



2020 ANNUAL REPORT

| VISION

“To Bring Excellence to Your Airport Experience”

| MISSION

“To provide a pleasurable airport experience by enhancing our facilities and offering professional services in a safe and secure environment.”

| CORE VALUES

- Accountability:** We will account for our actions, accept individual and team responsibilities and disclose results irrespective of the outcome.
- Commitment:** We will be dedicated to our team, its mission, vision and strategy.
- Integrity:** We will be consistent in our actions, values, methods, measures, principles and expectations.
- Professionalism:** We will carry ourselves with respect and maturity and we will work with knowledge and confidence.
- Transparency:** We will be accurate, open, and honest and build an environment of trust
- Customer Focus:** We will put our customers and guests at the heart of what we do and strive to meet each of their needs.

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I CHAIRMAN'S MESSAGE

As we reflect on the challenges and achievements of 2020, we recognise it as a year unlike any other in the history of the Cayman Islands Airports Authority (CIAA). What began with the remarkable achievement of Owen Roberts International Airport (ORIA) being named 'Caribbean Airport of the Year 2020' quickly transformed into a period of significant challenges, as the global pandemic reshaped the aviation industry and the world. The CIAA, along with our dedicated team, navigated these turbulent times with resilience and resolve.

The COVID-19 pandemic brought unprecedented disruptions, but our focus remained unwavering: maintaining the safety, security, and efficiency of our operations. I am proud of how swiftly we adapted, keeping our airports open for repatriation, cargo, and essential flights, ensuring the Cayman Islands remained connected during a period of great uncertainty. Even with reduced passenger traffic, we accelerated critical infrastructure projects, such as airfield upgrades, ensuring that we are prepared for the return of global travel and ready to serve our community with enhanced service standards.

As we move forward, the lessons learned during this transformation year will serve as a foundation for continued growth and innovation. The CIAA remains committed to enhancing our airports and operations, guided by our 2032 Master Plan. We continue to uphold the highest standards of safety and efficiency, ensuring that our airports will not only recover from this period but thrive in the years to come. Together with the dedicated team at the CIAA, I look forward to what the future holds as we continue to serve the people of the Cayman Islands.



Chairman
Thomas Guyton

MESSAGE FROM THE CEO

The year 2020 tested our resilience and determination in ways we could not have anticipated. As the COVID-19 pandemic spread globally, the CIAA faced an evolving landscape that required rapid adaptation. Despite these challenges, our team remained focused on maintaining safe, secure, and continuous operations across both Owen Roberts International Airport and Charles Kirkconnell International Airport.

The temporary closure of our borders to international passenger traffic was necessary to protect public health, but we continued to provide essential services. The repatriation of expatriate workers, along with the establishment of the air bridge with the United Kingdom, stands as testaments to the crucial role we play in keeping the Cayman Islands connected with the world, especially during times of crisis.

I am particularly proud of the efforts made to continue our critical infrastructure projects despite the challenges posed by the pandemic. The airfield upgrades at ORIA, which included runway resurfacing, a new taxiway, and apron extensions, were completed with efficiency and precision, positioning us well for the future.

At the heart of our success is the dedication and professionalism of our staff. The steps we took to support our employees during this time—through flexible work policies, innovative new ways of working, training, and engagement—are a reflection of our commitment to their well-being. As we look to the future, the CIAA will continue to prioritise safety, service, and innovation. Together, we are building a future-ready aviation sector that will drive growth and opportunity for the Cayman Islands for years to come.

I thank our team for their exceptional efforts and our stakeholders for their continued support as we move forward into brighter skies, ready to build on the solid foundation we have laid and to continue serving the Cayman Islands with distinction.



CEO
Albert Anderson

| Management's Discussion and Analysis

The Cayman Islands Airports Authority's discussion and analysis provides an overview of the financial activities for the accounting period, January to December 31, 2020. Since this information is designed to focus on the current period's activities, resulting changes, and currently known facts, it should be read in conjunction with the CIAA's financial statements.

Business Strategy

Air travel activity at ORIA and CKIA has risen significantly over the last several years and major airlines continue to expand and use ORIA as key airport in the Caribbean region. This drive to support the increase traffic necessitated a major redevelopment programme. The ORIA terminal expansion was completed in the last quarter of 2019 with a capacity to handle 2.5 million passengers annually. This new terminal boasts improved service, operations and safety standards. Now a world class facility, ORIA was voted the best airport in the Caribbean in 2019 by the Caribbean Journal. CIAA's operation is geared towards the fulfilment of its vision "To bring excellence to your airport experience."

Similarly, the entity has a mission to "continuously improve our customer's experience by safely enhancing our facilities while offering professional services in a pleasant and innovative environment focusing on customer satisfaction and the economic sustainability of our airports and the Cayman Islands". With customer experience at the center of its focus, CIAA has developed a set of strategic goals that will focus its efforts and drive the CIAA towards its vision.

Financial Highlights

The tourism market took a hit in late 2019 through to 2021 as the full impact of COVID-19 became apparent. This is in stark contrast with the annual growth trends over the last 3-years which saw the key financial indicators and employment trends moving positively year on year. Growth was indicated in all sectors of the economy.

The airport was buoyed by a great first quarter start in 2020 exceeding prior year and budgetary expectations. However, traffic came to a virtual standstill as the global pandemic required immediate border closure and restricted travel to repatriation flights only. As a result, the Authority finished 2020 with total revenues 61% below the 2019 levels. This translated into a \$25 million decline against the prior year total revenues.

Key Performance Indicators

Highlights	2020	Restated 2019	2018	2016/2017*	2015/2016
	'000'	'000'	'000'	'000'	'000'
Revenue	16,038	41,457	38,267	50,175	30,912
Expenses	26,544	32,332	32,825	41,096	22,481
(Loss) / Surplus	(10,506)	9,125	5,442	9,079	8,431
Cash & Cash equivalents	5,775	26,442	26,442	30,998	35,181
Net worth	155,079	171,970	169,603	160,417	144,205

* 18 months (July 2016 – December 2017)

Loss before depreciation for the 12-month accounting period ended December 31, 2020, amounted to \$4.7M compared with \$13.7M profit earned for the fiscal year of 31 December 2019.

In conjunction with decreased revenue, expenses such as depreciation of \$5.8M, staff costs of \$13.7M, utilities of \$1.3M, repairs, and maintenance of \$2.7M, were the primary expense contributors to the loss sustained in 2020.

In the latter half of 2020, the CIAA implemented multiple internal cost saving measures, such as a temporary freeze on recruitment, significant reduction in training expenditure, redeployment of non-essential staff and resources, reduction in reliance on external contractors, renegotiation of contracts and consultancy in line with operation levels, deferral of some capital projects and utility cost management across all locations.

During 2019 and earlier, the Authority saw positive passenger volumes, however these gains were quickly eroded after March 2020 as monthly passenger activity dipped to under 10,000 passengers monthly.

The following graph shows passenger volume trend the 12 months ended 31 December 2020.



Revenue

Total revenue decreased to \$16M over the 12-month period in 2020 compared to \$41.5M in 2019.

Revenue by Category

(\$ in thousands)	2020	2019	Change	% Change
Travel tax	4,216	15,946	(11,730)	(73.6%)
Passenger Facility Charges	2,290	8,765	(6,475)	(73.9%)
Security tax and terminal facility charges	2,412	7,646	(5,234)	(68.5%)
Aircraft handling Income	1,290	3,920	(2,630)	(67.1%)
Rent	877	1,930	(1,053)	(54.6%)
Permits and Parking	299	1,070	(771)	(72.1%)
Petrol Concession	477	1,194	(717)	(60.0%)
Other Revenue	4,177	986	3,191	323.6%
TOTAL REVENUE	16,038	41,457	(25,419)	(61.3%)

Travel tax for the accounting period under review decreased to \$4.2M; down from \$15.9M in 2019.

In 2020, \$10.2M of total aeronautical revenues, which includes Passenger Facility Charges (PFC), Security tax and terminal facility charges, and Aircraft handling income, which was significantly below the revenues in 2019 of \$36.3M.

Rental revenues decreased by 54.6% or \$1M when compared to 2019. Permits and parking revenue decreased to \$299K compared to \$1.07M which was realized in 2019. Petrol concession dropped to \$477K down from \$1.2M in 2019.

Expenses

Total expenses were down to \$26.5M in 2020 when compared to \$32.3M in 2019. This is mainly attributable to increases in staff costs and depreciation expenses. Conversely, repairs and maintenance, passenger screening fees, CAA certification and building revaluation loss decreased significantly.

Expenses by Category

(\$ in thousands)	2020	2019	Change	% Change
Staff costs	13,709	13,684	25	0%
Depreciation	5,791	4,546	1,245	27%
Repairs Maintenance & Utilities	3,991	4,680	(689)	(15%)
Passenger Screening	872	2,334	(1,462)	(63%)
CAA Certification	250	1,000	(750)	(75%)
Building revaluation loss		3,424	(3,424)	(100%)
Other Expenses	1,931	2,664	(734)	(28%)
TOTAL EXPENSES	26,544	32,332	(5,789)	(18%)

Capital Expenditure (Capital Projects)

CIAA will continue to meet the growing demand for air travel through making optimum use of existing facilities and new capital infrastructure. The new Terminal completed in 2019 has improved passenger, baggage and aircraft processing flow, complies with regulatory requirements and enhances customer experience. The cost related to this capital project entirely funded internally through operations. Apart from terminal construction works, airside design and construction work are substantially completed to include runway extension, runway, strengthening, pond filling work, perimeter work, easterly ramp expansion and code E taxiway.

Environmental Responsibility

CIAA is committed to ensure that all our operations comply with applicable environmental laws and regulations with particular sensitivity to public concern. CIAA is keen to improve environmental footprint and wellbeing of Cayman community. Management is responsible for identifying environmental risks and priorities, develop mitigation plans, implemented, monitored and continuously improved energy conservation, achieving zero waste and managing hazardous wildlife program are among many initiatives.

Organisational Overview

The Cayman Islands Airports Authority (CIAA), established by the Cayman Islands Government in July 2004, is a statutory authority. The CIAA owns and operates two international aerodromes, Owen Roberts International Airport (ORIA) on Grand Cayman, which commenced operations in 1952, and Charles Kirkconnell International Airport (CKIA) on Cayman Brac, which commenced operations in 1955.

The CIAA oversees the development, management and operation of the Airports, ensuring runways, taxiways and terminals meet international standards, while also supporting agencies involved in border control. Committed to delivering professional, innovative and world-class airport services, the CIAA prioritises safety and efficiency, contributing significantly to the economic growth of the Cayman Islands.

ORIA is the major gateway linking the Cayman Islands to destinations worldwide, providing the main point of entry and exit to Grand Cayman, Cayman Brac and Little Cayman. ORIA plays a major role in the Islands' tourism and financial sectors, catering to commercial and private aircraft movements and processing approximately 224,342 passenger movements in 2020, which include tourists, business visitors and residents alike.

Aerodrome services are provided to a variety of private and commercial customers, including the Islands' national flag carrier, Cayman Airways, various international airlines, local and international charter aircraft, private aircraft, government and military, local businesses, various Cayman Islands Government bodies and the public.

Airlines serving the Cayman Islands with weekly, daily and charter services to international destinations include Cayman Airways, Air Canada, American Airlines, British Airways, Delta Airlines, JetBlue Airways, Southwest, United Airlines and WestJet. Cayman Airways Express services domestic flights to the sister islands Cayman Brac and Little Cayman.

The General Aviation Terminal (GAT) caters to private aircraft and is also home to the Cayman Islands National Weather Service (CINWS). There are two fixed-base Operators at the GAT, Island Air Ltd. and Air Agencies, which handle the majority of private aircraft movements on behalf of the CIAA and provide a full range of arrival and departure services to Private, Corporate/Business, Air Ambulance, Military and Government flight operations.

The Board of Directors

Name	Role
Mr. Thomas Guyton	Chairman
Mr. Joel Jefferson	Deputy Chairman
Ms. Vanessa Banks	Member
Mr. John Meghoo	Member
Mr. Roy Grant	Member

Name	Role
Mr. Nathaniel Tibbetts	Member
Mr. George Hunter	Member
Mr. Stran Bodden	Public Service Member
Mr. Charles Clifford	Public Service Member

CIAA Management Team

Role	Name
Chief Executive Officer	Mr. Albert Anderson
Chief Airport Operations Officer (Designate)	Mr. Wayne DaCosta
Chief Safety Management Officer	Mr. Andrew McLaughlin
Chief Security Officer (Designate)	Mr. Chad Yates
Chief Commercial Officer	Mrs. Bianca Moore-Downey
Chief Financial Officer	Mrs. Sheila Thomas
Chief Human Resources Officer	Mr. Mario Ebanks
Chief Information Officer	Mr. Mark Whiteside
Cayman Brac Airport Manager	Mr. Miguel Martin

Strategic Priorities

The following are the key strategic priorities of the CIAA for 2018 to 2021 along with the key objectives under each priority area. This is the guide to the CIAA's business activities over the three-year period and also forms the basis for individual employee performance objectives. These objectives are reviewed annually and adjusted as necessary to address changes in the operating environment and/or Board policy.

Providing Exceptional Customer Service	Strengthening Commercial Culture	Developing Quality Talent Management	Enhancing Enterprise Risk Management	Optimising our Facilities and Infrastructure
<ul style="list-style-type: none"> Improving Airport Operators stakeholder Relations Improving community engagement and awareness Increasing passenger through-put efficiency Making the airport experience more comfortable Improving all communications Create and maintain a culture of service excellence 	<ul style="list-style-type: none"> Growing Non-Aeronautical Revenue Growing High Net Worth Individual Business Formalise business relations through Service Level Agreements Building a commercial culture in the organisation 	<ul style="list-style-type: none"> Enhance Leadership and management capabilities throughout the organisation Attract and retain Local talent Staff development through learning maps Grooming our talent for future leadership 	<ul style="list-style-type: none"> Implementing an effective BC&DR Plan Maintain compliance with international standards and regulations Increasing Land-side safety 	<ul style="list-style-type: none"> Improving Operational Efficiency through Technological Advancements Ensure Airport Facilities Availability Improve Equipment and Resource Availability Developing an environmental management plan that meets industry standards at the airports Implement approved phases of the master plan Maintaining international standards

| Providing Exceptional Customer Service

In 2020, the Cayman Islands Airports Authority remained committed to delivering excellence across all areas of its operations, despite the unprecedented challenges posed by the global pandemic. The CIAA believes that every passenger's journey should be marked by comfort, convenience and care. By investing in both infrastructure and personnel, the CIAA aims to elevate the customer service experience at every touch point, ensuring that each traveler enjoys a seamless and positive experience at its gateways.

