



**CIVIL AVIATION AUTHORITY
OF THE CAYMAN ISLANDS**



2024 ANNUAL REPORT

**EXCELLENCE & INNOVATION
IN AVIATION REGULATION**

**FISCAL YEAR ENDED
31 DECEMBER 2024**



**CIVIL AVIATION AUTHORITY
OF THE CAYMAN ISLANDS**

CONTENTS

Forwards.....	4
Director-General CAACI.....	4
CAACI Board of Directors.....	5
1.0 Organisational Overview	6
Board of Directors.....	9
Our Mission, Vision and Values.....	10
Our Strategic Approach.....	11
2.0 Management Discussion & Analysis	12
Performance Summary by Strategic Objective.....	13
Financial Performance and Analysis.....	25
3.0 Supplementary Information.....	30
Acronyms and Abbreviations.....	31
Financial Statements.....	32



FOREWORD

BY THE DIRECTOR-GENERAL CAACI

As we reflect on another year of progress and challenges in the aviation industry, it is my pleasure to present the 2024 Annual Report of the Civil Aviation Authority of the Cayman Islands (CAACI). This report encapsulates our commitment to safety oversight, operational excellence, environmental awareness and the continued evolution of the aviation industry amid a changing global landscape.

2024 was a remarkable year for the CAACI, marked by success in meeting our safety oversight obligations. Our unwavering dedication to maintaining the highest safety standards has reinforced our reputation as a leading authority on the global aviation sphere. We take pride in ensuring that our certificate holders and operators not only meet national regulatory mandates but also align with international best practices.

The Authority reported a Net Operating Income of \$3,332,436 for the fiscal year, enabling a dividend payment of \$2,499,327 to be paid to the Cayman Islands Government. The Authority's performance illustrates our resilience and effective management, even in the face of ongoing industry challenges, while highlighting our commitment to contributing to the national treasury.

However, our journey has not been without its hurdles. The recruitment of highly qualified and experienced personnel remains a persistent challenge in our industry, as the demand for such professionals continues to outpace the supply worldwide. We recognize the importance of investing in our workforce and are actively pursuing initiatives to enhance our recruitment strategies and employee retention.

Additionally, the aircraft manufacturing sector is also grappling with supply chain disruptions that have impacted various facets of aircraft operations. Nevertheless, we have identified opportunities within the leased aircraft transition market, which remains a lucrative niche area for the Cayman Islands Aircraft Registry. Our recent visit to Delhi, India, proved successful in identifying additional aircraft transition opportunities, demonstrating our proactive approach to capitalize on emerging markets.



Despite the competitive landscape presented by an increased number of aircraft registries, the CAACI has successfully maintained its market share in aircraft registrations, underscoring our effective strategies and steadfast commitment to our stakeholders.

In closing, I would like to extend my gratitude to our dedicated CAACI team, the CAACI Board of Directors and our stakeholders for their unwavering support and collaboration. Together, we look forward to overcoming future challenges and seizing opportunities that will propel the CAACI and the Cayman Islands aviation industry forward.

P. H. RICHARD SMITH, MBE, FRAeS.
DIRECTOR-GENERAL OF CIVIL AVIATION

FOREWORD

BY THE CAACI BOARD OF DIRECTORS

The board of directors continued its role for governance and stewardship of the Civil Aviation Authority of the Cayman Islands (CAACI) throughout the year 2024 with the overall aim to accomplish its forward-looking Vision of "**A safe and highly credible aviation industry for the Cayman Islands,**" by delivering on the mission "**To enhance aviation industry performance through effective safety & economic regulatory oversight.**" Continuing to align its efforts with the strategic direction of the CAACI, highlights of the Board's efforts during the year 2024 included the following:

- Support for a third-party objective salary review exercise, which focused on internal assessment of job posts and external benchmarking to determine the best possible job fit and remuneration for the regulatory oversight tasks that are mandated to be performed to ensure the United Kingdom's (UKs) obligation to international conventions. This exercise supported the 3rd strategic objective to "**Develop and sustain a high-performing, complimentary and cohesive professional team committed to organizational excellence.**" In keeping with this strategic objective, the board also initiated various discussions with management this year which focused on succession planning throughout the Authority at all levels to ensure the sustainability of the CAACI's designation for safety and economic regulatory oversight from the UK, especially in the highly competitive global market for qualified and experienced human capital resources.
- In keeping with Strategic Objective number 1 "**Lead through a modernized, comprehensive and risk-based approach to regulatory oversight,**" and Objective number 2 "**Continuously improve service delivery and solution options for stakeholders,**" the board

supported the management team in its continued review for improvement and continued diversification of the revenue bases and growth of the aircraft transitions market, this sector continued to grow and has become the main contributor to the overall revenues in this fiscal period.

- Of particular note is the approval by the board for the launch of the CAACI's post-retirement health programme as an added benefit to its eligible retirees. This development underscores our commitment to the valued staff of the CAACI as they really are our most important resource to deliver on our regulatory remit. Our goal is to ensure that retirees have access to essential healthcare services and support as they transition from active employment, ensuring financial sustainability and maintaining the well-being of our valued former employees. We are also envisioning that this offering will help increase the retention of the valued human capital resources which underscore the success of this regulatory authority.

These amongst other initiatives help to drive the sustainability of the Cayman Islands aviation industry which forms a strong foundation for the two pillars of the Cayman Islands economy - the financial services sector and the tourism industry.

Finally, the Board of Directors would like to express sincere gratitude to the management and staff of the CAACI for the continued dedication and commitment to the safety and economic oversight of the Cayman Islands aviation industry and the diversification and growth of the C I Aircraft Registry. Together we are committed to sustainability of the CAACI and its contributions to the overall Cayman economy.





1.0 ORGANISATIONAL OVERVIEW

WHO ARE WE

The Cayman Islands (CI) is an overseas territory of the United Kingdom (UK) and is committed to the obligations of the Chicago Convention to which the UK is a signatory. The UK Secretary of State delegates authority for regulation of aviation to the Governors of Overseas Territories (OTs). In the case of the CI, the delegation is then made for the Civil Aviation Authority Cayman Islands (CAACI) to carry out all aviation regulatory functions. Air Safety Support International (ASSI), a subsidiary of the UK's CAA, was established to oversee the regulatory compliance of OTs, which includes the CI.

The CAACI has full authority for the safety and economic regulation of the CI aviation industry including aircraft registered in the CI wherever they are based and operated. The statutory instrument for legislation is the Air Navigation (Overseas Territories) Order (AN(OT)O), as amended, along with unique enabling compliance requirements developed for the UK OTs in the form of the Overseas Territories Aviation requirements (OTARs). This legislative structure ensures the UK obligations to the Chicago Convention via International Civil Aviation Organisation (ICAO) are met.

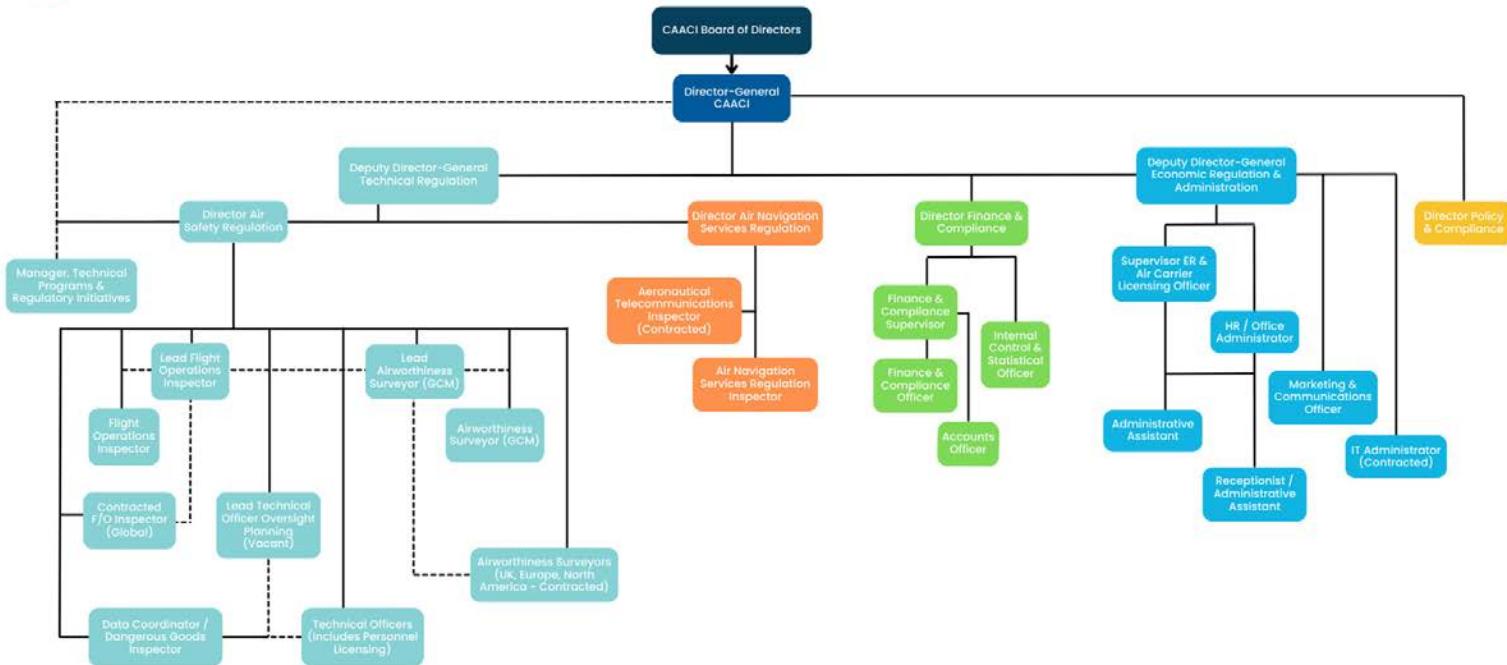
The functions of the CAACI are established in the Civil Aviation Authority Act (2015 Revision). These functions are

carried out through the Director-General of Civil Aviation. The CAACI is structured into four divisions that satisfies its obligations in respect of general administration and economic regulation, financial management and compliance, aerodrome and air navigation services regulation, and flight operations and airworthiness oversight, as described below.

The **Air Safety Regulation (ASR)** Division is responsible for regulating and ensuring compliance with Airworthiness and Flight Operations Standards in accordance with the Air Navigation (Overseas Territories) Order (ANOTO) and Overseas Territories Aviation Requirements (OTARs). This mandate encompasses all aircraft operations under the jurisdiction of the Cayman Islands Aircraft Registry, including Air Operator Certificate (AOC) holders and foreign aircraft operating within Cayman Islands airspace.

The ASR Division is headquartered in Grand Cayman, overseeing critical regulatory functions. This division is currently comprised of the following full-time positions:

- Director of Air Safety Regulation
- Manager of Technical Programs & Regulatory Initiatives



- Airworthiness Surveyor (GCM)
- Flight Operations Inspector
- Data Coordinator / Dangerous Good Inspector
- Technical Officers
- RPAS (Remotely Piloted Aircraft Systems/Drones) Inspector

To provide global oversight of our registered aircraft, the ASR Division also maintains airworthiness and flight operations inspectors based in the United Kingdom, Germany, Switzerland, Canada, and Asia, ensuring seamless regulatory oversight across multiple jurisdictions.

The **Air Navigation Services Regulation** division is responsible for the certification and licensing of aerodromes, air traffic control and air navigation services provided within the territory. Our team oversees a wide range of critical areas, including Aerodrome Certification & Operations, Air Traffic Services, Aeronautical Information Services, Aeronautical Telecommunication Services, Rescue and Fire Fighting Services, Meteorological Services to Aviation, ICAO PAN-OPS Instrument Flight Procedures Design, Quality Management Systems, Safety Management Systems, and Aeronautical Search and Rescue.

This division is currently staffed with the following full-time positions:

- Director Air Navigation Services Regulations

- Air Navigation Services Regulatory Inspector
- Aviation Safety Officer

The **Finance and Compliance** division manages the CAACI's finances in accordance with local legislative requirements and international accounting standards, and ensures relevant due diligence is carried out on beneficial owners of aircraft applying for registration to the CI Aircraft Register. This division is currently staffed with the following full-time positions:

- Director Finance & Compliance
- Finance & Compliance Supervisor
- Accounts Officer

The **Economic Regulatory and Administration** division provides economic regulatory oversight for commercial air transport operations to/from the territory, including scheduled and non-scheduled operations, and oversees that airport and air transport operations are conducted within economic guidelines of the ICAO. In addition, this division liaises with and provides guidance to the CI Government on Air Service Agreements (open skies, bilateral and multi-lateral agreements) that govern international air transport in coordination with the UK Dept for Transport (DfT) and other foreign government agencies.

In addition, this division is responsible for the management of Human Resources, Marketing and Public Relations,

Business Development, Information Technology and Strategic Planning. This division is currently staffed with the following full-time positions:

- Deputy Director-General, Economic Regulation & Administration
- Human Resources/Office Manager
- Supervisor Economic Regulation & Air Carrier Licensing Officer
- Administrative Assistant
- Marketing & Communications Officer
- IT Network Administration (outsourced)

The primary activities of the CAACI can be grouped into three broad categories as follows:

SAFETY REGULATORY OVERSIGHT

- Certification of aerodromes;
- Certification of aeronautical tele-communications services;
- Certification of air traffic control services;
- Oversight of Meteorological Services to Aviation;
- Oversight of the Cayman Islands Search & Rescue Plan;
- Oversight of Aeronautical Information Services;
- Acceptance and Safety Data Analysis of Safety Management Systems (SMS) for Service Providers;
- Issuance and safety oversight of air operator certificates;
- Issuance and safety oversight of General Aviation aircraft operators;
- Approval and monitor of Delegates
- Personnel licensing (air traffic control, flight crew and maintenance engineers);
- Approval and safety oversight of maintenance organisations;
- Issuance of certificates of aircraft airworthiness; and
- Issuance, renewal, variation and revocation of certificates, license and permits.

REGISTRATION OF AIRCRAFT

- Determine qualification and eligibility of owners in accordance with applicable legislation;
- Conduct due diligence on registrants in accordance with CI Anti-money laundering Regulations and Guidelines and CAACI policies;
- Registration of aircraft on the CI Registry;
- Maintain the aircraft register ensuring an accurate and up-to-date Aircraft Registry and associated data;
- Analyse changes to aircraft ownership and the resulting effect on registration;
- Maintain the register of aircraft mortgages under the applicable provisions of the CI Mortgaging of Aircraft Regulations and in accordance with the provisions contained in The International;
- Interests in Mobile Equipment (Cape Town Convention) Act enacted in the Cayman Islands.

ECONOMIC REGULATION

- Granting of air transport permits and operating licenses for scheduled and non-scheduled foreign carriers;
- Regulation of charges levied by airport operators with a view to creating equality and not exploiting a monopoly position;
- Provide advice to the Cayman Islands Government (CIG) regarding bilateral air services negotiations with other States and Territories;
- Liaise with the UK Department for Transport, and participate in the negotiation of air service agreements;
- Provide advice and administrative assistance to the Air Transport Licensing Authority (ATLA) as it pertains to licensing of local air carriers;
- Provide advice for effective implementation of regulatory policy that is in the best interests of the travelling public/end user;
- Act as liaison with ICAO or other relevant organisations to submit data/information as required.

STAKEHOLDERS

Our key stakeholders are diverse and include:

The UK Government

The CI Government

The CAACI Board of Directors

CAACI Employees

ASSI

Local industry – airlines, air transport operators

Aerodrome Operators

CI Aircraft Registry clientele

Local and international business partners

Foreign carriers

Other national aviation authorities (NAAs)

Contracted Technical Resources, i.e., Surveyors & Inspectors

The General Public



BOARD OF DIRECTORS

The Board of Directors is responsible for governance and overseeing the effective performance of the Authority in accordance with the Civil Aviation Authority Act (2015 Revision).

The members of the Board of Directors for the period 2024 were:

NAME	ROLE
MR. IAN PAIRAUDEAU	CHAIRMAN
MS. SHERICE ARMAN	DEPUTY CHAIRMAN
MR. WILLIAM MCTAGGART	MEMBER
MS. GINA BERRY	MEMBER
MRS. KRISTEN WATLER-MILLER	MEMBER
MR. JOEL BURKE	MEMBER (Resigned 31 October, 2024)
MS. TERRY ANN ARCH	MEMBER
MS. DELORIS GORDON	PUBLIC SERVICE REPRESENTATIVE
MS. KATHRYN DINSPEL-POWELL	PUBLIC SERVICE REPRESENTATIVE (Resigned 19 November, 2024)

MANAGEMENT TEAM

Our Management Team includes the Director-General, Deputy Director-General, and the Divisional Directors.



