



MINISTRY OF
FINANCIAL SERVICES
AND COMMERCE
CAYMAN ISLANDS GOVERNMENT

2022 ANNUAL REPORT

1 JANUARY 2022 – 31 DECEMBER 2022

CONTENTS

FOREWORD FROM THE MINISTER	2
FOREWORD FROM THE CHIEF OFFICER	3
ABOUT THE MINISTRY	4
FINANCIAL SERVICES STATISTICS	5
COMMERCE STATISTICS	6
THE MINISTRY'S CORE UNITS, OPERATIONAL AGENCIES, GOVERNMENT REPRESENTATIVES, AND SAGCS	6
LEGISLATION	9
ENGAGEMENT PROGRAMME	10
MINISTRY HIGHLIGHTS	11
APPENDICES	21



FOREWORD FROM THE MINISTER

Every year, the Ministry and its staff perform exceptionally discharging their responsibilities, and 2022 was no different. The team did well to keep pace with global and local business developments, responding effectively and professionally to opportunities and challenges in financial services and commerce.

As a result of positive regulatory assessments, our country is now increasingly recognised as a global partner in the fight against financial crime. However, the Ministry – and other Cayman Islands stakeholders in financial services and commerce – are not resting on past achievements. Our eyes are on the horizon.

For our part, in 2022 the Ministry and its agencies continuously leveraged their talent and drive to help improve the lives of people, both our own and abroad, by developing and implementing policies and legislation that support the Cayman Islands' socioeconomic stability and global reputation.

Moreover, the policies and legislation supported Government's broad strategic outcomes, and helped to realise the Ministry's vision of the Cayman Islands being a globally respected financial services and innovation centre of excellence.

The Ministry's international and local engagement throughout the year also was particularly useful in that regard, giving us face-to-face opportunities to advance and discuss our progress in strengthening our AML (anti-money laundering and countering the financing of terrorism) regime, and our international tax cooperation.

Ultimately, every staff member in the Ministry and its agencies works toward our shared outcome of a better Cayman Islands. Building on 2022, we are prepared to continue producing profound achievements for the Cayman Islands in 2023 and beyond.

FOREWORD FROM THE CHIEF OFFICER

Throughout 2022, Ministry staff did a commendable job contributing to the Cayman Islands Government's purpose of making the lives of those we serve better.

Our operations this past year are in line with the Ministry's vision of the Cayman Islands being a globally respected financial services centre of excellence.

In an effort to make the lives we serve better, we boosted our human resources complement by the end of the year. We also restructured the various units and teams within the Ministry to help achieve our vision.

We added a number of new staff with technical knowledge in a variety of operational and administrative functions, which improved the day-to-day work of the core Ministry and provided greater support to our departments.

Through it all, our policy officers and communications team have continued their good work. There have been adjustments to our consultation process to achieve more robust results, which ultimately enhances our policy and legislative development. Our engagement, both locally and overseas, has been with the right stakeholders and those insights have informed our position on a number of matters.

As a result, our staff have maintained their professionalism and high performance levels during a period of rapid growth.

In the end, we achieved a number of worthwhile objectives and conquered some of the issues brought forward by our stakeholders. As I look to 2023 and beyond, we will continue to bring the Ministry's vision to life and serve the Cayman Islands and its people.



ABOUT THE MINISTRY

Ministry's Purpose, Vision, Mission and Goals

PURPOSE

To make the lives of those we serve better.

VISION

A globally respected financial services centre of excellence.

MISSION

To continuously improve our platform for competitive, transparent, and compliant financial services.

GOALS

Platform: Enhance legislation and processes in line with international standards and best practices.

Capacity: Assess, evaluate and build capacity (people and systems) to meet current and future demand.

Data/Information: Robust, secure and efficient data management.

Operations: Ensure operational effectiveness in line with applicable standards and best practices.

Stakeholders: Develop, strengthen and effectively manage stakeholder relationships.

Financial Services statistics

Financial services is integral to the Cayman Islands' commerce activity, and it continues to anchor our economy. According to the Economics and Statistics Office's (ESO) 2022 First Quarter Economic Report, the financial and insurance services industry remain the biggest contributors to the Cayman Islands' GDP.

Overall, government revenue collected from taxes on goods and services increased by 10.0% to KYD\$358.8 million as at 31 March 2022 (the most current statistic available at the time this report was prepared), over the same period from the year before.

Accounting for most of the increase in this category, financial services licences grew by 9.2 percent, to \$293.6 million. Private fund fees, which were the catalyst to this growth, rose by 18.9% for the period. Revenue for partnership fees and mutual fund administrators also increased, by 14.5% and 12.9%, respectively.

\$\$\$

+9.2%

Financial Services Licences Revenue

\$293.6m

+18.9%

Private Fund
Fees

+14.5%

Partnership Fees
Revenue

+12.9%

Mutual Fund Administrators
Revenue

In addition to being a major contributor to our economic stability and government revenue, financial services again was a significant private-sector employer in the Cayman Islands. According to the ESO's Labour Force Survey Report Fall 2022, 7.1 per cent of the workforce were employed in financial and insurance, as the sixth largest employer by sector.

The ESO report further noted that professional, scientific and technical activities were the third largest employer, at 9.2 percent. Because many of these jobs are in the financial services industry, the Ministry concluded that financial services employs more than 16 percent of the total employed workforce.

Commerce statistics

Business Licenses and Certificates as at 31 December 2022

License Type	Total
Exempt Company Licenses	138
Local Company Control Licenses	244
Liquor Licenses	411
Music & Dancing Licenses	189
Trade and Business Licenses	11,862
Special Economic Licenses	300
Tobacco Certificates	165
TOTAL	13,309

Top 15 Licenses by Category as at 31 December 2022

YTD 2022 Licenses by Category	Total
Retailers	1997
Contractor	1497
Building and Engineering (not a contractor)	921
Marketing, Consultants & Other Agents	876
Janitorial	872
Restaurants	560
Gardening	470
Real Estate Agents/Agencies	440
Beauty Salons & Spa	382
Property Maintenance or Property Management	318
Transportation (land)	285
Garages/Mechanic Shops	275
Car Wash	271
Weddings, event planning, disc jockeys, entertainment	258
Transportation - Watersports	235

All of the below was undertaken without an increase in budget over 2021.



Processing of
various applications
(a record number):

17,098



Newly launched
Liquor Licensing
online renewals:

740



Number of
businesses
inspected:

2,070

The Ministry's core units, operational agencies, Government representatives, and SAGCs

The Ministry comprises four core units, and four operational agencies. While they work collaboratively, the units and agencies also have distinct primary responsibilities.

The four core units primarily are responsible for developing policies, legislation, and processes. They also provide administrative, HR, IT, finance, business analysis, and communications support for the Ministry's four operational agencies.

- Operations and Administration Unit: Ensures that the Ministry and its agencies comply with government policies, legislation, processes and best practices for human resources, operations, finance and administration.
- Policy and Legislation Unit: Provides government with policy advice and legislative development for financial services.
- Regulatory Affairs Unit: Provides regulatory guidance and IT support to the Ministry's four operational agencies.
- Trade and Maritime Unit: Provides Government with policy advice and legislative development for local commerce, the maritime and aviation sectors.

The four operational agencies primarily are responsible for putting policies, legislation and processes into action, including administrative processes.

- Cayman Islands Intellectual Property Office: Registers intellectual property in the Cayman Islands, and educates persons on how to protect their creative work by registering their intellectual property.
- Department of Commerce and Investment: Facilitates licensing for trade and business, local company control, tobacco permits, liquor, public film exhibition premises, and special economic zone companies; and compliance with related regulations.
- Department of International Tax Cooperation: Facilitates compliance with international obligations in tax matters, including by exchanging tax information with countries to help fight global tax evasion; and representing the Cayman Islands Government in global discussions on tax regulation.
- General Registry registers legal entities (such as companies, trusts and partnerships) and financial structures (such as bill of sales and debentures), and monitors their compliance with relevant acts. It also registers vital events (births, deaths, marriages and civil partnerships), as one of the Islands' most important set of historical records.

The Ministry oversees five Statutory Authorities and Government Companies (SAGCs): the Cayman Islands Monetary Authority, Cayman Islands Stock Exchange, Auditors Oversight Authority, Maritime Authority of the Cayman Islands, and the Civil Aviation Authority of the Cayman Islands.

Also under the Ministry are three Cayman Islands Government Representatives, who report to the Ministry as their work focuses on financial services. However, the representatives also represent broader Government, as needs arise. They maintain a two-way channel of international engagement and business development between international stakeholders, and the Ministry / Government.

