

AUDITED FINANCIAL STATEMENTS

For the financial year ended
31 December 2024

PORT AUTHORITY OF THE CAYMAN ISLANDS

Audited Financial Statements

For the financial year ended 31 December 2024



Financial Statements of the

**PORT AUTHORITY OF THE
CAYMAN ISLANDS**

31 December 2024

**FINANCIAL STATEMENTS OF THE
PORT AUTHORITY OF THE CAYMAN ISLANDS**

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Statement of Responsibility for the Financial Statements

These financial statements have been prepared by the Port Authority of the Cayman Islands in accordance with International Financial Reporting Standards.

We accept responsibility for the accuracy and integrity of the financial information in these financial statements and their compliance with International Financial Reporting Standards.

As Port Director, 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 act, and properly record the financial transactions of the Port Authority of the Cayman Islands.

As Port Director and Deputy Port Director - Finance, and Board Chairman, we are responsible for the preparation of the Port Authority of the Cayman Islands financial statements and for the judgements made in them.

The financial statements fairly present the financial position, comprehensive income and cash flows of the Port Authority of the Cayman Islands for the financial year ended 31 December 2024.

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

- (a) Completely and reliably reflect the financial transactions of Port Authority of the Cayman Islands for the year ended 31 December 2024;
- (b) Fairly reflect the financial position as at 31 December 2024 and performance for the financial year ended 31 December 2024.
- (c) Comply with International Financial Reporting Standards as set out by the International Accounting Standards Board under the responsibility of the International Federation of Accountants.

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.

Handwritten signature of Paul Hurlston in blue ink.

Paul Hurlston
Port Director
30th April 2025

Handwritten signature of Don Hutchinson in black ink.

Don Hutchinson
Deputy Port Director - Finance
30th April 2025

Handwritten signature of Cline Glidden Jr. in black ink.

Cline Glidden Jr.
Chairman of the Board
30th April 2025



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AUDITOR GENERAL'S REPORT

To the Board of Directors of the Port Authority of the Cayman Islands

Opinion

I have audited the financial statements of the Port Authority of the Cayman Islands (the "Authority"), which comprise the statement of financial position as at 31 December 2024 and the statement of comprehensive income, statement of cash flows and statement of changes in equity for the year ended December 2024, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 8 to 44.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at 31 December 2024 and its financial performance and its cash flows for the year ended 31 December 2024 in accordance with International Financial Reporting 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 Authority 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 Financial Reporting 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 Authority'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 Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority'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 Authority'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 Authority'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 Authority 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.



Patrick O. Smith CPA, CFE
Acting Auditor General

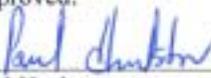
30 April 2025
Cayman Islands

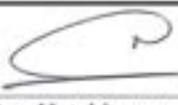
PORT AUTHORITY OF THE CAYMAN ISLANDS
Statement of Financial Position

As at 31 December 2024
(Stated in Cayman Islands dollars)

	Note	December 2024 \$	December 2023 \$
ASSETS			
Current Assets			
Cash and cash equivalents	4(a)	18,730,565	13,386,416
Accounts receivable (net)	4(b)	2,387,922	1,977,859
Inventory	4(c)	1,821,950	1,884,748
Prepaid expenses	4(d)	349,835	174,070
Other receivables and deposits	4(e)	152,276	124,116
Total Current Assets		23,442,548	17,547,209
Non-Current Assets			
Property, plant and equipment			
Land- freehold	5	41,625,000	41,625,000
Docks and buildings	5	19,505,568	20,503,405
Other fixed assets	5	6,751,292	6,988,844
Work in progress	5, 8	95,312	67,412
Total property, plant and equipment		67,977,172	69,184,661
Right of use land and warehouses	6	540,281	426,579
Investment property	7, 9	9,100,000	9,000,000
Total Non-Current Assets		77,617,453	78,611,240
TOTAL ASSETS		101,060,001	96,158,449
LIABILITIES and EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	10	2,522,526	2,180,273
Total Current Liabilities		2,522,526	2,180,273
Non-Current Liabilities			
Lease liability	6	542,834	431,935
Defined benefit liability	11	45,376,000	39,445,000
Total Non-Current Liabilities		45,918,834	39,876,935
TOTAL LIABILITIES		48,441,360	42,057,208
RETAINED EARNINGS		15,180,267	16,662,867
ASSET REVALUATION RESERVE	3(d)	37,438,374	37,438,374
		52,618,641	54,101,241
TOTAL LIABILITIES and EQUITY		101,060,001	96,158,449

Approved:


Paul Hurlston
Port Director
30th April 2025


Don Hutchinson
Deputy Port Director - Finance
30th April 2025

The accompanying notes on pages 8-44 form an integral part of these financial statements.

PORT AUTHORITY OF THE CAYMAN ISLANDS
Statement of Comprehensive Income

For the financial year ended 31 December 2024
(Stated in Cayman Islands dollars)

	Note	December 2024 \$	December 2023 \$
OPERATING REVENUE			
Cargo handling	16	25,698,048	21,429,933
Cruise ship passenger fees	17	6,213,539	3,146,044
Maritime services	18	1,374,593	1,277,909
Rental income	24	1,293,363	1,292,968
Other income	19	385,724	286,178
Diesel sales	20	107,872	150,804
Total Operating Revenue		35,073,139	27,583,836
OPERATING EXPENSES			
Staff costs	21	19,130,027	17,340,962
Repairs and maintenance	23	3,477,104	2,006,982
Contracted services	22	2,594,607	2,230,613
Depreciation	5	1,989,336	2,085,220
Insurance	13(a)	887,386	596,179
Utilities		755,486	727,653
Stationery, supplies & computer supplies		420,330	397,757
Diesel		448,234	485,296
Travel, conventions & training		233,258	158,773
Miscellaneous	25	207,292	161,988
Board expenses and fees	13(d)	127,961	141,871
Bad Debt		298,947	206,828
Advertising and entertainment		70,007	103,073
Finance charges		27,752	25,751
Claims		22,291	33,049
Fleet licenses		20,530	19,876
Rent		-	275
Total Operating Expenses		30,710,548	26,722,146
GROSS OPERATING PROFIT		4,362,591	861,690
OTHER INCOME/EXPENSES			
Interest income		206,413	50,110
Loss on disposal of fixed assets		(4,697)	-
Defined benefit expense – post-employment health care	11	(3,879,000)	(2,868,000)
Total Other Expenses		(3,677,284)	(2,817,890)
NET PROFIT/(LOSS)		685,307	(1,956,200)
OTHER COMPREHENSIVE LOSS:			
Remeasurements of defined benefit obligation:			
Effect of changes in financial assumptions	11	(2,386,000)	(948,000)
Gain/(Loss) on revaluation of investment property	9	100,000	(226,000)
TOTAL COMPREHENSIVE LOSS		(1,600,693)	(3,130,200)

The accompanying notes on pages 8-44 form an integral part of these financial statements.

PORT AUTHORITY OF THE CAYMAN ISLANDS
Statement of Cash Flows

For the financial year ended 31 December 2024
(Stated in Cayman Islands dollars)

	Note	December 2024 \$	December 2023 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Comprehensive loss		(1,600,693)	(3,130,200)
Adjustments to reconcile comprehensive loss to net cash generated			
Defined benefit expense		6,265,000	3,816,000
Depreciation	5	1,989,336	2,085,220
Bad debts	4(b)	298,947	206,828
Loss on disposal of fixed assets		4,697	-
Loss / (Gain) on revaluation of investment property	7, 9	(100,000)	226,000
Prior period adjustments		(220,395)	-
Defined benefit payments		334,000	260,000
Net changes in working capital			
Accounts receivable		(601,919)	(137,074)
Inventory		62,798	(610,663)
Prepaid expenses		(175,765)	5,486
Other receivables and deposits		(28,160)	(16,224)
Accounts payable and accrued expenses		342,253	(1,219,895)
Net Cash Provided by Operating Activities		6,570,099	1,485,478
CASH FLOWS USED IN INVESTING ACTIVITIES			
Procurement of property, plant and equipment	5	(659,159)	(159,038)
Construction in progress	5	(27,900)	-
Proceeds from insurance settlement		(98,720)	-
Net Cash Used in Investing Activities		(785,779)	(159,038)
CASH FLOWS USED IN FINANCING ACTIVITIES			
Defined benefit payment for active enrolees	11	(334,000)	(260,000)
Principal lease payments		(106,171)	(104,295)
Net Cash Used in Financing Activities		(440,171)	(364,295)
Net increase in cash and cash equivalents		5,344,149	962,145
Cash and cash equivalents at the beginning of the year	4(a)	13,386,416	12,424,271
Cash and cash equivalents at the end of year	4(a)	18,730,565	13,386,416

The accompanying notes on pages 8-44 form an integral part of these financial statements.

PORT AUTHORITY OF THE CAYMAN ISLANDS
Statement of Changes in Equity

For the financial year ended 31 December 2024
(Stated in Cayman Islands dollars)

	Retained Earnings	Revaluation Reserve	Total
Beginning balance 1 January 2023	19,417,384	37,438,374	56,855,758
Prior year adjustments:			
Payments made on defined obligation for the current beneficiaries	260,000	-	260,000
Net corrections	115,683*	-	115,683
Total comprehensive income	(3,130,200)	-	(3,130,200)
Ending balance 31 December 2023	16,662,867	37,438,374	54,101,241
Beginning balance 1 January 2024	16,662,867	37,438,374	54,101,241
Prior year adjustments:			
Payments made on defined obligation for the current beneficiaries	334,000	-	334,000
Net corrections	(215,907)*	-	(215,907)
Total comprehensive loss	(1,600,693)	-	(1,600,693)
Ending balance 31 December 2024	15,180,267	37,438,374	52,618,641

The accompanying notes on pages 8-44 form an integral part of these financial statements.

