



MINISTRY OF
FINANCIAL SERVICES
AND COMMERCE
CAYMAN ISLANDS GOVERNMENT



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FOREWORD FROM THE MINISTER

Throughout the first two quarters of 2021, the Ministry and its staff very capably handled their responsibilities for financial services and home affairs, the two subjects under the Ministry's remit.

Those responsibilities changed to financial services and commerce following the Cayman Islands 2021 General Elections in April, and the Ministry staff continued to keep pace with global and local business developments, responding effectively and professionally to opportunities and challenges.

Having been a civil servant in the Ministry prior to my election as Minister, I was quite familiar with key personnel and their ways of working, and the global and local issues to which the Ministry responds. Nonetheless, following my comprehensive reintroduction to its teams, the Ministry and its agencies clearly have the talent and drive to help improve the lives of our people, by developing and implementing policies and legislation that support the Cayman Islands' socioeconomic stability and global reputation.

Guided by the Government's broad strategic outcomes, and in line with the Ministry's vision of the Cayman Islands being a globally respected financial services centre of excellence, significant time was invested in developing the Ministry's activities for 2021 and beyond. These activities include ensuring that the Cayman Islands' regulatory standards align with global standards, in affirmation of our role as a global partner fighting financial crime; and implementing commercial legislation that complies with these standards, and also is responsive to market needs.

As financial services is the strongest pillar of our economy, preserving this position requires international and local engagement. During 2021 the Ministry had a number of substantive exchanges, including a series of virtual and face-to-face meetings in November and December, with UK and EU officials on financial services matters. Furthermore, the Ministry was heavily engaged with local financial services and commerce stakeholders, including through our participation in multiple conferences and initiatives.

Also locally, initiatives such as a greater focus on online business licensing, and anti-money laundering training for persons in the real estate and construction industries, contributed to the stability of our business environment.

Ultimately, the importance of this Ministry to the local economy and our global financial services reputation is significant, and every staff member in the Ministry and its agencies continues to work toward a stronger Cayman Islands. I believe in the people of this Ministry and the work being done every day, and I look forward to achieving positive outcomes in 2022 and in the future..

FOREWORD FROM THE CHIEF OFFICER

During 2021, Ministry staff worked hard in fulfilling the Cayman Islands Government's purpose of making the lives of those we serve better. We helped ensure the safety and security of our residents, took measures to assist local businesses, and supported the sustained success of our financial services industry.

On the financial services side, throughout the year we significantly engaged with local and international audiences by supporting and participating in local financial services industry events, and by meeting with EU and UK officials. We also drafted legislation that, since enactment, helps to sustain our business environment. For example, the Companies Act benefits insolvency and restructuring business, while the Virtual Asset Service Providers Act helps ensure that key innovative activities taking place within Cayman abide by international standards.

Following the Cayman Islands' general elections in April, the Ministry's responsibilities changed from financial services and home affairs to financial services and commerce. Prior to this change, the home affairs team assisted with the jurisdiction's frontline response to COVID-19; afterward, the commerce team continued to encourage online applications for various licensing types, and assisted licensees with understanding their anti-money laundering responsibilities.

To better serve the public, by the end of the year we also boosted our human resources complement. The new additions to the Ministry and its agencies have all made valuable contributions to the professionalism and performance of the various teams in each agency.

Ultimately, our ability to make the lives of those we serve better is a credit to the commitment of all staff. Such passion and professionalism will be vital as the Ministry navigates the coming months and continues serving the people of the Cayman Islands.



ABOUT THE MINISTRY

The Ministry of Financial Services and Commerce oversees the financial services industry, local commerce, and the aviation and maritime sectors.

Supporting this framework are the Ministry’s four core entities, which develop policies, legislation, and processes, and provide administrative support for the Ministry’s three operational agencies, and the operational agencies themselves, which put the policies, legislation and processes into action. The Ministry also oversees five Statutory Authorities and Government Companies (SAGCs). Namely Cayman Islands Monetary Authority (CIMA), Cayman Islands Stock Exchange (CSX), Auditors Oversight Authority (AOA), Maritime Authority of the Cayman Islands (MACI) *joined June 2021* and Civil Aviation Authority of the Cayman Islands (CAACI) *joined June 2021*

Statistics

The continuing importance of financial services to the Cayman economy is evident, based on the jurisdiction’s current statistics. According to the Economics and Statistics Office’s (ESO) 2021 Second Quarter Economic Report, the financial and insurance services industry remain the biggest contributors to the Cayman Islands Gross Domestic Product (GDP), having contributed approximately 35.9 per cent of GDP in 2021 .

This represents a decline from previous years, where the figure was more than 40 per cent of GDP; but it should be noted that the industry increased by 3.2 percent since Q2 2020, during a financial year heavily impacted by COVID-19 measures and pandemic-related economic contractions. The increase in financial services activity was mainly caused by a rise in company registrations.

In addition to being a major contributor to both our economy and Government revenue, financial services again was a significant employer for the Cayman Islands workforce. According to the ESO’s 2020 Labour Force Survey Report, there were more than 3,600 persons – or 8.8 per cent of the workforce – doing financial and insurance services work in 2020. Based on the report, financial and insurance services activity was the fourth largest employer by sector.

The report noted that professional, scientific and technical activities was the second largest employer at 8.9 per cent of the total employed labour force. With many of these jobs resting in the financial services industry, it can be said that financial services broadly employs more than 7,300 people, which is more than 17 per cent of the total employed workforce.

Strategic Planning

In 2021, the Ministry undertook a strategic planning exercise designed to better direct its activities and align its outputs with the wider Government goals. The objective was to ensure the Ministry is working toward a strong platform for the Cayman Islands, wherein financial services and wider commerce can comply with international regulatory standards, while simultaneously growing and diversifying.

By the end of the year, the exercise resulted in the creation of the following strategic plan:

PURPOSE

To make the lives of those we serve better.

VISION

A globally respected financial services centre of excellence.

MISSION

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

GOALS

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

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

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

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

Stakeholders: Develop, strengthen and effectively manage stakeholder relationships.

Budget and Human Resources



CIMA, the DCI and General Registry all increased their revenue contributions, collectively



Legislation

In 2021, the Ministry oversaw the development and passage of various pieces of legislation.

Financial Services

- International Tax Co-operation (Economic Substance) (Amendment of Schedule) Regulations, 2021
- Virtual Asset (Service Providers) (Amendment) Act, 2020 (Commencement) Order, 2021
- Virtual Asset (Service Providers) (Savings and Transitional) Regulations, 2021
- Private Funds (Annual Returns) Regulations, 2021
- Private Funds (Amendment) Regulations, 2021
- International Tax Co-operation (Economic Substance) (Prescribed Dates) (Amendment) Regulations, 2021

Commerce

- Trade and Business Licensing (Amendment to the Schedule) (Temporary Reduction of Fees) Regulations, 2021
- Liquor Licensing (Fees) (Amendment) Regulations, 2021

The full list of financial services and commerce legislation that the Ministry oversees is in appendix 2, on page 33.

Engagement

Throughout the year, the Ministry engaged virtually, in person, and through events and consultations with its stakeholders, including:

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

Core Ministry

Policy and Communications Unit (PCU)

Provides Government with policy advice and legislative development for financial services and certain regulatory agencies, and provides communications and public affairs.

Commerce and Maritime Unit (CMU)

Provides Government with policy advice and legislative development for local commerce, and the maritime and aviation sectors.

Regulatory Affairs Unit (RAU)

Provides regulatory guidance and IT support to the Ministry’s three operational agencies.

Operations and Administration Unit (OAU)

Ensures that the Ministry and its agencies comply with Government policies, legislation, processes and best practices for human resources, operations, finance and administration.

Operational Entities

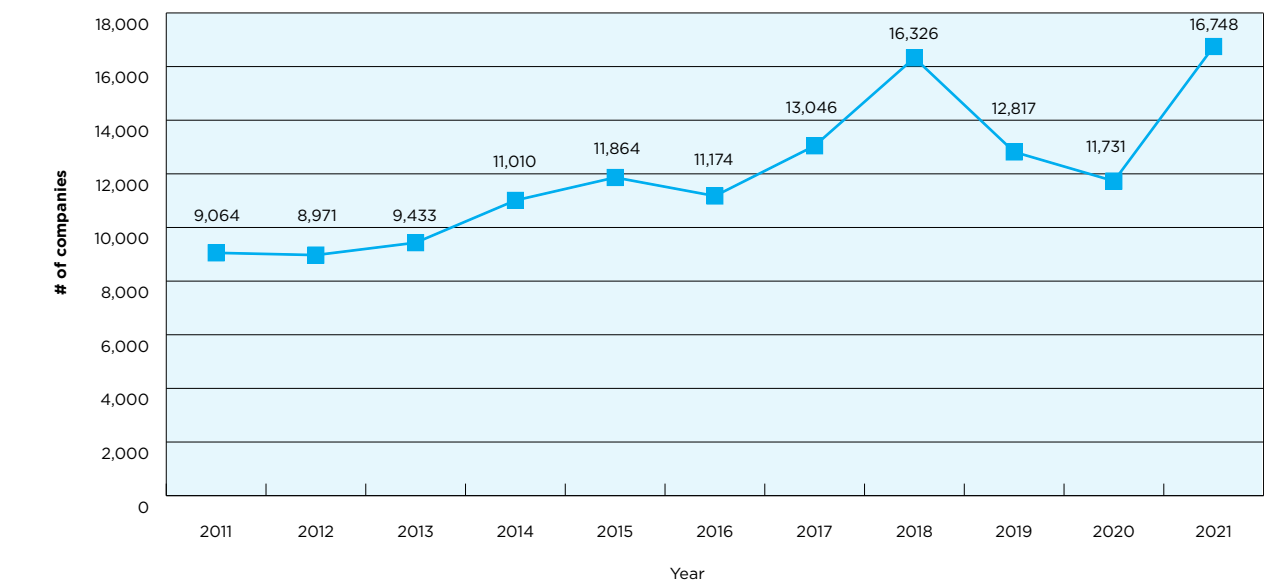
General Registry (REG)

Registers legal entities (such as companies, trusts and partnerships), and financial structures (such as bill of sales and debentures), and monitors their compliance with relevant acts. General Registry also registers vital events (births, deaths, marriages and civil partnerships), as one of the Islands’ most important set of historical records.

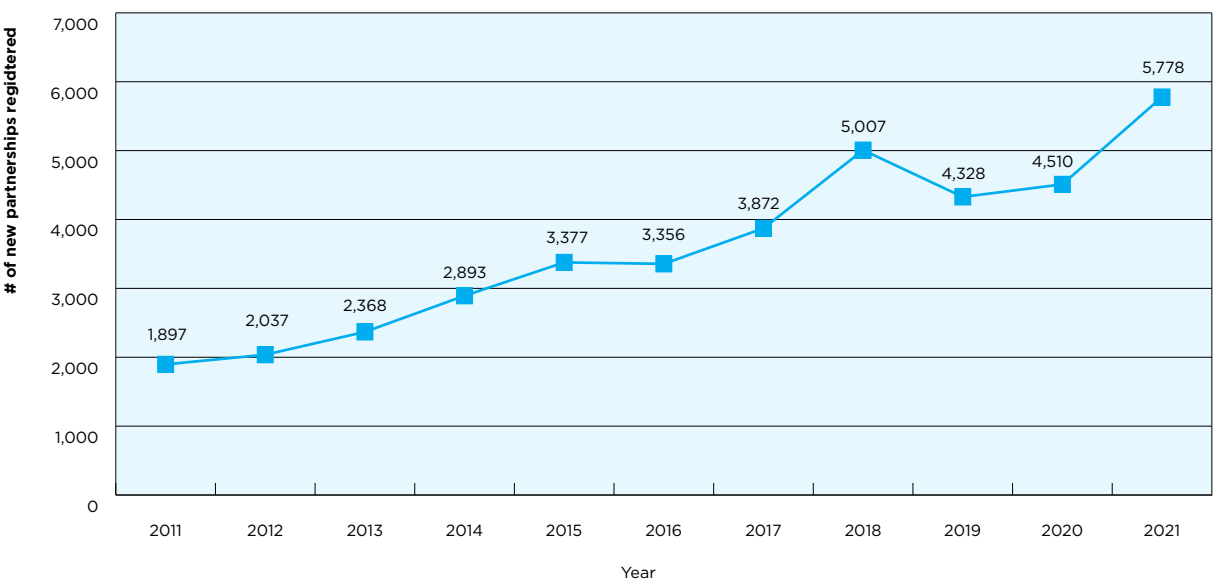
In tandem with amendments to legislation, the Beneficial Ownership Register saw a number of upgrades/enhancements during 2021.

New companies registrations in 2021 were the highest since the inception of the register showing an increase of 43% over 2020. The numbers on the register at 31 December 2021 increased by 5% over the same period in 2020.