Legislation

In 2022 the Ministry oversaw the development of eight acts. The full list of financial services and commerce legislation that the Ministry oversees is in appendix 5, on page 27

Financial Services

- Insurance (Amendment) Act, 2022
- Accountants (Amendment) Act, 2022
- Limited Liability Companies (Amendment) Act, 2022
- Companies (Amendment of section 254) Regulations, 2022
- Limited Liability Companies (Amendment of section 80) Regulations, 2022
- Limited Liability Partnership (Amendment of section 61) Regulations, 2022
- Companies (Amendment) Act, 2021 (Commencement) Order, 2022

Commerce

- Music and Dancing (Control) Amendment Act, 2022

Engagement programme

Throughout the year the Ministry engaged with local and international stakeholders virtually, in person, and through events and consultations. These stakeholders included global regulatory bodies, primarily the OECD on international tax cooperation matters; the Financial Action Task Force (FATF), on anti-money laundering and countering the financing of terrorism (AML); and bilateral engagement with the UK and the EU.

This programme maintained and improved mutual understanding with stakeholders on matters such as fighting tax evasion and AML; and also explored commercial opportunities.

In addition to the OECD and FATF, the Ministry engaged with:

- Alternative Investment Management Association (Cayman Chapter)
- Association of Legal Professionals and Advocates (Cayman) Ltd
- Blockchain Association of the Cayman Islands
- Cayman Finance
- Cayman International Reinsurance Companies Association
- Cayman Islands Association of Financial Advisors
- Cayman Islands Bankers Association
- Cayman Islands Company Managers Association
- Cayman Islands Compliance Association
- Cayman Islands Directors Association
- Cayman Islands Fund Administrators Association
- Cayman Islands Institute of Professional Accountants
- Cayman Islands Insurance Association
- Cayman Islands Legal Practitioners Association
- Cayman Islands Real Estate Brokers Association
- Chartered Financial Analysts Society Cayman Islands
- Digital Cayman
- Insurance Managers Association of Cayman
- Recovery and Insolvency Specialists Association
- Society of Trust and Estate Practitioners (Cayman Islands Branch)
- Cayman Islands Chamber of Commerce
- Cayman Islands Small Business Association
- Cayman Islands Government Anti-Money Laundering Steering Group
- UK and EU officials and Government representatives

MINISTRY HIGHLIGHTS

March

On 21 March DCI's Head of Compliance and Enforcement Claudia Brady presented an update to realtors and developers at the AML Risk Management Seminar, as part of DCI's education efforts for designated non-financial businesses and professions (DNFBPs). The seminar assisted realtors and developers with understanding and complying with AML regulations, to help prevent financial crime.

April

After a three-year hiatus from the Cayman Islands as a result of the pandemic, Minister Ebanks welcomed more than 500 financial services industry attendees to GAIM Ops, held 24-27 April. In his keynote, he highlighted technology's role in greatly supporting the global financial services industry's continuity during the pandemic, but noted that face-to-face meetings are vital in nurturing long-term business relationships.

May

Minister Ebanks underscored to the Mourt Regulatory Conference's audience on 4 May that lawmakers, regulators, and the financial services industry all have central roles in effectively meeting global regulatory standards. Also during the conference, DITC's Director Duncan Nicol and Head of Compliance Craig Thomas presented an update on OECD international tax cooperation standards, and local compliance.

Minister Ebanks gave the keynote address at the GAIM Ops conference in April



From 16-20 May Minister Ebanks led a Government delegation to the UK and the EU, to speak with stakeholders on subjects including AML, Russia sanctions, international tax cooperation, sustainable finance and good governance. He was accompanied by the Ministry's Parliamentary Secretary Katherine Ebanks-Wilks, and Cayman Islands Government Representatives Deborah Bodden and Gene DaCosta. The delegation spoke with elected leaders, high-ranking civil servants, and industry members during their visit.

Immediately following the UK/EU engagement, from 23-25 May, Minister Ebanks and the delegation joined Civil Aviation Authority of the Cayman Islands (CAACI) representatives for the European Business Aviation Convention & Exhibition in Switzerland. The Ministry team gained insights for potential regulatory developments in aviation, and supported CAACI in their business development initiatives.

June

The EU's Department for Financial Stability and Capital wrote to the Ministry regarding the process to remove the Cayman Islands from the EU's list of jurisdictions with AML deficiencies. In the letter the EU stated that, once the Cayman Islands satisfied the FATF's requirements to be removed from the FATF AML list, the EU would begin its steps to remove the Cayman Islands from its EU list.

Minister Ebanks led a delegation to the inaugural Point Zero Forum in Switzerland, an invite-only, in-depth engagement forum focused on the digital economy and sustainable finance. The delegation included the Cayman Islands Monetary Authority's Managing Director Cindy Scotland, and Acting Deputy Managing Director, General Counsel, Angelina Partridge; Cayman Enterprise City CEO Charlie Kirkconnell; and Government's Financial Services Representative to the UK, Mr DaCosta. Held 21-23 June, the forum also yielded insights regarding the Cayman Islands' strengths and opportunities.

On 14 June, the Registrar of Non-Profit Organisations (NPOs) addressed local NPO representatives on how to manage their risks, at the R3 Foundation's Nonprofit Corporate Governance Symposium. Representing the Registrar, Head of Compliance Paul Inniss presented an overview of the legislative framework; the link between poor governance and abuse of non-profits; and outlined considerations for developing strong internal controls to prevent abuse.

The Insurance (Amendment) Act, 2022 came into force on 28 June. It is intended to strengthen the Cayman Islands' marketability in international reinsurance and domestic insurance.

July

DCI's enforcement team, led by Charmane Dalhouse-Morgan, organised a meeting at Constitution Hall in relation to music and dancing on Sundays. To provide a whole-of-government support for the attendees, the presenters included the Chair of the Liquor Licensing Board, and representatives from fellow CIG enforcement agencies (namely Workforce Opportunities and Residency Cayman, the Cayman Islands Fire Service, the Royal Cayman Islands Police Service, and the Cayman Islands Coast Guard), who outlined how to comply with the regulations. About 40 persons holding entertainment, DJ, and mobile music and dancing licences attended the 26 July meeting.

August

Commercial legislation passed by Parliament in 2021, to attract and maintain restructuring and liquidation business in the Cayman Islands, came into effect on 31 August. Titled the Companies (Amendment) Act, 2021, this legislation applies to a company, and any other entity or partnership, that is liable to be wound up under the provisions of Part V of the Companies Act (2022 Revision). Its two main objectives are to separate restructuring from the winding-up regime; and improve access to both the

restructuring and winding-up regimes. To bring the legislation into effect, the Ministry and General Registry worked together to update the IT systems that would support the restructuring regime. Registry staff also were trained on the upgraded IT system, and briefed on the intent of the law.

September

On 8 September in Nicaragua, Minister Ebanks led the Government delegation that updated members of the Americas Joint Group, which is a sub-working group of the Financial Action Task Force (FATF) International Co-operation Review Group. The discussion focused on the Cayman Islands' improved effectiveness in fighting financial crimes. The meeting was part of the process for being removed from the list of jurisdictions that FATF monitors for anti-money laundering and countering the financing of terrorism (AML/CFT) deficiencies. The delegation included representatives from CIMA, the Registrar of Companies, the Cayman Islands Bureau of Financial Investigations, the Office of the Director of Public Prosecutions, and the Anti-Money Laundering Unit, in addition to the Ministry.

Later that month, the existing requirement to advertise local investment opportunities in a local newspaper was strengthened, by adding a requirement for advertisements to be placed on DCI's website for 14 days as well. The Ministry announced this change on 27 September. It affects companies that do not have 60 percent Caymanian ownership, but that want to operate locally.

Minister Ebanks spoke at the Maurant Regulatory Conference in May





October

The Accountants (Amendment) Bill, 2022 and the Limited Liability Companies (Amendment) Bill, 2022 were passed during the 7 - 10 October sitting of Parliament.

The intent is to boost the accounting sector, and the work of corporate service providers with regards to limited liabilities companies, respectively.

Minister Ebanks and the Director of the Anti-Money Laundering Unit, Francis Arana, attended the FATF plenary in Paris from 20-21 October, during which Minister Ebanks updated the delegates about the Cayman Islands' progress and improved abilities in fighting financial crime. The plenary was attended by 206 delegates in the FATF global network, and by observer organisations including the International Monetary Fund, the United Nations, the World Bank, INTERPOL, and the Egmont Group of Financial Intelligence Units.

On 21 October the FATF announced that the Cayman Islands satisfied the FATF recommended action on beneficial ownership, signifying our improved ability to fight money laundering. The announcement confirmed that the Cayman Islands satisfied 62 of 63 recommended actions to improve our AML regime, moving us closer to being removed from both the FATF's list of jurisdictions with AML deficiencies, and the EU's AML list.

