



MINISTRY OF
FINANCIAL SERVICES
AND COMMERCE
CAYMAN ISLANDS GOVERNMENT

ANNUAL REPORT 2023

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FOREWORD FROM THE MINISTER

2023 was a momentous year for financial services and commerce in the Cayman Islands. Government and industry reports indicate that our presence and position in global matters, and our local economy, remained strong; and financial services and commerce's historic position as the largest contributor to public revenue once again held true.

As a Ministry many goals were achieved throughout the year, and you'll read about some of them in this report. But undoubtedly, the Cayman Islands' removal from the Financial Action Task Force's grey list, after much hard work across Government agencies and the private sector, stands among our country's proudest moments.

If I have to choose one overarching theme as the main contributor of 2023's success, it's this: Engagement.

Engagement brought viability and vibrancy to our regulatory and commercial policy and legislative developments. Ministry staff and I spent many hours having in-depth, two-way conversations with stakeholder groups, from industry to regulators to our local community members. We conversed face to face, virtually, in groups, and through official consultation on Ministry initiatives.

No matter where it happened, whether it was local or global, engagement sharpened the Ministry's understanding of the intended goals and likely outcomes of our initiatives, and how stakeholders would be affected. I again emphasise that our stakeholders firmly include the people of the Cayman Islands, who benefit from the infrastructure, healthcare, social development, innovation, and so many other quality of life factors that are funded by financial services and commerce revenue.

Our engagement also helped refine our operations. We need to hear how our systems and processes work when you are waiting in line, or using technology to complete a transaction. We learn when we listen to feedback concerning our operations; whether described as great, not so great, and not great. This is how we improve, and we thank everyone whose feedback helped us make the lives of those we serve better.

continued overleaf



*Minister of Financial
Services and
Commerce, the
Hon. André M. Ebanks
MP*

FOREWORD FROM THE MINISTER (CONTINUED)

Finally, engagement demonstrated our openness, transparency and good governance to audiences who for years considered the Cayman Islands to be a global issue that needed fixing.

No one can tell our story better than we can. Recognising this truth, we took opportunities when they were offered – and created a few of our own – to let influential persons overseas know who we are: A well-regulated international financial services centre, and a global partner in maintaining the soundness of the international financial services system. You'll read more about that in this report as well.

What made all of this possible was having the right mindset; continually building the knowledge and understanding of our Ministry's subject matter experts; support from the public, and from our outgoing and incoming Governor; and commitment – from all parties – to the country that we love and that we call home.

This commitment and support is broad, deep, and unwavering. And this is exactly what's needed, as the progress and prosperity of Cayman Islands – no longer the land that time forgot – is absolutely affected by global events, be they politics, regulatory developments or socioeconomics.

Yet as I write this in 2024, it's clear to me that as a country and a people, we are ready to keep moving forward.

With the benefit of engagement, our collective vision is increasingly clear. Our hearts are resolute. And we have no intention of settling for less than what we can achieve, as we write the script for the Cayman Islands' next season of success for our children, and our children's children. Yes, by God's grace, we are moving forward; and may God continue to bless our Beloved Isle Cayman.

FOREWORD FROM THE CHIEF OFFICER

With professionalism and diligence, the Ministry of Financial Services and Commerce's staff again provided essential support for Government's achievements throughout 2023.

As with all Ministries, advisory services are key to good government outcomes. By engaging with local and global stakeholders, the Ministry's policy and legislative team provided our Minister and Government with sound advice for decisions that shaped and strengthened the Cayman Islands' financial services and commerce products.

And once Cabinet made its decision, our team greatly appreciated the expertise and efficiency of Legislative Drafting, working closely with them to ensure that Cabinet's intent was reflected in the Bills presented for Parliament's vote.

Policy and legislation is one of the Ministry's core teams, as are the human resources, finance, IT, systems, business analysis, and communications teams. Each discipline obviously and significantly contributes to the Ministry's success. If even one discipline were removed, the Ministry's ability to support Government's directives for financial services and commerce would be severely limited.

Once the legislation has actually commenced, its intended benefits must be delivered as a public service. This would be impossible without the Ministry's operational agencies, which work closely with the Ministry's core agencies. Every day the operational agencies serve Government's broad range of stakeholders - locally and globally - at service counters, online, and the many other customer touchpoints in between. The excellent staff in our operational agencies are absolutely central to making your life better.

What I've just outlined is the cycle of public service: Engagement, advice, intent, delivery. And this is the work to which our Ministry is committed.

Because of this commitment, throughout 2023 the Ministry launched or enhanced our own initiatives while also supporting those of Government, to help ensure our environment is conducive to world-class work. Professional development, hybrid working, and complaints policies are some of the ways in which we support staff throughout the Ministry, so in turn they can effectively and efficiently support you.

From the leadership perspective, In 2024 I'll lead the Ministry's Senior Management Team as we push ourselves to become more aware, engaged and responsive, setting the example for staff to follow. Moreover, we'll help staff with managerial aspirations to be ready for lead positions, and help staff at all levels to understand how they contribute to our success.

Across the various disciplines that support Government's work, our Ministry fully intends to become the employer of choice for top talent. As Chief Officer, I'm proud of the steps we've taken as a Ministry and I look forward to what we will achieve as a team in 2024.



*Chief Officer
Dr Dax Basdeo,
Ministry of Financial
Services and
Commerce*

ABOUT THE MINISTRY

Financial services is the main pillar of the Cayman Islands' economy. The Ministry of Financial Services and Commerce has therefore developed the purpose, vision, mission and goals to guide its oversight of the financial services industry in the coming years.

- **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.

What We Do

- **Our work assists elected officials:** The Ministry of Financial Services and Commerce (Ministry, or MFSC) assists elected officials in developing and implementing policies and legislation for financial services and commerce.
- **Our work supports the local economy:** Because financial services and commerce are the Cayman Islands' primary economic pillar, our work supports the Cayman Islands' economic growth and social stability.
- **Our work supports global financial services:** In keeping with successive Governments' commitment to global AML/CFT and tax cooperation standards, our work also contributes to the stability of global financial services.

Our staff: Staff members have diverse academic backgrounds and private sector experience including in public administration, policy and legislative development, human resources; finance; law; communications; information technology; business analysis; and project management.

FINANCIAL SERVICES' IMPACT

According to the Economics and Statistics Office's (ESO) 2023 Semi-Annual Economic Report (released in November 2023), the financial and insurance services industry remain the largest contributors to the Cayman Islands' GDP.

Overall, government revenue collected from taxes on goods and services increased by 3.3% to KYD \$454.3 million as at June 2023 (the most current statistic available at the time this report was prepared), over the same period from the year before.

In addition to being a major contributor to our economic stability and government revenue, financial services was again a significant private-sector employer in the Cayman Islands. According to the ESO's Labour Force Survey Report Spring 2023, 7.5 per cent of the workforce were employed in financial and insurance activities, as the fourth largest employer by sector.

The ESO report further noted that professional, scientific and technical activities were the third largest employer, at 9.5%. Because many of these jobs are in the financial services industry, the Ministry concludes that financial services employs about 17% of the total employed workforce.



3.3%

increase in government revenue collected
from taxes on goods and services to
KYD \$454.3m



9.5%

of the workforce
were employed in
professional, scientific
and technical activities



7.5%

of the workforce were
employed in financial
and insurance
activities

CORE UNITS, OPERATIONAL AGENCIES, GOVERNMENT REPRESENTATIVES, AND SAGCS

In 2023 the Ministry comprised four core units, and five operational agencies. While they work collaboratively, the units and agencies also have distinct responsibilities.

Core Units

Policy, legislation and good governance are at the heart of any government's activities. Three core units in the Ministry are responsible and accountable for these functions.

- **Operations and Administration Unit:** Ensures that the Ministry and its agencies' human resource management, financial management, and information management comply with respective government policies, legislation, processes and best practices.
- **Financial Services Unit:** Provides financial services policy advice and legislative development. Guides the Ministry's operational agencies in these areas in implementing strategic and operational policies.
- **Trade and Commerce Unit:** Provides policy advice and legislative development in the areas of commerce, maritime and aviation. Guides the Ministry's operational agencies in these areas in implementing strategic and operational policies.

Operational Agencies

To be effective, policy, legislation and good governance must be put into action – and this is what the Ministry’s five operational agencies do. They work closely with the Ministry’s core units to help ensure that the intent of the policy and legislation is actually delivered through our public services.

- **Cayman Islands Intellectual Property Office (CIPO):**

The core of CIPO’s business is to register trademarks, extend UK patents and design rights, and provide licenses for the issuance of orphan works. In addition to registering intellectual property in the Cayman Islands, the CIPO team engages in community outreach to educate and encourage the public about how to protect their intellectual property, monetise their creative works, etc.

- **Department of Commerce and Investment (DCI):**

Every Cayman Islands business owner knows DCI. It’s where you get licenses and certificates for a range of business activities (e.g. trade and business, special economic zone, music and dancing, the sale of alcohol, tobacco, precious metals and gems, and the public exhibition of films). DCI staff also monitor and enforce compliance with the terms and conditions of these licences and certificates.

- **Department for International Tax Cooperation (DITC):**

DITC’s work helps ensure that the Cayman Islands is a trusted international partner in tax matters. Its staff administer and manage the Cayman Islands’ obligations under its network of international tax agreements, including by exchanging information with more than 130 other countries in support of international tax compliance. DITC staff also represent the Cayman Islands Government in global discussions on international tax cooperation.