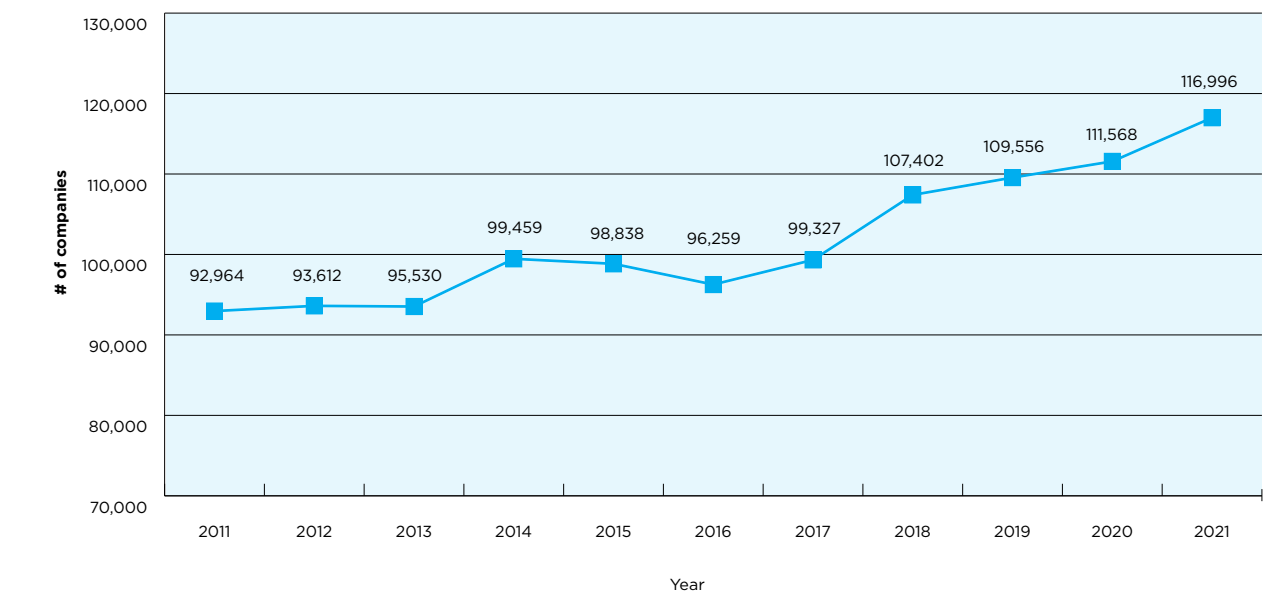
New Companies Registered per Annum 2011 - 2021



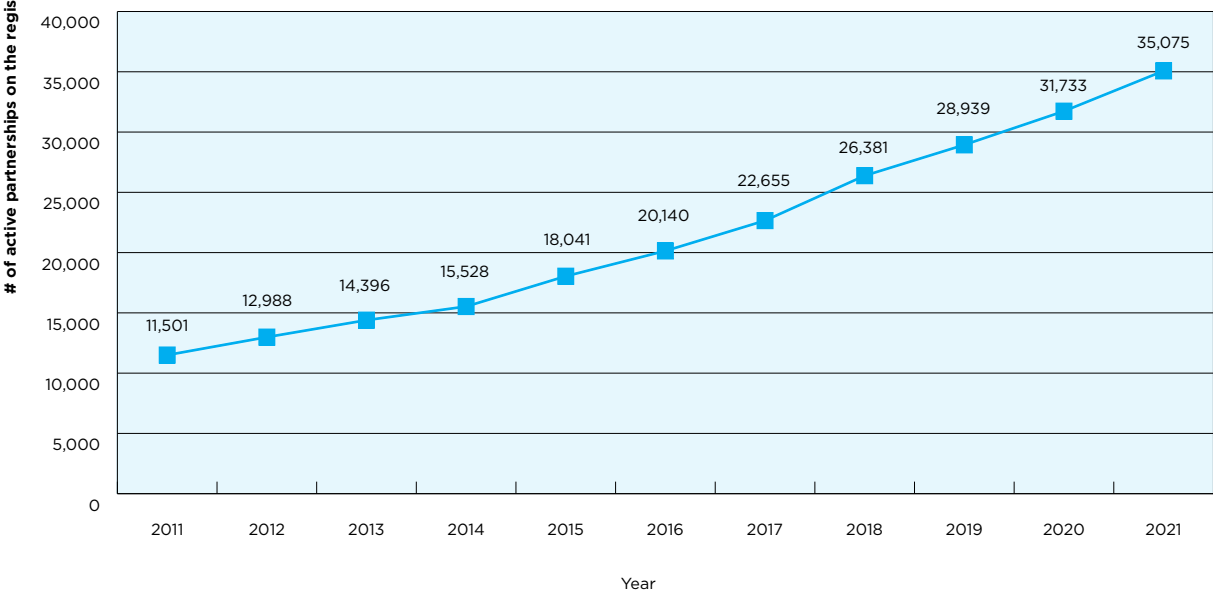
New Partnerships Registered 2011 - 2021



Active Companies on the Register at Year End 2011 - 2021



Active Partnerships on the Register at Year End 2011 - 2021



Department for International Tax Cooperation (DITC)

Facilitates Cayman's compliance with international obligations in tax matters and information exchanges with countries overseas. It also represents the Cayman Islands Government in discussions at the global regulatory tax level.

During 2021, the duties and responsibilities carried out by the DITC benefitted the financial services industry, the jurisdiction and the wider global financial services community. It responded to requests and met automatic exchange obligations to partner jurisdictions, which benefitted partners by providing them with information to combat tax avoidance and evasion. It implemented notification and reporting for economic substance requirements, a benefit to industry in allowing them to meet their obligations and it commenced compliance work in respect of failures by entities and financial institutions in complying with the CRS and ES frameworks, benefiting the jurisdiction by demonstrating effectiveness in implementing international standards.

Department of Commerce and Investment (DCI)
(which fell under the Ministry from June 2021)

Facilitates the licensing processes, and compliance with local commerce regulations for trade and business Licenses, local company (control) Licenses, tobacco permits, liquor, public film exhibition premises and Special Economic Zone Companies.

The department launched its Case Management System and DNFBP (Designated Non-Financial Business and Professions) online registration portal. This system assists the department in maintaining a registration database of all DNFBPs. The inspection process has also been automated. Through this system, DNFBPs can register with ease online and upload documents securely while also enjoying the benefit of easy communication with the team. Desktop inspections of new registrants, in addition to follow-up inspections of those considered to be high risk the previous year operating in the real estate and precious metals and stones sector also took place, protecting the commercial space from any money laundering or terrorist financing activity and assisting in securing the islands' financial sector space for international business activity.

DCI Milestones for 2021



Processing of various applications (a record number):

16,837



Newly launched Liquor Licensing online renewals:

800



Number of businesses inspected:

2,287

All of the above was undertaken without an increase in budget over 2020.

Statutory Authorities and Government Companies (SAGCS)

- Cayman Islands Monetary Authority (CIMA)
- Cayman Islands Stock Exchange (CSX)
- Auditors Oversight Authority (AOA)
- Maritime Authority of the Cayman Islands (MACI) *joined June 2021*
- Civil Aviation Authority of the Cayman Islands (CAACI) *joined June 2021*

These five Home Affairs agencies fell under the Ministry up until June 2021:

Department of Public Safety Communications (DPSC)

Delivers 24/7 critical emergency communication, surveillance and monitory services, to save lives, protect property and enhance public safety.

Hazard Management Cayman Islands (HMCI)

Enhances the Cayman Island’s resiliency to major hazards through preparedness, mitigation, response and recovery.

Cayman Islands Fire Service (CIFS)

Saves lives and protects property through fire safety practices and mitigation of hazards across the Cayman Islands.

As key stakeholders in EST 9 – Search and Rescue Cluster in the NEOC, the CIFS continued to work closely with the CI Regiment, HMCI and RCIPS to develop structures and Joint Emergency Service Interoperability Programme ways of working to improve incident command (joint situational awareness) and operational search and rescue capabilities. Meetings continued regularly in anticipation of the onset of Hurricane Season on 1 June.

Her Majesty’s Cayman Islands Prison Service (HMCIPS)

Delivers services to support and improve the lives of people in our care, to help them fulfil their potential and become responsible citizens.

Department of Community Rehabilitation (DCR)

Provide services to adult offenders to influence positive behavioural change, promote victim interests and enhance public safety.

In 2021, the DCR progressed the work to procure the online version of a risk assessment tool (known as the Level of Service/Case Management Inventory), which is used to determine the appropriate level of supervision an offender requires. The contract with the provider was revised with the support of the Office of the Director of Public Prosecutions. Implementation will result in improved accuracy, efficiency, and data collection based on a local pool which will inform service delivery in the future.

Ongoing capital projects included the much-needed renovations to the Cayman Brac office to enhance staff and client safety and the procurement of new vehicles to enable increased presence of officers in the community to support enhanced offender supervision and community service.

FINANCIAL SERVICES, COMMERCE, AND HOME AFFAIRS ACTIVITIES

During the year, the Ministry participated in jurisdictional assessments in two key areas: Cayman's anti-money laundering, counter financing of terrorism and counter proliferation financing (AML/CFT/CPF) regime and the country's international tax cooperation framework. The Cayman Islands' AML/CFT/CPF efforts are under the remit of the Attorney General's Office, while international tax cooperation is under the Ministry's remit.

On **31 January**, the enforcement provisions outlined in the commencement order for the Virtual Asset Services Providers (VASP) Act began, allowing CIMA to take action where a person breaches certain provisions of the VASP Act.

In **February**, the Caribbean Financial Action Task Force, the regional body overseeing compliance with the Financial Action Task Force (FATF) global standards, re-rated the effectiveness of our AML regime with regards to beneficial ownership for legal arrangements, from "compliant" to "largely compliant".

Following the General Election in **April 2021**, the Cayman Islands Intellectual Property Office (CIPO) was transferred to the Ministry of Investment, Innovation & Social Development with effect from 1 July. The CIPO team comprised a team of four employees and an expenditure budget of \$353,000. The revenue for the Unit was reflected as \$1,194,000 for the first six months of 2021.

In **May**, Minister for Financial Services and Commerce, the Hon. André Ebanks, and Parliamentary Secretary for Financial Services, the Hon. Katherine Ebanks-Wilks, were briefed by senior managers in the Ministry's statutory authorities on current operations and initiatives. Initial briefings commenced with CIMA, CSX, CAA, and MACI, and culminated with the Minister attending a luncheon with CIMA's board of directors. In addition, the CAA Director-General Richard Smith took the Minister and the Parliamentary Secretary on a tour of CAA's modernised premises on Owen Roberts Drive.



Above left: Minister for Financial Services and Commerce, the Hon. André Ebanks, and Parliamentary Secretary for Financial Services, the Hon. Katherine Ebanks-Wilks briefed by CAA Director-General Richard Smith

Above right: Minister Ebanks, and Parliamentary Secretary Ebanks-Wilks briefed by CIMA MD Cindy Scotland and CO Dax Basdeo

Left: Group visit to the CSX

Minister Ebanks meets with DCI staff

In the same month Minister Ebanks and Parliamentary Secretary Ebanks-Wilks were also briefed by representatives from the DITC, the DCI and General Registry.



Minister Ebanks and Parliamentary Secretary Ebanks-Wilks met with Donnell Dixon, Deputy Registrar General



Regarding international tax cooperation, in **June** the OECD positively viewed Cayman's extension of economic substance requirements to all partnerships. The OECD, as the global standard-setter for tax measures, maintained its rating of Cayman's economic substance framework as "not harmful" (the highest rating possible) and in line with the international standard.

On **3 June** the Minister attended the Cayman Islands Digital Economy Conference (CYDEC) where he said that Government's vision included using such advances to create a more efficient Government. Minister Ebanks also remarked on Cayman's progress in regulating virtual asset service providers (VASPs), calling it incredibly diverse, with service providers engaging in a wide range of services, including operating trading platforms, offering custody of virtual assets, and facilitating payments in virtual assets. Director of E-Government Ian Tibbetts also gave an overview of gov.ky Cayman's proposed national digital ID programme.

On **29 June**, following Cabinet approval, Government published the International Tax Co-operation (Economic Substance) (Amendment of Schedule) Regulations, 2021; and the International Tax Co-operation (Economic Substance) (Prescribed Dates) (Amendment) Regulations, 2021. Both regulations came into force on 30 June. These regulations bring general partnerships, limited partnerships, exempted limited partnerships and foreign limited partnerships into scope for economic substance requirements.

In **July**, the DCI sponsored and also presented at an outreach session organised by FTS Cayman Islands. This outreach was designed specifically for real estate agents, dealers in precious metals and precious stone and attorneys.

These workshops helped licensees understand their legal obligations and also the requirements of the law to be met in order to continue to operate within the sectors. It also outlined the expectations of the DCI as their regulator during an inspection or when applying for a trade and business licence to operate.

In **September**, the DCI was named as a finalist for the Investors In People 2021 awards across three categories: The Employee Engagement Award, Leader of the Year, and Best Newcomer.

On **7 September** Government welcomed comments on its proposals to reshape the Cayman Islands' beneficial ownership legislation, including by creating a single act to make the legislation more effective in fighting crime. The consultation paper, titled Enhancement of the Beneficial Ownership Framework, includes questions for the public to answer. The deadline for the public to respond to the consultation on beneficial ownership legislation closed on **18 October**.

On **25 October**, amendments to attract and maintain restructuring and insolvency business in the Cayman Islands were contained in the Companies (Amendment) Bill, 2021.

In **November**, the Cayman Islands’ AML regime was rated as compliant or largely compliant with all 40 FATF Recommendations. At the time, out of the more than 200 jurisdictions listed in the FATF’s November 2021 statistics, four G20 countries and three other international financial centres achieved similar ratings.

Minister Ebanks met with the European Commissioner for Financial Services, Financial Stability, and the Capital Markets Union, Mairead McGuinness

Minister Ebanks engaged in a number of positive and substantive meetings with decision-makers within the UK and the EU on a range of matters important to the jurisdiction’s interests and reputation, such as financial services and climate change. The meetings took place around the attendance of the Minister, and His Excellency, Governor Martyn Roper, at the ninth Joint Ministerial Council (JMC) in London the week of **15 November**. Minister Ebanks was well-received by the UK Minister with responsibility for the Overseas Territories, Amanda Milling; the UK Parliament’s All-Party Parliamentary Group for the Cayman Islands Chair, Sir Graham Brady; and the European Commissioner for Financial Services, Financial Stability, and the Capital Markets Union, Mairead McGuinness.



Minister Ebanks also had meetings with several other EU officials regarding Cayman’s financial services industry and the evolving international tax standards, including a virtual discussion with the cabinet of the EU Commissioner for the Economy, Paolo Gentiloni. In addition to the aforementioned meetings, Minister Ebanks made time to attend a Friends of Cayman reception in London, which featured a number of attendees including former Cayman Islands Governor, John Owen, as well as current UK parliamentarians.

Minister Ebanks met with UK Minister with responsibility for the Overseas Territories, Amanda Milling

In 2021, nine pieces of financial services legislation were produced by the Ministry, covering topics including virtual assets, economic substance, and corporate restructuring and insolvency. Eight of these pieces have commenced and the ninth, which was passed in **December 2021**, is expected to commence in 2022. In addition, two pieces of commerce legislation were commenced, relating to liquor licensing, and trade and business licensing fees.