P. H. Richard Smith

Director-General of Civil Aviation



Nicoela McCoy

Deputy Director-General, Economic Regulation & Administration



Joni Wood

Director of Finance & Compliance



Craig Smith

Director of Air Navigation Regulation



Mark Dixon

Director of Air Safety Regulation

OUR MISSION, VISION AND VALUES

In developing our 2021–2025 strategic plan, we revised our mission, the values statements that represent how to conduct ourselves in delivering on our mission, and developed a clear vision for the future.

OUR MISSION

“To enhance aviation industry performance through effective safety & economic regulatory oversight.”

OUR VISION

“A safe and highly credible aviation industry for the Cayman Islands.”

OUR VALUES

Safety First: We never forget our organisation’s primary reason for being

People at the Centre: We develop our people to the highest standards and level of expertise in technical and non-technical areas

Leadership: We build and promote a shared commitment to regulatory and aviation excellence regionally and globally

Regulatory Objectivity: We conduct our regulatory responsibility with impartiality

Integrity: We ensure that the highest moral and ethical standards are maintained in the discharge of our responsibilities

Active Collaboration: We work with others to engage their knowledge and expertise and to generate effective solutions where we are jointly accountable for the end results

Accountability: We account for our actions, accept individual and team responsibilities and transparently disclose results

Innovation: We continuously pursue new and creative methods to advance our effectiveness

OUR STRATEGIC APPROACH

Our Mission defines the purpose for which we exist; our Vision describes the ultimate impact we seek to provide; and, our Values provide a framework that shapes our actions. Built on this foundation, we have given significant consideration to the approach we will take to accomplish our ultimate objectives. In doing so, we have established a tactical roadmap that considers those factors which must be integrated within the pursuit of all outcomes we seek to achieve:

- **STRONG GOVERNANCE:** We recognise the critical importance of sound organisational structure, transparency, and fairness within all policies and best practices.
- **ENVIRONMENTAL VIGILANCE:** We remain vigilant of efforts to reduce the environmental impact of the aviation industry on the environment.
- **RESILIENCE:** In order to remain financially solvent without compromising standards, we seek innovative opportunities to enhance operational sustainability, keeping prepared for even the most difficult times.
- **FORWARD THINKING:** We embrace the importance of looking forward to both understand and implement change in accordance with trends in the industry, society, and within our own organisation.
- **STANDARDS OF EXCELLENCE:** As a continuously growing and changing industry, we embrace the need to exceed basic expectations and take pride in adapting and performing to the highest possible standards.

STRATEGIC PLAN DELIVERY MODEL

The “delivery model” presented in this section of the strategic plan represents the activities and outputs that we deliver to fulfill the regulatory oversight role tied to our civil aviation mandate, the inputs that we use to produce these outputs and the contribution that we make with these outputs.

This delivery model is comprised of the following elements: INPUTS represent the various resources (financial, human, information, physical infrastructure and outputs from other parties) that are consumed by our activities.

- **ACTIVITIES** describe collections of tasks that identify the primary focus of our program delivery and how the work of our programming is carried out.

- **OUTPUTS** are the products or services generated by the activities that we deliver.

- **DIRECT OUTCOMES** are the first level of outcomes

- those over which our organisation has the most immediate or direct influence with our outputs.

- **INTERMEDIATE OUTCOMES** are the second level of outcomes – those that we can merely influence through our programming and where other intermediaries (those that we regulate, our partners and other stakeholders) are usually involved.

- **ULTIMATE OUTCOME(S)** reference(s) the higher-level enduring benefit(s) for Caymanians and others that can be attributed to our programming. This is the outcome level that is subject to many influences beyond the program itself, and is also more strategic in nature. The ultimate outcome is our organisation’s vision as stated in this plan.

The CAACI delivery model is supported by **two core principles** associated with our organisation’s ultimate goal of a safe and highly credible aviation industry for the Cayman Islands.

The first principle requires that our regulatory direction, information and guidance are sound and easily understood. This provides the aviation industry the opportunity to clearly appreciate their responsibilities and be equipped to comply with the applicable legislation and standards.

The second principle requires that our safety oversight activities are conducted diligently, supported by CAACI Policy, technical data and risk indicators. Where non-compliance is detected, it is addressed and corrected. Managing our program based on these underlying principles, we contribute to the following goals:

- Regulatory non-compliance is detected and addressed;
- The CI aviation industry understands its regulated obligations and is equipped to meet them.
- The CI civil aviation industry will meet or exceed internationally mandated standards of aviation safety;
- Our regulatory regime will be credible and sustainable; and
- CI registered aircraft operating globally and foreign aircraft operating in the CI, complies with required safety standards.



2.0 MANAGEMENT DISCUSSION & ANALYSIS

2.1 PERFORMANCE SUMMARY BY STRATEGIC OBJECTIVE

Lead through a modernized, comprehensive and risk-based approach to regulatory oversight

Continuously improve service delivery and innovative solution options for our stakeholders

Develop and sustain a high-performing, complimentary and cohesive professional team committed to organizational excellence

I. LEAD THROUGH A MODERNIZED, COMPREHENSIVE & RISK-BASED APPROACH TO REGULATORY OVERSIGHT

ANALYSIS, ACCOMPLISHMENTS & LESSONS LEARNED

AIR NAVIGATION SERVICES REGULATION

Continuous oversight of Air Traffic Services, Fire & Rescue Services & Aerodrome Certification

The ANSR team provided oversight of the Air Traffic Management (ATM) Surveillance Project, a critical initiative aimed at improving airspace monitoring and safety. Multiple Air Traffic Control (ATC) license validations and routine Air Traffic Services (ATS) inspections were conducted throughout the year, aimed at ensuring controllers remain proficient and continue to meet regulatory requirements. In addition, detailed inspections of the Aircraft Rescue and Firefighting Service (ARFFS) were conducted to assess their preparedness, equipment quality, and compliance with safety standards.

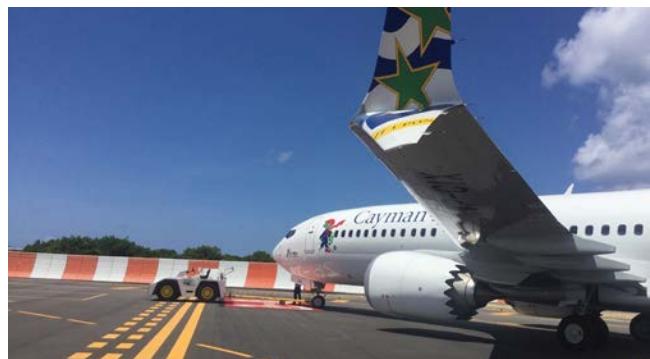


As a component of the aerodrome/airport oversight, the ANSR team assessed an Airport Emergency Exercise staged by the Cayman Islands Airports Authority (CIAA) to ensure effective response strategies, coordination, and adherence to emergency protocols.



The ANSR and ASR teams collaborated on the oversight of drone displays and their operation sites to ensure compliance with aviation regulations.

During this year, the CAACI reissued the Aerodrome Certificates for both the Owen Roberts International Airport (ORIA) and Charles Kirkconnell International Airport (CKIA) confirming continued compliance with international standards.



AIR SAFETY REGULATION

Safety Management Systems (SMS) Implementation

The Civil Aviation Authority of the Cayman Islands (CAACI) is committed to ensuring the highest levels of aviation safety through the implementation and oversight of Safety Management Systems (SMS). SMS is a proactive and systematic approach to identifying and mitigating risks within aircraft operations, ensuring compliance with ICAO standards and local regulatory requirements.

All registered operators within the Cayman Islands Aircraft Registry are required to establish, implement, and maintain a comprehensive SMS that is acceptable to the Governor which includes at a minimum:

- Hazard identification and risk assessments to proactively manage safety risks.
- Defined safety objectives and performance indicators to ensure continuous improvement.
- Clear safety policies and procedures to standardize operational safety measures.
- Effective safety reporting mechanisms to encourage a culture of transparency and accountability.

- Regular safety audits and performance reviews to ensure ongoing compliance and enhancement of safety practices.

The CAACI will continually monitor and evaluate the effectiveness of SMS programs through inspections, audits, and industry engagement. We are committed to fostering a strong safety culture within the local air transport industry, ensuring that safety remains the top priority for all operators under our jurisdiction.

Routine Inspections



To ensure state safety assurance and compliance, the Civil Aviation Authority of the Cayman Islands (CAACI) conducted routine inspections and audits across various domains, including:

- Airworthiness
- Flight Operations
- Remotely Piloted Aircraft (Drones)
- Dangerous Goods for Transport

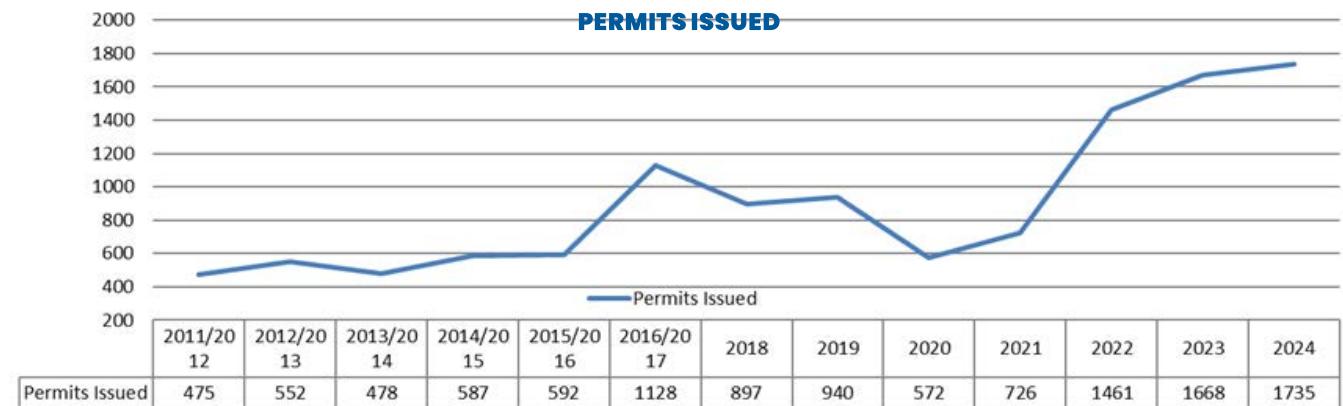
ECONOMIC REGULATION & ADMINISTRATION

Continuous improvement of our processes and tools to enhance the service experience of our clients is an overarching objective for the CAACI.

The Authority, through its Economic Regulation Division, is responsible for the oversight and issuance of required permits for all foreign registered aircraft that operate to/from the islands for commercial purposes, including scheduled and non-scheduled operations and air ambulances. Seasonal operating permits are issued to the scheduled airlines and some air ambulance operators, whereas on demand permits are issued for ad-hoc charter operations and other non-scheduled operations. Much of this activity is closely aligned with the Cayman tourism industry and is influenced by the global economic condition, as many of these operations are provided for high net worth business and leisure travellers.

Demand and availability of charter/non-scheduled operations exceeded previous years.

There was significant growth in the number of permits issued during the period, which increased from last year's figure of over 60 to over 90 operators. The verification letter allows operators to operate into the Cayman Islands on an as needed basis. All required documents are submitted to the CAACI's Economic Regulatory department for all aircraft which could possibly operate into the Cayman Islands. The operator then provides details of all live flights operated into/out of the Cayman Islands on a monthly basis, which is verified through logs received from both the Cayman Islands Airports Authority and the handlers at Owen



Due to a change in reporting period for the fiscal year for 2016/2017 had 18 months rather than the normal 12.

Roberts International Airport and Charles Kirkconnell International Airport .

The movement in activity of non-scheduled/charter arrivals is closely tied to the stay-over sector of the tourism market . The CAACI's Economic Regulatory staff also proactively embark on annual drives to inform all related parties of the requirements and of any changes in requirements or filing processes.



For the Summer season (31st March – 30th October), permits were issued to:

- Air Canada,
- Air Canada Rouge,
- American Airlines/US Airways (merging),
- Delta Airlines,
- IBC Cargo,
- Jet Blue,
- Southwest,
- Sun Country,
- United Airlines, and
- West Jet.

For the Winter season (October 31st – March 30th), permits were issued to:

- Air Canada Rouge,
- Air Canada,
- American Airlines/US Airways (merging),
- Delta Airlines,
- IBC Cargo,

- Jet Blue,
- Southwest,
- Sun Country Airlines,
- United Airlines, and
- WestJet.

It should be noted that Air Canada and Air Canada Rouge operate under two separate A.O.C.s on the same route requiring them both to hold an operating permit. During this period Southwest made a change in their routing and now operate flights from Orlando, Florida rather than Ft. Lauderdale, Florida, as in previous years.

The Economic Regulatory staff continue in their liaison role between local AOC holders and the ICAO to collect and submit required air transport statistics.

The Deputy Director-General and Supervisor Economic Regulation/Air Carrier Licensing Officer provided administrative support to the Air Transport Licensing Authority (ATLA) – the independent board, appointed to process applications for economic licenses of local commercial air transport operators. The Deputy Director-General continues to serve as the Secretary to the ATLA. During the period between January – December 2024, the ATLA board issued a 5-year permit to Cayman Private Aviation to operate non-scheduled charter services to and from the Cayman Islands. Work has continued on the refining of the current ATLA laws to bring them up to date. There was a change to the membership of the ATLA board which now consists of:

- Mr. Michael Adam – Chairman,
- Mr. Andre Scott – Deputy-Chairman,
- Mr. Marcus Cumber – Member,
- Mrs. Susan Parsons – Member,
- Ms. Paula Cribb – Member, and
- Mr. Carson (Denny) Ebanks – Member.

The Deputy Director-General also continues as the appointed Secretary to the Board of Directors of the CAACI.

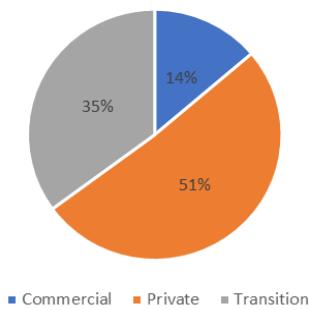


CAYMAN ISLANDS AIRCRAFT REGISTRY

- Total aircraft entered on the register as of 31 December 2024 = 268
- New aircraft registrations during the period = 113
- De-registrations during the period = 100
- Increase in number of aircraft since 31 December 2023 = 13

The following pie chart shows a breakdown of the 268 aircraft entered on the register as at 31 December 2024 (by category).

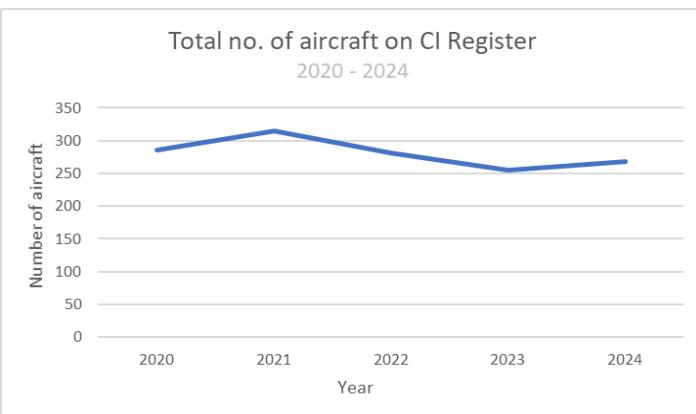
Breakdown of aircraft on CI Register by category at 31 December 2024



Please see the chart and graph below for the total number of aircraft entered on the register by year.