Caribbean Airport of the Year

In January 2020, ORIA was awarded 'Caribbean Airport of the Year 2020' by Caribbean Journal, a global online leader in covering Caribbean travel and trade news. The 2020 Caribbean Travel Awards included winners across 21 categories and were selected by Caribbean Journal's editorial staff and its network of contributors.

The editors at Caribbean Journal expressed, "It's been a spectacular year for Cayman Islands tourism so far this year, and that means thousands of tourists have been lucky enough to arrive in the brand-new terminal at Owen Roberts International Airport in Grand Cayman, which was officially opened by His Royal Highness, King Charles III earlier this year. It's a major addition for the destination, with a clean, sleek interior, a stunning turtle-shell exterior and a terrifically run airport operation (and a terrific duty-free experience, too)."



| Strengthening Commercial Culture

In an increasingly competitive and evolving aviation landscape, fostering a robust commercial culture is essential to the long-term success of the Cayman Islands Airports Authority. Its commitment to innovation, collaboration and business development ensures that it not only meets the needs of today's travelers but also lays the foundation for continued success for years to come.



Sunwing's inaugural flight touches down at Owen Roberts International Airport

Preserving History

In January 2020, cedar wood from the iconic 'A' frames that were once the main architectural feature of the Owen Roberts International Airport terminal building, best remembered for the open air 'waving gallery' that was popular to locals and tourists alike, was repurposed into benches for the Queen Elizabeth II Botanic Park's Children's Garden Classroom.

The waving gallery was first put in place in 1984 when the ORIA terminal building was completed and was an integral part of the facility for many years. In 2017, in order to comply with international security regulations, the waving gallery had to be permanently closed.



Exterior of the new Rotary Schoolhouse in the Children's Garden classroom at the Queen Elizabeth II Botanic Park. Each repurposed cedar wood bench bears a dedication plaque, "Repurposed, Reused, Recycled", from the Owen Roberts International Airport to the Queen Elizabeth II Botanic Park.

Creating a Fun and Safe Space for Young Travelers

In February 2020, a children's play area opened in the departure's hall at ORIA. The new children's play area provides a unique passenger amenity to help keep the traveling children entertained in a safe environment prior to boarding their flight. Featuring an underwater theme to excite a child's imagination and wonder, the children's play area comes fully equipped with rockers, puzzles, slides and seesaws for children ages 4-12 to enjoy.



The new children's play area opens at ORIA

Passenger Amenities Reopen

In July 2020, Tortuga, Subway, Last Chance Souvenirs and Brew Hut reopened their ORIA locations for the comfort and convenience of passengers departing on repatriation flights.



| Developing Quality Talent Management

At the heart of the Cayman Islands Airports Authority is a dedicated and skilled workforce. Recognising that its people are its greatest asset, the CIAA focuses on fostering a culture of continuous learning, professional growth and leadership development by investing in targeted training programmes, enhancing employment engagement and promoting career advancement opportunities.

Four employees were recruited during this period, including a Chief Information Officer and an Airport Operations Manager.

By the end of 2020, the CIAA had 196 staff employed. An Employee Engagement & Satisfaction Survey, conducted by KPMG, and a Compensation Study & Pay Policy Review by McConell HRC were completed in 2020. Health insurance renewal premiums with Aetna and Generali were renegotiated for 2021, with no increase over 2020 rates.

Employee Training & Development

During the year, many staff members undertook training and development in several technical topics relevant to their jobs, as well as leadership and other generic training, mainly through virtual programmes, self-guided learning, or free programmes through the Civil Service College of the Cayman Islands Government.

One such technical course presented by ACI-ICAO (Airports Council International and International Civil Aviation Organization) is the Global Reporting Format, which addresses the assessment and reporting of Runway Surface Conditions using a globally harmonised methodology and requires global implementation by November 2021. This new methodology for assessing runway conditions is intended to improve flight crew assessments of take-off and landing performance thus further improving aviation safety by reducing runway excursions (an incident in which an aircraft veers off or overruns the runway surface). Runway excursions remain one of the top challenges to aviation worldwide, with serious impacts in terms of safety and cost. Thirty-one staff members from a cross-section of CIAA departments, including Air Traffic Control, Airport Operations, Maintenance and Aeronautical Information Services at both airports, completed the course with others continuing to work towards completion.

ACI (Airports Council International) represents the world's airports interests with Governments, and international organisations such as the International Civil Aviation Organization (ICAO), develops standards, policies and recommended practices for airports and provides information and training opportunities to raise standards around the world.

ICAO (International Civil Aviation Organization) is a specialised agency of the United Nations that promotes the safe and orderly development of civil aviation worldwide. In conjunction with its 191 global members and industry groups, consensus is reached on international civil aviation Standards and Recommended Practices necessary for aviation safety, security, efficiency and regularity, which in turn permits flights in aviation's global network to operate safely and reliably in every region of the world.



Chief Airport Operations Officer Wayne DaCosta (far left) with representatives from the Aeronautical Information Services, Airport Operations and Air Traffic Control ORIA teams who completed the Global Reporting Format Online Training Course.



Representatives from the Air Traffic Control, Airport Operations and Maintenance CKIA teams who completed the Global Reporting Format Online Training Course.

Continuing its commitment to employee development, several members of the CIAA's Facilities and Projects teams completed a course on aviation fundamentals during the third quarter, and personnel from Air Traffic Control, Aeronautical Information Services, Airport Operations, and Maintenance completed training on the Global Reporting Format (GRF) for runway conditions, rounding out a challenging but productive year for CIAA. Some programmes had to be adapted to the unique circumstances. For instance, refresher training for Air Traffic Controllers, normally conducted at the Pan Am Academy in Miami, was held in-house with regulatory approval. However, plans to increase the number of controllers were postponed due to the closure of training facilities.

I Optimising Facilities and Infrastructure

The Cayman Islands Airports Authority remained dedicated to optimising its facilities and infrastructure to meet the evolving needs of the aviation industry. With a focus on enhancing the efficiency, capacity and sustainability of its Airports, the CIAA undertook several key projects aimed at improving operational performance and passenger experience.

Accelerating Progress Amidst Industry Challenges

Despite this unfortunate setback to the aviation industry, the CIAA continued critical infrastructure projects during 2020, including a \$45 million airfield upgrade at ORIA, which was nearing completion at the end of the year. Consisting of six sub-projects, including removal of several ponds, runway resurfacing, runway pavement extension to the west, a new parallel taxiway at runway 26, construction of a perimeter road and east apron extension to accommodate larger aircraft, this airfield upgrade transformed the ORIA airside bringing improvements to service, operations and safety standards.

The project continued at an accelerated pace due to the travel restrictions and reduced air traffic, which allowed for increased availability of the airfield to perform the scheduled works. Most of these works took place overnight, and the pavement was ready each morning for the limited traffic to operate safely.



ORIA Airfield Upgrade Project underway, June 2020

While this sounds like a simple statement, it took a herculean effort of planning and coordination to make it happen without incident, and the collaboration between contractors, regulators, airport operations personnel, airport safety personnel, airport security personnel and air navigation services personnel was the key driver of this success.

In August 2020, a new airfield blast deflector was constructed at ORIA to help safely mitigate air turbulence at ground level, particularly on the roadway to the west and north of the turnaround point. This was designed to prevent the jet blast from the larger aircraft from affecting vehicle traffic on the roads and to enable aircraft to utilise the full length of the pavement for takeoff.



A section of the new blast deflector at Owen Roberts International Airport

In September 2020, ORIA's Non-Directional Beacon (NDB), which stood at 120 feet high and was originally commissioned and erected in 2005 to serve as a flight navigational aid, was removed as it was no longer relevant or in use for aircraft navigation purposes.



The 120-foot-high Non-Directional Beacon off Walkers Road, once used to navigate aircraft to Owen Roberts International Airport, was dismantled.

Initial planning of a new General Aviation facility to the east of ORIA, in accordance with the Master Plan 2032, commenced. The current General Aviation Terminal (GAT) and ramp do not have the capacity for today's demand and the development of the new facility is necessary to alleviate this issue.

| Enhancing Enterprise Risk Management

In 2020, the Cayman Islands Airports Authority reinforced its commitment to proactively managing risks through the enhancement of its Enterprise Risk Management framework. By refining risk management strategies, improving internal controls and fostering a culture of risk awareness, the CIAA ensures resilience and stability of its operations. The need for stepping up its risk management framework was driven primarily by two things, the COVID-19 pandemic and the airfield upgrades project. Both required heavy focus on risk management as the Cayman Islands Airports Authority needed to ensure the effects of the pandemic did not shut down its operations, and the airfield upgrades required a laser focus on personnel safety and enabling runway operations to continue while it was being upgraded. The significantly reduced air traffic helped immensely with the airfield upgrades, but to ensure all risks were mitigated, there were twice daily meetings between the contractor and Airport Operations to ensure everyone was on the same page.

The COVID-19 risk was managed through the development of a comprehensive business continuity plan that covered the entire operations at both Airports and successfully ensured that the pandemic did not severely impact operations.

Risk and Uncertainties

CIAA operations and its financial results are subject to certain risks.

A. Strategic Development Risks

CIAA had developed Master plan for airport development up until 2032, which identifies strategic priorities that support CIAA ability to meet growing demand for air travel. Since this is forward looking 20 years well into the future may not be able to anticipate all possible factors, therefore there is risk of CIAA may not be able to achieve its corporate goals. However, management is conducting periodic reviews on same to incorporate any emerging factors that may influence.

B. Business Risks

Infrastructure-The provision of services at the airport is dependent on the availability of physical assets such as runways, taxiways, terminal buildings, parking facilities, information technology. All of these facilities are designed and built to meet all regulatory standards. Should any of these assets become unavailable due to accident, event or maintenance failure the ability to provide services and earn revenues may be impaired. However, CIAA has adequate Insurance coverage against those risks. CIAA also maintain asset management system including proactive inspection, preventive maintenance and repairs to prevent failure of these facilities.

Cyber Security- Information security is integral to CIAA's business activities and reputation. Given the fact that airport's extensive use of information technology CIAA faces information security risks, including threat of hacking, identity theft and service disruptions. CIAA maintain appropriate safeguards and procedures to prevent, detect and respond these security threats.

Commercial Relationships- CIAA works with number of parties at the airport to deliver services to passengers, air carriers and others. These parties include government agencies, air carriers and third-party vendors. Should any of the parties fail to deliver services as required CIAA's ability to generate revenue or desired service levels impacted.

Security- CIAA responsible for passenger, baggage, and cargo screening at the airport as well as other aspects of security including secure access to restricted areas. CIAA discharge its security requirements in compliance with international civil aviation regulations. A major security event in the world or changes in security regulations could result in more stringent regulations that the CIAA would need to comply with, could increase security screening and wait times as well as additional costs to CIAA, airlines and passengers.

C. Industry Risks

The Authority will continue to face market, inflation and other uncertainties (risks) beyond its control which may or may not have significant impact on its financial condition. Airport revenue is largely a function of passenger volumes. Passenger volumes are driven by air travel demand. Over the past several years, Cayman has experienced increased passenger volumes as tourists identify the islands as the destination of choice. However, travel demand is impacted by external factors such as economic conditions, health epidemics, geopolitical unrest, volatile oil prices, government regulations, and the price of air fares, taxes on airline tickets and the financial uncertainty of the airline industry. Those risks are mitigated by annual increases in passenger volume diversification through Cayman airports (i.e. originates or terminates) and greater percentage of business travelers, whose travel decisions are less discretionary than those of leisure travelers. Cayman Islands is in the hurricane belt and destruction by natural disaster in the region may result in increased insurance premiums even though the Authority has adequate cover against same.

D. Laws and Regulations Risk

Airport operations are governed by Cayman Islands Civil Aviation Authority (CAA) regulations. Changes in regulatory requirements may have an impact on the CIAA's cost to operate at the airport. The CIAA's relationship with government agencies may affect its ability to influence positive changes.

E. People Risk

A failure to attract, develop and retain right talented employees by the CIAA while fostering high performance culture may have an impact on CIAA's cost to operate the airport or achievement of its strategic goals. However, CIAA continues to invest in employee programs, initiatives and development plans that enable CIAA to mitigate that risk.

Wildlife Hazard Management

Ensuring aerodrome safety through effective wildlife hazard management remains a top priority for the Cayman Islands Airports Authority. In December, the CIAA convened the Annual Hazardous Wildlife Working Group Meeting, open to the public, to address current wildlife control strategies at ORIA and introduce new initiatives aimed at minimizing wildlife attraction to the Airport. By fostering collaboration and driving innovation, the CIAA remains dedicated to enhancing the safety of passengers and aircraft while maintaining the highest standards of operational efficiency and airspace protection.

Adapting to Unprecedented Challenges to the COVID-19 Pandemic

The year began with the continuation of planned operations, including the onboarding of the newly hired Electronics Engineering Officer within the CNS department. In February 2020, nightly work commenced on runway improvements. Other significant achievements during the first quarter included the completion of the CP2 access road and the replacement of the air conditioning system in the Air Traffic Control Tower.

As the Coronavirus pandemic spread across the world in late 2019, with the first positive case of COVID-19 reported in the Cayman Islands on 17 March 2020, the Cayman Islands Government (CIG) temporarily closed the borders to the Cayman Islands in March 2020 in an effort to slow the spread. As a result, ORIA saw the last scheduled international passenger flight depart on 22 March 2020 due to concerns over rising COVID-19 cases globally.