- **General Registry (Registry):**

From records including companies, trusts and partnerships; to financial structures such as bills of sale; to births, deaths, marriages and civil partnerships, it’s registered by General Registry staff. They register and maintain some of the Cayman Islands’ key sets of business and historical records.

- **National Maritime Affairs Secretariat (NMAS):**

NMAS provides strategic oversight, coordination, monitoring and support to all stakeholder entities involved in the delivery of the National Maritime Strategy. This is essential to ensure compliance with relevant international maritime conventions and instruments related to Maritime Administration and encompasses all Coastal, Port and Flag State activities.

Overseas Offices

The Cayman Islands' reputation as a well-regulated, cooperative global partner in financial services is supported by the work of three Government representatives: in Europe, including the UK; Asia; and the US. As needs arise the representatives also represent broader Government.

The representatives also maintain a two-way channel of international engagement and business development between international stakeholders, and the Ministry/Government.

Statutory Authorities and Government Companies (SAGCs)

Owned by Government and yet legally separate from it, SAGCs deliver services on behalf of the people of the Cayman Islands. While their governance structures give them a level of independence to deliver their services, SAGCs remain ultimately accountable to Cabinet and Parliament.

Statutory authority: These are entirely or partly funded by Cabinet, and Cabinet has the power to appoint or dismiss the majority of the statutory authority's governing body. The Ministry oversees four statutory authorities.

- Auditors Oversight Authority
- Cayman Islands Monetary Authority
- Civil Aviation Authority of the Cayman Islands
- Maritime Authority of the Cayman Islands

Government company: A company in which the core government has a controlling interest. The Ministry oversees one government company.

- Cayman Islands Stock Exchange

The Ministry has two primary responsibilities for the SAGCs under its remit.

1. Negotiate, agree and monitor purchase and ownership agreements with its SAGCs, on behalf of Cabinet and the Minister of Financial Services and Commerce.
2. Support the Minister and Cabinet with the SAGC's policy development.

POLICY AND LEGISLATION ACTIVITY

In 2023 the Ministry oversaw the development of 13 acts and 10 regulations. The full list of financial services and commerce legislation that the Ministry oversees is in Appendix 5 on page 67.

- **Acts**

Beneficial Ownership Transparency Act, 2023

Companies Management (Amendment) (No. 2) Act, 2023

Directors Registration and Licensing (Amendment) Act, 2023

Foundation Companies (Amendment) Act, 2023

Insurance (Amendment) Act, 2023

Insurance (Amendment) (No. 2) Act, 2023

Limited Liability Partnership (Amendment) Act, 2023

Monetary Authority (Amendment) Act, 2023

Money Services (Amendment) Act, 2023

Mutual Funds (Amendment) Act, 2023

Securities Investment Business (Amendment) Act, 2023

Virtual Asset (Service Providers) (Amendment) Act, 2023

Virtual Asset (Service Providers) (Amendment) (No. 2) Act, 2023

- **Regulations**

Accountants (Amendment) Act 2022 (Commencement) Order, 2023

Accountants (Application for Membership) (Amendment) Regulations, 2023

Accountants (Disciplinary) (Amendment) Regulations, 2023

Accountants (Quality Assurance) (Amendment) Regulations, 2023

Companies (Amendment of Schedule 4) Order, 2023

Companies (Amendment of Schedule 5) Order, 2023

Exempted Limited Partnership (Amendment) Regulations, 2023

Limited Liability Companies (Fees) (Amendment) Regulations, 2023

Limited Liability Partnership (Fees) (Amendment) Regulations, 2023

Trade and Business Licensing (Amendment to the Schedule) (Temporary Reduction of Fees) Regulations, 2023

KEY ACHIEVEMENTS IN 2023

FATF Removes Cayman from its Grey List

The Ministry and its agencies greatly contributed to the Cayman Islands' removal from the FATF (Financial Action Task Force) grey list in October 2023, when FATF determined that the Cayman Islands' AML/CFT regime meets global standards.

FATF announced the decision to delist the Cayman Islands following its 25-27 October plenary in Paris. Government's delegation to that particular plenary comprised the Minister of Financial Services and Commerce, the Hon. André Ebanks; and the Attorney General, the Hon. Samuel Bulgin, KC. Mr Bulgin chairs the Anti-Money Laundering Steering Group that oversees AML/CFT for the Cayman Islands.

In 2021 FATF added the Cayman Islands to its grey list of jurisdictions with AML/CFT deficiencies. Our removal from the list was contingent upon our completion of a FATF plan containing three Recommended Actions, which remained from an initial 63 Recommended Actions given to us in March 2019 by the Caribbean Financial Action Task Force (CFATF). CFATF supports FATF's work in the Caribbean.

Prior to the October plenary, a delegation from the Americas Joint Group (Joint Group), a sub-working group of the FATF International Co-Operation Review Group, visited the Cayman Islands to complete a comprehensive review of our progress against the final three Recommended Actions.

The visit, which concluded on 1 September, involved discussions with Cayman Islands Government officials, regulatory authorities, and private sector entities. The Joint Group's report on its findings was presented at FATF's October plenary at which the Cayman Islands was delisted.

Subsequent to the FATF delisting, in December the EU Commission published a Delegated Regulation regarding the removal of the Cayman Islands from its AML list. This marked the first official step toward our delisting from the EU AML list. The EU added the Cayman Islands to its list in 2021, as a consequence of our FATF listing.



The Cayman Islands' delegation at the October 2023 FATF Plenary (from left): Rohan Bromfield, Head of the Fiduciary Services Division, Cayman Islands Monetary Authority (CIMA); Simone Ebanks, Policy Analyst, Anti-Money Laundering Unit; Cindy Scotland, CIMA's Managing Director; Minister of Financial Services and Commerce, the Hon. André Ebanks; and Attorney General, the Hon. Samuel Bulgin, KC.

Beneficial Ownership

In addition to actions taken in response to the FATF listing, the Ministry developed the Beneficial Ownership Transparency Bill, 2023. Published in August, the Bill aligned with FATF global standards to ensure that competent authorities both locally and internationally have access to adequate, accurate and current information on beneficial owners of companies.

Overseas Offices

The Ministry officially opened the Cayman Islands Government's office in Washington, DC, on 26 January. Representatives from the British Embassy in the US; former members of US Congress; DC and Cayman Islands financial services industry members; regulators; and Caribbean countries attended.

Minister Ebanks and His Excellency the Governor, Mr Martyn Roper, spoke during the event, which was hosted by Government's representative to the US and Canada, Mr Chris Duggan.



The Cayman Islands Government's representative for the US and Canada, Mr Chris Duggan, spoke at the Office's opening

Minister Ebanks said the office afforded greater opportunities for engaging with US elected and civil service officials, industry representatives, media, and other stakeholders.

In September Cabinet approved the establishment of a Cayman Islands Government Asia Office. Based in Singapore, the office is headed by the Government's Overseas Representative to Asia, Mr Gene DaCosta.

Minister Ebanks noted that the Asia office would establish and nurture strong public- and private-sector relations between the Cayman Islands and Asia; advance financial services interests, as well as other areas of interest; and enhance the reputation of the Cayman Islands.



Minister Andre Ebanks and Overseas Representative to Asia Gene DaCosta

Engaging with Stakeholders

Throughout 2023 the Ministry and its agencies consulted and engaged with local and international stakeholders virtually, in person, and through events.

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

Locally, through in-person and virtual meetings, consultations, and correspondence, the Ministry and its agencies regularly engaged with these industry associations.

- Alternative Investment Management Association
- 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 Chamber of Commerce
- Cayman Islands Small Business Association

Internationally, 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/CFT); and bilateral engagement with the UK and the EU.

These are some of the key international engagements.

- **January**

The Attorney General and Minister Ebanks led a delegation to Miami that updated a FATF review group on our final Recommended Action regarding money-laundering investigations and prosecutions, to demonstrate the Cayman Islands' capability and capacity for fighting financial crimes.

- **February**

Minister Ebanks, the Attorney General and the Head of the Anti-Money Laundering Unit, Mr Francis Arana, participated in the February FATF Plenary in Paris.



*The Attorney General
Samuel Bulgin KC,
Minister Andre Ebanks
and the Head of AMLU
Unit Francis Arana*

Minister Andre Ebanks and CI Government representative to Asia Gene DaCosta visited the Hong Kong branch of Han Kun Law Offices, a leading full-service law firm headquartered in Beijing, China with offices in Shanghai, Shenzhen, Haikou, Wuhan, Hong Kong, and Singapore.



- **May**

The Attorney General and Minister Ebanks led a delegation to Mexico for another update to a FATF review group regarding the FATF's final recommended action on money-laundering investigations and prosecutions.

At the conclusion of the FATF Mexico meeting, Minister Ebanks travelled to London for several events including a stakeholder meeting with Cayman Finance for London-based financial services industry members, and the Overseas Territories Joint Ministerial Council plenary sessions.

After his UK visit, Minister Ebanks and Mr DaCosta went to Hong Kong and Singapore to speak with government officials and to update industry on Cayman's developments, and then joined the Ministry's Deputy Chief Officer Kathryn Dinspel-Powell, and CIPO Director Candace Westby and IP Registry Officer Omara Whittaker for the International Trade mark Association Annual Meeting in Singapore.