DCI hosted a town hall meeting in July on compliance with Music and Dancing regulations

*Minister Ebanks (right)
and the Director of the
Anti-Money Laundering
Unit, Francis Arana.*



November

The Cayman Islands continued to make significant contributions to international tax cooperation efforts, as members of several groups under the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes. In November the Cayman Islands was appointed to the Global Forum's Steering Group for the period of 1 January 2023 to 31 December 2025, having previously served from 2009 to 2016. The Steering Group is the 20-member body that governs the work of the Global Forum.

In addition, the Cayman Islands was reappointed as Vice Chair of the Peer Review Group (PRG), for the same timeframe. The PRG conducts the peer review and monitoring processes of the standard regarding the exchange of tax information upon request. Cayman also was reappointed to the Automatic Peer Review Group, which conducts peer reviews in relation to the Automatic Exchange of Information standard.

Also in November the Ministry continued consulting industry on draft legislation to consolidate beneficial ownership legislation into one Act. The draft legislation is intended to provide clarity to all users of the beneficial ownership legislation, in order to reduce the possibility of misuse of Cayman entities.

Throughout the month, Minister Ebanks and a Ministry delegation travelled to the Bahamas, London and Brussels on a number of financial services matters. From 3-4 November he spoke at the Caribbean Regional

Compliance Association Conference in the Bahamas; and then he travelled to London for meetings with UK officials following the change in the UK Government. Minister Ebanks also met with financial services stakeholders, including during a Cayman Finance event. In London he was accompanied by Government Representatives Ms Bodden, Mr DaCosta and Mr Chris Duggan.

Then on 14 November, Minister Ebanks addressed how the Cayman Islands cooperates on tax matters globally, and specifically with the EU, during a meeting with members of the EU Parliament's Subcommittee on Tax Matters. The public meeting was broadcast live, and later posted on YouTube. Minister Ebanks said he accepted the invitation in order to help improve the understanding of why, and how, the Cayman Islands partners with jurisdictions to prevent and detect international tax crimes, in accordance with OECD standards. For this meeting and others held in the EU, Minister Ebanks was accompanied by Ms Bodden and Mr DaCosta.



Cayman's Financial Services Minister Ebanks (right) publicly discussed international tax cooperation with the EU Parliament's Subcommittee on Tax Matters, chaired by EU Member of Parliament Paul Tang.



Above: The FISC Subcommittee

Right: Minister Andre Ebanks and FISC Chair Paul Tang



The Cayman Islands Intellectual Property Office (CIPO) highlighted the Islands' ability to protect artistic creations and brand owners at the invitation-only International Trade mark Association Leadership Meeting in Miami, Florida, from 15-18 November. Discussions centered on the use of copyrights, trade marks, and current legislation and regulations in the North America, Latin America and the Caribbean. The event was attended by hundreds of intellectual property experts from international law firms and IP offices. CIPO Director Candace Westby; and Chair of the Cayman Islands Appeals, Designs and Copyright Tribunals, Dianne Daley McClure, participated in the event.

On 30 November, Minister Ebanks addressed local and international stakeholders at the Cayman Captive Forum in the morning, and the 55th Caribbean Financial Action Task Force (CFATF) Plenary later that day.



*Cayman Islands
Intellectual Property
Office staff Diane Daley
and Candace Westby
attended a leadership
event*

On 14 December the Ministry posted a request for proposal for an external consultant, for a medium-term strategic plan for financial services in the Cayman Islands, to commence work in early 2023. Plan development is anticipated to involve extensive stakeholder consultation across both the public and private sectors.

The Music and Dancing (Control) Act, 2022 was enacted on 21 December, in time for the holiday season. The act allows licensed standalone retail bars and seagoing vessels to play background music on Sundays, giving them the same rights as hotels and restaurants.

In late December, Government marked a historic moment when its first US-based office became fully operational, staffed by Government Representative Chris Duggan. His remit covers the US and Canada. The official office opening was held in January 2023.

*Minister Ebanks
addressed local
and international
stakeholders at the
Cayman Captive Forum,
and the 55th Caribbean
Financial Action Task
Force (CFATF) Plenary*



APPENDICES

Appendix 1: Human Capital

As at 31 December 2022, the Ministry employed 134 persons.

The 2022 staff complement reflects that, following the Government administration change in 2021, the Ministry no longer has staff who are attached to Home Affairs.

Table 1: Ministry of Financial Services & Commerce – Headcount

	Actual 2018	Actual 2019	Actual 2020	Actual 2021	Actual 2022
Core Ministry (MFSHA)	13	11	14	35	45
Department for International Tax Cooperation (DITC)	5	9	18	17	19
Cayman Islands General Registry (REG)	44	45	51	47	45
Department for Financial Services Policy and Legislation (DFS)	5	11	13		
Department of Public Safety Communications (DPSC)	25	29	31		
Hazard Management Cayman Islands (HMCI)	6	5	6		
Cayman Islands Fire Service (CIFS)	126	142	158		
Her Majesty's Cayman Islands Prison Service (HMCIPS)	168	171	169		
Department of Community Rehabilitation (DCR)	44	41	43		
Department of Commerce and Investment (DCI)	-	-	-	25	25
TOTAL	436	464	503	124	134

In 2021, the Department for Financial Services Policy and Legislation was merged into the core Ministry.

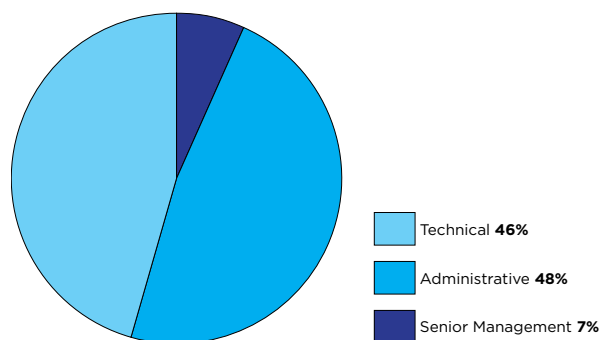
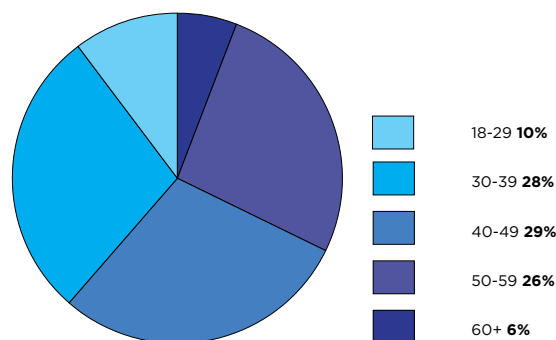
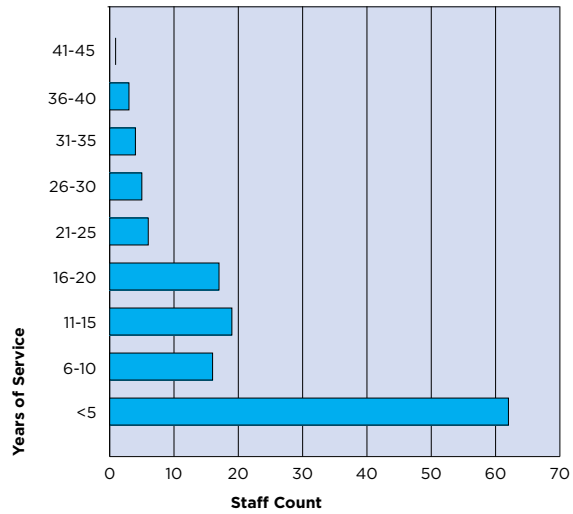
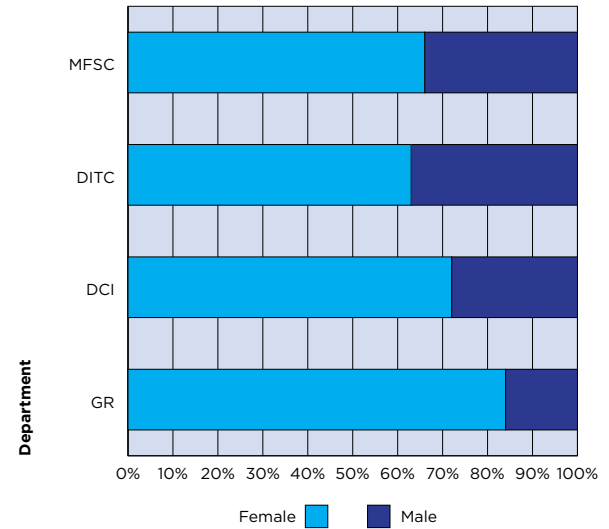
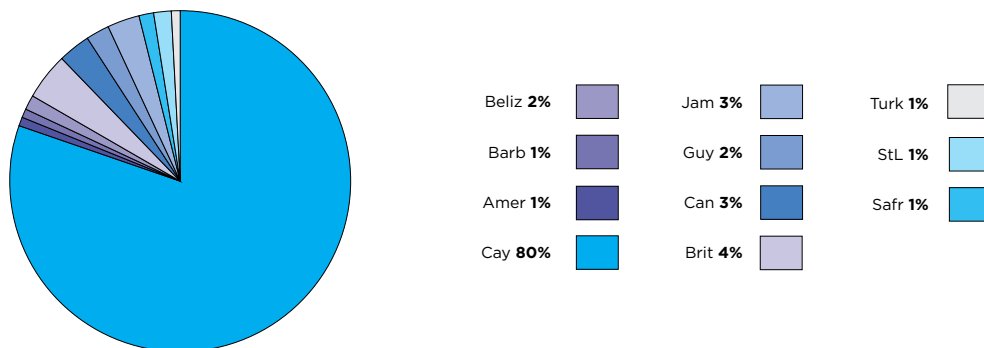
Figure 1: Staff Profile by Function**Figure 2: Staff Profile by Age**