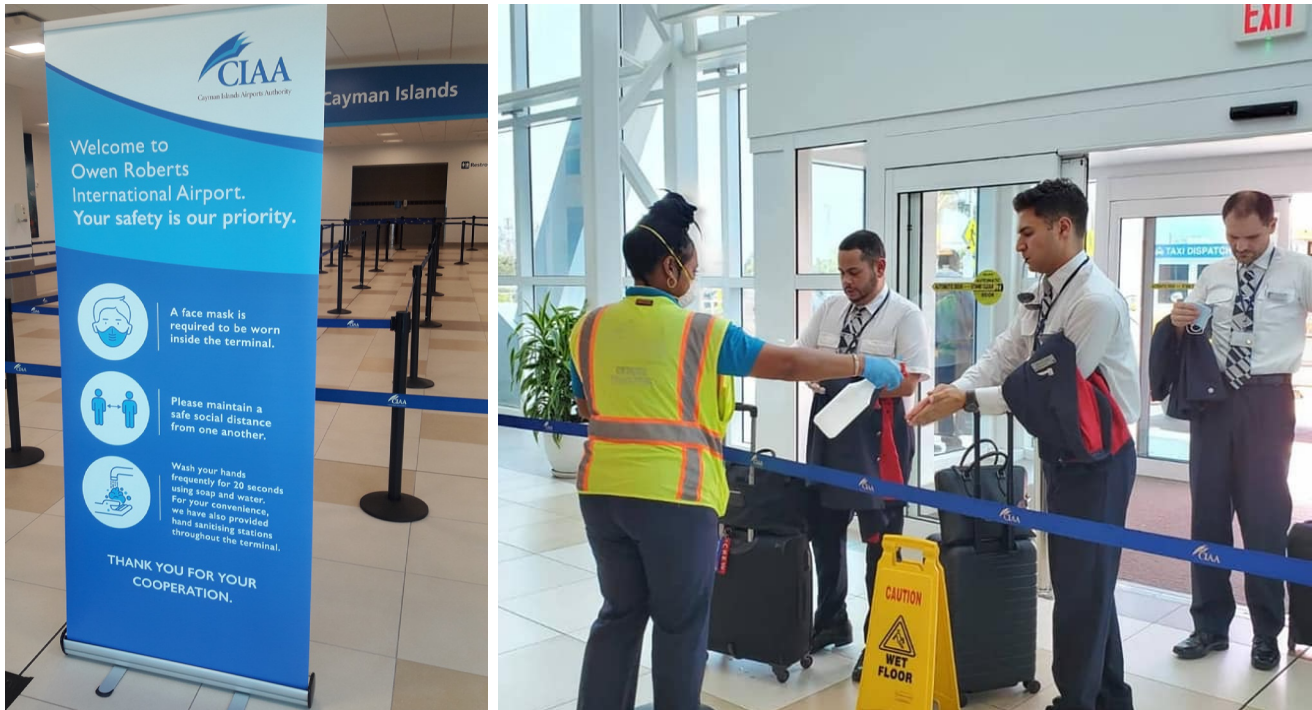
Despite these challenges, the Cayman Islands Government (CIG) approved repatriation flights, and the Airports remained open for cargo, emergency and domestic flights. On Monday, 6 April 2020, the CIG established the first air bridge between the UK and the Cayman Islands with the arrival of a British Airways flight to Owen Roberts International Airport, carrying 58 Caymanians and residents, to bring in 1,700 testing kits and other vitally needed equipment and supplies.

Extra precautions were taken to ensure everyone's safety as passengers arrived through the Airport terminal, and all arriving persons went directly into mandatory isolation in a place managed by the Government. The flight departed on Tuesday, 7 April 2020, on its return leg to London, via Nassau, Bahamas, carrying 131 people of varying nationalities.

In May 2020, the CIG announced that ORIA and CKIA would remain closed for international passenger flights for a further temporary period until August 2020. During this extended restriction period, only domestic, cargo, courier and emergency flights continued to operate, in addition to any air bridges or repatriation flights that the CIG approved.



With new CIG travel regulations and restrictions in place, the CIAA's Ground Transport and Customer Service teams were instrumental in spear-heading the queuing layout throughout ORIA and ensuring travelers and guests adhered to the protocols of social distancing, wearing of masks and sanitising of hands.



The CIAA moved to a “shelter in place” policy in March 2020, providing a flexible work schedule to all essential employees, or “work from home” to all non-essential employees. As of July 2020, inter-island travel between Grand Cayman and the Sister Islands became more fluid as the CIG eased outbound and inbound restriction requirements.

As the months progressed, the Cayman Islands Government and CIAA continued to approve international flights, implementing a slot management system to ensure construction activities could continue unhindered. This system, initially planned for peak traffic management, was introduced early due to the pandemic and has since become a standard operating procedure.

During the COVID-19 restrictions, a British Airways Boeing 777 was the first aircraft to use the new turning and holding bay at the threshold of Runway 08. The bay, designed to allow an aircraft to hold short of the runway while another was landing or taking off, also featured a wider radius for 180-degree turns, reducing stress on the pavement and aircraft tires.

The challenges of COVID-19 also led to unprecedented inter-departmental cooperation. The operations and safety management teams collaborated on business continuity planning, while the facilities department supported preparations for the terminal's reopening. This included installing social distancing markers, hand sanitation dispensers, enhancing cleaning protocols, and providing face masks.

A significant inter-departmental effort was required to coordinate the increased airfield work, with project work scheduled 24 hours a day, six days a week. Air Traffic Control and Airport Operations teams also worked around the clock to support the renovation of the entire airport while essential flight operations continued. Departmental managers held twice-daily project briefings and conducted airfield inspections to ensure progress.

Throughout 2020, the Facilities and Maintenance Department remained busy with various tasks, including painting interior walls, installing glass partitions, reconfiguring check-in and departure areas to support social distancing, refurbishing apron markings, and performing necessary landscaping. Despite the restrictions, other mandatory activities were carried out to maintain the licenses of personnel and facilities.

In September 2020, the “shelter in place” policy was lifted, and all CIAA employees returned to the workplace.

Upwards and Onwards

Despite the unprecedented challenges of 2020, the Cayman Islands Airports Authority demonstrated resilience, adaptability and unwavering commitment to its mission of providing a pleasurable airport experience by enhancing facilities and offering professional services in a safe and secure environment.

From maintaining exceptional customer service and advancing critical infrastructure projects, to fostering employee development and enhancing safety protocols, the CIAA navigated a complex landscape while continuing to prioritise safety, comfort and efficiencies of its operations.



AUDITED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2020

**Cayman Islands Airports Authority
Financial Statements
Year ended December 31, 2020**

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**STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS
31 December 2020**

These financial statements have been prepared by the Cayman Islands Airports Authority (CIAA) in accordance with the provisions of the *Public Management and Finance Act (2020 Revision)* and the *Airports Authority Act (2005 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 signatories below, 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 Cayman Islands Airports Authority. However, the Chairman and Chief Financial Officer were not part of the Cayman Islands Airports Authority during the financial year. Therefore, as Chief Executive Officer, I am responsible for ensuring appropriate internal controls were established and maintained throughout the financial year ended 31 December 2020.

As signatories below, we are responsible for the preparation of the Cayman Islands Airports Authority financial statements and for the judgements made in them.

The financial statements fairly present the financial position, financial performance, and cash flows of the Cayman Islands Airports Authority for the financial year ended 31 December 2020.

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

- (a) Completely and reliably reflect the financial transactions of Cayman Islands Airports Authority for the year ended 31 December 2020;
- (b) Fairly reflect the financial position as at 31 December 2020 and comprehensive income for the year ended 31 December 2020;
- (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.

A blue ink signature of Johann Moxam, consisting of a stylized 'J' and 'M' followed by a long horizontal line.

Johann Moxam
Chairman (Board of Directors)
Date: 6 August 2025

A blue ink signature of Albert Anderson, featuring a stylized 'A' and 'A' followed by a horizontal line.

Albert Anderson
Chief Executive Officer
Date: 6 August 2025

A blue ink signature of Karen Baptiste, featuring a stylized 'K' and 'B' followed by a horizontal line.

Karen Baptiste
Chief Financial Officer
Date: 6 August 2025

AUDITOR GENERAL'S REPORT

To the Board of Directors of the Cayman Islands Airports Authority

Opinion

I have audited the financial statements of the Cayman Islands Airports Authority (the "Authority"), which comprise the statement of financial position as at 31 December 2020 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2020, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 8 to 52.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at 31 December 2020 and its financial performance and its cash flows for the year ended 31 December 2020 in accordance with International Financial Reporting Standards.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

AUDITOR GENERAL'S REPORT (continued)

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

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

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


Angela Cullen
Acting Auditor General

6 August 2025
Cayman Islands

Cayman Islands Airports Authority
Statement of Financial Position
As at 31 December 2020
(In Cayman Islands dollars)

	Notes	2020	Restated 31 Dec 2019	Restated 1 Jan 2019
ASSETS				
Current assets				
Cash and cash equivalents	5(a)	5,774,568	27,605,913	26,442,443
Term deposits	5(b)	-	2,074,364	2,065,243
Accounts receivables	6	6,895,527	7,615,507	13,506,831
Other receivables and prepaid expenses		160,702	3,920,492	506,538
		<u>12,830,797</u>	<u>41,216,277</u>	<u>42,521,055</u>
Non current assets				
Property, plant and equipment	7	194,865,635	163,076,162	153,703,432
Intangible assets	7	83,453	176,852	500,110
		<u>194,949,088</u>	<u>163,253,014</u>	<u>154,203,542</u>
TOTAL ASSETS		<u>207,779,885</u>	<u>204,469,291</u>	<u>196,724,597</u>
LIABILITIES AND EQUITY				
Current liabilities				
Accounts payable and accrued expenses		7,908,046	4,936,622	7,615,679
		<u>7,908,046</u>	<u>4,936,622</u>	<u>7,615,679</u>
Non current liabilities				
Government loan	11	9,314,832	-	-
Unfunded pension liability	9	12,304,000	9,380,000	7,700,000
Unfunded health care obligations	10	23,174,000	18,183,000	14,676,000
		<u>44,792,832</u>	<u>27,563,000</u>	<u>22,376,000</u>
TOTAL LIABILITIES		<u>52,700,878</u>	<u>32,499,622</u>	<u>29,991,679</u>
Equity				
Contributed capital		34,829,212	34,675,212	34,675,212
Retained earnings		60,539,912	51,411,139	40,611,537
Asset revaluation		74,893,556	74,893,556	80,649,106
Other comprehensive (loss) / income		(4,678,000)	1,865,000	5,749,000
Current year (loss) / surplus		(10,505,673)	9,124,762	5,048,063
		<u>155,079,007</u>	<u>171,969,669</u>	<u>166,732,918</u>
TOTAL LIABILITIES AND EQUITY		<u>207,779,885</u>	<u>204,469,291</u>	<u>196,724,597</u>

Approved



Albert Anderson
Chief Executive Officer
Date: 6 August 2025



Karen Baptiste
Chief Financial Officer
Date: 6 August 2025

The accompanying notes on pages 36-80 to these consolidated financial statements are an integral part of these statements.

Cayman Islands Airports Authority
Statement of Changes in Equity
For the year ended 31 December 2020
(In Cayman Islands dollars)

	<u>Notes</u>	<u>2020</u>	<u>Restated 2019</u>
REVENUE			
AERONAUTICAL INCOME			
Passenger fees and charges		8,917,897	32,357,035
Aircraft handling income		1,290,250	3,920,301
TOTAL AERONAUTICAL INCOME	12(a)	<u>10,208,146</u>	<u>36,277,336</u>
NON-AERONAUTICAL INCOME			
Government grant income	13	3,736,178	-
Property rental and concession management	12(b)	1,354,852	3,124,338
Fees and charges	12(b)	648,985	1,866,062
Sundry		50,796	135,716
Interest earnings		38,894	53,626
TOTAL NON-AERONAUTICAL INCOME		<u>5,829,705</u>	<u>5,179,742</u>
TOTAL INCOME		<u>16,037,852</u>	<u>41,457,078</u>
EXPENSES			
Staff costs	14, 18	13,709,055	13,684,181
Administrative and overheads			
Depreciation	7	5,790,807	4,545,502
Repairs and maintenance		2,664,862	2,930,397
Passenger screening		871,924	2,333,764
Utilities		1,326,010	1,750,045
CAA certification		250,000	1,000,000
Training		102,730	343,451
Legal and professional fees		576,397	921,278
Property and liability insurance		871,316	918,839
Security		54,960	244,920
Printing and stationary		118,296	122,769
Miscellaneous		85,965	175,641
Gain on disposal of property, plant, equipment and intangible assets		(28,800)	-
Travel and subsistence		6,690	5,290
Loan interest	11	51,010	-
Provision for impairment		84,197	-
Loss on building revaluation		-	3,423,708
Foreign exchange losses / (gains)		8,106	(67,469)
TOTAL EXPENSES		<u>26,543,525</u>	<u>32,332,316</u>
NET (LOSS) INCOME before		<u>(10,505,673)</u>	<u>9,124,762</u>
OTHER COMPREHENSIVE (LOSS) / INCOME			
Remeasurement of employee benefit obligation	9	(2,863,000)	(1,576,000)
Remeasurement of healthcare benefit obligation	10	(3,680,000)	(2,308,000)
COMPREHENSIVE (LOSS) INCOME FOR THE YEAR		<u>(17,048,673)</u>	<u>5,240,762</u>

The accompanying notes on pages 36-80 to these consolidated financial statements are an integral part of these statements.

Cayman Islands Airports Authority
Statement of Changes in Equity
For the year ended 31 December 2020
(In Cayman Islands dollars)

	Contributed Capital	Retained Earnings	Other Comprehensive Income (Loss)	Asset Revaluation	Total
	\$	\$	\$	\$	\$
Balance at 31 December, 2018	34,675,212	48,529,947	5,749,000	80,649,106	169,603,265
Prior period Adjustment	-	(2,870,347)	-	-	(2,870,347)
Balance at 1 January 2019	34,675,212	45,659,600	5,749,000	80,649,106	166,732,918
Capital contributions		-	-	-	-
Capital withdrawals		-	-	-	-
Net Income for the year (Restated)	-	9,124,762	-	-	9,124,762
Other Comprehensive Loss					
Remeasurement of employee pension benefit obligation	-	-	(1,576,000)	-	(1,576,000)
Remeasurement of employee health care benefit obligation	-	-	(2,308,000)	-	(2,308,000)
Revaluation gain realised upon retirement	-	5,755,550	-	(5,755,550)	-
Balance at 31 December, 2019 (Restated)	34,675,212	60,539,912	1,865,000	74,893,556	171,973,680
Capital contributions	154,000	-	-	-	154,000
Capital withdrawals	-	-	-	-	-
Net Loss for the year	-	(10,505,673)	-	-	(10,505,673)
Other Comprehensive Loss					
Remeasurement of employee pension benefit obligation	-	-	(2,863,000)	-	(2,863,000)
Remeasurement of employee health care benefit obligation	-	-	(3,680,000)	-	(3,680,000)
Revaluation gain realised upon retirement	-	-	-	-	-
Balance at 31 December, 2020	34,829,212	50,034,239	(4,678,000)	74,893,556	155,079,007

The accompanying notes on pages 36-80 to these consolidated financial statements are an integral part of these statements.