- **June**

Minister Ebanks, Mr DaCosta and DITC's Senior Legislative Advisor Mrs Karen Stephen-Dalton visited the EU to update officials on our AML, tax, beneficial ownership, virtual assets, sustainable finance, enforcement of Russian sanctions, and other policy positions.

Minister Ebanks, the Attorney General and the Head of the Anti-Money Laundering Unit, Mr Francis Arana, addressed the June FATF Plenary in Paris.

- **October**

Minister Ebanks met with the EU's Code of Conduct Group and other officials in Madrid to discuss international tax cooperation and other regulatory matters.

Minister Ebanks, MACI CEO Joel Walton and MACI staff visited Greece for business development meetings.

Minister Ebanks and the Ministry's Senior Policy Advisor Alfred Tweneboah attended the invitation-only EU Tax Symposium in Brussels, which also was attended by key EU decision makers in the area of international tax cooperation.

The Attorney General and Minister Ebanks led a delegation to Paris for the October FATF Plenary, at which FATF decided to remove the Cayman Islands from the FATF grey list. The delegation comprised CIMA's Managing Director Cindy Scotland, and Head of the Fiduciary Services Division Rohan Bromfield; and the Anti-Money Laundering Unit's Policy Analyst Simone Ebanks.



Minister André Ebanks (back, fourth from left) supported the Cayman Islands delegation during their maritime meetings in Greece.

CAYMAN ISLANDS INTELLECTUAL PROPERTY OFFICE (CIPO)

Celebrating IP

CIPO organised a celebration of intellectual property throughout April, culminating with World Intellectual Property Day, observed annually around the globe on 26 April.

Events included free workshops for musicians, inventors, authors, software creators and other types of creatives who wanted to learn more about how to protect their work, gain recognition for their innovation and possibly benefit financially. About 150 persons from the music, visual arts, small business and filmmaking sectors participated in the various sessions.

As part of the activities CIPO celebrated the creativity and entrepreneurial spirit of Ms Suzy Soto, the creator of the Sir Turtle trade mark, whose design was the first trade mark on the Government's register when direct registration started in 2017.

Another highlight were the IP workshops, including the Music Industry Workshop that brought together creatives to discuss their work and provided a forum to obtain guidance from IP legal professionals in the room.

Also during the month, three interviews were conducted with prominent local women in IP: a brand owner (trademark), musician (copyright), and a jewellery designer (designs). This provided an opportunity to showcase local talent who have protected their works through the Cayman Islands' IP regime.

INTA Sponsorship

In addition to World IP Day celebrations (in the Key Developments section), CIPO was the bronze sponsor for the International Trade Mark Association (INTA) Annual Meeting in Singapore in May (please see the key developments section). The sponsorship helped to raised CIPO international profile, highlighted our thriving local IP sector, and underscored of the Cayman Islands' commitment to effective, advancing modern IP rights.

Minister Ebanks and the delegation met with INTA's CEO, and Latin American and the Caribbean representatives. Minister Ebanks also spoke at the reception for Latin America and Caribbean attendees.

CIPO continues to see a steady rate of filing of applications for the registration of trade marks.

Number of new applications received since the commencement of direct registration in August 2017:

3,773

Number of new entries in the Register, including patents and designs, to date:

7,900

Number of new applications submitted:

565



DEPARTMENT OF COMMERCE AND INVESTMENT (DCI)

Staff

After winning the Gold standard award in Investors in People in 2019 and again in 2022, DCI achieved a remarkable feat in 2023 by making it to the finals of the 2023 Investors in People Overseas Employer of the Year Gold Award. In the same year, DCI welcomed two new staff members to the licensing team: Alison Glasgow, Business Licensing Officer; and Nyteal Missick, Business Services Officer. Additionally, Dominique Henry received an internal promotion to Business Licensing Officer.

Licensing

In 2023 DCI staff set a record by processing 17,876 applications, with more than 90% pertaining to various trade and business licenses. This notable achievement was accomplished by a team of just nine staff members. Businesses continue to benefit from the discount program introduced in 2014, with more than 8,000 micro and small business owners taking advantage of the government's popular fee waiver incentive.

Compliance

The Designated Non-Financial Business and Professions (DNFBPs) businesses in real estate, property development, and precious metals and stones continue to be monitored by DCI for compliance with Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) measures, in line with the Cayman Islands' AML/CFT obligations. DCI's compliance team completed 57 inspections and issued 54 inspection reports.

As part of its legal obligation, DCI's AML/CFT annual report for 2023 was completed and published. The report gave an overview of the regulatory compliance of the entities supervised by the DCI.

The department was also represented at the 58th CFATF Plenary in Trinidad from 4th to 7th June 2024 by Senior Compliance Officer Justin Miller and Compliance Officer Shawn Seymour.

Additionally, as part of the screening process to assess the suitability of shareholders and directors controlling specific businesses, the team prepared 171 due diligence reports. This work is part of DCI's role as Secretariat to the Trade and Business Board.

Public Education

In October DCI and the Health Practice Commission collaborated on licensing requirements for health and wellness, massage therapy, and laser technicians.

DCI's social media reach grew to more than 500 followers on its Instagram page.

Business Licenses and Certificates as at 31 December 2023

Current Business Licenses as at 31 December 2023	Total
Trade and Business Licences	13,026
Liquor Licences	447
Special Economic Zone Trade Certificates	337
Local Companies (Control) Licences	216
Music and Dance Licences	208
Tobacco Registration Certificate	180
Trade and Business Renewal Exempt Company (offshore only)	165
Cinematography Exhibition Licence	4
Total	14,583

Top 15 Businesses by category as at 31 December 2023

Business category	Number of licenses
Retailer	2,199
Contractor	1,639
Building and engineering trade (not a contractor)	973
Janitorial	931
Consultant and any other professional agent	849
Restaurateur	655
Garden	467
Real estate	460
Hairdressers, including beauticians, manicurists and pedicurists	395
Property maintenance or property management	370
Weddings, event planning, disc jockeys, entertainment	303
Car wash	291
Transportation (sea), including any person operating ferries, etc., or watersports services	261
Transportation (land), including any person operating a public bus, taxi or jitney service	255
Garage or marina with or without service station in George Town or West Bay	243

**2,617**

Number of businesses
inspected

**164**

Complaints received
and dealt with



Liquor, and Music
and Dancing,
licence renewals

816**1**

Intellectual Property
complaint

**14**

Joint operations
conducted

**12**

Sites inspected
for major events

**9**

Joint meetings
attended

DEPARTMENT FOR INTERNATIONAL TAX COOPERATION (DITC)

International Engagement

DITC, together with the Ministry's International Tax Unit, participated actively in international tax fora and meetings to foster collaboration, transparency, fairness of treatment with other countries, and ensure the integrity of review and assessment processes.

These engagements included the Steering Group, Peer Review Group, Automatic Peer Review Group, Crypto-Asset Reporting Framework Group, and associated meetings of the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes, as well as meetings of the OECD Base Erosion Profit Shifting Inclusive Framework, the Forum on Harmful Tax Practices, and various OECD Working Parties on tax-related matters.

Global Forum Annual Plenary

DITC Director Duncan Nicol and Senior Legislative Adviser Karen Stephen-Dalton attended the Global Forum Annual Plenary in Lisbon, Portugal, in November 2023. This included participation on a panel on the Global Forum's new Crypto-Asset Reporting Framework Group.

Maintaining International Commitments

DITC maintained its commitments to partner jurisdictions by exchanging information in accordance with international standards, including exchange on request, automatic exchange for US FATCA, the OECD Common Reporting Standard, Country-by-Country Reporting, and exchanges for the purpose of economic substance substantial activities requirements.

Industry Updates

DITC published updates to its Enforcement Guidelines for the Common Reporting Standard and for Economic Substance, and continued its compliance and enforcement activities to support the ongoing effectiveness of its functions.

GENERAL REGISTRY

The Registrar's yearly outreach programme sensitises, educates, and supports accountability in sectors that the Registry oversees.

Non-Profit Organisations (NPOs): Twenty-nine outreach sessions were held in 2023. Three of those sessions targeted the higher-risk NPOs and newly registered organisations. Sessions also catered towards individual NPO board of Directors and controllers. NPO representatives also requested ad hoc meetings.

Marriage Officers Training Sessions: By engaging directly with marriage officers, the Department was able to address their concerns and receive their feedback, resulting in improved accuracy and consistency in submission and therefore improved turnaround of marriage registration.

New Vital Events System

A modern, robust and user-friendly system improved the efficiency and accuracy of the Registrar's Births, Deaths and Marriages Team. The system allows online submissions from stakeholders such as hospitals, funeral homes, and marriage officers, and it supports accurate and comprehensive data analysis.

For births and deaths notifications, efficiency and accuracy also were enhanced following the Registrar's outreach with doctors, nurses and other officials in Grand Cayman and Cayman Brac hospitals.

Beneficial Ownership Enforcement Team

Five highly qualified and skilled professionals were hired to establish the new Enforcement Unit. Team members also completed 758 development hours, via face-to-face or online events held locally, regionally, and internationally.

Team Building Events

General Registry's Follow the Star Awards took place at the end of the year, with three top officers recognised for their contributions.

Improved Efficiency through Technology and Training

New or improved technology systems, combined with improved customer guidance on how to file required documentation and staff training, resulted in faster applications turnaround and easier document retrieval for General Registry's customers who requested partnership de-registrations, re-registrations, and liquidations.