Figure 3: Staff Profile by Years of Service**Figure 4: Staff Profile by Gender****Figure 5: Staff Profile by Nationality**

Appendix 2: Finance

2022 MFSC APPROVED BUDGET TO ACTUAL:

	Note	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs actual) \$'000
Revenue					
Sale of goods and services	9.15	17,881	24,715	25,060	6,834
Total Revenue	20	17,881	24,715	25,060	6,834
Expenses					
Personnel costs	10, 15, 16	12,577	16,698	16,943	4,121
Supplies and consumables	11, 15	5,013	7,047	7,142	2,034
Depreciation	6	90	453	457	363
Amortisation of intangible assets	6b	92	267	267	176
Legal fees	12	21	250	250	229
Losses/(gains) on foreign exchange transactions	13	1	-	-	(1)
Loss on disposal of asset	12	-	-	-	-
Total Expenses	20	17,794	24,715	25,060	6,922
Deficit for the Year/Period		87	-	-	(88)

2022 MFSC VARIANCE EXPLANATIONS

Sale of Goods and Services

The balance is \$6.7 million lower than the original budget because the Ministry's draw down of Cabinet revenue was less than budgeted for 2022, as some agencies were unable to deliver their full budgeted outputs for the financial period.

Personnel Costs

Personnel costs were \$4.1 million lower than original budget because of recruitment delays.

Supplies and Consumables

The balance is \$2 million lower than the original budget because of the Ministry's cost-saving measures; and the delayed recruitment, which resulted in reduced expenditure in this category.

Appendix 3: Good Governance and Transparency

These reports were tabled in Parliament during 2022.

- June: Annual Report and Audited Financial Statements of the Auditors Oversight Authority Cayman Islands for the year ending 31 December 2021
- October: Annual Report and Audited Financial Statements of the Civil Aviation Authority of the Cayman Islands for the year ending 31 December 2021
- October: Annual Report and Audited Financial Statements of the Maritime Authority of the Cayman Islands for the year ending 31 December 2021
- October: Annual Report and Audited Financial Statements of the Cayman Islands Monetary Authority for the year ending 31 December 2021
- October: Annual Report and Audited Financial Statements of the Cayman Islands Stock Exchange for the year ending 31 December 2021

Appendix 4: Freedom of Information Requests

Twenty-six freedom of information requests were received by the Ministry and its entities in 2022, as shown in Table 2: Freedom of Information Requests.

Table 2: Freedom of Information Requests

	Requests 2021	Closed 2021	Requests 2022	Closed 2022
Ministry (MFSHA, DITC, DFS)	4	4	5	5
Cayman Islands General Registry (REG)	5	4	2	2
Department of Commerce & Investment			2	2
Department of International Tax Cooperation			0	0
Cayman Islands Fire Service (CIFS)	2	2	0	0
Her Majesty's Cayman Islands Prison Service (HMCIPS)	3	2	0	0
Hazard Management Cayman Islands (HMCI)	0	0	0	0
Department of Public Safety Communications (DPSC)	0	0	0	0
Department of Community Rehabilitation (DCR)	0	0	0	0
Cayman Islands Stock Exchange (CSX)	1	1	2	2
Cayman Islands Monetary Authority (CIMA)	5	5	14	14
Auditors Oversight Authority (AOA)	0	0	1	1

Appendix 5: Legislative Framework

Financial Services

This is the full list of financial services and commerce legislation that the Ministry administers. For legislation passed or enacted in 2021, please refer to page 9

Accountants Act	Companies (Translation Certificate) Regulations
Accountants (Application for Membership) Regulations	Insolvency Practitioners Regulations
Accountants (Disciplinary) Regulations	Companies Management Act
Accountants (Quality Assurance) Regulations	Companies Management Regulations
Auditors Oversight Act	Contracts (Rights of Third Parties) Act
Auditors Oversight Regulations	Cooperative Societies Act
Banks and Trust Companies Act	Cooperative Societies Regulations
Alternative Financial Instruments Regulations	Development Bank Act
Banks and Trust Companies (Designation) Order	Directors Registration and Licensing Act
Banks and Trust Companies (License Application and Fees) Regulations	Directors Registration and Licensing (Registration and Licensing) Regulations
Private Trust Companies Regulations	Exempted Limited Partnership Act
Bills of Exchange Act	Exempted Limited Partnership Regulations
Births and Deaths Registration Act	Foundation Companies Act
Building Societies Act	Foundation Companies (Fees) Regulations
Cape Town Convention Act	Friendly Societies Act
Churches Incorporations Act	Insurance Act
Civil Partnership Act	Insurance (Applications and Fees) Regulations
Civil Partnership Regulations	Insurance (Capital and Solvency) (Class A insurers) Regulations
Companies Act	Insurance (Capital and Solvency) (Classes B, C and D Insurers) Regulations
Beneficial Ownership (Companies) Regulations	Insurance (Exemption) Regulations

Financial Services continued

Insurance (Forms) Regulations	Monetary Authority (Administrative Fines) Regulations
Insurance (Portfolio Insurance Companies) Regulations	Monetary Authority (Fees) Regulations
Insurance (Reporting) Regulations	Money Services Act
Insurance (Variation of Fees) Regulations	Money Services Business Regulations
International Interests in Mobile Equipment (Cape Town Convention) Act	Mutual Funds Act
International Tax Cooperation (Economic Substance) Act	Mutual Fund Administrators Licence (Applications) Regulations
International Tax Cooperation (Economic Substance) (Prescribed Dates) Regulations	Mutual Funds (Annual Returns) Regulations
International Tax Cooperation (Economic Substance) Regulations	Mutual Funds (EU Connected Fund (Alternative Investment Fund Managers Directive)) Regulations
Limited Liability Companies Act	Mutual Funds (Fees) Regulations
Beneficial Ownership (Limited Liability Companies) Regulations	Retail Mutual Funds (Japan) Regulations
Limited Liability Companies (Fees) Regulations	Non-Profit Organisations Act
Limited Liability Companies (Translation Certificate) Regulations	Non-Profit Organisations (Registration Application) Regulations
Limited Liability Partnership Act	Partnership Act
Beneficial Ownership (Limited Liability Partnership) Regulations	Partnership (Fees) Regulations
Limited Liability Partnership (Fees) Regulations	Private Funds Act
Marriage Act	Private Funds (Fees) Regulations
Monetary Authority Act	Private Funds (Savings and Transitional Provisions) Regulations
Financial Services continued	Private Funds Regulations
	Property (Miscellaneous Provisions) Act
	Public Recorder Act
	Securities Investment Business Act

Securities Investment Business (Conduct of Business) Regulations	Tax Information Authority (International Tax Compliance) (Common Reporting Standard) Regulations
Securities Investment Business (EU Connected Fund (Alternative Investment Fund Managers Directive) Regulations	Tax Information Authority (International Tax Compliance) (Country-by- Country Reporting)
Securities Investment Business (Financial Requirements and Standards) Regulations	Tax Information Authority (International Tax Compliance) (United Kingdom) Regulations
Securities Investment Business (Licence Applications and Fees) Regulations	Tax Information Authority (International Tax Compliance) (United States of America) Regulations
Securities Investment Business (Registration and Deregistration) Regulations	Tax Information Authority Regulations
Stock Exchange Company Act	Trusts Act
Stock Exchange Authority Regulations	Trust (Transparency) Regulations
Tax Information Authority Act	Virtual Asset (Service Providers) Act
	Virtual Asset (Service Providers) (Savings and Transitional) Regulations
	Virtual Asset (Service Providers) Regulations