Cayman Islands Airports Authority
Statement of Cash Flows
For the year ended 31 December 2020
(In Cayman Islands dollars)

	<u>Note</u>	<u>2020</u>	<u>Restated 2019</u>
Cash Flows from Operating Activities			
Net (Loss) Income for year		(10,505,673)	9,124,762
Add items not affecting working capital:			
Loss on revaluation of property, plant, equipment and intangible assets	7	-	3,423,708
(Gain) on disposal of property, plant, equipment and intangible assets		(28,800)	-
Prior period adjustment		-	(2,870,347)
Defined benefit expense	9, 10	1,372,000	1,303,000
Depreciation	7	5,790,807	4,545,502
Interest expense		51,010	-
Government grant income	11	(3,736,178)	-
		<u>(7,056,834)</u>	<u>15,526,625</u>
Net changes in non-cash working capital balances			
Decrease in Accounts receivable		719,980	5,891,324
Decrease / (Increase) in Other receivables and prepaid expenses		3,759,790	(3,413,953)
Increase / (Decrease) in Accounts payable and accrued expenses		2,971,424	(2,679,059)
Net cash generated from operating activities		<u>394,360</u>	<u>15,324,937</u>
Cash Flows from Investing Activities			
Investment in term deposit		2,113,258	(9,122)
Purchase of fixed assets		(37,492,963)	(14,152,345)
Net cash used in investing activities		<u>(35,379,705)</u>	<u>(14,161,467)</u>
Cash Flows from Financing Activities			
Equity Injection		154,000	-
Loan proceeds	11	13,000,000	-
Net cash used in financing activities		<u>13,154,000</u>	-
(Decrease) / Increase in Cash and Cash Equivalents During Year		(21,831,345)	1,163,470
Cash and Cash Equivalents at Beginning of Year		<u>27,605,913</u>	<u>26,442,444</u>
Cash and Cash Equivalents at End of Year	5	<u><u>5,774,568</u></u>	<u><u>27,605,913</u></u>
Supplimentary Information on Cash Flows from Operations			
Interest received during the year		(38,894)	(53,626)
Interest paid during the year		51,010	-

The accompanying notes on pages 36-80 to these consolidated financial statements are an integral part of these statements.

Cayman Islands Airports Authority
Notes to the Financial Statements 31 December 2020
(In Cayman Islands dollars)

1. Background Information

The Cayman Islands Airports Authority (“the Authority”) is a statutory body established on June 14, 2004, under The *Airports Authority Act, (2005 Revision)*, and began operations on July 1, 2004. The registered office of the Authority is 298 Owen Roberts Drive, P.O. Box 10098 APO, KY1-1001, Grand Cayman, Cayman Islands. The Authority had 196 employees as of 31 December 2020.

The Authority is principally engaged in the general management and operation of airports, air traffic, and navigation within the Cayman Islands as set out in the aforementioned Act. The Authority currently operates two (2) airports, one on Grand Cayman and the other on Cayman Brac. In addition, the Cayman Brac Office oversees an airfield on Little Cayman.

The operations of the Authority are regulated by the Civil Aviation Authority (“CAA”) of the Cayman Islands.

2. Significant Accounting Policies

These financial statements are prepared on a going concern basis. The significant accounting policies adopted by the Authority in these financial statements are as follows:

a) Basis of accounting

The financial statements of the Authority are prepared on an accrual basis under the historical cost convention in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board except for: (1) the revaluation of land and buildings and (2) unfunded past service obligation.

The reporting currency is Cayman Islands Dollars and figures presented have been rounded to the nearest dollar unless otherwise disclosed.

The accounting policies are consistent with those used in the previous year.

b) Relevant standards and amendments that are effective January 1, 2020:

Amendments to References to the Conceptual Framework in IFRS Standards - (Effective for annual periods beginning on or after 1 January 2020)

Together with the revised Conceptual Framework published in March 2018, the IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC-32.

Cayman Islands Airports Authority
Notes to the Financial Statements 31 December 2020
(In Cayman Islands dollars)

2. Significant Accounting Policies (continued)

b) Relevant standards and amendments that are effective January 1, 2020: (continued)

Amendments to IAS 1 and IAS 8 Definition of material - (Effective for annual periods beginning on or after 1 January 2020)

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency.

c) Property, plant, equipment, and intangible assets

Land and buildings held for use in the supply of goods or services, or for administrative purposes, are stated in the Statement of Financial Position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the Statement of Financial Position date.

Any revaluation increase arising on the revaluation of such land and buildings is credited in net worth to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in the Statement of Comprehensive Income, in which case the increase is credited to Statement of Comprehensive Income to the extent of the decrease previously charged. A decrease in the carrying amount arising on the revaluation of such land and buildings is charged to Statement of Comprehensive Income to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to the Statement of Comprehensive Income. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the asset revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognized.

Properties under construction are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Authority's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Property, plant, and equipment are depreciated on the straight-line basis over the estimated useful lives. The estimated useful lives of the other assets are as follows:

Cayman Islands Airports Authority
Notes to the Financial Statements 31 December 2020
(In Cayman Islands dollars)

2. Significant Accounting Policies (continued)

d) Property, plant, equipment, and intangible assets (continued)

Computer Equipment	4 Years
Furniture and Fixtures	3-12 years
Motor Vehicles	4-12 Years
Equipment	5-20 Years
Building Improvements	10-30 Years
Building, Runways, Aprons and Car Parks	5-30 Years

Intangible assets

Intangible assets substantially include the value of computer software.

Intangible assets with finite lives are amortized over the useful economic life. Amortization is calculated using the straight-line method to write down the cost of intangible assets to their residual value over their estimated useful lives:

Computer Software	4 Years
-------------------	---------

(i) Additions

The cost of an item of property, plant, equipment and intangible asset is recognized as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Work in progress is recognized at cost less impairment and is not depreciated.

(ii) Disposals

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

(iii) Impairment

The carrying amount of the Authority's assets are reviewed at each Statement of Financial Position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated at each Statement of Financial Position date. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Cayman Islands Airports Authority
Notes to the Financial Statements 31 December 2020
(In Cayman Islands dollars)

2. Significant Accounting Policies (continued)

e) Use of estimates and judgements

The preparation of financial statements, in conformity with IFRS, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year of the revision and future years, where applicable.

f) Cash and cash equivalents

Cash and cash equivalents include cash on demand and all term deposits with an original maturity date of three months or less. Bank accounts held at the same institution are presented at net amounts.

g) Accounts receivables

A non-derivative financial asset with fixed or determinable payments and not quoted in an active market is classified as accounts receivables.

h) Accounts payable and accrued expenses

Accounts payable and accrued expenses will be classified as financial liability and are measured at fair value when goods or services have been received or invoiced, with any adjustments to the carrying amount going through the Statement of Comprehensive Income.

i) Revenue recognition

The Authority recognizes revenues in the period in which they are earned. For example, taxes, rent and aircraft handling revenues are recognized when the related service is provided.

j) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments received under operating leases (net of any incentives received from the lessor) are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

Cayman Islands Airports Authority
Notes to the Financial Statements 31 December 2020
(In Cayman Islands dollars)

2. Significant Accounting Policies (continued)

k) Financial instruments (continued)

(i) Recognition and Derecognition

IFRS 9 sets out requirements for recognising and measuring financial assets and financial liabilities. IFRS 9 establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit and loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset.

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. financial assets are carried at amortised cost using the effective interest method.

(ii) Classification and Measurement

Financial assets

The Authority classifies its financial assets, cash and cash equivalents, fixed deposits and accounts receivable, as amortised cost. 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 noncurrent assets.

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

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 financial assets are carried at amortised cost using the effective interest method.

Financial liabilities

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. Accounts payable and loans payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Cayman Islands Airports Authority
Notes to the Financial Statements 31 December 2020
(In Cayman Islands dollars)

2. Significant Accounting Policies (continued)

k) Financial instruments (continued)

Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount presented in the Authority's statement of financial position when, and only when, the Authority has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

l) Foreign currency translation

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at exchange rates in effect at the reporting date. Revenue and expense transactions denominated in currencies other than Cayman Islands dollars are translated at exchange rates ruling at the time of those transactions. Gains and losses on exchange are credited or charged in the Statement of Comprehensive Income.

Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to Cayman Islands dollars at the foreign currency exchange rate ruling at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the Cayman Islands dollars at the foreign exchange rates ruling at the dates that the values were determined.

m) Allowance for impairment losses

The allowance for impairment losses is established through a provision for impairment charged to expenses. Accounts receivables are written off against the allowance when management believes that the collectability of the account is unlikely. The allowance is the amount that management believes will be adequate to cover any bad debts, based on an evaluation of collectability and prior bad debts experience.

n) Employee benefits

The Authority's active employees receive free medical benefits while their dependants receive medical benefits in accordance with the Authority's policy for dependent beneficiaries.

The Authority provides post-employment benefits through defined benefit and defined contribution plan based on the employee's contractual entitlements.

Cayman Islands Airports Authority
Notes to the Financial Statements 31 December 2020
(In Cayman Islands dollars)

2. Significant Accounting Policies (continued)

n) Employee benefits (continued)

Defined benefit plan

The Authority's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount, and deducting the fair value of plan assets. The cost of pensions and other retirement benefits earned by employees is actuarially determined using the projected unit credit method prorated on service and Management's best estimate of expected plan investment performance, salary escalation, retirement ages of employees, and mortality rates. When the calculation results in a net benefit asset, the recognised assets are limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income (loss). The net interest expense on the net defined benefit liability for the period is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss. The discount rate used to value the defined benefit obligation is based on a combination of high-quality corporate bonds, in the same currency in which the benefits are expected to be paid and with terms to maturity that, on average, match the terms of the defined benefit obligations and the long-term rate of return of plan assets.

Defined contribution plan

The Authority's obligations for contributions to employee defined contribution pension plans are recognized in the Statement of Comprehensive Income in the periods during which services are rendered by employees.

3. Financial Risk Management

For certain of the Authority's financial instruments, including cash and cash equivalents, term deposits, accounts receivable, other receivables, accounts payable and accrued expenses, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore, cannot be determined with

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3. Financial Risk Management (continued)

precision. Changes in assumptions could significantly affect the estimates. The Authority's activities expose it to various types of risk. The most important type of financial risks to which the Authority is exposed are as follows:

a) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. Concentrations of credit risk relate to groups of customers or counterparts that have similar economic or industry characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

Financial assets that potentially subject the Authority to credit risk consist principally of accounts receivable, and other receivables. The Authority is exposed to credit-related losses in the event of non-performance by counter parties to these financial instruments. However, 91% of the receivables relates to affiliates also 100% owned by the Cayman Islands Government. The remaining 9% was spread over 89 customers, none significant enough to negatively impact the Authority as a going concern. Accordingly, the Authority has no single significant third-party concentration of credit risk.

	Current	31 - 60 Days	61 - 90 Days	91 - 180 Days	181 - 360 Days	360+ Days	Total
CAL & Express	276,954	2,884	120,520	257,448	2,809,784	4,690,841	8,158,432
Other Government Departments	27,134	1,788	3,570	14,796	8,113	436,974	492,375
Third Party Receivables	113,887	11,097	26,483	102,249	489,821	169,292	912,830
Gross Accounts Receivables	417,975	15,769	150,574	374,492	3,307,718	5,297,108	9,563,636

b) Interest rate price risk

Interest rate risk is managed by the Authority through the Cayman Islands Treasury Department as part of a larger portfolio of government debts. In addition, the Authority monitors the daily cash position to prevent overdraft positions. The Authority negotiated to receive preferred interest rates as part of the Cayman Islands Government agreement with its bankers. The Authority is subject to interest rate risk on cash placed with local institutions which attracts interest.

This risk is managed by maintaining deposits in short, medium and long-term holdings based on projected market conditions (Note 5). The Authority has a minimal exposure on interest risk as none of the other financial instruments are exposed to this type of risk.

c) Liquidity risk

The Authority is subject to minimal liquidity risk. Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they fall due.

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3. Financial Risk Management (continued)

c) Liquidity risk (continued)

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Authority's funding and liquidity management requirements. The Authority manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The following tables indicate the contractual timing of cash flows arising from assets and liabilities included in the financial statements as of 31 December 2020.

	Carrying Amount	Value at maturity	Contracted cash flows (undiscounted)					
			< 1 year	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years
Cash and cash equivalents	5,774,568	-	5,774,568	-	-	-	-	-
Accounts receivables (net)	6,895,527	-	6,895,527	-	-	-	-	-
Other receivables	160,702	-	160,702	-	-	-	-	-
	12,830,797	-	12,830,797	-	-	-	-	-
Accounts payable and accrued expenses	7,908,046	-	7,908,046	-	-	-	-	-
Long term debt	13,000,000	-	-	-	-	866,667	866,667	11,266,666
Unfunded pension obligation	12,304,000	-	12,304,000	-	-	-	-	-
Unfunded health care obligation	23,174,000	-	23,174,000	-	-	-	-	-
	56,386,046	-	43,386,046	-	-	866,667	866,667	11,266,666

The Authority's approach to managing liquidity is to evaluate current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and restricted investments. To minimize these risks, the Authority has invested in liquid fixed deposits and cash equivalents that, if necessary, can be sold to generate cash flow.

d) Fair values

The carrying amount of cash deposits, term deposits, accounts receivable, other receivables, accounts payables and accrued expenses approximate their fair value due to their short-term maturities. Fair values are made at specific points in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions, economic conditions and other factors could cause significant changes in fair value estimates.

4. Changes in Accounting Standards - IFRS

Standards issued but not yet effective up to the date of issuance of the Authority's financial statements are listed below. This listing of standards and interpretations issued are those that the Authority reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Authority intends to adopt these standards when they become effective.

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4. Changes in Accounting Standards - IFRS (continued)

- a) *IFRS 17 Insurance Contracts - (Effective for annual periods beginning on or after 1 January 2023)*

IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2021. The Authority is currently assessing the impact of the new standard.

5. Cash and Cash Equivalents and Term Deposits

- a. Cash and cash equivalents as of 31 December 2020 comprised:

	<u>2020</u>	<u>2019</u>
	Amount	Amount
Cash on hand	5,927	6,379
Current and call accounts	5,768,641	8,649,210
Term deposits (maturity of less than 90 days)	-	18,950,324
	<u>5,774,568</u>	<u>27,605,913</u>

Cash and cash equivalents include cash on demand and all term deposits with an original maturity date of three months or less. As a result of the global pandemic and border closures, cash and cash equivalent balances reduced significantly in 2020.

- b. Term deposits

	<u>2020</u>	<u>2019</u>
	Amount	Amount
Term deposits (maturity dates over 90 days)	-	2,074,364
	<u>-</u>	<u>2,074,364</u>

Short-term deposits represent term deposits with banks or other financial institutions, with original maturities of greater than three months but less than twelve months. There were no term deposits in 2020, due to the depletion of cash during 2019 in relation to the Airport Development projects and this further continued due to the COVID-19 pandemic in 2020.

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6. Accounts Receivables

a) Accounts receivables are stated at fair value (net of impairment) on the reporting date.

	2020	Restated 2019
	Amount	Amount
Accounts receivable	9,563,636	10,222,843
Allowance for impairment losses	(2,668,109)	(2,607,336)
Carrying value	6,895,527	7,615,507

Allowance for impairment losses decreased by \$60,773 (2019: \$nil).

b) The aging of the accounts receivable at the reporting date was as shown below.