** This amount mainly consists of adjustments for insurance \$193,141, closing of prior year accounts receivable and accounts payable \$41,980 and audit fee write off (\$6,074) (2023: backpay over accrual \$82,633 and loss on disposal for previous year transactions \$33,050).*

PORT AUTHORITY OF THE CAYMAN ISLANDS

Notes to the Financial Statements

For the financial year ended 31 December 2024

(Stated in Cayman Islands dollars)

1. Establishment and principal activities

The Port Authority of the Cayman Islands (the “Port Authority”) is a statutory body established on September 15, 1976 under the *Port Authority Act*. This Act was revised in 1999. The Port Authority is also governed by the *Port Regulations (2020 Revision)* and the *Public Authorities Act (2020 Revision)*.

The Port Authority is engaged in the management of the maritime affairs of the Cayman Islands. This includes:

- general management and control of all ports;
- establishment and control of lighthouses and day markers;
- establishment and control of berths;
- provision, maintenance, and control of cranes, launches, lighters, rafts, trucks, capstans, winches, windlasses, bollards, and other machinery, apparatus, tackle and gear used in ports and territorial waters for the securing, loading, unloading and maintenance of vessels;
- establishment, maintenance and control of transit sheds, offices, and all other buildings in ports other than buildings under the control of the Collector of Customs, the Chief Immigration Officer or the Chief Medical Officer;
- general supervision of territorial waters, and of vessels and wrecks located therein;
- loading and unloading of vessels;
- establishment and supervision of safety measures in respect of vessels or classes of vessels in ports and in territorial waters;
- enforcement of the Port Authority Act and the Regulations;
- inspection of vessels for the purpose of checking and enforcing compliance with the Port Authority Act.

As at 31 December 2024, the Port Authority had 184 employees (2023: 176 employees). The Head Office is located at the Port Authority Building on 113 Seafarers Way, P.O. Box 1358 GT, Grand Cayman whereas Cargo Distribution Centre and Billing Office are situated at 110 Portland Road, GT, Grand Cayman. The Port Authority also has a branch at 385 Creek Road, P.O. Box 9, Cayman Brac.

2. Statement of compliance and basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board.

The financial statements of the Port Authority have been prepared on an accrual basis under the historical cost convention. The reporting currency is Cayman Islands Dollars and figures presented have been rounded to the nearest dollar. Investment Property and Right of Use for leases are reported at fair value.

3. Significant accounting policies

The principal accounting policies adopted by the Port Authority are as follows:

(a) Changes in accounting policies

The Port Authority recognizes the effects of changes in accounting policy retrospectively. When presentation or classification of items in the financial statements are amended or accounting policies are changed, corresponding figures are restated to ensure consistency with the current period unless it is impractical to do so.

PORT AUTHORITY OF THE CAYMAN ISLANDS
Notes to the Financial Statements

For the financial year ended 31 December 2024
(Stated in Cayman Islands dollars)

3. Significant accounting policies (continued)

(b) Use of estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the year. Actual results may differ from these estimates.

(c) Financial instruments

The Port Authority adopted IFRS 9 effective January 1, 2018. IFRS 9 supersedes IAS 39, Financial Instruments-Recognition and Measurement (IAS 39). IFRS 9 establishes principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of the financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.

(i) Recognition and Derecognition

The Port Authority recognizes financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when control over the contractual rights to receive cash flows and benefits related to the financial assets are transferred and/or substantially all the risk and rewards of ownership had been given to another party. Financial liabilities are derecognized when obligations under the contract expire and are discharged or cancelled.

(ii) Classification and Measurement

Under IFRS, financial assets and financial liabilities are initially measured at fair value, with subsequent measurement determined in line with their classification. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss ("FVTPL") are recognized immediately in the profit or loss.

The Port Authority classifies its financial assets (subsequently) in the following specified categories:

- Amortized cost;
- Financial assets at fair value through other comprehensive income (FVTOCI)
- Financial assets at fair value through profit or loss (FVTPL)

Amortized cost: Financial assets are measured at amortized cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. Financial assets at amortized cost include cash and cash equivalents, accounts receivable, other receivables and deposits.

PORT AUTHORITY OF THE CAYMAN ISLANDS

Notes to the Financial Statements

For the financial year ended 31 December 2024

(Stated in Cayman Islands dollars)

3. Significant accounting policies (continued)

Financial assets at fair value through other comprehensive income (FVTOCI): Financial assets are measured at FVTOCI if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flow and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. The Port Authority does not currently have any financial assets measured subsequently at fair value.

Financial assets at fair value through profit or loss (FVTPL): Financial assets are measured at FVTPL unless they meet the criteria above to be measured at amortized cost or FVTOCI.

The following table presents the types of financial instruments held by the Port Authority within each financial instrument classification under IAS 39 and IFRS 9:

	IAS 39		IFRS 9
	Classification	Measurement basis	Classification & Measurement basis
Financial Assets:			
Cash and cash Equivalents	Loans and Receivables	Amortized Cost	Amortized Cost
Accounts and other receivables	Loans and Receivables	Amortized Cost	Amortized Cost
Financial Liabilities			
Accounts payable and accrued expenses	Other liabilities	Amortized Cost	Amortized Cost

(iii) Impairment of Financial Assets

Under IFRS 9, financial assets under all categories are assessed for impairment based on the expected loss model. The expected loss model requires a loss allowance to be recorded at an amount equal to:

- expected credit losses (ECL) that result from those default events on the financial instrument that are possible within 12 months after the reporting date; or
- expected credit losses that result from all possible default events over the life of the financial instrument.

A loss allowance for lifetime expected credit losses is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. The Port Authority does not hold any financial instruments that exhibit such an increase in risk to warrant a loss allowance for lifetime expected credit losses.

Additionally, entities can elect an accounting policy of recognizing lifetime expected credit losses for all contract assets and/or trade receivables, including those that contain a significant financing component.

PORT AUTHORITY OF THE CAYMAN ISLANDS
Notes to the Financial Statements

For the financial year ended 31 December 2024
(Stated in Cayman Islands dollars)

3. Significant accounting policies (continued)

For all other financial instruments, expected credit losses are measured at an amount equal to the 12-month expected credit losses.

The Port Authority assesses on a forward-looking basis the expected credit loss associated with its financial assets carried at amortized cost. The only financial asset for which a loss allowance has been recorded equal to the 12-month expected credit losses as at the yearend is the account receivable and other receivable, through the provision for expected credit losses accounts. The measurement of the expected credit losses reflects an unbiased amount that is determined by evaluating the range of possible outcomes. To measure the expected credit losses, account receivable and other receivables have been grouped on shared credit risk characteristics using reasonable and supportable information about past events, current conditions, reasonable supportable forecast of future economic conditions and days past due.

Financial liabilities are initially measured at fair value net of transaction cost. Subsequently, they are measured at amortized cost using the effective interest method. Financial liabilities at amortized cost include accounts payable and accrued expenses, current and long-term loans.

(d) Property, plant and equipment

Property, plant and equipment are initially stated at cost less accumulated depreciation and impairment losses.

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 Comprehensive Income in the year in which the asset is acquired.

Land, docks and buildings reported in the Statement of Financial Position as of the period end are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment loss. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any revaluation increase arising from the revaluation of such asset is recognized in other comprehensive income in the Statement of Comprehensive Income and accumulated in revaluation reserve, except to the extent that it reverses a revaluation decrease for the same class of asset previously in other income/expense in the Statement of Comprehensive Income. In this case, the increase is credited to the other income or expense to the extent of the decrease previously expensed. A decrease in the carrying amount arising from the revaluation of such asset is recognized in the other income/expense to the extent that it exceeds the balance, if any, held at revaluation reserve relating to previous revaluation gain of that class of asset.

Computer equipment, computer software, furniture and equipment, light & buoys and loose tools are stated at cost less accumulated depreciation and accumulated impairment losses.

PORT AUTHORITY OF THE CAYMAN ISLANDS

Notes to the Financial Statements

For the financial year ended 31 December 2024

(Stated in Cayman Islands dollars)

3. Significant accounting policies (continued)

Depreciation is charged to the Statement of Comprehensive Income on a straight-line basis at the following rates estimated to write off the cost of the assets over their expected useful lives:

Buildings	20 - 40 Years
Marine Dock	20 - 30 years
Cranes and Heavy Equipment	10 - 25 years
Lights and buoys	5 - 15 Years
Equipment and furniture	5 Years
Computer Equipment	5 Years
Vehicles	5 years
Computer Software	5 years
Loose Tools	5 years
Right of Use	3 - 10 years

Residual values and useful lives are reviewed, and adjusted if necessary at the end of each reporting period.

i. Additions

The cost of an item of property, plant, and equipment is recognized as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Port Authority and the cost of the item can be measured reliably.

