



Ministry of Youth, Sports, Culture and Heritage

Financial Statements

For the six months ended 31 December 2021

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STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by the Ministry of Youth Sports Culture and Heritage ("the Ministry") 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.

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

The financial statements fairly present the financial position, financial performance and cash flows of the Ministry for the six-month period ended 31 December 2021.

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

- (a) completely and reliably reflect the financial transactions of the Ministry for the six-month period ended 31 December 2021;
- (b) fairly reflect the financial position as at 31 December 2021 and performance for the six months ended 31 December 2021;
- (c) comply with International Public Sector Accounting Standards as set out by International Public Sector Accounting Standards Board. Where additional guidance is required, International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board are used.

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 information necessary to conduct an audit in accordance with International Standards on Auditing.

A stylized, circular signature in blue ink.

Teresa Echenique
Chief Officer

April 30, 2022

A stylized signature in blue ink, appearing to read "Brian Morain".

Brian Morain
Chief Financial Officer

April 30, 2022

AUDITOR GENERAL'S REPORT

To the Members of the Parliament and the Chief Officer of the Ministry of Youth, Sports, Culture and Heritage

Opinion

I have audited the financial statements of the Ministry of Youth, Sports, Culture and Heritage (the "Ministry"), which comprise the statement of financial position as at 31 December 2021 and the statement of financial performance, statement of changes in net worth and cash flow statement for the six months ended 31 December 2021, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 8 to 25

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Ministry as at 31 December 2021 and its financial performance and its cash flows for the six months ended 31 December 2021 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 and fair presentation 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.



Sue Winspear, CPFA
Auditor General

30 April 2022
Cayman Islands

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021
(Amounts Expressed in CI \$\$000's)

	Note	Current Period	Original Budget	Final Budget	Variance (Actual vs Orig)
Current Assets					
Cash and cash equivalents	2	949	1,386	1,386	(437)
Trade receivables	3	1,457	955	955	502
Inventories		5	-	-	5
Total Current Assets		2,411	2,341	2,341	70
Non-Current Assets					
Property, plant and equipment	4	12,244	12,524	12,524	(280)
Intangible assets	5	7	-	-	7
Total Non-Current Assets		12,251	12,524	12,524	(273)
Total Assets		14,662	14,865	14,865	(203)
Current Liabilities					
Other payables and accruals	6	242	235	235	(7)
Employee entitlements	7	65	80	80	15
Repayment of surplus	8	44	-	-	(44)
Total Current Liabilities		351	315	315	(36)
Total Liabilities		351	315	315	(36)
Net Assets		14,311	14,550	14,550	(239)
NET WORTH					
Contributed capital		9,383	14,550	14,550	(5,167)
Revaluation reserve		4,928	-	-	4,928
Total Net Worth		14,311	14,550	14,550	(239)

The accounting policies and notes on pages 8 to 25 form an integral part of these financial statements.

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2021
(Amounts Expressed in CI \$\$000's)**

	Note	Current Period	Original Budget	Final Budget	Variance (Actual vs Orig)
Revenue					
Sale of goods and services	11	3,347	4,592	4,592	(1,245)
Total Revenue		3,347	4,592	4,592	(1,245)
Expenses					
Personnel costs	12	1,794	2,720	2,720	926
Supplies and consumables	13	931	1,247	1,247	316
Depreciation and amortisation	4	578	625	625	47
Total Expenses		3,303	4,592	4,592	1,289
Surplus for the period		44	-	-	44

The accounting policies and notes on pages 8 to 25 form an integral part of these financial statements.