Aging Schedule	2020			Restated 2019		
	Gross	Impairment	Net	Gross	Impairment	Net
1-30 days	441,800		441,800	1,923,899		1,923,899
31-60 days	15,769		15,769	922,971		922,971
61-90 days	150,574		150,574	1,008,609		1,008,609
91-180 days	374,492		374,492	2,325,508		2,325,508
181- 360 days	3,307,718		3,307,718	669,848		669,848
360+ days	5,273,283	(2,668,109)	2,605,174	3,372,008	(2,607,336)	764,672
	9,563,636	(2,668,109)	6,895,527	10,222,843	(2,607,336)	7,615,507

Management makes a judgemental provision for accounts that are overdue. In addition to this judgemental provision, receivables that have been proven uncollectible are written off directly to expenses as bad debts.

A large number of accounts receivables are with government agencies, as such Sovereign Probability of Default (PD) and loss given default (LGD) was applied in assessing expected credit loss. The accounts receivable aging above shows a 6% (2019: 41%) reduction in the gross value. This improvement is primarily on account of the border closures and significantly closure of the airports.

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6. Accounts Receivables (continued)

(i) Impairment losses on accounts receivables

Movement in the provision for impairment of receivables are as follows:

	<u>2020</u>	<u>2019</u>
Balance at 1 January	2,607,336	2,607,336
Decrease in provisions during the year	60,773	-
Receivables written off during the year	-	-
Balance at 31 December	<u>2,668,109</u>	<u>2,607,336</u>

91% of the outstanding receivable is due from government entities and as such the recovery of same is highly probable and remains the subject of ongoing discussions between the CIAA and the entities involved (reference Note 17 of these financial statements).

Provision for impairment loss on accounts receivable are recognized in these statements.

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7. Property, Plant, Equipment, and Intangible Assets

For the year ended 31 December 2020	Land	Building and Structures	Equipment	Other Assets	Construction in Progress	Sub-Total	Intangible Assets	Total
Cost								
At 1-Jan-2020 (Restated)	63,960,000	94,574,789	10,438,447	1,745,361	8,242,072	178,960,669	2,980,658	181,941,327
Additions	-	-	140,218	145,805	37,480,959	37,766,982	-	37,766,982
Transfers from WIP	-	43,402,579	856,606	498,667	(44,762,352)	(4,500)	4,500	-
Adjustments	-	-	-	-	(280,162)	(280,162)	-	(280,162)
Disposals	-	-	-	(151,571)	-	(151,571)	-	(151,571)
As at 31-Dec-2020	63,960,000	137,977,368	11,435,271	2,238,262	680,517	216,291,418	2,985,158	219,276,576
Accumulated Depreciation								
At 1-Jan-2020 (Restated)	-	8,531,160	6,004,007	1,349,341	-	15,884,508	2,803,805	18,688,313
Depreciation 2020	-	5,064,424	500,581	127,841	-	5,692,847	97,960	5,790,807
Disposal and adjustment	-	-	-	(151,571)	-	(151,571)	(60)	(151,631)
As at 31-Dec-2020	-	13,595,584	6,504,588	1,325,611	-	21,425,783	2,901,705	24,327,488
Net Book Value at 31 December 2020	63,960,000	124,381,784	4,930,684	912,651	680,517	194,865,635	83,453	194,949,088
For the year ended 31 December 2019								
Cost as at 1-Jan-2019	63,960,000	37,986,278	7,972,802	1,470,882	68,012,749	179,402,711	2,836,680	182,239,391
Restatement	-	303,270	778,652	15,170	(3,645,233)	(2,548,142)	-	(2,548,142)
As at 1-Jan-2019 (Restated)	63,960,000	38,289,548	8,751,454	1,486,052	64,367,516	176,854,569	2,836,680	179,691,249
Additions	-	3,406,211	-	-	15,906,365	19,312,576	-	19,312,576
Disposals	-	(10,989,831)	-	-	-	(10,989,831)	-	(10,989,831)
Transfers and Adjustments	-	68,898,964	1,602,815	259,309	(70,905,066)	(143,978)	143,978	-
Revaluation	-	(5,183,816)	-	-	-	(5,183,816)	-	(5,183,816)
Restatement	-	153,713	84,178	-	(1,126,742)	(888,851)	-	(888,851)
As at 31-Dec-2019 (Restated)	63,960,000	94,574,789	10,438,446	1,745,361	8,242,073	178,960,669	2,980,658	181,941,327
Accumulated Depreciation								
At 1-Jan-2019	-	16,403,072	5,237,752	1,184,092	-	22,824,916	2,336,569	25,161,485
Restatement	-	67,715	255,084	3,424	-	326,223	-	326,223
As at 1-Jan-2019 (Restated)	-	16,470,787	5,492,836	1,187,516	-	23,151,138	2,336,569	25,487,707
Charge for the year	-	3,402,667	489,333	111,980	-	4,003,980	484,851	4,488,831
Disposals	-	(10,989,831)	-	-	-	(10,989,831)	-	(10,989,831)
Transfers and Adjustments	-	66,594	(27,095)	48,581	-	88,080	(4,497)	83,583
Revaluation	-	(438,649)	-	-	-	(438,649)	-	(438,649)
Restatement	-	19,592	48,933	1,264	-	69,789	(13,118)	56,671
As at 31-Dec-2019 (Restated)	-	8,531,160	6,004,007	1,349,341	-	15,884,507	2,803,805	18,688,312
Net Book Value at 31 December 2019 (restated)	63,960,000	86,043,629	4,434,440	396,020	8,242,073	163,076,162	176,852	163,253,014
Net Book Value at 1 January 2019 (restated)	63,960,000	21,818,761	3,258,618	298,536	64,367,516	153,703,431	500,110	154,203,542

* Other Assets includes: Computers, Motor Vehicles, and Furniture

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7. Property, Plant, Equipment, and Intangible Assets (continued)

Phase II of the Owen Roberts International Airport Terminal Expansion and Renovation Project began construction during 2017 and was carried out in several phases to include the full renovation and expansion of the existing terminal facility. The Terminal Expansion project was completed in July 2019. In late 2019, another major project was initiated, which was the Airfield Upgrades Project which was completed in 2021.

Construction in Progress at the end of the year ended 31 December 2020 totalled \$680,517, which included the following projects:

Description	Amount
Runway project	571,835
Departure Lounge	59,110
CCTV Expansion Network Swit	12,400
CCTV Cayman Brac Runway Vi	9,587
Misc projects	27,585
Total	680,517

Fair Value Measurements

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

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

- Level 2 Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets.
 - Quoted prices for identical or similar assets or liabilities in inactive markets.
 - Inputs other than quoted prices that are observable for the asset or liability.
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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7. Property, Plant, Equipment, and Intangible Assets (continued)

Fair Value Measurements (continued)

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

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

IFRS 13 requires additional disclosures for the assets measured at fair value in the Statement of Financial Position on a recurring or non-recurring basis after initial recognition, the valuation techniques used, and details of inputs used to develop the measurements. There were no other significant valuations performed using unobservable inputs. Consequently, the fair value hierarchy for the inputs utilized by the Authority to obtain the market value is assessed at level 2.

Assets and Fair Values as of September 2019, buildings include the new terminal building valued at \$65,000,000:

Asset Class	Level 1	Level 2	Level 3	Total
Land	-	63,960,000	-	63,960,000
Buildings	-	69,894,085	-	69,894,085
Total	-	133,854,085	-	133,854,085

Completion of the new passenger terminal building

In September 2019, following the completion of construction works, a property valuation expert engaged by management opined that the new passenger terminal building's fair market value was \$65 million. On valuation of the new building, there was a revaluation loss of \$3,423,708.

At the same time of revaluation of the new building, the remaining portion of the old terminal building with an initial value of \$10,939,831 was retired; the revaluation reserve effect was \$5,755,550 which was transferred to Retained Earnings on retirement date of 17 September 2019.

Furthermore, in 2019 CIAA started the Airfield Upgrades Project which consisted of a runway repaving and extension, the easterly apron expansion, filling the airfield ponds, and constructing a new airfield perimeter road. As of 31 December 2020, ORIA had entered into project management and construction contracts totalling \$45.7 million, which included all costs for construction and project management for the Airfield Upgrades project. Construction was substantially started in October 2019 and completed in March 2021.

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8. Accounts Payable & Accrued Expenses

The Authority's accounts payable and accrued expenses are summarized as below.

	2020	Restated
	Amount	2019
		Amount
Accounts Payable	6,357,514	4,109,250
Other Payables	893,290	750,844
Accrued expenses	657,242	76,527
	7,908,046	4,936,621

a) Trade creditors

Trade creditors are stated at fair value with an aging profile as shown below. Included in the over 90 days are amounts due to other government entities and is disclosed under Note 17-Related Party Transactions. The aging profile of trade creditors is shown immediately below:

	Current period	31-60 days	61-90 days	91 - 180 days	181 -360 days	361 - 720 days	Over 720 days	Total
2020	2,090,315	2,739,463	159,318	108,959	577,005	666,525	15,930	6,357,514
2019 Restated	3,219,418	507,540	75,625	123,410	165,225	-	18,032	4,109,250

b) Accruals represents trade invoices not yet posted to the payables subledger. Included in the amounts at year end were stage payments due in relation to the ORIA Runway and Airside upgrades. These amounts were settled in 2021.

c) Employee entitlements

Employee entitlements represent outstanding leave entitlements. In keeping with CIG's leave policy employees are encouraged to carry no more than 5 days into the new financial year. The value of outstanding vacation entitlement was \$85,407 (2019: \$76,527).

The Authority facilitates a Christmas savings programme on behalf of the staff. Participation in the programme is voluntary and savings achieved by way of monthly payroll deduction with funds being returned to participants by the agreed date. The programme pays no interest. All amounts were fully reimbursed to employees as at the reporting date.

d) Other current liabilities

Other current liabilities represent amounts collected for Environmental Fees in relation to fixed based operators (FBOs) and private aircraft activity on behalf of the Treasury. Environmental fees generated from commercial activity is invoiced and collected directly from the airlines and submitted to the CIG Treasury Department.

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9. Unfunded Pension Liability

In March 2005, the Government's Financial Secretary requested that all Government entities recognize its fair portion of the unfunded defined benefit liability on its financial statements. The Public Services Pension Plan (the "Plan") is managed by the Public Services Pension Board (the "PSPB"). 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 (the "Pensions Board") and is operated as a multi-employer program.

Prior to 14 April 1999, the Fund operated as a defined benefit plan. With effect from 14 April 1999, the Fund has both a defined benefit and a defined contribution scheme. Participants joining after 14 April 1999 are members of the defined contribution scheme. The PSPB is responsible for, among other things, administering the Public Service Pensions Fund (the "Fund"), communicating with plan participants and employers, prescribing contribution rates in accordance with the latest actuarial valuation and recommending amendments to the Plan as needed.

Contributions towards benefits accruing in respect of the current service (i.e., for the period since the employee was enrolled in the plan) are funded at rates periodically advised by the Pensions Board and are recognized as an expense in the period incurred. The Authority makes payments to the plan to fund benefits accruing in respect of past service (the "past service funding liability").

This past service funding liability, which is generally equivalent to the actuarially determined present value of the defined benefit obligations less the value of the assets available to meet such obligations, is calculated periodically by the Plan actuaries.

The Authority recognizes changes in the past service funding liability, adjusted for funding payments made, as an expense or gain in the period in which such changes are incurred. In the absence of formal notification from the Pensions Board, the Authority has no reliable way to quantify its liability to the Plan in respect of unfunded past service benefits.

Administration costs that are not investment related were recognized in the Statement of Comprehensive Income as an operating charge under IAS 19R – Employee Benefits. This differs from the previous approach under IAS 19 Employee Benefits, where all administration costs are allowed for within the expected rate of return of assets. Under International Accounting Standards (IAS) 19R – employee benefits, the expected return on assets is no longer used in the determination of the defined benefit cost, but it continues to be used in the determination of the asset limit under IFRIC 14. The expected return on assets assumption continues to be management best estimate. Using the projected unit credit method of measuring costs and obligations, the actuaries assessed the minimum normal annual contribution for defined cost to be 12.4% while the contribution for defined benefit was 38.5%.

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9. Unfunded Pension Liability (continued)

(a) Defined benefit pension plan

Under the Defined Benefit plan, participants are reimbursed by the CIAA for their contributions as per contractually obligated to employees engaged under General Orders (Pre-1999) and grandfathered in under the new Public Services Pension Plan.

To determine the defined benefit obligation under the Plan, an actuary approved by the PSPB was engaged to conduct annual studies. Effective 1 July 2016, separate discount rates are being used to value the benefit obligation, service cost, interest cost and interest cost on the service cost. The discount rate used to calculate the benefit obligations is determined by multiplying the liability cash flows by the spot rates and determining a level equivalent discount rate. The discount rate used to calculate the service cost is determined by multiplying the service cost cash flows by the spot rates and determining level discount rate. Interest cost is determined by summing the product of the discounted liability cash flows and the spot rates. Interest on the service cost is determined by summing the product of the discounted service cost cash flows and the spot rates.

The most recent provisional actuarial estimate was performed as of 31 December 2020 indicated a plan deficit attributable to the Authority of \$12,304,000 (2019: \$9,380,000). The total amount recognized as a pension expense for the year ended 31 December 2020, inclusive of both defined benefit and defined contribution parts, was \$412,000 (2019: \$461,000). The defined benefit obligation as of 31 December 2020 as it relates to its participation in the Plan is based on the 46 members as at 30 September 2020 (2019: 48 members).

