CIVIL AVIATION AUTHORITY
OF THE CAYMAN ISLANDS

2025 ANNUAL REPORT

EXCELLENCE & INNOVATION IN AVIATION REGULATION

FISCAL YEAR ENDED
31 DECEMBER 2025

CIVIL AVIATION AUTHORITY
OF THE CAYMAN ISLANDS

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FOREWORD

BY THE DIRECTOR - GENERAL CAACI

I am pleased to present the Civil Aviation Authority of the Cayman Islands' 2025 Annual Report, which reflects another year of sound governance, fulfilment of our statutory mandate for aviation safety and economic regulatory oversight and good financial performance despite increasing competition globally.

Throughout 2025, the Authority continued to discharge its responsibilities in full alignment with the ICAO Standards & Recommended Practices, the Air Navigation (Overseas Territories) Order [AN(OT)O], and the Overseas Territories Aviation Requirements (OTARs). We are pleased that through an independent assessment by the UK we have maintained the Governor's delegation for aviation safety oversight in all areas, confirming the effectiveness of the CAACI's regulatory framework.

As we face increasing competition for the registration of aircraft from other jurisdictions, we endeavoured to diversify the offerings of the Cayman Islands Aircraft Registry (CIAR), including the expansion of the transition aircraft registry. This niche market has evolved into a sustainable and strategically important revenue stream, supported by targeted investment in digital infrastructure. The development and continued enhancement of our bespoke digital portal VP-C Online, represent significant milestones in modernising service delivery, improving regulatory efficiency, and enhancing the client experience while preserving robust safety measures.

The Authority remained financially self-sustaining, despite the global competition and market challenges encountered. The CAACI will again contribute a dividend to the Cayman Islands Government, reinforcing its role as a responsible public authority that delivers value while safeguarding independence and regulatory integrity.

Across all divisions, CAACI strengthened its risk-based and performance-driven approach to oversight. The Air Safety Regulation and Air Navigation Services Regulation Divisions maintained high levels of oversight to ensure industry's compliance with ICAO Standards and Recommended Practices, supported system modernisation initiatives, and enhanced workforce capability through targeted training and international engagement. The Economic Regulation and Administration Division responded effectively to increasing demand for scheduled and non-scheduled air services, refining permit processes in line with UK Department for Transport best practices while ensuring safety and policy objectives were upheld and supporting an evolving infrastructure underpinning all divisions.

Recognising that our people are our most critical asset, 2025 also saw meaningful progress in staff development, preparation for succession planning, and promotion of staff wellbeing - including the introduction of a post-retirement health programme for employees who are members of the defined contribution pension plan. These initiatives strengthen organisational resilience and support the Authority's ability to meet present and future regulatory demands in an increasingly competitive global environment.

Looking ahead, the CAACI remains cautiously optimistic of its continued stellar financial performance in the ensuing period, acknowledging the many challenges facing the global aircraft industry. The aviation sector continues to evolve rapidly, driven by technological advancement, changing operating models, and heightened regulatory expectations. The Authority will continue to work to meet these challenges through continued investment in people, systems, and governance, while remaining steadfast in its commitment to safety, regulatory objectivity, and service excellence.

I would like to thank the CAACI Board of Directors for their support and stewardship, our staff and technical partners for their professionalism and dedication, and our stakeholders—locally and internationally—for their continued cooperation and trust. Together, we remain committed to sustaining a safe, resilient, and highly credible aviation industry for the Cayman Islands.

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

FOREWORD

BY THE CAACI BOARD OF DIRECTORS

The Board of Directors of the Civil Aviation Authority of the Cayman Islands (CAACI) is pleased to present its governance statement for the 2025 financial year.

The Board's primary responsibility is to provide effective governance, strategic oversight, and accountability, ensuring that the Authority discharges its statutory functions in a manner that is independent, transparent, financially prudent, and consistent with international aviation obligations, and in compliance with local legislation and to administrative best practices.

During 2025, the Board maintained a strong focus on governance effectiveness, risk management, and financial stewardship. Regular assurance was received through management reporting and audit processes, enabling the Board to discharge its oversight role with confidence.

Financial oversight remained a core priority. The Board closely monitored budget performance and is satisfied that the Authority remains financially self-sustaining, well-capitalised, with resources to meet current and future obligations. The continued payment of dividends to the Cayman Islands Government reflects disciplined financial management and reinforces CAACI's value as a public authority.

Recognizing the importance of human capital management, the Board commenced exercises to ensure that succession planning is a key priority for the ensuing years to ensure that not only is the Authority able to meet its technical oversight mandate, but also invests in developing leadership talent for the future. The Board acknowledges the professionalism and dedication of the management and staff in executing the Authority's mandate, while maintaining the appropriate separation between governance and executive management. The Board also thanks CAACI staff for their commitment to upholding the highest standards of aviation safety and regulatory integrity, and for giving back through charitable and community initiatives.

Looking ahead, the Board remains confident that CAACI is well governed, strategically positioned, and appropriately resourced to meet future challenges. In partnership with the CI Government, the Board will continue to exercise vigilant oversight, guided by the principles of good public-sector governance, independence, accountability, and safety-first decision-making, in the best interests of the Cayman Islands.

1.0 ORGANISATIONAL OVERVIEW

WHO ARE WE

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

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

The functions of the CAACI are established in the Civil Aviation Authority Act (2015 Revision). These functions are carried out through the Director-General of Civil Aviation.

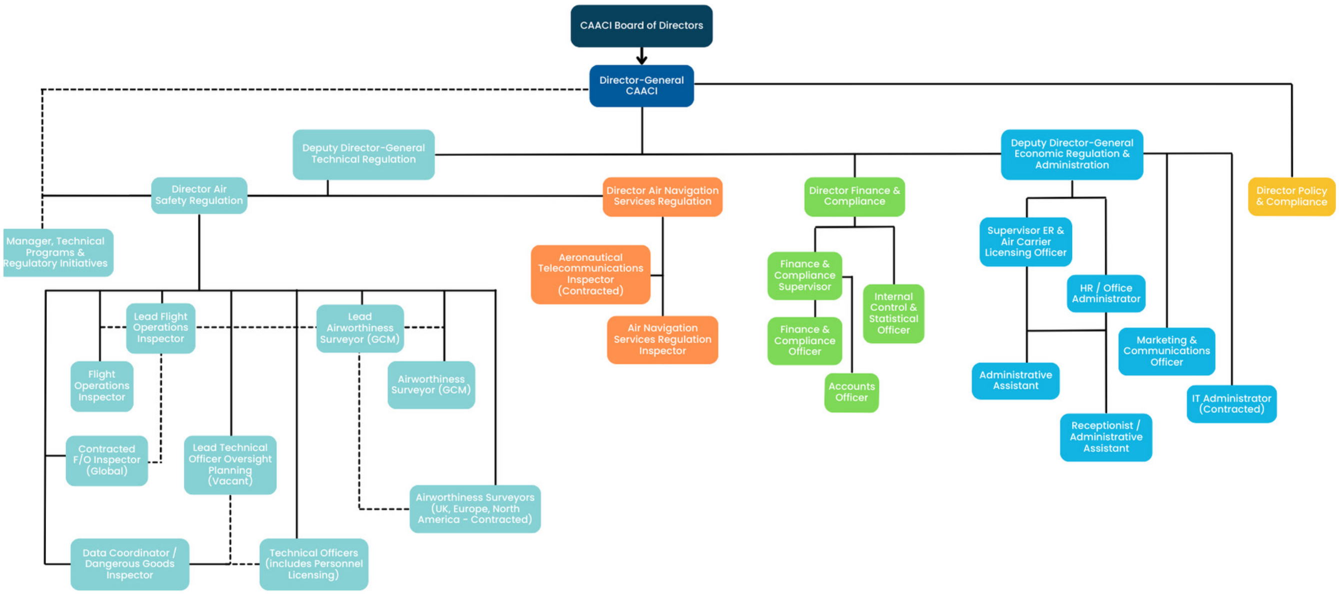
The CAACI is structured into four divisions that satisfies its obligations in respect of general administration and economic regulation, financial management and compliance, aerodrome and air navigation services regulation, and flight operations and airworthiness oversight, as described below.