**STATEMENT OF CHANGES IN NET WORTH
FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2021
(Amounts Expressed in CI \$\$000's)**

	Note	Contributed Capital	Revaluation Reserve	Accumulated Surplus/ (Deficit)	Total Net Worth	Original Budget	Final Budget	Variance (Actual vs Orig)
Balance at 1 July 2021		-	-	-	-	-	-	-
Changes in net worth for 2021								
Equity investment from Cabinet	9	276	-	-	276	515	515	(239)
Ministry reorganisation	10	9,107	4,928	-	14,035	14,035	14,035	-
Repayment of Surplus to Cabinet	8	-	-	(44)	(44)	-	-	(44)
Total		9,383	4,928	(44)	14,267	14,550	14,550	(283)
Surplus for the period 2021		-	-	44	44	-	-	44
Balance at 31 December 2021		9,383	4,928	-	14,311	14,550	14,550	(239)

The accounting policies and notes on pages 8 to 25 form an integral part of these financial statements.

**CASH FLOW STATEMENT
FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2021
(Amounts Expressed in CI \$'000's)**

	Note	Current Period	Original Budget	Final Budget	Variance (Actual vs Orig)
CASH FLOWS FROM OPERATING ACTIVITIES					
<i>Receipts</i>					
Outputs to Cabinet		1,876	3,637	3,637	(1,761)
Other receipts		169	15	15	154
Personnel costs		(1,847)	(2,640)	(2,640)	793
Supplies and consumables		(772)	(997)	(997)	225
Other payments		(33)	(15)	(15)	(18)
Net cash flows used in operating activities		(607)	-	-	(607)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(181)	(515)	(515)	334
Net cash flows used in investing activities		(181)	(515)	(515)	334
CASH FLOWS FROM FINANCING ACTIVITIES					
Equity investment from Org 40		276	515	515	(239)
Ministry reorganisation		1,461	1,386	1,386	75
Net cash flows provided by financing activities		1,737	1,901	1,901	(164)
Net increase in cash and cash equivalents		949	1,386	1,386	(437)
Cash and cash equivalents at beginning of period		-	-	-	-
Cash and cash equivalents at end of period	2	949	1,386	1,386	(437)

The accounting policies and notes on pages 8 to 25 form an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2021
(Amounts Expressed in CI \$'000's)**

Description and Principal Activity

The Ministry of Youth, Sports, Culture and Heritage ("the Ministry") is a Government entity as defined by section 2 of the Public Management and Finance Act (2020 Revision) and it is domiciled in the Cayman Islands.

The Ministry commenced operations on July 1, 2021, through the combination of the Department of Sports and the Youth Services Unit from the Ministry of Education, Youth, Sports, Agriculture and Lands (MEYSAL); together with the Ministry Administration Unit from the Ministry of Community Affairs (MCA).

The principal activities and operations include all activities carried out in terms of the outputs purchased by the Minister of Youth, Sports, Culture and Heritage as defined in the Plan and Estimates for the Government of the Cayman Islands (the "Government") for the year ended 31 December 2021.

The purpose of the Ministry is to provide strategic and policy direction, advice, funding and governance to meet its objectives which are to empower our youth, identify and develop talent, and preserve our culture and heritage. The Ministry accomplishes these objectives through the support of its Departments and Units, namely the Department of Sports and the Youth Services Unit.

General Nature of Activities

Ministry Administration

- Provide policy advice, development, implementation and communication services for the Minister, and support for legislation development.
- Ensure continued operations of the Ministry and provide funding for the department and units.
- Provide advice, governance and monitoring of the Statutory Authorities, Government Companies and Committees under the Ministry remit.
- Provide collaboration with key stakeholders on matters which are part of the Ministry's responsibilities.
- Provide policy advice, administrative and general services to the Honourable Minister.

The Department of Sports

- The Department of Sports is responsible for the Facility Maintenance and Operational Management services throughout Grand Cayman. The Department also provides, coaching, talent identification and development, technical advice and support services for various stakeholders including Schools, Sports Clubs, Communities and National Associations.

Youth Services Unit

- Monitor youth service providers to ensure vibrant youth programmes are run in each district and offer secretarial support to the Cayman Islands Youth Assembly, Youth Advisory Board and the Youth Ambassador program, all which empowers youth to be meaningfully involved in decision making forums.
- The Unit also collaborates with other service providers to ensure that young citizens access all services provided for the general populace and develops gap programme where needed, like 4H clubs and the National Youth Culinary Programme.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2021
(Amounts Expressed in CI \$'000's)**

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 years and periods presented in these financial statements.