The latest actuarial valuation (of the defined benefit plan) recorded in the accounts of the Authority reflects the following:

The pension plans are funded at the following rates:	2020	2019
Defined Contribution Plans - Employee	6.00%	6.00%
- Employer	6.40%	6.40%
Defined Benefit Plans - Employee	6.00%	6.00%
- Employer	38.50%	30.20%

Financial year ended on	2020	2019
The actuarial position is as follows:		
Net present value of funded obligation beginning of year	(17,562)	(13,411)
Fair value of plan assets	5,258	4,031
Net liability in Statement of Financial Position, end of year	(12,304)	(9,380)

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9. Unfunded Pension Liability (continued)

(a) Defined benefit pension plan (continued)

A. Defined benefit obligation	(\$'000's)	31 December	
		2020	2019
1. Defined benefit obligation at end of prior year		13,411	10,807
2. Service cost			
a. Current service cost		271	251
b. Past service cost		-	-
c. (Gain) / loss on settlements		-	-
3. Interest expense		422	454
4. Cash flows			
a. Benefit payments from plan assets		(4)	(168)
b. Transfers between Other Participating employers		(12)	(296)
c. Settlement payments from plan assets		-	-
d. Settlement payments from employer		-	-
e. Participant contributions		66	89
f. Administrative expenses included in the DBO		-	-
g. Taxes included in the DBO		-	-
h. Insurance premiums for risk benefits		-	-
5. Other significant events		-	-
a. Increase (decrease) due to effect of any business - combinations / divestitures / transfers		-	-
b. Increase (decrease) due to plan combinations		-	-
6. Remeasurements			
a. Effect of changes in demographic assumptions		(488)	(53)
b. Effect of changes in financial assumptions		3,134	2,513
c. Effect of experience adjustments		762	(186)
7. Effect of changes in foreign exchange rates		-	-
8. Defined benefit obligation at end of year		17,562	13,411

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9. Unfunded Pension Liability (continued)

(b) Defined benefit pension plan (continued)

	31 December	
	2020	2019
B. Change in fair value of plan assets	(\$'000's)	
1. Fair value of plan assets at end of prior year	4,031	3,107
2. Interest income	134	140
3. Cash flows		
a. Total employer contributions		
(i) Employer contributions	412	461
(ii) Employer direct benefit payments	-	-
(iii) Employer direct settlement payments	-	-
b. Participant contributions	66	89
c. Benefit payments from plan assets	(4)	(168)
d. Transfers between Other Participating employers	(12)	(296)
e. Settlement payments from plan assets	-	-
f. Settlement payments from employer	-	-
g. Administrative expenses paid from plan assets	-	-
h. Taxes paid from plan assets	-	-
i. Insurance premiums for risk benefits	-	-
4. Other significant events		
a. Increase (decrease) due to effect of any business - combinations / divestitures / transfers	86	-
b. Increase (decrease) due to plan combinations	-	-
5. Remeasurements		
a. Return on plan assets (excluding interest income)	545	698
6. Effect of changes in foreign exchange rates	-	-
7. Fair value of plan assets at end of year	5,258	4,031

	31 December	
	2020	2019
Financial year ending on		
C. Amounts recognized in the Statement of Financial Position (\$'000's)		
1. Defined benefit obligation	17,562	13,411
2. Fair value of plan assets	5,258	4,031
3. Funded status	12,304	9,380
4. Effect of asset ceiling/onerous liability	-	-
5. Net defined benefit liability (asset)	12,304	9,380

Cayman Islands Airports Authority
Notes to Financial Statements 31 December 2020
(In Cayman Islands dollars)

9. Unfunded Pension Liability (continued)

(a) Defined benefit pension plan (continued)

D. Components of defined benefit cost	(\$'000's)	31 December	
		2020	2019
1. Service cost			
a. Current service cost		271	251
b. Reimbursement service cost		-	-
c. Past service cost		-	-
d. (Gain) / loss on settlements		-	-
e. Total service cost		271	251
2. Net interest cost			
a. Interest expense on DBO		422	454
b. Interest (income) on plan assets		(134)	(140)
c. Interest (income) on reimbursement rights		-	-
d. Interest expense on effect of (asset ceiling)/onerous liability		-	-
e. Total net interest cost		288	314
3. Remeasurements of Other Long Term Benefits		-	-
4. Administrative expenses and/or taxes (not reserved within DBO)		-	-
5. Defined benefit cost included in P&L		559	565
6. Remeasurements (recognized in other comprehensive income)			
a. Effect of changes in demographic assumptions		(488)	(53)
b. Effect of changes in financial assumptions		3,134	2,513
c. Effect of experience adjustments		762	(186)
d. (Return) on plan assets (excluding interest income) *		(545)	(698)
e. (Return) on reimbursement rights (excluding interest income)		-	-
f. Changes in asset ceiling/onerous liability (excluding interest income)		-	-
g. Total remeasurements included in OCI		2,863	1,576
7. Total defined benefit cost recognized in P&L and OCI		3,422	2,141

Cayman Islands Airports Authority
Notes to Financial Statements 31 December 2020
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9. Unfunded Pension Liability (continued)

a) Defined benefit pension plan (continued)

	(\$'000's)	31 December	
		2020	2019
E. Net defined benefit liability (asset) reconciliation			
1. Net defined benefit liability (asset)		9,380	7,700
2. Defined benefit cost included in P&L		559	565
3. Total remeasurements included in OCI		2,863	1,576
4. Other significant events		-	-
a. Net transfer in/(out) (including the effect of any business - combinations/divestitures)		(86)	-
b. Amounts recognized due to plan combinations		-	-
5. Cash flows			
a. Employer contributions		(412)	(461)
b. Employer direct benefit payments		-	-
c. Employer direct settlement payments		-	-
6. Credit to reimbursements		-	-
7. Effect of changes in foreign exchange rates			
8. Net defined benefit liability (asset) as of end of year		12,304	9,380
F. Significant actuarial assumptions			
<i>Weighted-average assumptions to determine defined benefit obligations</i>			
Effective discount rate for defined benefit obligation		2.6%	3.5%
Rate of salary increase		2.5%	2.5%
Rate of price inflation		2.0%	2.0%
Rate of pension increases		2.0%	2.0%
Mortality assumption		RP-2014 scaled back to 2006 using Scale MP-2014 then generationally projected from 2006 using Scale MP-2020	RP-2014 scaled back to 2006 using Scale MP-2014 then generationally projected from 2006 using Scale MP-2019
Cost Method		Projected Unit Credit	Projected Unit Credit
Asset Valuation Method		Market Value	Market Value

<i>Weighted-average assumptions to determine defined benefit cost</i>			
Discount rate used to determine current service cost		3.15%	4.20%
Discount rate used to determine interest on current service cost		3.60%	4.55%
Discount rate used to determine interest on defined benefit obligation		3.40%	4.40%
Rate of salary increase		2.50%	2.50%
Rate of price inflation		2.00%	2.00%
Rate of pension increases		2.00%	2.00%
Mortality assumption		RP-2014 scaled back to 2006 using Scale MP-2014 then generationally projected from 2006 using Scale MP-2019	RP-2014 scaled back to 2006 using Scale MP-2014 then generationally projected from 2006 using Scale MP-2018

Cayman Islands Airports Authority
Notes to Financial Statements 31 December 2020
(In Cayman Islands dollars)

9. Unfunded Pension Liability (continued)

(a) Defined benefit pension plan (continued)

G. Sensitivity analysis	(\$'000's)	31 December	
		2020	2019
Discount rate			
a. Discount rate - 25 basis points		18,593	14,158
b. Discount rate + 25 basis points		16,606	12,717
Inflation rate			
a. Inflation rate - 25 basis points		16,629	12,758
b. Inflation rate + 25 basis points		18,564	14,110
Mortality rates			
a. Mortality - 10% of current rates		18,075	13,755
b. Mortality + 10% of current rates		17,099	13,098

Weighted average duration of defined benefit obligation (in years)

Discount rate - 25 basis points	22.82	21.68
Discount rate + 25 basis points	22.39	21.25

H. Expected cash flows for following fiscal year

1. Expected employer contributions	481	349
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I. Defined benefit obligation

1. Defined benefit obligation by participant status		
a. Actives	15,748	11,914
b. Vested deferreds	1,814	1,497
c. Retirees	-	-
d. Total	17,562	13,411

Cayman Islands Airports Authority
Notes to Financial Statements 31 December 2020
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9. Unfunded Pension Liability (continued)

(a) Defined benefit pension plan (continued)

Participant data	September 30 , 2 0 2 0	September 30 , 2 0 1 9
Actives		
Number	18	18
Payroll (CI\$000)	1,186	1,121
Age (years)	50.96	49.96
Authority Service (years)	22.18	21.18
Total Service (years)	26.41	24.90
Transfers		
Number	12	12
Payroll (CI\$000)	892	854
Age (years)	46.82	45.82
Authority Service (years)	16.02	16.02
Total Service (years)	27.95	26.95
Deferred Vested		
Number	16	18
Pension payable at age 60 (CI\$000)	87	91

(b) Defined contribution plan

Employees who are not participants in the defined benefit part of the Plan are enrolled in the defined contribution part of the Plan. During the 12-month period ended 31 December 2020, the Authority and its employees contributed to the fund 6.4% and 6%, respectively.

(c) Actuarial assumptions

We have used actuarial assumptions approved by the Financial Secretary, the main sponsor of the Plan on 10 August 2016. The assumptions as at the reporting date are used to determine the present value of the benefit obligation at that date and the defined benefit cost for the following year. We have used actuarial assumptions approved by the Financial Secretary. The principal financial and demographic assumptions used at 31 December 2020 and 31 December 2019 are shown in the table below. There have been no changes in actuarial assumptions since the prior valuation other than the changes to the principal assumptions shown in the table above.

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Notes to Financial Statements 31 December 2020
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9. Unfunded Pension Liability (continued)

(c) Actuarial assumptions (continued)

Measurement Date	31 December 2020	31 December 2019
Discount rate		
• BOY disclosure and current year expense	3.50% per year	4.50% per year
• EOY disclosure	2.60% per year	3.50% per year
• Following year current service cost	2.70% per year	3.60% per year
• Rate used to determine interest on defined benefit obligation and plan assets for following year expense	2.20% per year	3.15% per year
• Rate used to determine interest on current service cost for following year expense	2.50% per year	3.40% per year
Increases in pensionable earnings	2.50% per year	2.50% per year
Rate of pension Increases	2.00% per year	2.00% per year
Mortality		
• BOY disclosure and current year expense	RP-2014 scaled back to 2006 using Scale MP- 2014, then generationally projected using Scale MP-2019	RP-2014 scaled back to 2006 using Scale MP- 2014, then generationally projected using Scale MP-2018
• EOY disclosure and following year expense	RP-2014 scaled back to 2006 using Scale MP- 2014, then generationally projected using Scale MP-2020	RP-2014 scaled back to 2006 using Scale MP- 2014, then generationally projected using Scale MP-2019
Disability	None	None

Measurement Date	31 December 2020	31 December 2019
Turnover rates	Age related table	Age related table
Retirement	Revised age-related retirement rates used. See table below	Age-related retirement rates used. See table below
Assumed life expectations on retirement	Retiring today (member age 57): 28.45	Retiring today (member age 57): 28.66
	Retiring in 25 years (at age 57): 30.61	Retiring in 25 years (at age 57): 30.93
Liability cost method	Projected unit credit method	Projected unit credit method
Assest value method	Market value of assets	Market value of assets
Commutation of pension	All members commute 25% at retirement	All members commute 25% at retirement

Cayman Islands Airports Authority
Notes to Financial Statements 31 December 2020
(In Cayman Islands dollars)

9. Unfunded Pension Liability (continued)

(c) Actuarial assumptions (continued)

TURNOVER RATES		
Turnover rates at sample ages:		
Age	Male	Female
20	7.50%	12.50%
25	5.00%	12.50%
30	3.50%	7.50%
35	2.50%	4.50%
40	1.50%	2.50%
45	0.50%	5.00%
50	0.00%	0.00%

RETIREMENT RATES	
Age	
Below 55	0%
55-59	8%
60-64	15%
65	100%

10. Unfunded Health Care Obligation

The Authority provides full pension and healthcare benefits for staff who were previously hired by the Cayman Islands Government under General Orders (pre-1990) in line with the established and agreed contractual obligations prior to establishment of the Authority. These staff had given ten (10) years' continuous service and will become eligible for the benefit when they attain at least 55 years old.

The healthcare benefit is in the form of continuation of their health insurance coverage on the medical plan in force for active employees. The premiums for this health insurance coverage are paid for by the Authority for all eligible retirees until the end of their lives. The continued payment of these medical bills constitutes a constructive obligation on the Authority to be liable for future medical bills of such retirees. This liability has been estimated and recognized in these financial statements. This coverage falls within the definition of a defined benefit by the IFRS and as such represents a future liability of the Authority.

This post-employment benefit has been formalized and recognized and implemented since 2014, allowing entitled retirees to continue to benefit from the medical coverage as per contractual obligations under General Orders. The Authority is required to use the actuarial valuation method to determine the present value of its health insurance benefit obligations for its former

Cayman Islands Airports Authority
Notes to Financial Statements 31 December 2020
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10. Unfunded Health Care Obligation (continued)

workers as well as future retirees and the related current service costs. IAS 19 directs that funded or unfunded post-employment benefits must be recognized in the Statement of Financial Position (in the case of net defined liability or asset) and the Statement of Comprehensive Income (for the annual expense). These actuarial valuations use several financial and demographic assumptions to determine the liability and current expense of the benefits which will be honored on behalf of the retirees. Financial assumptions include, the discount rate, estimated future costs of the medical premiums, and the claims rate for the medical plans. Demographic assumptions include estimated mortality and benefits levels.

The defined benefit cost for the 12- month period ended 31 December 2020 was \$5,142,000 (2019: \$3,668,000). The defined benefit cost comprises a Profit & Loss charge of \$1,462,000 (2019: \$1,360,000) and an Other Comprehensive income (OCI) debit of \$3,680,000 (2019: \$2,308,000). The actuarial liability as at 31 December 2020, calculated using a discount rate of 2.70% (2019: 3.60%), is \$23,174,000 (2019: \$18,183,000).

The details of the valuation and the assumptions used are reproduced hereunder in accordance with IAS 19. There has been full recognition of this liability and annual expense in the financial statements of the Authority. The current unfunded past service healthcare liability is estimated at \$23,174,000 (2019: \$18,183,000).

The Authority's commissioned actuary assessment of the future healthcare costs are included hereunder.