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

The ASR Division is headquartered in Grand Cayman, where it oversees critical regulatory functions. The Headquarters team comprises:

- Director of ASR

ORGANISATIONAL CHART



- Manager of Technical Programs and Regulatory Initiatives
- Lead Airworthiness Surveyor
- Lead Flight Operations Inspector
- Inspectors for Operations, Airworthiness, Dangerous Goods, and RPAS (Remotely Piloted Aircraft Systems/ Drones)
- Technical Officers who manage various operational and administrative aspects

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

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

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

In addition, this division is responsible for the management of Human Resources, Marketing and Public Relations, Business Development, Information Technology and Strategic Planning.

The **Finance and Compliance** division manages the CAACI's finances in accordance with local legislative requirements and international accounting standards, and ensures relevant financial due diligence is carried out on beneficial owners of aircraft applying for registration to the CI Aircraft Register. In addition, this division is responsible for the compilation of aviation statistics for the relevant areas of oversight, including the CI Aircraft Registry and is the lead for financial audits.

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

SAFETY REGULATORY OVERSIGHT

- Certification of aerodromes;
- Certification of aeronautical tele-communications services;
- Certification of air traffic control services;
- Oversight of Meteorological Services to Aviation;
- Oversight of the Cayman Islands Search & Rescue Plan;
- Oversight of Aeronautical Information Services;
- Issuance of Air Operator Certificates (AOCs);
- Personnel licensing (air traffic control, flight crew and maintenance engineers);
- Approval of maintenance organisations globally;
- Issuance of certificates of aircraft airworthiness;
- Issuance, renewal, variation and revocation of certificates, license and permits.

REGISTRATION OF AIRCRAFT

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

ECONOMIC REGULATION

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

STAKEHOLDERS

Our key stakeholders are diverse and include:

- **The UK Government**
- **The CI Government**
- **The CAACI Board of Directors**
- **Employees**
- **ASSI**
- **Local industry – airlines, air transport operators**
- **Other CI Government statutory organisations**
- **Aerodrome Operators**
- **CI Aircraft Registry clientele**
- **Local and international business partners**
- **Foreign carriers**
- **Other national aviation authorities (NAAs)**
- **Contracted Technical Resources, i.e., Surveyors & Inspectors**
- **The General Public**

CIVIL AVIATION AUTHORITY
OF THE CAYMAN ISLANDS

BOARD OF DIRECTORS

The Board of Directors is responsible for governance and overseeing the effective performance of the Authority in accordance with the Civil Aviation Authority Act (2015 Revision).
The members of the Board of Directors for the period 2025 were:

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

MANAGEMENT TEAM

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


P. H. Richard Smith
Director-General of Civil Aviation


Nicoela McCoy
Deputy Director-General, Economic Regulation & Administration


Joni Wood
Director of Finance & Compliance


Craig Smith
Director of Air Navigation Regulation


Mark Dixon
Director of Air Safety Regulation

OUR MISSION, VISION AND VALUES

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

OUR MISSION

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

OUR VISION

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

OUR VALUES

Safety First:	We never forget our organisation's primary reason for being
People at the Centre:	We develop our people to the highest standards and level of expertise in technical and non-technical areas
Leadership:	We build and promote a shared commitment to regulatory and aviation excellence regionally and globally
Regulatory Objectivity:	We conduct our regulatory responsibility with impartiality
Integrity:	We ensure that the highest moral and ethical standards are maintained in the discharge of our responsibilities
Active Collaboration:	We work with others to engage their knowledge and expertise and to generate effective solutions where we are jointly accountable for the end results
Accountability:	We account for our actions, accept individual and team responsibilities and transparently disclose results
Innovation:	We continuously pursue new and creative methods to advance our effectiveness

OUR STRATEGIC APPROACH

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

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

STRATEGIC PLAN DELIVERY MODEL

The strategic plan delivery model represents the activities and outputs that we deliver to fulfil the regulatory oversight role tied to our civil aviation mandate, the inputs that we use to produce these outputs and the contribution that we make with these outputs.

This delivery model is comprised of the following elements:

- **INPUTS** represent the various resources (financial, human, information, physical infrastructure and outputs from other parties) that are consumed by our activities
- **ACTIVITIES** describe collections of tasks that identify the primary focus of our program delivery and how the work of our programming is carried out.
- **OUTPUTS** are the products or services generated by the activities that we deliver.
- **DIRECT OUTCOMES** are the first level of outcomes – those over which our organisation has the most immediate or direct influence with our outputs
- **INTERMEDIATE OUTCOMES** are the second level of outcomes – those that we can merely influence through our programming and where other intermediaries (those that we regulate, our partners and other stakeholders) are usually involved.
- **ULTIMATE OUTCOME(S)** reference(s) the higher-level enduring benefit(s) for Caymanians and others that can be attributed to our programming. This is the outcome level that is subject to many influences beyond the program itself, and is also more strategic in nature. The ultimate outcome is our organisation's vision as stated in this plan.

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

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

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

1. Regulatory non-compliance is detected and addressed;
2. The CI aviation industry understands its regulated obligations and is equipped to meet them;
3. The CI civil aviation industry will meet or exceed internationally accepted standards of aviation safety;
4. Our regulatory regime will be credible and sustainable; and
5. CI registered aircraft operating globally and foreign aircraft operating in the CI, will do so safely.

2.0 MANAGEMENT DISCUSSION & ANALYSIS

2.1 PERFORMANCE SUMMARY BY STRATEGIC OBJECTIVE

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

II. Continuously improve service delivery and innovative solution options for our stakeholders

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

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

ANALYSIS, ACCOMPLISHMENTS & LESSONS LEARNED

AIR NAVIGATION SERVICES REGULATION

The Air Navigation Services Regulation (ANSR) Division continues to play a critical role in safeguarding the safety, efficiency, and resilience of the Cayman Islands' aviation system. Through comprehensive regulatory oversight of key technical and operational functions, including Aerodrome Certification and Operations, Air Traffic Services, Aeronautical Information and Telecommunication Services, Rescue and Fire Fighting Services, Meteorological Services for Aviation, ICAO PAN-OPS Instrument Flight Procedure Design, Quality and Safety Management Systems, and Aeronautical Search and Rescue, the Division supports the sustainable development of air navigation services. During 2025, ANSR strengthened its risk-based and performance-driven approach to oversight, focusing on continuous improvement, regulatory effectiveness, and alignment with evolving international aviation standards, while proactively supporting safe and efficient growth within the aviation sector.

Oversight Activities & Achievements

ATC Licensing Activities

In 2025, the Division advanced its oversight of Air Traffic Control (ATC) licensing through the ongoing validation of trainee air traffic controllers, strengthening assurance of operational proficiency and supporting a performance-based approach to regulatory compliance. In its role as the Regulator responsible for oversight of the provision of a safe, orderly, and expeditious Air Traffic Service, the Division places particular emphasis on the licensing and validation of newly qualified Air Traffic Control Officers.

This function is critical to ensuring that new ATCOs consistently meet the required competency standards prior to the exercise of operational privileges, thereby safeguarding system integrity and maintaining public confidence in the air traffic management framework.

Supporting Safe Implementation of ATM Surveillance Capabilities

The Division continued to provide regulatory oversight of the Air Traffic Management (ATM) Surveillance Project, a critical initiative focused on enhancing airspace monitoring and overall aviation safety. Throughout the reporting period, the Division actively participated in project update meetings, ensuring that regulatory requirements, safety considerations, and compliance obligations were appropriately addressed as the project continues to progress.

In 2025, the Air Navigation Services Regulation (ANSR) Division continued to deliver effective, risk-based regulatory oversight across the full spectrum of air navigation service provision in the Cayman

Islands. Through targeted oversight activities, active engagement in key system modernization initiatives, and a sustained focus on training, capability development, and workforce resilience, the Division strengthened assurance of aviation safety, regulatory compliance, and operational effectiveness. Continued alignment with ICAO Standards and Recommended Practices, coupled with enhanced technical expertise and international engagement, has reinforced the Division's ability to discharge its regulatory mandate in support of a safe, orderly, and expeditious air traffic service.