(a) 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. Buildings are stated at fair value.

New and revised accounting standards issued that are not yet effective for the financial year beginning on 1 January 2021 and not early adopted.

Certain new accounting standards have been published that are not mandatory for the 31 December 2021 reporting period and have not been early adopted by the Ministry. The Ministry's assessments of the impact of these new standards are set out below.

IPSAS 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 close 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 Ministry was established on 1 July 2021, hence, there are no comparative figures for the financial year ended 31 December 2020.

(b) Budget Amounts

The original budget amounts for the year ended 31 December 2021 financial period are as presented in the 2020 and 2021 Budget Statements and approved by the Parliament. 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. There were no changes to the original operating budget for the period ended 31 December 2021. Throughout these financial statements, positive variances between actual and budget are shown as whole numbers and negative variances are shown in brackets.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2021
(Amounts Expressed in CI \$'000's)**

Note 1: Significant Accounting Policies (continued)

As a result of the reshuffling undertaken by the Cayman Islands Government, the departments and units transferred to establish the Ministry of Youth, Sports, Culture and Heritage came with the remaining six months of the 2020/2021 budget, approved for the two-year period on 5 December 2019 in the Parliament. It is understood that any appropriation remaining at the end of fiscal year 2020, was carried forward and used in the 2021 financial period as it relates to the departments and units that were transferred-in. These appropriations lapsed at 31 December 2021. This is in accordance with the Public Management and Finance Act (2020 Revision). The approval of the appropriation of the budgets transferred from the old ministries to the Ministry has not yet been completed.

(c) Judgments and Estimates

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

(d) Changes in Accounting Estimates

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

(e) Revenue

Revenue is recognised in the accounting period in which it is earned. Revenue received but not yet earned at the end of the reporting period is recognised as a liability (unearned revenue). The Ministry derives its revenue through the provision of services to Cabinet, to other agencies in government and to third parties. Revenue is recognised at fair value of services provided.

(f) Expenses

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

(g) 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.

(h) Cash and Cash Equivalents

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2021
(Amounts Expressed in CI \$\$000's)**

Note 1: Significant Accounting Policies (continued)

(i) 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 the net realizable value is the estimated selling price of the inventories, less the cost of sale or disposal. 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.

Inventory 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.

(j) Prepayments

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

(k) Property, Plant and Equipment

Buildings and structures

Land, building and structures were revalued as at 1 January 2021 by in-house professionals with the exception of specialized buildings which were contracted to independent valuers and are stated at revalued amounts less accumulated depreciation.

Property, plant and equipment other than land, building and structures are 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.

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. Assessments 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.

The Cayman Islands Government conducted a revaluation exercise for all state lands and buildings during 2021 with an effective date of 1 January, 2021. The revalued assets owned by the Ministry were adjusted and reported in the financial statements.

Any revaluation increase arising from the revaluation of such assets is recognised 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 recognised 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2021
(Amounts Expressed in CI \$'000's)**

Note 1: Significant Accounting Policies (continued)

Valuation methods

The valuations within this report have been prepared in accordance with the aforementioned Standards and the guidance notes provided by the Royal Institution of Chartered Surveyors. 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 disregards potential alternative uses and 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."
- Specialised Assets: Specialised assets are those for which no market exists for the current use. Specialised assets are valued using the Depreciated Replacement Cost method (DRC valuation). The definition of 'Depreciated Replacement Cost', as contained under IPSAS 17, *Property Plant and Equipment*, 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 optimisation."

Valuation assumptions

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

It is assumed that all properties have the required planning consents and certificates for use and construction. Where Fair Value (or land value in a DRC valuation) relies on obtaining an alternative planning consent the alternative use has been derived from consideration of prevailing land uses in the immediate area and local planning policies and practise. 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 consider 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 save as to Stamp Duty which is ordinarily required to be paid by a purchaser.