Work in progress is recognized at cost less impairment and is not depreciated.

ii. Disposals

Gains and losses on disposals are determined by comparing the sales proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the Statement of Comprehensive Income.

iii. Subsequent costs

Costs incurred subsequent to initial acquisition are capitalized only when it is probable that future economic benefits or service potential associated with the item will flow to the Port Authority and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognized in the Statement of Comprehensive Income as they are incurred.

iv. Revaluation gains and losses

The Port Authority values its assets to ensure that the carrying amount does not exceed the recoverable amount. This is intended to move the assets to being reported at fair value rather than at historical cost. For the year ended 31 December 2024, the land and buildings and investment property were reported at revalued amounts less subsequent depreciation where applicable. This value was determined by independent appraisers.

PORT AUTHORITY OF THE CAYMAN ISLANDS
Notes to the Financial Statements

For the financial year ended 31 December 2024
(Stated in Cayman Islands dollars)

3. Significant accounting policies (continued)

iv. Revaluation gains and losses (continued)

It is not expected that the fair values would have materially changed since the last valuation was performed. Buildings and docks were reported at fair value less subsequent depreciation and Land was reported at fair value. Leases were reported at net present value less amortization. This equates to their fair values.

v. Impairment

The carrying amount of the Port Authority's assets other than inventories (see note 3(i)) are reviewed at each Statement of Financial Position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated at each financial position date. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

(e) Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in the Statement of Comprehensive Income for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising from derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Comprehensive Income in the period in which the property is derecognised.

(f) Foreign currency translation

Transactions in foreign currencies are translated at the foreign exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Cayman Islands dollars at the foreign currency exchange rate at the statement of financial position dates. Foreign exchange differences arising from translation are recognised in the Statement of Comprehensive Income. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated at the foreign currency exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the Cayman Islands dollars at the foreign exchange rates at the dates that the fair values were determined.

(g) Provision for expected credit losses of trade receivables

The Authority uses simplified loss rate model for trade receivable. The written off amount is used to calculate a loss rate for the calculation of the expected credit losses. Loss given default is taken at full amount, unless given specific considerations. Management determines that the effective interest rate of the deposit and current accounts is insignificant and concludes that the effect of discounting is trivial. Forward looking information is considered; however, no adjustment is made in the current year due to the trades receivables being short-term in nature and the loss rate reflects the current and future outlook of the portfolio.

PORT AUTHORITY OF THE CAYMAN ISLANDS
Notes to the Financial Statements

For the financial year ended 31 December 2024
(Stated in Cayman Islands dollars)

3. Significant accounting policies (continued)

(h) Construction in progress

This relates to cost incurred attributable to bringing the asset to condition necessary for it to be capable of operating in the manner intended for its use. They are then reclassified to the appropriate fixed asset category once completed. Construction in progress is measured at cost. No depreciation is calculated until it is completed and available for its intended use.

(i) Inventory

Inventory consists of diesel fuel and service parts and consumables for the Port Authority's fleet of vehicles, cranes and other specialised equipment. These are valued at the lower of net realisable value or cost, on a first in, first out basis. Inventory is recorded net of an allowance for obsolete items. Any change in the allowance for obsolescence is reflected in the Statements of Comprehensive Income in the year of change. There was no provision for obsolescence in the year ended 31 December 2024 or 31 December 2023.

(j) Revenue recognition

The Port Authority adopted IFRS 15, Revenue from Contracts with Customers, effective 1 January 2018. IFRS 15 specifies how and when revenue should be recognized as well as requiring more informative and relevant disclosures. The standard supersedes IAS 18, Revenue, and a number of revenue-related interpretations. IFRS 15 applies to nearly all contracts with customers. The main exceptions are leases, financial instruments and insurance contracts. The Port Authority's material revenue streams subject to IFRS 15 are cargo, vessels and revenue from cruise passenger services. The adoption of IFRS 15 did not result in any material change to the pattern of revenue recognition by the Port Authority. The Port Authority adopted the standard using the modified retrospective approach with no restatement of comparatives and did not record any adjustment upon adoption.

Revenue is measured at the fair value of the consideration received or receivable, and is recognized when the amount of revenue can be reasonably measured, collection is probable, and when it is likely that the economic benefits associated with the transaction will flow to the Port Authority for each of the various revenue streams. Amounts recognized and classified as revenue arising in the ordinary course of activities of the Port Authority include the following:

(i) Revenue from vessels, cargo and passengers

Revenue earned from vessels, cargo and passengers is recognized when services are substantially rendered.

Also included in port revenue is receipt of diesel sales to small boats recognized as revenue upon receipt. The expenses (cost of sales) incurred in the sales are reported on a net basis with the associated income.

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Notes to the Financial Statements

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3. Significant accounting policies (continued)

(ii) Passenger fees

In accordance with Port (Amendment) Regulations, 2023, the Port Authority charges the owners or agent of every ship a passenger fee of \$5.74 for every passenger appearing on the manifest as passenger fees.

(iii) Rent income

Rent income is recognized on a straight-line basis over the term of the lease agreement. Rent deposits are classified as liability and included in accounts payable and accrued expense.

(iv) Other income

Other income includes items that are non-recurring and not directly related to the Port Authority's operations and activities in the ordinary course of business.

(k) Expenses

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

(l) Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

(m) Pension and other post-retirement benefits

The Port Authority participates in the Silver Thatch Pension Plan, a defined contribution pension fund, in accordance with the Cayman Islands National Pension Act. The Port Authority makes monthly contributions of 10% of an employee's salary to an approved pension provider. Contributions are charged to expenses, as they are incurred based on set contribution rates.

(n) New and amended standards issued and interpretations

The Port Authority applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024. The Authority has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback

The amendments in IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the Authority's financial statements.

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Notes to the Financial Statements

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3. Significant accounting policies (continued)

(n) New and amended standards issued and interpretations (continued)

- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current

The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no impact on the Authority's financial statements.

- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

The amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments had no impact on the Authority's financial statements.

(o) Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Port Authority's financial statements are disclosed below. The Authority intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

PORT AUTHORITY OF THE CAYMAN ISLANDS
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For the financial year ended 31 December 2024
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3. Significant accounting policies (continued)

(o) *Standards issued but not yet effective (continued)*

Effective for periods beginning on or after 1 January 2025

- *Lack of exchangeability – Amendments to IAS 21*

In August 2023, the IASB issued amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates* to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Authority's financial statements.

- *IFRS 18 Presentation and Disclosure in Financial Statements*

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Authority is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

PORT AUTHORITY OF THE CAYMAN ISLANDS
Notes to the Financial Statements

For the financial year ended 31 December 2024
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3. Significant accounting policies (continued)

(o) *Standards issued but not yet effective (continued)*

- IFRS 19 *Subsidiaries without Public Accountability: Disclosures*

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

As the Authority have public accountability, it is not eligible to elect to apply IFRS 19.

(p) *Going Concern*

These financial statements have been prepared on a going concern basis. Management has a reasonable expectation that the Port has and will have adequate resources to continue in operational existence for the foreseeable future.

4. (a) Cash and cash equivalents

	Dec 2024	Dec 2023
	\$	\$
Short-term deposits	12,106,161	-
Bank balance	6,624,404	13,386,416
Cash and cash equivalents	18,730,565	13,386,416

During the year, the Port Authority placed funds in 30-day revolving deposits at local financial institutions.

Restricted cash

Included in the bank balances above is restricted cash of \$105,640 (2023: \$89,569) representing deposits held on escrow for tenants of renting the Port Authority's investment properties.

The Port Authority has an overdraft facility of CI\$250,000 (2023: CI\$250,000) and two (2023:2) corporate credit cards with a total credit limit of US\$50,000 (2023: US\$50,000). At 31 December 2024, the outstanding balance was \$412 (2023: \$7).

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Notes to the Financial Statements

For the financial year ended 31 December 2024
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4. (b) Accounts receivable

	Dec 2024	Dec 2023
	\$	\$
Accounts receivable	2,976,118	2,272,065
Provision for expected credit losses	(588,196)	(294,206)
Accounts receivable, net	2,387,922	1,977,859

Fair value

The carrying value of receivables approximates their fair value.

Expected credit losses

The aging profile of receivables at year-end is detailed below:

	Dec 2024			Dec 2023		
	Gross	Expected Credit Losses	Net	Gross	Expected Credit Losses	Net
Past due up to 45 days	2,116,577	-	2,116,577	1,440,944	-	1,440,944
Past due 46- 90 days	84,522	-	84,522	173,336	-	173,336
Past due over 90 days	775,019	(588,196)	186,823	657,785	(294,206)	363,579
Total	2,976,118	(588,196)	2,387,922	2,272,065	(294,206)	1,977,859

The Authority uses simplified loss rate model for trade receivable. The written off amount in prior year is used to calculate a loss rate for the calculation of the expected credit losses. Loss given default is taken at full amount, unless given specific considerations. Default period is in excess of 90 days. Management determines that the effective interest rate of the deposit and current accounts is insignificant and concludes that the effect of discounting is trivial. Forward looking information is considered; however, no adjustment is made in the current year due to the trades receivables being short term in nature and the loss rate reflects the current and future outlook of the portfolio.

Movements in the provision for expected credit losses of trade are as follows:

	Actual Dec 2024	Actual Dec 2023
	\$	\$
Balance at 1 January	294,206	89,206
Increase in provisions during the year	293,990	205,000
Balance at 31 December	588,196	294,206

PORT AUTHORITY OF THE CAYMAN ISLANDS
Notes to the Financial Statements

For the financial year ended 31 December 2024
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4. (b) Accounts receivable (continued)

Bad debt for the period is \$298,947 (2023: \$206,828) due to an increase in credit loss provision and bad debt written off.