AIR SAFETY REGULATION

In 2025, the Air Safety Regulation (ASR) Division continued to advance the Civil Aviation Authority of the Cayman Islands' strategic objectives of Regulatory Excellence, Service, and Innovation, delivering robust and effective safety oversight while supporting the sustained growth of the Cayman Islands Aircraft Registry.

Regulatory Excellence

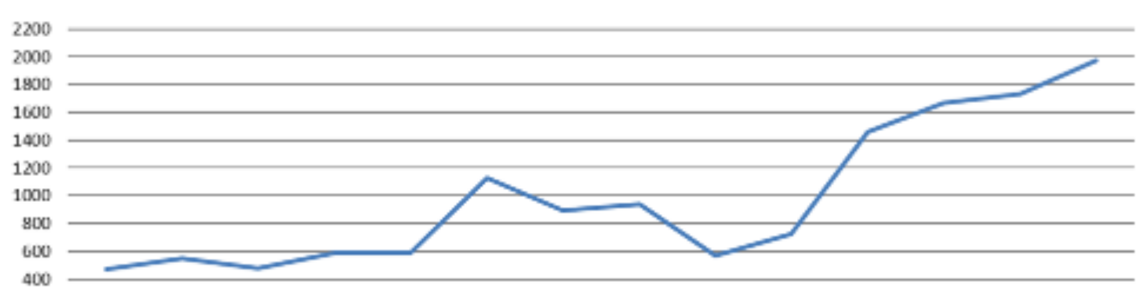
ASR remains responsible for regulating and ensuring compliance with airworthiness and flight operations standards in accordance with the Air Navigation (Overseas Territories) Order (ANOTO) and the Overseas Territories Aviation Requirements (OTARs). This mandate extends to all aircraft and operators under the jurisdiction of the Cayman Islands Aircraft Registry, including Air Operator Certificate (AOC) holders and foreign aircraft operating within Cayman Islands airspace.

Sustained Compliance and International Assurance

Throughout 2025, the ASR Division maintained full compliance with the Standards and Recommended Practices of the International Civil Aviation Organization, reinforcing the Authority's standing as a mature, capable, and internationally respected aviation regulator. This performance was independently validated through a successful external audit conducted by Air Safety Support International.

Audit outcomes demonstrated a high level of confidence in ASR's systems, processes, and personnel, while also underscoring the Authority's commitment to continuous improvement and alignment with international best practice.
Senior ASR management also participated in bilateral

Permits Issued



	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2018	2019	2020	2021	2022	2023	2024	2025
Permits Issued	475	552	478	587	592	1128	897	940	572	726	1461	1668	1735	1976

Permits Issued

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

meetings with other states where Cayman registered aircraft operate to ensure our regulatory responsibilities are being carried out effectively. This is pertinent to the Article 83bis arrangement between the CAACI and the General Authority of Civil Aviation (GACA) in Saudi Arabia.

High Performance in Airworthiness and Flight Operations

ASR's Airworthiness and Flight Operations teams delivered consistently high performance throughout the year, managing increased regulatory activity across private, transition, and commercial sectors without compromising the rigor of safety oversight. Inspectors conducted routine and targeted inspections, audits, and certification activities across airworthiness, flight operations, dangerous goods, and remotely piloted aircraft systems (RPAS), ensuring that safety assurance kept pace with registry growth.

The Division's global inspector network spanning Grand Cayman, the United Kingdom, Germany, Switzerland, and Canada; continued to provide seamless oversight across multiple jurisdictions, enabling timely regulatory support and effective surveillance worldwide.

Safety Management Systems Oversight

Safety Management Systems (SMS) remained a cornerstone of ASR's safety assurance approach in 2025. All service providers and general aviation operators were required to maintain SMS frameworks acceptable to the Governor, encompassing hazard identification, risk assessment, safety performance monitoring, reporting mechanisms, and regular internal reviews.
ASR actively assessed SMS effectiveness through inspections, audits, and ongoing engagement with industry stakeholders, reinforcing accountability and fostering a strong and proactive safety culture across the registry.

ECONOMIC REGULATION & ADMINISTRATION

The Authority, through its Economic Regulation Division, holds statutory responsibility as delegated by the UK Dept for Transport (UK DfT) for the regulation, oversight, and issuance of operating permits for all foreign-registered aircraft conducting commercial operations to and from the Cayman Islands. This mandate encompasses both scheduled and non-scheduled operations, including critical services such as air ambulance flights, which are assessed and processed year-round (365 days per year) to ensure continuity and compliance with applicable regulatory standards.

The Authority issues seasonal operating permits to scheduled airlines and some non-scheduled operators, including air ambulance providers, while on-demand permits are granted for one-off ad-hoc charter operations and other non-scheduled flights.

These regulatory activities are closely aligned with the Cayman Islands' economic and tourism objectives, given that many operations facilitate travel for high-net-worth business and leisure travelers. Permit activity is therefore sensitive to global economic conditions,

and the Economic Regulatory team continuously monitors and adjusts oversight practices to ensure that operational, safety, and economic policy objectives are met.

Demand for charter and non-scheduled operations continues to rise, driven in part by the growing utilization of fractional ownership aircraft in foreign jurisdictions, which has increased accessibility and affordability across a broad range of aircraft types. This trend has implications for the Authority's oversight responsibilities, as it requires adaptation of permit issuance processes, operational monitoring, and compliance measures to ensure continued safety, efficiency, and alignment with the Cayman Islands' economic and tourism objectives. For the Summer season, which ran from 30th March thru 25th October, permits were issued to:

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

For the Winter season, which runs from 26th October 2025 – 28th March 2026 permits were issued to:

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

It should be noted that Air Canada and Air Canada Rouge operate under two separate AOC.s on the same route requiring them both to hold an operating permit. During the winter period two additional airlines started operations, Porter Airlines commenced flights from Toronto and Ottawa, Canada; and Spirit Airlines returned to the jurisdiction with service out of Ft. Lauderdale.

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

The Deputy Director-General and Air Carrier Licensing Officer continue to provide administrative support to the Air Transport Licensing Authority (ATLA) – the independent Board, appointed to process applications for economic licenses of local commercial air transport operators. The Supervisor Economic Regulation/Air Carrier Licensing Officer has been appointed by Cabinet to serve as the Secretary to the ATLA. During the period between January – December 2025, work has continued on the modernisation of the current ATLA regulations. Cabinet also approved appoints to the ATLA as follows:

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

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

In addition, during the year, the Deputy Director-General, Economic Regulation & Administration along with the Director of Air Navigation Services Regulation attended the March meeting of the Overseas Territories Safety Performance Council (OTSPC) on behalf of the Director-General. This meeting is hosted twice per year by ASSI with the UK Overseas Territories with the vision to improve the aviation safety and security performance in the OTs and set the benchmark for others. The OTSPC is the mechanism by which advice from ASSI and the OTAAs will be provided on aviation safety and security performance within the OTs to UK Government. The OTSPC is responsible and accountable for guiding all OTs in the direction of sustained self-regulation and continuous improvement.

In addition, co-scheduled with the OTSPC, is the UK Crown Dependencies (CDs) and Overseas Territories (OTs) Forum as the State Safety Board Working Group (SSBWG). The SSBWG is a cross-government, multi-stakeholder safety governance forum convened and hosted by the UK Department for Transport (DfT) to support the UK's obligations under ICAO State Safety Programme (SSP) requirements.