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

Where applicable, the remaining economic life of the building/ building components has been indicated by the valuator. 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 2021 Asset Register
- Cayman Islands Government Land Registry Database
- Cayman Land Info System (Mapping, aerial photography, evidence of comparable sales and lettings)
- Copies of and extracts from leases

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2021
(Amounts Expressed in CI \$\$000's)**

Note 1: Significant Accounting Policies (continued)

- Architect scaled floor plans
- Ministries and users/ occupiers of operational property assets

Where stated land areas are provided for guidance only and are quoted from the Land Registers or otherwise from Cayman Land Info database. Any building floor measurement supplied has been obtained from one of the following sources:

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

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.

<u>Asset Type</u>	<u>Estimated Useful life (in Years)</u>
• Buildings and structures	10 - 60
• Building fit-out (when accounted for separately)	5 - 25
• Computer equipment	3 - 10
• Office equipment and furniture	3 - 25 years
• Motor vehicles	3 - 20 years
• Other equipment	5 - 20 years

De-recognition 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.

Impairment

The assets' carrying value and useful lives are reviewed, and adjusted if appropriate, at the year end. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amounts. The recoverable amount is the higher of the asset's fair value less costs to sell and its value for use in service.

Impairment losses of non-cash-generating assets are the amounts by which the carrying amount of an asset exceeds its recoverable service amount. Impairment loss is recognised in the Statement of Financial Performance in the period in which the impairment is determined.

Work in Progress

Work in progress items are valued at cost. No depreciation is applied to work in progress items until such time as they are placed in service.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2021
(Amounts Expressed in CI \$'000's)**

Note 1: Significant Accounting Policies (continued)

(l) 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 amortised 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 derecognised. 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 recognised in the Statement of Financial Performance.

(m) Employee Benefits

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

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 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 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.

(n) Financial Instruments

The Ministry is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, trade and other receivables and trade payables, surplus payable and other payables, 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 and trade and other 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2021
(Amounts Expressed in CI \$'000's)**

Note 1: Significant Accounting Policies (continued)

Recognition

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

Measurement

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

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

De-recognition

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

(o) 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 virtually certain 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.

(p) Foreign Currency

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2021
(Amounts Expressed in CI \$\$000's)**

Note 2: Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, bank accounts in the name of the Ministry of Youth, Sports, Culture and Heritage maintained at Royal Bank of Canada. As at 31 December 2021 the Ministry's unrestricted cash balances are presented below. There were no restricted cash balances held by the Ministry as at 31 December 2021.

Description	Foreign Currency	Exchange Rate	Current Period	Original Budget	Final Budget	Variance (Actual vs Orig)
CI\$ Operational Current Account			819	1,386	1,386	(567)
US\$ Operational Current Account	3	0.83	3	-	-	3
Payroll Current Account			127	-	-	127
Total Cash and Cash Equivalents			949	1,386	1,386	(437)

Note 3: Trade Receivables and Other Receivables

	Current	Total Current Period	Original Budget	Final Budget	Variance (Actual vs Orig)
Trade Receivables					
Outputs to Cabinet	1,457	1,457	955	955	502
Total Trade Receivables	1,457	1,457	955	955	502
	Trade Receivables	Current Period	Original Budget	Final Budget	Variance (Actual vs Orig)
Receivables					
Current	1,457	1,457	955	955	502
Total	1,457	1,457	955	955	502

At year end, all outstanding receivables were assessed and no provision for doubtful debts has been calculated. The accounts receivable from Cabinet and are fully expected to be received.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2021
(Amounts Expressed in CI \$'000's)

Note 4: Property, Plant and Equipment

	Buildings	Furniture and Office Equipment	Computer Hardware	Other Assets	Infra- structure	Motor Vehicles	Total	Original Budget	Final Budget	Variance (Actual vs Orig)
Cost or Opening Valuation										
Balance as at 1 July 2021	-	-	-	-	-	-	-	-	-	-
Transfers from MEYSAL & MCA	4,350	366	50	78	8,540	79	13,463	13,464	13,464	(1)
Additions	-	-	8	89	-	76	173	500	500	(327)
Balance as at 31 December 2021	4,350	366	58	167	8,540	155	13,636	13,964	13,964	(328)