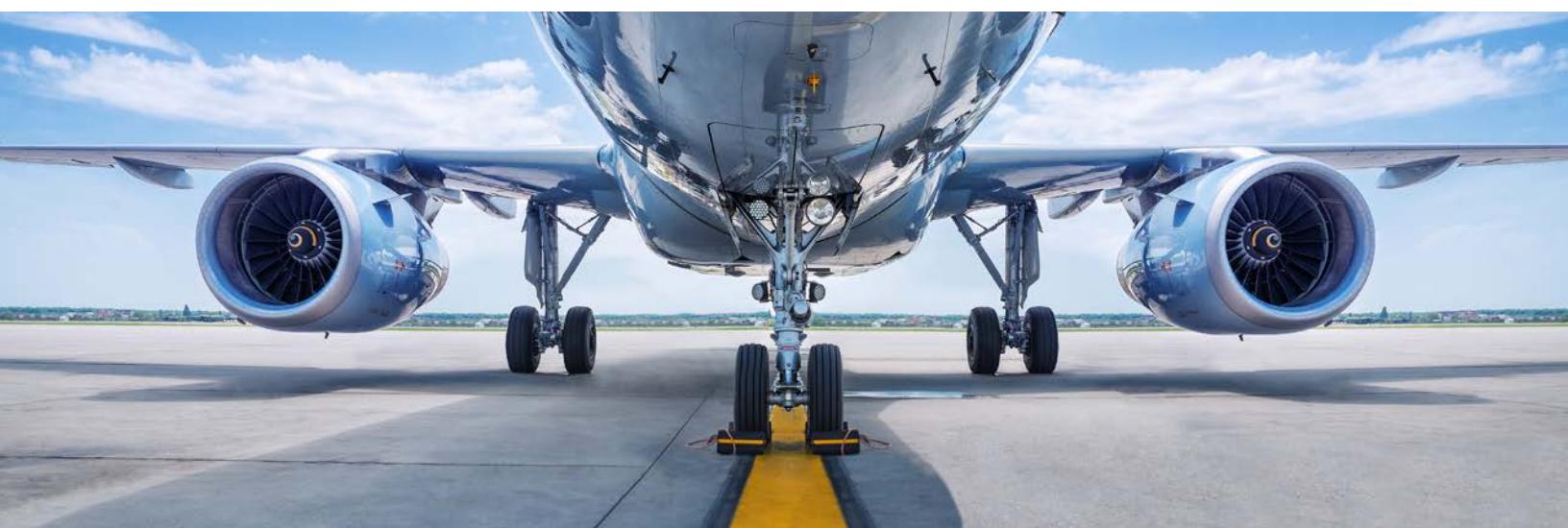
Month	2020	2021	2022	2023	2024
January	251	289	322	281	261
February	258	298	320	276	257
March	264	297	314	278	257
April	268	302	313	275	260
May	272	304	302	274	301
June	275	306	301	260	296
July	278	305	297	256	285
August	276	316	292	254	283
September	282	310	291	248	279
October	283	314	282	245	275
November	282	317	283	253	270
December	286	315	281	255	268

Below is a comparison of the aircraft registration and de-registration activity for the past 5 years. Of the de-registrations through the year, 78% of these were associated with transition projects thereby fulfilling the objectives of this niche market.



NO. OF NEW REGISTRATIONS				
Year	Commercial	Private	Transitional	Total
2020	0	17	40	57
2021	5	20	78	103
2022	3	14	73	90
2023	3	12	72	87
2024	3	6	104	113

NO. OF DE-REGISTRATIONS				
Year	Commercial	Private	Transitional	Total
2020	4	16	2	22
2021	3	28	43	74
2022	9	34	81	124
2023	9	28	76	113
2024	7	15	78	100



II. CONTINUOUSLY IMPROVE SERVICE DELIVERY AND INNOVATIVE SOLUTION OPTIONS FOR OUR STAKEHOLDERS

ANALYSIS, ACCOMPLISHMENTS & LESSONS LEARNED

AIR NAVIGATION SERVICES REGULATION

Improving Aeronautical Information

A thorough inspection of Aeronautical Information Services (AIS) was conducted to ensure the accuracy and reliability of essential flight navigation data.

AIR SAFETY REGULATION

RPAS (Drone) Operations Expansion

The use of RPAS (drones) in the Cayman Islands continued to rise in 2024, particularly in Commercial applications such as aerial photography and videography, and environmental assessments.

The Cayman Film Industry also saw increased utilization of RPAS technology, as professional film crews brought cutting-edge aerial cinematography to the region. The CAACI plays a pivotal role in regulating RPAS activity by issuing permissions, conducting audits, collaborating on safety promotions, education, and enforcing compliance standards.

Drone light shows at major special events have also surged in popularity on the islands. During the period there were 7 exhibitions, each involving between 250 to 600 drones.

Streamlining Regulatory Approvals

To manage the growing demand, the ASR Division has leveraged technology-driven solutions. The V-PC Online

System streamlines regulatory approvals, offering clients a secure and efficient platform to:

- Submit registration and certification applications online
- Receive formal approvals through the same portal

ASR staff operate under a hybrid work model, balancing in-office and remote work to accommodate international clients across multiple time zones. This model has significantly improved processing efficiency and customer service response times.

ECONOMIC REGULATION & ADMINISTRATION

Our team continues to work both locally and internationally on increasing the awareness of the Authority to audiences both of our regulatory work and in increasing the awareness of the CIAR. In 2024, in addition to our quarterly newsletter, we have been featured in a number of articles, press releases, social media, and video series, which are available for review on our website's News Page:

- Corporate Jet Investor Quarterly Magazine
- Inside Sustainability – April 2024: Soaring to success in the Cayman Islands.
- The Luxury Report – Summer 2024 Issue: Absolute Excellence Above All Else – A conversation with Nicoela (Nikki) McCoy, Deputy Director-General, Economic Regulation & Administration at the CAACI .
- Maples Group's Aviation 101 Video Interview Series (4 Parts): Interviews conducted by Maples Partner – Ms. Sherice Arman, with CAACI's Director-General



P.H. Richard Smith, and Deputy Director-General Mrs. Nicoela McCoy.

- History of CAACI
- Role of CAACI
- CAACI and Excellence
- Innovation and Future of CAACI

- Specialist Insight - Guide to Aircraft Registration 2024

FINANCE AND COMPLIANCE

The CAACI remains financially self-sustainable and contributes 75% of its annual Net Income to the Cayman Islands Government. Over the past 14 years, the CAACI has consistently met its financial goals and distributed dividends totaling over \$32 million.

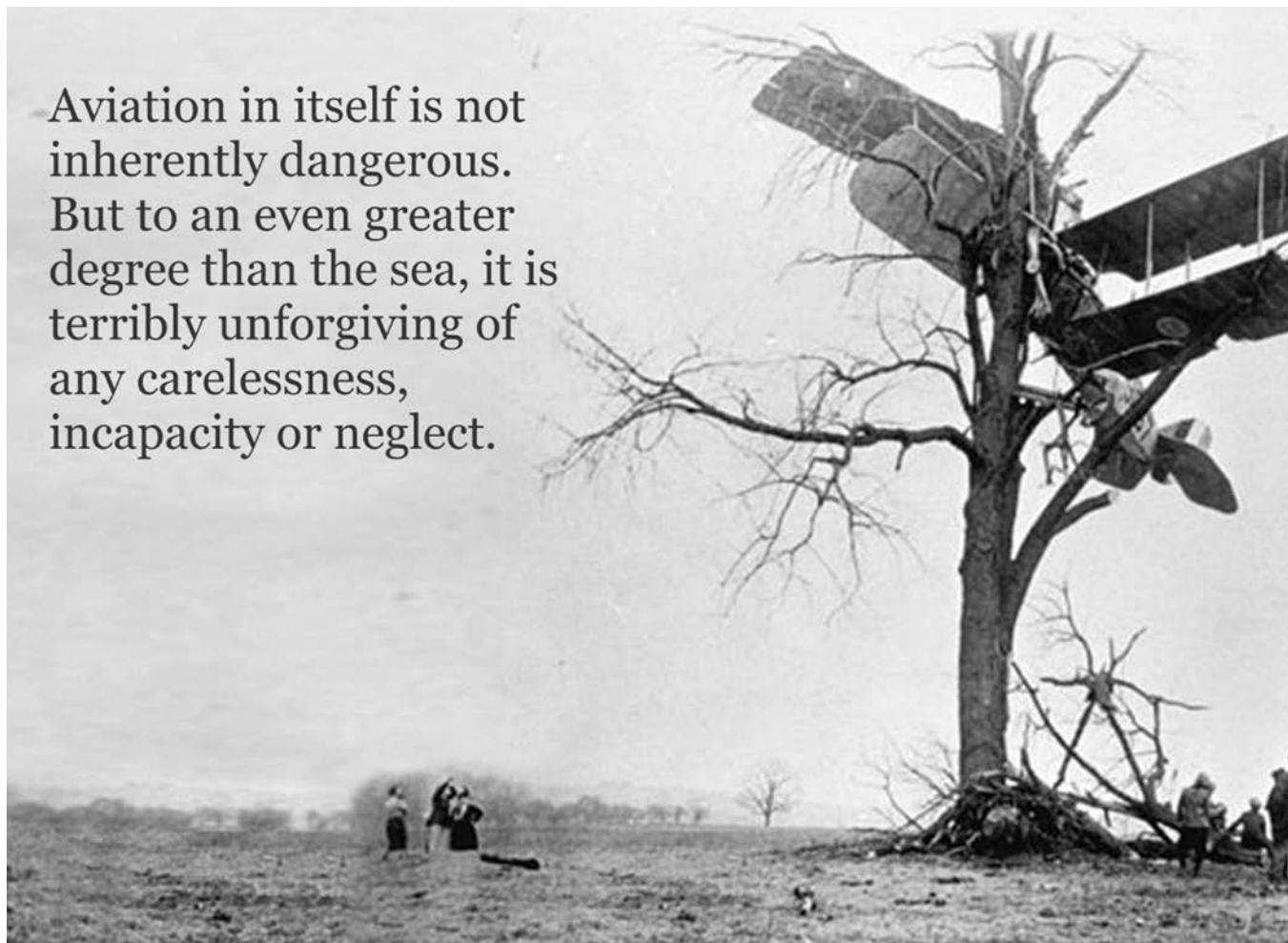
As the first point of contact for the aircraft and mortgage registry, the Division continues to prioritize providing exceptional customer service to its aircraft owners, operators, financiers, lessors, attorneys and other stakeholders.

In 2024, the Authority achieved a record year for transition aircraft registrations, including the registration of more than 40 aircraft in relation to a bankruptcy case within a 3-day period.

The Division actively participates in the Cayman Islands Government Sanctions Working Group to monitor, discuss and implement international sanctions which have been imposed in the United Kingdom and extended to the Cayman Islands as a British Overseas Territory. Sanctions screening remains a critical component of our client onboarding process and ongoing due diligence procedures.

The Director of Finance and Compliance is also a member of the Operation Hektor Task Force, which coordinates the implementation of sanctions against Russia in response to its actions in Ukraine, facilitating centralized discussions and decision-making on sanctions-related matters.

Aviation in itself is not inherently dangerous. But to an even greater degree than the sea, it is terribly unforgiving of any carelessness, incapacity or neglect.



III. DEVELOP AND SUSTAIN A HIGH-PERFORMING, COMPLIMENTARY AND COHESIVE PROFESSIONAL TEAM COMMITTED TO ORGANIZATIONAL EXCELLENCE

The authority strives to put in place the financial and human resources, physical infrastructure, processes and work environment necessary to adapt and be capable of performing at a high level. The strategic directions, initiatives and activities linked to this strategic priority position us well to build upon the progress we have already made.

ANALYSIS, ACCOMPLISHMENTS & LESSONS LEARNED

ECONOMIC REGULATION & ADMINISTRATION

The Authority implements an annual integrated communications programme as a component of its Marketing and Public Relations activities, aimed at creating greater awareness of the Cayman Islands Aircraft Registry globally and to enhance greater awareness of CAACI's credible regulatory regime with the ultimate goal of increasing subscribers to the aircraft registry and creating sustainable financial streams for the Authority.

The signature aviation tradeshows that the CAACI normally exhibit at are:

- National Business Aviation Association (NBAA) Business Aviation Conference and Exhibition (BACE) held annually in the USA;
- European Business Aviation Association Conference & Exhibition (EBACE) held in Geneva, Switzerland; and
- Asian Business Aviation Association Conference & Exhibition (ABACE) held annually in Shanghai, China.

ABACE continues to be cancelled due to the COVID-19 pandemic; however, the NBAA BACE and EBACE shows went on as planned in 2024.

CJI London: 5-7 February, 2024

The 2024 Corporate Jet Investor (CJI) London conference, held in London, England marked a significant gathering in the realm of business aviation air transport. The CAACI was represented at this prestigious event by the Director-General, Mr. Richard Smith, and Director of Finance and Compliance (Designate), Ms. Joni Wood. With approximately 550 business aviation leaders

form over 280 companies in attendance, CJI London serves as a pivotal platform for industry discourse and networking. We are pleased to have participated in this annual event, which underscores our commitment to staying abreast of industry developments and fostering meaningful connections within the business aviation community.



Airline Economics Growth Frontiers: 27-28 February, 2024

The participation of CAACI representative at the Airline Economics Growth Frontiers forum in Delhi, India enhances our business development objectives of exploring new initiatives and opportunities in the global aviation industry. Led by the Director-General, Mr. Richard Smith, and Manager of Technical Programs and Regulatory Initiatives, Mr. Guy Healey, they engaged specifically in discussions pertaining to the transitioning of leased aircraft in the CAACI's niche offering. Held at the iconic TAJ Mahal Hotel, the event convened industry leaders and experts to delve into emerging trends and opportunities shaping the aviation landscape in that region. Our participation at this gathering reflects the CAACI's dedication to staying at the forefront of the industry advancements and fostering strategic partnerships for mutual growth and innovation.

European Business Aviation Conference & Exhibition (EBACE): 28-30 May, 2024

The CAACI exhibited at the European Business Aviation Conference & Exhibition (EBACE) in Geneva, Switzerland,

where they shared information with attendees about the Cayman Islands Aircraft Registry, and the various benefits of registering aircrafts with us in the Cayman Islands. Attending CAACI representatives included our Director-General, Mr. Richard Smith, Capt. Mark Dixon, Mrs. Elaine Whorms, Ms. Joni Wood, and Mr. Tony Walsh. In addition, Cayman Enterprise City (CEC) co-exhibited with the CAACI and was represented by Mr. Charles Kirkconnell. Overall, it was a successful trip and the team benefitted from sharing their passion with others in this dynamic aviation industry.



12th North American, Central American and Caribbean Directors of Civil Aviation Meeting: 9-11 July, 2024

On behalf of the Director-General Civil Aviation, the Director of Air Navigation Services Regulation, Mr. Craig Smith and the Air Navigation Services Regulatory Inspector, Mr. Robert Harris attended the Twelfth North American, Central American and Caribbean (NACC) Directors of Civil Aviation Meeting in Placencia, Belize. The meeting was held under the auspices of the International Civil Aviation Organisation (ICAO) and provided opportunity for Regional Directors General of Civil Aviation Authorities and representatives of States and Territories to be informed of, and participate in discussions on the following topics:

- ICAO Transformational Objectives
- Aviation Security (AVSEC) and Facilitation (FAL)
- Challenges of, and Solutions to, the Effective Implementation of ICAO Standards and Recommended Practices (SARPs)
- Toward More Effective Implementation Support
- Gender Equality in Aviation
- Pathway to Sustainable Aviation
- Challenges to Air Connectivity in the Americas
- ICAO 80th Anniversary Activities
- Ratification of International Air Law Instruments and Outstanding Contributions
- NACC/DCA Meeting Valid and Draft Conclusions and Decisions

The meeting was well-attended and afforded participants the chance to meet and network with counterparts in neighbouring States and Territories. It is important for the CAACI to attend such ICAO events to be apprised of developments in the regional aviation industry.



CJI Singapore: 16-18 September, 2024

Civil Aviation Authority of the Cayman Islands was a proud sponsor of Corporate Jet Investor (CJI) Asia 2024 which was held in Singapore. CJI Asia is a premium business aviation event dedicated to the Asian market and will welcome over 300 decision-makers from the industry's busiest financiers, operators, brokers, OEMs, insurers, MROs, manufacturers, appraisers, lawyers and many more involved in business jet transactions. Over the two days, senior executives heard from a diverse range of 50+ speakers, participate in 24+ interactive sessions, and enjoy 12+ hours of networking with like-minded individuals passionate about shaping the future of the Asian business aviation market.

The CAACI was well represented by Mr. Richard Smith, Director-General and Mrs. Nicoela McCoy, Deputy Director-General. Mr. Smith was also a speaker at the event, he joined a panel focused on aircraft registration in varying jurisdictions. Mr. Smith and Mrs. McCoy were joined at CJI Singapore by the Cayman Islands Government's Representative in the Asia Office, Mr. Gene DaCosta.



NBAA-BACE: 22-24 October, 2024

The CAACI exhibited at NBAA-BACE in Las Vegas. While there our team met with clients and stakeholders from around the world. The Authority was represented by Director-General, Mr. Richard Smith, Mrs. Nicoela McCoy, Mr. Mark Dixon, Ms. Joni Wood, Mr. Robert Harris, and Ms. Anne-Marie Stephens.