Number of backlog emails cleared: from
2,000
to approximately
150-200
outstanding

Number of hours in capacity building exercises completed by the Enforcement Unit:

758



Percentage of requests received processed within the agreed timeline of 48 hours:
90%

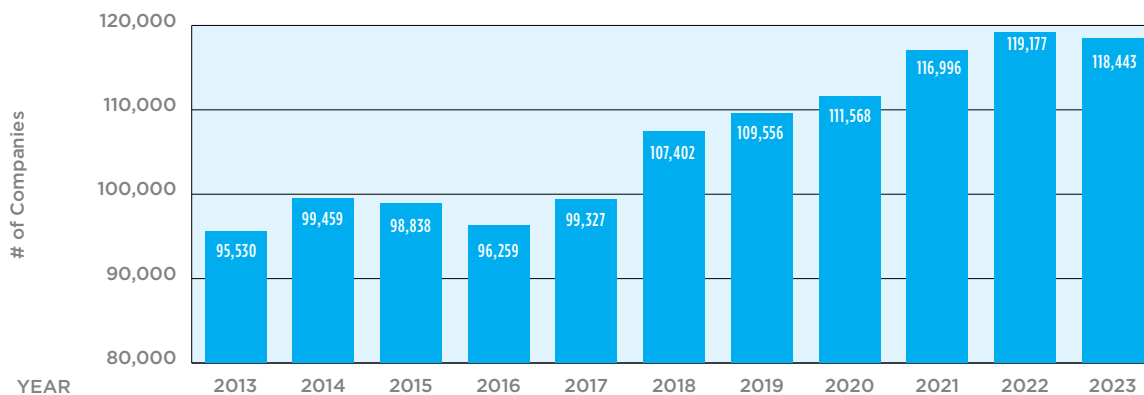
Number of Letters of Request submitted by stakeholders:

95

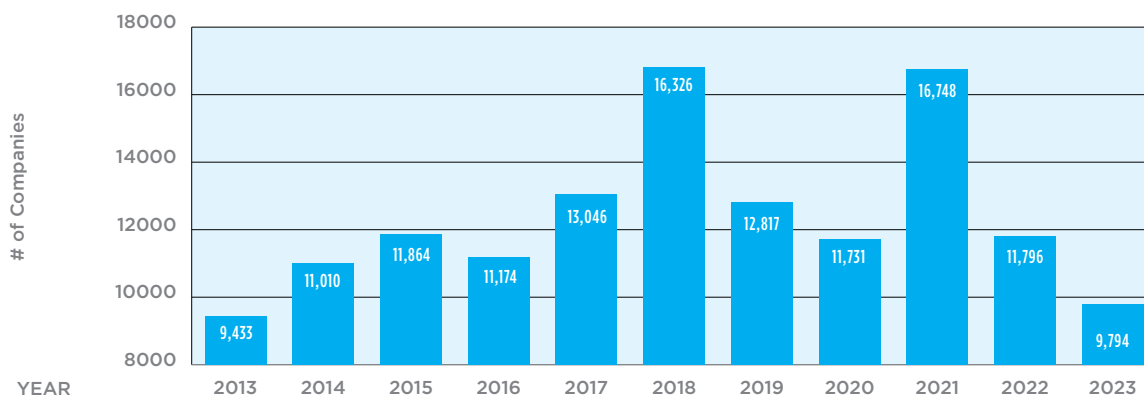
Number of industry outreach sessions held:

29

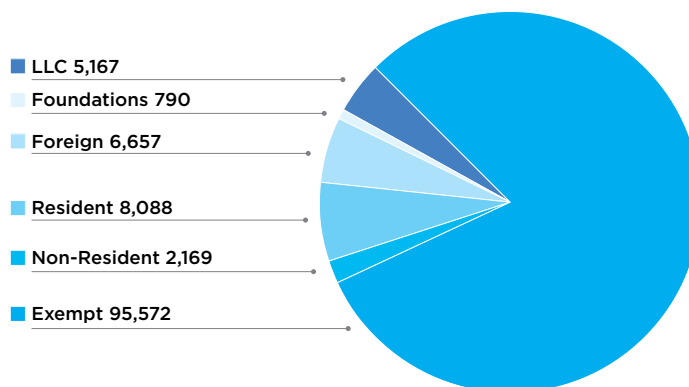
Active Companies registered



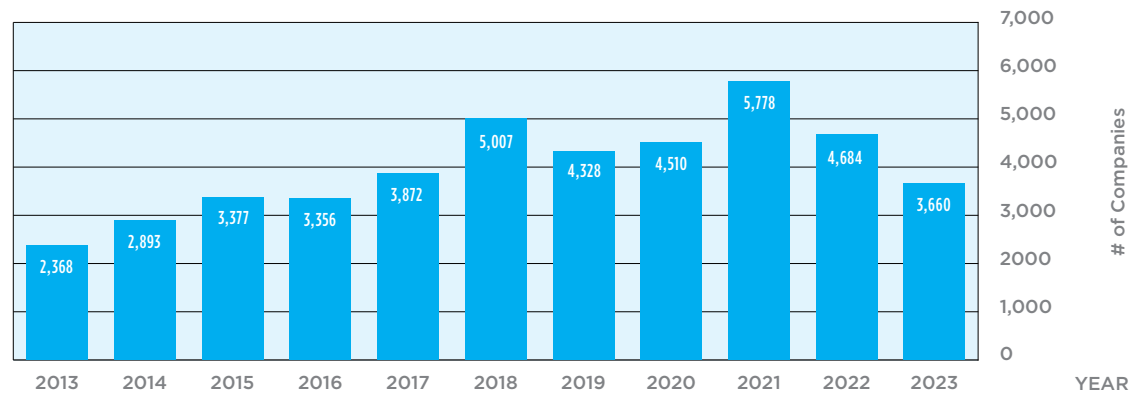
New Companies registered



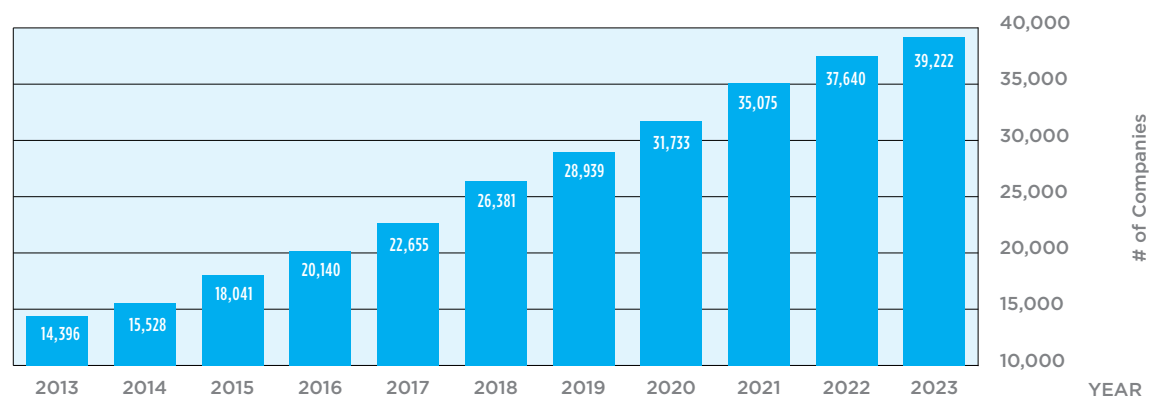
Companies by category December 2023



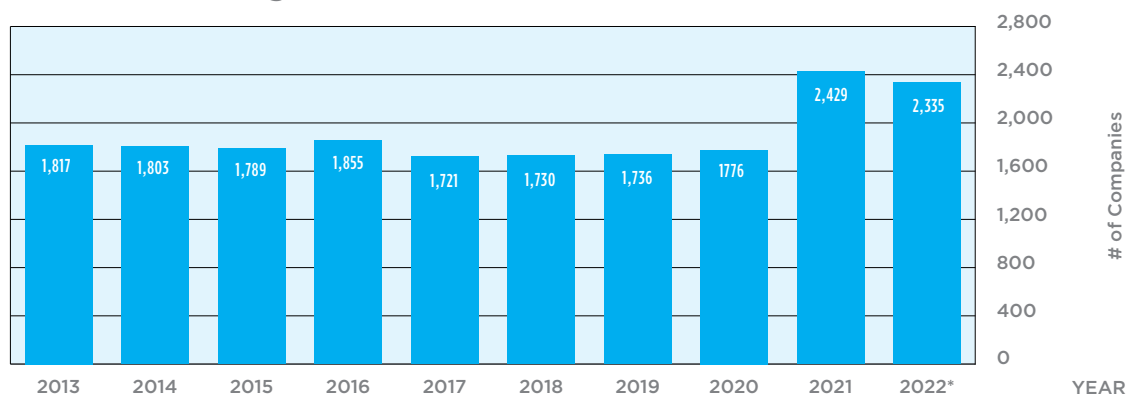
New Partnerships registered



Active Partnerships registered



Active Trusts registered



* Last available year

NATIONAL MARITIME AFFAIRS SECRETARIAT (NMAS)

NMAS assisted in drafting the Merchant Shipping Bill, which Cabinet approved in October. The Bill proposes a modern maritime legislative framework that is in line with current international standards and requirements.

Throughout 2023 NMAS joined various local maritime stakeholders in the Ministry and across Government to assess the Cayman Islands' compliance with the International Maritime Organisation (IMO) Instruments Implementation Code (III Code). These meetings supported the Cayman Islands' preparation for future audits by the IMO and the UK's Maritime and Coastguard Agency (MCA).