	Buildings	Furniture and Office Equipment	Computer Hardware	Other Assets	Infra- structure	Motor Vehicles	Total	Original Budget	Final Budget	Variance (Actual vs Orig)
Accumulated Depreciation and Impairment Losses										
Balance as at 1 July 2021	-	-	-	-	-	-	-	-	-	-
Transfers from MEYSAL & MCA	113	149	26	43	427	56	814	815	815	(1)
Depreciation Expense	113	20	9	4	426	6	578	625	625	(47)
Balance as at 31 December 2021	226	169	35	47	853	62	1,392	1,440	1,440	(48)
Net Book Value 1 July 2021	-	-	-	-	-	-	-	-	-	-
Net Book Value 31 December 2021	4,124	197	23	120	7,687	93	12,244	12,524	12,524	(280)

Infrastructure assets include ground works which were revalued together with the associated Buildings.

The Other Assets include flood lights and upgrades to the various Sporting Facilities.

NOTES TO THE FINANCIAL STATEMENTS
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Note 5: Intangible Assets

	<i>Computer Software</i>	<i>Total</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Variance (Actual vs Orig)</i>
Cost or Opening Valuation					
Balance as at 1 July 2021	-	-	-	-	-
Additions	8	8	-	-	8
Balance as at 31 December 2021	8	8	-	-	8
Accumulated Amortization and Impairment Losses					
Balance as at 1 July 2021	-	-	-	-	-
Amortization Expense	1	1	-	-	1
Balance as at 31 December 2021	1	1	-	-	1
Net Book Value 31 December 2021	7	7	-	-	7

Note 6: Other Payables and Accruals

	<i>Current</i>	<i>Total Current Period</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Variance (Actual vs Orig)</i>
Description					
Accrued Expenses	137	137	95	95	(42)
Accrued Expenses Ministries/Portfolios	18	18	62	62	44
Other payables	87	87	78	78	(9)
Total Other Payables & Accruals	242	242	235	235	(7)

Other Payables and Accruals are non-interest bearing and are normally settled on 30-day terms.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2021
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Note 7: Employee Entitlements

Description	Current Period	Original Budget	Final Budget	Variance (Actual vs Orig)
Annual Leave	36	50	50	14
Pension	29	30	30	1
Total Current Portion	65	80	80	15
Total Employee Entitlements	65	80	80	15

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

Note 8: Repayment of Surplus to Cabinet

Description	Current Period	Original Budget	Final Budget	Variance (Actual vs Orig)
Repayment of Surplus to Cabinet	44	-	-	(44)

As at 31 December 2021, the Ministry is reporting a total surplus payable in the amount of **\$43,607**. This amount is the current year surplus. The Ministry's original budget was to break even and therefore the change in surplus payable is unaccounted for. In accordance with the requirements of section 39 (3) of Public Management and Finance Act, the Ministry is required to repay the surplus generated to date to the Ministry of Finance.

Note 9: Equity Investment from Cabinet

Description	Current Period	Original Budget	Final Budget	Variance (Actual vs Orig)
Equity Investment from Cabinet	276	515	515	(239)

This represents funds received from Cabinet during the period to facilitate the purchase of Property, Plant and Equipment.

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Note 10: Ministry Reorganisation

Description	Current Period	Original Budget	Final Budget	Variance (Actual vs Orig)
Ministry Reorganisation	14,035	14,035	14,035	-

The Ministry commenced operations on July 1, 2021, through the combination of the Department of Sports and the Youth Services Unit from the Ministry of Education, Youth, Sports, Agriculture and Lands; together with the Ministry Administration Unit from the Ministry of Community Affairs.