Shannon International Leasing Conference (SILC): 11-12 November, 2024

The Civil Aviation Authority of the Cayman Islands (CAACI) was a proud sponsor and exhibitor at the Shannon International Leasing Conference (SILC) in Dublin, Ireland. The CAACI was represented by Mr. Mark Dixon, Director of Air Safety Regulation and our Irish based consultant Mr. Brian Skehan.



CJI Miami: 11-13 November, 2024

The CAACI was present at CJI Miami, represented by Director-General, Mr. Richard Smith, Mrs. Elaine Whorms, and Mrs. Bethany Walton.



STAFFING AND HUMAN CAPITAL RESOURCES

As of 31 December 2024, the CAACI had a staff complement of 22 full-time staff (19 Caymanian, 1 PR and 2 WP) and one part-time employee (PR holder) at the head office and 14 overseas independent contractors (6 in UK, 4 in Canada, 1 Germany, 1 Switzerland, 1 Ireland and 1 in Asia).

Recruitment: During 2024, we recruited for five positions across three divisions:

- Economic Regulation & Administration Division hired:
 - HR/Office Manager,
 - Marketing and Communications Officer, and
 - Administrative Assistant.
- Finance & Compliance Division hired:
 - Accounts Officer.
- Air Safety Regulation Division hired:
 - Airworthiness Surveyor.

TRAINING AND DEVELOPMENT HIGHLIGHTS

The CAACI has continued to invest in our team through extensive training and development, both locally and internationally – helping to ensure that we are kept abreast with the current regulations and innovations in aviation as well as other pertinent disciplines. Through a combination of formal training, continuous on-the-job training, attendance at conferences/symposiums and other forums as well as peer to peer industry meetings the CAACI maintains its competency for aviation regulation and best practise standards for all functional disciplines.

In 2024, our team successfully completed the following:

- Assessment for the General Security Awareness Training (GSATCIAA), which is a requirement for the issuance of Airport Authority security access passes.
- All new hires completed the Air Safety Support International (ASSI) Air Law course.
- All staff continue to complete the KnowBe4 cyber security awareness quarterly training.
- Senior management and staff attended the Air Accidents Investigation Branch (AAIB) – Accident Investigation Familiarization & Evidence Awareness Seminar on May 15-16, 2024. This was also attended by industry members of Customs and Border Control, C.I. Fire Service, R.C.I.P.S, and Cayman Islands Airports Authority.

AIR NAVIGATION SERVICES REGULATION

- The Director Air Navigation Services Regulation, and Air Navigation Services Regulatory Inspector completed the Air Safety Support International 2024 ATS and Aerodrome Webinar conducted by ASSI
- Our ANSR team participated in a Search and Rescue (SAR) workshop which focused on valuable insights to this critical process and strengthened coordination strategies for emergency responses.
- The ANSR Inspector attended an ATS Examiner Refresher Training Course, furthering expertise in assessing air traffic controllers and maintaining high evaluation standards.
- Through virtual ICAO Focal Point Meetings with the Air Safety Support International (ASSI) team, to maintain currency on regulatory developments and compliance measures.
- Attendance at ASSI's ATS and Aerodrome webinar, focus was on the latest updates on regulatory changes and industry trends in air navigation services.
- Our team attended the Twelfth North American, Central American, and Caribbean Directors of Civil Aviation Meeting (NACC/DCA/12) in Belize, highlights included regional aviation advancements and regulatory strategies.

AIR SAFETY REGULATION

- ASR Technical Officer completed the ICAO Government Safety Inspector – Personnel Licensing (GSI PEL EN) and the UK CAA Drone and Model aircraft online training.
- Members of the ASR Team also completed the Air Safety Support International (ASSI) 2024 Dangerous Goods Refresher Training and the ICAO Unmanned Aircraft Systems (UAS) Operations and Unmanned

Aircraft Systems (UAS) Safety Management System.

- The Airworthiness Surveyors attended the 2024 ASSI Airworthiness Seminar with other Airworthiness experts from ASSI and the other OTs to maintain competency in latest regulatory updates and industry standards.



ECONOMIC REGULATION & ADMINISTRATION

- The Deputy Director-General Economic Regulation and Administration and Supervisor Economic Regulation/Air Carrier Licensing Officer attended the UK Department for Transport (UK DfT) Foreign Operator Permit (FOP) workshop. This was also attended by members of other OTs such as BVI, Bermuda, Anguilla and Turks & Caicos, where updates to the FOP procedures were discussed.
- The HR Manager and Supervisor Economic Regulation/Air Carrier Licensing Officer attended the Train HR Learning Mastering Team Supervision Techniques webinar.
- The FOI Manager and designate attended the Freedom of Information Awareness Workshop hosted by CI Government.
- The Deputy Director-General attended the Financial Services Institute (FSI) AML Guidance Notes (Part 1)



- The Deputy Director-General, Supervisor Economic Regulation & Administration and the HR Manager attend quarterly ASSI – Overseas Territories Aviation Authorities (OTAs) training and development webinars.

FINANCE & COMPLIANCE

- The Director Finance and Compliance (Designate) and Acting Finance and Compliance Supervisor completed the Cayman Islands Institute of Professional Accountants (CIIPA) 2024 IPSAS & IFRS Updates for Public Sector.
- Director Finance & Compliance (designate) completed the SILO Compliance AML Grey Matters Beneficial Ownership course in September 2024.
- The of Director Finance and Compliance (Designate) completed and passed the Cayman Islands Institute of Professional Accountants (CIIPA) ACCA Strategic Professional ACCA examinations and upon successful completion, the DFC Designate was fully appointed to the role of Director of Finance and Compliance in December 2024.

CHARITABLE INITIATIVES & COMMUNITY SERVICE

The CAACI is dedicated to supporting our community to help ensure a brighter future for the people of the Cayman Islands. Our team achieves this in a number of ways including:

- **Hosting Interns:** The CAACI hosted three interns during 2024, all of which are passionate about future careers in the aviation industry. Each intern spent time with each of the functional divisions to learn their specific regulatory responsibilities and the CAACI coordinated visits to industry partners for the interns, i.e., Cayman Airways, Cayman Islands Airports Authority.



- **Workforce Opportunities & Residency Cayman (WORC) Tech Expo:** The Civil Aviation Authority of the Cayman Islands proudly supported the WORC Tech

Expo at the Sir Vassel Johnson Hall at the University College of the Cayman Islands (UCCI) on 1 November. Our team spoke to attendees about the various careers in aviation, and the regulatory role of the CAACI.



- **Charitable Donations:** In 2024, the CAACI team raised \$8,258KYD in support of local charities, and participated in a number of community events:



- Addison Kelly Memorial Scholarship
- Alex Panton Foundation
- Alzheimer's & Dementia Assoc. of the Cayman Islands
- The Beacon of Hope Cayman Foundation
- Boys2Men
- Cayman Crisis Centre
- Cayman Heart Foundation
- Cayman Turtle Centre and Education Centre
- CI Gov. Primary School Literacy & Numeracy Programs
- Good Samaritan (Cayman) Food Bank
- NCVO
- The Pines Cayman
- YMCA of the Cayman Islands



LOOKING FORWARD TO 2025

The CAACI will continue to invest in technology, competency development of staff, safety and economic oversight enhancements; specific divisional goals include:

AIR SAFETY REGULATION

The ASR Division anticipates continued expansion and innovation in the coming year. Key focus areas include:

- Sustained growth in private aircraft registrations and commercial operations
- Steady growth in the transition aircraft sector
- Enhanced focus on safety and technical expertise to manage industry expansion
- Launch of the next phase of "VP-C Online," our renewed platform for data management associated with aircraft and organizational approvals. This system will offer increased functionality, faster processing, and improved client interactions.
- Ongoing expansion of RPAS (drone) operations

The ASR Division remains committed to ensuring the highest safety and compliance standards, leveraging technological advancements, global expertise, and proactive regulatory measures to support the Cayman Islands' growing aviation sector.

AIR NAVIGATION SERVICES REGULATION

Throughout 2024, ANSR remained focused on regulatory excellence, operational oversight, and global engagement to enhance aviation safety. Our commitment to best practices and continuous improvement ensures that the Cayman Islands' certified aerodromes and their operational areas maintain the highest standards. We look forward to building on these achievements in the years ahead.

ECONOMIC REGULATION & ADMINISTRATION

In the near term the Economic Regulatory team will rollout enhanced oversight processes and procedures specific to the grant of foreign aircraft operator approvals (scheduled and non-scheduled air transport operations); and continue to liaise with UK DfT and other stakeholders to enhance and modernise these processes and procedures to be able to support this sector of the air transport industry which is vital to the Cayman Islands as a small island dependent on connectivity for tourism and financial services.

Spearheading renewed focus on strategic planning to guide the organisation for the next 3 – 5 years to be completed within 2025.

Continued engagement in global media placements to increase awareness of the CAACI's regulatory role and the CI Aircraft Registry to target audiences.

In addition, the division is committed to continual refinement and innovation of support services such as information technology and digitisation; HR visioning and resourcing; and integrated communications for the benefit of all stakeholders.

FINANCE & COMPLIANCE

The Finance and Compliance team's key focus areas for the upcoming year center on effective risk management, operational efficiency, and regulatory compliance:

- Continuously monitor global and local regulatory changes, governance standards, and ethical practices, with particular attention to ESG (Environmental, Social, and Governance) reporting, and the implementation of new IFRS updates.
- Strengthen Anti-Money Laundering (AML) and Know Your Customer (KYC) protocols, ensuring alignment with the Cayman Islands Monetary Authority's Anti-Money Laundering Regulations, and best practices. Focus on real-time compliance monitoring for quick resolution of any issues.
- Perform regular risk assessments to identify emerging threats, such as fraud prevention, and enhance the internal control framework to mitigate financial misstatements and operational risks.
- Continue investing in financial technologies to streamline reporting and audits, ensuring greater transparency and documentation in preparation for external audits.
- Improve the accuracy of financial forecasting and budgeting using advanced analytics.
- Align financial objectives with corporate strategy and operational performance.
- Integrate financial analysis with risk data to support better decision-making at the senior management level.
- Provide ongoing training for staff to keep them informed about financial regulations, compliance standards, and technological developments.

2.2 FINANCIAL PERFORMANCE & ANALYSIS

GROWTH IN FINANCIAL PERFORMANCE – CAYMAN ISLANDS AIRCRAFT REGISTER

The Cayman Islands Aircraft Register (CIAR) contributed 7.8m (75%) of the Authority's overall revenue for the period (2023: \$7.5m). 2024 has shown that revenue has increased by approximately 3.7%.

Revenue for recurrent airworthiness certification fees for private and commercial aircraft was \$2.6m (2023: \$2.5m). For the year ending 31 December 2024, there was a net increase in aircraft on the register of 13 (from 255 to 268).

Of the 268 aircraft on the Register at the end of December:

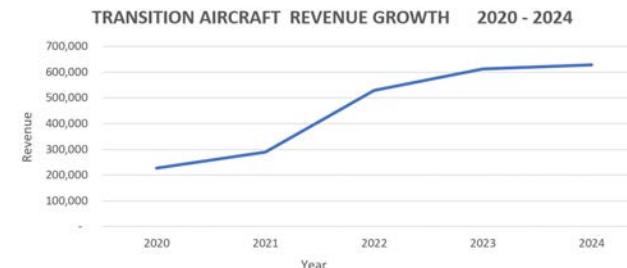
- 94 were transition (35%),
- 137 private (51%) and
- 37 commercial (14%).

The CIAR is globally recognised as a reputable and safe option for private and corporate aircraft owners to have their aircraft certified annually by professional technical staff, in various jurisdictions, with many years of air safety regulatory experience. With the high level of expertise and attention to detail, coupled with the attentiveness to the customer experience through offering a bespoke, client interactive aircraft management system has attracted clients at all levels of the aircraft management and certification process.

LESSOR TRANSITION AIRCRAFT (REGULATORY OVERSIGHT OF AIRCRAFT PARKED BETWEEN LEASES)

The interest of the lessor market for registration of aircraft transitioning between leases has remained constant for the past three years. This lease transitioning niche, which was officially launched in Dublin, Ireland in October 2019, has realized significant growth since its inception. The transition activity performed well during the period and generated revenue of \$2.3 million accounting for 30% of aircraft registration revenue, an increase of 15.5% over

the 2023 period.

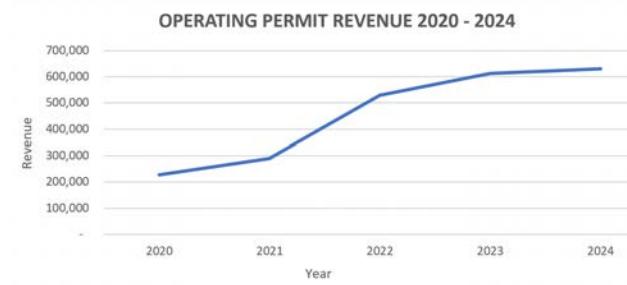


CIAA REGULATORY OVERSIGHT FEE

An annual fee of \$1.3 million is charged to CIAA, these fees represent the charge for regulatory oversight by the Authority to CIAA in relation to Owen Roberts International Airport (ORIA) and Charles Kirkconnell International Airport (CKIA).

OPERATING PERMIT APPROVALS

Approvals for foreign registered operators; scheduled and non-scheduled air transport operations into the Cayman Islands have generated \$629k in revenue in 2024, surpassing the results in the same period in 2023 (\$612k). We have seen a steady increase in revenue over the past five years relating to very strong high tourism seasons (winter seasons). We are continuing to see an increase in the use of charters as a preferred means of travel. Fractional ownership, jet cards and shared ownership structures have made it more affordable to use this type of transport.



CAACI FINANCIAL PERFORMANCE JAN 1 2019 THROUGH DEC 31 2024

The schedule below shows audited major line items of revenue and expense from 2019 through 2024. The below shows:

	12 months ended Dec 31, 2024		12 months ended Dec 31, 2023		12 months ended Dec 31, 2022		12 months ended Dec 31, 2021		12 months ended Dec 31, 2020		12 months ended Dec 31, 2019	
	2024 PY growth %	in CI\$ ('000's)	2023 PY growth %	in CI\$ ('000's)	2022 PY growth %	in CI\$ ('000's)	2021 PY growth %	in CI\$ ('000's)	2020 PY growth %	in CI\$ ('000's)	2019 PY growth %	in CI\$ ('000's)
Revenue												
Aircraft Registry (foreign and local)	3.43%	7,808	-6.36%	7,549	-5.16%	8,062	25.72%	8,501	0.76%	6,762	6.54%	6,711
Aerodrome Regulatory Oversight (CIAA)	0.00%	1,300	300.00%	1,300		325	-100.00%	-	-75.00%	250	0.00%	1,000
Operating Permits - foreign entities	2.78%	629	15.69%	612	82%	529	27.75%	290	-43.95%	227	10.66%	405
Deposit Interest	17.81%	602	674.24%	511	288%	66	-83.33%	17	-38.55%	102	53.70%	166
Total Revenue	3.68%	10,339	11.02%	9,972	2%	8,982	20%	8,808	-11%	7,341		8,282
Total Expenses from operations	23.20%	6,622	-1.21%	5,375	12.9%	5,441	5.58%	4,821	-4.12%	4,566	1.95%	4,762
Other operating expenses:												
Depreciation expense (IFRS 16 up to 2021)	7.91%	232	-8.51%	215		235		139		193		191
Bad debt expense (IFRS 9 Expected credit loss)	-90.65%	153	493.12%	1,637		276		101		213		70
Expenses (non cash) service costs due to retirement plan valuations	-100.00%			411				4		9		14
Total expenses	-8.26%	7,007	28.33%	7,638		5,952		5,065		4,981		5,037
Net Income from Operations	42.76%	3,332	-22.97%	2,334	-19.0%	3,030	58.60%	3,743	-27.27%	2,360	6.99%	3,245
Other comprehensive gains/(losses) (Post retirement plan valuations for DB plan members)	95.19%	1380	-79.09%	707		3,381		48		(1,156)		(701)
Net Comprehensive Income (NCI)	53%	4,712	-46%	3,041	69%	6,411	215%	3,791	-53%	1,204	-32%	2,544
Dividend payments made to CIG by 31 March of subsequent year (75% of Unaudited NCI, with audit adjustments in subsequent year)		2,499		1,751		2,273		2,843		903		1,908

CAACI actual financial performance results 2024 compared to 2024 Ownership Agreement with the CIG

