GOVERNMENT OF THE CAYMAN ISLANDS

Ministry of Investment, Innovation and Social Development

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by the Ministry of Investment, Innovation and Social Development in accordance with the provisions of the *Public Management and Finance Act (2020 Revision).*

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

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

As Chief Officer and Chief Financial Officer we are responsible for the preparation of the Ministry of Investment, Innovation and Social Development financial statements, representation and judgements made in these statements.

The financial statements fairly present the financial position, financial performance and cash flows of the Ministry of Investment, Innovation and Social Development for the financial year ended 31 December 2022.

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

(a) Completely and reliably reflect the financial transactions of the Ministry of Investment, Innovation and Social Development for year ended 31 December 2022;
(b) fairly reflect the financial position as at 31 December 2022 and performance for the year ended 31 December 2022;
(c) Comply with International Public Sector Accounting Standards as set out by International Public Sector Accounting Standards Board under the responsibility of the International Federation of Accountants. 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.

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.

Tamara Ebanks
Acting Chief Officer

April 30, 2023

Vinton Chinsee
Chief Financial Officer

April 30, 2023

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CAYMAN ISLANDS

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AUDITOR GENERAL'S REPORT

To the Members of Parliament and the Chief Officer of the Ministry of Investment, Innovation and Social Development

Opinion

I have audited the financial statements of the Ministry of Investment, Innovation and Social Development (the "Ministry"), which comprise the statement of financial position as at 31 December 2022 and the statement of financial performance, statement of changes in net worth and cash flow statement for the year ended 31 December 2022, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 9 to 29.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Ministry as at 31 December 2022 and its financial performance and its cash flows for the year ended 31 December 2022 in accordance with International Public Sector Accounting Standards.

Basis for Opinion

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

Emphasis of Matter

As outlined in note 1b of the financial statements, the Cabinet of Ministers authorised the reallocation of $345,000 of the Ministry's 2022 appropriations to the Ministry of Financial Services & Commerce (MFSC) under section 11(5) of the Public Management and Finance Act (2020 Revision) ("PMFA"). The Cabinet of Ministers also authorised a transfer of $100,000 in the Ministry's 2022 appropriations for equity injections to MFSC under the same section of the PMFA. A supplementary Appropriation Bill for the reallocations was not introduced in Parliament by 31 March 2023 as required by section 11(6) of the PMFA.

My opinion is not qualified in respect of this matter.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ministry's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Ministry's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Ministry to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Winston Sobers, FCCA, CFE
Acting Auditor General

30 April 2023
Cayman Islands

MINISTRY OF INVESTMENT, INNOVATION AND SOCIAL DEVELOPMENT
STATEMENT OF FINANCIAL POSITION AS AT 31 December 2022
Expressed in Cayman Islands Dollars

Actual 2021		Note	Actual 2022	Original Budget 2022	Final Budget 2022	Budget Variance
$'000			$'000	$'000	$'000	$'000
	Current Assets					
3,960	Cash and cash equivalents	2	2,216	8,076	8,076	5,860
7,538	Trade receivables	3	12,574	13	13	(12,561)
1,112	Other receivables	3	1,722	75	75	(1,647)
194	Inventories	4	179	-	-	(179)
1,614	Prepayments	5	1,087	81	81	(1,006)
14,418	**Total Current Assets**		**17,778**	**8,245**	**8,245**	**(9,533)**
	Non-Current Assets					
-	Other receivables		36	-	-	(36)
1,436	Intangible assets	7	2,980	2,499	2,399	(481)
8,681	Property, plant and equipment	6	7,269	6,461	6,461	(808)
10,117	**Total Non-Current Assets**		**10,285**	**8,960**	**8,860**	**(1,325)**
24,535	**Total Assets**		**28,063**	**17,205**	**17,105**	**(10,858)**
	Current Liabilities					
3,039	Trade payables	8	79	369	369	290
94	Other payables and accruals	8	1,327	341	341	(986)
227	Unearned revenue	10	182	134	134	(48)
275	Employee entitlements	9	426	74	74	(352)
2,407	Surplus payable	27	6,542	2,507	2,507	(4,035)
6,042	**Total Current Liabilities**		**8,556**	**3,425**	**3,425**	**(5,131)**
6,042	**Total Liabilities**		**8,556**	**3,425**	**3,425**	**(5,131)**
18,493	**Net Assets**		**19,507**	**13,780**	**13,680**	**(5,727)**
	NET WORTH					
18,493	Contributed capital		19,507	13,780	13,680	(5,727)
18,493	**Total Net Worth**		**19,507**	**13,780**	**13,680**	**(5,727)**

The Notes to the Financial Statements on pages 9 to 29 form part of these financial statements.