Intellectual Property

The Copyright (Cayman Islands) Order	Design Rights Registration Act
The Designation of Educational Institutions Order	Design Rights Publication Fees Order
The Copyright (Licensing of Orphan Works Regulations) Regulations	Design Rights Registration Regulations
The Copyright (Material Open to Public Inspection) (Marking of Copies of Maps) Order	Merchandise Marks Act
The Copyright (Material Open to Public Inspection) (Marking of Copies of Plans and Drawings) Order	Patents Act
The Copyright (Customs) Regulations	Patents and Trade Marks (Transitional Provisions) Regulations
The Copyright (International Organizations) Order	Patents Regulations
The Infringing Copies (Notice of Seizure) Order	Trade Marks Act
	Trade Marks (Transitional Provisions) Regulations
	Trade Marks Regulations

Commerce

Air Navigation (Overseas Territory) Order	Merchant Shipping (Counting and Registration of Persons on Board Passenger Ships) Regulations
Civil Aviation Authority Act	
Aircraft (Landing and Parking Fees) Regulations	Merchant Shipping (Entry into Dangerous Spaces) Regulations (SL 11 of 2004)
Airport (Security Tax) Regulations	Merchant Shipping (Fees) Regulations
Airport Regulations	Merchant Shipping (Guarding of Machinery and Safety of Electrical Equipment) Regulations
Airports (Designation) Regulations	
Airports (Straying Animals) Regulations	Merchant Shipping (Load Line) Regulations
Mortgaging of Aircraft Regulations	
Liquor Licensing Act	Merchant Shipping (Marine Casualty Reporting and Investigation) Regulations
Liquor Licensing (Fees) Regulations	
Liquor Licensing (Lifting of Moratorium) (Package and Retail Licenses) Order	Merchant Shipping (Maritime Labour Convention) (Crew Accommodation) Regulations
Local Companies (Control) Law	
Local Companies (Control) Regulations	Merchant Shipping (Maritime Labour Convention) (Food and Catering) Regulations
Maritime Authority Act	
Merchant Shipping Act	Merchant Shipping (Maritime Labour Convention) (Health and Safety) Regulations
Merchant Shipping (Carriage of Nautical Publications) Regulations	
Merchant Shipping (Carriage of Packaged Irradiated Nuclear Fuel, etc.) (INF Code) Regulations	Merchant Shipping (Maritime Labour Convention) (Medical Care) Regulations
Merchant Shipping (Certification of Ships' Cooks) Regulations	Merchant Shipping (Maritime Labour Convention) (Medical Certification) Regulations
Merchant Shipping (Certification, Safe Manning, Hours of Work and Watchkeeping) Regulations	Merchant Shipping (Maritime Labour Convention) (Repatriation) Regulations
Merchant Shipping (Classes of Ships) Regulations	Merchant Shipping (Maritime Labour Convention) (Seafarer Employment Agreement, Shipowners' Liabilities and Wages) Regulations

Commerce

Merchant Shipping (Maritime Labour Convention) (Survey and Certification) Regulations	Secondhand Dealers Act
Merchant Shipping (Maritime Security) Regulations	Secondhand Dealers (Forms) Regulations
Merchant Shipping (Means of Access) Regulations	Special Economic Zones Act
Merchant Shipping (Medical Examination) Regulations	Special Economic Zones (Cayman Enterprise City) Order
Merchant Shipping (Pleasure Yachts Carrying Passengers) Regulations	Special Economic Zones Regulations
Merchant Shipping (Port State Control) Regulations	Sunday Trading Law
Merchant Shipping (Prevention of Collisions and Use of Distress Signals) Regulations	Sunday Trading Order
Merchant Shipping (Registration of Ships) Regulations	The Film Exhibition Control Act
Merchant Shipping (Returns of Births and Deaths) Regulations	Tobacco Act
Merchant Shipping (Safety of Navigation) Regulations	Tobacco Regulations
Merchant Shipping (Tonnage) Regulations	Trade and Business Licensing Act
Merchant Shipping (Vessels in Commercial Use for Sport or Pleasure) Regulations	Trade and Business Licensing (Appeals) Regulations
Merchant Shipping (Wreck Removal Convention) Regulations	Trade and Business Licensing (Forms) Regulations
Music and Dancing (Control) Act	Trade and Business Licensing Directions
Permitted Hours Order	



GOVERNMENT OF THE CAYMAN ISLANDS

MINISTRY OF FINANCIAL SERVICES AND COMMERCE

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2022**

CONTENTS

	Page
Statement of Responsibility for the Financial Statements	2
Auditor General's Report	3 - 4
Statement of Financial Position	5
Statement of Financial Performance	6
Statement of Changes in Net Worth	7
Statement of Cash Flows	8
Notes to the Financial Statements	9 - 30

MINISTRY OF FINANCIAL SERVICES AND COMMERCE
STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS
31 DECEMBER 2022

These financial statements have been prepared by the Ministry of Financial Services and Commerce 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 the Act, and properly recorded the financial transactions of the Ministry of Financial Services and Commerce.

As Chief Officer and Chief Financial Officer, we are responsible for the preparation of the Ministry of Financial Services and Commerce 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 of Financial Services and Commerce for the financial year ended 31 December 2022.

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

- (a) Completely and reliably reflect the financial transactions of the Ministry of Financial Services and Commerce for the year ended 31 December 2022;
- (b) fairly reflect the financial position as at 31 December 2022 and performance for the year ended 31 December 2022;
- (c) comply with International Public Sector Accounting Standards as set out by International Public Sector Accounting Standards Board. Where guidance is not available, the financial statements comply with International Financial Reporting Standards (IFRS) Accounting Standards issued by the IFRS Board and the International Accounting Standards Board.

We also accept responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorized by law and properly record the financial transactions of the Ministry of Financial Services and Commerce.

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.



Dax Basdeo, Ph.D, JP
Chief Officer

Date – 30 APR 2023



Wendy Manzanares
Chief Financial Officer

Date – 30 APRIL 2023

AUDITOR GENERAL'S REPORT

To the Members of Parliament and the Chief Officer of the Ministry of Financial Services and Commerce

Opinion

I have audited the financial statements of the Ministry of Financial Services and Commerce (the "Ministry"), which comprise the statement of financial position as at 31 December 2022 and the statement of financial performance, statement of changes in net worth and cash flows statement for the year ended 31 December 2022, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 9 to 30.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Ministry as at 31 December 2022 and its financial performance and its cash flows for the year ended 31 December 2022 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)

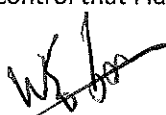
Auditor's Responsibilities for the Audit of the Financial Statements

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.



Winston Sobers, FCCA, CFE
Acting Auditor General

30 April 2023
Cayman Islands

MINISTRY OF FINANCIAL SERVICES AND COMMERCE
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

Prior Period Actual Restated \$'000		Note	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
	Current Assets					
22,087	Cash and cash equivalents	2	21,194	28,800	28,800	7,606
2,101	Trade receivables	3, 14	2,735	1,675	1,675	(1,060)
870	Other receivables	3, 14	476	226	226	(250)
126	Prepayments	4	107	150	150	43
25,184	Total Current Assets		24,512	30,851	30,851	6,339
124	Property, plant and equipment	5, 14	138	643	643	505
248	Intangible assets	5b	202	2,046	2,046	1,844
372	Total Non-Current Assets		340	2,689	2,689	2,349
25,556	Total Assets		24,852	33,540	33,540	8,688
	Current Liabilities					
1,876	Trade payables and accruals	6, 14	833	279	279	(553)
138	Other payables	6, 14	179	59	59	(120)
441	Employee entitlements	7	501	398	398	(103)
1,228	Surplus payable	14	1,301	-	-	(1,301)
3,683	Total Current Liabilities		2,814	736	736	(2,078)
3,683	Total Liabilities		2,814	736	736	(2,078)
21,873	Net Assets		22,038	32,804	32,804	10,766
	NET ASSETS					
21,873	Contributed capital	14	22,038	32,804	32,804	10,776
21,873	Total Net Assets		22,038	32,804	32,804	10,766



Dax Basdeo, Ph.D, JP
Chief Officer

Date – 30 APR 2023



Wendy Manzanares
Chief Financial Officer

Date – 30 APR 2023

The accounting policies and notes on pages 9 to 30 form part of these financial statements.

MINISTRY OF FINANCIAL SERVICES AND COMMERCE
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2022

Prior Period Actual			Current Year Actual	Original Budget	Final Budget	Variance (Orig vs actual)
\$'000		Note	\$'000	\$'000	\$'000	\$'000
	Revenue					
7,622	Sale of goods and services	8, 14	18,137	24,715	25,060	6,578
7,622	Total Revenue	20	18,137	24,715	25,060	6,578
	Expenses					
5,805	Personnel costs	9, 14, 15	12,577	16,698	16,943	4,121
2,157	Supplies and consumables	10, 14	5,283	7,047	7,142	1,764
47	Depreciation	5	90	453	457	363
47	Amortisation of intangible assets	5b	92	267	267	175
4	Legal fees	11	21	250	250	229
(1)	Losses/(gains) on foreign exchange transactions	12	1	-	-	(1)
8,059	Total Expenses		18,064	24,715	25,060	6,651
(437)	Surplus/(Deficit) for the Year/Period		73	-	-	(73)

The accounting policies and notes on pages 9 to 30 form part of these financial statements.