The Working Group typically:

- Supports development, maintenance, and monitoring of the UK State Safety Programme
- Identifies and assesses systemic aviation safety risks across the UK aviation system
- Coordinates safety data sharing and analysis between authorities
- Develops and monitors State Safety Action Plans
- Escalates significant safety issues to the State Safety Board for strategic decision-making

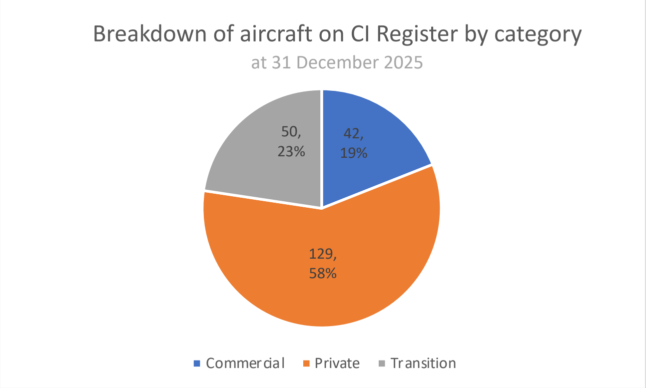
CAYMAN ISLANDS AIRCRAFT REGISTRY

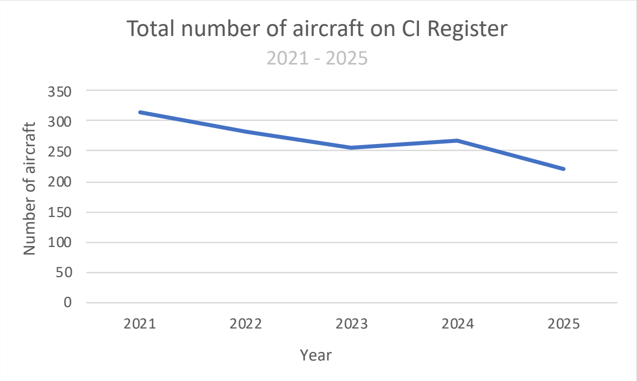
- Total aircraft entered on the register as of 31 December 2025 = 221
- New aircraft registrations during the period = 64
- De-registrations during the period = 111
- Decrease in number of aircraft since 31 December 2024 = 47

The following is a summary of the activity on the register for the year ended 31 December 2025.

	Total	Commercial	Private	Transition
Aircraft on register at 31 December 2024	268	37	137	94
No. of new aircraft registrations for year ended 31 December 2025	64	2	23	39
No. of de-registrations for year ended 31 December 2025	111	2	25	84
Net cumulative addition at 31 December 2025	**-47**	**0**	**-2**	**-45**
Total	221	37	135	49
Change of C of A category for year ended 31 December 2025		5	-6	1
Aircraft on register at 31 December 2025	**221**	**42**	**129**	**50**

The following pie chart shows a breakdown of the 221 aircraft entered on the register as at 31 December 2025 (by category).





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

Month	2021	2022	2023	2024	2025
January	289	322	281	261	274
February	298	320	276	257	276
March	297	314	278	257	272
April	302	313	275	260	269
May	304	302	274	301	256
June	306	301	260	296	247
July	305	297	256	285	238
August	316	292	254	283	230
September	310	291	248	279	232
October	314	282	245	275	232
November	317	283	253	270	226
December	**315**	**281**	**255**	**268**	**221**

Below is a comparison of the aircraft registration and de-registration activity for the past 5 years. Of the de-registrations through the year, 76% of these were associated with transition projects thereby fulfilling the objectives of this niche market.

NO. OF NEW REGISTRATIONS

Year	Commercial	Private	Transitional	Total
2020	0	17	40	57
2021	5	20	78	103
2022	3	14	73	90
2023	3	12	72	87
2024	3	6	104	113
2025	2	23	39	64

NO. OF DE-REGISTRATIONS

Year	Commercial	Private	Transitional	Total
2020	4	16	2	22
2021	3	28	43	74
2022	9	34	81	124
2023	9	28	76	113
2024	7	15	78	100
2025	2	25	84	111

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

ANALYSIS, ACCOMPLISHMENTS & LESSONS LEARNED

AIR SAFETY REGULATION

Growth, Innovation, and Regulatory Efficiency

The Cayman Islands Aircraft Registry experienced steady growth during 2025, driven by increased private aircraft registrations, commercial activity, a rise in transition aircraft, and expanding air services to Grand Cayman and the Sister Islands. To manage this growth efficiently, ASR continued to leverage digital solutions, including the V-PC Online System, enabling streamlined submissions, faster approvals, and enhanced client engagement.

A hybrid work model further strengthened service delivery, allowing ASR staff to support an international client base across multiple time zones while maintaining regulatory consistency and responsiveness.

ECONOMIC REGULATION

Economic Regulatory Oversight
In line with the CAACI's commitment to continuous process improvement and enhancing the service experience for clients, the Economic Regulation Division has updated and revised its operating permit application packages. These revisions align with best-practice standards, including procedures recommended by the UK Department for Transport (DfT), and provide a more streamlined and user-friendly process for submitting permit requests for both scheduled and non-scheduled operations.
These enhancements support regulatory efficiency, client satisfaction, and timely processing, while maintaining the Authority's safety and compliance obligations.

There continues to be strong demand for non-scheduled and charter operations serving both leisure and financial services travel to and from the Cayman Islands. In response, foreign operators increasingly seek expedited and streamlined processing of their permit applications, reflecting the time-sensitive nature of the market demographic.

The Authority has responded to this demand by refining application and permit procedures to ensure that safety and regulatory compliance are maintained while providing operational efficiency. Permit offerings include:

- Ad-hoc/on-demand authorisations for one-off operations, and

- Package operating permits purchased in advance, which allow authorised operators to conduct multiple operations over a defined seasonal period, either pre-paid or billed in arrears.

These measures balance the needs of the market with the Authority's mandate to uphold safety, regulatory standards, and oversight integrity.

BUSINESS DEVELOPMENT & INTEGRATED COMMUNICATIONS INITIATIVES DURING 2025:

The ER&A division developed the marketing and public relations calendar for the year 2025; organising exhibitions at business/corporate aviation tradeshows and other industry forums which were attended by management and staff across the divisions.

Throughout 2025 the CAACI attended the following promotional events and conferences with an overall focus to raise the awareness of the service offerings associated with registering aircraft in the Cayman Islands and increasing the subscription rate to the CI Aircraft Registry:

- The National Business Aviation Association NBAA Business Aviation Convention & Exhibition (BACE)
- The European Business Aviation Conference & Exhibition (EBACE)
- Corporate Jet Investor series (London, Miami, Singapore)
- Airline Economics' Growth Frontiers Saudi Arabia & Dublin
- Shannon International Leasing Conference (SILC) Powered by STARS (Shannon Technical Aviation Regional Society)
- Shannon International Leasing Conference (SILC) Dublin
- Cayman Islands Transition Aircraft Workshop (CITAW) - hosted by the CAACI in Dublin, co-planned with SILC Dublin

FINANCE & COMPLIANCE

The CAACI remains financially self-sustainable and contributes 75% of it's annual Net Income to the Cayman Islands Government. Over the past 15 years, the CAACI has consistently met its financial goals and distributed dividends totalling over $34 million.
During the period, the Division achieved a full staff complement, strengthening our capacity to deliver optimal service to clients. As the first point of contact for the aircraft and mortgage registry, the Division continues to prioritize the delivery of exceptional customer service to aircraft owners, operators, financiers, lessors, attorneys, and other stakeholders. Considering the time-sensitive nature of transactions and global time zone differences, the team successfully completed over 200 transactions during the period, consistently meeting tight deadlines and delivery of required turnaround times.

During the period, members of the Division contributed significantly to the ongoing development of the VP-C Online module, supporting enhancements to customer experience and operational efficiency.

The Division actively participates in the Cayman Islands Government National Risk Assessment and Legal Persons and Legal Arrangements Risk Assessment for Foreign Created Entities.

The Director of Finance and Compliance is a member of the Operation Hektor Task Force, which coordinates the implementation of sanctions against Russia in response to its actions in Ukraine, enabling centralized discussion and decision-making on sanctions-related matters. The Director also participates in the Sanctions Working Group, which monitors, discusses, and implements international sanctions imposed by the United Kingdom and extended to the Cayman Islands as a British Overseas Territory. Sanctions screening remains a critical component of our client onboarding process and our ongoing due diligence framework.

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

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

ANALYSIS, ACCOMPLISHMENTS & LESSONS LEARNED

STAFFING AND HUMAN CAPITAL RESOURCES

As of 31 December 2025, the CAACI had a staff complement of 22 full-time staff (19 Caymanian, 1 PR and 2 WP) at the head office and 13 overseas independent contractors. (6 in UK, 3 in Canada, 1 Germany, 1 Switzerland, 1 Ireland and 1 in Curacao)

Recruitment – There was a Finance & Compliance Officer hired in July 2025 for the Finance and Compliance Division, an Airworthiness Surveyor (Designate) was hired in September 2025 Air Safety Regulation Division, and an Air Navigation Services Regulator (ANSR) Inspector (Designate) was hired in November 2025.