The General Registry Compliance Unit participated in six outreach sessions during **2021**, two of which were held in person and the others on radio and via Zoom. Topics included the NPO registration process, good governance, safe holiday giving and obligations under the NPO Act. Participants included NPOs as well as members of the public.

New components were added to the DITC portal in **2021** to improve user experience, reporting and compliance functions, and on the legislative front, partnerships were included within the scope for economic substance requirements.

DITC and Ministry staff meet with Minister Ebanks



During the year, the DITC took part in industry advisories, industry association presentations; direct engagement with several thousand system users; virtual meetings with industry representatives and ensured the publication on the DITC website of updates, user guides, FAQs, etc.

Home Affairs

Hazard Management Cayman Islands (HMCI)

In **January**, the National Hazard Management Executive (NHME) of the Cayman Islands received a comprehensive familiarisation briefing from the Caribbean Disaster Emergency Management Agency (CDEMA) which outlined the next steps for how Cayman could take advantage from its membership. The session was an opportunity for Cayman’s leaders including the Governor, Martyn Roper, then Premier Alden McLaughlin, the Acting Deputy Governor, Eric Bush, the then Minister for Home Affairs, Tara Rivers, and Hazard Management Cayman Islands Director, Danielle Coleman, to hear findings and recommendations from a comprehensive disaster management audit of the Cayman Islands conducted by CDEMA.

Members of the Cayman Islands Coast Guard (CICG) took part in a three-day training course beginning **9 February**, to learn essential firefighting skills from the CIFS. Sixteen CICG recruits were trained in the proper use of fire extinguishers, the deployment and use of fire hoses, working in confined spaces and the correct technique for lifting and carrying a casualty on a stretcher.

The CIFS facilitated Coastguard training



Twenty-one new HMCIPS recruits commenced basic training on **1 March** and graduated in May. On **11 March**, the staff at HMCIPS were celebrated during an event to mark their exceptional dedication in helping to make Cayman’s communities safer. The event also marked the 40th anniversary of HMCIPS with many of the speeches reflecting on the progress made by the Prison Service and looking to the future. In attendance were His Excellency, the Governor, Martyn Roper; Deputy Governor, Hon. Franz Manderson; and the-then Minister for Home Affairs, Hon. Tara Rivers. Representatives from partner agencies were also present including the Department of Community Rehabilitation, Health Services Authority, Royal Cayman Islands Police Service, Department of Public Safety Communications and the Cayman Islands Fire Service.

HMCIPS staff were honoured in March



Members of staff in each team within the department were recognised for their contributions. During his remarks, Director of Prisons, Steven Barrett highlighted some examples of times officers went above and beyond in the line of duty.

The Deputy Governor presented long service awards to Custody Managers, Claira Range and Richard Barton, both of whom have invested 40 years in the Prison Service.

The DCR celebrated its office relocation with an open house event held on **5 March**. In response to a steady expansion of services offered since its inception in 2003, DCR now operates from a larger fit-for-purpose space in Apollo House East on Mary Street, George Town. The facility provides a safe environment for victims of crime and offenders to receive the necessary support they need to take positive steps forward in their lives. DCR and its clients will now also benefit from being co-located with partner agencies within the building including the Department of Counselling Services and Family Resource Centre. The Director of DCR, Ms. Lisa Malice welcomed guests who included the Governor, Martyn Roper, the Deputy Governor, Franz Manderson and the then Minister for Home Affairs, Tara Rivers on a tour of the department’s new facility.



DCR Director Lisa Malice welcomed Governor Martyn Roper at an Open House



Then Home Affairs Minister Tara Rivers cut the ribbon to declare the new DCR premises open

In **March**, following the positive public response to the Covid-19 national vaccine roll-out, HMCi was invited by the Bermuda Red Cross to speak about Cayman’s experience on their local radio. As part of a joint initiative by BRC and the Bermuda Broadcasting Company, disaster management representatives from around the region discussed the impact of Covid-19 and uptake of the vaccine in their community.

On **11 March**, HMCi took part in the annual CARIBE WAVE Earthquake and Tsunami Simulation Exercise to enhance Cayman’s preparedness for this type of threat.

The Regional Hurricane Committee, which serves North America, Central America and the Caribbean (WMO Regional Association IV), met at its virtual session from **15 to 17 March** (and again in **May**), at which the record-breaking 2020 Atlantic season was reviewed and preparations for 2021 were fine-tuned, including the provision of forecasts and warnings, as well as impact assessments, for wind, storm surge and flooding hazards. The Cayman Islands was represented on this committee by the director General of the Cayman Islands National Weather Service John Tibbetts. He serves as the adviser to Mrs Arlene Laing, Official Delegate to the World Meteorological Organisation for the British Caribbean Territories.

As part of the Government’s broader strategy to modernise the CIFS, Cayman Brac and Little Cayman fire stations benefitted from new equipment and facilities. In **March**, one of the three new Oshkosh Striker aviation fire and rescue trucks was shipped over to Cayman Brac, where it operates at the Charles Kirkconnell International Airport. Then Minister for Home Affairs, Tara Rivers, said significant progress had been made on the Vehicle Replacement Strategy which resulted in the addition of 10 state-of-the-art vehicles to date to the fleet. A programme of renovations and upgrades to the fire stations was implemented and the service-wide approach ensured the inclusion of Cayman Brac and Little Cayman. This enabled the fire truck previously in service at CKIA to be relocated to Little Cayman to replace an older model that has been taken out of service. This interim measure remains in place until two dual-purpose domestic and aviation fire trucks are procured, manufactured and delivered to Little Cayman in 2022. Works to expand the Central and Cayman Brac Fire Stations and vehicle bays progressed in 2021 as well.

The Cayman Brac Fire Service





Cayman Brac saw an upgrade to its fleet

On **1 April**, the DPSC, in partnership with the Public Works Department (PWD), signed a contract with local contractor, Aviation Communication Limited (AvCom) to undertake work on the construction of a new 300ft national public safety communications radio tower in Northward. The completion of this project provided another upgrade to the Cayman Islands public safety communications network, as the existing tower that was past its life expectancy was replaced.

The 2021-2023 HMCIPS Strategic Plan was rolled out in **April**. It includes organisational priorities for the next two years, including:

- i) a People Strategy (essentially a succession plan);
- ii) a Behavioural Competency Framework; and
- iii) a separate staff progression process that will commence a five-year development path for at least two high-potential local staff to increase internal succession capacity.

Plans were underway for two Throughcare Support Officers to begin working with prisoners transitioning from custody back into their communities following their release from prison.

The new Prison Full Business Case was being procured in 2021 and the Offender Management Framework moved ahead, with continued collaboration between the senior leadership of the Prison Service and RCIPS to finalise a clearly defined, multi-agency arrangement to support effective and efficient joint management of offenders in the Cayman Islands to enhance public safety. Active steps were taken to develop appropriate legislation to support this joint working arrangement.

Also in **April**, team members from the DPSC visited Cayman Brac and Little Cayman to conduct presentations to better inform the public about the life-saving role of 911. During their visit, the team provided sessions at schools and civic centres across the islands to promote greater community awareness of when and why to place a 911 call, as well as addressing some common misconceptions about the role of 911 and the various types of response services dispatched. Director of DPSC, Julian Lewis, said they hoped by bringing information about 911 and its vital function to the public it would help to ensure the service is used effectively by persons of all ages in the community.

Caption: The DPSC went to schools on the Brac to talk about the role of 9-1-1



DPSC also replaced the radio bunker building in Cayman Brac to strengthen the national public safety radio system, upgraded computer aided dispatch software, expanded national CCTV programme in Cayman Brac, and upgraded and improved automatic vehicle location (GPS) hardware.

Eighteen volunteers attended the Community Emergency Response Team (CERT) training in **April**, an intensive two-day course, thereby strengthening Cayman’s resilience.

In addition, during the **first half of 2021** the HMCI completed Relief Aid Management, Earthquake and Hazmat Plans; launched Phase II of the National Emergency Notification System (NENS) mobile app; conducted enhanced risk analysis for flooding, sea level rise, storm surge, tsunami wave run up and earthquake threats to better inform the preparedness / mitigation programmes; continued development and expansion of the CERT Programme; and increased involvement in considerations and mitigation activities relating to climate change and rising sea levels in collaboration with stakeholder agencies.

As part of the **2021** regional exercise, HMCI tested the NENS radio interrupt function. In addition, approximately 75 volunteers from the community took part in stress-testing an emergency alert mobile application which is currently in development as part of Phase II of NENS.

Sixty-five CIFS staff were trained by a CAA approved instructor from the UK over a 12-week period in **2021** to ensure that required certifications were current, in addition to the ongoing programme of professionalisation, which continued with the promotion boards for middle and supervisory managers, and plans to progress the selection of a Caymanian Chief Fire Officer (Designate).

APPENDICES

Appendix 1: Human Capital

Recruitment during 2020 was busy with 39 new persons appointed, an increase of 20 per cent which took the Ministry’s total headcount to 503. Headcount across the Ministry at the end of December 2020 is shown below in Table 1: Ministry of Financial Services & Home Affairs – Headcount. Figures 1 to 5 provide a further profile of the staff across the Ministry.

Human Resources

While the General Registry saw an increase to its budget in 2021 over 2020, the additional funds were earmarked for new staff. Vacant posts will be filled in 2022.

Staff increased from 44 to 49. Five posts were created for the Compliance Team, with two Senior Compliance Officers joining the department. Recruitment for the remaining posts of Compliance Officers will be completed during the first quarter of 2022.

Additionally, two Assistant Registrars and a Registry Officer were promoted to Snr Assistant Registrar and Assistant Registrar respectively. All promotions were in respect of the Corporate Unit.

The Department also recruited three Temporary Officers. Two officers were posted to the Corporate Unit and one to the IT Unit. These posts were required to assist with the workload while recruitment for vacant posts continued.

Staff

The DCI increased by four new staff, with two deployed in Licensing within administration and Board functions, as well as one senior and one compliance officer needed to ensure compliance with FATF recommendations.

Legislation

Amendment changes to the following took place in 2021:

- TRADE AND BUSINESS LICENSING ACT (2021 Revision)
- TRADE AND BUSINESS LICENSING (AMENDMENT TO THE SCHEDULE) (TEMPORARY REDUCTION OF FEES) REGULATIONS, 2021
- LIQUOR LICENSING (FEES) (AMENDMENT) REGULATIONS, 2021

Table 1: Ministry of Financial Services & Home Affairs – Headcount

	Actual 2016/17	Actual 2018	Actual 2019	Actual 2020	Actual 2021
Core Ministry (MFSHA)	11	13	11	14	35
Department for International Tax Cooperation (DITC)	8	5	9	18	17
Cayman Islands General Registry (REG)	41	44	45	51	47
Department for Financial Services Policy and Legislation (DFS)	5	5	11	13	
Department of Public Safety Communications (DPSC)	28	25	29	31	
Hazard Management Cayman Islands (HMCI)	10	6	5	6	
Cayman Islands Fire Service (CIFS)	133	126	142	158	
Her Majesty’s Cayman Islands Prison Service (HMCIPS)	149	168	171	169	
Department of Community Rehabilitation (DCR)	40	44	41	43	
Department of Commerce and Investment (DCI)	-	-	-	-	25
TOTAL	425	436	464	503	124

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

Figure 1: Staff Profile by Function

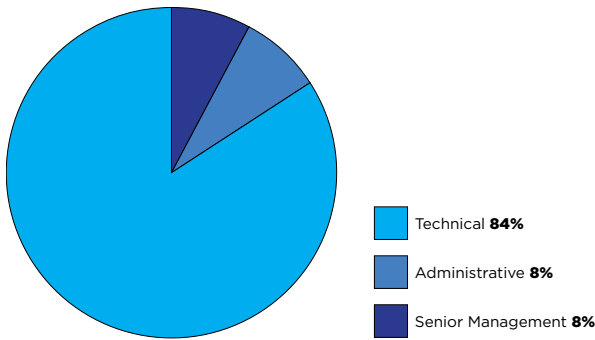


Figure 2: Staff Profile by Age

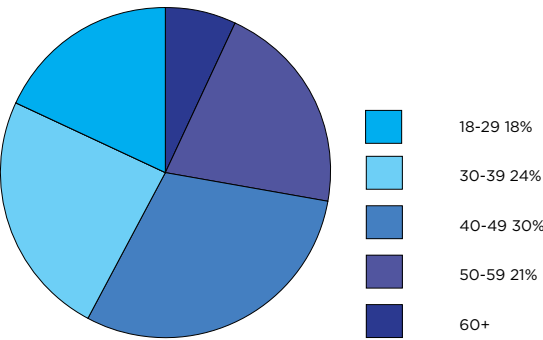


Figure 3: Staff Profile by Years of Service

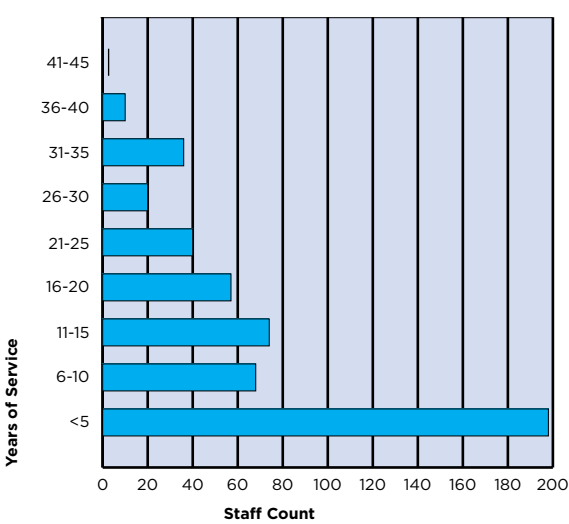


Figure 4: Staff Profile by Gender

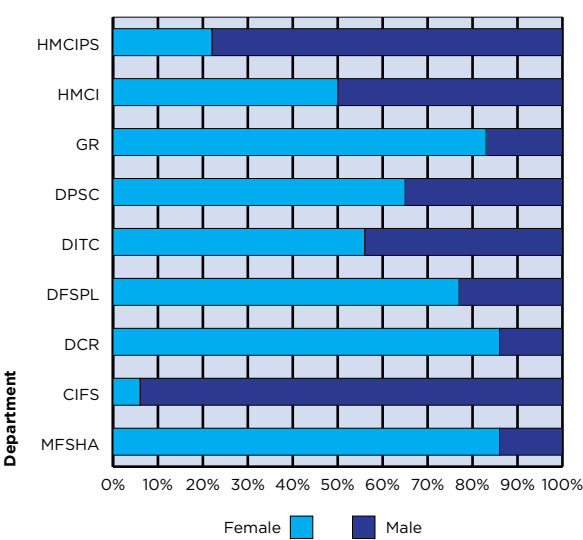
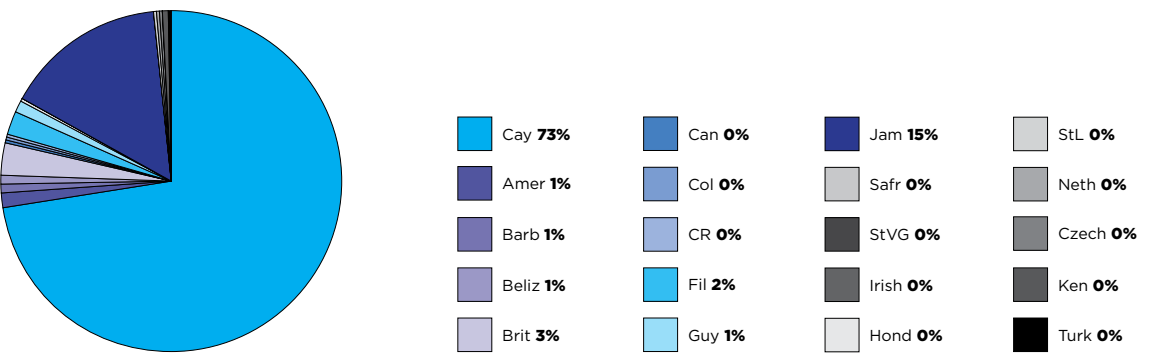