	Dec 2024	Dec 2023
	\$	\$
Increase in provision for expected credit loss	293,991	205,000
Bad debt written off	4,956	1,828
Balance at 31 December	298,947	206,828

4. (c) Inventory

These relate to service parts, consumables and diesel at year end.

	Dec 2024	Dec 2023
	\$	\$
Service parts and consumables	1,757,717	1,847,182
Diesel	64,233	37,566
Total	1,821,950	1,884,748

4. (d) Prepaid expenses

These relate to expenses that have been paid in advance and accruals at year end, as well as insurance coverage benefit that remain unamortized at year end.

	Dec 2024	Dec 2023
	\$	\$
Unamortized accrued insurance benefit	242,686	146,709
Firewall licence renewal	102,149	27,361
Rent (Accrued prepayment)	5,000	-
Total	349,835	174,070

4. (e) Other receivables and deposits

This represents amounts paid in advance to secure services and as deposit on assets and equipment. These are short-term in nature and will be completed during the 2025 financial year.

	Dec 2024	Dec 2023
	\$	\$
Deposits for assets and expenses	152,276	124,116

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5. Property, plant and equipment

	Freehold Land	Docks and Buildings	Other Assets	Construction In Progress	Total
	\$	\$	\$	\$	\$
Book Value					
Beginning balance at 31 Dec 2023	41,625,000	24,505,224	18,732,438	67,412	84,930,074
Additions	-	353,360	305,802	27,900	687,062
Disposals	-	-	(76,471)	-	(76,471)
Revaluations	-	-	-	-	-
Transfers	-	-	-	-	-
Closing balance at 31 Dec 2024	41,625,000	24,858,584	18,961,769	95,312	85,540,665
Accumulated Depreciation					
Beginning balance at 31 Dec 2023	-	4,001,819	11,743,594	-	15,745,413
Charge for the year	-	1,351,197	538,657	-	1,889,854
Disposals	-	-	(71,774)	-	(71,774)
Revaluations	-	-	-	-	-
Transfers	-	-	-	-	-
Closing balance at 31 Dec 2024	-	5,353,016	12,210,477	-	17,563,493
Net Book Value					
Closing balance at 31 Dec 2024	41,625,000	19,505,568	6,751,292	95,312	67,977,172
Closing balance at 31 Dec 2023	41,625,000	20,503,405	6,988,844	67,412	69,184,661

Depreciation Summary	Dec 2024	Dec 2023
	\$	\$
Buildings	1,351,197	1,348,511
Cranes, fleet, plant and equipment	462,006	464,740
Computer equipment and software	76,651	181,748
Right of use assets	99,482	90,221
Total depreciation expense	1,989,336	2,085,220

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Notes to the Financial Statements

For the financial year ended 31 December 2024
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5. Property, plant and equipment (continued)

Analysis of Other Assets

	Vehicles & Equipment \$	Computer Equipment \$	Computer Software \$	Equipment & Furniture \$	Lights & Buoys \$	Loose Tools \$	Total \$
Book Value							
At 31 Dec 2023	13,584,845	889,085	1,537,398	1,809,386	709,563	202,161	18,732,438
Additions	107,232	94,549	-	87,519	-	16,502	305,802
Disposals	(76,471)	-	-	-	-	-	(76,471)
Transfers	-	-	-	-	-	-	-
At 31 Dec 2024	13,615,606	983,634	1,537,398	1,896,905	709,563	218,663	18,961,769
Accumulated Depreciation							
At 31 Dec 2023	7,113,155	672,340	1,530,367	1,582,872	656,189	188,671	11,743,594
Charge for the year	351,353	69,940	7,031	96,667	6,057	7,608	538,656
Disposals	(71,774)	-	-	-	-	-	(71,774)
Transfers	-	-	-	-	-	-	-
At 31 Dec 2024	7,392,734	742,280	1,537,398	1,679,539	662,246	196,279	12,210,476
Book Value							
At 31 Dec 2024	6,222,872	241,354	-	217,366	47,317	22,384	6,751,292
At 31 Dec 2023	6,471,690	216,745	7,031	226,514	53,374	13,490	6,988,844

6. Capitalization of leases

At inception of a contract, the Authority will assess whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, and therefore is, or contains, a lease.

A right-of-use asset and lease liability is recognised at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability less any incentives received and is subsequently depreciated on a straight-line basis from commencement date to the end of the lease term. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted using the Authority's incremental borrowing rate.

PORT AUTHORITY OF THE CAYMAN ISLANDS

Notes to the Financial Statements

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6. Capitalization of leases (continued)

The applicable leases in place at the Port Authority were capitalized to reflect the right of use and the corresponding lease liability as required by IFRS 16. The net present value, net book value and lease obligation are shown below.

Description	Net Present Value \$	Accumulated Depreciation \$	Fair value 2024 \$	Fair value 2023 \$
Unit A, Storage Unit	100,086	40,955	59,131	86,434
Unit B, Storage Unit	130,809	73,522	57,287	83,449
South Terminal (14BHP135)	485,824	61,961	423,863	256,696
Total	716,719	176,438	540,281	426,579

Description	Net Present Value \$	Principal Payments \$	Lease Liability 2024 \$	Lease Liability 2023 \$
Unit A, Storage Unit	178,812	114,639	64,173	88,405
Unit B, Storage Unit	130,809	67,703	63,106	87,272
South Terminal (14BHP135)	817,913	402,358	415,555	256,258
Total	1,127,534	584,700	542,834	431,935

7. Revaluation of land, buildings and investment property

Effective 30 June 2016, the Port Authority has reported the land, buildings and investment property at their fair values under the revaluation and fair value basis respectively. The valuation techniques used were the Depreciated Replacement Cost (DRC) and Income capitalization approaches. The related revaluation gains were reflected in other comprehensive income in accordance with IAS 16 and accumulated in equity as revaluation reserve.

Investment Property was revalued by Lands and Survey Department, with an effective revaluation date of 31 December 2024, in accordance with IAS 40. The revaluation shows an increase in investment property value from \$9,000,000 at December 31, 2023 to \$9,100,000 at December 31, 2024, a gain of \$100,000.

Fair Value Measurements

International Financial Accounting Standards No. 13, Fair Value Measurements, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under IFRS 13 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Port Authority has the ability to access.

Level 2 Inputs to the valuation methodology include:

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7. Revaluation of land, buildings and investment property (continued)

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

There were no other significant valuations performed using unobservable inputs. Consequently, the fair value hierarchy for the inputs utilized by the Port Authority to obtain the market value is assessed at Level 2. As such, no further disclosure in respect of effects on the Statement of Comprehensive Income for the revaluation is warranted, except as done below:

Assets and Fair Values as at December 31, 2024:

	Level 1	Level 2	Level 3	Total
Land and buildings	-	61,130,568	-	61,130,568
Investment property	-	9,100,000	-	9,100,000
Total	-	70,230,568	-	70,230,568

There were no transfers between Level 1 and Level 2 during the period.

The property portfolio i.e. land and buildings, of the Port Authority was revalued by a local appraiser with a valuation date of January 1, 2021. Except for the revaluation of investment property at 31 December 2024, there was no such revaluation of the assets during the financial year ended 31 December 2024.

8. Capital works in progress

	Dec 2024	Dec 2023
	\$	\$
Others	95,312	67,412
Total	95,312	67,412

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9. Investment property

	Buildings
	\$
Beginning balance at 31 December 2023	9,000,000
Additions during the year	-
Changes in fair value at 31 December 2024	<u>100,000</u>
Ending balance at 31 December 2024	<u>9,100,000</u>
Ending balance at 31 December 2023	<u>9,000,000</u>

Investment Property is reported under IAS 40, using the fair value basis. Investment Property consist of retail shops which are leased. This is fair valued at the end of each reporting year and changes in the fair value is charged to “other income / expense” in the Statement of Comprehensive Income. There was an increase of \$100,000 (2023: decrease of \$226,000) in the fair value of the Investment Property upon revaluation by Lands and Survey Department for value date 31 December 2024.

Rental income from investment property and the direct operating expenses arising from the investment property that generated the rental during the year are as follows:

	\$
Rental Income from Investment Property	1,210,071
Direct Operating Expenses arising from Investment Property (i) that generated the income	<u>(907,102)</u>
Net Income	<u>302,969</u>

- i. This represents utilities of \$113,996, repairs and maintenance expenses of \$494,352 and contracted services of \$298,754 incurred in the current year.

10. Accounts payable and accrued expenses

This represents unpaid expenses incurred in the current and prior years, which are due within the next twelve months. Approximately \$625,990 (2023: \$665,088) of the total \$2,522,526 (2023: 2,180,273) pertains to payables occurring in the normal course of business. \$970,428 (2023: \$600,000) represents amount owed to Government for insurance coverage.

A total of \$926,108 (2023: \$915,185), relates to year-end accruals for employee entitlements (i.e. Wages and vacation leave), provision for audit fees, coercive revenue for boat licensing and amounts held in escrow for tenants of rental properties.