During the reporting period, the ANSR Division strengthened its regulatory capability through the appointment of a second Air Navigation Services Regulation Inspector. The successful candidate brings more than 19 years of operational air traffic control experience, significantly enhancing the Division's depth of technical expertise and practical insight. To support effective integration and long-term success in the role, the Division implemented a structured onboarding programme with clearly identified training and competency development pathways. This approach ensures the Inspector is fully qualified to discharge regulatory responsibilities, supports consistency in oversight activities, and contributes to the Division's capacity to deliver robust, timely, and risk-based regulatory oversight in alignment with the Authority's performance objectives.

Workforce Capability, Recruitment, and Succession Planning in the ASR Division

The continued expansion and increasing complexity of the Aircraft Registry particularly in airworthiness, flight operations, transition aircraft, and RPAS require a sufficient number of suitably qualified and experienced inspectors. Competition for skilled aviation professionals remains strong globally, placing increased importance on workforce planning and retention.

Recognising that its people are its most critical asset, the ASR Division initiated targeted recruitment, retention, and succession planning activities during 2025 to sustain regulatory excellence and service standards. Increased emphasis was placed on:

- Strategic recruitment to meet current and anticipated inspector capacity requirements;
- Retention initiatives to preserve institutional knowledge, technical competence, and regulatory consistency; and
- Structured succession planning to ensure continuity of leadership and technical oversight within key operational roles.

Succession planning focused on identifying critical positions within Airworthiness, Flight Operations, and technical management functions, supported by targeted training, mentoring, and professional development. This approach mitigates operational risk associated with staff turnover and ensures regulatory capability is maintained during periods of transition. Through continued investment in workforce development and planning, ASR strengthened its capacity to deliver sustainable regulatory oversight, support innovation, and meet the objectives set out in CAACI's Corporate Strategy.

TRAINING AND DEVELOPMENT HIGHLIGHTS

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

In 2025, our team successfully completed the following:

- Assessment for the General Security Awareness Training (GSATCIAA), which is a requirement for the issuance of Airport Authority ramp passes.
- All new hires completed the Air Safety Support International (ASSI) Air Law course.
- All staff continue to complete the KnowBe4 cyber security awareness quarterly training.
- Familiarization of Quality Management Systems
- Familiarization of Safety Management Systems
- Various ASR & ER&A staff attended Air Safety Support International (ASSI) webinars, in relation to Dangerous Goods and consultation on changes to the Air Navigation (Overseas Territories) Order (AN(OT)O)
- Staff completed various courses provided on-line via the Civil Service College which included introduction to Freedom of Information and Introduction to Data Protection, among others.
- The Deputy Director-General Economic Regulation & Administration, Director Finance & Compliance, Human Resource/Officer Manager and Lead Technical Officer attended "How to Work with Complicated People" offered by the Cayman Islands Chamber of Commerce.

AIR NAVIGATION SERVICES REGULATION

In 2025, the ANSR Division continued to prioritise targeted training and professional development to strengthen regulatory capability, leadership effectiveness, and alignment with international best

practices.

Collectively, these development activities strengthen the Division's professional capability and organizational effectiveness, directly supporting the delivery of its regulatory mandate. By enhancing leadership capacity, technical competence, and strategic awareness, the Division is better positioned to deliver consistent, risk-based, and forward-looking regulatory oversight, contribute to corporate performance objectives, and support the safe and sustainable development of the aviation sector.

- The Division also attended the ASSI Aerodrome Seminar, a forum bringing together Overseas Territories industry stakeholders and Civil Aviation Authorities. Participation in this seminar supported the exchange of regulatory and operational best practices, enhanced understanding of emerging aerodrome safety and compliance issues, and strengthened engagement with regional partners. This collaborative environment contributes to regulatory harmonization and supports the Division's ongoing efforts to maintain effective and proportionate oversight of aerodrome operations.

- Both the DANSR and ANSRI completed a National Aviation Safety Plan (NASP) training workshop, reinforcing knowledge of State Safety Programme implementation and supporting continued alignment with ICAO safety planning frameworks.
- The Director, Air Navigation Services Regulation (DANSR), and an ANSR Inspector (ANSRI) participated in the NBAA Professional Development Program, supporting enhanced leadership, governance, and industry engagement competencies relevant to a modern regulatory environment.
- Through virtual ICAO Focal Point Meetings with the Air Safety Support International (ASSI) team, we stayed informed on regulatory developments and compliance measures.
- The DANSR and ANSRI also represented the Authority at the ICAO Directors of Civil Aviation Conference, enabling direct engagement with international aviation leadership and strengthening awareness of emerging regulatory trends, policy developments, and ICAO priorities. In addition, the DANSR and ANSRI attended a Civil Aviation Master Planning Workshop, enhancing their understanding of long-term aviation planning considerations and the associated regulatory oversight implications.
- In further support of strengthening regulatory capability, the Division also participated in the Air Navigation Services (ANS) Safety Oversight Inspector Workshop held in Mexico City and at the ICAO North American, Central American and Caribbean (NACC) Regional Office. This engagement enhanced technical understanding of regional safety oversight practices, promoted consistency in the application of ICAO Standards and Recommended Practices, and supported continued collaboration with regional regulators and ICAO specialists.
- The Division attended an Air Navigation Services (ANS) Contingency Planning and Response Workshop, further strengthening preparedness for the management of abnormal and emergency operational scenarios. Participation in this workshop enhanced understanding of contingency planning principles, inter-agency coordination, and regulatory oversight considerations, supporting the Division's ability to assess, monitor, and assure the resilience and continuity of air navigation services in line with corporate performance and safety objectives.

Collectively, these development activities strengthen the Division's professional capability and organizational effectiveness, directly supporting the delivery of its regulatory mandate. By enhancing leadership capacity, technical competence, and strategic awareness, the Division is better positioned to deliver consistent, risk-based, and forward-looking regulatory oversight, contribute to corporate performance objectives, and support the safe and sustainable development of the aviation sector.

AIR SAFETY REGULATION

- The Director of Air Safety Regulation attended the ICAO State Safety Program Course in Paris, France, This course provides essential training for personnel in civil aviation authorities to develop and implement safety frameworks compliant with ICAO Annex 19, which provides a unified, proactive framework for managing aviation safety risks at both the State and organizational levels
- The Flight Operations Inspector attended the annual Cayman Airways Safety and Emergency Procedures Ground Training.
- Numerous inhouse recurrent training for Technical Officers, which covered:
  - Transition CAMO Approval Processes
  - Aircraft Operators Certificates Oversight and Mandatory Occurrence Report Processes
  - Registration and Deregistration Processes and Procedures
  - Mandatory Occurrence Report Processes
  - Transition Aircraft Processes
  - Registration and Deregistration Processes and Procedures
  - Aircraft Operator Certificates, Oversight and Records

ECONOMIC REGULATION & ADMINISTRATION

- The Deputy Director-General Economic Regulation and Administration and Supervisor Economic Regulation/Air Carrier Licensing Officer attended the Global Airport Development (GAD) America 2025 which was held at the Indigo Hotel the 02 April 2025. The event focused on airport development, privatization, and sustainable growth. It should also be noted that the Deputy Director-General Economic Regulation, presented the opening remarks for this forum. This was also attended by the Director Finance and Compliance. This was paired with the CAPA Airline Leader Summit Americas 2025, which took place on the 03 – 04 April, 2025. This event brought together global and regional aviation leaders to discuss key trends and strategic issues facing airlines, airports, and the broader travel industry.
- The Director General, Deputy Director-General Economic Regulation and Administration and Supervisor Economic Regulation/Air Carrier Licensing Officer also attended DOT Global Marketing Meeting July 2025 which took place at the Indigo Hotel in July 2025. The Deputy Director-General presented an overview to the audience as to the workings of the Civil Aviation Authority
- The HR Manager and Supervisor Economic Regulation/Air Carrier Licensing Officer attended the Train HR Learning Mastering Team Supervision Techniques webinar.
- The FOI Manager attended Information Manager refresher training held at the Civil Service College between 13-17 January 2025.   on 3 October.
- The Deputy Director-General completed Anti Money Laundering training "Understanding Corporate Documents for AML" presented on the 15 January.
- The Supervisor Economic Regulation/Air Carrier Licensing Officer and the Acting Finance and Compliance Supervisor attend Essentials of Leadership (Part 1) provided by the Chamber of Commerce

- The Deputy Director-General, Supervisor Economic Regulation & Administration, HR Manager, Director Finance and Compliance and the Lead Technical Officer attended the "How to Work with Difficult People" training offered by the Chamber of Commerce.
- The Deputy Director-General, Supervisor Economic Regulation & Administration and the HR Manager attend quarterly ASSI – Overseas Territories Aviation Authorities (OTAAs) training and development webinars.