MINISTRY OF FINANCIAL SERVICES AND COMMERCE
STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDED 31 DECEMBER 2022

	Contributed Capital	Accumulated (deficits)/ surplus	Total Net worth	Original Budget	Final Budget	Variance (Orig. vs Actual)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2021	-	-	-	72,001	72,001	72,001
Changes in net assets for 2021 Balance	-	-	-	72,001	72,001	72,001
Changes in net assets for 2021						
Equity investment from Cabinet	54	-	54	17,798	17,798	17,744
Transfer of departments	21,566	-	21,566	-	-	(21,566)
Deficit for the period		(437)	(437)	-	-	(437)
Deficit payable to Cabinet	-	437	437	-	-	437
Total recognised revenues and expenses for the period	21,620	-	21,620	17,798	17,798	(3,822)
Balance at 31 December 2021	21,620	-	21,620	89,799	89,799	68,179
Balance at 1 January 2022 brought forward	21,620	-	21,620	72,001	72,001	50,381
Restatement of prior year figures		253	253			(253)
Balance	21,620		21,873	72,001	72,001	50,128
Changes in net assets for 2022						
Equity investment from Cabinet	165	-	165	17,798	17,798	17,633
Net revenue / expenses recognised directly in net worth	165	-	165	17,798	17,798	17,633
Surplus for the year ended 31 December 2022	-	73	73	-	-	(73)
Repayment of surplus	-	(73)	(73)	-	-	73
Total recognised revenues and expenses for the year	165	-	165	17,798	17,798	17,633
Balance at 31 December 2022	21,785	-	22,038	89,799	89,799	67,761

The accounting policies and notes on pages 9 to 30 form part of these financial statements.

MINISTRY OF FINANCIAL SERVICES AND COMMERCE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

Prior Period			Current Year Actual	Original Budget	Final Budget	Variance (Orig vs Actual) \$'000
\$'000	Note		\$'000	\$'000	\$'000	\$'000
		CASH FLOWS USED/FROM OPERATING ACTIVITIES				
		<i>Receipts</i>				
13,894		Outputs to Cabinet	13,012	19,579	19,579	6,567
-		Outputs to other government agencies	-	-	-	-
35		Sale of goods and services - third party	208	3,175	3,175	2,967
-		Donations / Grants	-	-	-	-
1,505		Other receipts	4,815	-	-	(4,815)
		<i>Payments</i>				
(4,419)		Personnel costs	(7,690)	(15,714)	(15,714)	(8,024)
(5,571)		Supplies and consumables	(10,567)	(6,640)	(6,640)	3,770
-		Other payments	(335)	(250)	(250)	(72)
5,445		Net cash flows generated from/ (used in) operating activities	(557)	150	150	393
		CASH FLOWS FROM INVESTING ACTIVITIES				
(54)		Purchase of property, plant and equipment	(112)	(2,261)	(2,261)	(2,149)
-		Purchase of intangibles	(45)	-	-	45
(54)		Net cash flows used in investing activities	(157)	(2,261)	(2,261)	(2,104)
		CASH FLOWS USED/FROM FINANCING ACTIVITIES				
2,982		Equity investment	(493)	2,261	2,261	2,754
(2,769)		Repayment of surplus	-	-	-	-
213		Net cash flows provided by (used in) financing activities	(493)	2,261	2,261	2,754
5,604		Net (decrease)/increase in cash and cash equivalents	(893)	150	150	1,043
16,483		Cash and cash equivalents at beginning of the year	22,087	28,650	28,650	6,563
22,087		Cash and cash equivalents at end of the year	21,194	28,800	28,800	7,606

The accounting policies and notes on pages 9 to 30 form part of these financial statements.

**MINISTRY OF FINANCIAL SERVICES AND COMMERCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

Description and Principal Activities

The Ministry of Financial Services and Commerce (the “Ministry”) is a Government owned entity as defined by section 2 of the Public Management and Finance Act (2020 Revision) (“the Act”) and it is domiciled in the Cayman Islands. The Ministry consists of several agencies and departments including General Registry, Department of International Tax Cooperation, Financial Services Administration, Department of Commerce and Investment, Cayman Islands Intellectual Property Office and the Cayman Islands Overseas Offices.

Its principal activities and operations include all activities carried out in terms of the outputs purchased by the Ministry as defined in the Annual Plan and Estimates for the Government of Cayman Islands for the year ended 31 December 2022.

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, unless otherwise stated. The measurement base applied to these financial statements is the historical cost basis, unless otherwise stated. The statements are rounded to the nearest thousand.

The financial statements are prepared for the year ended 31 December 2022. The prior period comparison stated in the Statement of Financial Performance, Statement of Changes in Net Worth, Statement of Cash Flows and related notes are with the 6-month period ended 31 December 2021.

MINISTRY OF FINANCIAL SERVICES AND COMMERCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Note 1: Significant Accounting Policies (continued)

(a) Basis of Preparation (continued)

Certain new accounting standards have been published that are not mandatory for the year ended 31 December 2022 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, recognising 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 for the next financial year end.

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 recognised 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 for the next financial year end.

IPSAS 43, *Leases* was issued in January 2022 and shall be applied for financial statements covering periods beginning on or after 1 January 2025. IPSAS 43 sets out recognition, measurement, presentation and disclosure requirements for leases. IPSAS 43 introduces a right of use model that replaces the risk and reward incidental to ownership model in IPSAS 13. It is anticipated that IPSAS 43 will not have a significant impact on the Authority's financial statements. This will be assessed more fully for the next financial year end.

IPSAS 44, *Non-current assets held for sale* issued in January 2022 and shall be applied for financial statements covering periods beginning on or after 1 January 2025. IPSAS 44 defines non-current assets held for sale and determines the accounting, presentation and disclosure of discontinued operations. It is anticipated that IPSAS 44 will not have an impact on the Authority's financial statements, but will be assessed more fully for the next financial year end.

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. There were no changes in accounting policies during the financial year ended 31 December 2022.

(b) 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

**MINISTRY OF FINANCIAL SERVICES AND COMMERCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

Note 1: Significant Accounting Policies (continued)

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 they are determined and in any future periods that are affected by those revisions.

(c) Changes in Accounting Estimates

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

(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).

(d) Revenue (continued)

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.

(f) Operating Leases

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

(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 at the date of acquisition.

(i) Prepayments

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

(j) Property, Plant and Equipment

Property, plant and equipment, 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 recognised 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.

**MINISTRY OF FINANCIAL SERVICES AND COMMERCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

Note 1: Significant Accounting Policies (continued)

(j) Property, Plant and Equipment (continued)

Depreciation is expensed on a straight-line basis at rates stipulated below 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>
• Computer equipment	3 – 10 years
• Developed software	4 – 10 years
• Office equipment and furniture	3 – 25 years
• Motor vehicles	3 – 7 years
• Other equipment	5 – 20 years

Disposals

An item of property, plant and equipment and intangible asset is derecognised 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.

(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 estimated useful life. Amortization begins when the asset is available for use and ceases at the date that the asset is derecognised or at the end of its useful life. 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. Amortisation charge for each period is recognised in the Statement of Financial Performance.

MINISTRY OF FINANCIAL SERVICES AND COMMERCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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 centralized in the Government and therefore, 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.

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 receivables 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 instruments comprise of trade payable and accruals and other payables.

**MINISTRY OF FINANCIAL SERVICES AND COMMERCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

Note 1: Significant Accounting Policies (continued)

(m) Financial Instruments (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 Statements of Financial Performance.

Measurement

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

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

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) 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.

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

**MINISTRY OF FINANCIAL SERVICES AND COMMERCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

Note 1: Significant Accounting Policies (continued)

(p) 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 accommodation in the central government building, the computer repairs and software maintenance by the Computer Services department and human resources management by the Portfolio of the Civil Service. The Ministry also receives accommodation at the building designated as the Central Fire Station. The Ministry has designated these non-exchange transactions as Services in-Kind as defined under IPSAS 23 – Revenue from non-exchange transactions. When fair values of such services can be reliably estimated then the non-exchange transaction is recorded as an expense and an equal amount is recorded in other income as a service in-kind. Where services in-kind offered are directly related to construction or acquisition of a fixed asset, such service in-kind is recognised in the cost of the fixed asset. The Risk Management Unit of the Ministry of Finance & Economic Development has absorbed all expenses related to general and motor vehicle Insurance for the year.