MINISTRY OF INVESTMENT, INNOVATION AND SOCIAL DEVELOPMENT
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 December 2022
Expressed in Cayman Islands Dollars

Actual 2021		Note	Actual 2022	Original Budget 2022	Final Budget 2022	Budget Variance
$'000			$'000	$'000	$'000	$'000
	Revenue					
17,362	Sale of goods and services	11	39,990	43,164	42,819	3,174
8	Donations	11	160	30	30	(130)
11	Other revenue		45	-	-	(45)
17,381	**Total Revenue**		**40,195**	**43,194**	**42,849**	**2,999**
	Expenses					
11,775	Personnel costs	12	25,439	29,264	29,020	3,825
4,170	Supplies and consumables	13	8,920	11,683	11,587	2,763
714	Depreciation	6	961	1,396	1,396	435
182	Amortisation of Intangible Assets	7	572	535	530	(37)
40	Revaluation legal liability provisions	15	(40)	-	-	40
(7)	Other Gains	16	4	-	-	(4)
243	Losses from derecognition of assets	16	182	-	-	(182)
17,117	**Total Expenses**		**36,038**	**42,878**	**42,533**	**6,840**
264	**Surplus for the period**		**4,157**	**316**	**316**	**(3,841)**

The Notes to the Financial Statements on pages 9 to 29 form part of these financial statements.

MINISTRY OF INVESTMENT, INNOVATION AND SOCIAL DEVELOPMENT
STATEMENT OF CHANGES IN NET WORTH FOR THE YEAR ENDED 31 December 2022
Expressed in Cayman Islands Dollars

	Contributed Capital	Accumulated Surplus/ (deficits)	Total Net worth	Original Budget	Variance (Orig vs Actual)
	$'000	$'000	$'000	$'000	$'000
Balance at 31 December 2020 brought forward	-	-	-	579	579
Changes in net worth for 2021					-
Gain/(loss) on property revaluation	-	-	-	-	-
Ministry Reorganisation	13,947	-	13,947	-	(13,947)
Equity Investment from Cabinet	4,546	-	4,546	7,762	3,216
Surplus payable to Cabinet (restated)	-	(264)	(264)	149	413
Net revenue / expenses recognised directly in net worth	18,493	(264)	18,229	8,490	(10,318)
Surplus/(deficit)for the period 2021	-	264	264	(149)	(413)
Total recognised revenues and expenses for the period	18,493	-	18,493	8,341	(10,731)
Balance at 31 December 2021 carried forward	**18,493**	**-**	**18,493**	**8,341**	**(10,152)**
Balance at 31 December 2021 brought forward	18,493	-	18,493	8,341	(10,152)
Prior Year Adjustments					
Accounting Errors	-	(25)	(25)	-	-
Balance 31 December 2021	**18,493**	**(25)**	**18,468**	**8,341**	**(10,152)**
Changes in net worth for 2021					
Ministry Reorganisation	(12)	-	(12)	-	12
Equity Investment from Cabinet	1,026	-	1,026	5,439	4,413
Surplus payable to Cabinet	-	(4,132)	(4,132)	(316)	3,816
Net revenue / expenses recognised directly in net worth	1,014	(4,132)	(3,118)	5,123	8,241
Surplus/(deficit)for the period 2022	-	4,157	4,157	316	(3,841)
Total recognised revenues and expenses for the period	1,014	25	1,039	5,439	4,400
Balance at 31 December 2022 carried forward	**19,507**	**-**	**19,507**	**13,780**	**(5,752)**

The Notes to the Financial Statements on pages 9 to 29 form part of these financial statements.

MINISTRY OF INVESTMENT, INNOVATION AND SOCIAL DEVELOPMENT
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 December 2022
Expressed in Cayman Islands Dollars

Actual 2021	Description	Note	Actual 2022	Original Budget 2022	Final Budget 2022	Budget Variance
$'000			$'000	$'000	$'000	$'000
	CASH FLOWS FROM OPERATING ACTIVITIES					
	Receipts					
9,901	Outputs to Cabinet		34,746	42,898	42,898	8,152
97	Outputs to other government agencies		183	208	208	25
(11)	Sale of goods and services - third party		(83)	-	-	83
8	Donations / Grants		160	-	-	(160)
11	Other receipts		9	57	57	48
	Payments					
(11,740)	Personnel costs		(25,116)	(29,263)	(29,264)	(4,147)
(1,290)	Supplies and consumables		(8,428)	(11,683)	(11,683)	(3,255)
(432)	Other payments		476	-	-	(476)
(3,456)	**Net cash flows from operating activities**	**18**	**1,947**	**2,217**	**2,216**	**270**
	CASH FLOWS FROM INVESTING ACTIVITIES					
(911)	Purchase of property, plant and equipment		(3,702)	(5,430)	(5,430)	(1,728)
-	Proceeds from sale of property, plant and equipment		11	-	-	(11)
(911)	**Net cash flows from investing activities**		**(3,691)**	**(5,430)**	**(5,430)**	**(1,739)**
	CASH FLOWS FROM FINANCING ACTIVITIES					
3,863	Equity Investment from Org 40		-	5,438	5,438	5,438
4,464	Ministry Reorganisation		-	-	-	-
8,327	**Net cash flows from financing activities**		**-**	**5,438**	**5,438**	**5,438**
3,960	**Net increase/(decrease) in cash and equivalent**		(1,744)	2,225	2,225	3,969
-	Cash and cash equivalents at beginning of period		3,960	5,851	5,851	1,891
3,960	**Cash and cash equivalents at end of period**		**2,216**	**8,076**	**8,076**	**5,860**

The Notes to the Financial Statements on pages 9 to 29 form part of these financial statements.