Stakeholders involved in the meetings included MACI; the Department of Environment; the Cayman Islands Coast Guard; and the Portfolio of Legal Affairs. NMAS and MACI also met with the UK MCA itself to discuss III Code audit findings and corrective actions, prior to the next scheduled audit in (quarter/year).

NMAS supported the Cayman Islands' maritime matters by meeting with international maritime stakeholders, including the Chair of the IMO Legal Committee and the Chair of the IMO III Sub-Group on Port State Control in (month).

In October Human Rights at Sea (HRAS) appointed NMAS Director Max Mifsud to its advisory board, citing his advocacy for seafarer rights, and his more than 30 years' experience working in the shipping industry. HRAS also noted his involvement in securing agreements on some of the latest amendments to the Maritime Labour Convention. HRAS's mission is to protect and uphold human rights for all individuals at sea.



GOVERNMENT OF THE CAYMAN ISLANDS

MINISTRY OF FINANCIAL SERVICES AND COMMERCE

**FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 2023**

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MINISTRY OF FINANCIAL SERVICES AND COMMERCE
STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS
31 DECEMBER 2023

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).

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 record 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. 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).

To the best of our knowledge, 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 2023;

(b) fairly reflect the financial position as at 31 December 2023 and financial performance for the year ended 31 December 2023;

(c) comply with International Public Sector Accounting Standards as set out by International Public Sector Accounting Standards Board under the responsibility of the International Federation of Accountants. Where guidance is not available, the financial statements comply with International Accounting Standards issued by the International Accounting Standards Committee or accounting practice that is generally accepted in the United Kingdom as appropriate for reporting in the public sector.

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



Dax Basdeo, Ph.D, JP

Chief Officer

Date -

March 15, 2024 | 2:05 PM SAPST



Wendy Manzanares

Chief Financial Officer

Date -

15 March 2024



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Fax: (345) - 945-7738 64 Shedden Road, George Town
AuditorGeneral@oag.gov.ky P.O.Box 2583
www.auditorgeneral.gov.ky Grand Cayman, KY1-1103, Cayman Islands

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 2023 and the statement of financial performance, statement of changes in net worth and statement of cash flows for the year ended 31 December 2023, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 9 to 31.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Ministry as at 31 December 2023, its financial performance and its cash flows for the year ended 31 December 2023 in accordance with International Public Sector Accounting Standards.

Basis for Opinion

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

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

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

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

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

AUDITOR GENERAL'S REPORT (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

I have undertaken the audit in accordance with the provisions of section 60(1)(a) of the *Public Management and Finance Act (2020 Revision)*. I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Sue Winspear, CPA
Auditor General

15 March 2024
Cayman Islands

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

Prior Year Actual \$'000		Notes	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
Current Assets						
21,194	Cash and cash equivalents	2,14	21,972	29,721	29,721	7,749
2,735	Trade receivables	3, 14	2,718	225	225	(2,493)
476	Other receivables	3, 14	-	1,914	1,914	1,914
107	Prepayments	4	185	150	150	(35)
24,512	Total Current Assets		24,875	32,010	32,010	7,135
138	Property, plant and equipment	5	159	300	300	141
202	Intangible assets	5b,14	153	4,150	4,150	3,997
340	Total Non-Current Assets		312	4,450	4,450	4,138
24,852	Total Assets		25,187	36,460	36,460	11,273
Current Liabilities						
			(2)	-	-	2
833	Trade payables and accruals	6, 14	1,018	279	279	739
179	Other payables	6, 14	135	59	59	76
501	Employee entitlements	7	485	398	398	87
1,301	Surplus payable	14	1,302	-	-	1,302
2,814	Total Current Liabilities		2,940	736	736	2,204
2,814	Total Liabilities		2,940	736	736	2,204
22,038	Net Assets		22,247	35,724	35,724	13,477
NET ASSETS						
22,038	Contributed capital		22,247	35,724	35,724	(13,477)
73	Accumulated surplus/(deficit)		-	-	-	-
(73)	Surplus/(Deficit)		-	-	-	-
22,038	Total Net Assets		22,247	35,724	35,724	(13,477)

The accounting policies and notes on pages 9 to 31 form part of these financial statements.

STATEMENT OF FINANCIAL PERFORMANCE

AS AT 31 DECEMBER 2023

Prior Year Actual \$'000		Notes	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
Revenue						
18,137	Sale of goods and services	8, 14	21,463	30,298	30,298	8,835
18,137	Total Revenue		21,463	30,298	30,298	8,835
Expenses						
12,577	Personnel costs	9, 14, 15	14,682	20,603	20,603	5,921
5,283	Supplies and consumables	10, 11, 14	6,603	9,006	9,006	2,403
90	Depreciation	5	75	275	275	200
92	Amortisation of intangible assets	5b	105	164	164	59
21	Legal fees	11	-	250	250	250
1	Losses/(gains) on foreign exchange transactions	12	(2)	-	-	2
18,064	Total Expenses		21,463	30,298	30,298	8,835
73	Surplus/(Deficit) for the Year/Period		-	-	-	-

The accounting policies and notes on pages 9 to 31 form part of these financial statements.

STATEMENT OF CHANGES IN NET WORTH

FOR THE YEAR ENDED 31 DECEMBER 2023

	Contributed Capital \$'000	Accumulated (deficits)/ surplus \$'000	Total Net worth \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig. vs Actual) \$'000
Balance at 1 January 2022	21,620	253	21,620	30,543	30,543	(8,923)
Changes in net assets for 2022	21,620	253	21,873	30,543	30,543	(8,923)
Balance						
Changes in net assets for 2022						
Equity investment from Cabinet	165	-	165	2,261	2,261	(2,096)
Net revenue/expenses recognised directly in net worth	165	-	165	2,261	2,261	(2,096)
Surplus for the period	-	73	73	-	-	-
Repayment of Surplus	-	(73)	(73)	-	-	-
Total recognised revenues and expenses for the period	165	-	165	2,261	2,261	(2,096)
Balance at 31 December 2022	21,785	253	22,038	32,804	32,804	(11,019)
Balance at 1 January 2023 brought forward	21,785	253	22,038	32,804	32,804	(11,019)
Restatement of prior year figures	56	-	56	-	-	56
Balance	21,841	253	22,094	32,804	32,804	(10,963)
Changes in net assets for 2023						
Equity investment from Cabinet	153	-	153	2,920	2,920	(2,767)
Net revenue/expenses recognised directly in net worth	153	-	153	2,920	2,920	(2,767)
Surplus/(deficit) for the year ended 31 December 2023	-	-	-	-	-	-
Repayment of surplus	-	-	-	-	-	-
Total recognised revenues and expenses for the year	153	-	153	2,920	2,920	(2,767)
Balance at 31 December 2023	21,994	253	22,247	35,724	35,724	(13,477)

The accounting policies and notes on pages 9 to 31 form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

Prior Year Actual \$'000		Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
	Notes				
CASH FLOWS USED/FROM OPERATING ACTIVITIES					
Receipts					
13,012	Outputs to Cabinet	17,155	22,723	22,723	5,568
-	Outputs to other government agencies	-	-	-	-
208	Sale of goods and services - third-party	12	3,318	3,318	3,306
-	Donations / Grants	-	-	-	-
4,815	Other receipts	4,870	-	-	(4,870)
Payments					
(7,690)	Personnel costs	(9,142)	(17,904)	(17,904)	(8,762)
(10,567)	Supplies and consumables	(11,972)	(6,967)	(6,967)	5,005
(335)	Other payments	(133)	(249)	(249)	(116)
(557)	Net cash flows generated from/ (used in) operating activities	790	921	921	131
CASH FLOWS FROM INVESTING ACTIVITIES					
(112)	Purchase of property, plant and equipment	(97)	(2,921)	(2,921)	(2,824)
(45)	Purchase of intangibles	(56)	-	-	56
(157)	Net cash flows used in investing activities	(153)	(2,921)	(2,921)	(2,768)
CASH FLOWS USED/FROM FINANCING ACTIVITIES					
(493)	Equity investment	140	2,921	2,921	2,781
-	Repayment of surplus	-	-	-	-
(493)	Net cash flows provided by (used in) financing activities	140	2,921	2,921	2,781
(893)	Net (decrease)/increase in cash and cash equivalents	777	921	921	144
22,087	Cash and cash equivalents at beginning of the year	21,195	28,800	28,800	7,605
21,194	Cash and cash equivalents at end of the year	21,972	29,721	29,721	7,749
		2			

The accounting policies and notes on pages 9 to 31 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

Description and Principal Activities

The Ministry of Financial Services and Commerce (the “Ministry”) is a Government 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 the General Registry, the Department of International Tax Cooperation, the Financial Services Administration, the Department of Commerce and Investment, the Cayman Islands Intellectual Property Office, the National Maritime Services Secretariat 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 2023.

Note 1: Significant Accounting Policies

These financial statements have been prepared using the accrual basis of accounting in accordance with International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants and its 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.

(a) Basis of Preparation

The financial statements are presented in Cayman Islands dollars and prepared on the accrual basis of accounting unless otherwise stated. Unless otherwise stated, the measurement base applied to these financial statements is the historical cost basis. The statements are rounded to the nearest thousand.