This balance is represented by:

- \$12.6 million - transfer of net assets from the Ministry of Community Affairs and the Ministry of Education, Youth, Sports, Agriculture and Lands. Of this amount \$4.9 million relates to the net gain on the revaluation of assets transferred-in.
- \$1.4 million - cash injections of \$1.0 million received from the Ministry of Community Affairs and \$0.4 million from the Ministry of Education, Youth, Sports, Agriculture and Lands.

Note 11: Sales of Goods and Services

Revenue type	Current Period	Original Budget	Final Budget	Variance (Actual vs Orig)
Outputs to Cabinet	3,333	4,577	4,577	(1,244)
Other	14	15	15	(1)
Total Sales of Goods and Services	3,347	4,592	4,592	(1,245)

Note 12: Personnel Costs

Description	Current Period	Original Budget	Final Budget	Variance (Actual vs Orig)
Salaries, Wages and Allowances	1,358	1,977	1,977	619
Health Care	318	509	509	191
Pension	147	227	227	80
Leave	(29)	3	3	32
Other Personnel Related Costs	-	4	4	4
Total Personnel Costs	1,794	2,720	2,720	926

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Note 13: Supplies and Consumables

Description	Current Period	Original Budget	Final Budget	Variance (Actual vs Orig)
Supplies and Materials	37	69	69	32
Purchase of Services	593	617	617	24
Utilities	198	432	432	234
Interdepartmental Expenses	80	44	44	(36)
Travel and Subsistence	1	38	38	37
Recruitment and Training	4	31	31	27
Other	18	16	16	(2)
Total Supplies and Consumables	931	1,247	1,247	316

Note 14: Contingent Liabilities

There were no contingent liabilities reported for the Ministry as at 31 December 2021.

Note 15: Explanation of Major Variances Against Budget

Statement of Financial Position

Cash balances were lower than budget by \$0.4 million mainly due negative \$0.6 million from operating activities as a result of timing differences in Cabinet receipts. This was offset by \$0.2 million in net cash financing and investing activities.

The Trade Receivables positive variance of \$0.5 million represents outstanding Cabinet revenue as at 31 December 2021.

Statement of Financial Performance

Total Revenue was lower than budget by \$1.2 million. This resulted from the lower costs of the outputs delivered and therefore reduced Cabinet revenue to fund the delivery of the outputs.

Personnel costs were lower than budget by \$0.9 million. Positive variances were noted in Salaries, Wages & Allowances (\$0.6 million), Health Care (\$0.2 million) and Pensions (\$0.1 million).

Supplies and Consumables were lower than budget by \$0.3 million, mainly driven by positive variances in Utilities (\$0.2 million), Travel and Subsistence (\$37 thousand) and Supplies & Materials (\$32 thousand).

**NOTES TO THE FINANCIAL STATEMENTS
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Note 15: Explanation of Major Variances Against Budget (continued)

Statement of Changes in Net Worth

Equity Investment from Cabinet (\$0.2 million) resulting from lower levels of capital acquisitions.

Cash Flow Statement

Net cash flows used in operating activities were lower than budget by \$0.6 million mainly due to timing differences in the receipt of Cabinet revenue offset by increased expenditures in personnel costs and supplies & consumables.

Net cash flow used in investing activities was lower than budget by \$0.3 million.

The cash inflows provided by financing activities were lower than budget by \$0.2 million due to the lower levels of funding for capital acquisitions.

Note 16: Commitments

There were no capital or operating commitments reported for the Ministry as at 31 December 2021.

Note 17: Related Party and Key Management Personnel Disclosures

Related Party Disclosure

The Ministry is a wholly-owned entity of the government from which it derives a major source of its revenue.

The Ministry and its key management personnel transact with other government entities on a regular basis.

All transactions were provided free of cost during the financial year ended 31 December 2021 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 defined to include Ministers of the Government, Chief Officer, Deputy Chief Officer, Chief Financial Officer and the Heads of each Department. No loans were offered to key management or their relatives during the year. The Minister's salaries and other benefits were paid through the Deputy Governor's Office and excluded from this Ministry's expenses. All other key management personnel were paid directly by the Ministry.