The Ministry of Investment, Innovation and Social Development (MIISD or the Ministry) is a Government owned entity as defined by section 2 of the *Public Management Finance Act (2020 Revision)* and it is domiciled in the Cayman Islands. The Ministry commenced operations on July 1, 2021, through a combination of Social, Innovation and Investment subject matter from other Ministries including the Ministry of Community Affairs, the Ministry of International Trade, Investment, Aviation and Maritime Affairs, and the Ministry of Commerce and Infrastructure. Its principal activities and operations include all activities carried out in terms of outputs purchased by the Minister as defined in the Annual Plan and Estimates for the Government of the Cayman Islands for the financial period ended 31 December 2022. MIISD is responsible for supporting investments, driving innovation and managing the social programmes of the Cayman Islands Government.

MIISD purpose is to:

- Enhance the reputation of the Cayman Islands;
- Advance the economic and political interests of the government, the people and the business community, and;
- To make Cayman's economy easier to do business with, including acting as a single doorway for potential foreign direct investment.
- Drive innovation in the Cayman Islands

The departments, offices and statutory authorities that fall under MIISD as at 31 December 2022 are:

- Cayman Islands Business Development Center
- Invest Cayman
- the Children and Youth Service Foundation
- The Computer Services Department
- The Egovernment Department
- The Cyber Security Department
- The Department of Children and Family Services
- The Needs Assessment Unit
- The Sunrise Adult Training Center

The Cayman Islands Intellectual Property Office was transferred to the Ministry of Financial Services and Commerce as at July 1, 2022.

Note 1: Significant Accounting Policies

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

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

Certain new accounting standards have been published that are not mandatory for the 31 December 2022 reporting period and have not been early adopted by the Ministry. The Ministry's assessment of the impact of these new standards is 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 in the next financial year.

IPSAS 42, Social Benefits was issued in January 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 in the next financial year.

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 introduces a right-of-use model that replaces the risks and rewards incidental to ownership model in IPSAS 13, Leases. It is anticipated that IPSAS 43 will have a material impact on the Ministry's financial statements, but this will be assessed more fully closer to the effective date of adoption.

IPSAS 44, Non-current Assets Held for Sale and Discontinued Operations was issued in May 2022 and shall be applied for financial statements covering periods beginning on or after 1 January 2025. IPSAS 44 provides guidance on how to account for non-current assets when they are made available for sale on commercial terms; no such guidance existed prior to IPSAS 44. It is anticipated that IPSAS 44 will not have a significant impact on the Ministry's financial statements, but this will be assessed more fully closer to the effective date of adoption.\

These financial statements have been prepared on a going concern basis and 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 except for land and buildings which are measured on the revaluation basis. Unless otherwise stated, all numbers in these financial statements have been rounded to the nearest thousand.

Note 1: Significant Accounting Policies (continued)

Comparative information

The financial statements includes comparative information for all statements presented. 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 year unless it is impracticable to do so. The fiscal period of 2021 was a six month period, therefore, the prior year amounts are not entirely comparable.

(b) Budget amounts

The original budget amounts for the period ended 31 December 2022 reflect those approved in budgets presented in the budget statement for the financial years ended 31 December 2022 and 31 December 2021, which was approved by the Parliament and adjusted for the amounts transferred to the Ministry of Financial Services and Commerce in respect of CIIPO. Any changes to the original budget are reflected in the final budget. Significant variances between actual and budgeted figures are explained in the notes to the financial statements. As required by the PMFA, budgets are presented on the same basis as the annual financial statements. The presentation of the current year financial statements includes a comparison of actual amounts with amounts in the original and final budget.

Cabinet Funding – Sale of Outputs to Cabinet:

Ministry and Appropriation	**Transferred from Ministry of Investment, Innovation and Social Development**	**Transferred to Ministry of Financial Services and Commerce**
Transfers	**$'000**	**$'000**
Investment, Innovation and Social Development		
ITI 1 - International Engagement and Representation of The Cayman Islands	(345)	345
Total	(345)	345
Capital Funding - Equity injection		
Ministry of Financial Services EI		100
EI 78 Investment, Innovation and Social Development	(100)	
Total	(100)	100

Note 1: Significant Accounting Policies (continued)

Final Budget

The final budget includes the transfer of appropriations totalling $345K from ITI 1 and a reduction in EI 78 of $100K approved by Cabinet under section 11(5) of the PMFA. An appropriation bill for the reallocation was not introduced in Parliament by March 31, 2023 as required by section 11(6) of the PMFA.

Cabinet Funding - Sales of Outputs to Cabinet

Appropriation Name	Original Budget	Supplimentary Appropriation	Final Budget
ITI 1 - International Engagement and Rep. of C.I.	7,004	(345)	6,659
ITI 2 - Social Development and Support - Children and Family	19,222		19,222
ITI 3 - Digital services and strategy	16,671		16,671
EI 78 Investment, Innovation and Social Development	5,438	(100)	5,338
Total	48,335	(445)	47,890

(c) Judgments and estimates

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

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the reporting period that they are made and in any future periods that are affected by those revisions. There have been no changes in accounting estimates as defined by IPSAS 3.

(d) Revenue

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

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

(e) Expenses

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

Note 1: Significant Accounting Policies (continued)

(f) Operating leases

Operating lease payments, net of lease incentives received are recognised as an expense on a straight-line basis over the lease term, where this is representative of the pattern of benefits to be derived from the leased property. Lease incentives received are recognised evenly over the term of the lease as a reduction in rental expense.