The financial statements are prepared for the year ended 31 December 2023. 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 in line with the prior year ended 31 December 2022.

Adoption of IPSAS 41 Financial Instruments

The Ministry adopted IPSAS 41: Financial Instruments on 1 January 2023, replacing IPSAS 29: Financial Instruments: Recognition and Measurement.

In accordance with the transitional provisions in IPSAS 41, comparative information for the 31 December 2022 period has not been restated. Adjustments arising from adopting IPSAS 41 are recognised in opening equity at 1 January 2023 (the date of initial application).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

(a) Basis of Preparation (continued)

The accounting policies for the year ended 31 December 2023 have been updated to comply with IPSAS 41. The main changes to the Ministry's accounting policies are:

- Trade and other receivables - This policy has been updated to reflect that the impairment of receivables are now determined by applying an expected credit loss model.
- Financial instruments and risk management - The policy has been updated to reflect:
 - the new measurement classification categories; and
 - a new impairment model for financial assets based on expected credit losses, which is forwardlooking and may result in earlier recognition of impairment losses.

IPSAS 41 also significantly amended the disclosures of financial instruments of IPSAS 30. This has resulted in new or amended disclosures, mostly in relation to the financial instrument categories and to credit risk.

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. IPSAS 42 does not have an impact on the Ministry's financial statements for the year ended 31 December 2023.

New and revised accounting standards issued that are not yet effective for the financial year beginning 1 January 2023 and not early adopted.

Certain new accounting standards have been published that are not mandatory for the year ended 31 December 2023 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 43, Leases was issued in January 2023 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 the ownership model in IPSAS 13. It is anticipated that IPSAS 43 will not have a significant impact on the Ministry's financial statements. This will be assessed more fully closer to the next financial year end.

IPSAS 44, Non-current assets held for sale issued in January 2023 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 Ministry's financial statements but will be assessed more fully closer to the next financial year's end.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

(a) Basis of Preparation (continued)

IPSAS 44, Non-current assets held for sale issued in January 2023 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 Ministry's financial statements but will be assessed more fully closer to the next financial year's end.

IPSAS 45, Property, plant, and equipment replaces IPSAS 17, Property, plant, and equipment, by adding current operational value as a measurement basis in the updated current value model for assets within its scope, identifying the characteristics of heritage and infrastructure assets, and adding new guidance on how these important types of public sector assets should be recognised and measured. This standard was issued in May 2023 and comes into effect on January 1, 2025, with earlier application permitted. It is anticipated that IPSAS 45 will not have a significant impact on the Ministry's financial statements. This will be assessed more fully closer to the effective date of application.

IPSAS 46, Measurement provides new guidance in a single standard addressing how commonly used measurement bases should be applied in practice. It brings in generic guidance on fair value for the first time and introduces current operational value, a public sector-specific current value measurement basis addressing constituents' views that an alternative current value measurement basis to fair value is needed for certain public sector assets. This standard was issued in May 2023 and comes into effect on January 1, 2025, with earlier application permitted. It is anticipated that IPSAS 46 will not have a significant impact on the Ministry's financial statements. This will be assessed more fully closer to the effective date of application.

IPSAS 47 - Revenue is a single source for revenue accounting guidance in the public sector, presenting two accounting models based on a binding arrangement. It provides focused guidance to help public bodies apply the principles to account for public sector revenue transactions. This standard was issued in May 2023 and comes into effect on January 1, 2026, with earlier application permitted. It is anticipated that IPSAS 47 will not have a significant impact on the Ministry's financial statements. This will be assessed more fully closer to the effective date of application.

IPSAS 48 - Transfer Expenses. IPSAS 48 provides accounting guidance for transfer expenses, which account for a significant portion of expenditures for many public sector entities. This new Standard fills a significant gap in the IPSASB's literature and guides to help entities account for public sector transfer expense transactions. This standard was issued in May 2023 and comes into effect on January 1, 2026, with earlier application permitted. It is anticipated that IPSAS 48 will not have a significant impact on the Ministry's financial statements. This will be assessed more fully closer to the effective date of application.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

(a) Basis of Preparation (continued)

IPSAS 49, Retirement benefit plans prescribes the accounting and reporting requirements for public sector retirement benefit plans, which provide retirement benefits to public sector employees and other eligible participants. This enhances accountability to participants of the plan and other users. This standard was issued in November 2023 and comes into effect on January 1, 2026, with earlier application permitted. It is anticipated that IPSAS 49 will not have a significant impact on the Ministry's financial statements. This will be assessed more fully closer to the effective date of application.

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 2023.

(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 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). 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

(f) Operating Leases

Leases in which the lessor retains a significant portion of the risks and rewards of ownership are classified as operating leases. Payments made under 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 and cash in-transit. Cash and cash equivalents at 31 December 2023 are subject to any expected credit loss requirements of IPSAS 41.

(h) Prepayments

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

(i) 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.

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.

<i>Asset Type Estimated</i>	<i>Useful life</i>
• 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

(I) Property, Plant, and Equipment (continued)

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.

(j) 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. Amortisation 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.

(k) 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 centralised in the Government and therefore, reported in the Consolidated Financial Statements for the Entire Public Sector of the Cayman Islands Government.

(l) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

(1) Financial Instruments (continued)

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.

Financial assets and financial liabilities are recognised in the Ministry's statement of financial position when the Ministry becomes a party to the contractual provisions of the instrument.

Initial Recognition

Financial assets and liabilities are initially measured at fair value. On initial recognition, transaction costs directly attributable to the acquisition or issue of financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate.

Subsequent Measurement and classification

IPSAS 41 requires financial assets to be subsequently measured at fair value through surplus or deficit (FVTSD), amortised cost, or fair value through other comprehensive revenue and expense (FVTOCRE). Additionally, IPSAS 41 requires financial liabilities to be measured at either amortised cost or FVTSD.

This classification is based on the business model for managing financial instruments, and whether the payments are solely payments of principal or interest on the principal amount outstanding. The Ministry assessed the business model for holding financial assets at the date of initial application. It determined that all of these are held to collect contractual cash flows that are solely payments of principal and interest. Therefore, financial assets are subsequently measured at amortised cost. Financial liabilities are subsequently measured at amortised cost.

Cash and cash equivalents, trade receivables, and payables are recorded at amortised cost using the effective interest method less any impairment.

De-recognition

Financial assets are derecognized when the rights to receive cash flows have expired or have been transferred and the Ministry has transferred substantially all risks and rewards of ownership. A financial liability is derecognised when it is extinguished, that is when the obligation is discharged, cancelled, or expires.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

(m) 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.

(n) 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.

(o) 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 the 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.

(r) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

Note 2: Cash and Cash Equivalents

Cash and cash equivalents include cash in hand; bank accounts in the name of the Ministry of Financial Services and Commerce maintained at Royal Bank of Canada. As at 31 December 2023, the Ministry held no restricted cash balances. Cash and cash equivalents at 31 December 2023 are subject to the expected credit loss requirements of IPSAS 41. No allowance has been recognised as the estimated allowance is negligible due to the high credit quality of the counterparty banks. The Ministry's unrestricted cash balances were, as presented below.

Prior Year Actual \$'000	Description	Foreign Currency	Exchange Rate	Current Period Actual \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
20,291	CI \$ Operational Current Account			21,721	29,721	29,721	8,000
62	USD \$ Operational Current Account	63	0.8375	-	(53)	30,298	8,835
841	CI \$ Payroll Current Account			198	-	-	(198)
21,194	TOTAL			21,972	29,721	29,721	7,749

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

Note 3: Trade and Other Receivables

Trade receivables are amounts due from customers for items sold or services performed in the ordinary course of business. Trade receivables and other receivables comprise of balances due from other Government entities, including Output Receivables and balances due from third parties.

The simplified approach to providing for expected credit losses, as prescribed by IPSAS 41, is applied to trade and other receivables. The simplified approach involves making a provision equal to lifetime expected credit losses.

Prior Year Actual \$'000	Description	Current Period Actual \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
177	Sale of goods and services	181	-	-	(181)
2,651	Outputs to Cabinet	2,699	225	225	(2,474)
130	Equity injection funding	13	-	-	(13)
2,958	Total trade receivables	2,893	225	225	(2,668)
(223)	Less: expected credit losses	(175)	-	-	175
2,735	Net Trade receivables – (due in oneyear)	2,718	225	225	(2,493)

Prior Year Actual \$'000	Description	Current Period Actual \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
1	Dishonoured cheques	-	-	-	-
475	Other receivables	-	1,914	1,914	1,914
476	Total other receivables	-	1,914	1,914	1,914

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

Note 3: Trade and Other Receivables (continued)

As at 31 December 2023, the ageing analysis of trade receivables and other receivables are as follows:

Prior Year Actual \$'000	Description	Current Period Actual \$'000	Total Current Period \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
Current						
2,780	Past due 1-30 days	2,712	2,712	1,923	1,923	789
176	Past due 31-60 days	181	181	216	216	(35)
2,956	Total	2,893	2,893	2,139	2,139	754

The movement in the allowance for credit losses is as follows:

Movement in the allowance for Credit Losses	2023 \$'000	2022 \$'000
Allowance for credit losses as at 1 January 2023 calculated under IPSAS 29	223	223
IPSAS 41 expected credit loss adjustment - through opening accumulated surplus/deficit	-	N/A
Opening allowance for credit losses as at 1 January 2023	223	223
Revision in loss allowance made during the year	(48)	-
Receivables written off during the year	-	-
Balance at 31 December	175	223

The \$223,000 opening allowance relates to invoices raised under the previous Ministry of Financial Services & Home Affairs (MSFHA), which was wound up on 30 June 2021. The balances were fully provided for in 2022; however, we were able to collect approximately \$48,000 early in 2023. Given the age of the debt, the balances will be written off in 2024.