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Notes to the Financial Statements

For the financial year ended 31 December 2024
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10. Accounts payable and accrued expenses (continued)

Detail	Dec 2024	Dec 2023
	\$	\$
Creditors	1,596,418	665,088
Accruals and staff benefits	671,873	1,328,046
Provisions and other accruals	137,838	82,812
Escrow deposits	116,397	104,327
Total	2,522,526	2,180,273

11. Defined benefit pension liability: Post employment health care

The Port Authority provides health care benefits for its staff who have rendered ten (10) years' service and who attain at least 55 years old prior to retirement. The benefit is in the form of continuation of their health insurance coverage on the medical plan in force for active employees. The premiums for this health insurance coverage are paid for by the Port Authority for all eligible retirees until the end of their lives. This coverage falls within the definition of a defined benefit by the International Accounting Standards and as such represents a future liability of the Port Authority. The Port Authority is required to use the actuarial valuation method to determine the present value of its health insurance benefit obligations for its former workers as well as future retirees and the related current service costs. International Accounting Standards No. 19 (IAS 19) directs that funded or unfunded post-employment benefits must be recognized in the statement of financial position (in the case of net defined liability or asset) and the statement of comprehensive income (for the annual expense).

These actuarial valuations use several financial and demographic assumptions to determine the liability and current expense of the benefits, which will be honoured on behalf of the retirees. Financial assumptions include, the discount rate, estimated future costs of the medical premiums, and the claims rate for the medical plans. Demographic assumptions include estimated mortality and benefit levels.

The Port Authority commissioned Mercer Actuaries of Canada to provide this service and their assessment is included hereunder. The Port Authority has a present value net defined benefit obligation of \$45,376,000 at the end of the financial year 31 December 2024 (2023: \$39,445,000). The details of the expected valuation and the assumptions used are reproduced hereunder in accordance with IAS 19.

This post - employment benefit has been in existence from the implementation of a similar move by central government to allow its retirees to continue to benefit from the medical plans held prior to retirement from the civil service. This was formalised in the staff manual and made known to staff.

The Port Authority established a monthly savings programme to fund this liability. Consequently, while at the end of the period the entire \$45,376,000 (2023: \$39,445,000) is unfunded; the monthly savings will begin to offset the liability in the coming years. At December 31 2024, the savings totalled \$ 1,963,793 (2023: \$0).

The Port Authority also currently pays a monthly pension to a small number of retirees. As of December 31, 2024, there was 1 retiree (2023: 2).

Management does not consider the pension paid to retired workers to be material as the retirees currently received a combined \$10,947 per annum (2023: \$32,060). This benefit will not pass to their estate.

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11. Defined benefit pension liability: Post employment health care (continued)

Plan Name	Port Authority of the Cayman Islands	
	31 Dec 2024	31 Dec 2023
Financial year ending on		
<i>Currency Information</i>		
1. Local currency	KYD	KYD
2. Reporting currency	KYD	KYD
A. Change in defined benefit obligation		
1. Defined benefit obligation at end of prior year	39,445,000	35,889,000
2. Service cost		
a. Current service cost	1,051,000	940,000
b. Past service cost	735,000	-
c. (Gain) / loss on settlements	-	-
3. Interest expense	2,093,000	1,928,000
4. Cash flows		
d. Benefit payments from plan assets	-	-
e. Benefit payments from employer	(334,000)	(260,000)
f. Settlement payments from plan assets	-	-
g. Settlement payments from employer	-	-
h. Participant contributions	-	-
5. Other significant events		
a. Increase / (decrease) due to effect of any business combinations/ divestures /transfers	-	-
b. Increase / (decrease) due to plan combinations	-	-
6. Remeasurements		
a. Effect of changes in demographic assumptions	6,200,000	-
b. Effect of changes in financial assumptions	(3,448,000)	1,463,000
c. Effect of experience adjustments	(366,000)	(515,000)
7. Effect of changes in Foreign exchange rates	-	-
8. Defined benefit obligation at the end of year	45,376,000	39,445,000
B. Change in fair value of plan assets		
1. Fair value of plan assets at end of prior year	-	-
2. Interest income	-	-
3. Cash flows		
a. Total employer contributions	-	-
i. Employer contributions	-	-
ii. Employer direct benefit payments	334,000	260,000
iii. Employer direct settlement payments	-	-
b. Participant contributions	-	-
c. Benefit payments from plan assets	-	-
d. Benefit payments from employer	(334,000)	(260,000)
e. Settlement payments from plan assets	-	-
f. Settlement payments from employer	-	-
4. Other significant events		
a. Increase / (decrease) due to effect of any business combinations/ divestures or transfers	-	-
b. Increase / (decrease) due to plan combinations	-	-
5. Remeasurements		
a. Return on plan assets (excluding interest income)	-	-
6. Effect of changes in Foreign exchange rates	-	-
7. Fair value of plan assets at the end of year	-	-

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11. Defined benefit pension liability: Post employment health care (continued)

Plan Name	Port Authority of the Cayman Islands	
	31 Dec 2024	31 Dec 2023
Financial period ending on		
C. Change in asset ceiling/oner		
1. Asset ceiling/onerous liability at end of prior year	-	-
2. Interest income	-	-
3. Remeasurements		
a. Changes in asset ceiling/onerous liability (excluding interest income)	-	-
4. Effect of changes in foreign exchange rates	-	-
5. Asset ceiling/onerous liability at end of year	-	-
D. Amounts recognized in the statement of financial position		
6. Defined benefit obligation	45,376,000	39,445,000
7. Fair value of plan assets	-	-
8. Funded status	45,376,000	39,445,000
9. Effect of asset ceiling/onerous liability	-	-
10. Net defined benefit liability/(asset)	45,376,000	39,445,000
E. Components of defined benefit cost		
1. Service cost		
a. Current service cost	1,051,000	940,000
b. Past service cost	735,000	-
c. (Gain) / loss on settlements	-	-
d. Total service cost	1,786,000	940,000
2. Net interest cost	2,093,000	1,928,000
a. Interest expense on Defined Benefit Obligation (DBO)	-	-
b. Total net interest cost	2,093,000	1,928,000
3. Remeasurements of Other Long Term Benefits	-	-
4. Administrative expenses and/or taxes (not reserved within DBO)	-	-
5. Defined benefit cost included in Profit and Loss (P&L)	3,879,000	2,868,000
6. Remeasurements (recognized in the other comprehensive income)		
a. Effect of changes in demographic assumptions	6,200,000	-
b. Effect of changes in financial assumptions	(3,448,000)	1,463,000
c. Effect of experience adjustments	(366,000)	(515,000)
d. Total remeasurement included in Other Comprehensive Income (OCI)	2,386,000	948,000
7. Total defined benefit cost recognized in P&L and OCI	6,265,000	3,816,000
F. Net defined benefit liability/(asset) reconciliation		
1. Net defined benefit liability/(asset)		
2. Defined benefit cost included in P&L	39,445,000	35,889,000
3. Total remeasurement included in OCI	3,879,000	2,868,000
4. Other significant events	2,386,000	948,000
a. Net transfer in/(out) (including the effect of any business combinations/divestitures)	-	-
b. Amounts recognized due to plan combinations	-	-
5. Cash flows	-	-
a. Employer contributions	-	-
b. Employer direct benefit payments	-	-
c. Employer direct settlements payments	(334,000)	(260,000)
6. Net defined benefit liability/(asset) at end of year	45,376,000	39,445,000

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11. Defined benefit pension liability: Post employment health care (continued)

Plan Name	Port Authority of the Cayman Islands	
	31 Dec 2024	31 Dec 2023
Financial period ending on		
G. Defined benefit obligation		
1. Defined benefit obligation by participant status		
a. Actives	36,585,000	32,636,000
b. Vested differed	-	-
c. Retirees	8,791,000	6,809,000
d. Total	45,376,000	39,445,000
H. Significant actuarial assumptions		
<i>Weighted-average assumptions to determine defined benefit obligations</i>		
Effective discount rate for defined benefit obligation	5.75%	5.20%
Health care cost trend rates		
Immediate trend rate	5.17%	5.19%
Ultimate trend rate	4.00%	4.00%
Year rate reaches ultimate trend rate	2045	2045
Mortality assumption	RP-2014/MP20	RP-2014/MP20
<i>Weighted-average assumptions to determine defined benefit cost</i>		
Effective discount rate for defined benefit obligation	5.20%	5.45%
Effective rate for net interest	5.16%	5.43%
Effective discount rate for service cost	5.20%	5.35%
Effective rate for interest on service cost	5.19%	5.41%
Health care cost trend rates		
Immediate trend rate	5.19%	5.25%
Ultimate trend rate	4.00%	4.00%
Year rate reaches ultimate trend rate	2045	2045
Mortality assumption	RP-2014/MP20	RP-2014/MP20
I. Sensitivity analysis		
<i>Change in the defined benefit obligation</i>		
Effective discount rate - 25 basis points	1,524,000	1,540,000
Effective discount rate + 25 basis points	(1,457,000)	(1,463,000)
Health care cost trend rates – 100 basis points	(2,425,000)	(3,164,000)
Health care cost trend rates + 100 basis points	2,226,000	2,941,000
Mortality assumption + 10%	(792,000)	(995,000)
J. Expected cash flows for following year		
1. Expected employer contributions	1,179,000	872,000
2. Expected total benefit payments		
Year 1	1,179,000	872,000
Year 2	1,301,000	954,000
Year 3	1,474,000	1,069,000
Year 4	1,703,000	1,207,000
Year 5	1,947,000	1,325,000
Next 5 years	13,580,000	9,360,000

PORT AUTHORITY OF THE CAYMAN ISLANDS

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11. Defined benefit pension liability: Post employment health care (continued)

The assumptions as at the reporting date are used to determine the present value of the defined benefit obligation at that date. We have used actuarial assumptions selected by the Port Authority. The principal financial and demographic assumptions used at year end and prior year end are shown in the table below.