(q) Surplus Repayable

Pursuant to Section 39 (3) (f) of the Public Management and Finance Act (2020 Revision), any net surplus is transferred to surplus repayable.

(r) Prior Year Comparative

The prior period comparison stated in the Statement of Financial Performance, Statement of Changes in Net Worth, Statement of Cash Flows and related notes are with the 6-month period ended 31 December 2021.

MINISTRY OF FINANCIAL SERVICES AND COMMERCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Note 2: Cash and Cash Equivalents

Cash and cash equivalents include cash on hand; bank accounts in the name of the Ministry of Financial Services and Commerce maintained at Royal Bank of Canada and short-term deposits invested with the Cayman Islands Government Treasury. As at 31 December 2022, the Ministry held no restricted cash balances. The Ministry's unrestricted cash balances were, as presented below.

Actual Prior Year	Description	Foreign Currency	Exchange Rate	Actual Current Period	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000		\$'000	\$'000	\$'000	\$'000
21,359	CI \$ Operational Current Account			20,291	28,800	28,800	8,509
209	USD \$ Operational Current Account	74	0.8375	62	-	-	(62)
519	CI \$ Payroll Current Account			841	-	-	(841)
22,087	TOTAL			21,194	28,800	28,800	7,606

Note 3: Trade Receivables and Other Receivables

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

Actual Prior Year	Description	Actual Current Period	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
225	Sale of goods and services	177			(177)
2,044	Outputs to Cabinet	2,651	1,675	1,675	(974)
54	Equity injection funding	130	-	-	(130)
(222)	Less: Provision for doubtful debts	(223)	-	-	223
2,101	Total trade receivables	2,735	1,675	1,675	(1,059)

Actual Prior Year	Description	Actual Current Period	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
1	Dishonoured cheques	1	1	1	-
869	Other receivables	475	225	225	(250)
870	Total other receivables	476	226	226	(250)

MINISTRY OF FINANCIAL SERVICES AND COMMERCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Note 3: Trade Receivables and Other Receivables (continued)

As at 31 December 2022, the aging analysis of trade receivables and other receivables are as follows:

Actual Prior Year	Description	Current	Total Current Period	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000	\$'000
	Current					
2,098	Past due 1-30 days	2,780	2,780	1,685	1,685	(1,095)
224	Past due 31-60 days	176	176	-	-	(176)
649	Past due 90 and above	254	254	216	216	(38)
2,971	Total	3,210	3,210	1,901	1,901	(1,309)

Note 4: Prepayments

Actual Prior Year	Description	Actual Current Period	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
104	Accrued prepayments	81	150	150	69
22	Travel advances	26	-	-	(26)
126	Total Prepayments	107	150	150	43

MINISTRY OF FINANCIAL SERVICES AND COMMERCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Note 5: Property, Plant and Equipment

Cost

Description	Vehicles	Furniture & Fittings	Computer Hardware	Office Equipment	Other Assets	Actual 2021	Original Budget 2021	Variance (Orig vs Actual)
Balance as at 1 July 2021	-	-	-	-	-	-	76,488	76,488
Additions	24	-	31	-	-	54	15,476	15,422
Transfers in	106	139	420	63	7	734	-	(734)
Balance at 30 December 2021	129	139	451	63	7	788	91,964	91,176

Description	Vehicles	Furniture & Fittings	Computer Hardware	Office Equipment	Other Assets	Actual 2022	Original Budget 2022	Variance (Orig vs Actual)
Balance as at 1 January 2022	129	139	450	63	7	788	1,663	875
Additions	-	18	83	3	-	104	-	(104)
Balance at 31 December 2022	129	157	533	66	7	892	1,663	771

MINISTRY OF FINANCIAL SERVICES AND COMMERCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Note 5: Property, Plant and Equipment

Accumulated Depreciation and impairment losses

Description	Vehicles	Furniture & Fittings	Computer Hardware	Office Equipment	Other Assets	Actual 2021	Original Budget 2020	Variance (Orig vs Actual)
Balance as at 1 July 2021	-	-	-	-	-	-	27,263	27,263
Transfers in	89	136	333	52	7	617	-	(617)
Depreciation expense	8	-	36	3	-	47	2,286	2,239
Balance at 31 December 2021	98	136	369	55	7	664	29,549	28,885

Description	Vehicles	Furniture & Fittings	Computer Hardware	Office Equipment	Other Assets	Actual 2022	Original Budget 2022	Variance (Orig vs Actual)
Balance as at 1 January 2022	98	136	369	55	7	664	340	(324)
Depreciation expense	10	1	75	4	-	90	680	589
Balance at 31 December 2022	108	137	444	58	7	755	1,020	264

Net Book value 31 December 2021	32	3	81	8	-	124	62,415	62,291
---------------------------------	----	---	----	---	---	-----	--------	--------

Net Book value 31 December 2022	21	20	89	8	-	138	643	505
---------------------------------	----	----	----	---	---	-----	-----	-----

**MINISTRY OF FINANCIAL SERVICES AND COMMERCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

Note 5: Property, Plant and Equipment (continued)

Impairment

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the period end. Assets that are subject to amortization 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 amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value for use in service.

Equity Injection

The Equity Injection covered capital expenditure for the year from January to December 2022. The equity drawdown was approved by the Chief Officer and the Minister.

MINISTRY OF FINANCIAL SERVICES AND COMMERCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Note 5b: Intangible Assets

Cost

Description	Computer Software	Actual 2021	Original Budget 2022	Variance (Orig vs Actual)
Balance as at 1 July 2021	-	-	2,304	2,304
Additions	79	79	100	21
Transfers in	2,034	2,034	-	(2,034)
Balance at 31 December 2021	2,113	2,113	2,404	291

Description	Computer Software	Actual 2022	Original Budget 2022	Variance (Orig vs Actual)
Balance as at 1 January 2022	2,113	2,113	2,404	291
Additions	44	44	1,662	1,618
Balance at 31 December 2022	2,157	2,157	4,066	1,909

Accumulated Depreciation and impairment losses

Description	Computer Software	Actual 2021	Original Budget 2022	Variance (Orig vs Actual)
Balance as at 1 July 2021	-	-	1,955	1,955
Charge for the year	47	47	441	394
Transfers in	1,818	1,818		(1,818)
Balance at 31 December 2021	1,865	1,865	2,396	531

Description	Computer Software	Actual 2022	Original Budget 2022	Variance (Orig vs Actual)
Balance as at 1 January 2022	1,865	1,865	1,753	(112)
Charge for the year	92	92	267	175
Balance at 31 December 2022	1,955	1,955	2,021	63

Net book value 31 December 2021	248	248	8	(240)
---------------------------------	-----	-----	---	-------

Net book value 31 December 2022	202	202	2,046	1,844
---------------------------------	-----	-----	-------	-------

MINISTRY OF FINANCIAL SERVICES AND COMMERCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Note 6: Trade Payables, Other Payables and Accruals

Prior Period Restated	Description	Current	Total Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000	\$'000
213	Creditors	16	16	50	50	34
1,644	Accrued expenses	814	814	229	229	(585)
18	Accrued expenses Ministries/Portfolios	3	3	-	-	(3)
1,875	Total Trades Payables and Accruals	833	833	279	279	(554)
82	Payroll deductions	150	150	-	-	(150)
56	Other payables	29	29	59	59	30
138	Total Other Payables	179	179	59	59	(120)
2,013	Total	1,012	1,012	338	338	(674)

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

Note 7: Employee Entitlements

Actual Prior Period	Description	Actual Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
	Current employee entitlements are represented by:				
80	Comp time	92	123	123	31
347	Annual leave	397	275	275	(123)
14	Accrued salaries	12	-	-	(12)
441	Total Employee Entitlements	501	398	398	(103)

The annual leave entitlement and compensated absence (comp time) are calculated based on current salary paid to those employees who are eligible for this benefit.

MINISTRY OF FINANCIAL SERVICES AND COMMERCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Note 8: Sales of Goods and Services

Actual Prior Period	Description	Actual Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
5,696	Outputs to Cabinet	13,617	21,540	21,540	7,923
1,926	Fees and charges	4,520	3,175	3,175	(1,345)
7,622	Total Sales of Goods and Services	18,137	24,715	24,715	6,578

Outputs to Cabinet comprises goods delivered to and services performed on behalf of the Cayman Islands Government. These are detailed in the Annual Budgeted Statements for the year ended 31 December 2022 and are covered by the Appropriation Act.

Fees and charges comprise mainly of other administrative fees and user charges levied on the public for the delivery of government services. The respective rates and fee structures are gazetted and governed by the relevant revenue acts and regulations.

No revenue concessions were granted during the year ended 31 December 2022.