FINANCE & COMPLIANCE

- The Director of Finance and Compliance and Acting Finance and Compliance Supervisor attended Human Factors in Risk Management training in March 2025.
- Acting Finance and Compliance Supervisor completed Anti Money Laundering training "Understanding Corporate Documents for AML" presented on the 15 January
- The Acting Finance and Compliance Supervisor completed the Advanced AML Training - Responsibilities and Liability of AML Officers on 13 May 2025.
- The Director of Finance and Compliance presented on the registration of aircraft at the Cayman Islands Transition Aircraft Workshop in Dublin, Ireland in November. The session focused on outlining the step-by-step registration process, eligibility criteria, required documentation, and the roles and responsibilities of owners, operators, financiers, and legal representatives.

CHARITABLE INITIATIVES & COMMUNITY SERVICE

- The CAACI is dedicated to supporting our community to help ensure a brighter future for the people of the Cayman Islands. Our team achieves this in a number of ways including:
  - **Hosting Interns**
    - The CAACI continued in 2025 to host interns with serious interest in pursuing careers in aviation. The programme offers acept4ed interns to spend time in each functional division to learn the specific regulatory roles and responsibilities coupled with CAACI coordinated visits to industry partners such as the Cayman Islands Airports Authority, Air Traffic Control, Cayman Airways, Ltd and handling companies.
  - **Charitable Donations:**
    - Throughout 2025 the CAACI staff participated in various local charitable initiatives including the below and donated a total contribution of over CI$2075.61.
    - Derek Larner Memorial Run
    - The Family Resource Centre
    - The Lions Club of Tropical Gardens
    - Rotary
    - Cayman's ARK

LOOKING FORWARD TO 2026

The CAACI will continue to invest in technology, development of succession plans and recruitment exercises to ensure appropriate levels of technical regulatory and administrative staff are provisioned for the future; competency development of staff and contractors, safety and economic oversight enhancements; specific divisional goals include:

AIR SAFETY REGULATION

As the aviation sector continues to evolve, the ASR Division remains focused on enabling growth without compromising safety. Preparations for the next phase of the CAA3 platform, continued expansion of RPAS operations, and ongoing investment in staff training, succession, and technical capability position the Division strongly for 2026 and beyond.

Through sound governance, international compliance, and high-performing technical teams, the ASR Division continues to safeguard aviation safety while supporting the Cayman Islands' role as a respected global aircraft registry.

AIR NAVIGATION SERVICES REGULATION

Looking forward, the ANSR Division will continue to evolve its regulatory oversight framework to respond to emerging operational, technological, and organizational developments within the aviation sector. Key priorities will include maintaining robust oversight of system enhancements, further embedding risk- and performance-based regulatory approaches, and reviewing opportunities to improve efficiency across the Authority. The Division will also focus on strengthening organizational resilience through targeted cross-training initiatives, supporting continuity of regulatory functions and effective workforce planning. Through proactive engagement with stakeholders and international partners, and continued alignment with ICAO requirements and corporate performance objectives, the Division remains committed to supporting the safe, resilient, and sustainable development of the aviation industry in the Cayman Islands.

ECONOMIC REGULATION & ADMINISTRATION

The ER&A division will continue to :

- lead on strategic planning exercises including the identification of divisional objectives and operational tactics to achieve new strategic priorities set for the next 5 years across the Authority in the 2026 – 2030 Strategic Plan; align with the Cayman Islands Government's broad strategic priorities, and
- support to Finance & Compliance in effort to align budget processes to the CI Government's Outcome based budgeting initiative.
- lead on the development of an overall succession plan for the Authority to ensure that key/critical posts are provisioned for and resourced to future-proof and ensure business continuity and growth and sustainability.

A review of gap analysis to identify training needs, development of forward-looking training plans for each staff member, and audits to ensure training records are current and up-to-date to ensure ease of access for regulatory audits and assessments aligned with the ICAO OLF and PQs,

Refinement of internal electronic filing systems to improve access to information and data in a structured, standardised format

Alignment of the organisational structure (posts, roles and responsibilities) with strategic priorities to ensure that the Authority is poised to achieve its strategic goals

Continued support to IT initiatives to ensure the Authority can keep pace with the changing landscape of digital solutions, cybersecurity provisions and AI implementation.

The Economic Regulatory team, the focus will be on the finalisation of the modernisation of the ATLA regulations is priority, working with relevant CI Government legal and policy representatives. Also, continued alignment and adoption of UK DfT suggested procedures as pertains to the issuance of foreign carrier operating permits; participate in ASA discussions with the UK DfT and foreign governments at the appropriate ICAO forums (i.e., ICAN etc); cross-train and understand systems being used by ASSI.

FINANCE & COMPLIANCE

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

- Continuously monitor global and local regulatory changes, governance standards, and ethical practices, with particular attention to ESG (Environmental, Social, and Governance) reporting, and the implementation of new IFRS updates.
- Strengthen Anti-Money Laundering (AML) and Know Your Customer (KYC) protocols, ensuring alignment with the Cayman Islands Monetary Authority's Anti-Money Laundering Regulations, and best practices. Focus on real-time compliance monitoring for quick resolution of any issues.
- Perform regular risk assessments to identify emerging threats, such as fraud prevention, and enhance the internal control framework to mitigate financial misstatements and operational risks.
- Continue investing in financial technologies to streamline reporting and audits, ensuring greater transparency and documentation in preparation for external audits.
- Improve the accuracy of financial forecasting and budgeting using advanced analytics.
- Align financial objectives with corporate strategy and operational performance.
- Integrate financial analysis with risk data to support better decision-making at the senior management level.
- Enhance service-level standards for clients while maintaining regulatory robustness.
- Contribute to the continuous enhancement of CAACI's reputation as a robust, trusted, and well-governed aircraft registry.
- Develop structured learning pathways for finance and compliance staff, including succession planning for key roles.
- Encourage professional certifications and continuing professional development aligned with regulatory, accounting, and compliance disciplines.
- Collaborate with other divisions on the development of VP-C Online, CAACI's custom data management portal for managing all aircraft registrations, de-registrations, mortgage registrations, and operational approvals.
- Continue cross-divisional training to streamline processes and procedures to ensure optimal customer service to our clients.

2.2 FINANCIAL PERFORMANCE & ANALYSIS

GROWTH IN FINANCIAL PERFORMANCE – CAYMAN ISLANDS AIRCRAFT REGISTER

The Cayman Islands Aircraft Register (CIAR) contributed 7m (74%) of the Authority's overall revenue for the period (2024: $7.8m). 2025 has shown that revenue has decreased by approximately 9.9%.

Revenue for recurrent airworthiness certification fees for private and commercial aircraft was $2.3m (2024: $2.6m). For the year ending 31 December 2025, there was a net decrease in aircraft on the register of 47 (from 268 to 221), mostly attributed to the close out of transition projects on the register.

Of the 221 aircraft on the Register at the end of December, 50 were transition (23%), 129 private (58%) and 42 commercial (19%).

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

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

The interest of the lessor market for registration of aircraft transitioning between leases has remained constant for the past three years. This lease transitioning niche, which was officially launched in Dublin, Ireland in October 2019, has realized significant growth since its inception. The transition activity performed well during the period and generated revenue of $1.6 million (2024: $2.3m) accounting for 22% of aircraft registration revenue, a decrease of 32% from the 2024 period. 2024 was a particularly strong year for transition registrations, driven by a bankruptcy case that resulted in 48 new registrations. The market slowed in 2025 and is expected to remain subdued through the end of 2026, largely due to lease extensions stemming

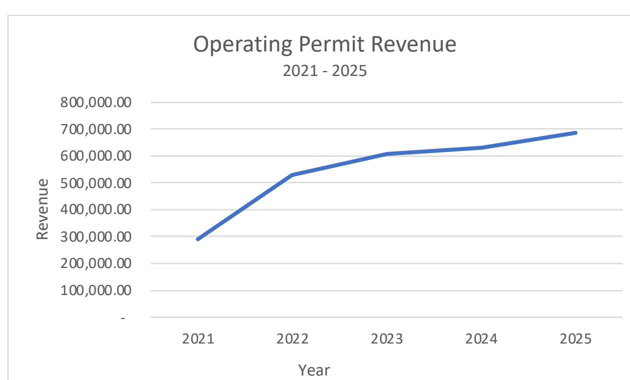
from ongoing aircraft supply chain constraints.