(g) Cash and cash equivalents

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

(h) Prepayments

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

(i) Property, plant and equipment

Property, plant and equipment, is stated at historical cost less accumulated depreciation except for land and buildings. 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

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

Asset Type	***Estimated Useful life***
• Buildings and structures	10 – 60 years
• Building fit-out (when accounted for separately)	5 – 25 years
• Leasehold Improvement	Over the unexpired period of lease or the estimated useful life of the improvement, whichever is shorter.
• 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

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.

Note 1: Significant Accounting Policies (continued)

Assets under construction
Assets under construction or development are carried ay cost, less any recognised impairment loss. Such assets are classified to the appropriate categories of property, plant and equipment or intangible assets when completed and ready for intended use. Depreciation of these assets (on the same basis as the asset category) commences when the assets are ready for their intended use.

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

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

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

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

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

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

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

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

Note 1: Significant Accounting Policies (continued)

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

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

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

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 expires.

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

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

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

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

Note 1: Significant Accounting Policies (continued)

(o) Revenue from non-exchange transactions

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

Note 2: Cash and cash equivalents

Cash and cash equivalents include cash on hand and bank accounts in the name Ministry of Investment, Innovation and Social Development that are maintained at Royal Bank of Canada in the Cayman Islands. The Ministry's unrestricted cash balances as at 31 December 2022 is presented below. No restricted cash balances were held by the Ministry as at 31 December 2022.

Actual 2021	Description	Foreign Currency December 31, 2022	Exchange Rate	Actual 2022	Original Budget 2022	Final Budget 2022	Budget Variance
		$'000		$'000	$'000	$'000	$'000
3	Cash in transit (IRIS Remittance Account)	-	1	-	-	-	-
756	CI$ Operational Current Account held at Royal Bank of Canada	1,851	1	1,851	9,086	9,086	7,235
3,107	US$ Operational Current Account held at Royal Bank of Canada	158	1	158	-	-	(158)
94	Payroll Current Account held at Royal Bank of Canada	207	1	207	(1,111)	(1,111)	(1,318)
-	Bank Accounts held at other financial institutions	-	1.1803	-	100	100	100
3,960	**Total**			**2,216**	**8,075**	**8,075**	**5,859**

Note 3: Trade receivables and other receivables

At year end all overdue receivables have been assessed. A provision has been provided for all long outstanding debts in accordance with the Ministry's policy for all debtors greater than 60 days.

Actual 2021	Description	Actual 2022	Original Budget 2022	Final Budget 2022	Budget Variance
$'000		$'000	$'000	$'000	$'000
176	Sale of goods and services	216	-	-	(216)
7,362	Outputs to Cabinet	12,425	13	13	(12,412)
-	Less: provision for doubtful debts	(67)	-	-	67
7,538	**Total trade receivables**	**12,574**	**13**	**13**	**(12,561)**

Actual 2021	Other Receivables	Actual 2022	Original Budget 2022	Final Budget 2022	Budget Variance
$'000		$'000	$'000	$'000	$'000
1,112	Other	1,722	75	75	(1,647)
1,112	**Total other receivables**	**1,722**	**75**	**75**	**(1,647)**

The Other receivables in 2022 relates to amounts owing to the Ministry from Cabinet for Equity Injections. Subsequent to the year end a total of $638k has been received.

Note 4: Inventory

Inventory held primarily consists of card readers for use by the National ID programme.

Actual 2021	Description		Actual 2022	Original Budget 2022	Final Budget 2022	Budget Variance
$'000			$'000	$'000	$'000	$'000
194	Inventory held for use in the provision of goods and services	-	179	-	-	(179)
194	**TOTAL INVENTORIES**		**179**	**-**	**-**	**(179)**

Note 5: Prepayments

Prepayments primarily relates to software maintenance and licences prepaid and amortised over the period of its respective contractual agreement.

Actual 2021	Description	Actual 2022	Original Budget 2022	Final Budget 2022	Budget Variance
$'000		$'000	$'000	$'000	$'000
1,614	Accrued Prepayments	1,087	81	81	(1,006)
1,614	**Total Prepayments**	**1,087**	**81**	**81**	**(1,006)**

Note 6: Property, plant and equipment

COST or OPENING VALUATION	Land	Plant & Equipment	Buildings & Leasehold	Furniture & Office Equipment	Computers Hardware	Motor Vehicles	Assets under construction/ development	Total	Original Budget	Final Budget	Budget Variance
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 January 2021	-	-	-	-	-	-	-	-	**476**	**476**	**476**
Ministry Reorganisation	2,235	112	5,576	150	5,250	724	716	14,763	-	-	(14,763)
Additions	-	-	-	6	49	-	919	974	-	-	(974)
Disposals	-	-	(2)	-	(1)	-	(243)	(246)	-	-	246
Transfers	-	-	-	-	(1)	-	-	(1)	11,563	11,563	11,564
Balance as at 31 December 2021	**2,235**	**112**	**5,574**	**156**	**5,297**	**724**	**1,392**	**15,490**	**12,039**	**12,039**	**(3,451)**
Balance as at 1 July 2022	**2,235**	**112**	**5,574**	**156**	**5,297**	**724**	**1,392**	**15,490**	**12,039**	**12,039**	**(3,451)**
Additions	-	-	58	-	593	121	(1,038)	(266)	2,958	2,958	3,224
Disposals	-	-	(530)	-	(645)	(59)	-	(1,234)	-	-	1,234
Transfers	-	-	-	-	(11)	-	-	(11)	-	-	11
Balance as at 31 December 2022	**2,235**	**112**	**5,102**	**156**	**5,234**	**786**	**354**	**13,979**	**14,997**	**14,997**	**1,018**

