Budget	Final Budget	Current vs Original
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 January 2019	6,985	1,546	17,676	1,142	2,002	4,881	3,815	3,236	184	41,467	56,333	56,333	14,866
Additions	-	257	591	58	1,219	855	-	15,408	3,523	21,911	8,544	8,544	(13,367)
Disposals	-	(16)	(250)	(11)	(130)	(277)	-	(3,224)	-	(3,908)	(10)	(10)	3,898
Transfers	(551)	791	3,204	282	220	2,716	-	-	339	7,001	7,134	7,134	133
Balance as at 31 December 2019	6,434	2,578	21,221	1,471	3,311	8,175	3,815	15,420	4,046	66,471	72,001	72,001	5,530
Balance as at 1 January 2020	6,434	2,578	21,221	1,471	3,311	8,175	3,815	15,420	4,046	66,471	72,001	72,001	5,530
Additions	-	278	1,480	16	317	224	-	-	(796)	1,519	4,278	4,415	2,759
Disposals	-	(760)	-	(526)	(121)	-	-	-	-	(1,407)	-	-	1,407
Reclass	-	-	-	-	-	-	-	-	(2,157)	(2,157)	-	-	2,157
Transfers	(4,109)	(1,334)	(13,232)	(581)	(1,736)	(4,890)	(3,671)	(15,420)	(409)	(45,382)	(52,219)	(52,219)	(6,837)
Balance as at 31 December 2020	2,325	762	9,469	380	1,771	3,509	144	-	684	19,044	24,060	24,197	5,016

MINISTRY OF EMPLOYMENT AND BORDER CONTROL
Notes to the Financial Statements
Year Ended 31 December 2020

Note 6: Property, plant and equipment (continued)

ACCUMULATED DEPRECIATION	Land	Plant & Equipment	Buildings & Leasehold	Furniture & Office Equipment	Computers Hardware	Motor Vehicles	Marine Vessels	Aircraft	Assets under construction/development	Total	Original Budget	Final Budget	Current vs Original
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 January 2019	-	842	4,671	940	1,090	3,176	2,027	2,474	-	15,220	13,663	13,663	(1,557)
Transfers	-	641	340	112	167	1,828	-	-	-	3,088	2,325	2,325	(763)
Impairment charge 2019	-	93	-	41	-	647	-	(624)	-	157	1,135	1,135	978
Depreciation Expense 2019	-	119	1,089	88	786	622	183	476	-	3,363	2,652	2,652	(711)
Eliminate on Disposal or Derecognition 2019	-	(14)	(261)	(10)	(127)	(276)	-	(1,850)	-	(2,538)	-	-	2,538
Balance as at 31 December 2019	-	1,681	5,839	1,171	1,916	5,997	2,210	476	-	19,290	19,775	19,775	485
Balance as at 1 January 2019	-	1,681	5,839	1,171	1,916	5,997	2,210	476	-	19,290	19,775	19,775	485
Disposals	-	(675)	-	(505)	(118)	-	-	-	-	(1,298)	-	-	1,298
Transfers	-	(662)	(3,015)	(458)	(1,106)	(3,169)	(2,164)	(476)	-	(11,050)	(12,217)	(12,217)	(1,167)
Addition	-	(23)	-	8	19	-	-	-	-	4	-	-	(4)
Impairment charge 2020	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation Expense 2020	-	85	674	52	418	150	4	-	-	1,383	1,356	1,356	(27)
Balance as at 31 December 2020	-	406	3,498	268	1,129	2,978	50	-	-	8,329	8,914	8,914	585
Net Book value 31 December 2019	6,434	897	15,382	300	1,395	2,178	1,605	14,944	4,046	47,181	52,226	52,226	5,045
Net Book value 31 December 2020	2,325	356	5,971	112	642	531	94	-	684	10,715	15,146	15,283	4,431

Impairment charge totalling \$0.8m in 2019 include items transferred from the Ministry of Economic Development and Finance which did not meet the criteria to remain as an asset under the IPSAS standards for existence and future economic value. These included the defunct scanner truck for \$0.7m in impairment as well as a retired canine. In accordance with IPSAS the Ministry fully impaired the vehicle and disposed on the other items. The cost of the mobile scanner and facilities was \$2.6m and accumulated depreciation at transfer was \$1.9m. Impairment change of - \$0.6m in 2019 relates to the impairment on the disposed H135 helicopter which was damaged and replaced.