CIAA REGULATORY OVERSIGHT FEE

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

OPERATING PERMIT APPROVALS

Approvals for foreign registered operators; scheduled and non-scheduled air transport operations into the Cayman Islands have generated $685k in revenue in 2025, surpassing the results in the same period in 2024 ($629k). We have seen a steady increase in revenue over the past five years relating to very strong high tourism seasons (winter seasons). We are continuing to see an increase in the use of charters as a preferred means of travel. Fractional ownership, jet cards and shared ownership structures have made it more affordable to use this type of transport.



CAACI FINANCIAL PERFORMANCE JAN 1 2019 THROUGH DEC 31 2025

The schedule below shows audited major line items of revenue and expense from 2020 through 2025. The below shows:

- Revenue for the period was below projections by 8.52% as the level of growth projected was not achieved.
- There were savings in expenses of 11.91% during the period related to vacancies budgeted for but not filled by year end, training, travel and business development.
- Decrease in interest income of 10.3% during the period due to a reduction in interest rate.
- An unrealized gain of $335k from the actuarial valuations of the pension for the Defined Benefit Contribution Plan.
- An unrealized loss of ($207k) from the actuarial valuations for post-retirement healthcare.
- Dividend payments are calculated at 75% of Net Operating Income and are payable to the Cayman Islands Government (CIG) by March 31 of the subsequent year. The dividend payable for the year ended 31 December 2025 is $2.342 million.

CAACI Financial performance Jan 2020 through Dec 2025

The schedule below shows audited major line items of revenue and expense from 2020 through 2025. The below shows:

	2025 PY growth %	12 months ended Dec 31, 2025 in CI$ ('000's)	2024 PY growth %	12 months ended Dec 31, 2024 in CI$ ('000's)	2023 PY growth %	12 months ended Dec 31, 2023 in CI$ ('000's)	2022 PY growth %	12 months ended Dec 31, 2022 in CI$ ('000's)	2021 PY growth %	12 months ended Dec 31, 2021 in CI$ ('000's)	2020 PY growth %	12 months ended Dec 31, 2020 in CI$ ('000's)
Revenue												
Aircraft Registry (foreign and local)	-9.89%	7,036	3.43%	7,808	-6.36%	7,549	-5.16%	8,062	25.72%	8,501	0.76%	6,762
Aerodrome Regulatory Oversight (CIAA)	0.00%	1,300	0.00%	1,300	300.00%	1,300		325	-100.00%	-	-75.00%	250
Operating Permits - foreign entities	9.06%	686	2.78%	629	15.69%	612	82%	529	27.75%	290	-43.95%	227
Deposit Interest	-10.30%	540	17.81%	602	674.24%	511	288%	66	-83.33%	17	-38.55%	102
Total Revenue	-7.52%	**9,562**	3.68%	**10,339**	11.02%	**9,972**	**2%**	**8,982**	**20%**	**8,808**	**-11%**	**7,341**
Total Expenses from operations	-11.91%	**5,833**	23.20%	**6,622**	-1.21%	**5,375**	12.9%	**5,441**	5.58%	**4,821**	-4.12%	**4,566**
Other operating expenses:												
Depreciation expense (IFRS 16 up to 2021)	3.45%	240	7.91%	232	-8.51%	215		235		139		193
Bad debt expense (IFRS 9 Expected credit loss)	139.22%	366	-90.65%	153	493.12%	1,637		276		101		213
Expenses (non cash) service costs due to retirement plan valuations and new DC Post Retirement Healthcare Liability		-		-		411				4		9
Total expenses	-8.11%	**6,439**	-8.26%	**7,007**	28.33%	**7,638**		**5,952**		**5,065**		**4,981**
Net Income from Operations	-6.27%	**3,123**	42.76%	**3,332**	-22.97%	**2,334**	-19.0%	**3,030**	58.60%	**3,743**	-27.27%	**2,360**
Other comprehensive gains/(losses) (Post retirement plan valuations for DB plan members)	-90.72%	128	95.19%	1,380	-79.09%	707		3,381		48		(1,156)
Net Comprehensive Income (NCI)	53%	**3,251**	53%	**4,712**	-46%	**3,041**	69%	**6,411**	215%	**3,791**	-53%	**1,204**
Dividend payments made to CIG by 31 March of subsequent year (75% of audited NCI, with audit adjustments in subsequent year)		**2,342**		**2,499**		**1,751**		**2,273**		**2,843**		**903**

NET OPERATING INCOME

Net operating income of $3,123 million came in below budget by 14.56%. This was primarily driven by the shortfall in revenue projections, as the registry has remained stable without experiencing any significant growth.

CAACI actual financial performance results 2025 compared to 2025 Ownership Agreement with the CIG

	31-Dec-25	31-Dec-25	Variance Over/(Under)	%	
	Actual (unaudited)	Original Ownership Agreement (OA) (submitted in Aug 2023)	Actual vs Budget	Variance with original OA	Comments on variance (summarised)
	('000s)	('000s)	('000s)		
REVENUE					
Aircraft Registry (revenue from others)	6,669	8,196	(1,527)	-18.63%	Forecasted revenue anticipated growth within the Aircraft Registry; however, this growth was not realised during the period. Revenue from the private and commercial registry remained consistent with 2024 results, and we have also experienced a slowdown in revenue from transition aircraft.
Aircraft Registry (revenue from CIG entities)	367	354	13	3.67%	Cayman Airways, Police, MRCU, Water Authority
Aerodrome Certification Fee (revenue from CIG entity)	1,300	1,300	0		Regulatory fee charged to CIAA.
Operating permits	686	531	155	29.19%	Increase in revenue relates to a very strong high tourism season (winter season). We are continuing to see an increase in the use of charters as a preferred means of travel. Fractional ownership, jet cards and shared ownership structures have made it more affordable to use this type of transport.
Deposit interest and other income	540	72	468	650.00%	Interest rates ranged from 3.4% to 4.45% since original forecast, interest rates were as low as 0.1% when the original budget was drafted.
Total Revenue from operations	**9,562**	**10,453**	**(891)**	-8.52%	
EXPENSES					
Expenses (cash) from regular operations	5,654	6,578	(924)	-14%	There were savings in personnel costs due to vacancies budgeted not filled by year end, business development and Admin travel not undertaken as expected.
Expenses (non cash) Depreciation and bad debt expense	606	220	386	175.45%	Depreciation and bad debt expense (includes unpaid CIAA fees, not included in forecast)
Expenses (non cash) service costs due to retirement plan valuations	179		179		Service costs for the period relating to Post Retirement Healthcare and Pension.
Total Expenses	6,439	6,798	(359)	-5.28%	
Net Income from operations	**3,123**	**3,655**	**-532**	-14.56%	Net Income from operations was below budgeted projections due to the shortfall in revenue.
Other comprehensive gains/(losses):					
As per actuarial valuations for year ending 31 December 2025:					
Remeasurement of defined benefit pension obligation :gain/ (loss)	335	(250)	585		2025 Actuarial Valuations
Remeasurement of post-retirement healthcare obligation:gain/ (loss)	(207)	(250)	43		
Total Comprehensive Net Income	**3,251**	**3,155**	**96**	**3.04%**	

CAPITAL EXPENDITURE

The following provides a summary of actual versus budgeted capital expenditure. The new office accommodation project at 205 Airport Road, which commenced in 2018 and was completed in February 2021, is presented separately to allow for additional building enhancements. During the period, repairs were undertaken due to a water leak and were fully expensed in that period. Although these costs were not capitalised, funding from the original project budget was used to complete the repairs. To date, the project is $465k under budget.