Note 4: Prepayments

Prior Year Actual \$'000	Description	Current Period Actual \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
81	Accrued prepayments	165	150	150	(15)
26	Travel advances	20	-	-	(20)
107	Total Prepayments	185	150	150	(35)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

Note 5: Property, Plant and Equipment

Costs

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

Description	Vehicles	Furniture & Fittings	Computer Hardware	Office Equipment	Other Assets	Actual 2023	Original Budget 2023	Final Budget 2023	Variance (Orig vs Actual) 2023
Balance as at 1 January 2023	129	157	533	66	7	892	1,663	1,663	771
Additions	26	1	57	13	-	97	393	393	296
Balance at 31 December 2023	155	158	590	79	7	989	2,056	2,056	1,067

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

Note 5: Property, Plant and Equipment

Accumulated Depreciation and impairment losses

Description	Vehicles	Furniture & Fittings	Computer Hardware	Office Equipment	Other Assets	Actual 2022	Original Budget 2022	Final Budget 2022	Variance (Orig vs Actual) 2022
Balance as at 1 January 2022	98	136	369	55	7	665	340	340	(325)
Depreciation expense	10	1	76	3	-	90	680	680	590
Balance at 31 December 2022	108	137	445	58	7	755	1,020	1,020	265

Description	Vehicles	Furniture & Fittings	Computer Hardware	Office Equipment	Other Assets	Actual 2023	Original Budget 2023	Final Budget 2023	Variance (Orig vs Actual) 2023
Balance as at 1 January 2023	108	137	445	58	7	755	1,020	1,020	265
Depreciation expense	6	2	60	7	-	75	736	736	661
Balance at 31 December 2023	114	139	505	65	7	830	1,756	1,756	926

Net Book value 31 December 2022	21	20	89	8	-	138	643	643	505
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Net Book value 31 December 2023	41	19	85	16	-	159	300	300	141
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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 of 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.

Equity Injection

The Equity Injection covered capital expenditure for the year from January to December 2023. The equity drawdown was approved by the Chief Officer and the Minister.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

Note 5b: Intangible Assets

Cost

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

Description	Computer Software	Actual 2023	Original Budget 2023	Final Budget 2023	Variance (Orig vs Actual)
Balance as at 1 January 2023	2,157	2,157	4,066	4,066	1,909
Additions	56	56	2,528	2,528	2,472
Balance at 31 December 2023	2,213	2,213	6,594	6,594	4,381

Accumulated Depreciation and impairment losses

Description	Computer Software	Actual 2022	Original Budget 2022	Final Budget 2022	Variance (Orig vs Actual)
Balance as at 1 January 2022	1,863	1,863	1,753	1,753	(110)
Charge for the year	92	92	267	267	175
Balance at 31 December 2022	1,955	1,955	2,020	2,020	65

Description	Computer Software	Actual 2023	Original Budget 2023	Final Budget 2023	Variance (Orig vs Actual)
Balance as at 1 January 2023	1,955	1,955	2,020	2,020	65
Charge for the year	105	105	424	424	319
Balance at 31 December 2023	2,060	2,060	2,444	2,444	384

Net book value 31 December 2022	202	202	2,046	2,046	1,844
Net book value 31 December 2023	153	153	4,150	4,150	3,997

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

Note 6: Trade Payables, Other Payables and Accruals

Prior Year Actual \$'000	Description	Current \$'000	Total Current Period \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
16	Creditors	13	13	50	50	37
814	Accrued expenses	1,002	1,002	229	229	(773)
3	Accrued expenses Ministries/ Portfolios	3	3	-	-	(3)
833	Total Trades Payables and Accruals	1,018	1,018	279	279	(739)
150	Payroll deductions	106	106	-	-	(106)
29	Other payables	29	29	59	59	30
179	Total Other Payables	135	135	59	59	(76)
1,012	Total	1,153	1,153	338	338	(815)

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

Note 7: Employee Entitlements

Prior Year Actual \$'000	Description	Total Current Period \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
Current employee entitlements are represented by:					
92	Comp time	89	123	123	34
397	Annual leave	378	275	275	(103)
12	Accrued salaries	18	-	-	(18)
501	Total Employee Entitlements	485	398	398	(87)

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

Note 8: Sales of Goods and Services

Prior Year Actual \$'000	Description	Actual Current Period \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
13,617	Outputs to Cabinet	16,713	26,980	26,980	10,267
4,520	Fees and charges	4,750	3,318	3,318	(1,432)
18,137	Total Sales of Goods and Services	21,463	30,298	30,298	8,835

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 2023 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 2023..

Note 9: Personnel Costs

Prior Year Actual \$'000	Description	Actual Current Period \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
9,797	Salaries, wages, and allowances	11,425	15,727	15,727	4,302
2,080	Health care	2,517	4,029	4,029	1,512
534	Pension	618	755	755	137
62	Vacation leave and comp time	(22)	-	-	22
104	Other personnel-related costs	144	92	92	(52)
12,577	Total personnel costs	14,682	20,603	20,603	5,921

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

Note 10: Supplies and Consumables

Prior Year Actual \$'000	Description	Actual Current Period \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
4,641	Purchase of services	5,536	7,529	7,529	1,993
137	Lease of property and equipment	156	315	315	159
216	Travel and subsistence	521	391	391	(130)
57	Supplies and materials	118	241	241	123
86	Utilities	107	89	89	(18)
99	Interdepartmental expenses	102	106	106	4
-	General insurance	-	7	7	7
47	Recruitment and training	62	298	298	236
(0)	Other	1	30	30	29
5,283	Total supplies and consumables	6,603	9,006	9,006	2,403

Note 11: Legal Fees

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

Note 12: (Gains) / Losses

Prior Year Actual \$'000	Description	Actual Current Period \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
(1)	Net (gains)/ losses on foreign exchange transactions	(2)	-	-	2
(1)	Total losses	(2)	-	-	2

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

Note 13: Contingent Liabilities and Assets

The Ministry has no contingent assets as at 31 December 2023. Any contingent liabilities relating to the Ministry as at 31 December 2023 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 2023.

Statement of Financial Position

Cash and Cash Equivalents

Cash and cash equivalents were \$7.7 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 \$579 thousand 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.

Intangible Assets

The balance is \$4 million lower than the original budget due to the delayed development of a bespoke system for the Department of International Tax Cooperation.

Trade and Other Payables

The balance is \$815 thousand higher than the budget, largely due to the number of invoices raised by vendors during December 2023, which had to be accrued as of 31 December 2023.

Surplus Payable

The balance is \$1.3 million higher than the original budget because there was no budget for surplus payable for 2023, as there was no surplus forecasted, and also because the surplus as of 31 December 2022 was not paid as of 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

Statement of Financial Performance

Sale of Goods and Services

The balance is \$8.8 million lower than the original budget as the Cabinet Revenue drawn down for the financial year was lower than the budget for 2023 due to some agencies not being able to deliver their budgeted outputs in full for the financial year.

Personnel Costs

Personnel Costs were \$5.9 million lower than the 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 we will continue to ensure that all vacancies are filled.

Supplies and Consumables

The balance is \$2.4 million lower than the original budget due to reduced expenditure as a result of the cost-saving measures employed by the Ministry

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 2023 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

The ministry's total personnel Costs were \$14.682 million. Key management personnel are also considered related parties and, as such, receive the following remuneration.

Prior Year Actual \$'000	Description	Actual Current Period \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000	Number of persons
3,177	Salaries & other short-term employee benefits	3,421	2,666	2,666	(755)	19
3,177	Total	3,421	2,666	2,666	(755)	19

No loans were granted to key management personnel or their close relatives. The Salaries and employee benefits for Key Management Personnel include approx. \$113 thousand related to School Fees and Housing.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

Note 16: Commitments

	One to Five Years \$'000	Over 5 years \$'000	Total \$'000	Total 2023 \$'000
Operating Commitments				
Non-cancellable accommodation leases	73	-	73	73
Total Operating Commitments	73	-	73	73

There are non-cancellable accommodation leases totalling \$73 thousand for the year from January to December 2023.

Note 16: Commitments

	Financial Services		COMMERCE		CONSOLIDATED	
	2023	2022	2023	2022	2023	2022
Revenue						
Outputs from Cabinet	15,640	12,467	1,073	1,150	16,713	13,617
Fees and Charges	3,269	3,123	1,481	1,396	4,750	4,520
Total Revenue	18,909	15,590	2,554	2,546	21,463	18,137
Expenses						
Personnel	12,457	10,483	2,225	2,094	14,682	12,577
Supplies & Consumables	6,347	5,076	253	228	6,601	5,304
Depreciation	105	74	76	109	180	183
Total Expenses	18,909	15,633	2,554	2,431	21,463	18,064
Surplus/(deficit) from Operating Activities	-	(44)	-	117	-	73
Assets						
Current Assets	24,760	24,238	114	274	24,875	24,512
Non-Current Assets	133	142	179	198	312	340
Total Assets	24,893	24,380	293	472	25,187	24,852
Liabilities						
Current Liabilities	2,904	2,748	35	66	2,940	2,814
Total Liabilities	2,904	2,748	35	66	2,940	2,814
Net Assets	21,989	21,632	258	404	22,247	22,038

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

The Ministry reported on two segments of business for the year ended December 2023.