Transfers of property, plant and equipment in 2020 included assets transferred to the Office of the Commissioner of Police belonging to the Royal Cayman Islands Police Service and the Cayman Islands Coast Guards. These departments were transferred into a new ministry reporting to the Commissioner of Police as the Chief Officer.

MINISTRY OF EMPLOYMENT AND BORDER CONTROL
Notes to the Financial Statements
Year Ended 31 December 2020

Note 7: Intangible assets

COST or OPENING VALUATION	Computer Software	Assets under construction/development	Total	Original Budget	Final Budget	Current vs Original
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 January 2018	1,805	-	1,805	1,807	1,807	2
Additions	357	-	357	216	216	(141)
Disposals/Transfers	(663)	-	(663)	-	-	663
Balance as at 31 December 2018	1,499	-	1,499	2,023	2,023	524
Balance as at 1 January 2019	1,499	-	1,499	2,023	2,023	524
Additions	4	1,056	1,060	758	758	(302)
Disposals/Transfers	(494)	-	(494)	496	496	990
Reclass	-	2,157	2,157	-	-	(2,157)
Balance as at 31 December 2019	1,009	3,213	4,222	3,277	3,277	(945)
ACCUMULATED DEPRECIATION	Computer Software	Assets under construction/development	Total	Original Budget	Final Budget	Current vs Original
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 January 2019	1,766	-	1,766	1,257	1,257	(509)
Impairment Reserve 2019	(511)	-	(511)	-	-	511
Depreciation Expense 2019	165	-	165	89	89	(76)
Disposals/Transfers	(443)	-	(443)	(35)	(35)	408
Balance as at 31 December 2019	977	-	977	1,311	1,311	334
Balance as at 1 January 2020	977	-	977	1,311	1,311	334
Depreciation Expense 2020	109	-	109	391	391	282
Disposals / Transfers	(351)	-	(351)	(334)	(334)	17
Balance as at 31 December 2020	735	-	735	1,368	1,368	633
Net Book value 31 December 2019	522	-	522	712	712	190
Net Book value 31 December 2020	274	3,213	3,487	1,909	1,909	(1,578)

The reclassification in 2020 of \$2.157m related to work in progress software development for WORC and CBC previously classified as property, plant and equipment. Due to the materiality of the amount management has chosen to highlight it separately as intangibles.

MINISTRY OF EMPLOYMENT AND BORDER CONTROL
Notes to the Financial Statements
Year Ended 31 December 2020

Note 8: Trade payables, other payables and accruals

Prior Year Actual \$'000	Description	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Current vs Original \$'000
125	Creditors	209	116	116	(93)
9	Creditors Ministries/Portfolios	-	-	-	-
134	Total Trade Payables	209	116	116	(93)

Prior Year Actual \$'000	Description	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Current vs Original \$'000
828	Payroll Deductions	224	-	-	(224)
542	Accrued Expenses	1,701	5,963	5,963	4,262
2,784	Accrued Expenses Ministries/Portfolios	53	-	-	(53)
245	Accrued Expenses other government agencies	237	-	-	(237)
1,299	Provisions for legal liabilities	1,254	-	-	(1,254)
544	Other payables	5,140	52	52	(5,088)
6,242	Total Other Payables and accruals	8,609	6,015	6,015	(2,594)

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

Note 9: Employee entitlements

Prior Year Actual \$'000	Description	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Current vs Original \$'000
<i>Current employee entitlements are represented by:</i>					
1,626	Annual Leave	848	652	652	(196)
-	Retirement and long service leave	-	120	120	120
386	Accrued salaries	272	301	301	29
-	Pension	-	407	407	407
2,012	Total current portion	1,120	1,480	1,480	360

Note 10: Unearned revenue

Prior Year Actual \$'000	Description	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Current vs Original \$'000
<i>Current Portion</i>					
1	Revenue deposits	-	-	-	-
19	Other unearned revenue	-	855	855	855
20	Total current portion	-	855	855	855

MINISTRY OF EMPLOYMENT AND BORDER CONTROL
Notes to the Financial Statements
Year Ended 31 December 2020

Note 11: Sales of goods and service (Revenue)

Prior Year Actual \$'000	Revenue type	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Current vs Original \$'000
68,181	Outputs to Cabinet	31,813	33,400	34,718	1,587
16,087	Fees and charges	11,537	15,047	15,047	3,510
1,042	General sales	-	4	4	4
216	Other	6	11	11	5
85,526	Total sales of goods and services	43,356	48,462	49,780	5,106

Outputs to Cabinet comprise goods delivered to and services performed on behalf of the Cayman Islands Government. During the year ended 31 December 2020 and 31 December 2019, there are no revenue concessions that were granted and off-set against the relevant revenue type.