	31-Dec-24	31-Dec-24	Variance Over/(Under)	%	Comments on variance (summarised)	
	Actual (audited)	Original Ownership Agreement (OA) (submitted in Aug 2023)	Actual vs Budget	Variance with original OA		
REVENUE						
Aircraft Registry (revenue from others)	7,460	7,993	(533)	-6.67%	Forecasted revenue included growth for the Aircraft Registry, although the growth was not realised during the period, revenue exceeded actual revenue in 2023.	
Aircraft Registry (revenue from CIG entities)	348	354	(6)	-1.69%	Cayman Airways, Police, MRCU, Lands and Survey	
Aerodrome Certification Fee (revenue from CIG entity)	1,300	1,300	0		Regulatory fee charged to CIAA.	
Operating permits	629	535	94	17.57%	Increase in revenue relates to a very strong high tourism season (winter season). We are continuing to see an increase in the use of charters as a preferred means of travel. Fractional ownership, jet cards and shared ownership structures have made it more affordable to use this type of transport.	
Deposit interest and other income	602	70	532	760.00%	Interest rates ranged from 2.65% to 4.9% since original forecast, interest rates were as low as 0.1% when the original budget was drafted.	
Total Revenue from operations	10,339	10,252	87	0.85%	1%	
EXPENSES						
Expenses (cash) from regular operations	6,622	6,307	315	5%	There were savings in personnel costs due to vacancies budgeted not filled by year end, business development and Admin travel not undertaken as expected.	
Expenses (non cash) Depreciation and bad debt expense	385	210	175	83.33%	Depreciation and bad debt expense (including unpaid CIAA fees, not included in forecast)	
Expenses (non cash) service costs due to retirement plan valuations		500	(500)		Awaiting actuarial valuation from Mercer outlining Service costs for the period relating to Post Retirement Healthcare and Pension.	
Total Expenses	7,007	7,017	(10)	-0.14%		
Net Income from operations	3,332	3,235	97	3.00%		
Other comprehensive gains/(losses):						
As per actuarial valuations for year ending 31 December 2024:						
Remeasurement of defined benefit pension obligation gain/ (loss)	946	(200)	1,146			
Remeasurement of post-retirement healthcare obligation gain/ (loss)	434	(300)	734			
Total Comprehensive Net Income	4,712	2,735	1,977	72.29%		

- Revenue for the period was below projections by 8.36% as the level of growth projected was not achieved, but revenue increased over the prior period by 3.7%.
- There were savings in expenses during the period related to vacancies budgeted for not filled by year end, training, travel and business development.
- Increase in interest income of 17.8% during the period.
- In 2024, the CAACI introduced a new post-retirement healthcare plan for members of the Defined Contribution pension scheme. As a result, a liability of \$1.308 million has been recognized in the financial statements for the year ended 31 December 2024.
- There were savings in other expenses during the period related to vacancies budgeted for not filled by year end, training, travel and business development planned but not undertaken.
- Large unrealised gains from the actuarial valuations of the pension (\$946k) and health (\$434k) retirement plans for the CAACI staff on the Defined Benefit Contribution Plan due to a higher discount rate used in the actuarial valuation.
- Dividend payments are calculated at 75% of Net Operating Income and are payable to the Cayman Islands Government (CIG) by March 31 of the

subsequent year. The dividend payable for the year ended 31 December 2024 is \$2.499 million.

NET OPERATING INCOME

Net operating income of over \$3,332 million exceeded budgeted projections by 3%. This is due to savings in expenditure during the period relating to vacancies budgeted and not filled, and business development and administrative travel planned but not taken, demonstrating the prudent financial management of the CAACI.

CAPITAL EXPENDITURE

The following is a summary of actual versus budget on capital expenditure. The new office accommodation project at 205 Airport Road, construction of which started in 2018 and completed in February 2021, have been shown separately to accommodate further expenditure including additional projects such as the installation of solar panels (2022), parking barriers (2023), and the installation of hurricane impact doors and shutters (2024). The project has come in at 483k under budget to date.

Jan 2017 to Dec 2024 \$'000	Total Budget 2017- 2024 \$'000	Amount unspent on project budget to end of December 2024	OFFICE ACCOMMODATION PROJECT	Comments
583	583	-	Land for Office Complex	99 year lease between CIAA and CAACI signed 11 May 2016; purchased January 2018 - 400k, also includes \$183k transferred from the Building budget in relation to demolition / site preparation
3,434	3917	483	New office accommodation – Airport Rd (Old CAL Building)	Purchases in 2024 included the purchase of Hurricane Impact Front Doors, Hurricane shutters for the main doors, and a parking barrier system for the parking lot.
299	300	1	Furniture & fixtures	Model Plane - 13k Blinds - 8k Stone Bench - 2k Workplace Environments (Furniture) - 276k Total - 299k
61	100	39	Office Equipment	Flow (new Mitel telephone system w installation) - 28k Creative Tech (Contract for AV equipment) - 33k Total - 61k
4,377	4,317	523	Total Office Accommodation Project	Cabinet approval given to the CAA for retention of \$4.5 million in reserves to be used in development of office building complex (Oct 2017)

Jan-Dec 2024 Actual Audited \$'000 12 mths	Jan-Dec 2024 Budget \$'000 12 mths	Unused CAPEX of 2024 budget	OTHER CAPITAL EXPENDITURE	Remarks on budget requirements for 2024 through 2025
6	12	-	Furniture & Fixtures	Furniture for the new building and through the 2022 period is accounted for in the building budget above.
17	39	(22)	Computer Hardware and Equipment	Laptops, Desktops, Servers
13	217	(204)	Computer software (development)	VP-C Online Development - see accompanying notes
36	268	(226)	Total Capital Expenditure	
4,413	4,585		Total Other Capital Expenditure	

Results of Financial Position at December 2024 vs Ownership Agreement

		Actual audited at 31 Dec 2024	Forecast per OA	Difference	Explanation for difference
Total Assets:					
Cash and short term deposits		18,723	16,249	2,474	Overage in cash includes amount underspent on new office accommodation and increase in net operating income over budget
Trade and other receivables		1,538	1,404	134	Overage relates to outstanding fees from CIAA in relation to Regulatory Oversight
Total Current Assets		20,261	17,653	2,608	
Other Non-current assets		8	39	(31)	
Capital Assets		3,928	3,919	9	Includes accelerated depreciation expense for components of building (originally forecasted at 40 years depreciation)
Defined benefit pension asset		1,364	-	1,364	Reflects a net asset on pension fund after transfer out of liability for retired employees.
Total non-current assets		5,300	3,958	1,342	
Total Assets		25,561	21,611	3,950	
Total Liabilities:					
Total current liabilities		1,103	995	108	Overage is largely customer credit balanced accounts of \$139k and accrued expenses of \$147k
Dividends payable to CIG		2,499	2,801	(302)	Dividend Payable is based on 75% of net operating income.
Total current liabilities		3,602	3,796	(194)	
Non-current liabilities (staff retirement obligations)		4,160	4,650	(490)	Liabilities determined by actuarial valuations of the funded DB pension plan and the unfunded post-retirement healthcare plan for DB and DC members. There are 5 active staff members on these plans, the associated amounts are difficult to forecast.
Total Liabilities		7,762	8,446	(684)	
Net Worth		17,799	13,164	4,634	Includes unrealised gain estimated on DB post retirement plan
Cash Flows from Operating activities		4,687	3,945	742	Due to increase in revenue over forecast, increase in receivables, increase in payables, and movement in operating income related to defined benefit obligations for pension and health.
Cash used in investing Activities		(701)	(268)	(433)	Includes 597k for increase in short-term deposits and 104k for purchase of Capital Assets.
Cash used in Financing Activities		(2,135)	(2,467)	332	2024 Dividend payment to CI Government
FINANCIAL PERFORMANCE RATIOS					
Return on Investment		13%	15%	-2%	An ROI over 10% is considered very healthy
Net Operating Income		3,332	3,235	97	
Total Assets		25,561	21,611	3,950	increase in cash over expected
Current Assets : Current Liabilities		562%	465%	97%	
Total Assets : Total Liabilities		329%	256%	73%	on target
Number of Key Management Personnel (Board)		7	9		There were 9 members for the majority of the year, with one resignation occurring on 31 October 2024 and another on 19 November 2024.
Number of Key Senior Management		5	5		on target



FINANCIAL PERFORMANCE 2024: KEY PERFORMANCE INDICATOR RESULTS AND ANALYSIS

KEY PERFORMANCE INDICATORS	RESULTS FOR REPORTING PERIOD (AGAINST BASELINE)	RESULTS OF ANALYSIS
Number of new clients to the CI Aircraft Registry/ new registration revenue	<p>In 2024 there was an increase in the number of aircraft on the registry from 255 (2023) to 268 (2024).</p> <ul style="list-style-type: none"> - 94 were transition (35%), - 137 private (51%) and - 37 commercial aircraft (14%). 	<p>Lessor Transition Registrations: There were 104 new transition registrations and 78 de-registrations, resulting in a net gain of 26 for lessor transition registrations. Lessor project fees accounted for 30% of Aircraft Registry Revenue for 2024.</p> <p>Private Registrations: There were 6 new private registrations and 15 de-registrations resulting in a net loss of 9 private aircraft.</p> <p>Commercial Registrations: There were 3 new registrations and 7 de-registrations, resulting in a net loss of 4 commercial aircraft.</p>
Levels of industry self-sufficiency/ Annual Net Income	Net Income from operations were above forecast by 3%.	<p>Revenue for the period was 0.85% above projections. Aircraft Registry revenue was below original projections by 8.36%, but revenue from Operating Permits and Deposit Interest exceeded projections for the period, making up the difference in the shortfall.</p> <p>Total expenses were 0.14% below original projections.</p> <p>The operating Net Income for the period is 3.3m, 3% above projections for the period.</p>
Expenses are being managed and not exceeding budget	Total cash operating expenses for 2024 is \$315k (5%) more than forecasted	<p>There were savings in expenses of \$993k related to personnel costs due to vacant positions, associated training and Business Development travel budgeted but not undertaken.</p> <p>The expenditure overage for the year ended 31 December 2024 is attributable to the implementation of a post-retirement healthcare plan for members of the Defined Contribution pension scheme. As a result, an additional liability of \$1.308 million was recognized in the financial statements, with the full amount recorded through the profit and loss statement in this initial year of implementation.</p>
Unqualified audits achieved with no material misstatements	The last 10 years of audits have been unqualified with no material misstatements.	The CAACI works diligently throughout the year, as a routine, to ensure that there are no material misstatements or departures from internal control to jeopardise the quality of the recording and reporting of the CAACI's financial performance.



3.0 SUPPLEMENTARY INFORMATION

3.1 ACRONYMS AND ABBREVIATIONS

ACRONYMS AND ABBREVIATIONS

ACRONYM	DESCRIPTION
ABACE	Asian Business Aviation Convention & Exhibition
AN(OT)O	Air Navigation (Overseas Territories) Order
ANSR	Air Navigation Services Regulation
AOC	Air Operator Certificate
ASR	Air Safety Regulation (Division)
ASSI	Air Safety Support International
ATLA	Ait Transport Licensing Authority
CAA	Civil Aviation Authority
CAACI	Civil Aviation Authority of the Cayman Islands
CIAA	Cayman Islands Airports Authority
CIAR	Cayman Aircraft Registry
CI	Cayman Islands
CIG	Cayman Islands Government
CKIA	Charles Kirkconnell International Airport
EBACE	European Business Aviation Convention & Exhibition
GACA	General Authority of Civil Aviation
ICAO	International Civil Aviation Organisation
NAA	National Aviation Authority
ORIA	Owen Roberts International Airport
OT(s)	Overseas Territory (Territories)
OTAR(s)	Overseas Territories Aviation Requirement(s)
PBO	Performance-based Oversight
QMS	Quality Management System
SUSAs	Small Unmanned Surveillance Aircraft
UK	United Kingdom
NBAA	National Business Aviation Association
UKCAA	United Kingdom Civil Aviation Authority



**CIVIL AVIATION AUTHORITY
OF THE CAYMAN ISLANDS**

**FINANCIAL STATEMENTS
31 DECEMBER 2024**



Audited Financial Statements
For the year ended 31 December 2024

Civil Aviation Authority of the Cayman Islands
Financial Statements
For the year ended 31 December 2024
Stated in Cayman Islands Dollars

	Page(s)
Statement of Responsibility for the Financial Statements	1
Auditor General's Report	2-3
Statement of Financial Position	4
Statement of Comprehensive Income	5
Statement of Cash Flows	6
Statement of Changes in Equity	7
Notes to the Financial Statements	8-31

Civil Aviation Authority of the Cayman Islands
Statement of Responsibility for the Financial Statements
For the year ended 31 December 2024

These financial statements have been prepared by the Civil Aviation Authority of the Cayman Islands in accordance with the provisions of the Public Management and Finance Act (2020 Revision).

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

As Acting Director-General and Chairperson, we are 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 law, and properly record the financial transactions of the Civil Aviation Authority of the Cayman Islands.

As Acting Director-General and Chairman of the Board of Directors, we are responsible for the preparation of the Civil Aviation Authority of the Cayman Islands financial statements and for the judgements made in them.

The financial statements present fairly the financial position as at 31 December 2024 and the comprehensive income and cash flows of the Civil Aviation 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 Civil Aviation Authority of the Cayman Islands for the financial year ended 31 December 2024;
- b)** Fairly reflect the financial position as at 31 December 2024 and its comprehensive income for the year ended 31 December 2024; and
- c)** Comply with International Financial Reporting Standards under the responsibility of the International Accounting Standards Board.

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.



Nicoela McCoy (Mrs.)

Acting Director-General

Date: 30 April 2025



Ian Pairaudeau (Mr)

Chairman of the Board of Directors

Date: 30 April 2025

AUDITOR GENERAL'S REPORT

To the Board of Directors of the Civil Aviation Authority and the Members of Parliament

Opinion

I have audited the financial statements of the Civil Aviation Authority of the Cayman Islands (the “Authority”), which comprise the statement of financial position as at 31 December 2024, the statements of comprehensive income, cash flows and changes in equity for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

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 then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

I have conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Authority in accordance with 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. In rendering my audit opinion on the financial statements of the Authority, I have relied on the work carried out on my behalf by a public accounting firm that performed its work in accordance with International Standards on Auditing.

Emphasis of Matters

As outlined in note 17 of the financial statements, the Public Authorities Act (2020 Revision), Section 47 – Terms and conditions and remuneration of staff, came into effect on 1 June 2019 and required all Statutory Authorities and Government Companies to comply with its requirements to standardise salaries and benefits. There is a difference of opinion between the Authority and the Cayman Islands Government as to whether there is an agreed salary scale, which means that this requirement has not been implemented yet, and consequently, the financial impact is not reflected in these financial statements. My opinion is not modified in respect of this matter.

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

Management is responsible for the preparation and fair presentation of these 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)

Auditors' 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 auditors' 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 scepticism 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 our 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 our auditors' 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 our auditors' 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 the 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

Civil Aviation Authority of the Cayman Islands
Statement of Comprehensive Income
For the year ended 31 December 2024
Stated in Cayman Islands Dollars

	Note	2024	2023
Assets			
Current assets			
Cash and cash equivalents	4(a)	5,110,165	3,258,537
Short-term deposits	4(b)	13,613,138	13,016,596
Trade and other receivables	5	1,537,500	986,151
Total current assets		20,260,803	17,261,284
Non-current assets			
Other non-current assets	6	8,410	8,410
Capital assets	7	3,928,196	4,055,823
Defined benefit pension asset	11(a)	1,364,000	445,000
Total non-current assets		5,300,606	4,509,233
Total Assets		25,561,409	21,770,517
Liabilities and Equity			
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	8	826,355	732,528
Contract liabilities	9, 2(g)	276,521	278,051
Dividend payable to Cayman Islands Government	10(a)	2,499,327	2,058,598
Total current liabilities		3,602,203	3,069,177
Non-current liabilities			
Defined Benefit Post-retirement healthcare obligation	11(b)	2,852,000	3,039,000
Defined Contribution Post-retirement healthcare obligation		1,308,000	-
Total non-current liabilities		4,160,000	3,039,000
Total Liabilities		7,762,203	6,108,177
Equity		17,799,206	15,662,340
Total Liabilities and Equity		25,561,409	21,770,517

Approved for issuance on behalf of Civil Aviation Authority of the Cayman Islands on 30 April 2025.


 (Acting Director General)


 (Director of Finance & Compliance)

The accompanying notes on pages 8-31 form an integral part of these financial statements.