Financial Services is mainly focused on the country's financial services sector. This segment includes General Registry, the Department of International Tax Cooperation, Financial Services Administration, Cayman Islands Intellectual Property Office, National Maritime Services Secretariat and the Cayman Islands Overseas Offices, 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.

Note 18: Financial Instrument Risks

The Ministry is a party to financial instrument arrangements as part of its everyday operations. These financial instruments include cash & cash equivalents, trade receivables, and accounts payable. The Ministry seeks to minimise exposure from financial instruments and does not enter into speculative financial instrument transactions.

Credit risk

Credit risk is the risk that the counterparty to a transaction with the Ministry will fail to discharge its obligations, causing the Ministry to incur a financial loss. The Ministry is exposed to credit risk through the normal trade credit cycle and advances to third parties. Financial assets that potentially subject the Ministry to credit risk consist of Cash and Cash Equivalents, term deposits, trade receivables, and other receivables.

The Ministry manages its Credit risk by limiting the counterparties it transacts business with to those it believes are capable of performing their contractual obligations. Generally, the Ministry does not require collateral. Ongoing credit risk is managed through a review of ageing analysis, together with credit limits per customer. Maximum exposures to credit risk at year-end are the carrying value of financial assets in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

Note 18: Financial Instrument Risks (continued)

Expected credit losses (ECL)

ECLs are calculated on a lifetime basis for Trade Receivables. Please see trade receivables note 3 for more information on credit risk disclosures for ECL on Trade Receivables.

Concentrations of credit risk

The Ministry does not have any significant credit risk exposure. The credit risk on cash and cash equivalents and short-term investments is limited. The Ministry's main bank is the Royal Bank of the Caribbean (RBC), which has an S&P Global Rating of AA-.

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 2023.

APPENDICES

Appendix 1: Human Capital

As at 31 December 2023, the Ministry employed 149 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 2019	Actual 2020	Actual 2021	Actual 2022	Actual 2023
Core Ministry (MFSHA)	11	14	35	45	51
Department for International Tax Cooperation (DITC)	9	18	17	19	18
Cayman Islands General Registry (REG)	45	51	47	45	54
Department for Financial Services Policy and Legislation (DFS)	11	13			
Department of Public Safety Communications (DPSC)	29	31			
Hazard Management Cayman Islands (HMCI)	5	6			
Cayman Islands Fire Service (CIFS)	142	158			
Her Majesty's Cayman Islands Prison Service (HMCIPS)	171	169			
Department of Community Rehabilitation (DCR)	41	43			
Department of Commerce and Investment (DCI)	-	-	25	25	26
TOTAL	464	503	124	134	149

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

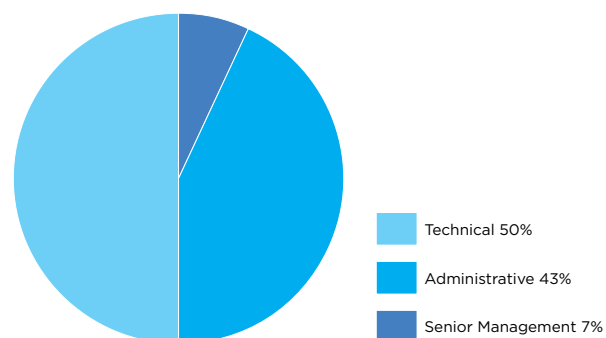
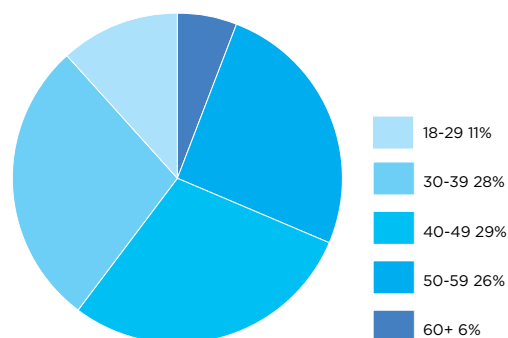
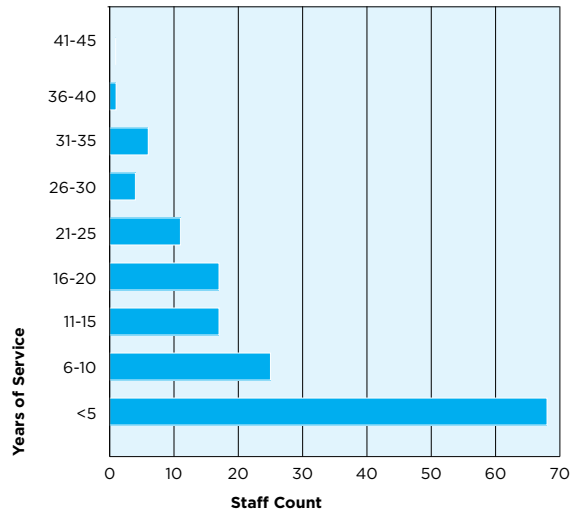
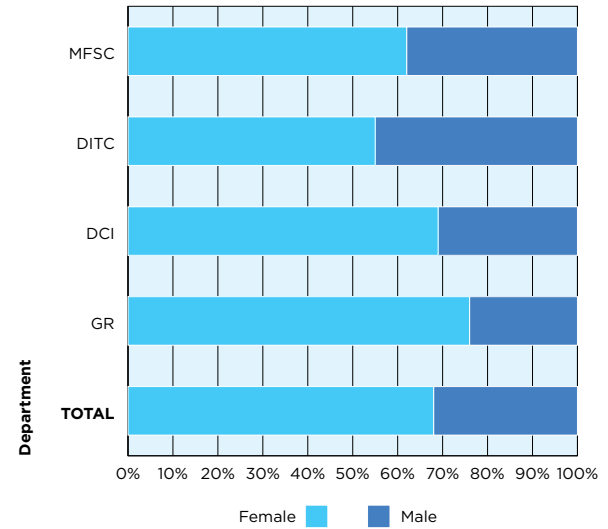
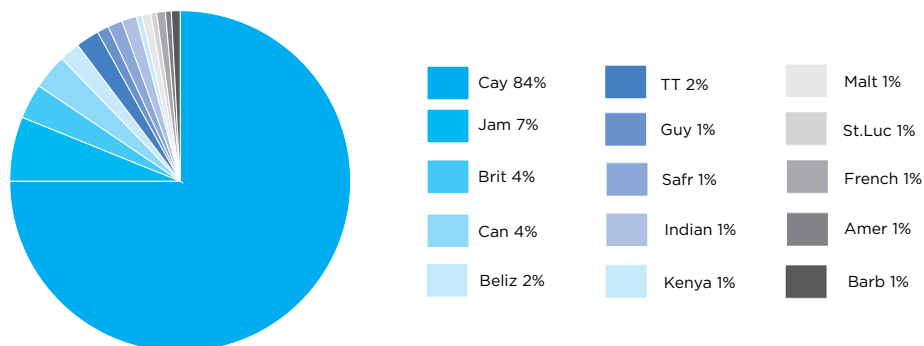
Figure 1: Staff Profile by Function**Figure 2: Staff Profile by Age**

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

Appendix 2: Finance

2023 MFSC APPROVED BUDGET TO ACTUAL:

	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
Revenue				
Sale of goods and services	21,463	30,298	30,298	8,835
Total Revenue	21,463	30,298	30,298	8,835
Expenses				
Personnel costs	14,682	20,603	20,603	5,921
Supplies and consumables	6,603	9,006	9,006	2,403
Depreciation	75	275	275	200
Amortisation of intangible assets	105	164	164	59
Legal fees	-	250	250	250
Losses/(gains) on foreign exchange transactions	(2)	-	-	2
Total Expenses	21,463	30,298	30,298	8,835
Surplus/(Deficit) for the Year/Period	-	-	-	-

Appendix 3: Good Governance and Transparency

These Annual Reports and Audited Financial Statements were tabled in Parliament during 2023, for the year ending 2022:

- Ministry of Financial Services and Commerce
- Auditors Oversight Authority, Cayman Islands
- Cayman Islands Monetary Authority
- Cayman Islands Stock Exchange
- Civil Aviation Authority of the Cayman Islands
- Maritime Authority of the Cayman Islands

Appendix 4: Freedom of Information Requests

Twenty-one freedom of information requests were received by the Ministry and its entities in 2023, as shown in Table 2: Freedom of Information Requests.

Table 2: Freedom of Information Requests

	Requests 2022	Closed 2022	Requests 2023	Closed 2023
Ministry (MFSHA, DITC, DFS)	5	5	2	2
Department of Commerce & Investment	2	2	4	4
Department of International Tax Cooperation	0	0	0	0
Cayman Islands Fire Service (CIFS)	0	0	0	0
Her Majesty's Cayman Islands Prison Service (HMCIPS)	0	0	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)	2	2	2	2
Cayman Islands Monetary Authority (CIMA)	14	14	13	13
Auditors Oversight Authority (AOA)	1	1	0	0

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
	Private Funds Regulations
	Property (Miscellaneous Provisions) Act
	Public Recorder Act
	Securities Investment Business Act

Financial Services continued

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	

Notes



**MINISTRY OF
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