Note 12: Investment revenue

Prior Year Actual \$'000	Source	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Current vs Original \$'000
<i>Interest on cash balances</i>					
969	Interest on deposits held with cabinet	252	-	-	(252)
969	Total Investment Revenues	252	-	-	(252)

Note 13: Donations

Prior Year Actual \$'000	Source	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Current vs Original \$'000
1,029	Donations	-	-	-	-
1,029	Total Donations	-	-	-	-

During the year ended 31 December 2018, the Foreign and Commonwealth Office (FCO) donated funds totalling \$2.3m towards the procurement of a new H 145 helicopter to the Royal Cayman Islands Police Service (RCIPS) of which \$2.0m was realised in 2018 by making a twenty-percent deposit on a new helicopter. That new helicopter arrived and \$6.77m was paid by the Ministry in respect of it in 2019. The FCO further donated \$0.5m towards a regional cyber hub in 2019 which along with the realised balance of donation for the helicopter and operations made up the \$1.0 in donations for 2019.

MINISTRY OF EMPLOYMENT AND BORDER CONTROL
Notes to the Financial Statements
Year Ended 31 December 2020

Note 14: Personnel costs

Prior Year Actual \$'000	Description	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Current vs Original \$'000
48,938	Salaries, wages and allowances	25,675	25,659	26,290	(16)
10,162	Health care	5,422	5,734	5,898	312
2,448	Pension	1,306	1,386	1,427	80
266	Leave	197	3	3	(194)
131	Other personnel related costs	42	19	19	(23)
61,945	Total Personnel Costs	32,642	32,801	33,637	159

Note 15: Supplies and consumables

Prior Year Actual \$'000	Description	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Current vs Original \$'000
1,486	Supplies and materials	457	788	1,229	331
7,169	Purchase of services	3,049	4,221	4,221	1,172
2,018	Lease of property and equipment	1,029	1,298	1,338	269
1,496	Utilities	761	773	773	12
302	Interdepartmental expenses	109	127	127	18
412	Travel and subsistence	39	199	199	160
577	Recruitment and training	218	823	823	605
567	Provision for (recovery of) doubtful debts	(429)	-	-	429
643	Programme services	548	1,329	1,329	781
103	Other	21	1,538	1,538	1,517
14,773	Total Supplies & consumables	5,802	11,096	11,577	5,294

Note 16: Finance costs (Bank overdraft)

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

MINISTRY OF EMPLOYMENT AND BORDER CONTROL
Notes to the Financial Statements
Year Ended 31 December 2020

Note 17: Litigation costs

The Attorney General's Office provides litigation services to the Ministry of Employment and Border Control at no charge, as they are considered as services in-kind received. However, during the year ended 31 December 2020 the use of legal services from outside of the Government was authorised by the Attorney General's Office. The costs of these services were nil in 2020. Provisions for legal cost and settlements are evaluated periodically based on the latest information. This resulted in a net overall increase in the provision.

Prior Year Actual \$'000	Description	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Current vs Original \$'000
9	Legal Fees	-	-	-	-
27	Revaluation of Legal Liabilities	393	-	-	(393)
36	Total litigation costs	393	-	-	(393)

Note 18: (Gains) / Losses

Prior Year Actual \$'000	Description	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Current vs Original \$'000
3	Net loss on disposal of property, plant and equipment, revaluation	73	-	-	(73)
717	Loss on Derecognition of Assets	-	-	-	-
(30)	Net gain on foreign exchange Transactions	(20)	6	6	26
690	Total gain/ (losses)	53	6	6	(47)

Note 19: Revenue from non-exchange transactions

During the year ended 31 December 2020, the Ministry received services in-kind from other government departments. The fair value of these services cannot be determined and therefore no expense has been recognized in these financial statements.