Discount rate (p.a.)		Per IAS 19 para. 83 determined by reference to market yields on high quality corporate bonds (consistent with the term of the benefit obligations) at the fiscal year end date. Mercer US Above Mean Yield Curve (referencing US corporate bonds yields) used to determine discount rates due to strong economic and currency links between the US and Cayman Islands.
- Dec 31, 2024	5.75% per annum	
- Dec 31, 2023	5.20% per annum	
Discount rate for the following year's current service cost (p.a.)		
- Dec 31, 2024	5.90% per annum	
- Dec 31, 2023	5.20% per annum	
Rate of medical inflation used to determine December 31 2024 benefit obligation (p.a.)	5.30% in 2021 (5.18% per annum in 2024) grading down to 4% per annum in and after 2045 for healthcare benefits 4.00 % for dental and vision care benefits	Based on short-term and long term medical inflation expectation for the Cayman Islands and overseas care in Mercer U.S. November 2022 Retiree Medical Trend Model
Rate of medical inflation used to determine December 31 2023 benefit obligation (p.a.)	5.30% for all benefits	Based on short-term and long term medical inflation expectation for the Cayman Islands and overseas care in Mercer U.S. November 2022 Retiree Medical Trend Model
Administration expenses used to determine December 31 2024 defined benefit obligation	33.3% of claims	Based on target loss ratio of 75%
Administration expenses used to determine December 31 2023 defined benefit obligation	33.3% of claims	Based on target loss ratio of 75%

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11. Defined benefit pension liability: Post employment health care (continued)

Current mortality rates	RP-2014 Mortality Table scaled back to 2006 using MP-2014	Recent mortality studies in the U.S. and Canada shows that people are living longer. New mortality tables have been issued by U.S. and Canada. The mortality table has been updated to better reflect actual mortality improvement rates experienced in the US over the last 20 years.
Mortality improvements used to determine December 31 2024 benefit obligation	Scale MP -2020	Broad consensus amongst longevity experts that mortality improvement will continue in the future. Future mortality improvement scales are updated regularly. The latest mortality improvement scale is MP-2020.
Mortality improvements used to determine December 31 2023 benefit obligation	Scale MP -2020	
Turnover rates	See below ***	
Disability rates	None assumed	
Retirement Age	Age 60	
2024 Age 65 healthcare claims cost assumptions	Health \$21,440 per participant Dental \$170 per participant Vision \$40 per participant	Based on actual Port Authority retiree claims experience from 1 January 2018 to 31 October 2024. 2020 and 2021 claims was excluded due to the impact Of the Covid 19 pandemic on claiming patterns.
2021 Age 65 healthcare claims cost assumptions	Health \$13,450 per participant Dental \$525 per participant Vision \$95 per participant	Based on actual Port Authority retiree claims experience from January 1 2018 to December 31 2019. 2020 and 2021 claims experience was excluded due to the impact of the pandemic on claims patterns.
Aging factors	Current Mercer standard healthcare aging assumptions for medical and dental	Based on updated analysis of healthcare utilization for Mercer clients in US
Healthcare utilization changes due to age used to determine December 31 2022 benefit obligation	Current Mercer standard healthcare aging assumptions for medical and dental	Based on updated analysis of healthcare utilization for Mercer clients in US
Family /single coverage – future pensioners	Male – 100% single Female – 100% single	The Port Authority pays for single coverage only.

***** Turnover Rates**

Turnover rates at sample ages

Age	Males	Females
20-24	7.5%	12.5%
25-29	5.0%	12.5%
30-34	3.5%	7.5%
35-39	2.5%	4.5%
40-44	1.5%	2.5%
45-49	0.5%	0.5%
50+	0.0%	0.0%

PORT AUTHORITY OF THE CAYMAN ISLANDS
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12. Contingencies and commitments

a) Liability to Cayman Islands Government

The Authority is required to comply with the Public Authorities Act (2020 Revision), (the “PAA”). Amongst other matters, Section 39 (2) of the PAA requires that where a public authority has surplus cash reserves for a period of more than ninety days, the surplus shall be paid to core Government unless otherwise directed by Cabinet, after written consultation with the Board. In prior years, Cabinet has exempted public authorities from paying over surplus cash reserves and the Authority expects that a similar exemption will be made in respect of its surplus cash reserves as at 31 December 2024.

Section 39 (3) of the PAA also requires that a public authority pay dividends in accordance with the formulae established by the Minister of Finance and Economic Development (the “Ministry”) after written consultation with the Board, unless otherwise directed by Cabinet. For all years through 2023, the Ministry has advised the Authority that it will not be required to pay a dividend out of its surplus. The payment conditions are the same to those in prior years and, therefore, the Authority has not made a provision for a dividend payment. Going forward, the Authority may be required to pay a dividend in accordance with Government’s policy for the payment of annual dividends unless the Authority continues to satisfy the exemption criteria noted under the policy.

Section 36(1) of the PAA requires public authorities to pay an annual capital charge for the use of equity invested by the Government in the authority. The capital charge is set by the Minister of Finance after consultation with the public authority’s board. Based on past practice, the Authority expects that the applicable rate for the 2024 financial year will be set at 0% (2023: 0%) and that no capital charge will be payable for 2024 (2023: \$0). Going forward, the Authority may be required to pay a capital charge in accordance with the PAA.

b) Leases

The following pertains to leases of right of use land and warehouses:

	Dec 2024	Dec 2023
	\$	\$
Depreciation charge for right-of-use	106,574	93,869
Interest expense on lease liabilities	11,894	10,426
Total cash outflow for leases	118,468	104,295

The following pertains to timing of capital lease contractual payment:

Description	Net Present	Less than	2 – 5 yrs.	More than
	Value	1 year	2 – 5 yrs.	5 years
	\$	\$	\$	\$
Unit A, Storage Unit	178,812	30,142	38,981	-
Unit B, Storage Unit	130,809	28,800	33,600	-
South Terminal (14BHP135)	817,913	60,000	240,000	230,000
Total	1,127,534	118,942	312,581	230,000

PORT AUTHORITY OF THE CAYMAN ISLANDS
Notes to the Financial Statements

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12. Contingencies and commitments (continued)

c) Operating Lease

The Port Authority has a finance lease as defined by International Accounting Standard 17 for the 3.829 acres of land formerly numbered as Block 12C Parcel 217, which was leased to Dragon bay Limited (formerly Fujigmo Limited) for 99 years effective 6 September 2011.

IAS 17 requires such long-term leases to be treated in the statement of financial position of the Lessor (the Port Authority) as a receivable at an amount equal to the net investment in the lease.

Under a finance lease all the risks and rewards incidental to legal ownership are transferred to the lessee, and the lease payment receivable is treated by the lessor as repayment of principal and finance income to reimburse and reward the lessor for its investment and services.

In this case, there are no lease payments forthcoming due to the lease being granted at peppercorn, and the risks and rewards incidental to legal ownership is enjoyed by the lessor. Consequently, the Port Authority has no receivable to book in the statement of financial position as at 31 December 2024 as well as at 31 December 2023.

The following pertains to timing of contractual payment:

Description	Less than 1 year \$	2 – 5 years \$	More than 5 years \$
Cargo Port Development	421,526	-	-
Janitorial	245,928	696,796	-
Legal	80,667	40,333	-
Security	256,500	-	-
Stevedore contract- CYB	81,000	-	-
Total	1,085,621	737,129	-

d) Legal Proceedings against the Authority

- (i) On 4 November 2022 PACI received a letter from attorneys representing a member of staff. This correspondence brought certain claims against the PACI for various losses arising from the alleged actions taken against the staff in breach of internal policy. In October 2023, the Attorneys for the Employee and his wife issued a writ making various allegations against PACI as well as the Attorney General and the Anti-Corruption Commission (“ACC”). That Writ was subsequently served on PACI. The Attorneys for the PACI filed an Acknowledgement of service and then a Defence to the Writ action (the Attorney General’s department has also filed a Defence on behalf of the Attorney General and the ACC). Legal counsel for the PACI and the Attorney General raised a number of defences to the claims. In March 2025, an adjourned hearing of a directions hearing that was originally listed in November 2024 was held. The Attorneys for PACI developed arguments as to why the Plaintiff’s (Amended) Particulars are still inadequate. The judge has decided to reserve his judgement on the applications before the Court, including whether he will allow proposed changes to the Particulars of Claim. The amended claim against PACI is \$470,722 plus other unquantified alleged damages.