Figure 5: Staff Profile by Nationality



Appendix 2: Legislative Framework

Financial Services²

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

¹ Several acts relating to the work of HMCIPS and DCR that are not directly under the responsibility of the Ministry include: Bail Act, Conditional Release Act, Conditional Release of Prisoners Regulations, Criminal Records (Spent Convictions) Act.

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 (Maritime Labour Convention) (Medical Care) Regulations
Merchant Shipping (Carriage of Packaged Irradiated Nuclear Fuel, etc.) (INF Code) Regulations	Merchant Shipping (Maritime Labour Convention) (Medical Certification) Regulations
Merchant Shipping (Certification of Ships' Cooks) Regulations	Merchant Shipping (Maritime Labour Convention) (Repatriation) Regulations
Merchant Shipping (Certification, Safe Manning, Hours of Work and Watchkeeping) 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
	Secondhand Dealers (Forms) Regulations
Merchant Shipping (Maritime Security) Regulations	Special Economic Zones Act
Merchant Shipping (Means of Access) Regulations	Special Economic Zones (Cayman Enterprise City) Order
Merchant Shipping (Medical Examination) Regulations	Special Economic Zones Regulations
Merchant Shipping (Pleasure Yachts Carrying Passengers) Regulations	Sunday Trading Law
	Sunday Trading Order
Merchant Shipping (Port State Control) Regulations	The Film Exhibition Control Act
	Tobacco Act
Merchant Shipping (Prevention of Collisions and Use of Distress Signals) Regulations	Tobacco Regulations
Merchant Shipping (Registration of Ships) Regulations	Trade and Business Licensing Act
Merchant Shipping (Returns of Births and Deaths) Regulations	Trade and Business Licensing (Appeals) Regulations
Merchant Shipping (Safety of Navigation) Regulations	Trade and Business Licensing (Forms) Regulations
Merchant Shipping (Tonnage) Regulations	Trade and Business Licensing Directions
Merchant Shipping (Vessels in Commercial Use for Sport or Pleasure) Regulations	
Merchant Shipping (Wreck Removal Convention) Regulations	
Music and Dancing (Control) Act	
Permitted Hours Order	

Appendix 3: Good Governance and Transparency

Filing of Reports in Parliament

The following reports were tabled in Parliament:

- December 2021: Annual Report and Audited Financial Statements of the Cayman Islands Monetary Authority for the year ending 31 December 2020
- July 2021: Annual Report and Audited Financial Statements of the Cayman Islands Stock Exchange for the year ending 31 December 2020
- July 2021: Annual Report and Audited Financial Statements of the Auditors Oversight Authority Cayman Islands for the year ending 31 December 2020

Freedom of Information

A total of 20 Freedom of Information requests were received by the Ministry and its entities in 2021, as shown in Table 2: Freedom of Information Requests.

Table 2: Freedom of Information Requests

	Requests 2020	Closed 2020	Requests 2021	Closed 2021
Ministry (MFSHA, DITC, DFS)	4	3	4	4
Cayman Islands General Registry (REG)	0	0	5	4
Cayman Islands Fire Service (CIFS)	5	4	2	2
Her Majesty’s Cayman Islands Prison Service (HMCIPS)	2	2	3	2
Hazard Management Cayman Islands (HMCI)	0	0	0	0
Department of Public Safety Communications (DPSC)	1	1	0	0
Department of Community Rehabilitation (DCR)	0	0	0	0
Cayman Islands Stock Exchange (CSX)	0	0	1	1
Cayman Islands Monetary Authority (CIMA)	3	3	5	5
Auditors Oversight Authority (AOA)	0	0	0	0



GOVERNMENT OF THE CAYMAN ISLANDS

MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS

**FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED
30 JUNE 2021**

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Statement of Cash Flows	8
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MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS
30 JUNE 2021

These financial statements have been prepared by the Ministry of Financial Services and Home Affairs 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 Home Affairs.

As Chief Officer and Chief Financial Officer we are responsible for the preparation of the Ministry of Financial Services and Home Affairs 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).

The financial statements fairly present the financial position, financial performance and cash flows of the Ministry of Financial Services and Home Affairs for the 6 month period ended 30 June 2021.

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

- (a) completely and reliably reflect the financial transactions of the Ministry of Financial Services and Home Affairs for the 6 month period ended 30 June 2021;
- (b) fairly reflect the financial position as at 30 June 2021 and financial performance for the 6 month period ended 30 June 2021;
- (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 - 16 November 2022


Wendy Manzanares
Chief Financial Officer
Date - 16 Nov 2022

AUDITOR GENERAL'S REPORT

To the Members of the Parliament and the Financial Secretary and Chief Officer of the Ministry of Financial Services and Home Affairs

Opinion

I have audited the financial statements of the Ministry of Financial Services and Home Affairs (the "Ministry"), which comprise the statement of financial position as at 30 June 2021 and the statement of financial performance, statement of changes in net assets and statement of cash flow for the period ended 30 June 2021, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 9 to 36.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Ministry as at 30 June 2021 and its financial performance and its cash flows for the period ended 30 June 2021 in accordance with International Public Sector Accounting Standards.

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Ministry in accordance with the International 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.

Emphasis of matter

Management has not prepared the Ministry's financial statements using a going concern basis of accounting. The Ministry was discontinued on 30 June 2021 because of a Government reorganization effective 1 July 2021. This is outlined in note 22 of the financial statements.

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

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

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

AUDITOR GENERAL'S REPORT (continued)

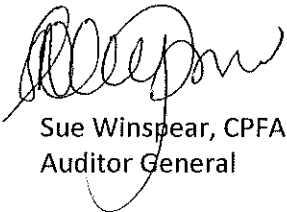
Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



Sue Winspear, CPFA
Auditor General

16 November 2022
Cayman Islands

MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

Prior Year Actual			Current Period Actual	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		Note	\$'000	\$'000	\$'000	\$'000
	Current Assets					
17,430	Cash and cash equivalents	2	16,483	22,367	22,367	5,884
7,983	Trade receivables	3, 15	11,856	4,799	4,799	(7,057)
443	Other receivables	3, 15	1,517	750	750	(767)
177	Inventories	5	109	161	161	52
1,165	Prepayments	4	2,449	-	-	(2,449)
27,198	Total Current Assets		32,414	28,076	28,076	(4,338)
33,212	Property, plant and equipment	6, 15	42,172	62,415	62,415	20,243
613	Intangible assets	6b	148	1,840	1,840	1,693
33,825	Total Non-Current Assets		42,320	64,255	64,255	21,935
61,023	Total Assets	20	74,734	92,331	92,331	17,598
	Current Liabilities					
2,344	Trade payables and accruals	7, 15	1,586	152	152	(1,434)
447	Other payables	7, 15	712	159	159	(553)
2,405	Employee entitlements	8	2,130	2,220	2,220	90
2,769	Surplus payable	15, 21	4,434	-	-	(4,434)
7,965	Total Current Liabilities		8,862	2,531	2,531	(6,331)
7,965	Total Liabilities	20	8,862	2,531	2,531	(6,331)
53,058	Net Assets	20	65,872	89,799	89,799	23,929
	NET ASSETS					
53,058	Contributed capital	15	55,679	90,321	90,321	34,641
-	Revaluation reserve		10,193	-	-	(10,192)
2,769	Accumulated surplus		1,670	(521)	(521)	(2,191)
(2,769)	Repayment of surplus		(1,670)	-	-	1,670
53,058	Total Net Assets		65,872	89,799	89,799	23,929


Dax Basdeo, Ph.D, JP
Chief Officer
Date - 16 November 2022


Wendy Manzanarez
Chief Financial Officer
Date - 16 NOV 2022

The accounting policies and notes on pages 9 to 36 form part of these financial statements.

MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2021

Prior Year Actual			Current Period Actual	Original Budget	Final Budget	Variance (Orig vs actual)
\$'000	Note		\$'000	\$'000	\$'000	\$'000
Revenue						
58,212		Sale of goods and services	31,788	33,039	33,039	1,251
40		Donations	-	-	-	-
58,252	20	Total Revenue	31,788	33,039	33,039	1,251
Expenses						
40,016	10, 15, 16	Personnel costs	21,310	23,115	23,115	1,805
11,741	11, 15	Supplies and consumables	5,841	7,177	7,177	1,336
3,611	6	Depreciation	2,463	2,588	2,588	125
54	6b	Amortisation of intangible assets	23	134	134	111
52	12	Legal fees	39	25	25	(14)
9	13	Losses/(gains) on foreign exchange transactions	(1)	-	-	1
-	13	Loss on Impairment of Assets in progress	443	-	-	(443)
55,483	20	Total Expenses	30,118	33,039	33,039	2,921
2,769		Surplus for the Year/Period	1,670	-	-	(1,670)

The accounting policies and notes on pages 9 to 36 form part of these financial statements.

MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
STATEMENT OF CHANGES IN NET WORTH
FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2021

	Contributed Capital	Revaluation Reserve	Accumulated (deficits)/surplus	Total Net worth	Original Budget	Final Budget	Variance (Orig. vs. Actual)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2020	50,083	-	-	50,083	52,939	52,939	2,856
Changes in net assets for 2020							
Prior year adjustments	-	-	-	-	-	-	-
Balance	50,083	-	-	50,083	52,939	52,939	2,856
Changes in net assets for 2020							
Equity investment from Cabinet	3,019	-	-	3,019	19,062	19,062	16,043
Transfers	-	-	-	-	-	-	-
Prior period adjustment	(44)	-	-	(44)	-	-	44
Capital Withdrawals by Cabinet	-	-	-	-	-	-	-
Net revenue / expenses recognised directly in net worth	2,975	-	-	2,975	19,062	19,062	16,087
Surplus for the year	-	-	2,769	2,769	-	-	(2,769)
Repayment of surplus	-	-	(2,769)	(2,769)	-	-	2,769
Total recognized revenues and expenses for the year	2,975	-	-	2,975	19,062	19,062	16,087
Balance at 31 December 2020	53,058	-	-	53,058	72,001	72,001	18,943
Balance at 1 January 2021 brought forward	53,058	-	-	53,058	72,001	72,001	18,943
Changes in net assets for 2020							
Prior year adjustments	-	-	-	-	-	-	-
Balance	53,058	-	-	53,058	72,001	72,001	18,943
Changes in net assets for 2021							
Equity investment from Cabinet	2,633	-	-	2,633	17,798	17,798	15,165
Asset Revaluation	-	10,193	-	10,193	-	-	(10,193)
Transfers	150	-	-	150	-	-	(150)
Prior period adjustment	(162)	-	-	(162)	-	-	162
Capital withdrawals by Cabinet	-	-	-	-	-	-	-
Net revenue / expenses recognised directly in net worth	2,621	10,193	-	12,814	17,798	17,798	4,984
Surplus for the year	-	-	1,670	1,670	-	-	(1,670)
Repayment of surplus	-	-	(1,670)	(1,670)	-	-	1,670
Total recognized revenues and expenses for the year	2,621	10,193	-	12,814	17,798	17,798	4,984
Balance at 30 June 2021	55,679	10,193	-	65,872	89,799	89,799	23,927

The accounting policies and notes on pages 9 to 36 form part of these financial statements.

MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
STATEMENT OF CASH FLOWS
FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2021

Prior Year Actual			Current Period Actual	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000	Note		\$'000	\$'000	\$'000	\$'000
CASH FLOWS USED/FROM OPERATING ACTIVITIES						
<i>Receipts</i>						
59,989		Outputs to Cabinet	25,022	61,045	61,045	36,023
-		Outputs to other government agencies	-	69	69	69
1,515		Sale of goods and services - third party	493	2,412	2,412	1,919
47		Donations / Grants	-	-	-	-
2,980		Other receipts	1,115	-	-	(1,115)
<i>Payments</i>						
(39,484)		Personnel costs	(12,729)	(44,807)	(44,807)	(32,078)
(12,217)		Supplies and consumables	(15,344)	(13,631)	(13,631)	1,713
(438)		Other payments	(120)	-	-	120
12,392		Net cash flows used/from operating activities	(1,563)	5,089	5,089	6,652
CASH FLOWS FROM INVESTING ACTIVITIES						
(6,645)		Purchase of property, plant and equipment	(3,041)	(17,798)	(17,798)	(14,757)
(443)		Purchase of intangibles	-	-	-	-
(7,088)		Net cash flows from investing activities	(3,041)	(17,798)	(17,798)	(14,757)
CASH FLOWS USED/FROM FINANCING ACTIVITIES						
7,596		Equity investment	3,657	17,798	17,798	14,141
(554)		Repayment of surplus	-	-	-	-
7,042		Net cash flows used/from financing activities	3,657	17,798	17,798	14,141
12,346		Net (decrease)/increase in cash and cash equivalents	(947)	5,089	5,089	6,035
5,086		Cash and cash equivalents at beginning of year	17,430	17,278	17,278	(152)
17,430	2	Cash and cash equivalents at end of year	16,483	22,367	22,367	5,884

The accounting policies and notes on pages 9 to 36 form part of these financial statements.

MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2021

Description and Principal Activities

The Ministry of Financial Services and Home Affairs ("the Ministry") is a Government owned entity as defined by section 2 of the Public Management and Finance Act (2020 Revision) ("the Act") and it is domiciled in the Cayman Islands.

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 2021. The Ministry consists of several departments including General Registry, Department of Financial Services, Department of International Tax Cooperation, Financial Services Administration, Cayman Islands Fire Service, Her Majesty's Cayman Islands Prison Service, Hazard Management Cayman Islands, Department of Community Rehabilitation and Department of Public Safety and Communications.

The Ministry has ceased operations effective 30 June 2021.

Note 1: Significant Accounting Policies

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

There are no known accounting standards that have been adopted by the IPSAS Board for use in future years that will impact these financial statements. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Basis of Preparation

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

The financial statements are prepared from 1 January 2021 to 30 June 2021 and as a result, the comparative figures are for the 12 month period from 1 January 2020 to 31 December 2020 stated in the Statement of Financial Performance, Statement of Changes in Net Worth, Statement of Cash Flows and related notes. The Ministry is reporting 6 months as it ceased operations following the post-election transfers of departments effective 30 June 2021.

The current period and prior period are not directly comparable as the prior period covers 12 months while the current period covers 6 months. The exercise to arrive at a prior period 6-month comparison would have been onerous and impractical and so this was not done.

**MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2021**

Note 1: Significant Accounting Policies (continued)

(a) Basis of Preparation (continued)

Certain new accounting standards have been published. The Ministry's assessments of the impact of these new standards are set out below.

IPSAS 41, Financial Instruments was issued in August 2018 and shall be applied for financial statements covering periods beginning on or after 1 January 2023. IPSAS 41 establishes new requirements for classifying, recognizing and measuring financial instruments to replace those in *IPSAS 29, Financial Instruments: Recognition and Measurement*. It is anticipated that IPSAS 41 will not have a significant impact on the Ministry's financial statements. This will be assessed more fully closer to the effective date of adoption.

IPSAS 42, Social Benefits was issued in December 2018 and shall be applied for financial statements covering periods beginning on or after 1 January 2023. IPSAS 42 defines social benefits and determines when expenses and liabilities for social benefits are recognized and how they are measured. It is anticipated that IPSAS 42 will not have an impact on the Ministry's financial statements, but this will be assessed more fully closer to the effective date of adoption.

Changes in Accounting Policies

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

(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 recognized 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.

**MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2021**

Note 1: Significant Accounting Policies (continued)

(d) Revenue

Revenue is recognized in the accounting period in which it is earned. Revenue received but not yet earned at the end of the reporting period is recognized 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 recognized at fair value of services provided.

(e) Expenses

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

(f) Operating Leases

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

(g) Cash and Cash Equivalents

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

(h) Inventories

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

The amount reported for inventory held for distribution reflects management's estimates for obsolescence or other impairments. Inventories held for sale or use in the production of goods and services on a commercial basis are valued at the lower of cost and net realizable value.

(i) Prepayments

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

MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2021

Note 1: Significant Accounting Policies (continued)

(j) Property, Plant and Equipment

Property, plant and equipment, is stated at historical cost less accumulated depreciation except for land and buildings which are stated at fair value and were revalued as at January 2021. Items of property, plant and equipment are initially recorded at cost. Where an asset is acquired for nil or nominal consideration, the asset is recognized initially at fair value, where fair value can be reliably determined, and as revenue in the Statement of Financial Performance in the year in which the asset is acquired.

Depreciation is expensed on a straight-line basis at rates stipulated below to allocate the cost or valuation of an item of property, plant and equipment (other than land); less any estimated residual value, over its estimated useful life. Leasehold improvements are depreciated either over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is shorter.

<u>Asset Type</u>	<u>Estimated Useful life</u>
• Buildings and structures	5 – 60 years
• Building fit-out (when accounted for separately)	5 – 25 years
• Leasehold improvement	Over the unexpired period of lease or the useful life of the improvement
• Computer equipment	3 – 10 years
• Developed software	4 – 10 years
• Office equipment and furniture	3 – 25 years
• Motor vehicles	3 – 20 years
• Telecommunications	5 – 50 years
• Other equipment	5 – 20 years
• Boats and marine equipment	5 – 25 years
• Water reticulation	5 – 25 years

Disposals

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

**MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2021**

Note 1: Significant Accounting Policies (continued)

(k) Intangible Assets

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

(l) Employee Benefits

Employee entitlements to salaries and wages, annual leave, long service leave, retiring leave and other similar benefits are recognized 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 recognized in the Statement of Financial Performance as they are earned by employees. Obligations for defined benefit retirement plans are centralized in the Government and therefore, reported in the Consolidated Financial Statements for the Entire Public Sector of the Cayman Islands Government.

(m) Financial Instruments

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

Classification

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

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

**MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2021**

Note 1: Significant Accounting Policies (continued)

(m) Financial Instruments (continued)

Recognition

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

Measurement

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

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

De-recognition

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

(n) Contingent Liabilities and Assets (including guarantees)

Contingent liabilities and assets are reported at the point the contingency becomes evident. Contingent liabilities are disclosed when there is a possible obligation or present obligations that may, but probably will not, require an outflow of resources. Contingent assets are disclosed if it is probable that the benefits will be realised.

(o) Foreign Currency

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

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

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

**MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2021**

Note 1: Significant Accounting Policies (continued)

(p) Comparative Figures

Comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.

(q) Revenue from Non-Exchange Transactions

The Ministry receives various services from other government entities for which payment is made by the Cayman Islands Government. These services include but are not limited to accommodation in the central government building, the computer repairs and software maintenance by the Computer Services department and human resources management by the Portfolio of the Civil Service. The Ministry also receives accommodation at the building designated as the Central Fire Station. The Ministry has designated these non-exchange transactions as Services in-Kind as defined under IPSAS 23 – Revenue from non-exchange transactions. When fair values of such services can be reliably estimated then the non-exchange transaction is recorded as an expense and an equal amount is recorded in other income as a service in-kind. Where services in-kind offered are directly related to construction or acquisition of a fixed asset, such service in-kind is recognized 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.

(s) Prior Year Comparative

The financial statements are prepared from 1 January 2021 to 30 June 2021 and as a result, the comparative figures are for the 12 month period from 1 January 2020 to 31 December 2020 stated in the Statement of Financial Performance, Statement of Changes in Net Worth, Statement of Cash Flows and related notes. The Ministry is reporting 6 months as it ceased operations following the post-election transfers of departments effective 30 June 2021.

The current period and prior period are not directly comparable as the prior period covers 12 months while the current period covers 6 months. The exercise to arrive at a prior period 6-month comparison would have been onerous and impractical and so this was not done.

(t) Budget Figures

The unused appropriation in 2020 for Financial Services departments in the amount CI\$2.18 million was carried forward to the 2021 budget year. Of that amount CI\$1.09 million was added to the budget for 2021 to form the original budget for 2021.

MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2021

Note 2: Cash and Cash Equivalents

Cash and cash equivalents include cash on hand; bank accounts in the name of the Ministry of Financial Services and Home Affairs maintained at Royal Bank of Canada and short term deposits invested with the Cayman Islands Government Treasury. As at 30 June 2021 the Ministry held no restricted cash balances (31 December 2020: \$0).

Actual Prior Year	Description	Foreign Currency	Exchange Rate	Actual Current Period	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000		\$'000	\$'000	\$'000	\$'000
16,221	CI \$ Operational Current Account			15,149	22,335	22,335	7,185
502	USD \$ Operational Current Account	470	0.8375	394	32	32	(361)
608	CI \$ Payroll Current Account			938	-	-	(938)
95	KYD-CM-Confirmations			-	-	-	-
4	Cash in Transit			3	-	-	(3)
17,430	TOTAL			16,483	22,367	22,367	5,884

MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2021

Note 3: Trade Receivables and Other Receivables

At year end all overdue receivables have been assessed and appropriate provisions made. The provision for doubtful debts has been calculated based on expected losses for the Ministry and review of specific debtors.

Actual Prior Year	Description	Actual Current Period	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
485	Sale of goods and services	327	592	592	266
4,737	Outputs to Cabinet	9,155	4,206	4,206	(4,948)
3,019	Equity injection funding	2,633	-	-	(2,633)
(258)	Less: Provision for doubtful debts	(258)	-	-	258
7,983	Total trade receivables	11,856	4,799	4,799	(7,058)

Actual Prior Year	Description	Actual Current Period	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
30	Advances (salary, official travel, etc.)	29	-	-	(29)
1	Dishonoured cheques	1	1	1	-
412	Other receivables	1,486	749	749	(738)
443	Total other receivables	1,517	750	750	(767)

As at 30 June 2021 and 31 December 2020, the aging analysis of trade receivables and other receivables are as follows:

Actual Prior Year	Description	Current	Total Current Period	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000	\$'000
-	Current	-	-	-	-	-
7,756	Past due 1-30 days	11,788	11,788	5,333	5,333	(6,455)
484	Past due 31-60 days	326	326	-	-	(326)
-	Past due 61-90 days	-	-	-	-	-
186	Past due 90 and above	1,260	1,260	216	216	(1,044)
8,426	Total	13,374	13,374	5,549	5,549	(7,825)

MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2021

Note 4: Prepayments

Actual Prior Year	Description	Actual Current Period	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
1,165	Accrued prepayments	2,449	-	-	(2,449)
1,165	Total Prepayments	2,449	-	-	(2,449)

Note 5: Inventories

Actual Prior Year	Description	Actual Current Period	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
177	Raw materials	109	161	161	51
177	Total Inventory	109	161	161	51

**MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2021**

Note 6: Property, Plant and Equipment

Cost

Description	Land	Buildings & Leasehold Improvements	Water Reticulation ¹	Other Infra Assets	Vehicles	Aeroplanes	Boats	Furniture & Fittings	Computer Hardware	Office Equipment	Other Plant & Equipment	Other Assets	Assets in Progress	Actual 2020	Original Budget 2020	Variance (Orig vs Actual)
Balance as at 1 January 2020	4,644	12,788	5,440	8,795	1,511	99	745	482	1,673	584	15,218	-	6,965	58,944	59,069	125
Additions	-	789	40	2,110	220	-	-	186	198	41	6,261	74	6,295	16,214	17,419	1,205
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	(12,847)	(12,847)	-	12,847
Balance at 31 December 2020	4,644	13,576	5,480	10,905	1,731	99	745	668	1,871	625	21,479	74	413	62,311	76,488	14,177

Description	Land	Buildings & Leasehold Improvements	Water Reticulation ¹	Other Infra Assets	Vehicles	Aeroplanes	Boats	Furniture & Fittings	Computer Hardware	Office Equipment	Other Plant & Equipment	Other Assets	Assets in Progress	Actual 6 months Jan to Jun 2021	Original Budget 2021	Variance (Orig vs Actual)
Balance as at 1 January 2021	4,644	13,576	5,480	10,905	1,731	99	745	668	1,871	625	21,479	74	413	62,311	76,488	14,177
Additions	-	87	-	111	-	-	55	32	16	11	901	-	28	1,240	15,476	14,236
Revaluation	701	8,697	(5,471)	-	-	-	-	-	-	-	-	-	-	3,927	-	(3,927)
Balance at 30 June 2021	5,345	22,359	9	11,016	1,731	99	800	700	1,887	636	22,380	74	441	67,478	91,964	24,485

MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2021

Note 6: Property, Plant and Equipment (continued)

Accumulated Depreciation and impairment losses

Description	Land	Buildings & Leasehold Improvements	Water Reticulation ¹	Other Infra Assets	Vehicles	Aeroplanes	Boats	Furniture & Fittings	Computer Hardware	Office Equipment	Other Plant & Equipment	Other Assets	Assets in Progress	Actual 2020	Original Budget 2020	Variance (Orig vs Actual)
Balance as at 1 January 2020	-	3,509	2,104	4,187	1,205	26	396	315	1,521	506	11,719	-	-	25,488	23,533	(1,955)
Depreciation expense	-	795	523	1,190	184	6	44	44	117	26	679	4	-	3,612	3,730	118
Balance at 31 December 2020	-	4,304	2,627	5,377	1,389	32	440	359	1,638	532	12,398	4	-	29,100	27,263	(1,837)

Description	Land	Buildings & Leasehold Improvements	Water Reticulation ¹	Other Infra Assets	Vehicles	Aeroplanes	Boats	Furniture & Fittings	Computer Hardware	Office Equipment	Other Plant & Equipment	Other Assets	Assets in Progress	Actual 6 months Jan to Jun 2021	Original Budget 2021	Variance (Orig vs Actual)
Balance as at 1 January 2021	-	4,304	2,627	5,377	1,389	32	440	359	1,638	532	12,398	4	-	29,100	27,263	(1,837)
Depreciation expense	-	913	-	723	81	3	21	17	64	8	617	15	-	2,463	2,286	(178)
Revaluation/Adjustment	-	(3,631)	(2,627)	-	-	-	-	-	-	-	-	-	-	(6,258)	-	6,257
Balance at 30 June 2021	-	1,586	0	6,100	1,470	35	461	376	1,702	540	13,015	19	-	25,306	29,549	4,241
Net Book value 31 December 2020	4,644	9,272	2,853	5,528	342	67	305	309	233	93	9,081	70	413	33,212	49,225	16,013
Net Book value 30 June 2021	5,345	20,773	9	4,916	262	64	340	324	185	96	9,365	55	441	42,172	62,415	20,243

**MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2021**

Note 6: Property, Plant and Equipment (continued)

Asset Revaluation

Property (buildings and structures) were revalued as at the 1 January 2021 by in-house professionals with the exception of specialized buildings which were contracted to independent evaluators and are stated at revalued amounts less accumulated depreciation. Property, plant and equipment, are stated at historical cost less accumulated depreciation. Items of property, plant and equipment are initially recorded at cost.