ACCUMULATED DEPRECIATION	Land	Plant & Equipment	Buildings & Leasehold	Furniture & Office Equipment	Computers Hardware	Motor Vehicles	Assets under construction/ development	Total	Original Budget	Final Budget	Budget Variance
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 July 2021	-	-	-	-	-	-	-	-	126	126	126
Ministry Reorganisation	-	48	1,111	68	4,375	494	-	6,096	5,834	5,834	(262)
Depreciation Expense 2021	-	5	194	11	463	41	-	714	1,203	1,203	489
Eliminate on Disposal or Derecognisation 2021	-	-	-	-	(1)	-	-	(1)	-	-	1
Balance as at 31 December 2021	**-**	**53**	**1,305**	**79**	**4,837**	**535**	**-**	**6,809**	**7,163**	**7,163**	**354**
Balance as at 1 January 2022	-	53	1,305	79	4,837	535	-	6,809	7,163	7,163	354
Disposals	-	-	(351)	-	(642)	(59)	-	(1,052)	-	-	1,052
Transfers	-	-	-	-	(9)	-	-	(9)	(21)	(21)	(12)
Depreciation Expense 2022	-	11	388	18	480	65	-	962	1,396	1,396	434
Balance as at 31 December 2022	**-**	**64**	**1,342**	**97**	**4,666**	**541**	**-**	**6,710**	**8,538**	**8,538**	**1,828**
Net Book value 31 December 2021	**2,235**	**59**	**4,269**	**77**	**460**	**189**	**1,392**	**8,681**	**4,876**	**4,876**	**(3,805)**
Net Book value 31 December 2022	**2,235**	**48**	**3,760**	**59**	**568**	**245**	**354**	**7,269**	**6,459**	**6,459**	**(810)**

Note 7: Intangible Assets

COST or OPENING VALUATION	Computer Software	Assets under construction/ development	Total	Original Budget	Current vs Original
	$'000	$'000	$'000	$'000	$'000
Balance as at 1 January 2021	-	-	-	-	-
Additions	1,018	-	**1,018**	-	**(1,018)**
Disposals/Transfers	-	-	-	5,356	**5,356**
Revaluation	5,358	-	**5,358**	-	**(5,358)**
Balance as at 31 December 2021	**6,376**	**-**	**6,376**	**5,356**	**(1,020)**
Balance as at 1 July 2022	**6,376**	**-**	**6,376**	**5,356**	**(1,020)**
Additions	584	1,548	**2,132**	2,480	**348**
Disposals/Transfers	(333)	-	**(333)**	-	**333**
Balance as at 31 December 2022	**6,627**	**1,548**	**8,175**	**7,836**	**(339)**

ACCUMULATED AMORTISATION	Computer Software	Assets under construction/ development	Total	Original Budget	Current vs Original
	$'000	$'000	$'000	$'000	$'000
Balance as at 1 January 2021	-	-	-	-	-
Ministry Reorganisation 2021	4,758	-	**4,758**	4,372	**(386)**
Depreciation Expense 2021	182	-	**182**	431	**249**
Balance as at 31 December 2021	**4,940**	**-**	**4,940**	**4,803**	**(137)**
Balance as at 1 January 2022	**4,940**	**-**	**4,940**	**4,803**	**(137)**
Ministry Reorganisation adj.	16	-	**16**	-	**(16)**
Amortisation Expense 2022	572	-	**572**	535	**(37)**
Disposals / Transfers	(333)	-	**(333)**	-	**333**
Balance as at 31 December 2022	**5,195**	**-**	**5,195**	**5,338**	**143**
Net Book value 31 December 2021	**1,436**	**-**	**1,436**	**553**	**(883)**
Net Book value 31 December 2022	**1,432**	**1,548**	**2,980**	**2,498**	**(482)**

Note 8: Trade payables, other payables and accruals

Actual 2021	Description	Actual 2022	Original Budget 2022	Final Budget 2022	Budget Variance
$'000		$'000	$'000	$'000	$'000
3,039	Creditors	74	369	369	295
-	Creditors other government agencies	5	-	-	(5)
3,039	**Total Trade Payables**	**79**	**369**	**369**	**290**

Other Payables and Accruals

Actual 2021	Description	Actual 2022	Original Budget 2022	Final Budget 2022	Budget Variance
$'000		$'000	$'000	$'000	$'000
14	Payroll Deductions	176	-	-	(176)
36	Accrued Expenses	1,082	326	326	(756)
44	Accrued Expenses Ministries/Portfolios	44	-	-	(44)
-	Accrued Expenses other government agencies	2	-	-	(2)
-	Inter-entity due to	23	-	-	(23)
-	Other payables	-	15	15	15
94	**Total Other Payables and accruals**	**1,327**	**341**	**341**	**(986)**