MINISTRY OF EMPLOYMENT AND BORDER CONTROL
Notes to the Financial Statements
Year Ended 31 December 2020

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

Prior Year Actual \$'000	Note	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Current vs Original \$'000
7,983	Surplus/(deficit) from ordinary activities	3,227	2,811	2,811	(416)
	Non-cash movements				
3,363	Depreciation expense	1,383	1,747	1,747	364
165	Amortisation of Intangible Assets	109	-	-	(109)
717	Gain/Loss on Derecognition of Asset/Liab	-	-	-	-
781	Impairment of property, plant and Equipment	-	-	-	-
567	Provision for Doubtful Debt	(429)	-	-	429
(30)	Exchange (Gain)/Loss	(20)	-	-	20
3	(Gain)/losses on sale of property plant and equipment	73	-	-	(73)
	Changes in current assets and liabilities:				
(3,432)	(Increase)/decrease trade receivables	5,608	-	-	(5,608)
87	(Increase)/decrease in other current assets	(927)	-	-	927
2,040	Increase/(decrease) trade payables	(1,354)	(5,999)	(5,999)	(4,645)
(449)	Increase/(decrease) other payables and accruals	(2,984)	-	-	2,984
(311)	Increase/(decrease) in provisions relating to employee costs	(427)	-	-	427
(27)	Increase/(decrease in provisions for legal & other liabilities	305	-	-	(305)
11,457	Net cash flows from operating activities	4,564	(1,441)	(1,441)	(6,005)

MINISTRY OF EMPLOYMENT AND BORDER CONTROL
Notes to the Financial Statements
Year Ended 31 December 2020

Note 21: Contingent and legal liabilities and assets

While the Ministry has several potential legal disputes pending, these will be reviewed on a continuous basis to establish if provisions are necessary. The Ministry has contingent liabilities estimated at \$303k.

Changes in provisions to legal liabilities:

	Beginning Balance \$'000	Additions \$'000	Disbursements \$'000	Adjustments \$'000	Ending Balance \$'000
Potential ongoing Legal claims	1,300	35	(88)	7	1,254
Total other contingent liabilities	1,300	35	(88)	7	1,254

NOTE 22: Commitments

Prior Year Actual \$'000	Type	One year or less \$'000	Two to five Years \$'000	Over five Years \$'000	Total \$'000
	Operating Commitments				
2,485	Non-cancellable accommodation leases	642	1,450	-	2,092
2,485	Total Operating Commitments	642	1,450	-	2,092

NOTE 23: Related party and key management personnel disclosures

Related party disclosure

The Ministry is a wholly owned entity of the government from which it derives a major source of its revenue. The Ministry and its key management personnel transact with other government entities on a regular basis. These transactions were provided free of cost during the financial year ended 31 December 2020 and were consistent with normal operating relationships between entities and were undertaken on terms and conditions that are normal for such transactions.

Key management personnel

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

Actual 2019 \$'000	Number of persons	Description	Actual 2020 \$'000	Number of Persons \$'000
1,746	12	Salaries and other short term related	1,323	10
1,746		Total	1,323	10

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

NOTE 24: Financial instrument risks

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

Credit risk

In the normal course of its business the Ministry is subject to credit risk from debtors other than the Cabinet and other government entities. The Ministry does not have significant concentrations of credit risk for its other financial instruments. The Ministry only conducts business with reputable financial institutions in the Cayman Islands.

Currency and interest rate risk

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

Liquidity risk

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

All of the Ministry's financial liabilities (creditors and payables), except the provision for legal and other liabilities, will be settled in less than six months from the date of these financial statements.

Note 25: Financial instruments – fair values

As at 31 December 2020 and 31 December 2019, the carrying values of cash and cash equivalents, accounts receivable, accounts payable and employee entitlements approximate their fair values due to their relative short-term maturities.

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

MINISTRY OF EMPLOYMENT AND BORDER CONTROL
Notes to the Financial Statements
Year Ended 31 December 2020

NOTE 26: Segment reporting

The Ministry of Employment and Border Control has two segments, the first; National Security and Border Control (“Security”) and the second, Labour supply management and Good Governance (“Labour Management”). The National Security and Border control sector includes the Cayman Islands Regiment, the Customs and Border Control Department and Passport and Corporate Services. The labour supply management and Good Governance consists of Workforce Opportunities and Residency Cayman and the Department of Labour and Pensions.