PORT AUTHORITY OF THE CAYMAN ISLANDS

Notes to the Financial Statements

For the financial year ended 31 December 2024

(Stated in Cayman Islands dollars)

12. Contingencies and commitments (continued)

d) Legal Proceedings against the Authority (continued)

- (ii) A cruise passenger who visited the Cayman Islands in January 2020 suffered minor cuts and bruises and commenced proceedings against the Authority. The last correspondence from the attorney representing the claimant was received in November 2021. Based on the correspondence, the action may have been abandoned. PACI's attorney has advised that any claim for damages arising subsequently would likely be minimal given the facts and circumstances of the case. PACI's attorneys was advised that an update was received in August 2023, indicating that the matter had not progressed. At the date of this report, no further communication was received.
- (iii) In January 2019, correspondence was received from an attorney representing 51 staff members concerning non-payment of overtime, vacation, sick and compassionate leave from July 2007 to June 2010 and July 2010 to August 2017, respectively. Following meetings in late 2018, this matter was left dormant until late 2023. On 29 December 2023, a letter was received from the attorneys. A meeting in January 2024 was held to determine the nature of the claims now being made. Essentially, the same claims that were made before are being repeated. Given the passage of time, many (if not all) of the claims may now be subject to limitation defences, among other defences, that were previously advanced. The Attorneys to PACI are currently seeking further instructions from the PACI Board. On 24 April 2025, the PACI were served with Notice of Court Action for claims totalling \$2.8 million.

13. Related party transactions

The Port Authority engages the services of various departments of the Cayman Islands Government.

- a) Insurance coverage for property, motor, worker's compensation and other risks is provided through the Cayman Islands government for an annual premium of \$887,386 (2023: \$596,179). The Cayman Islands Government procures insurance for all its entities at favourable market rates, and they apportion the related liability according to the value of the entities' assets.

The insurance expense of \$887,386 (2023: \$596,179) in the Statement of Comprehensive Income represents the amortized estimated insurance premium for period 1 January - 31 December 2024.

- b) A director is the principal of Miracle Brokers Ltd and Aeropost GCM Ltd, from which the Port Authority earned \$88,813 (2023: \$827,727) and \$209 (2023: \$5,116), respectively in 2024, with unpaid balance of \$6,617 (2023: \$93) and (\$333.31) (2023: \$0), respectively at the end of the financial year.

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Notes to the Financial Statements

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13. Related party transactions (continued)

The Port Authority also incurred expenditure of \$40,240 for the year (2023: \$62,350) with outstanding balance of (\$7,512) at the end of 2024 (2023: \$0). The amount outstanding is within the established credit limit granted to the company, which is an arm's length facility afforded to companies in good standing with the Port Authority.

c) Key management personnel

As at 31 December 2024, there are three (3) full-time executive management personnel on open-ended employment agreements (2023: 1), and one (1) on a fixed term contract (2023: 2). The total remuneration includes regular salary, pension contribution and health insurance contribution. The pension and health insurance benefits provided to key management personnel are similar to that provided for all employees. Total remuneration (including benefits) in 2024 for executive management was \$764,630 (2023: \$669,570).

	Dec 2024	Dec 2023
	\$	\$
Salaries	680,786	590,896
Pension	49,499	47,828
Medical	31,980	28,535
Life Insurance	2,365	2,310
Total remuneration (including benefits)	764,630	669,570

d) Board members

There are 10 members that make up the Port Authority's board (2023:10); of those members, only seven receive board fees. The other three are civil servants and are not remunerated. The fees are fixed per month as follows:

- Chairman \$2,500
- Deputy chairman \$2,000
- Member \$1,000

One board member receives an additional \$344 per meeting (2023: \$344) attended for travel, car and accommodation allowance. The total fees and expenses paid for the eligible members for the year ended 31 December 2024 was \$127,961 (2023: \$141,871).

e) Royal Watler Cruise Terminal (RWCT) Tenants

As at 31 December 2024, rental income earned from government entities totalled \$46,408 (2023: \$47,908).

PORT AUTHORITY OF THE CAYMAN ISLANDS
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14. Fair value disclosure

At 31 December 2024, the following methods and assumptions were used by management to estimate the fair value of each class of financial instruments:

(a) Cash and cash equivalents

The carrying amount approximates fair value.

(b) Accounts receivable / other receivables / other assets / accounts payable and accrued expenses / related party / prepaid expenses

The above financial instruments are substantially short term, and do not bear interest. As such, their carrying amount approximates their fair value.

(c) Current and long-term debt

Included in these balances is non-interest-bearing obligations for post-employment health care. The carrying amount of these obligations represents the discounted liability and is adjusted each year by actuarial valuation to account for changes in assumptions and inputs.

Fair value estimates 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 interest rate assumptions have been reflected in note 11. Changes in the discount rate assumptions could significantly affect the estimates, especially for the defined benefit liability, as seen in note 11.

15. Financial instruments and associated risks

The Port Authority's activities expose it to various types of risk. Financial risk can be broken down into credit risk, interest rate risk, and foreign currency risk. The Port Authority is exposed to financial risks through its financial assets, and financial liabilities. The most important types of financial risk to which the Port Authority is exposed are credit and interest rate risk.

Concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counterparties failed completely to perform as contracted. To reduce exposure to credit risk, the Port Authority performs ongoing credit evaluations of the financial condition of its customers but generally does not require collateral.

The Port Authority invests available cash and cash equivalents with one local bank. The Port Authority also holds receivables from clients. Counterparties to these financial instruments expose the Port Authority to credit-related losses in the event of non-performance. However, management does not expect the bank and the debtors to renege on their obligations, due to the soundness of the bank and the credit checks done by the Port Authority. When bad debts are identified, they are expensed.

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15. Financial instruments and associated risks (continued)

The following assets of the Port Authority are exposed to credit risk:

	Dec 2024	Dec 2023
	\$	\$
Financial assets		
Cash and cash equivalents	18,730,565	13,386,416
Accounts receivable	2,387,922	1,977,859
Other receivables, prepaids and deposits	502,111	298,186
Total financial assets	21,620,598	15,662,461
Non-financial assets	-	-
Total assets exposed to credit risks	21,620,598	15,662,461

Balances past due but not impaired and those that are impaired are analyzed in the tables below:

	Neither past due nor impaired	Past due but not impaired	Impaired	Total
As at December 31, 2024	\$	\$	\$	\$
Cash and cash equivalents	18,730,565	-	-	18,730,565
Accounts receivable	-	2,976,118	(588,196)	2,387,922
Other receivables, prepaids and deposits	502,111	-	-	502,111
Total assets exposed to credit risks	19,232,676	2,976,118	(588,196)	21,620,598

	Neither past due nor impaired	Past due but not impaired	Impaired	Total
As at December 31, 2023	\$	\$	\$	\$
Cash and cash equivalents	13,386,416	-	-	13,386,416
Accounts receivable	-	2,272,065	(294,206)	1,977,859
Other receivables, prepaids and deposits	298,186	-	-	298,186
Total assets exposed to credit risks	13,684,602	2,272,065	(294,206)	15,662,461

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For the financial year ended 31 December 2024
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15. Financial instruments and associated risks (continued)

Set out below is the information about the credit risk exposure on trade receivables and contract assets using a provision matrix:

	Up to 45 days	46 to 90 days	91 to 120 days	Over 120 days	Total
As at December 31, 2024	\$	\$	\$	\$	\$
Expected credit loss rate	65%	6%	1%	2%	
Estimated total gross carrying amount at default	1,629,698	84,522	48,386	726,633	2,489,239
Expected credit loss	326,149	40,396	24,716	626,655	1,017,916
As at December 31, 2023	\$	\$	\$	\$	\$
Expected credit loss rate	65%	6%	1%	2%	
Estimated total gross carrying amount at default	1,553,021	134,756	31,479	481,500	2,200,755
Expected credit loss	130,771	9,913	6,210	444,084	590,978

Management of financial risks

The following tables indicate the contractual timing of cash flows arising from financial assets and liabilities included in the Port Authority's financial statements as of December 31, 2024 and December 31 2023.

	Contractual cash flows (undiscounted)				
	Carrying amount	No stated maturity	0 – 1 yr.	1 – 2 yrs.	> 2 yrs.
December 31, 2024	\$	\$	\$	\$	\$
Financial assets					
Cash and cash equivalents	18,730,565	-	18,730,565	-	-
Accounts receivable	2,387,922	-	2,387,922	-	-
Other receivables, prepaids and deposits	502,111	-	502,111	-	-
Total	21,620,598	-	21,620,598	-	-
Short-term liabilities					
Accounts payable	2,522,526	-	2,522,526	-	-
Loans repayable within 12 months	-	-	-	-	-
Total	2,522,526	-	2,522,526	-	-
Difference in contractual cash flows	19,098,072	-	19,098,072	-	-

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15. Financial instruments and associated risks (continued)

Management of financial risks (continued)

December 31, 2023	Contractual cash flows (undiscounted)				
	Carrying amount \$	No stated maturity \$	0 – 1 yr. \$	1 – 2 yrs. \$	> 2 yrs. \$
Financial assets					
Cash and cash equivalents	13,386,416	-	13,386,416	-	-
Accounts receivable	1,977,859	-	1,977,859	-	-
Other receivables, prepaids and deposits	298,186	-	298,186	-	-
Total	15,662,461	-	15,662,461	-	-
Short-term liabilities					
Accounts payables	2,180,273	-	2,180,273	-	-
Other liabilities repayable within 12 months	-	-	-	-	-
Total	2,180,273	-	2,180,273	-	-
Difference in contractual cash flows	13,482,188	-	13,482,188	-	-

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Port Authority holds cash and cash equivalents that are interest bearing and as a result, the Port Authority is subject to risk due to fluctuations in the prevailing levels of market interest rates in relation to these financial instruments.