	31 December	
	2020	2019
Change in defined benefit obligation over year ended	\$'000	\$'000
A. Defined benefit obligation		
1. Defined benefit obligation at beginning of year	18,183	14,676
2. Current service cost	856	725
3. Interest Expense	606	635
4. Cash Flow s		
a. Benefit payments from employer	(151)	(161)
5. Remeasurements		
a. Effect of changes in demographic assumptions	(657)	(2,066)
b. Effect of changes in financial assumptions	4,284	3,382
c. Effect of experience adjustments	53	992
Defined benefit obligation at end of year	23,174	18,183

Cayman Islands Airports Authority
Notes to Financial Statements 31 December 2020
(In Cayman Islands dollars)

10. Unfunded Health Care Obligation (continued)

	31 December	
	2020	2019
B. Change in fair value of plan assets		
	\$'000	\$'000
1. Fair value of plan assets at start of year	-	-
2. Interest income	-	-
3. Cash flows		
a. Total employer contributions		
(i) Employer direct benefit payments	151	161
(ii) Benefit payment from employer	(151)	(161)
Total	-	-

	31 December	
	2020	2019
C. Amounts recognized in Statement of Financial Position		
	\$'000	\$'000
1. Defined benefit obligation	23,174	18,183
Funded status	23,174	18,183
Effect of experience adjustment	-	-
Net defined benefit liability	23,174	18,183

	31 December	
	2020	2019
D. Components of defined benefit cost		
	\$'000	\$'000
1. Service cost		
Current service cost	856	725
2. Net interest cost		
Interest expense on DBO	606	635
Defined benefit cost included in P&L	1,462	1,360
3. Remeasurements (recognized in other comprehensive income)		
a. Effect of changes in demographic assumptions	(657)	(2,066)
b. Effect of changes in financial assumptions	4,284	3,382
c. Effect of experience adjustments	53	992
Total remeasurements included in OCI	3,680	2,308
Total defined benefit cost recognized in P&L and OCI	5,142	3,668

Cayman Islands Airports Authority
Notes to Financial Statements 31 December 2020
(In Cayman Islands dollars)

10. Unfunded Health Care Obligation (continued)

	31 December	
	2020	2019
E. Net defined benefit liability (asset) reconciliation	\$'000	\$'000
1. Net defined benefit liability (asset)	18,183	14,676
2. Defined benefit cost included in P&L	1,462	1,360
3. Total remeasurements included in OCI	3,680	2,308
4. Cash flows		
a. Employer direct benefit payments	(151)	(161)
Net defined benefit liability as at the end of year	23,174	18,183

	31 December	
	2020	2019
F. Defined benefit obligation	\$'000	\$'000
Defined benefit obligation by participant status		
Actives	15,903	12,310
Retirees	7,271	5,873
Total	23,174	18,183

	31 December	
	2020	2019
G. Significant actuarial assumptions		
<i>Weighted-average assumptions to determine defined benefit obligations</i>		
Effective discount rate for defined benefit obligation	2.70%	3.60%
Healthcare cost trend rates		
Immediate trend rate	5.00%	5.00%
Ultimate trend rate	5.00%	5.00%
Year rate reaches ultimate trend rate	n/a	n/a
Mortality rate assumption	RP-2014 projected with MP-2020	RP-2014 projected with MP-2019

<i>Weighted-average assumptions to determine defined benefit cost</i>		
Effective discount rate for defined benefit obligation	3.60%	4.55%
Effective rate for net interest cost	3.35%	4.35%
Effective rate for service cost	3.70%	4.60%
Effective rate for interest on service cost	3.65%	4.60%
Healthcare cost trend rates		
Immediate trend rate	5.00%	5.00%
Ultimate trend rate	5.00%	5.00%
Year rate reaches ultimate trend rate	n/a	n/a
Mortality rate assumption	RP-2014 projected with MP-2019	RP-2014 projected with MP-2018

Cayman Islands Airports Authority
Notes to Financial Statements 31 December 2020
(In Cayman Islands dollars)

10. Unfunded Health Care Obligation (continued)

	31 December	
	2020	2019
H. Sensitivity analysis		
Change in the defined benefit obligation		
Effective discount rate -25 basis points	1,412	1,059
Effective discount rate +25 basis points	(1,309)	(984)
Health care cost trend rates - 100 basis points	(4,557)	(3,418)
Health care cost trend rates + 100 basis points	6,028	4,491
Mortality assumption + 10%	(1,112)	(818)

I. Expected cash flows for following year:	2020	2019
Expected employer contributions	197	171
Expected total benefit payments		
Year 1	197	171
Year 2	232	209
Year 3	275	250
Year 4	308	298
Year 5	347	341
Next 5 years	2,479	2,323

Participant data as of	December 31, 2019	April 1, 2017
Active Members		
Number	41	49
Average years of service	20.9	19.2
Average years of service after age 40	9.6	7.7
Average age	50.0	47.4
Pensioners		
Number	17	11
Average age	63.2	60.4
Number of covered spouses	7	2

Cayman Islands Airports Authority
Notes to Financial Statements 31 December 2020
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10. Unfunded Health Care Obligation (continued)

Actuarial assumptions

The assumptions as at the reporting date are used to determine the present value of the defined benefit obligation (DBO). The actuarial assumptions are consistent with the determined results for the Cayman Islands Government post-retirement healthcare program. The principal financial and demographic assumptions used on 31 December 2019 and 2018 are as follows.

Economic Assumptions	Post Retirement Healthcare	accounting specific assumptions
Discount rate for benefit obligations (p.a)		
- 31 December 2019	3.60%	by reference to market yields on high quality corporate bonds (consistent with the term of the benefit obligations) at the fiscal year end date. Curve (referencing US corporate bonds yields) used to determine discount rates due to strong economic and currency links between the US and Cayman Islands.
- 31 December 2020	2.70%	
Discount rate for following year's service cost (p.a.)		
- 31 December 2019	3.70%	
- 31 December 2020	2.75%	

Administrative expenses	Included in projected premiums	
Rate of Medical inflation (p.a)	5.00%	term medical inflation expectations for the Cayman Islands and overseas care.

Turnover rates	Age	Rate	
		Male	Female
	20-24	7.50%	12.50%
	25-29	5.00%	12.50%
	30-34	3.50%	7.50%
	35-39	2.50%	4.50%
	40-44	1.50%	2.50%
	45-49	0.50%	0.50%
	50+	0.00%	0.00%

Disability rates	None

Cayman Islands Airports Authority
Notes to Financial Statements 31 December 2020
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10. Unfunded Health Care Obligation (continued)

Actuarial assumptions (continued)

Retirement age	Age	Rate
31 December 2020	< 50	0.0%
	55-59	8.0%
	60-64	15.0%
	65+	100.0%

Marital assumption	80% married, w ife 3 years younger	80% married, w ife 3 years younger
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Demographic Assumptions	Post Retirement Healthcare	Basis of Development - accounting specific assumptions
Current mortality rates		
- 31 December 2019	RP-2014 Mortality Table scaled back to 2006 using MP-2014	Recent mortality studies in the U.S. and Canada show that people are living longer. New mortality tables have been issued by U.S. and Canada.
- 31 December 2020	RP-2014 Mortality Table scaled back to 2006 using MP-2014	The mortality table has been updated to better reflect actual mortality improvement rates experienced in the U.S. over the last 20 years.
Mortality improvements		
- 31 December 2019	Scale MP-2019	Broad consensus amongst longevity experts that mortality improvement will continue in the future.
- 31 December 2020	Scale MP-2020	In the U.S., the future mortality improvement scale has been updated to Scale MP-2020.

11. Government Loan

The Authority entered into an agreement with the Cayman Islands Government Treasury for a loan facility of up to \$50,000,000. The purpose of the loan was to facilitate the completion of the Runway Development project and assist with operational expenses due to the COVID-19 pandemic. As of 31 December 2020, a total of CI\$ 13 million had been disbursed to the Authority.

The repayment starts in 2024, for a period of fifteen years. No interest is payable as per the agreement. This was accounted for under IFRS 9, and IAS 20 is recorded at the net present value of \$9,314,832 and consequently, a government grant income of \$3,736,178 and an interest expense of \$51,010 arising from the unwinding of discounted cash flows was recognized in the Statement of Comprehensive Income.

Cayman Islands Airports Authority
Notes to Financial Statements 31 December 2020
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12. Revenues

(a) Aeronautical revenue

The Authority is self-sufficient with respect to its financing. The primary source of funds being derived from passenger and aircraft movements. As part of the management services at both aerodromes, the Authority provides a range of services directly to passengers and commercial, FBO and private aircraft. These services are in keeping with the various aviation safety and security standards as directed by the International Civil Aviation Organization (ICAO) and the Overseas Territories Aviation Regulations (OTARs). The charges for these services are in keeping with industry standards and are monitored on behalf of carriers through the International Air Transport Association (IATA).

Aircraft handling income and Passenger fees and charges are driven by activity levels. Combined, these revenue streams account for 64% of the average annual revenue.

In June 2014, the Government brokered an agreement with the CIAA to provide accommodation for government entities in exchange for the retention of the full per head departure tax levied on departing international passengers. This support is also part and parcel of the ongoing capital support required by the Authority in order to execute its development masterplan.

Due to the border control restrictions and quarantine measures in 2020 because of Covid which contributed to the job and economic loss in our primary market (USA), this translated into significant revenue loss for the Authority. In 2020, the Authority earned \$8,917,897 (2019: \$32,357,035) from passenger fees and another \$1,290,250 (2019: \$3,920,301) from aircraft handling.

(i) Passenger fees and charges

Passenger fees and charges are based on passenger departure to domestic and international destinations. These are levied per passenger as approved in the various legislations governing such fees and remitted to the Authority under an agency relationship with each airline carrier.

	2020	2019
	Amount	Amount
Travel Tax	4,215,971	15,945,722
Passenger Facility Charges	2,289,923	8,765,379
Security Tax and Passenger Terminal Charges	2,412,003	7,645,934
	8,917,897	32,357,035

(ii) Aircraft handling income

Through the management services at both aerodromes, the Authority provides a range of services directly to commercial and private aircrafts. These services are in keeping with the various aviation safety and security standards established by the aviation industry.

Cayman Islands Airports Authority
Notes to Financial Statements 31 December 2020
(In Cayman Islands dollars)

12. Revenues (continued)

(a) Aeronautical revenue (continued)

(ii) Aircraft handling income (continued)

	2020	2019
	Amount	Amount
Landing fees	944,650	2,919,061
Parking fees	214,819	533,656
Terminal facility charges	82,204	368,125
Navigation fees	48,577	99,460
	1,290,250	3,920,301

In efforts to further relieve hardship on Cayman Airways as well as stimulate domestic travel, in May 2020, the Board of the Authority took a decision to temporarily waive landing and parking fees on domestic travel to Cayman Brac. In addition, landing fees on domestic travel was waived at the Owen Roberts International Airport. The decision remains in effect and is reviewed annually by the board. This decision remains in effect as of April 2025.

(b) Non-aeronautical revenue

Non-aeronautical revenue accounts for an average 36% (2019: 12%) of total revenue each year. This class of revenue comprises fees and charges levied on airport partners and passengers doing business at the aerodromes.

Non-aeronautical revenues are broadly categorized as property rental and concession management, fees and charges and other miscellaneous revenues incident to daily operations.

(i) Property rental and concession management

The Authority provides a number of retail stores and concession opportunities to airport partners such as ground handlers and support services for airlines (such as fueling and janitorial services) and border control agents such as Customs and Border Control, Public Health, Agriculture Department, Protocol Office and the Tourism department.

Non-government tenants are offered the use of the facility at commercial rates while government entities reimburse the Authority for throughput fees and charges such as utilities.

The table below shows the earnings from the various property rental and concession arrangements.

Cayman Islands Airports Authority
Notes to Financial Statements 31 December 2020
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12. Revenues (continued)

(b) Non-aeronautical revenue (continued)

(ii) Property rental and concession management (continued)

	2020	Restated 2019
	Amount	Amount
Petrol concession	476,953	1,194,055
Rent - commercial	628,484	1,616,412
Rent - government	249,415	313,870
	<u>1,354,852</u>	<u>3,124,338</u>

(iii) Fees and charges

	2020	Restated 2019
	Amount	Amount
Permits and Parking	298,510	1,070,148
Advertising	71,349	349,604
Airport concierge service	252,336	397,020
Cargo screening services	26,790	49,290
	<u>648,985</u>	<u>1,866,062</u>

(a) Permits and parking

The Authority earned \$298,510 for the year ended 31 December 2020 (2019: \$1,070,148) from the use of its paid parking facility as well as tour and taxi permit services. Tour operators are invoiced based on passenger volumes transported while taxi services are licensed at a monthly flat fee. Both services are strictly managed by the Authority to ensure the standards as laid out by the Public Transport Board are satisfied both in terms of the customer service and the vehicular equipment used to transport guests.

(b) Advertising

The Authority engaged a concessionaire to manage local and international businesses advertising at both aerodromes. The ability to earn revenue from this program is based on traffic levels. Advertising revenue collected was \$71,349 (2019: \$349,604).

Cayman Islands Airports Authority
Notes to Financial Statements 31 December 2020
(In Cayman Islands dollars)

12. Revenues (continued)

(b) Non-aeronautical revenue (continued)

(iii) Fees and charges (continued)

(c) Airport concierge service

This is the flagship meet and greet service offered to the travelling public and is primarily targeted to high-net-worth individuals, groups and persons traveling to and from the Cayman Islands for medical services. The service is offered at a per-person rate.

(d) Cargo screening services

This charge is levied on commercial carriers and courier services in accordance with international requirements to screen all packages being carried on a commercial aircraft with a maximum takeoff weight of 10,000 lbs. The Authority provides this service as part of its security hold baggage screening quality control operations. The rate is levied on a per-hour basis.

13. Government grant income

Further to Note 11, the Authority entered into an agreement with the Cayman Islands Government Treasury for a loan facility which did not bear any interest. The benefit of the interest being below market was classified as a government grant in accordance with IAS 20. Consequently, during the reporting period, the Authority recognized government grant income totaling CI\$ 3,736,178 in the Statement of Comprehensive Income related to this benefit.

There were no unfulfilled conditions or other contingencies associated with the government assistance recognized in the financial statements.

14. Staff Costs

The Authority had a staff complement of 196 persons as the end of the reporting period. The approved head count based on regulations and international standards is 220 persons.

The Authority has 94% Caymanian staffing complement in a field where the skills sets are not easily transferable or had locally. In order to keep currency and maintain its operating permit, ongoing training for staff is mandatory for the technical teams to ensure passenger and aircraft safety.

CIAA received additional funding from the Cayman Islands Government of \$154,000 for COVID honorarium payment. These funds were received as an equity injection.

Cayman Islands Airports Authority
Notes to Financial Statements 31 December 2020
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14. Staff Costs (continued)

	2020	Restated 2019
	Amount	Amount
Salaries and wages	10,073,575	10,189,364
Past service health care expense	1,459,889	1,328,384
Pension contributions	1,077,107	1,025,603
Medical Insurance	1,028,187	995,486
Past service pension expense	61,000	104,000
Uniforms	9,297	41,345
	<u>13,709,055</u>	<u>13,684,181</u>

Refer to note 9 and 10 above for details on past service pension and healthcare costs.

15. Provision for Legal and Civil Claims

There were no legal or civil claims against the Authority during the period except other than those disclosed under contingencies below.

16. Contingencies and Commitments

(a) Contingent legal claims

During the year, the Authority was a defendant to a labour tribunal claims by a former staff that have been brought against it. Subsequent to year-end, the tribunal found in favour of the former employee and awarded \$10,000 in settlement of the claim.

(b) Capital and operating commitments

	< 1 year	1 - 5 years	> 5 years	Total
Capital commitments				
Runway project	1,143,670	-	-	1,143,670
Departure Lounge	6,363	-	-	6,363
CCTV projects	50,748	-	-	50,748
	<u>1,200,781</u>	<u>-</u>	<u>-</u>	<u>1,200,781</u>
Operating commitments				
Janitorial services	1,187,810	1,840,983	-	3,028,793
Other	852,475	4,194,080	-	5,046,555
	<u>2,040,284</u>	<u>6,035,063</u>	<u>-</u>	<u>8,075,348</u>
Total Commitments	<u>3,241,065</u>	<u>6,035,063</u>	<u>-</u>	<u>9,276,129</u>

Cayman Islands Airports Authority
Notes to Financial Statements 31 December 2020
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16. Contingencies and Commitments (continued)

(b) Capital and operating commitments (continued)

As disclosed in Note 7, management has entered into construction contracts that were in progress as at period ended 31 December 2020. The amounts disclosed represent the remaining amounts on the contract after being updated subsequent to yearend and considering change orders. Other operating commitments include contractual agreements for air conditioning, landscaping, CCTV and computer software maintenance.