Segmented Statement of financial position

Actual Labour Management Prior Year	Actual Security Prior year	Prior Year Actual		Actual Labour Management Current Year	Actual Security Current Year	Current Year Actual
\$'000	\$'000	\$'000		Note	\$'000	\$'000
64,216	13,014	77,230	Total Current Assets		57,295	13,164
2,601	45,529	48,130	Total Non-Current Assets		8,530	6,118
66,817	58,543	125,360	Total Assets		65,825	19,282
24,573	4,024	28,597	Total Current Liabilities		21,658	11,862
24,573	4,024	28,597	Total Liabilities		21,658	11,862
42,244	54,519	96,763	Net Assets		44,167	7,420
42,244	54,519	96,763	Total Net Worth		44,167	7,420

MINISTRY OF EMPLOYMENT AND BORDER CONTROL
Notes to the Financial Statements
Year Ended 31 December 2020

NOTE 26: Segment reporting (continued)

Segmented income statement

Actual Labour Management Prior Year	Actual Security Prior Year	Prior Year Actual		Actual Labour Management Current Year	Actual Security Current Year	Current Year Actual
\$'000	\$'000	\$'000		Note	\$'000	\$'000
Revenue						
14,846	70,680	85,526.00	Sale of goods and services	11	17,149	26,207
970	-	970.00	Investment revenue	12	252	-
-	1,029	1,029.00	Donations	13	-	-
-	2,211	2,211.00	Other revenue		1	-
15,816	73,920	89,736	Total Revenue		17,402	26,207
Expenses						
5,277	56,668	61,945	Personnel costs	14	13,623	19,019
1,577	13,196	14,773	Supplies and consumables	15	3,675	2,127
177	3,186	3,363	Depreciation	7	866	517
42	123	165	Amortisation of intangible assets		103	6
-	3	3	Finance costs (overdraft interest)		-	-
-	9	9	Litigation costs	17	-	-
-	27	27	Revaluation legal liability provisions	17	1,477	(1,084)
(31)	1	(30)	Other Gains	18	(20)	-
-	781	781	Losses on disposal/revaluation of property, plant and equipment	18	108	(35)
(33)	750	717	Losses from derecognition of assets	18	-	-
7,009	74,744	81,753	Total Expenses		19,832	20,550
8,807	(824)	7,983	Surplus for the year		(2,430)	3,227

NOTE 27: Explanation of variances to budget

Changes to the budget

The Finance Committee of the Parliament has approved changes to the budget through section 11.5 of the PMFA totalling \$1.455m to implement the Cayman Islands Regiment.

SARS COVID19 General impact

The pandemic had a significant impact on the operations of the Ministry. Much of the revenue generating products were delayed or reduced as these were primarily fees and from goods imported, travel and work permits. With the decimation of the hospitality industry, many organisations reduced their workforce or closed their doors. This had an impact on the number of work permits, projects and imports.

From March 2020, much of the Ministries, personnel and resources was redirected to the pandemic efforts, including, mobile compliance, curfew and related support and assistance with the NEOC.

Statement of financial position

Cash was significantly below budget due primarily to the separation of the RCIPS upon which a total of \$13m was transferred in working capital as well as the fall in revenues due to the impact of COVID. Cash was however only \$10.4m below the 2019 amount due mainly to delays in planned activities and projects and the receipt of significant EI injection owing from Cabinet at the end of 2019. Significant outputs owing from other government agencies included an unexpected \$1m from the Ministry of Finance in recoverable pandemic expenses.

Trade receivables was \$0.2m below budget primary due to a reduction in the amount owing from Cabinet of \$6m.

Accrued prepayments were below the previous fiscal year by \$0.3m primarily due to the exit of the RCIPS.

Delays in the implementation of several projects due to the pandemic such as the automated kiosks, port scanning facilities and the WORC management information system resulted in Fixed assets being \$2.9m below budget.

NOTE 27: Explanation of variances to budget (continued)

The revaluation of legal liabilities was increased to take into account cases inherited by the Ministry from departments transferred to the Ministry.

Other payables and accruals inclusive of legal provisions was \$2.6m over budget primarily due to \$5m owing to the executive accounts for working capital transferred to the Office of The Commissioner of Police on their exit from the Ministry.

Employee entitlements are \$0.3m below budgeted as the Ministry carries significant vacancies which could not be filled during the pandemic.

Surplus payable is materially over budget by \$9.4m primarily because as at December 31, 2020 the Ministry had not paid over the surplus payable to Cabinet of \$20.1m for the prior fiscal years.

Statement of financial performance*Revenues*

Sales of Goods and Services were lower than the original budgeted by \$5.1M. The variance with the revised budget was primarily due to the delays in delivering outputs as a result of the disruptions caused by the pandemic. Fees and charges which were primarily user fees for work permits and CBC services was below budget by \$3.5m and Cabinet billing down by \$1.6m.