Note 9: Employee entitlements

Actual 2021	Description	Actual 2022	Original Budget 2022	Final Budget 2022	Budget Variance
$'000		$'000	$'000	$'000	$'000
	Current employee entitlements are represented by:				
240	Annual Leave	394	57	57	(337)
35	Accrued salaries	32	17	17	(15)
275	**Total current portion**	**426**	**74**	**74**	**(352)**

Note 10: Unearned Revenues

Actual 2021	Description	Note	Actual 2022	Original Budget 2022	Final Budget 2022	Budget Variance
$'000			$'000	$'000	$'000	$'000
	Current Portion					
227	Other unearned revenue		182	134	134	(48)
227	**Total current portion**		**182**	**134**	**134**	**(48)**

While under the Ministry of Education, Sunrise Adult Training Center received $1.35M USD from DART in lieu of land for a new Sunrise Center in 2019. Cabinet mandated that this amount be set aside as required under the agreement for the building of a new Sunrise Adult Training Center. The unearned revenues relating to the Sunrise Adult Training Center does not include this amount as the funds remain with the Ministry of Finance.

Note 11: Sale of Goods and Services

Outputs to Cabinet comprise of services delivered to and services performed on behalf of the Cayman Islands Government.

Actual 2021	Revenue type	Note	Actual 2022	Original Budget 2022	Final Budget 2022	Budget Variance
$'000			$'000	$'000	$'000	$'000
17,263	Outputs to Cabinet		39,809	42,899	42,554	3,090
99	Outputs to other government agencies		181	208	208	27
-	General sales		-	57	57	57
17,362	**Total sales of goods and services**		**39,990**	**43,164**	**42,819**	**3,174**

Actual 2021	Source	Note	Actual 2022	Original Budget 2022	Final Budget 2022	Budget Variance
$'000			$'000	$'000	$'000	$'000
8	**Donations**		160	30	30	(130)
8	**Total Donations**		**160**	**30**	**30**	**(130)**

Donations include gifts and contributions from various private individuals and organisations. These donations primarily support the Department of Children and Family Services, The Sunrise Adult Training Center and the Needs assessment Unit.

Note 12: Personnel costs

Actual 2021	Description	Note	Actual 2022	Original Budget 2022	Final Budget 2022	Budget Variance
$'000			$'000	$'000	$'000	$'000
9,195	Salaries, wages and allowances		19,394	22,201	22,005	2,807
2,154	Health care		4,831	5,694	5,663	863
484	Pension		1,029	1,240	1,229	211
(106)	Leave		152	9	9	(143)
48	Other personnel related costs		33	120	114	87
11,775	**Total Personnel Costs**		**25,439**	**29,264**	**29,020**	**3,825**

Note 13: Supplies and consumables

Actual 2021	Description	Note	Actual 2022	Original Budget 2022	Final Budget 2022	Budget Variance
$'000			$'000	$'000	$'000	$'000
300	Supplies and Materials		772	1,033	1,028	261
2,749	Purchase of services		5,585	7,295	7,254	1,710
364	Lease of Property and Equipment		1,090	1,478	1,478	388
267	Utilities		595	548	543	(47)
-	General Insurance		-	100	100	100
82	Interdepartmental expenses		87	82	82	(5)
44	Travel and Subsistence		45	341	315	296
188	Recruitment and Training		292	620	601	328
4	Provision for Doubtful Debts		67	-	-	(67)
3	Programme Services		12	-	-	(12)
169	Other		375	186	186	(189)
4,170	**Total Supplies & consumables**		**8,920**	**11,683**	**11,587**	**2,763**

Note 14: Finance costs (Bank overdraft)

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

Note 15: Litigation costs

Litigation costs represents anticipated provisions for current ongoing matters being handled by the Solicitor General on the Ministry's behalf.

Note 16: Gain and Losses

Actual 2021	Description	Note	Actual 2022	Original Budget 2022	Final Budget 2022	Budget Variance
$'000			$'000	$'000	$'000	$'000
243	Loss on Derecognition of Assets		182	-	-	(182)
(7)	Net loss on foreign exchange Transactions		4	-	-	(4)
236	**Total gain/ (losses)**		**186**	**-**	**-**	**(186)**

Loss on derecognition of assets in the prior year is as a result of the derecognition of the original plans prepared for a new Sunrise Adult Training Center. The plans as exists was deemed to have no future economic value as they are inconsistent with the new needs and direction of the Ministry. For the current year, this relates to network infrastructure decommissioned to the Brit Cay Building in 2022.

Note 17: Revenue from non-exchange transactions

During the period ended 31 December 2022, the Ministry received services in-kind. The fair value of these services cannot be determined and therefore no other income has been recognized in these financial statements.