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

Valuation Methods

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

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

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

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

Valuation Assumptions

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

MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2021

Note 6: Property, Plant and Equipment (continued)

Valuation Assumptions (continued)

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

Where an asset has been valued by Depreciated Replacement Cost (DRC) it is subject to the prospect and viability of the asset continuing to be used for the existing use.

These valuations do not take into account any form of selling or purchase costs, tax (including Stamp Duty), inflation or finance costs. In Cayman, there is no tax on property except for Stamp Duty which is ordinarily required to be paid by a purchaser.

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

Buildings were revalued as an entire class of asset.

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.

Other Plant and Equipment

Other Plant and Equipment includes but is not limited to the various appliances that are owned by the Cayman Islands Fire Service (CIFS) including Tankers, Strikers, Rescue Intervention Vehicles, Ladder Trucks and Trailer Pumps, Jaws of Life, Hydraulic Equipment, Breathing Apparatus, Rescue Saws, etc. In 2019 the CIFS initiated their vehicle replacement strategy which saw the first set of new vehicles being received late in 2020. As the new appliances have been placed into service many of the old appliances are now being retired and rotated out of active service. Other items included in this category across the various departments include Standby Generators, Other specialist and commercial equipment, Bay doors, Ladders etc.

**MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2021**

Note 6: Property, Plant and Equipment (continued)

Other Assets

Other Assets comprises of Public Order Protective Equipment Kits for Her Majesty's Cayman Islands Prison Service as well as the Motorola Radio System and the National CCTV Infrastructure.

Assets in Progress

This includes assets for which deposits have been made but the assets have not yet been received.

Equity Injection

The Equity Injection covered capital expenditure for the 6 month period from January to June 2021. The equity drawdown was approved by the Chief Officer and the Minister. The capital expenditure covered the purchases of computer equipment, vehicles, infrastructure upgrades, CCTV equipment and software systems during the same period.

MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2021

Note 6b: Intangible Assets

Cost

Description	Computer Software	Assets in Progress	Actual 2020	Original Budget 2020	Variance (Orig vs Actual)
Balance as at 1 January 2020	2,330	-	2,330	2,404	74
Additions	145	443	588	2,648	2,060
Balance at 31 December 2020	2,475	443	2,918	5,052	2,134

Description	Computer Software	Assets in Progress	Actual 6 months Jan to Jun 2021	Original Budget 2021	Variance (Orig vs Actual)
Balance as at 1 January 2021	2,475	443	2,918	5,052	2,134
Additions	-	-	-	37	37
Disposals	-	(443)	(443)	-	443
Balance at 30 June 2021	2,475	-	2,475	5,089	2,614

Amortization and impairment losses

Description	Computer Software	Assets in Progress	Actual 2020	Original Budget 2020	Variance (Orig vs Actual)
Balance as at 1 January 2020	2,251	-	2,251	2,477	226
Charge for the year	54	-	54	255	201
Balance at 31 December 2020	2,305	-	2,305	2,732	427

Description	Computer Software	Assets in Progress	Actual 6 months Jan to Jun 2021	Original Budget 2021	Variance (Orig vs Actual)
Balance as at 1 January 2021	2,305	-	2,305	2,732	427
Charge for the year	23	-	23	517	494
Balance at 30 June 2021	2,328	-	2,328	3,249	921

MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2021

Note 6b: Intangible Assets (continued)

Net book value 31 December 2020	170	443	613	2,320	1,707
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Net book value 30 June 2021	148	-	148	1,840	1,692
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The Tax Information Authority (TIA) is the sole dedicated channel in the Cayman Islands for international cooperation on matters involving the provision of tax related information. The TIA is a function of the Department for Tax International Tax Cooperation. The TIA established the AEOI Portal in 2015 to facilitate the automatic exchange of information on certain financial accounts maintained by thousands of Cayman Islands Financial Institutions with other competent authorities pursuant to domestic regulations regarding the US Foreign Account Tax Compliance Act (FATCA) and, since 2017, the OECD Common Reporting Standard (CRS). The AEOI Portal runs on software developed and maintained by Vizor Software, an Irish company. A number of other Competent Authorities also use Vizor's solution for this purpose.

General Registry utilizes a custom developed online Electronic Document Management System, EDMS. EDMS provides workflow management for staff to securely accept, review, manage and archive filings submitted electronically. EDMS is integrated with an Oracle database system, GRSS, which maintains the data for the Cayman Islands' national registers for Companies, Trusts, Partnerships, etc.

Functionality to support online archiving of scanned documents on the Registers was added to EDMS during the financial period of July 2016 to December 2017. Modules were added to allow Non-Profit Organisations (NPO) to manage their registration electronically. Enhancements were also done to allow Resident Companies to self-manage their compliance online including Annual Returns, Shareholder and Beneficial Owner filings with electronic payments through a secure portal called the Cayman Business Portal (CBP). The electronic payments are processed through the CIG RBC merchant account.

Impairment

During the period, \$443 thousand of intangible assets in progress were written off as the software build was discontinued.

MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2021

Note 7: Trade Payables, Other Payables and Accruals

Actual Prior Year	Description	Current	Total Current Period	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000	\$'000
129	Creditors	202	202	152	152	(51)
2,205	Accrued expenses	1,365	1,365	-	-	(1,365)
10	Accrued expenses Ministries/Portfolios	18	18	-	-	(18)
2,344	Total Trades Payables and Accruals	1,586	1,586	152	152	(1,433)
	- Accrued expenses other gov agencies	-	-	145	145	145
185	Payroll deductions	462	462	-	-	(463)
262	Other payables	250	250	14	14	(236)
447	Total Other Payables	712	712	159	159	(553)
2,791	Total	2,298	2,298	311	311	(1,986)

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

Note 8: Employee Entitlements

Actual Prior Year	Description	Actual Current Period	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
Current employee entitlements are represented by:					
667	Comp time	701	72	72	(629)
1,424	Annual leave	1,267	2,148	2,148	880
314	Accrued salaries	161	-	-	(161)
2,405	Total Employee Entitlements	2,130	2,220	2,220	90

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

MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2021

Note 9: Sales of Goods and Services

Actual Prior Year	Description	Actual Current Period	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
55,352	Outputs to Cabinet	30,528	31,799	31,799	1,271
2,860	Fees and charges	1,260	1,241	1,241	(19)
58,212	Total Sales of Goods and Services	31,788	33,039	33,039	1,252

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 2021 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 laws.

No revenue concessions were granted during the 6 months ended 30 June 2021.

Note 10: Personnel Costs

Actual Prior Year	Description	Actual Current Period	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
32,219	Salaries, wages and allowances	16,253	17,457	17,457	1,204
6,031	Health care	3,413	4,608	4,608	1,195
1,592	Pension	867	929	929	62
(111)	Vacation leave and comp time	569	56	56	(514)
285	Other personnel related costs	209	66	66	(143)
40,016	Total personnel costs	21,310	23,115	23,115	1,805

MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2021

Note 11: Supplies and Consumables

Actual Prior Year	Description	Actual Current Period	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
6,386	Purchase of services	3,127	3,346	3,346	219
694	Lease of property and equipment	329	401	401	72
136	Travel and subsistence	66	597	597	532
1,799	Supplies and materials	1,027	1,077	1,077	49
1,498	Utilities	750	821	821	71
91	Interdepartmental expenses	(15)	86	86	102
672	General insurance	384	306	306	(78)
122	Recruitment and training	146	363	363	217
343	Other	28	179	179	151
11,741	Total supplies and consumables	5,841	7,177	7,177	1,336

Note 12: Legal Fees

Actual Prior Year	Description	Actual Current Period	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
52	Legal fees	39	25	25	(14)
52	Total legal fees	39	25	25	(14)

Note 13: (Gains) / Losses

Actual Prior Year	Description	Actual Current Period	Original Budget	Final Budget	Variance (Orig vs Actual)
\$'000		\$'000	\$'000	\$'000	\$'000
-	Loss on impairment of assets in progress	443	-	-	(443)
9	Net (gains)/ losses on foreign exchange transactions	(1)	-	-	1
9	Total losses	442	-	-	(442)

**MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2021**

Note 14: Contingent Liabilities and Assets

The Ministry has no contingent assets as at 30 June 2021. Any contingent liabilities relating to the Ministry as at 30 June 2021 are reported in the consolidated accounts for the Cayman Islands Government.

Note 15: 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 30 June 2021. For the Statement of Financial Position, the actuals for 6 months to 30 June 2021 are being compared to the full 12 month budget for 2021. For the Statement of Financial Performance, the actuals for 6 months to 30 June 2021 are being compared to the budget for 6 months to 30 June 2021.

Statement of Financial Position

Cash and Cash Equivalents

Cash and cash equivalents were \$5.9 million lower than the original budget because some of the output funding and Equity Injection funding from Cabinet were not drawn down within the financial period.

Trade Receivables

Trade receivables were \$7 million higher than the original budget because some of the output funding and Equity Injection funding from Cabinet were not drawn down within the financial period therefore receivable at the end of the period.

Prepayments

Prepayments were \$2.4 million as a result of reclassification of payments made for assets and there was no budget for prepayments as the Ministry did not expect have any significant prepayments for 2021.

Property, Plant and Equipment

The balance is \$20.2 million lower than original budget because the Ministry only spent \$2.6 million in capital during the financial period. Even though there was an increase of \$9.5 million due to a revaluation of assets, the Ministry was still below budget as the comparison is to the full 12 month budget for 2021.

Intangible Assets

The balance is \$1.7 million lower than original budget because the Ministry did not continue with the system build for the Department of International Tax Cooperation during the financial period. There was an impairment of \$443 thousand for the system build that was discontinued. The Ministry was still below budget as the comparison is to the full 12 month budget for 2021.

Trade and Other Payables

The balance is \$2 million higher than budget, largely as a result of the number of invoices raised by vendors in the first 6 months of 2021, which were not received until after 30 June 2021 and had to be accrued at year end.

**MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2021**

Note 15: Explanation of Major Variances against Budget (continued)

Surplus Payable

The balance is \$4.4 million higher than original budget because there was no budget for surplus payable for 2021 as there was no surplus forecasted and also because the surplus for 2020 was not paid as at 30 June 2021.

Contributed Capital

The balance is \$34.6 million lower than budget due to much lower capital expenditure during the period than was originally budgeted. The Ministry only spent \$2.6 million during the financial period also recorded in equity.

Revaluation Reserve

The balance is \$10.2 million due to the revaluation of assets that took place and this was not budgeted for as there was no confirmation at the time of when the revaluation would be completed.

Accumulated Surplus

The balance is \$2.2 million higher than budget as the Ministry does not budget for a surplus.

Some of the differences are also due to the fact that the original budget includes various departments which transferred to another Ministry following the end of the period 30 June 2021.

Statement of Financial Performance

Sale of Goods and Services

The balance is \$1.3 million lower than original budget as the Cabinet Revenue drawn down for the financial year was lower than budget for 2021 due to some agencies not being able to deliver their budgeted outputs in full for the financial period. The variance is also due to the \$1.09 million budget being carried forward from 2020 and added to 2021 to form the original budget \$33 million.

Personnel Costs

Personnel Costs were \$1.8 million lower than original budget as a result of delays in planned recruitment for various departments. Many posts were filled during the financial period, recruitment is ongoing and will continue to ensure that all vacancies are filled. The variance is also due to the \$739 thousand budget being carried forward from 2020 and added to 2021 to form the original budget \$23.1 million.

Supplies and Consumables

The balance is \$1.3 million lower than original budget due reduced expenditure as a result of the pandemic as well as the fact that there was reduced expenditure around the time of the 2021 General Election. The variance is also due to the \$311 thousand budget being carried forward from 2020 and added to 2021 to form the original budget \$7.1 million.

MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2021

Note 16: Related Party and Key Management Personnel

Related Party

The Ministry is a wholly owned entity of the government from which it derives a major source of its revenue. The Ministry and its key management personnel transact with other government entities on a regular basis. These transactions were provided free of cost during the 6 months ended 30 June 2021 and were consistent with normal operating relationships between entities and were undertaken on terms and conditions that are normal for such transactions.

Key management personnel

Total Personnel Costs for the Ministry was \$21.3 million. Key management personnel are also considered to be related parties, and as such received the following remuneration.

Actual Prior Year	Description	Actual Current Period	Original Budget	Final Budget	Variance (Orig vs Actual)	Number of persons
\$'000		\$'000	\$'000	\$'000	\$'000	
3,582	Salaries & other short-term employee benefits	2,109	1,749	1,749	(360)	33
3,582	Total	2,109	1,749	1,749	(360)	33

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

Note 17: Commitments

Operating Commitments	6 mths Jul-Dec21	One to Five Years	Over Five Years	Total	Total 2020
	\$'000	\$'000	\$'000	\$'000	\$'000
Non-cancellable accommodation leases	346	51	-	397	3,430
Appliances for the Cayman Islands Fire Service	2,503	-	-	2,503	2,503
HMCIPS infrastructure upgrade	172	-	-	172	172
DPSC communication tower	930	-	-	930	930
Total operating commitments	3,951	51	-	4,002	7,035

There are non-cancellable accommodation leases totalling \$346 thousand for the 6 month period from July to December 2021.

Several vehicles were purchased by the Cayman Islands Fire Service for which deposits have been made and balance payment of \$2.5 million will fall due in 2021 when the vehicles are delivered.

Her Majesty's Cayman Islands Prison Service has commenced an infrastructure upgrade which is due to be completed in 2021 with a balance payment of \$172 thousand.

**MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2021**

Note 17: Commitments (continued)

The Department of Public Safety has begun the upgrade of the communication tower and is due to be completed in 2021 with a balance payment of \$930 thousand.

After the period ended 30 June 2021, the Cayman Islands Fire Service, Her Majesty's Cayman Islands Prison Service and the Department of Public Safety transferred to another Ministry.