Civil Aviation Authority of the Cayman Islands
Statement of Comprehensive Income
For the year ended 31 December 2024
Stated in Cayman Islands Dollars

	Note	2024	2023
<u>INCOME</u>			
Aircraft registry			
Air safety regulation and certification fees	12 (a)	7,035,397	6,703,987
Surveyor fees and net reimbursable expenses	12 (c)	772,798	844,867
Total aircraft registry income		7,808,195	7,548,854
Other income			
Aerodrome oversight fees	12 (b)	1,300,000	1,300,000
Aircraft operating permits	12 (d)	629,400	612,100
Other income	12 (e)	601,566	510,836
Total other income		2,530,966	2,422,936
Total income		10,339,161	9,971,790
<u>EXPENSES</u>			
Operating expenses			
Personnel costs	13 (a)	4,414,303	3,120,051
Office administration and business development	13 (b)	734,319	780,620
Professional and licensing fees	13 (c)	1,290,652	1,266,456
Travel – official, training and administrative	13 (d)	182,947	207,934
Total operating expenses		6,622,221	5,375,061
Other expenses			
Depreciation expense – Capital assets	7	232,053	215,357
Bad debt expense	5	152,451	1,636,574
Total other expenses		384,504	1,851,931
Total expenses		7,006,725	7,226,992
Net income for the year		3,332,436	2,744,798
Other comprehensive income			
Re-measurement of defined benefit pension obligation	11 (a)	946,000	364,000
Re-measurement of post-retirement healthcare obligation	11 (b)	434,000	343,000
Total comprehensive income		1,380,000	707,000
Total comprehensive income for the year		4,712,436	3,451,798

The accompanying notes on pages 8 -31 form an integral part of these financial statements.

Civil Aviation Authority of the Cayman Islands
Statement of Cash Flows
For the year ended 31 December 2024
Stated in Cayman Islands Dollars

	2024	2023
Cash flows from operating activities		
Net operating income for the year	3,332,436	2,744,798
Adjustments for:		
Depreciation expense	232,053	215,357
(Increase) / Decrease in trade and other receivables	(551,349)	308,423
Increase in accounts payables and accrued liabilities	93,827	6,281
(Decrease) in contract liabilities	(1,530)	(47,241)
Movement in operating income for defined benefit obligation (pension & health) service and interest costs	1,582,000	302,000
Net cash from operating activities	4,687,437	3,529,618
Cash flows from investing activities		
Decrease/(Increase) in short-term deposits	(596,542)	350,178
Purchase of capital assets	(104,422)	(156,734)
Net cash used in investing activities	(700,964)	193,444
Cash flows used in financing activities		
Dividends paid	(2,134,845)	(2,839,355)
Net cash used in financing activities	(2,134,845)	(2,839,355)
Net (decrease) / increase in cash and cash equivalents	1,851,628	883,707
Cash and cash equivalents at beginning of the year	3,258,537	2,374,830
Cash and cash equivalents at end of the year	5,110,165	3,258,537

The accompanying notes on pages 8-31 form an integral part of these financial statements

Civil Aviation Authority of the Cayman Islands
Statement of Changes in Equity
For the year ended 31 December 2024
Stated in Cayman Islands Dollars

	Note	2024	2023
Balance at beginning of the year		15,662,340	11,733,472
Net operating income for the year		3,332,436	2,744,798
Other comprehensive gain	11 (a) (b)	1,380,000	707,000
Dividend adjustment	10 (a)	<u>(2,575,570)</u>	<u>477,070</u>
Balance at end of the year		<u>17,799,206</u>	<u>15,662,340</u>

The accompanying notes on pages 8-31 form an integral part of these financial statements.

Civil Aviation Authority of the Cayman Islands
Notes to the Financial Statements
For the year ended 31 December 2024
Stated in Cayman Islands Dollars

1. Background information

The Civil Aviation Authority of the Cayman Islands (“the Civil Aviation Authority”, “the Authority”, or “CAA”) is a statutory body established under the Civil Aviation Authority Act of 2004. The Authority is wholly owned by the Cayman Islands Government (“CIG”).

The Authority’s primary responsibility is the safety and economic regulatory oversight of the Cayman Islands’ aviation industry. As such, the Authority regulates the operation of aircraft, aerodromes, air traffic control and air navigation services within the Cayman Islands and ensures economic regulatory oversight of airlines and aerodrome providers serving the jurisdiction. The Authority is also responsible for maintaining the Cayman Islands Aircraft Registry and for regulating the operation of aircraft entered therein wherever they are operated globally.

The statutory instrument providing enabling legislation is the Air Navigation (Overseas Territories) Order [AN(OT)O] 2007 (the Order), as amended. The Governor has promulgated the Overseas Territories Aviation Requirements (OTARs) as a means of compliance with the Order. The Air Navigation (Fees) Regulation, 2010 (Amendment) governs the fees structure of the Authority.

The registered address of the Civil Aviation Authority is P.O. Box 10277 APO, Grand Cayman, Cayman Islands and is located at 205 Owen Roberts Dr. The Civil Aviation Authority has 22 full time employees as at 31 December 2024 (2023: 21).

2. Significant Accounting Policies

a) Basis of Presentation

The financial statements of the Authority are prepared on a going concern basis under the historic cost in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Authority’s accounting policies. Actual results could differ from those estimates, the impact of which would be recorded in the period in which they arise and in future periods. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

b) New standards, amendments and interpretations adopted

• New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2024 and not adopted early:

Certain new standards, amendments and interpretations to existing standards issued to date are not yet effective for the financial statements of the Authority for the year ended 31 December 2024 and have neither been applied nor early adopted in preparing these financial statements.

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

On January 23, 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements to clarify the requirements for classifying liabilities as current or non-current. More specifically:

- The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists.
- Management expectations about events after the statement of financial position date, for example on whether a covenant will be breached, or whether early settlement will take place, are not relevant.

Civil Aviation Authority of the Cayman Islands
Notes to the Financial Statements
For the year ended 31 December 2024
Stated in Cayman Islands Dollars

Significant Accounting Policies (continued)

b) New standards, amendments and interpretations adopted (continued)

- The amendments clarify the situations that are considered settlement of a liability.

The new guidance is effective for annual periods starting on or after January 1, 2024. The amendments to the classification of liabilities do not have a significant impact on the Authority's financial statements.

Non-current Liabilities with Covenants (Amendments to IAS 1)

The amendments improved the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants. The amendments also responded to stakeholders' concerns about the classification of such a liability as current or non-current. The amendments are effective for reporting periods beginning on or after January 1, 2024. The amendments are applied retrospectively in accordance with IAS 8 and earlier application is permitted. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. These amendments have no material impact on the financial statements.

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

The standard requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to sale and leaseback transactions entered into after the date of initial application. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. These amendments have no material impact on the financial statements.

Supplier Finance Arrangements (Amendment to IAS 7 and IFRS 7)

In May 2023, the International Accounting Standards Board (IASB) issued Supplier Finance Arrangements, which amended IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. These amendments have no material impact on the financial statements. The Amendments require entities to provide certain specific disclosures (qualitative and quantitative) related to supplier finance arrangements. The Amendments also provide guidance on characteristics of supplier finance arrangements. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. These amendments have no material impact on the financial statements.

(i) Accounting standards issued but not yet effective

Several new accounting standards and amendments to accounting standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted. However, the Authority has not early adopted the new and amended accounting standards in preparing these financial statements.

Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

In May 2024, the International Accounting Standards Board (IASB) issued Amendments to the classification and Measurement of Financial Instruments which amended IFRS 9 and IFRS 7. The requirements will be effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted, and are related to:

- settling financial liabilities using electronic payments system; and
- assessing contractual cash flow characteristics of financial assets, including those with sustainability-linked features.

Civil Aviation Authority of the Cayman Islands
Notes to the Financial Statements
For the year ended 31 December 2024
Stated in Cayman Islands Dollars

Significant Accounting Policies (continued)

(i) Accounting standards issued but not yet effective (continued)

The Authority is in the process of assessing the impact of the new amendments.

IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements. In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method. The Authority is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Authority's statement of comprehensive income, the statement of cash flows and the additional disclosures required for MPMs. The Authority is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as 'other'.

Other accounting standards

The following new and amended accounting standards are not expected to have a significant impact on the Authority's financial statements:

- Lack of Exchangeability (Amendments to IAS 21)
- IFRS 19 Subsidiaries without Public Accountability: Disclosures

The significant accounting policies of the Authority, which have been consistently applied to all years presented (unless otherwise stated), are as follows:

c) Capital assets

Capital assets (property, equipment, and intangible assets) are recorded at their historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation and amortisation are calculated using the straight-line method at the following rates estimated to allocate the cost of the assets over their estimated useful lives:

Computer hardware and licensed software	3 years
Office equipment and vehicles	5 years
Developed computer software	6 years
Furniture and fixtures	10 years
Office Building:	
• Plumbing	10 years
• Ventilation, Air Conditioning and Elevators	15 years
• Electrical, Security & Control Systems	20 years
• Roof, Windows and Doors, Internal Walls, External Works	25 years
• Ceilings	30 years
• Building	40 years
• Land	Not depreciated

Civil Aviation Authority of the Cayman Islands
Notes to the Financial Statements
For the year ended 31 December 2024
Stated in Cayman Islands Dollars

3. Significant Accounting Policies (continued)

c) Capital assets (continued)

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within ‘other income’ in the Statement of Comprehensive Income.

Revaluation gains are recognised in other comprehensive income and accumulated in equity, unless reversing a previous revaluation loss on the same asset, in which case they are recognised in profit or loss. Revaluation losses are recognised in profit or loss, unless offset against a previous gain recognised in equity.

d) Foreign currency translation

- i) Functional and presentation currency - Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Cayman Islands dollars, which is the entity's functional and presentation currency.
- ii) Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transactions. Assets and liabilities recorded in currencies other than Cayman Islands Dollars are translated at exchange rates in effect as at 31 December 2024.

e) Cash and cash equivalents

Cash and cash equivalents include cash held on demand and on short notice and all deposits with an original maturity date of three months or less.

f) Short-term deposits

Short-term deposits represent term deposits with banks or other financial institutions, including the CIG, with original maturities of greater than three months but less than twelve months. Impairment of short-term deposits has been considered on a 12-month expected credit loss basis and reflects the short maturities of the exposures. The Authority deems any exposure to be immaterial due to the low credit risk based on the external credit ratings of the counterparties.

g) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for the sale of goods and services stated net of discounts. The Authority recognizes revenue when the amount of revenue can be reliably measured and when performance has been completed; and when specific criteria have been met for each of the Authority's activities as described in Note 12. Contract liabilities in the Statement of Financial Position represent unearned revenue where performance obligations have yet to be completed. Refer to Note 9 for details on contract liabilities.

Civil Aviation Authority of the Cayman Islands
Notes to the Financial Statements
For the year ended 31 December 2024
Stated in Cayman Islands Dollars

2. Significant Accounting Policies (continued)

h) Financial assets and liabilities

Under IFRS 9, the Authority classifies its financial assets, cash and cash equivalents, short-term deposits and trade and other receivables, as amortised cost.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Cash and cash equivalents, short-term deposits and trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period which are classified as non-current assets.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Authority has transferred substantially all risks and rewards of ownership. The Authority's financial assets are carried at amortised cost using the effective interest method.

The Authority classifies its financial liabilities as other financial liabilities. Such financial liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers or obligations to the Cayman Islands Government for dividends based on comprehensive net income. Accounts payable and accrued expenses are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

i) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Authority or the counterparty.

j) Employee benefits

The Authority operates various post-employment schemes, including a post-employment healthcare plan, and defined benefit and defined contribution pension plans.

(i) Pension obligations

A defined contribution plan is a pension plan under which the Authority pays fixed contributions into a separate entity. The Authority has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Authority pays contributions to publicly administered pension plans on a mandatory, contractual or voluntary basis. The Authority has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Civil Aviation Authority of the Cayman Islands
Notes to the Financial Statements
For the year ended 31 December 2024
Stated in Cayman Islands Dollars

2. Significant Accounting Policies (continued)

j) Employee benefits

Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent qualified actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in United States Dollars (USD), pegged to the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in Other Comprehensive Income in the period in which they arise.

Past-service costs are recognised immediately in the Statement of Comprehensive Income.

(ii) Post-employment healthcare plan

Certain employees are eligible for post-employment healthcare under the 1987 CIG General Orders and the Civil Aviation Authority Act 2004. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in Other Comprehensive Income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

In 2024, the authority introduced a post-employment healthcare plan for participants in the defined contribution pension plans. Eligibility for benefits depends on the employee remaining employed until retirement age and fulfilling a minimum service requirement. Employees are responsible for covering a percentage of health insurance premiums, with the percentage determined by their tenure. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in equity under Other Comprehensive Income in the period in which they arise. These obligations are assessed annually by independent qualified actuaries.

3. Critical Accounting Estimates and Judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Civil Aviation Authority of the Cayman Islands
Notes to the Financial Statements
For the year ended 31 December 2024
Stated in Cayman Islands Dollars

3. Critical Accounting Estimates and Judgements (continued)

Employee benefits – post-employment pension and healthcare

The present value of the obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for defined benefit pensions and healthcare include the discount rate. Any changes in these assumptions will impact the carrying amount of obligations.

The Authority determines the appropriate discount rate at the end of each year in conjunction with the actuary. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the obligations.

In determining the appropriate discount rate, the Authority in conjunction with the actuary considers the interest rates of high-quality corporate bonds that are denominated in the United States Dollars (USD), a currency pegged to the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 11.

4. Cash and cash equivalents and short-term deposits

a) Cash and cash equivalents	2024	2023
Cash on hand	1,383	1,330
Current and call accounts	<u>5,108,782</u>	<u>3,257,207</u>
Total cash and cash equivalents	<u>5,110,165</u>	<u>3,258,537</u>
 b) Short-term deposits		
Fixed Deposits	<u>13,613,138</u>	<u>13,016,596</u>
Total cash and cash equivalents and short-term deposits	<u>18,723,303</u>	<u>16,275,133</u>

Current and call account holdings are:

	2024	2023
- Cayman National Bank	4,886,421	3,178,706
- Bank of Butterfield	162,367	58,866
- NatWest UK (GBP 57,296)	59,994	19,636

(Exchange Rate of GBP to KYD 1.04709)

Fixed deposit holdings are:

- Cayman National Bank	11,205,180	10,772,876
- Cayman Islands Government	2,407,958	2,293,719

Fixed deposits are held with Cayman National Bank and with the Cayman Islands Government and have maturity dates over 90 days but within 365 days. See Note 14.

Civil Aviation Authority of the Cayman Islands
Notes to the Financial Statements
For the year ended 31 December 2024
Stated in Cayman Islands Dollars

5. Trade and other receivables

Trade receivables comprise of balances due from clients of the Aircraft Registry [Note 12(a)] and the Cayman Islands Airports Authority (“CIAA”) for the Aerodrome oversight fee [Note 12(b)]. Lifetime expected credit losses have been calculated using sales invoices billed between 1 October 2023 and 30 September 2024 and the actual cash collection dates of these invoices to determine a historical collection profile by ageing category.

The amount uncollected is used to determine the loss rate by aging category. This is then applied to the aged trade receivables as at 31 December 2024 to determine the expected credit loss at that date. The expected credit loss includes the full amount uncollected over 365 days. The calculated loss rates applied against the ageing categories and the resulting expected credit loss are shown in the following ageing profile of trade receivables table:

Ageing profile of trade receivables

Period Outstanding (Days)	Loss rate at 31 December 2024	Ageing balance of receivables at 31 December 2024	Expected credit loss at 31 December 2024	Ageing balance of receivables at 31 December 2023	Expected credit loss at 31 December 2023
0-30	4.5%	1,091,440	48,860	562,467	37,229
31-90	15.5%	344,843	53,495	316,027	74,274
91-180	41.2%	160,334	66,087	199,928	126,203
181-365	83%	126,540	105,030	193,250	171,466
Over 365	100%	23,323	23,323	35,855	35,855
Full provision for CIAA	100%	1,925,000	1,925,000	1,625,000	1,625,000
Total Trade Receivables		3,671,480	2,221,795	2,932,527	2,070,027

The \$1,925,000 in relation to the CIAA Aerodrome oversight fee has been separated from the remaining Accounts Receivable and provided for at 100%, with the exception of \$250,000 due for quarter 4 of 2024 which is expected to be paid.