Description	Actual Current Period \$000	Number of posts
Salaries & Other Short-Term Employee Benefits	500	8
Total	500	8

No loans were granted to key management personnel or their close relatives during the financial year.

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Note 18: Segment Reporting

The segments identified in accordance with IPSAS 18 are as follows:

	Ministry Admin	Department of Sports	Youth & Sports Services	Total
Revenue				
Outputs from Cabinet	994	2,077	262	3,333
Sale of Goods and Services & Other Revenue	-	14	-	14
Total Revenue	994	2,091	262	3,347
Expenses				
Salaries and Wages	786	784	224	1,794
Other Expenses	155	1,333	21	1,509
Total Expenses	941	2,117	245	3,303
Surplus/ (Deficit) from Operating Activities	53	(26)	17	44
Assets				
Current Assets	2,406	5	-	2,411
Fixed Assets	67	12,162	22	12,251
Total Assets	2,473	12,167	22	14,662
Liabilities				
Current Liabilities	247	85	19	351
Total Liabilities	247	85	19	351
Net Assets	2,226	12,082	3	14,311

**NOTES TO THE FINANCIAL STATEMENTS
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Note 19: Finance Costs (Bank Overdraft)

The Ministry did not incur any finance costs during the year as it did not utilize any loan or financing facilities.

Note 20: Financial Risk Management

The Ministry is exposed to a variety of financial risks including credit risk and liquidity risk. The Ministry's risk management policies are designed to identify and manage these risks, to set appropriate risk limits and controls, and to monitor the risks and adhere to limits by means of up to date and reliable information systems. These risks are managed within the parameters established by the *Financial Regulations (2021 Revision)*.

Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Ministry. Financial assets which potentially expose the Ministry to credit risk comprise cash and cash equivalents and trade receivables.

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

The Ministry is also exposed to a significant concentration of credit risk in relation to accounts receivables, most of which are due from Cabinet. No credit limits have been established. As at 31 December 2021, no provision for doubtful debts has been made as none of these assets are anticipated to be impaired and management considers these debts to be recoverable in full.

Notwithstanding the concentration risk in relation to accounts receivables, management does not consider the Ministry to be exposed to significant credit risk as it has a single major counter-party (Cabinet) and has had no past experience of any significant default or loss.

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

Liquidity Risk

Liquidity risk is the risk that the Ministry is unable to meet its payment obligations associated with its financial liabilities when they are due. The ability of the Ministry to meet its debts and obligations is dependent upon its ability to collect the debts outstanding to the Ministry in a timely basis.

Management manages liquidity risk through monitoring cash flows from debtors, maximizing day's credit taken from suppliers and if the circumstances required it to obtain funding from Cabinet to temporarily fund any shortfalls. As at 31 December 2021, all of the financial liabilities were due within three months of the year end dates.

Financial Instruments - Fair Values

As at 31 December 2021, the forecasted carrying value of cash and cash equivalents, trade receivable, accounts payable, employee entitlements and surplus payable approximate their fair values due to their relative short-term maturities. Fair values estimates are made at a specific point in time, based on market conditions and the information about the financial instrument. Changes in assumptions, economic conditions and other factors could cause significant changes in fair value estimates.

**NOTES TO THE FINANCIAL STATEMENTS
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Note 21: COVID-19 Pandemic

During 2021 the impact of the Covid-19 Pandemic in the Cayman Islands was not as severe as experienced in 2020. The Ministry did not incur any COVID-19 related costs during the year.

Note 22: Going Concern

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

The Ministry closed the 2021 fiscal year with significant unrestricted cash, cash equivalents and receivables to operate the organization for up to six months.

The Ministry maintains the ability to operate as a going concern for the foreseeable future given the reduced impact of the COVID-19 Pandemic and the financial position of the government.

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 23: Events occurring after reporting date

No significant events occurred after the reporting date.