Foreign currency risk

The Port Authority receives revenue in Cayman Islands Dollars (CI\$) as well as United States Dollars (US\$), and pays expenses in both currencies. Since the exchange between CI\$ and US\$ is fixed, the Port Authority is not exposed to foreign currency risk.

16. Cargo handling

Cargo handling income is comprised of the following:

	Dec 2024	Dec 2023
	\$	\$
Cargo dues	16,976,813	14,544,879
Crane fees	3,372,950	3,377,600
Storage charges	2,538,137	1,750,456
Trucking fees	2,136,478	1,089,353
Empty container handling and storage	402,697	378,089
Cargo handling charges	136,738	172,250
Other fees	134,235	117,306
Total cargo handling income	25,698,048	21,429,933

PORT AUTHORITY OF THE CAYMAN ISLANDS

Notes to the Financial Statements

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(Stated in Cayman Islands dollars)

17. Cruise ship passenger fees

The Port Authority collects a passenger fee of \$5.74 (2023: \$2.46) per manifested cruise passenger. During the period 1 January 2024 to 31 December 2024, the Cayman Islands recorded 1,082,498 cruise passenger arrivals (2023: 1,270,053) giving rise to passenger fees of \$6,213,539 (2023: \$3,146,044).

18. Maritime services

	Dec 2024	Dec 2023
	\$	\$
Berthing fees	538,362	561,336
Overtime worked	320,670	139,219
Dock usage surcharge	265,640	314,280
Line handling	176,850	178,550
Cruise ship tender dues	40,215	47,271
Navigation aids	26,056	29,253
Hire of equipment	6,800	8,000
Total maritime services income	1,374,593	1,277,909

19. Other income

	Dec 2024	Dec 2023
	\$	\$
ID's, vessel inspection, miscellaneous	153,689	74,434
Finance charges on overdue balances	134,956	115,224
Garbage fees	53,625	48,525
Container trans-shipments	30,800	36,400
Water sales (net)	10,254	11,595
Crane heavy lift	2,400	-
Total other income	385,724	286,178

PORT AUTHORITY OF THE CAYMAN ISLANDS

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20. Diesel sales

The Port Authority sells diesel fuel to cargo and other vessels for profit. Diesel sales are shown net in the Statement of Comprehensive Income; due to the incidental nature of the transaction to the overall operations, and it is outside the main business that the Port Authority is engaged in.

	Dec 2024	Dec 2023
	\$	\$
Diesel sales	476,661	547,734
Diesel cost of sales	(368,789)	(396,930)
Net income from diesel sales	107,872	150,804

21. Staff costs

	Dec 2024	Dec 2023
	\$	\$
Salary and wages	15,287,987	13,870,126
Medical insurance	2,179,080	1,888,088
Pension	1,411,239	1,374,813
Other staff costs – uniforms, training etc.	251,721	207,935
Total staff costs	19,130,027	17,340,962

Total pension contributions for 2024 were \$1,411,239 (2023: \$1,374,813). The Port Authority also participates in another pension plan with Sagicor. Employees are allowed to contribute to Sagicor pension amounts in excess of \$725 per month (which is given to the primary pension provider, Silver Thatch). Total contributions to Sagicor for the financial year were \$43,035 (2023: \$59,277). Contributions to Silver Thatch for the financial year were \$1,368,204 (2023: \$1,315,536).

22. Contracted services

Contracted services contain the costs incurred for security, janitorial, and professional services such as legal, consultancy and audit.

	Dec 2024	Dec 2023
	\$	\$
Professional	1,067,917	1,005,269
Security	1,037,825	489,086
Janitorial	266,242	435,657
Legal	112,623	190,601
Audit	110,000	110,000
Total contracted services	2,594,607	2,230,613

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For the financial year ended 31 December 2024

(Stated in Cayman Islands dollars)

23. Repairs and maintenance

Repairs and maintenance consist of parts, consumables and external labour costs used in the upkeep of the cranes and heavy equipment, the fleet of vehicles, and overall maintenance of the physical plant infrastructure of the Port Authority. For the financial year ended 31 December 2024, repairs and maintenance amounted to \$3,477,104 (2023: \$2,006,982).

24. Rental income

The Port Authority owns properties that it lets to tenants for a monthly rental. The annual rent receipts at full occupancy are estimated at \$1,579,165 (2023: \$1,562,787) per annum. For the year ended 31 December 2024, the actual rent earned was \$1,293,363 (2023: \$1,292,968).

The lease payable by the tenant at 31 December 2024 reflects normal rates. At full occupancy, rental income is as shown below. The impact of future events on rental income is uncertain.

	\$
Rental income for 1 year	1,639,775
Rental income for 2-5 years	6,559,100

25. Miscellaneous expenses

	Dec 2024	Dec 2023
	\$	\$
Miscellaneous - day/night operations	107,292	72,928
Professional association membership dues	42,170	28,549
Miscellaneous – various expense	36,656	20,190
Miscellaneous - administration	20,934	37,643
Miscellaneous - cruise and security	240	2,678
Total contracted services	207,292	161,988

The above miscellaneous expenses comprise of small service parts, small supply items, GPS fees and donations.

The Port Authority made \$5,000 donations to the F.C. International summer football camp. This is included in Miscellaneous - various expense (2023: \$5,000).

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26. Segment reporting statements of financial position

	Grand Cayman	Cayman Brac	Total 2024	Total 2023
	\$	\$	\$	\$
Current assets				
Cash and cash equivalents	18,521,530	209,035	18,730,565	13,386,416
Accounts receivable	2,077,262	310,660	2,387,922	1,977,859
Inventory	1,747,404	74,546	1,821,950	1,884,748
Prepaid expenses	349,835	-	349,835	174,070
Other receivables	152,276	-	152,276	124,116
Total current assets	22,848,307	594,241	23,442,548	17,547,209
Current liabilities				
Accounts payable and accrued expenses	2,463,138	59,388	2,522,526	2,180,273
Total current liabilities	2,463,138	59,388	2,522,526	2,180,273
Working capital	20,385,169	534,853	20,920,022	15,366,936
Plant, property and equipment	65,423,119	2,554,053	67,977,172	69,184,661
Leases-right of use land and warehouse	540,281	-	540,281	426,579
Investment property	9,100,000	-	9,100,000	9,000,000
Lease liability	(542,834)	-	(542,834)	(431,935)
Defined benefit liability-health care	(45,376,000)	-	(45,376,000)	(39,445,000)
Net assets	49,529,735	3,088,906	52,618,641	54,101,241
Represented by:				
Retained earnings	29,026,126	(13,845,859)	15,180,267	16,662,867
Asset revaluation reserve	36,748,392	689,982	37,438,374	37,438,374
Inter-branch account	(16,244,783)	16,244,783	-	-
Equity	49,529,735	3,088,906	52,618,641	54,101,241

Cayman Brac is a full operating port for cargo, to and from Cayman Brac and Little Cayman. Conditions are similar to Grand Cayman except on a smaller scale due to population size.

PORT AUTHORITY OF THE CAYMAN ISLANDS
Notes to the Financial Statements

For the financial year ended 31 December 2024
(Stated in Cayman Islands dollars)

27. Segment reporting statements of comprehensive income

	Grand Cayman	Cayman Brac	Total 2024	Total 2023
	\$	\$	\$	\$
Operating income	33,698,069	1,375,070	35,073,139	27,583,836
Operating expenses	26,872,117	1,849,095	28,721,212	24,636,926
Depreciation	1,736,862	252,474	1,989,336	2,085,220
Gross operating profit (loss)	5,089,090	(726,499)	4,362,591	861,690
Other expense				
Loss on disposal of fixed assets	(4,697)	-	(4,697)	-
Interest income	206,413	-	206,413	50,110
Defined benefit annual expense	(3,879,000)	-	(3,879,000)	(2,868,000)
Total other income/(expense)	(3,677,284)	-	(3,677,284)	(2,817,890)
Net loss	1,411,806	(726,499)	685,307	(1,956,200)
Other comprehensive income:				
Remeasurements-defined benefit	(2,386,000)	-	(2,386,000)	(948,000)
Gain on revaluation of land and buildings	-	-	-	-
Gain on revaluation of property	100,000	-	100,000	(226,000)
Total comprehensive (loss) / income	(874,194)	(726,499)	(1,600,693)	(3,130,200)
Retained Earnings	29,900,320	(13,119,360)	16,780,960	19,793,067
Revaluation reserve	36,748,392	689,982	37,438,374	37,438,374
General reserve at 31 December	65,774,518	(13,155,877)	52,618,641	54,101,241

Financial performance of Cayman Brac Operations

Cayman Brac continues to post losses on an annual basis. Total accumulated losses for the 2024 period was \$726,499 (2023: \$770,804) as seen in the table above. The total losses for Cayman Brac to date are reflected in the negative general reserve figure of \$13,155,877 as at 31 December 2024 (2023: \$12,422,458).

In addition, the cost of Grand Cayman performing offloading and loading of cargo for Cayman Brac without a fee being levied has resulted in Grand Cayman providing an additional subsidy to Cayman Brac.

28. Subsequent events

PACI staff received a 5% cost of living allowance (COLA) effective 1 January 2025. This was a central government directive that was extended to Statutory Authorities. Management is not aware of any other occurrences subsequent to the reporting date which will have an impact on the financial statements at 31 December 2024.

Notes

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