Note 18: Financial Instrument Risks

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

Credit risk

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

Currency and interest rate risk

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

Liquidity risk

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

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

Note 19: Financial Instruments – fair values

As at 30 June 2021 and 31 December 2020, the carrying values of cash and cash equivalents, trade and other receivables, trade payables, accruals and other payables and employee entitlements approximate their fair values due to their relative short-term maturities.

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

MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2021

Note 20: Segment Reporting

	HOME AFFAIRS		FINANCIAL SERVICES		CONSOLIDATED	
	2021	2020	2021	2020	2021	2020
Revenue	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Outputs from Cabinet	24,325	45,912	6,203	9,440	30,528	55,352
Fees and Charges	132	638	1,128	2,222	1,260	2,860
Donations	-	40	-	-	-	40
Total Revenue	24,457	46,590	7,331	11,662	31,788	58,252
Expenses						
Personnel Costs	16,888	32,570	4,422	7,446	21,310	40,016
Supplies & Consumables	4,218	7,996	1,662	3,797	5,880	11,793
Depreciation and Amortization	2,432	3,570	54	94	2,486	3,664
Other Expenses	-	-	442	9	442	9
Total Expenses	23,538	44,136	6,580	11,346	30,118	55,483
Surplus from Operating Activities	919	2,454	751	316	1,670	2,769
Assets						
Current Assets	17,150	17,157	15,264	10,041	32,414	27,198
Non-Current Assets	39,021	33,885	3,299	(59)	42,320	33,825
Total Assets	56,171	51,042	18,563	9,982	74,734	61,023
Liabilities						
Current Liabilities	3,111	3,958	5,751	4,007	8,862	7,965
Total Liabilities	3,111	3,958	5,751	4,007	8,862	7,965
Net Assets	53,059	47,084	12,812	5,975	65,872	53,058

The Ministry reported on two segments of business for the period January to June 2021.

**MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2021**

Note 20: Segment Reporting (continued)

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

Home Affairs is mainly focused on the country's national security and public safety. This segment includes Hazard Management Cayman Islands, the Department of Public Safety Communications, Her Majesty's Royal Cayman Islands Prison Service, Cayman Islands Fire Service, the Department of Community Rehabilitation, and is responsible for providing policy direction and monitoring to ensure the Cayman Islands remains a safe and secure place to live, visit and invest.

Note 21: Surplus Repayment

As at 30 June 2021 the Ministry recorded surplus payable of \$1.67 million. The surplus payable recorded as at 31 December 2020 was \$2.77 million. As per section 39 3 (f) of the Act, the entity shall "retain such part of its net operating surplus as determined by the Minister of Finance". We confirm that as at 30 June 2021, the entity has not been advised that it may retain any operating surplus.

Note 22: Going Concern

As explained in Note 23, the coronavirus outbreak has caused significant disruption in both global and local economies. However, on the basis of management assessment and forecasts, management believes the risk that the Ministry would not be able to meet its obligation as they become due is low. As at 30 June 2021, the Ministry of Financial Services and Home Affairs ceased operations as the following departments along with their assets were transferred out other Ministries: Cayman Islands Fire Service, Her Majesty's Cayman Islands Prison Service, Hazard Management Cayman Islands, Department of Community Rehabilitation and Department of Public Safety and Communications. The remaining departments: General Registry, Department of Financial Services, Department of International Tax Cooperation and Financial Services Administration along with Department of Commerce and Investment were combined to form a new Ministry named Ministry of Financial Services and Commerce effective 1 July 2021.

MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2021

Note 23: Events Occurring after Reporting Date

Following the 2021 General Elections, there was an official restructure of Ministries which resulted in a change of structure of the Ministry. The reorganization resulted in the Home Affairs subjects being transferred out of the Ministry. The Ministry has ceased operations effective 30 June 2021.

The Department of Commerce and Investment was transferred to the newly formed Ministry of Financial Services and Commerce as at 1st July 2021.

Note 24: Explanation of Appropriation Changes

The Ministry is required to comply with the Public Management and Finance Act (2020 Revision) section 9(5). An appropriation lapses at the end of the budget period to which the Act by which the appropriation is granted relates. Unused appropriation in 2020 in the amount \$2.18 million was transferred to the 2021 budget year with \$1.09 million being added to the budget for the 6 month period ended 30 June 2021. The 2020 budget carried forward to the 2021 for the 6 month period ended 30 June 2021 is as follows:

Appropriation Reference Number		Appropriation Name	2020 Budget Carryforward to 2021 for 6mth period ended 30 June 2021
Output Groups	ABS Output		
FSC 20	FSA 1	Ministerial Services & Inter-Agency Cooperation	118,909
FSC 20	FSA 2	Policy Advice and Legislation relating to Financial Services and Home Affairs	400,887
FSC 22	FSS 5	Coordination of Assessments by International Bodies	13,341
FSC 23	TIA 7	Exchange of Information for Tax Purposes	160,951
FSC 23	TIA 8	International Engagement in Tax Matters	156,106
FSC 23	TIA 9	EOI Compliance and Economic Substance	239,889
Total for Ministry FSHA Entity			1,090,083

Note 25: Multi-year Budgets

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

In fiscal year 2020, \$2.18 million in unused expense budgets was carried forward to 2021. A total of \$1.09 million was added to the \$31.949 million of 2021 to form the new original budget of \$33.039 in expenses for 2021 fiscal year.

The revised budget impact is demonstrated below.

MINISTRY OF FINANCIAL SERVICES AND HOME AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2021

Note 25: Multi-year Budgets (continued)

	Original Budget \$'000	Carry over from 2020 \$'000	Revised Budget 2021 \$'000
Revenue			
Sales of goods and services	31,949	1,090	33,039
Total Revenue	31,949	1,090	33,039
Expenses			
Personnel costs	22,376	739	23,115
Supplies and consumables	6,866	311	7,177
Depreciation	2,548	40	2,588
Amortisation	134	-	134
Legal fees	25	-	25
Other Gains and Losses	-	-	-
Total Expenses	31,949	1,090	33,039
Surplus or (Deficit) for the year	-	-	-



GOVERNMENT OF THE CAYMAN ISLANDS

MINISTRY OF FINANCIAL SERVICES AND COMMERCE

**FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED
31 DECEMBER 2021**

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MINISTRY OF FINANCIAL SERVICES AND COMMERCE
STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS
31 DECEMBER 2021

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 6-month period ended 31 December 2021;
- (b) fairly reflect the financial position as at 31 December 2021 and financial performance for the 6-month period ended 31 December 2021;
- (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 – 17 APRIL 2023



Wendy Manzanares
Chief Financial Officer

Date – 17 APRIL 2023

AUDITOR GENERAL'S REPORT

To the Members of Parliament and the Chief Officer of 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 2021 and the statement of financial performance, statement of changes in net worth and cash flows statement for the six (6) month period ended 31 December 2021, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 9 to 28.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Ministry as at 31 December 2021 and its financial performance and its cash flows for the six (6) month period ended 31 December 2021 in accordance with International Public Sector Accounting Standards.

Basis for Opinion

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

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

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

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

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

AUDITOR GENERAL'S REPORT (continued)

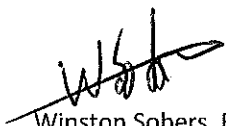
Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



Winston Sobers, FCCA, CFE
Acting Auditor General

17 April 2023
Cayman Islands

MINISTRY OF FINANCIAL SERVICES AND COMMERCE
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

		Current Period Actual \$'000
	Note	
Current Assets		
Cash and cash equivalents	2	22,087
Trade receivables	3, 4	2,101
Other receivables	3, 4	870
Prepayments	4	126
Total Current Assets		25,184
Property, plant and equipment	5	124
Intangible assets	5b	248
Total Non-Current Assets		372
Total Assets		25,556
Current Liabilities		
Trade payables and accruals	6	2,128
Other payables	6	138
Employee entitlements	7	441
Surplus payable		1,229
Total Current Liabilities		3,936
Total Liabilities		3,936
Net Assets		21,620
NET ASSETS		
Contributed capital		21,620
Accumulated surplus/deficit		
Deficit		
Total Net Assets		21,620

See Note 1b and Note 14 in respect to budget comparison.

The accounting policies and notes on pages 9 to 28 form part of these financial statements.

MINISTRY OF FINANCIAL SERVICES AND COMMERCE
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE 6 MONTH PERIOD ENDED 31 DECEMBER 2021

		Current Period Actual	Original Budget	Final Budget	Variance (Orig vs actual)
	Note	\$'000	\$'000	\$'000	\$'000
Revenue					
Sale of goods and services	8, 14	7,622	9,051	10,141	1,429
Total Revenue		7,622	9,051	10,141	1,429
Expenses					
Personnel costs	9, 14, 15	5,805	6,338	7,076	533
Supplies and consumables	10, 14	2,157	2,425	2,736	268
Depreciation	5	47	199	225	152
Amortisation of intangible assets	5b	47	75	90	28
Legal fees	11	4	14	14	10
Losses/(gains) on foreign exchange transactions	12	(1)	-	-	1
Total Expenses		8,059	9,051	10,141	992
Deficit for the period		(437)	-	-	(473)

The accounting policies and notes on pages 9 to 28 form part of these financial statements.

MINISTRY OF FINANCIAL SERVICES AND COMMERCE
STATEMENT OF CHANGES IN NET WORTH
FOR THE 6 MONTH PERIOD ENDED 31 DECEMBER 2021

	Contributed Capital	Accumulated (deficits)/surplus	Total Net worth
	\$'000	\$'000	\$'000
Transfers of departments	21,566	-	21,566
Equity investment from Cabinet	54	-	54
Deficit for the period ended 31 December 2021	-	437	437
Net revenue / expenses recognised directly in net worth	21,620	437	22,057
Surplus/(deficit) payable to Cabinet	-	(437)	(437)
Total recognised revenues and expenses for the year	21,620	-	21,620
Balance at 31 December 2021	21,620	-	21,620

See Note 1b and Note 14 in respect to budget comparison.

The accounting policies and notes on pages 9 to 28 form part of these financial statements.

MINISTRY OF FINANCIAL SERVICES AND COMMERCE
STATEMENT OF CASH FLOWS
FOR THE 6 MONTH PERIOD ENDED 31 DECEMBER 2021

		Current Period Actual	Original Budget	Final Budget	Variance (Orig vs Actual) \$'000
	Note	\$'000	\$'000	\$'000	\$'000
CASH FLOWS USED/FROM OPERATING ACTIVITIES					
<i>Receipts</i>					
Outputs to Cabinet		13,895	7,941	9,031	(5,954)
Outputs to other government agencies		-	69	69	69
Sale of goods and services - third party		35	2,412	2,412	2,377
Donations / Grants		-	-	-	-
Other receipts		1,505	-	-	(1,505)
<i>Payments</i>					
Personnel costs		(4,419)	(6,309)	(7,048)	(1,890)
Supplies and consumables		(5,571)	(2,425)	(2,736)	3,146
Other payments		-	(44)	(42)	(44)
Net cash flows used/from operating activities		5,444	1,644	1,686	(3,801)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(54)	-	-	54
Purchase of intangibles		-	-	-	-
Net cash flows from investing activities		(54)	-	-	54
CASH FLOWS USED/FROM FINANCING ACTIVITIES					
Equity investment		2,982	-	-	(2,982)
Repayment of surplus		(2,769)	-	-	2,769
Net cash flows used/from financing activities		213	-	-	(213)
Net (decrease)/increase in cash and cash equivalents		5,604	-	-	(5,604)
Cash and cash equivalents at beginning of year		16,483	-	-	(16,483)
Cash and cash equivalents at end of year	2	22,087	-	-	(22,087)

The accounting policies and notes on pages 9 to 28 form part of these financial statements.

**MINISTRY OF FINANCIAL SERVICES AND COMMERCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 31 DECEMBER 2021**

Description and Principal Activities

The Ministry, formerly referred to as the Ministry of Financial Services and Home Affairs transitioned to a new entity, the Ministry of Financial Services and Commerce effective 1 July 2021 as a result of the government reorganisation of government ministries and portfolios. The Ministry of Financial Services and Commerce (the “Ministry”) is a Government owned entity as defined by section 2 of the Public Management and Finance Act (2020 Revision) (“the Act”) and it is domiciled in the Cayman Islands. The Ministry consists of several agencies and departments including General Registry, Department of International Tax Cooperation, Financial Services Administration, Department of Commerce and Investment and 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 period ended 31 December 2021.

Note 1: Significant Accounting Policies

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

There are no known accounting standards that have been adopted by the IPSAS Board for use in future years that will impact these financial statements. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Basis of Preparation

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

The financial statements are prepared from 1 July 2021 to 31 December 2021. Since this is the first year of financial reporting on the financial position and operational performance of the Ministry, there is no prior period comparison stated in the financial statements and related disclosure notes.

**MINISTRY OF FINANCIAL SERVICES AND COMMERCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 31 DECEMBER 2021**

Note 1: Significant Accounting Policies (continued)

(a) Basis of Preparation (continued)

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

IPSAS 41, Financial Instruments was issued in August 2018 and shall be applied for financial statements covering periods beginning on or after 1 January 2023. IPSAS 41 establishes new requirements for classifying, recognizing and measuring financial instruments to replace those in *IPSAS 29, Financial Instruments: Recognition and Measurement*. It is anticipated that IPSAS 41 will not have a significant impact on the Ministry's financial statements. This will be assessed more fully closer to the effective date of adoption.

IPSAS 42, Social Benefits was issued in December 2018 and shall be applied for financial statements covering periods beginning on or after 1 January 2023. IPSAS 42 defines social benefits and determines when expenses and liabilities for social benefits are recognised and how they are measured. It is anticipated that IPSAS 42 will not have an impact on the Ministry's financial statements, but this will be assessed more fully closer to the effective date of adoption.

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

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

Changes in Accounting Policies

When presentation or classification of items in the financial statements is amended or accounting policies are changed, comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so. This is the first financial statement of the Ministry, therefore, comparative information is not applicable.