(c) Management of cash reserves and dividends payable

The Authority is required to comply with the Public Authorities Act (2020 revision) (PAA). According to Section 39(2), if a public authority has surplus cash reserves for more than ninety days, those funds should be paid to the core government, unless the Cabinet directs otherwise after written consultation with the Board. However, as of December 31, 2020, the Cabinet exempted statutory authorities from this requirement.

Section 39(3) of the Public Authorities Act (PAA) requires public authorities to pay dividends according to the formula set by the Minister of Finance and Economic Development. However, the Authority was exempt from paying dividends in 2020 due to an operating loss.

Section 36(1) of the PAA requires public authorities to pay an annual capital charge for the use of equity invested by the Government in the authority. The capital charge is set by the Minister of Finance after consultation with the public authority's board. Based on past practice, the Authority expects that the applicable rate for the 2020 financial year will be set at 0% (2019: 0%) and that no capital charge will be payable for 2020 (2019: \$0). Going forward, the Authority may be required to pay a capital charge in accordance with the PAA.

17. Related Party Balances and Transactions

The Authority is directly controlled by the Government and has transactions with entities directly or indirectly controlled by the Government through its government authorities, agencies, affiliations and other organizations (collectively referred to as "government-related entities").

Statement of Financial Position

Included in the Statement of Financial Position, Statement of Comprehensive Income are the following transactions not disclosed elsewhere in the financial statements, Cayman Islands Government entities, all of which are related parties.

Cayman Islands Airports Authority
Notes to Financial Statements 31 December 2020
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17. Related Party Balances and Transactions (continued)

Statement of Financial Position (continued)

(a) Accounts receivable

	2020	Restated
	Amount	2019
	<u>Amount</u>	<u>Amount</u>
Cayman Airways / Cayman Airways Express	8,158,432	7,929,041
Other Government departments	<u>492,375</u>	<u>478,079</u>
	<u>8,650,807</u>	<u>8,407,120</u>

The Authority continues to be in active negotiation with the sister company regarding the way forward with respect to old debts as well as future payables.

(b) Accounts payable

	2020	Restated
	Amount	2019
	<u>Amount</u>	<u>Amount</u>
Cayman Airways / Cayman Airways Express	779,654	766,555
Ministry of Finance	1,481,330	636,297
Civil Aviation Authority	-	250,000
Other Government Entities	<u>286,827</u>	<u>306,606</u>
	<u>2,547,811</u>	<u>1,959,458</u>

The amounts due to the Ministry of Finance is in relation to insurance premiums as a part of the Cayman Islands Government's insurance policies.

Statement of Comprehensive Income

The Authority has transactions with other government-related entities including but not limited to the sale and purchase of goods and ancillary materials, rendering, and receiving services, lease of assets, depositing money, and use of public utilities.

These transactions are conducted in the ordinary course of the Authority's business on terms comparable with other entities that are not government related. The Authority has established procurement policies, pricing strategy and approval process for purchases and sales of goods and services, which are independent of whether the counterparties are government-related entities or non-government-related entities.

Cayman Islands Airports Authority
Notes to Financial Statements 31 December 2020
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17. Related Party Balances and Transactions (continued)

Statement of Comprehensive Income (continued)

In March 2014, the Cayman Islands Government entered into an agreement with the Authority to name the Authority as the collector of Departure Tax. In exchange for retaining these funds, the Authority agreed to waive rent for all government agencies at each aerodrome facility. However, the various entities are expected to settle directly to the Authority any additional charges and fees. This agreement took effect as at 1 July 2014.

(c) Revenue

The Authority provides aerodrome facilities for border control activities to government and related entities. The revenue earned from these entities was \$3,338,299 (2019: \$9,056,575) while purchases from these entities by the Authority was \$1,467,862 (2019: \$2,119,130). The procedure is for the Authority to be reimbursed by each entity directly for the services provided.

As at the end of the reporting period under review, the Authority recorded income from government entities as shown below. The revenue below is equal to 21% (2019: 22%) of the total earnings for the Authority.

	2020	2019
	<u>Amounts</u>	<u>Amounts</u>
Cayman Airways Ltd.	3,114,506	8,744,911
District Administration	-	15,436
Cayman Islands Customs & Border Control	123,066	85,688
Workplace Opportunities and Residency Cayman	58,186	87,990
Water Authority - Cayman	12,335	12,335
Mosquito Research & Control Unit	9,898	13,008
Protocol Office	6,008	6,783
Agriculture Department	4,630	5,706
Civil Aviation Authority	2,410	2,445
Ministry of Finance & Financial Services	2,000	-
Health Services Authority	1,277	1,277
Postal Department	1,150	-
Legislative Assembly	800	1,100
Royal Cayman Islands Police	470	-
Tourism Department	176	6,452
Ministry of Education-Agriculture	160	-
Ministry of District Administration, Tourism & Transport	-	64,794
Ministry of Human Resources & Immigration	-	5,000
Other Government Departments	1,227	3,650
	<u>3,338,299</u>	<u>9,056,575</u>

Cayman Islands Airports Authority
Notes to Financial Statements 31 December 2020
(In Cayman Islands dollars)

17. Related Party Balances and Transactions (continued)

Statement of Comprehensive Income (continued)

(d) Expense

The Authority incurred charges from government entities as shown below over the course of the operating period. The total expenses amount to 6% (2019: 6%) of operating expenditure for the Authority.

	2020	2019
	Amount	Amount
Civil Aviation Authority	250,000	1,000,000
Royal Cayman Islands Police	54,960	244,920
Cayman Islands Treasury Department / Risk management Unit	847,283	212,099
Public Works Department	-	121,643
Water Authority	72,104	115,204
Office of the Auditor General	100,000	106,178
Workforce Opportunities and Residency Cayman	42,900	92,425
Cayman Airways	12,988	87,408
Accountant General - Grand Court	-	67,250
Department of Vehicles	25,474	30,987
Environmental Health Department	16,380	16,380
Public Services Pensions	22,706	12,579
Cayman Islands Licensing Department	10,934	6,583
Other government entities	12,132	3,597
National Roads Authority	-	1,878
	<u>1,467,862</u>	<u>2,119,130</u>

18. Key Management

Key management is defined as Board Members, Senior Management Team and any other person(s) who has significant influence over the Authority. For the 12 months ended 31 December 2020, the Authority had 18 key management personnel (2019: 17). There were 9 (2019: 7) board of directors and 9 (2019: 10) key senior managers.

Total compensation to key management personnel for the year amounted to \$1,275,181 (2019: \$1,157,291) representing salary, pension, and other benefits. No key management personnel had any loan or any additional form of compensation/benefit other than stated above with the Authority during the year under consideration.

Cayman Islands Airports Authority
Notes to Financial Statements 31 December 2020
(In Cayman Islands dollars)

18. Key Management (continued)

	2020	2019
	Amount	Amount
Senior Management	1,264,381	1,137,641
Board of Directors	10,800	19,650
	1,275,181	1,157,291

The remuneration of directors and other members of key management mainly included as staff costs including pension and healthcare was as follows:

	2020	2019
	Amount	Amount
Salaries	1,049,451	927,298
Benefits (pension and health care)	200,952	168,275
PR / Work permit payments	-	10,463
Trainings and conferences	2,229	31,605
Bonus / COLA	11,749	-
	1,264,381	1,137,641

Related parties conduct businesses as concessionaires at Owen Roberts International Airport. All transactions were conducted during the normal course of business and were all done at arm's length. The entities were billed \$nil (2019: \$nil) for rent and other fees. In 2019 due to the terminal building construction the majority of concessionaires were closed, as a result there were no billings to related party concessionaires.

Cayman Islands Airports Authority
Notes to Financial Statements 31 December 2020
(In Cayman Islands dollars)

19. Prior Period Adjustments

In preparing the financial statements for the year ended December 31, 2020, CIAA conducted a review of prior-period accounting records and identified balances that required correction in accordance with IAS 8.

The adjustments pertain to:

- Capitalisation of items Retained in Construction in progress (WIP): Assets that had reached the point of capitalisation were erroneously retained in WIP. These have now been reclassified to their proper PPE categories in compliance with IAS 16.
- Expensing of non-qualifying WIP Items: Certain expenditures, including administrative and overheads, were included in WIP inappropriately. These have now been expensed, as they did not meet capitalisation criteria.
- Restating the revaluation loss recognised in 2019 for a court settlement in favour of CIAA.

Comparative figures have been restated to reflect these corrections. The adjustments enhance the alignment with applicable standards and improve the accuracy and integrity of financial reporting.

STATEMENT OF FINANCIAL POSITION	31-Dec-2018		Restated		31-Dec-2019		31-Dec-2019	
	As previously reported	Restatement	1-Jan-2019	As previously reported	Restatement	As Restated		
Assets								
Current assets								
Accounts receivable	6	13,502,819	4,012	13,506,831	6,834,062	781,445	7,615,507	
Other receivables and prepaid expenses		506,538	-	506,538	4,018,370	(97,878)	3,920,492	
Total Current Assets		42,517,043	4,012	42,521,055	40,532,710	683,568	41,216,278	
Non current assets								
Property, plant and equipment	7	156,577,791	(2,874,359)	153,703,432	166,909,185	(3,833,023)	163,076,162	
Intangible assets	7	500,110	-	500,110	163,735	13,117	176,852	
Total Non-Current Assets		157,077,901	(2,874,359)	154,203,542	167,072,920	(3,819,906)	163,253,014	
Total Assets		199,594,944	(2,870,347)	196,724,597	207,605,630	(3,136,338)	204,469,292	
Current liabilities								
Accounts payable and accrued expenses		7,615,679	-	7,615,679	6,425,785	(1,489,163)	4,936,622	
Total Current Liabilities		7,615,679	-	7,615,679	6,425,785	(1,489,163)	4,936,622	
Total Liabilities		29,991,679	-	29,991,679	33,988,785	(1,489,163)	32,499,622	
Equity								
Retained earnings		43,087,754	(2,476,217)	40,611,537	54,207,360	(2,796,221)	51,411,139	
Current year surplus		5,442,193	(394,130)	5,048,063	7,975,717	1,149,046	9,124,762	
Total Equity		169,603,265	(2,870,347)	166,732,918	173,616,845	(1,647,175)	171,969,670	
Total Liabilities and Equity		199,594,944	(2,870,347)	196,724,597	207,605,630	(3,136,338)	204,469,292	

Cayman Islands Airports Authority
Notes to Financial Statements 31 December 2020
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19. Prior Period Adjustments (continued)

STATEMENT OF FINANCIAL PERFORMANCE

	Note	31-Dec-2019 As previously reported	Adjustments	31-Dec-2019 Restated
REVENUE				
Non-Aeronautical Income				
Property rental and concession management		3,202,766	(78,428)	3,124,338
Fees and charges		1,860,951	5,111	1,866,062
Total Non-Aeronautical Income	12(b)	<u>5,253,059</u>	<u>(73,317)</u>	<u>5,179,742</u>
TOTAL INCOME		<u>41,530,395</u>	<u>(73,317)</u>	<u>41,457,078</u>
EXPENSES				
Staff costs	14,18	13,699,401	(15,220)	13,684,181
Administrative and Overheads				
Depreciation	7	4,488,831	56,672	4,545,502
Repairs and Maintenance		2,926,945	3,452	2,930,397
Passenger screening		2,350,747	(16,983)	2,333,764
Legal and Professional fees		850,103	71,175	921,278
Loss on building revaluation		4,745,167	(1,321,459)	3,423,708
TOTAL EXPENSES		<u>33,554,678</u>	<u>(1,222,363)</u>	<u>32,332,317</u>
NET INCOME before:		<u>7,975,717</u>	<u>1,149,046</u>	<u>9,124,762</u>
COMPREHENSIVE INCOME FOR THE YEAR		<u>4,091,717</u>	<u>1,149,046</u>	<u>5,240,762</u>

20. Subsequent Events

a. March 2021 – Airside Upgrade complete

In 2018, the CIAA began preparatory work on the airside upgrade as outlined in the redevelopment masterplan. A contract was awarded for the design works which are now complete, and the project put to tender in 2019. In Q4 of 2019, the airside works contract was awarded. With the advent of COVID-19 and the resulting limited airside activity in 2020, the CIAA accelerated the project works. The project was completed in Q3 of 2020 and all retention settled in Q1 of 2021. Final project, costs updated as of March 2021, was \$43.4 million.

During the airside project, change orders accelerated by COVID 19 resulted in an increase in the project cost. Following discussions with the service provider a settlement was reached in the region of \$1.4 million dollars. This matter is considered resolved and closed.

b. April 2023 – Public Sector salary realignment exercise

Section 47 of the PAL came into effect on 1 June 2019 mandating public authorities to align their salary scale with those of central government as a means of achieving pay equity across the entire public sector. This realignment exercise requires the remuneration packages of public authorities to be adjusted (up or down) to reduce differences between the public authorities' and public service's pay grades.

Cayman Islands Airports Authority
Notes to Financial Statements 31 December 2020
(In Cayman Islands dollars)

20. Subsequent Events (continued)

b. April 2023 – Public Sector salary realignment exercise (continued)

The Authority transitioned to the Public Sector salary scale in April 2023. No adjustments were required in the current reporting period as this was not a retroactive decision.

c. June 2023 – Masterplan Approval

An updated masterplan was approved by parliament in June 2023. An OBC and Strategic Plan was initiated in July 2022. The Authority will begin work on the projects approved in the updated Masterplan. The approved projects and their estimated costs are:

- (e) General Aviation Terminal and Aircraft Parking Apron for \$42,061,000;
- (f) The Runway Extension at ORIA for \$27,700,000;
- (g) Runway Strip works at CKIA for \$79,009,000; and
- (h) The Air Traffic Management Surveillance System for \$4,700,000.

d. January 2024 - Government Loan – Repayments

CIAA began loan re-payments in January 2024. As of June 2025, a total of \$5,000,000 has been repaid in principal.

e. January 2024 – Increase in Terminal Charge and implement new Airport Development Fee

In exercise of the powers conferred by section 41 of the Airports Authority Act (2005 Revision), the Cayman Islands Airports Authority, with the approval of the Cabinet, was given permission to increase terminal charge from \$1 to \$5 per passenger. And implement a new fee – airport development fee of \$15 which commenced on 1st January 2024 to 31st December 2029.

f. April 2025 – Cayman Islands General Elections

Following the General Elections held on 30 April 2025, the Cayman Islands Airports Authority was transferred from the Ministry of Tourism and Ports to Ministry of Planning, Lands, Agriculture, Housing and Infrastructure (MPLAHI)



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