	2024	2023
Trade accounts receivable	3,671,480	2,932,527
Other receivables	87,815	123,651
Allowance for doubtful accounts	<u>(2,221,795)</u>	<u>(2,070,027)</u>
Trade and other receivables (net)	1,537,500	986,151

Of the total trade accounts receivable outstanding at 31 December 2024, \$2,175,000 (2023: \$1,625,000) was due from the Cayman Islands Airports Authority (“CIAA”) for the quarterly fees due for Regulatory services referred to in Note 12b. \$1,925,000 of this amount is currently being disputed by CIAA and has been fully provided for as the bad debt expense. \$75,017 (2023: \$80,959) was due from Cayman Airways Limited, \$3,458 (2023: \$2,500) from the Mosquito Research & Control Unit, and \$8,582 (2023: 4,500) from the Royal Cayman Islands Police Service. The Cayman Islands Airports Authority, Cayman Airways Limited, Mosquito Research & Control Unit, and the Royal Cayman Islands Police Service are related parties of the Authority.

Civil Aviation Authority of the Cayman Islands
Notes to the Financial Statements
For the year ended 31 December 2024
Stated in Cayman Islands Dollars

5. Trade and other receivables (continued)

The changes in the allowance for doubtful accounts are detailed as follows:

	2024	2023
Opening allowance for doubtful accounts	<u>2,070,027</u>	<u>451,641</u>
(Decrease) / increase in allowance:		
Bad Debt Expense in relation to CIAA Aerodrome Oversight Fees	300,000	1,300,000
Movement in Expected Credit Loss Provision	(118,244)	352,726
Bad debt recovery	(29,305)	(16,152)
Bad debt expense (net)	<u>152,451</u>	<u>1,636,574</u>
Write off of customer balances previously provided for in allowance	(683)	(18,188)
Closing allowance for doubtful accounts	<u>2,221,795</u>	<u>2,070,027</u>

The Authority currently has a bad debt write off policy in place that includes: the approval process, those appointed to approve, the required evidence that needs to be produced, the level or maximum amount management can approve and the reporting process to the Board on those write offs. Bad debts are to be written off in the following year after provision if the account is still outstanding and determined uncollectable.

As of 31 December 2024, receivables of \$655,040 (2023: \$745,060) were considered past due (over 30 days). \$6,198 of the outstanding balance over 365 days relates to one aircraft account in jeopardy. The remaining balance relates to a number of independent customers from whom there is no recent history of default or to related party customers guaranteed by the Cayman Islands Government.

6. Other Non-Current Assets

Other Non-Current Assets relates to the Caribbean Utilities Company (CUC) deposit paid for electricity when the Authority moved into the new office building in 2022.

Civil Aviation Authority of the Cayman Islands
Notes to the Financial Statements
For the year ended 31 December 2024
Stated in Cayman Islands Dollars

7. Capital Assets

Property Plant and Equipment	Furniture & Fixtures	Computer Hardware	Office Equipment	Land	Office Building	Vehicles	Assets Under Construction	Total
Historical cost of assets:								
As at 1 January 2023	298,518	100,965	74,193	582,693	3,388,090	71,754	-	4,516,213
Transfers	-	-	-	-	(1,797)	-	-	(1,797)
Additions	976	14,400	17,167	-	-	88,580	7,961	129,084
Disposals	-	-	-	-	-	(71,754)	-	(71,754)
As at 31 December 2023	299,494	115,365	91,360	582,693	3,386,293	88,580	7,961	4,571,746
Additions	5,772	12,845	3,966	-	39,625	-	-	62,208
Transfers	-	-	-	-	7,961	-	(7,961)	-
Disposals	-	(70,701)	(11,349)	-	-	-	-	(82,050)
As at 31 December 2024	305,266	57,509	83,977	582,693	3,433,879	88,580	-	4,551,904
Accumulated depreciation:								
Brought Forward, as at 1 January 2023	43,202	78,427	26,916	-	239,519	71,754	-	459,818
Charge for period	29,933	15,844	16,651	-	142,260	7,380	-	212,068
Disposals	-	-	-	-	-	(71,754)	-	(71,754)
As at 31 December 2023	73,135	94,271	43,567	-	381,779	7,380	-	600,132
Charge for year	30,094	13,117	15,978	-	142,162	17,712	-	219,063
Disposals	-	(69,478)	(11,349)	-	-	-	-	(80,827)
As at 31 December 2024	103,229	37,910	48,196	-	523,941	25,092	-	738,368
Net book value as at 31 December 2023	226,359	21,094	47,793	582,693	3,004,514	81,200	7,961	3,971,614
Net book value as at 31 December 2024	202,037	19,599	35,781	582,693	2,909,938	63,488	-	3,813,536

Civil Aviation Authority of the Cayman Islands
Notes to the Financial Statements
For the year ended 31 December 2024
Stated in Cayman Islands Dollars

7. Capital Assets (Continued)

Intangible Assets	Computer Software	Assets Under Construction	Total
As at 1 January 2023	203,382	43,165	246,547
Additions	34,341	29,850	64,191
Transfers	(34,750)	-	(34,750)
Disposals	(55,219)	-	(55,219)
As at 31 December 2023	147,754	73,015	220,769
Additions	26,242	17,200	43,442
Transfers	58,248	(58,248)	-
As at 31 December 2024	232,244	31,967	264,211
Accumulated depreciation:			
Brought Forward, as at 1 January 2023	188,491	-	188,491
Charge for period	11,923	-	11,923
Transfers	(8,634)	-	(8,634)
Disposals	(55,219)	-	(55,219)
As at 31 December 2023	136,561	-	136,561
Charge for year	12,990	-	12,990
As at 31 December 2024	149,551	-	149,551
Net book value as at 31 December 2023	11,193	73,015	84,208
Net book value as at 31 December 2024	82,693	31,967	114,660

8. Accounts payable and accrued liabilities

	2024	2023
Accrued employee incentive awards	190,558	180,311
Accrued expenses	147,385	192,119
Accounts payable	345,160	195,905
Customer deposits on account	139,463	157,175
Other payables	3,789	7,018
Total accounts payable and accrued liabilities	<u>826,355</u>	<u>732,528</u>

Civil Aviation Authority of the Cayman Islands
Notes to the Financial Statements
For the year ended 31 December 2024
Stated in Cayman Islands Dollars

9. Contract liabilities

The Authority recognizes revenue when the amount of revenue can be reliably measured and when performance has been completed; and when specific criteria have been met for each of the Authority's activities as described in Note 12. Contract liabilities in the Statement of Financial Position represent unearned revenue where performance obligations have yet to be completed. The amount of this liability at 31 December 2024 is \$276,521 (2023: \$278,051).

10. Related party balances and transactions

(a) Dividend payable to Cayman Islands Government

Under section 18(4) of the Civil Aviation Authority Act (2015 Revision), the Authority is required to make an annual payment into the general revenue of the CIG which is to be calculated by a formula determined by the Financial Secretary. In March 2012, a directive was issued by the Financial Secretary and agreed by the Authority detailing the formula and the terms of the dividend repayment to the CIG.

As per the revised directive issued on 23 February 2024 from the Financial Secretary, the annual dividend payment is 75% of the annual Net Operating Income.

As at 31 December 2024 a total of \$2,499,327 (2023: \$2,058,598) was payable to the CIG as detailed below:

	2024	2023
Brought forward dividends payable	2,058,598	5,375,026
Dividends paid during the year	(2,134,841)	(2,839,355)
Adjustment to dividend payment calculation	76,243	(2,535,671)
Dividend payable on comprehensive income	<u>2,499,327</u>	<u>2,058,598</u>
Total Dividend Payable	<u>2,499,327</u>	<u>2,058,598</u>

Civil Aviation Authority of the Cayman Islands
Notes to the Financial Statements
For the year ended 31 December 2024
Stated in Cayman Islands Dollars

10. Related party balances and transactions (continued)

(b) Register of Interests

The Authority's Register of Interests signed by all of its Managing/Divisional Directors indicates no related party transactions with key management personnel outside of the benefits disclosed. Registers of Interests have been submitted by members of the Board of Directors ("BOD") as of the issuance date of the financial statements and indicate that there are no material related party transactions involving the BOD.

(c) Key Employee Benefits

The key employees of the Civil Aviation Authority are the Director General, the Director of Air Navigation Regulation, the Deputy Director-General, Economic Regulation and Administration, the Director of Finance and Compliance and the Director of Air Safety Regulation. Total salary and employee benefits for these six employees expensed in the year ended 31 December 2024 amounted to \$1,047,930 (2023: \$1,045,479). During the year, the Director of Finance and Compliance designate post holder was officially appointed to the post effective from 1 December 2024. The total amount paid out for the 2023 performance incentive award for key employees and settled prior to year-end was \$67,650.

The Deputy Director-General, Economic Regulation and Administration, Director of Air Navigation Services, and Director of Finance and Compliance (Designate) have the benefit of having an additional 6.4% of their base pay paid into their pension fund by the Authority in addition to the base 6% contribution. The Director General, through his employment contract approved by the Governor and Board of Directors, is provided with a vehicle including running costs, insurance and maintenance. Under the medical coverage program, as is for all staff, claims not covered by the insurance provider and are deemed to be medical necessities are fully subsidized by the Authority. For the year ended 31 December 2024 this amounted to \$4,441 (2023: \$6,671) for all key employees.

	2024	2023
Base salary	704,898	736,583
Pension	71,431	48,731
Medical coverage	129,030	131,000
Accrued vacation leave	70,140	57,761
Fuel allowance	1,940	2,313
Performance incentive award (estimated and unpaid)	70,490	69,091
Total key employee benefits	1,047,930	1,045,479

(d) Obligation to Air Safety Support International (ASSI)

Professional fees include a Memorandum of Understanding ("MOU") between the CIG and the United Kingdom (UK) Government, signed by the Premier of the Cayman Islands in November 2011. This MOU indicates an undertaking by the CIG to pay an annual fee. The Framework charge for FY 2024/25 is \$106,318 and invoiced quarterly at \$27,182 (\$18,143 in 2023) for the support service for the use of the UK Aviation Safety Regulations which is regulated by Air Safety Support International (ASSI), the aviation regulatory arm of the UK Government. This fee commenced on 1 April 2012 and is billed by ASSI to the CIG at the end of every quarter. The amount is invoiced to the CIG by ASSI and CIG (The Financial Secretary) passes the invoices on to the Authority for direct payment to ASSI.

(e) MOU with the CIAA (see note 12(b))

Civil Aviation Authority of the Cayman Islands
Notes to the Financial Statements
For the year ended 31 December 2024
Stated in Cayman Islands Dollars

11. Post-retirement benefits

(a) Pensions

Pension contributions are paid for all eligible employees on their pensionable emoluments. The majority of the employees are participants in the Public Service Pensions Plan, with a small number participating in other private plans. Pension contributions for eligible employees of the Authority are paid to the Public Service Pensions Fund (the “Fund”). The Fund is administered by the Public Service Pensions Board (PSPB) and is operated as a multi-employer Fund, except that surpluses or deficits related to the Authority’s Plan are not available to offset or be set off against other plan participants’ deficits or surpluses.

Prior to 14 April 1999, the scheme underlying the Fund was a defined benefit scheme. With effect from 14 April 1999, the Fund has both a defined benefit and a defined contribution part. Participants joining after 14 April 1999, become members of the defined contribution part.

i. Defined contribution plan

In accordance with the Cayman Islands National Pensions Act, the employees of the Authority that participate in the defined contribution pension plan with private pension companies are required to contribute an amount of 5% of their annual salaries to the plan during the year and the Authority matches such contributions up to 5%. The pension contributions paid by the Authority for employees participating in the defined contribution pension plan with PSPB under the Public Service Pensions Act (the “Act”), are expensed as incurred in the Statement of Comprehensive Income. For the year ended 31 December 2024 the amount of \$47,360 (2023: \$65,060) was contributed by the Authority.

ii. Defined benefit plan

The defined benefit plan is a final salary pension plan which provides benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members’ length of service and their salary in the final years leading up to retirement. This benefit is available to certain long serving employees under 1987 Cayman Islands Government General Orders. The defined benefit portion of the Fund has been valued by an Actuary engaged by the PSPB. The defined contribution part of the Fund is not subject to the actuarial valuations due to the nature of the benefits provided therein. The table below outlines where the Authority’s post-employment amounts and activity are included in the financial statements.

	Present value of obligation \$'000	Fair value of plan assets \$'000	Net liability/ (asset) \$'000
As at 31 December 2022	2,941	(3,061)	(120)
Current service cost	71	-	71
Interest expense/(income)	157	(165)	(8)
	228	(165)	63
Re-measurements:			
- Return on plan assets	-	(438)	(438)
- Gain from changes in financial assumptions	74	-	74
- Loss on changes in demographic assumptions	-	-	-
	74	(438)	(364)
Contributions:			
- Employers	-	(24)	(24)
- Plan participants	23	(23)	-
Payments from plan:			
- Benefit payments	-	-	-
- Transfer between other participating employers	-	-	-
- Administrative expenses	-	-	-
As at 31 December 2023	3,266	(3,711)	(445)

Civil Aviation Authority of the Cayman Islands
Notes to the Financial Statements
For the year ended 31 December 2024
Stated in Cayman Islands Dollars

11. Post-retirement benefits (continued)

(a) Pensions

	Present value of obligation \$'000	Fair value of plan assets \$'000	Net liability/ (asset) \$'000
As at 31 December 2023	3,266	(3,711)	(445)
Current service cost	77	-	77
Interest expense/(income)	167	(191)	(24)
	244	(191)	53
Re-measurements:			
- Return on plan assets	-	(372)	(372)
- Gain from changes in financial assumptions	(574)	-	(574)
- Loss on changes in demographic assumptions	-	-	-
	(574)	(372)	(946)
Contributions:			
- Employers	-	(26)	(26)
- Plan participants	22	(22)	-
Payments from plan:			
- Benefit payments	(221)	221	-
- Transfer between other participating employers	(387)	387	-
- Administrative expenses	-	-	-
As at 31 December 2024	2,350	(3,714)	(1,364)

	2024 \$'000	2023 \$'000
Statement of Financial Position:		
Defined benefit obligation at end of period	2,350	3,266
Fair value of plan assets at end of period	(3,714)	(3,711)
(Asset) / Liability in the Statement of Financial Position	(1,364)	(445)

The principal actuarial assumptions at the date of valuation:

	2024 %	2023 %
1. Discount Rate	5.75	5.15
2. Rate of salary increase	5.00	4.00
3. Rate of price inflation	2.90	2.50
4. Rate of pension increase	2.90	2.50
5. Post-employment mortality table – 2024: RP-2014 then projected on a generation basis using scale MP-2021 (2023: RP-2014 then projected on a generation basis using scale MP-2021).		

Civil Aviation Authority of the Cayman Islands
Notes to the Financial Statements
For the year ended 31 December 2024
Stated in Cayman Islands Dollars

11. Post-retirement benefits (continued)

(a) Pensions

Other Assumptions regarding future mortality are based on actuarial advice in accordance with published statistics and experience in each territory. The sensitivity of the defined benefit obligation at 31 December 2024 and 31 December 2023 to changes in the weighted principal assumptions is:

Impact on defined benefit obligation 2024			
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.25%	Decrease by 3.57%	Increase by 3.79%
Inflation rate	0.25%	Increase by 3.66%	Decrease by 3.45%
Mortality*	10%	Decrease by 1.66%	Increase by 1.83%

Impact on defined benefit obligation 2023			
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.25%	Decrease by 3.52%	Increase by 3.74%
Inflation rate	0.25%	Increase by 3.89%	Decrease by 3.70%
Mortality*	10%	Decrease by 1.87%	Increase by 2.05%

* As at 31 December 2024 the assumed life expectancy of a person retiring today at age 57 is 31.00 (2023: 28.78).

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension obligation recognised within the Statement of Financial Position.

The significant plan assets are comprised of:

	2024	2023
Global Equities	78%	81%
Debt Securities	18%	18%
Infrastructure	3%	-
Cash	<u>1%</u>	<u>1%</u>
	<u>100%</u>	<u>100%</u>

Through its defined benefit pension plan the Authority is exposed to a number of risks, the most significant of which are detailed below:

Asset Volatility

The defined benefit obligation is calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will increase the defined benefit pension obligation. The plan holds a significant proportion of equities, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term.

The plan is managed on behalf of the Authority by PSPB with the aim of long-term growth through diversification and within the constraints of the Act. The long-term bias towards equities is in place to achieve these long-term growth goals.

Civil Aviation Authority of the Cayman Islands
Notes to the Financial Statements
For the year ended 31 December 2024
Stated in Cayman Islands Dollars

11. Post-retirement benefits (continued)

(a) Pensions

Changes in bond yields

A decrease in corporate bond yields will increase the defined benefit obligation, although this will be partially offset by an increase in the fair value of the plans' bond holdings.

Inflation Risk

The Authority's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the plan's assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the defined pension benefit obligation.

Life expectancy

The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the defined benefit obligation.