**MINISTRY OF FINANCIAL SERVICES AND COMMERCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 31 DECEMBER 2021**

Note 1: Significant Accounting Policies (continued)

(b) Budget Amounts

The original budget amounts for the period ended 31 December 2021 are as presented in the 2021 Budget Statement and the amounts were rolled up into the Plan and Estimates document which was approved by the Parliament. The budget was prepared based on the accrual accounting concept and the going concern basis.

However, the budget amounts were adjusted to reflect the transfer of departments to the new ministry. Consequently, the original budgets for the departments were adjusted to reflect the unused budget as at 30 June 2021. The original budget amount reflects the unused budget transferred from the Ministry of Financial Services and Home Affairs and the Ministry of Commerce, Planning and Infrastructure. However, whilst budget balances were available for the Statement of Financial Performance, the transferring ministries were unable to disaggregate budget balances in respect to the Statement of Financial Position. Any changes to the original budget are reflected in the final budget. As required by the Act, budgets are presented on the same basis as the financial statements.

(c) Judgments and Estimates

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

**MINISTRY OF FINANCIAL SERVICES AND COMMERCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 31 DECEMBER 2021**

Note 1: Significant Accounting Policies (continued)

(c) Judgments and Estimates (continued)

Revisions to accounting estimates are recognised in the reporting period they are determined and in any future periods that are affected by those revisions.

(d) Changes in Accounting Estimates

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

(e) Revenue

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

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

(f) Expenses

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

(g) Operating Leases

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

(h) Cash and Cash Equivalents

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

(i) Inventories

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

The amount reported for inventory held for distribution reflects management's estimates for obsolescence or other impairments. Inventories held for sale or use in the production of goods and services on a commercial basis are valued at the lower of cost and net realizable value.

(j) Prepayments

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

**MINISTRY OF FINANCIAL SERVICES AND COMMERCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 31 DECEMBER 2021**

Note 1: Significant Accounting Policies (continued)

(k) Property, Plant and Equipment

Property, plant and equipment, is stated at historical cost less accumulated depreciation. Items of property, plant and equipment are initially recorded at cost. Where an asset is acquired for nil or nominal consideration, the asset is 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.

<u>Asset Type</u>	<u>Estimated Useful life</u>
• Computer equipment	3 – 10 years
• Developed software	4 – 10 years
• Office equipment and furniture	3 – 25 years
• Motor vehicles	3 – 7 years
• Other equipment	5 – 20 years

Disposals

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

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

**MINISTRY OF FINANCIAL SERVICES AND COMMERCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 31 DECEMBER 2021**

Note 1: Significant Accounting Policies (continued)

(l) Intangible Assets

Acquired computer software licenses lasting over a year are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. The carrying value of an intangible asset with a finite life is amortized on a straight-line basis over its estimated useful life. Amortization begins when the asset is available for use and ceases at the date that the asset is derecognised or at the end of its useful life. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately (if any) are carried at cost less accumulated impairment losses. Amortization charge for each period is recognised in the Statement of Financial Performance.

(m) Employee Benefits

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

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

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

(n) Financial Instruments

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

Classification

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

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

**MINISTRY OF FINANCIAL SERVICES AND COMMERCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 31 DECEMBER 2021**

Note 1: Significant Accounting Policies (continued)

(n) Financial Instruments (continued)

Recognition

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

Measurement

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

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

De-recognition

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

(o) 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.

(p) Foreign Currency

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

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

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

**MINISTRY OF FINANCIAL SERVICES AND COMMERCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 31 DECEMBER 2021**

Note 1: Significant Accounting Policies (continued)

(q) Comparative Figures

There are no comparative figures as the Ministry of Financial Services and Commerce is a new entity.

(r) Revenue from Non-Exchange Transactions

The Ministry receives various services from other government entities for which payment is made by the Cayman Islands Government. These services include but are not limited to accommodation in the central government building, the computer repairs and software maintenance by the Computer Services department and human resources management by the Portfolio of the Civil Service. The Ministry also receives accommodation at the building designated as the Central Fire Station. The Ministry has designated these non-exchange transactions as Services in-Kind as defined under IPSAS 23 – Revenue from non-exchange transactions. When fair values of such services can be reliably estimated then the non-exchange transaction is recorded as an expense and an equal amount is recorded in other income as a service in-kind. Where services in-kind offered are directly related to construction or acquisition of a fixed asset, such service in-kind is recognised in the cost of the fixed asset. The Risk Management Unit of the Ministry of Finance & Economic Development has absorbed all expenses related to general and motor vehicle Insurance for the year.

(s) 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.

(t) Budget Figures

The unused appropriation in 2020 for Financial Services departments in the amount CI\$2.18 million was carried forward to the 2021 budget year. Of that amount CI\$1.09 million was added to the budget for 2021 to form the original budget for 2021.

MINISTRY OF FINANCIAL SERVICES AND COMMERCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 31 DECEMBER 2021

Note 2: Cash and Cash Equivalents

Cash and cash equivalents include cash on hand; bank accounts in the name of the Ministry of Financial Services and Commerce maintained at Royal Bank of Canada and short-term deposits invested with the Cayman Islands Government Treasury. As at 31 December 2021 the Ministry held no restricted cash balances. The Ministry's unrestricted cash balances were, as presented below.

Description	Foreign Currency	Exchange Rate	Current Period
	\$'000		\$'000
CI \$ Operational Current Account	-	-	21,359
USD \$ Operational Current Account	250	0.8375	209
CI \$ Payroll Current Account	-	-	519
TOTAL			22,087

Note 3: Trade Receivables and Other Receivables

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

Description	Current Period
	\$'000
Sale of goods and services	225
Outputs to Cabinet	2,044
Equity injection funding	54
Less: Provision for doubtful debts	(222)
Total trade receivables	2,101

Description	Current Period
	\$'000
Dishonoured cheques	1
Other receivables	869
Total other receivables	870

MINISTRY OF FINANCIAL SERVICES AND COMMERCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 31 DECEMBER 2021

Note 3: Trade Receivables and Other Receivables (continued)

As at 31 December 2021, the aging analysis of trade receivables and other receivables are as follows:

Description	Current Period
	\$'000
Current	-
Past due 1-30 days	2,098
Past due 31-60 days	224
Past due 61-90 days	-
Past due 90 and above	649
Total	2,971

Note 4: Prepayments

Description	Current Period
	\$'000
Accrued prepayments	104
Travel advances	22
Total Prepayments	126

MINISTRY OF FINANCIAL SERVICES AND COMMERCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 31 DECEMBER 2021

Note 5: Property, Plant and Equipment

Cost

Description	Vehicles	Furniture & Fittings	Computer Hardware	Office Equipment	Other Assets	Current Period
Balance as at 1 July 2021	-	-	-	-	-	-
Additions	23	-	31	-	-	54
Transfers in	106	139	420	63	7	735
Balance at 31 December 2021	129	139	451	63	7	789

Accumulated Depreciation and impairment losses

Description	Vehicles	Furniture & Fittings	Computer Hardware	Office Equipment	Other Assets	Current Period
Balance as at 1 July 2021	-	-	-	-	-	-
Transfers In	89	136	334	52	7	618
Depreciation expense	8	-	36	3	-	47
Balance at 31 December 2021	98	136	370	54	7	665

Net Book value 31 December 2021	31	3	81	9	-	124
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**MINISTRY OF FINANCIAL SERVICES AND COMMERCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 31 DECEMBER 2021**

Note 5: Property, Plant and Equipment (continued)

Impairment

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the period end. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable 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 6 month period from July to December 2021. The equity drawdown was approved by the Chief Officer and the Minister.

MINISTRY OF FINANCIAL SERVICES AND COMMERCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 31 DECEMBER 2021

Note 5b: Intangible Assets

Cost

Description	Computer Software	Current Period
Balance as at 1 July 2021	-	-
Additions	79	79
Transfers In	2,034	2,034
Balance at 31 December 2021	2,113	2,113

Amortization and impairment losses

Description	Computer Software	Current Period
Balance as at 1 July 2021	-	-
Charge for the year	49	49
Transfers In	1,816	1,816
Transfers Out	-	-
Balance at 31 December 2021	1,867	1,867

Net book value 31 December 2021	248	248
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MINISTRY OF FINANCIAL SERVICES AND COMMERCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 31 DECEMBER 2021

Note 6: Trade Payables, Other Payables and Accruals

Description	Current Period	Total Current Period
	\$'000	\$'000
Creditors	213	213
Accrued expenses	1,897	1,897
Accrued expenses Ministries/Portfolios	18	18
Total Trades Payables and Accruals	2,128	2,128
Payroll deductions	82	82
Other payables	56	56
Total Other Payables	138	138
Total	2,266	2,266

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

Note 7: Employee Entitlements

Description	Current Period
	\$'000
Current employee entitlements are represented by:	
Comp time	79
Annual leave	347
Accrued salaries	15
Total Employee Entitlements	441

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

MINISTRY OF FINANCIAL SERVICES AND COMMERCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 31 DECEMBER 2021

Note 8: Sales of Goods and Services

Description	Current Period Actual	Original Budget	Final Budget	Variance (Orig vs Actual)
	\$'000	\$'000	\$'000	\$'000
Outputs to Cabinet	5,696	7,942	9,032	2,246
Fees and charges	1,926	1,109	1,109	(817)
Total Sales of Goods and Services	7,622	9,051	10,141	1,429

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 2021 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 6-month period ended 31 December 2021.

Note 9: Personnel Costs

Description	Current Period Actual	Original Budget	Final Budget	Variance (Orig vs Actual)
	\$'000	\$'000	\$'000	\$'000
Salaries, wages and allowances	4,622	4,852	5,590	230
Health care	822	1,255	1,255	433
Pension	242	252	252	10
Vacation leave and comp time	74	(19)	(19)	(93)
Other personnel related costs	45	(2)	(2)	(47)
Total personnel costs	5,805	6,338	7,076	533

MINISTRY OF FINANCIAL SERVICES AND COMMERCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 31 DECEMBER 2021

Note 10: Supplies and Consumables

Description	Current Period	Original Budget	Final Budget	Variance (Orig vs Actual)
	\$'000	\$'000	\$'000	\$'000
Purchase of services	1,832	1,877	2,188	45
Lease of property and equipment	47	91	91	44
Travel and subsistence	16	34	34	18
Supplies and materials	91	92	92	1
Utilities	24	45	45	21
Interdepartmental expenses	95	74	74	(21)
Recruitment and training	51	202	202	151
Other	1	10	10	9
Total supplies and consumables	2,157	2,425	2,736	268

Note 11: Legal Fees

Description	Current Period	Original Budget	Final Budget	Variance (Orig vs Actual)
	\$'000	\$'000	\$'000	\$'000
Legal fees	4	14	14	10
Total legal fees	4	10	10	10

Note 12: (Gains) / Losses

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

**MINISTRY OF FINANCIAL SERVICES AND COMMERCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 31 DECEMBER 2021**

Note 13: Contingent Liabilities and Assets

The Ministry has no contingent assets as at 31 December 2021. Any contingent liabilities relating to the Ministry as at 31 December 2021 are reported in the consolidated accounts for the Cayman Islands Government.

Note 14: Explanation of Major Variances against Budget

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

Statement of Financial Performance

Sale of Goods and Services

Revenue was \$1.4 million lower than original budget as some agencies of the Ministry were not able to deliver their budgeted outputs in full during the financial period. The variance is also due to the \$1.09 million budget being carried forward from 2020 and added to 2021.

Personnel Costs

Personnel Costs were \$533k lower than original budget as a result of delays in planned recruitment for various departments. Many posts were not filled during the financial period, recruitment is ongoing and will continue to ensure that all vacancies are filled.

Supplies and Consumables

Supplies and consumables were \$268k lower than original budget mainly due to the \$311 thousand budget being carried forward from 2020 and added to 2021.

MINISTRY OF FINANCIAL SERVICES AND COMMERCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 31 DECEMBER 2021

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 6 months period ended 31 December 2021 and were consistent with normal operating relationships between entities and were undertaken on terms and conditions that are normal for such transactions.

Key management personnel

Total Personnel Costs for the Ministry was \$5.8 million. Key management personnel are also considered to be related parties, and as such received the following remuneration.

Description	Actual Current Period	Original Budget	Final Budget	Variance (Orig vs Actual)	Number of persons
	\$'000	\$'000	\$'000	\$'000	
Salaries & other short-term employee benefits	1,600	1,167	1,167	(433)	20
Total	1,600	1,167	1,167	(433)	20

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

Other remuneration and compensation.

The Salaries and employee benefits for Key Management Personnel includes approx. \$75k related to Legal Fees, School Fees and Housing.

Note 16: Commitments

Operating Commitments	One to Five Years	Over Five Years	Total
	\$'000	\$'000	\$'000
Non-cancellable accommodation leases	47	-	47
Total operating commitments	47	-	47

There are non-cancellable accommodation leases totalling \$47 thousand for the 6-month period from July to December 2021.

MINISTRY OF FINANCIAL SERVICES AND COMMERCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 31 DECEMBER 2021

Note 17: Segment Reporting

	FINANCIAL SERVICES	COMMERCE	CONSOLIDATED
	2021	2021	2021
Revenue			
Outputs from Cabinet	4,514	1,182	5,696
Fees and Charges	1,303	623	1,926
Total Revenue	5,817	1,805	7,622
Expenses			
Personnel	4,706	1,098	5,804
Supplies & Consumables	2,047	112	2,159
Depreciation	51	45	96
Total Expenses	6,804	1,255	8,059
Surplus/(deficit) from Operating Activities	(987)	550	(437)
Assets			
Current Assets	24,551	633	25,184
Non-Current Assets	165	207	372
Total Assets	24,716	840	25,556
Liabilities			
Current Liabilities	3,879	57	3,936
Total Liabilities	3,879	57	3,936
Net Assets	20,837	783	21,620

The Ministry reported on two segments of business for the period July to December 2021.

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

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

**MINISTRY OF FINANCIAL SERVICES AND COMMERCE
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Note 18: Financial Instrument Risks

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

Credit risk

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

Currency and interest rate risk

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

Liquidity risk

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

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

Note 19: Subsequent events

Management is not aware of any significant events after the reporting date which will have an impact on the financial statements as at 31 December 2021.



**MINISTRY OF
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AND COMMERCE**
CAYMAN ISLANDS GOVERNMENT

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