Note 18: Reconciliation of net cash flows from operating activities to surplus

Actual 2021	Description	Actual 2022	Original Budget 2022	Final Budget 2022	Budget Variance
$'000		$'000	$'000	$'000	$'000
264	Surplus/(deficit) from ordinary activities	4,157	316	316	(3,841)
	Non-cash movements				
714	Depreciation expense	961	1,931	1,931	970
182	Amortisation of Intangible Assets	572	-	-	(572)
243	Gain/Loss on Derecognition of Asset/Liab	182	-	-	(182)
-	Provision for Doubtful Debt	67	-	-	(67)
(7)	Exchange (Gain)/Loss	4	-	-	(4)
	Changes in current assets and liabilities:				
(7,373)	(Increase)/decrease in trade receivables	(5,146)	-	-	5,146
(419)	(Increase)/decrease in other current assets	334	-	-	(334)
2,880	Increase/(decrease) in trade payables	493	(30)	(30)	(523)
20	Increase/(decrease) in provisions relating to employee costs	323	-	-	(323)
40	Increase/(decrease in provisions for legal & other liabilities	-	-	-	-
(3,456)	Net cash flows from operating activities	**1,947**	**2,217**	**2,217**	**270**

NOTE 19: Commitments

Actual 2021 $'000	Type	One year or less $'000	Two to five Years $'000	Over five Years $'000	Total $'000
	Operating Commitments				
1,929	Non-cancellable accommodation leases	1,261	2,377	3,953	7,591
1,929	**Total Operating Commitments**	**1,261**	**2,377**	**3,953**	**7,591**
1,929	**Total Commitments**	**1,261**	**2,377**	**3,953**	**7,591**

NOTE 20: Related party and key management personnel disclosures

Related party disclosure

The Ministry is a wholly owned entity of the government from which it derives a major source of its revenue. The Ministry and its key management personnel transact with other government entities on a regular basis. These transactions were provided free of cost during the financial period ended 31 December 2022 and were consistent with normal operating relationships between entities and were undertaken on terms and conditions that are normal for such transactions.

Key management personnel

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

Actual 2021 $'000	Number of persons	Description	Actual 2022 $'000	Original Budget 2022 $'000	Budget Variance $'000	Number of persons
881	**12**	Salaries & other short-term employee benefits	1,911	-	(1,911)	**16**
881		Total	**1,911**	**-**	**(1,911)**	

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

NOTE 21: Events occurring after reporting date

There are no subsequent events that occurred after the reporting date that require disclosure.

NOTE 22: Segment Reporting

The Ministry's segment report is prepared on the basis of three distinctive segments. The Investment Segment is focused on attracting external investments to the Cayman Islands. The Innovation Segment is the technology arm of the government and includes those departments supporting the technologies for the other departments including cyber security, government online strategies and technical support for the government. The Social Development segment supports and protects the most vulnerable in society.

Investment $'000	Innovation $'000	Social Development $'000	Actual 2021 $'000	Statement of Financial Position	Note	Investment $'000	Innovation $'000	Social Development $'000	Actual 2022 $'000
				Current Assets					
3,960	-	-	3,960	Cash and cash equivalents	2	2,216	-	-	2,216
3,045	1,871	2,622	7,538	Trade receivables	3	2,179	6,330	4,065	12,574
689	2	421	1,112	Other receivables	3	1,708	7	7	1,722
-	165	29	194	Inventories	4	20	14	145	179
23	1,591	-	1,614	Prepayments	5	22	1,032	33	1,087
7,717	3,629	3,072	14,418	**Total Current Assets**		6,145	7,383	4,250	17,778
				Non-Current Assets					
-	-	-	-	Other receivables		15	-	21	36
-	1,436	-	1,436	Intangible Assets	7	-	2,980	-	2,980
164	2,673	5,844	8,681	Property, plant and equipment	6	97	1,545	5,627	7,269
164	4,109	5,844	10,117	**Total Non-Current Assets**		112	4,525	5,648	10,285
7,881	7,738	8,916	24,535	**Total Assets**		6,257	11,908	9,898	28,063
				Current Liabilities					
45	2,966	28	3,039	Trade payables	8	17	13	49	79
613	(710)	191	94	Other payables and accruals	8	593	485	249	1,327
-	-	227	227	Unearned revenue	10	-	-	182	182
114	(34)	195	275	Employee entitlements	9	65	143	218	426
2,407	-	-	2,407	Surplus Payable	27	6,542	-	-	6,542
3,179	2,222	641	6,042	**Total Current Liabilities**		7,217	641	698	8,556
3,179	2,222	641	6,042	**Total Liabilities**		7,217	641	698	8,556
4,702	5,516	8,275	18,493	**Net Assets**		(960)	11,267	9,200	19,507
				NET WORTH					
4,702	5,516	8,275	18,493	Contributed capital		(960)	11,267	9,200	19,507
4,702	5,516	8,275	18,493	**Total Net Worth**		(960)	11,267	9,200	19,507

NOTE 22: Segment Reporting (continued)

Investment	Innovation	Social Development	2021 Actual	Statement of Financial Performance	Note	Investment	Innovation	Social Development	2022 Actual
$'000	$'000	$'000	$'000			$'000	$'000	$'000	$'000
				Revenue					
2,278	7,157	7,927	17,362	Sale of goods and services	11	6,660	16,446	16,884	39,990
-	-	8	8	Donations		-	-	160	160
-	5	6	11	Other revenue		-	27	18	45
2,278	**7,162**	**7,941**	**17,381**	**Total Revenue**		**6,660**	**16,473**	**17,062**	**40,195**
				Expenses					
1,873	3,255	6,647	11,775	Personnel costs	12	3,612	7,138	14,689	25,439
922	2,189	1,059	4,170	Supplies and consumables	13	1,422	4,919	2,579	8,920
34	459	221	714	Depreciation	6	67	446	448	961
-	182	-	182	Amortisation of Intangible Assets	7	-	572	-	572
-	-	40	40	Revaluation legal liability provisions	15	-	-	(40)	(40)
(7)	-	-	(7)	Other (Gains)/Losses	16	4	-	-	4
-	-	243	243	Losses from derecognition of assets	16	3	179	-	182
2,822	**6,085**	**8,210**	**17,117**	**Total Expenses**		**5,108**	**13,254**	**17,676**	**36,038**
(544)	**1,077**	**(269)**	**264**	**Surplus for the period**		**1,552**	**3,219**	**(614)**	**4,157**