The weighted average duration of the defined benefit obligation is between 14.56 and 14.87 years (2023: 14.34 and 14.67 years).

b) Post-retirement healthcare benefits

The Authority operates an unfunded post-retirement healthcare benefit scheme for members of its defined benefit pension plan. In September 2024, a corresponding scheme was introduced for members of the defined contribution pension plan. The financial impact of this addition is reflected below. The method of accounting, significant assumptions and the frequency of valuations are similar to those used for the defined benefit pension scheme set out above with the addition of actuarial assumptions relating to the long-term increase in healthcare costs which is 5.19% (2023: 5%). Other significant assumptions include:

- a. Mortality rates – 2024: RP-2014 Mortality Table (2023: RP-2014 Mortality Table).
- b. Mortality improvement scale – 2024: Scale MP-2021 (2023: Scale MP-2021).
- c. Discount rate assumption 2024: 5.80% (2023: 5.15%) for both defined benefit and defined contribution members

The amounts recognised in the Statement of Financial Position represent management's estimation of the present value of unfunded obligations.

The sensitivity of the defined benefit obligation as at 31 December 2024 and 31 December 2023 to changes in the weighted principal assumptions is:

Impact on obligation 2024			
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.25%	Decrease by 4%	Increase by 4.2%
Healthcare cost trend rate	0.25%	Increase by 18.5%	Decrease by 14.9%
Mortality	10%	Not applicable	Decrease by 3.3%

Impact on obligation 2023			
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.25%	Decrease by 4.6%	Increase by 4.9%
Healthcare cost trend rate	0.25%	Increase by 21.1%	Decrease by 16.6%
Mortality	10%	Not applicable	Decrease by 3.6%

Civil Aviation Authority of the Cayman Islands
Notes to the Financial Statements
For the year ended 31 December 2024
Stated in Cayman Islands Dollars

11. Post-retirement benefits (continued)

b) Post-retirement healthcare benefits (continued)

The movement in the obligation over the period is as follows:

	Present value of defined benefit obligation ('\$000)	Present value of defined contribution obligation ('\$000)
As at 31 December 2022	3,119	-
Operating expenses:		
- Current service cost	141	-
- Interest expense	168	-
	309	-
Re-measurements:		
- Loss from change in demographic assumptions	70	-
- Gain from change in financial assumptions	(369)	-
- Experience losses	(44)	-
	(343)	-
Employer direct benefit payments	(46)	-
As at 31 December 2023	3,039	-
Operating expenses:		
- Current service cost	68	24
- Past service cost	-	1,350
- Interest expense	155	16
	223	1,390
Re-measurements:		
- Loss from change in demographic assumptions	-	-
- Gain from change in financial assumptions	(360)	(74)
- Experience losses	-	-
	(360)	(74)
Employer direct benefit payments	(50)	(8)
As at 31 December 2024	2,852	1,308

Civil Aviation Authority of the Cayman Islands
Notes to the Financial Statements
For the year ended 31 December 2024
Stated in Cayman Islands Dollars

12. Revenue

(a) Air Safety Regulation and certification fees (Aircraft registry revenue)

These fees represent the main operational revenue of the Authority, which is generated from all aircraft on the Cayman Islands Aircraft Register. Each document that is issued by the Air Safety Regulations department is associated with a fee which is governed by Air Navigation (Fees) Regulation (2010) Amendment approved by Cabinet in November 2010. There are thirty-one (31) sections in this Act which detail the various regulations and associated fees chargeable to all aircraft registered on the Cayman Islands Aircraft Registry. All revenue streams from the Cayman Islands Aircraft Register are considered to be derived from contracts with customers and recognised when the Authority's performance obligations have been met. Under IFRS 15 each revenue stream has criteria to be met to determine the timing of the revenue recognition as follows:

<u>Aircraft registry revenue stream</u>	<u>Type of approval</u>	<u>Timing of revenue recognition</u>
Certificates of Airworthiness & related surveyor fees	No specific performance required by CAA after issue date	at issue date
Air Operators Certificates (AOC)	Performance by CAA required for the duration of validity period	over the course of the certificate's validity period (1 year)
Aerial Work Certificate	Performance by CAA required for the duration of validity period	over the course of the certificate's validity period (1 year)
Flight Operations approvals (other than AOC)	No specific performance required by CAA after issue date	at issue date
Maintenance authorisations	No specific performance required by CAA after issue date	at issue date
Mortgage Registration Revenue	No specific performance required by CAA after issue date	at issue date
New registration revenue	No specific performance required by CAA after issue date	at issue date
Other ASR approvals	No specific performance required by CAA after issue date	at issue date

Of the total Aircraft registry revenue at 31 December 2024, \$322,608 (2023: \$311,983) was invoiced to Cayman Airways Limited, \$24,500 (2023: \$21,500) to the Mosquito Research & Control Unit, \$1,000 to Lands and Survey Department (2023: 0), and \$12,907 (2023: 9,750) to the Royal Cayman Islands Police Service. Cayman Airways Limited, Mosquito Research & Control Unit, Lands and Survey Department, and the Royal Cayman Islands Police Service are related parties of the Authority.

Civil Aviation Authority of the Cayman Islands
Notes to the Financial Statements
For the year ended 31 December 2024
Stated in Cayman Islands Dollars

12. Revenue (continued)

(b) Aerodrome oversight fees

These fees represent mainly the charge for regulatory oversight by the Authority to CIAA on Owen Roberts International Airport (ORIA) and Charles Kirkconnell International Airport (CKIA). On 1 July 2018 a MOU between CAA and CIAA was signed whereby CAA would charge the CIAA \$1,000,000 per annum for regulatory and oversight fees of the ORIA and CKIA. The MOU stated that this fee commenced on 1 July 2018 and would be effective for a period of three years, with an agreement to review annually. This MOU has been in place since 1 July 2004 and has been renewed regularly at the same fee. Due to the Covid-19 pandemic and loss of revenue for CIAA, CAA waived the fee due from CIAA of \$750,000 for January through September 2022. In June 2022 CAA advised CIAA of a new annual fee of CI\$1,300,000 to be implemented beginning in the 4th quarter of 2022. The CIAA was invoiced \$325,000 on 30 December 2022 for the final quarter of 2022, and \$1,300,000 for the years ending 2023 and 2024. CIAA is currently disputing the timing of the reinstatement and fee increase. During the period, payments in the sum of \$750,000 were received during the period. A total of \$2,125,000 remains outstanding at the year end, \$300,000 of which has been reflected in bad debt expenses for the period, and \$1,925,000 remains in the allowance balance at the year-end.

(c) Surveyor fees and net reimbursable expenses

The Air Navigation (Fees) Regulations, November 2010 (Amended) also dictate that an hourly rate up to \$250 can be charged for surveys carried out on all the aircraft on the Cayman Islands Aircraft Register. During the year ended 31 December 2024, a fee of \$250 (2023: \$250) per hour was charged. Travel, subsistence and postage expenses associated with surveys are recovered from the customer. Surveyor fees are included in the Statement of Comprehensive Income as follows:

	2024	2023
Surveyor fee billings	772,798	844,962
Survey reimbursable billings	460,271	417,794
Reimbursable expenses paid	(460,271)	(417,794)
Surveyor fees & net reimbursable expenses	772,798	844,962

During the financial years ended 31 December 2024 and 2023, the Surveyors' Reimbursable Travel Expenses have been offset against the Surveyor Fees and Billable expenses as the expenses have been recovered through the revenue. Showing the net amount of surveyor travel expenses billed improves the clarity of presentation.

(d) Aircraft operating permits

This source of revenue is derived from the Commercial Regulation Division and represents permits granted to foreign registered air carriers in compliance with article 135 of the AN(OT)O (see Note 1). These carriers provide both scheduled and non-scheduled/charter air transport to/from the Cayman Islands.

	2024	2023
Aircraft Operating Permits	629,400	612,100

(e) Other income

Other income primarily comprises of interest on short-term deposits further disclosed in Note 4.

	2024	2023
Interest income	596,542	510,836
Gain on currency exchange	5,024	-
Total other income	601,566	510,836

Civil Aviation Authority of the Cayman Islands
Notes to the Financial Statements
For the year ended 31 December 2024
Stated in Cayman Islands Dollars

13. Expenses

Operating expenses	2024	2023
a) Personnel costs		
Salaries/performance incentive expenses	2,215,830	2,253,070
Medical insurance and expenses	428,060	428,901
Pension (including DB plan service costs)	211,287	175,080
Post-employment healthcare service costs Note 10(b)	1,555,000	263,000
Relocation Expenses	4,126	-
Total personnel costs	4,414,303	3,120,051
b) Office administration and business development		
General office administration expenses	548,699	545,438
Rental expenses	7,344	7,168
Training	13,405	24,876
Business development expenses	158,384	197,246
Board of Directors expenses	6,487	5,892
Total office administration and business development	734,319	780,620
c) Professional & licensing fees		
Overseas contractors' fees	746,416	792,631
Air Safety Support International (ASSI)	106,318	85,876
Work permit fees	43,083	42,790
Insurance expenses	72,790	98,106
Audit and other professional fees	267,857	199,822
Professional dues and subscriptions	11,486	7,855
AAIB retainer fee	32,702	35,710
Legal fees	10,000	3,666
Total professional & licensing fees	1,290,652	1,266,456
d) Travel – official, training and administrative		
Travel – business development	102,562	94,156
Travel – administration and training	80,385	113,778
Total travel – official, training and administrative	182,947	207,934
Total operating expenses	6,622,221	5,375,061

Of the total expenses at 31 December 2024, \$43,083 (2023: \$42,790) was paid to Cayman Islands Government (WORC), \$46,891 (2023: \$45,977) to the Ministry of Finance and Economic Development, and \$75,000 (2023: 75,000) to the Office of the Auditor General.

Civil Aviation Authority of the Cayman Islands
Notes to the Financial Statements
For the year ended 31 December 2024
Stated in Cayman Islands Dollars

14. Financial instruments risk

Liquidity risk

Liquidity risk is the risk that the Authority is unable to meet its payment obligations associated with its financial liabilities when they fall due.

Prudent liquidity risk management implies maintaining sufficient cash at bank and funding to sustain operations of the Authority. The Authority maintains liquidity for its operations and payment of its debt through retaining sufficient available funds in the form of cash at bank and short-term deposits.

The undiscounted cash flows payable by the Authority under financial instruments with contractual maturities of less than 1 year at 31 December 2024 are as follows:

Accounts payable and accrued liabilities \$826,355 (2023: \$732,528)

Dividend payable \$2,499,327 (2023: \$2,058,598)

Credit risk

Financial assets that potentially subject the Authority to credit risk consist principally of bank current accounts, fixed deposits, trade and other receivables. The Authority's fixed deposits are placed with accredited financial institutions and the CIG Treasury. Due diligence is conducted on clients before they are accepted on the register. Local credit clients are sufficiently regulated. The Authority is responsible for managing and analysing the credit risk for each of their new customers before standard payment terms and conditions are offered. The Authority's customers with the largest outstanding balances as at 31 December 2024 are Cayman Islands Airports Authority with approximately 59% (2023: 53%), of total outstanding balances and Cayman Airways 3% (2023: 3%) and are considered significant concentrations of credit risk. The CIG accounts are considered medium exposure risks due to possible CIG policy changes when new governments are elected.

Interest rate risk

Cash amounts held at Cayman National Bank are placed on semi-annual and annual fixed deposits and generally earn an interest rate of between 2.65% (2023: 0.10%) and 4.80% (2023: 4.60%) per annum in the year ended 31 December 2024. There are two accounts held at NatWest Bank in the UK, an operating account and a credit card account for 2 (2023: 2) surveyors operating in the United Kingdom and Europe. It is required that a deposit be held on the credit card account to cover the exposure of the total credit card limits of each card held. At the Statement of Financial Position date, \$17,164 (2023: \$17,391) was held as a deposit with NatWest Bank. This deposit earns 1% interest per annum. As at 31 December 2024, there is also a US Dollar fixed deposit held with CIG Treasury. The amount is \$2,407,598 (2023: \$2,293,719 for six months to a rate of 4.90% and matures on 24 January 2025. Management believes that a reasonable possible change in interest rates would not have a material impact on the Authority's net income.

Market Risk

The CAA has maintained conservative growth year-over-year from the market for business and corporate aircraft registration despite the assertive competition from other jurisdictions which are highly financed and subsidized to promote their offshore registries. The Aircraft register revenues are closely aligned with global economic conditions and are considered luxury service revenue due to the majority of the revenues being derived from private corporate jet operations. The market risk to the sustained revenues is considered to be significant.

Civil Aviation Authority of the Cayman Islands
Notes to the Financial Statements
For the year ended 31 December 2024
Stated in Cayman Islands Dollars

14. Financial Instruments Risk (continued)

Fair values

The cash and cash equivalents, short-term deposits, trade and other receivables, accounts payables and accrued liabilities, contract liabilities and dividends payable are approximated at their fair value due to short-term maturities of these assets and liabilities. There were no significant financial effects of global economic conditions during the current financial year.

15. Capital management

The Authority's objectives when managing capital are to safeguard its ability to continue as a going concern in order to fulfil its responsibilities as outlined in Note 1 for stakeholders and, as further discussed in Note 10(a), to make an annual payment into the general revenue of the CIG. The Authority is not subject to externally imposed capital requirements.

16. Commitments

During 2024, the Authority entered into several agreements with professional service contractors. These services range from aviation safety inspectors, accounting services, IT and other professional consultancy services.

Operational Commitments	Less than 1 year	From 1-5 years	Over 5 years
Aviation safety inspectors	648,650	515,034	
Accounting services	40,000		
IT-related	588,859	588,859	588,859
Other professional consultancy	50,000	50,000	
Total	1,327,509	1,153,893	588,859

There are no Capital Commitments planned for the next 5 years.

17. Contingent liabilities

Section 47 of The Public Authorities Act (the "PAA")

Section 47 of the PAA came into effect on 1 June 2019. The section requires public authorities to use the same salary scale as determined by Cabinet and requires remuneration of employees of a public authority to be adjusted to reduce any differences between the public authorities' and Cabinet approved salary grades.

As there are currently no Cabinet approved salary grades for public authorities, the CAACI is unable to conduct an exercise to evaluate the Authorities' salary grades versus that of the Cabinet approved salary grades. As such, management could not adjust for the impact of section 47 of the PAA in these financial statements. Management is also unable to derive an estimate of the potential impact of such an evaluation of its financial statements and therefore no resultant provisions have been made in these financial statements.

Civil Aviation Authority of the Cayman Islands
Notes to the Financial Statements
For the year ended 31 December 2024
Stated in Cayman Islands Dollars

18. Contingent liabilities (continued)

Liability to the Cayman Islands Government – Compliance with the Public Authorities Act, (2020 Revision)

The Authority is required to comply with The Public Authorities Act, (2020 Revision), (the “PAA”). 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 Office. The capital charge is set by the Minister of Finance and Economic Development (“the Ministry”) after consultation with the public authority’s board. There has been no request to date for the capital charge payable for 2024 (2023: \$0). Going forward the Authority may be required to pay a capital charge in accordance with the PAA for future equity investments.

Under Section 39(2) of the PAA, any surplus cash exceeding three months’ reserve should be paid to the Cayman Islands Government, unless directed otherwise by Cabinet, after consultation with the Board. The Cabinet has granted the exemption to public authorities from paying over surplus cash reserves as at 31 December 2024.

Governor’s Review – George Town Heliport Recertification

During the period, Cayman Islands Heliport filed a request for a Governor’s Review of the CAACI’s decision to not re-certify the George Town Heliport, which had not been operational since March 2020. It is anticipated that the Review will be dealt with during Q2 2025. A provision has not been accrued, as it cannot be determined whether or not the company may be subjected to any financial liability. The Authority has professional indemnity insurance coverage in place through the Risk Management Unit of the Cayman Islands Government which will cover legal fees in excess of US\$50,000 to the maximum of US\$12,125,000.

CAACI Office Building – Water Penetration Occurrence

As of 30 April 2025, the Authority is aware of a potential financial liability arising from a water penetration issue at its office building located at 205 Owen Roberts Drive. A professional building engineering firm was engaged to investigate the matter, and the assessment has been completed. The findings concluded that a special elastomeric coating must be applied to the exterior of the building to address the issue. The Authority is currently in the process of scoping the project in preparation for a public tender. As the procurement process is still ongoing, the Authority is not yet able to reliably estimate the potential cost of the liability until the tender submissions have been received and evaluated.

18. Subsequent events

The Authority has evaluated subsequent events and determined that there have been no events that have occurred that would require adjustments to our disclosures in the financial statements.