Investment revenue of \$0.3m was earned by depositing cash balances with the Treasury as fixed deposits.

Expenses

The significant change in personnel costs when compared to 2019 was due to the exit or the RCIPS from the Ministry.

Purchases of services had an adverse variance of professional fees and travel from the implementation of the WORC department and some aspects of the CBC merger when compared to the original budget as a result of interruptions in operations, service agreements and training and development caused by the pandemic. Supplies and materials was down by \$0.3m, purchases or services which include material amounts in professional fees, was impacted by \$1.2m. Travel was significantly underspent as the borders remained closed and recruitment and training was underspent by \$0.6m since very little could be done as training and educational institutions could not operate for much of the period. Programme support services as materially underspent by \$0.8m as the pandemic delayed many of the programmes which were designed to be interactive. Other expenses savings totalled \$1.5m.

NOTE 27: Explanation of variances to budget (continued)**Statement of Changes in net worth**

The transfer of the assets and certain liabilities of the RCIPS to the Office of the Commissioner of Police, as well as the absorption of certain CBC and WORC operations in Cayman Brac totalling \$0.1m resulted in \$46.4m in Ministry reorganisation reduction in net worth. The Ministry was only able to utilise \$1.2m of the \$6m in available equity injection as those major projects were delayed in implementation to 2021.

Cash Flow

Net Cashflow from operating activities was in below of budget by \$6.0m. Reductions in the third party outputs of \$3.9m had a material impact as well as the delay in billing and collecting cabinet revenues for outputs produced with a variance of \$2.8m. much of this was offset by savings in services from supplies and consumables of \$4.8m and \$2.0m in other payments. .

Outflow of the purchase of property, plant and equipment was \$2.6m below budget due to the delays in major projects. These projects included the Port scanning facilities, the automated kiosks at the airport and the WORC management and border systems.

NOTE 28: Surplus repayment

Pursuant to Section 39 (3) (f) of the *PMFA* any net surplus is transferred to surplus repayable. Accumulated surpluses for the prior years was still outstanding to Cabinet during the fiscal year totalling \$23.6m. The surplus payable for the 2020 fiscal period is \$3.2m.

NOTE 29: Events occurring after reporting date

There were no material events to report after the balance sheet date except for the fact that a general election on April 14, 2021 can have material impact on the composition of the Ministry and its budgets.

COVID 19 Pandemic

In December 2020, a novel strain of coronavirus was reported to have surfaced in China. The global efforts to contain the spread of the coronavirus began to cause significant disruption in the global and local economies from January 2020 to date. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. Therefore, while the Ministry expects this matter to negatively impact its operating results, the related financial impact and duration cannot be reasonably estimated at this time.

At the beginning of the 2021 fiscal year, the borders remained closed and a number of staff at CBC was deployed to the mobile compliance unit to support Travel Cayman. Most staff are already back to their usual place of work although some still remain flexible in a work from home arrangement.

NOTE 29: Events occurring after reporting date (continued)

Projects and Capital Acquisitions:

The Ministries capital expenditures are unlikely to be significantly impacted as most projects are already committed and continue to be in full implementation while we are impacted by COVID.

Going Concern:

The Ministry is a public entity and is 100% owned by the Cayman Islands Government. The organization derives approximately 80% of its annual income from the provision of output services to the Government. The central-Government remains in a strong financial position and has given no indications that it will have difficulty funding the Ministry for ongoing operations.

The Ministry closed the 2020 fiscal year with significant unrestricted cash and cash equivalents to operate the organization for up to six months if all other sources of revenue ceased. This placed the Government in a strong position to successfully traverse the global impacts of COVID-19 until conditions ease and operations return to normal.

Given these circumstances, management does not consider the present COVID-19 restrictions to impact the Ministry's ability to operate as a going concern.

In making this assessment, management considered all available information concerning the next twelve-month period from the balance sheet date that was available at the time these financial statements were issued.

NOTE 30: Muti-year Budgets

The government operates a two-year budget appropriation cycle. Budgets unused in the first of the two years is allowed to be moved forward and execute the deliverables in the second year in addition to those of the second year. That budget transferred is added to the budget allocation to the second year to form the new original budget.

In fiscal year 2020, \$6.586m in unused expense budgets will be carried forward to 2021 and added to the \$46.099m of 2021 to form the new original budget of \$52.685m in expenses for the 2021 fiscal year.