NOTE 23: Transfers to Other Ministries

The Cabinet made a decision to transfer the Cayman Islands Intellectual property Office to the Ministry of Financial Services and Commerce via a section 11(5) supplementary appropriation under the PMFA. This took effect on July 1, 2022.

NOTE 24: Financial instrument risks

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

Credit risk

In the normal course of its business the Ministry is subject to credit risk from debtors other than the Cabinet. 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.

NOTE 24: Financial instrument risks (continued)

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 after being transferred to the Ministry of Investment, Innovation and Social Development.

Note 25: Financial instruments – fair values

As at 31 December 2022, the carrying values of cash and cash equivalents, accounts receivable, accounts payable and employee entitlements approximate their fair values due to their relative short-term maturities.

NOTE 26: Explanation of variances to budget

The Prior period of 2021 represents only the first six months of the newly formulated Ministry. Given this, comparatives between the current and prior period offer limited insight when compared to a full year operation. Most explanation of variances will focus on the actual for 2022 compared to the budget for 2022.

Statement of financial position

The cash and cash equivalents are $5.8m below budget primarily because amount outstanding for Cabinet billing of approximately $12.5m and other receivables of $1.8m. Other receivables is $1.7m above budget due to amount outstanding from Cabinet for equity injections. Prepayments are $1m above budget due to the various software and other licenses in use by the Computer Services Department.

Intangibles are in excess of budget by $$0.5m. The Government signed an Oracle User Licence Agreement which will yield benefits and savings over the next five years for the government. This opportunity of the User Licence agreement will yield significant savings in the foreseeable future. Property plant and equipment is in excess of budget by $0.8m. Most of this overage was attributable to leasehold upgrades to the NAU leasehold as well as technological upgrades in the Innovation Division.

Other payables and accruals is $1.0m over the budget due to credit arrangements and timing of amounts owing by the technology division. Unearned revenues comprises of unspent donations to the Sunrise Adult Training Center and the Department of Children and Family Services. The amount represents unspent donations received by the Departments. Employee Entitlements consists of untaken leave and other liabilities to staff. The actual for December 2022 is $0.4m above budgeted. Surplus payable is in excess by $4.0m due to a delay in paying over the surplus prior to 2022 to Cabinet. Trade payables are $290k in excess of the original budget. This is primarily a timing difference as those payments were made after the fiscal year end.

Statement of financial performance
Revenues
The Ministry primarily earns revenues to cover expenses by Cabinet appropriations. The total revenues was $3.2m below budget due to shortfall in outputs in the Social Division.

Expenses
Personnel costs were in aggregate $3.8m below budget for the 2022 fiscal year. This is primarily as a result of a number of vacancies across the Ministry. Supplies and Consumables was below actual by $2.8m as a result of underspending as projects slipped in the technology division and the investment portfolio including the Ministry office initiatives accounted the bulk of this. Depreciation was below budget due to slippages in the spend on Property, plant and equipment. Of the anticipated spend of approximately $5m only $1m was realised.

The loss from derecognition of assets of $182k is as a result of the disposal of network infrastructure to the Britcay building which are no longer being used by the Government.

NOTE 27: Surplus repayment
Pursuant to Section 39 (3) (f) of the *Public Management and Finance Act (2020 Revision)* any net surplus is transferred to surplus repayable. The Ministry therefore recorded $4.2m for 2022 as a surplus payable to Cabinet in the 2022 fiscal period.

NOTE 28: Capital Commitments
During the year the Ministry entered into two significant contractual agreements in relation to software development and tools. The total of these two contracts amounted to $2.6Mil. Included in WIP is an amount of $462K of the total amount that has been incurred to date.

NOTE 29: Budget Period
The government operates a budget period of appropriation covering two financial years. Under section 9(5) of the Public Management Finance Act (2020 Revision), an appropriation lapses at the end of the period, meaning the end of the two-year budget cycle.
Accordingly, under section 9(5) of the said Act, funds can be brought forward from the second year of the budget period to supplement the first year in that same budget period. The funds so transferred are added to the original budget of the first year to form the revised budget of that year. As a consequence, the budget allocation of the second year will be reduced by the amounts brought forward to the first budget period.
Conversely unused budget at the end of the first year can be carried forward to the second year, where required, to execute agreed outputs for the Cabinet. Such amounts are added to the budget of the second year to form the revised budget for that year.
The current budget period covers 2022 and 2023.
At the end of 2022, $6.84m of unused budget was carried forward to supplement the 2023 original operating budget and $4.4m of unused capital budget was carried forward to supplement the 2023 equity injection budget for capital projects.