Note 9: Personnel Costs

Actual Prior Period	Description	Actual Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
4,622	Salaries, wages and allowances	9,797	12,859	12,859	3,062
822	Health care	2,080	3,074	3,074	994
242	Pension	534	682	682	148
74	Vacation leave and comp time	62	-	-	(62)
45	Other personnel related costs	104	83	83	(21)
5,805	Total personnel costs	12,577	16,698	16,698	4,121

MINISTRY OF FINANCIAL SERVICES AND COMMERCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Note 10: Supplies and Consumables

Actual Prior Period	Description	Actual Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
1,832	Purchase of services	4,641	5,700	5,700	1,059
47	Lease of property and equipment	137	281	281	144
16	Travel and subsistence	216	270	270	54
91	Supplies and materials	57	236	236	179
24	Utilities	86	79	79	(7)
95	Interdepartmental expenses	99	106	106	7
-	General insurance	-	5	5	5
51	Recruitment and training	47	299	299	252
1	Other	-	71	71	71
2,157	Total supplies and consumables	5,283	7,047	7,047	1,764

Note 11: Legal Fees

Actual Prior Period	Description	Actual Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
4	Legal fees	21	250	250	229
4	Total legal fees	21	250	250	229

Note 12: (Gains) / Losses

Actual Prior Period	Description	Actual Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
(1)	Net (gains)/ losses on foreign exchange transactions	1	-	-	(1)
(1)	Total losses	1	-	-	(1)

**MINISTRY OF FINANCIAL SERVICES AND COMMERCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

Note 13: Contingent Liabilities and Assets

The Ministry has no contingent assets as at 31 December 2022. Any contingent liabilities relating to the Ministry as at 31 December 2022 are reported in the consolidated accounts for the Cayman Islands Government.

Note 14: Explanation of Major Variances against Budget

There were major variances for the Ministry's performance against the original budget due to various reasons which include delays in recruitment, higher than anticipated receivables, savings in expenditure and increased leave liability as at 31 December 2022.

Statement of Financial Position

Cash and Cash Equivalents

Cash and cash equivalents were \$7.6 million lower than the original budget because some of the output funding and Equity Injection funding from Cabinet were not drawn down within the year.

Trade Receivables and Other Receivables

Trade receivables and Other Receivables were \$1.3 million higher than the original budget because some of the output funding and Equity Injection funding from Cabinet were not drawn down during the year therefore, receivable at the end of the year.

Property, Plant and Equipment

The balance is approx. \$500 thousand lower than original budget because of delayed procurement of some budgeted assets.

Intangible Assets

The balance is \$1.8 million lower than original budget because the budget because of delayed development of a bespoke System for the Department of International Tax Cooperation.

Trade and Other Payables

The balance is \$800 thousand higher than budget, largely as a result of the number of invoices raised by vendors during the month of December 2022, which had to be accrued at 31 December 2022.

Surplus Payable

The balance is \$1.3 million higher than original budget because there was no budget for surplus payable for 2022 as there was no surplus forecasted and also because the surplus as at 31 December 2021 was not paid as at 31 December 2022.

MINISTRY OF FINANCIAL SERVICES AND COMMERCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Note 14: Explanation of Major Variances against Budget (continued)

Statement of Financial Performance

Sale of Goods and Services

The balance is \$6.6 million lower than original budget as the Cabinet Revenue drawn down for the financial year was lower than budget for 2022 due to some agencies not being able to deliver their budgeted outputs in full for the financial year.

Personnel Costs

Personnel Costs were \$4.1 million lower than original budget as a result of delays in planned recruitment for various departments. Many posts were filled during the financial year, recruitment is ongoing and will continue to ensure that all vacancies are filled.

Supplies and Consumables

The balance is \$1.8 million lower than original budget due reduced expenditure as a result of the cost saving measures employed by the Ministry and also because of delayed recruitment resulting in reduced demand for supplies and stationery, etc.

Depreciation

The balance is \$540 thousand lower than original budget for 2022 as a result of delayed capital expenditure.

Original vs. Final Budget

There was a change between the original and final expenditure budget of \$375 thousand, which was a 1.4% increase due to the transfer in to the Ministry of the Cayman Islands Intellectual Property Office on 1 July 2022. The transfer resulted in an increase of the 2022 budgeted amounts for personnel costs and supplies and consumables and depreciation.

MINISTRY OF FINANCIAL SERVICES AND COMMERCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Note 15: Related Party and Key Management Personnel

Related Party

The Ministry is a wholly owned entity of the Cayman Islands 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 year ended 31 December 2022 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

Total Personnel Costs for the Ministry was \$12.577 million. Key management personnel are also considered to be related parties, and as such received the following remuneration.

Actual Prior Period	Description	Actual Current Year	Original Budget	Final Budget	Variance (Orig vs Actual)	Number of persons
\$'000		\$'000	\$'000	\$'000	\$'000	
1,600	Salaries & other short-term employee benefits	3,177	2,562	2,562	(675)	18
1,600	Total	3,177	2,562	2,562	(675)	18

There were no loans granted to key management personnel and or their close relatives. The Salaries and employee benefits for Key Management Personnel includes approx. \$131 thousand related to Legal Fees, School Fees and Housing.

Note 16: Commitments

Operating Commitments	One to Five Years	Over Five Years	Total	Total 2021
	\$'000	\$'000	\$'000	\$'000
Professional Fees	75	-	75	75
Non-cancellable accommodation leases	73	-	73	73
Total Operating Commitments	148	-	148	148

There are non-cancellable accommodation leases totalling \$73 thousand for the year from January to December 2022.

There is a contract with a Legal firm that provides policy advice on International matters for \$75k.

MINISTRY OF FINANCIAL SERVICES AND COMMERCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Note 17: Segment Reporting

	FINANCIAL SERVICES		COMMERCE		CONSOLIDATED	
	2022	2021 (RESTATED)	2022	2021	2022	2021 (RESTATED)
Revenue						
Outputs from Cabinet	12,467	4,514	1,150	1,182	13,617	5,696
Fees and Charges	3,123	1,303	1,396	623	4,520	1,926
Total Revenue	15,590	5,817	2,546	1,805	18,137	7,622
Expenses						
Personnel	10,483	4,706	2,094	1,098	12,577	5,804
Supplies & Consumables	5,076	2,047	228	112	5,304	2,159
Depreciation	74	51	109	45	183	96
Total Expenses	15,633	6,804	2,431	1,255	18,064	8,059
Surplus/(deficit) from Operating Activities	(43)	(987)	117	550	73	(437)
Assets						
Current Assets	24,238	24,550	274	633	24,512	25,183
Non-Current Assets	142	165	197	208	340	373
Total Assets	24,380	24,715	470	841	24,852	25,556
Liabilities						
Current Liabilities	2,748	3,626	66	57	2,814	3,683
Total Liabilities	2,748	3,626	66	57	2,814	3,683
Net Assets	21,632	21,089	404	784	22,038	21,873

The Ministry reported on two segments of business for the year ended December 2022.

Financial Services is mainly focused on the country's financial services sector. This segment includes General Registry, the Department of International Tax Cooperation, and the Department of Financial services and is responsible for providing policy direction and monitoring to ensure the Cayman Islands continues to be recognised as one of the world's leading global financial services centres.

Commerce is mainly focused on the country's business licensing sector. This segment is made up of the Department of Commerce & Investment and deals with issuance of local trade and business licenses, tobacco permits and liquor licenses.

**MINISTRY OF FINANCIAL SERVICES AND COMMERCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

Note 18: 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, trade receivable, debtor-Cabinet and creditors and other payables. The fair value of financial instruments is equivalent to the carrying amount disclosed in the Statement of Financial Position.

Credit risk

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

Currency and interest rate risk

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

Liquidity risk

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

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

Note 19: Subsequent events

Management is not aware of any significant events after the reporting date which will have an impact on the financial statements as at 31 December 2022.

Note 20: Prior Period Adjustment Disclosure

The prior period adjustment to the Statement of Changes in Networth is to correct the previous audit adjustment to reconcile the payables account 20160. The adjustment totalled \$253k and reflect an overall decrease in payables and increase in networth. The 2021 figures have been restated for the prior year adjustment.

MINISTRY OF FINANCIAL SERVICES AND COMMERCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Note 20: Prior Period Adjustment Disclosure (continued)

See details of effects in the financial statements in the table below:

	Prior Period Per 2021 Audited FS (Original)	Adjustments	Prior Year Actual in Current FS (Restated)
Statement of financial position			
Assets			
Trade Payables	2,128	(253)	1,875
Equity			
Contributed Capital	21,620	253	21,873



**MINISTRY OF
FINANCIAL SERVICES
AND COMMERCE**
CAYMAN ISLANDS GOVERNMENT

Government Administration Building
133 Elgin Avenue, Box 126
Grand Cayman KY1-9000
Cayman Islands
(345) 945-5819 | financialservices@caymangov.ky
www.mfs.ky | www.gov.ky