Jan 2017 to December 2025 $'000	**Total Budget 2017- 2025 $'000**	**Amount spent during 12 months to December 2025**	**Amount unspent on project budget at end of December 2025**	**OFFICE ACCOMMODATION PROJECT**	**Comments**
583	583	-	-	Land for Office Complex	99-year lease between CIAA and CAACI signed 11 May 2016; purchased January 2018, including demolition and site preparation
3,452	3,917	70	465	New office accommodation – Airport Rd	Building Repairs have been taken from the funding approved by cabinet in relation to the building, but have been expensed in full during the 2025 period. Breakdown of expenses below: Water Ingress Investigation (2k) Water Infiltration Investigation of Windows, Doors and Exterior Walls (23k) Payment for interior repairs - foam, sheetrock repairs and painting (22k) SIKA Thorolastic Paint (13k) Deposit for Exterior painting (6k) Scaffolding for exterior painting (4k)
299	300	-	1	Furniture & fixtures	No new purchases to date in 2025.
61	100	-	39	Office Equipment	No new purchases to date in 2025.
4,395	**4,900**	**70**	**505**	**Total Office Accomodation Project**	Cabinet approval given to the CAA for retention of $4.5 million in reserves to be used in development of office building complex (Oct 2017)
				OTHER CAPITAL EXPENDITURE	
12 m/e December 2025 Actual $'000	**full (12 mth) 2025 Budget $'000**				**Explanation of actual**
2	14	2	12	Furniture & Fixtures	Office cabinets.
12	46	12	34	Computer Hardware & Office Equipment	9 new laptops for CAACI staff and contractors.
-	148	-	148	Developed software (BIC)	No new purchases in 2025.
14	**208**	**14**	**194**	**Total Other Capital Expenditure**	

Results of Financial Position at December 2025 vs Ownership Agreement

	Actual audited at 31 Dec 2025	Forecast per OA	Difference	Explanation for difference
Total Assets:				
Cash and short term deposits	18,626	17,414	1,212	Interest on fixed deposits have increased the CAACI's short term deposits above projections.
Trade and other receivables	1,296	1,112	184	
Total Current Assets	**19,922**	**18,526**	**1,396**	
Other Non-current assets	8	39	(31)	CUC deposit
Capital Assets	3,700	3,982	(282)	Capital Assets are under budget, as funding allocated for bespoke software development was not utilised during the period.
Defined benefit pension asset	1,819	-	1,819	Based on actuarial valuation reports.
Total non-current assets	**5,527**	**4,021**	**1,506**	
Total Assets	**25,449**	**22,547**	**2,902**	
Total Liabilities:				
Total current liabilities	833	1,023	(190)	Reduction in Accounts Payable for the period.
Dividends payable to CIG	1,242	2,741	(1,499)	Dividend Payable is based on 75% of net operating income.
Total current liabilities	**2,075**	**3,764**	**(1,689)**	
Non-current liabilities (staff retirement obligations)	4,666	4,830	(164)	Liabilities determined by actuarial valuations of the funded DB pension plan and the unfunded post-retirement healthcare plan. There are 5 active staff members on these plans, the associated amounts are difficult to forecast.
Total Liabilities	**6,741**	**8,594**	**(1,853)**	
Net Worth	18,707	13,953	4,755	Includes unrealised gain for DB post retirement plan
Cash Flows from Operating activities	3,515	3,875	(360)	Due to a healthy net income, and a reduction in payables and contract liabilities for the period.
Cash used in investing Activities	(542)	(284)	(258)	Includes 530k for increase in short-term deposits and 12k for purchase of Capital Assets, mainly computer hardware.
Cash used in Financing Activities	(3,600)	(2,426)	(1,174)	Dividend payment to CI Government
FINANCIAL PERFORMANCE RATIOS				
Return on Investment	**12%**	**14%**	**-2%**	An ROI over 10% is considered very healthy
Net Operating Income	3,123	3,155	(32)	
Total Assets	**25,449**	**22,547**	**2,902**	Increase in cash over expected due to interest on fixed deposits
Current Assets : Current Liabilities	960%	724%	236%	
Total Assets : Total Liabilities	378%	210%	168%	on target
Number of Key Management Personnel (Board)	8	9		Awaiting appointment of 9th member by the Ministry
Number of Key Senior Management	5	5		On target

FINANCIAL PERFORMANCE 2025:
KEY PERFORMANCE INDICATOR RESULTS AND ANALYSIS

KEY PERFORMANCE INDICATORS	RESULTS FOR REPORTING PERIOD (AGAINST BASELINE)	RESULTS OF ANALYSIS
Number of new clients to the CI Aircraft Registry/ new registration revenue	In 2025 there was a decrease in the number of aircraft on the registry from 268 (2024) to 221 (2025). 50 were transition (23%), 129 private (58%) and 42 commercial aircraft (19%).	**Lessor Transition** Registrations: There were 39 new transition registrations and 84 de-registrations, resulting in a net loss of 45 for lessor transition registrations. Lessor project fees accounted for 22% of Aircraft Registry Revenue for 2025. **Private Registrations:** There were 23 new private registrations and 25 de-registrations resulting in a net loss of 2 private aircraft **Commercial Registrations:** There were 2 new registrations and 2 de-registrations, there were also 5 aircraft which changed from private to commercial during the period.
Levels of industry self-sufficiency/ Annual Net Income	Net Income from operations were below forecast by 14.56%.	Revenue for the period was 8.52% below projections. Aircraft Registry revenue was below original projections by 14.96%, but revenue from Operating Permits and Deposit Interest exceeded projections for the period. Total expenses were 5.28% below original projections. The operating Net Income for the period is 3.123m.
Expenses are being managed and not exceeding budget	Total cash operating expenses for 2025 is $924k (14%) less than forecasted.	The overall savings in expenses related to personnel costs due to vacant positions, associated training and Business Development travel budgeted but not undertaken.
Unqualified audits achieved with no material misstatements	The last 10 years of audits have been unqualified with no material misstatements	The CAACI works diligently throughout the year, as a routine, to ensure that there are no material misstatements or departures from internal control to jeopardise the quality of the recording and reporting of the CAACI's financial performance.

3.0 SUPPLEMENTARY INFORMATION

3.1 ACRONYMS AND ABBREVIATIONS

ACRONYMS AND ABBREVIATIONS

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

CIVIL AVIATION AUTHORITY
OF THE CAYMAN ISLANDS

FINANCIAL STATEMENTS
31 DECEMBER 2025

CIVIL AVIATION AUTHORITY
OF THE CAYMAN ISLANDS

Audited Financial Statements

For the year ended 31 December 2025

Civil Aviation Authority of the Cayman Islands
Financial Statements
For the year ended 31 December 2025
Stated in Cayman Islands Dollars

Civil Aviation Authority of the Cayman Islands
Statement of Responsibility for the Financial Statements
For the year ended 31 December 2025

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

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

As Director-General and Chairman, we are responsible for establishing and have established and maintained a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorised by law, and properly record the financial transactions of the Civil Aviation Authority of the Cayman Islands.

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

The financial statements present fairly the financial position as at 31 December 2025 and the comprehensive income and cash flows of the Civil Aviation Authority of the Cayman Islands for the financial year ended 31 December 2025.

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

a) Completely and reliably reflect the financial transactions of Civil Aviation Authority of the Cayman Islands for the financial year ended 31 December 2025;

b) Fairly reflect the financial position as at 31 December 2025 and its comprehensive income for the year ended 31 December 2025; and

c) Comply with International Financial Reporting Standards under the responsibility of the International Accounting Standards Board.

The Office of the Auditor General conducts an independent audit and expresses an opinion on the accompanying financial statements. The Office of the Auditor General has been provided access to all the information necessary to conduct an audit in accordance with International Standards on Auditing.

P. H. Richard Smith (Mr.)	Sherice Arman (Ms.)
Director-General	Deputy Chairman of the Board of Directors
Date: 24 April 2026	Date: 24 April 2026

Office of the Auditor General
CAYMAN ISLANDS

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AuditorGeneral@oag.gov.ky
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P.O. Box 2583
Grand Cayman, KY1-1103, Cayman Islands

AUDITOR GENERAL'S REPORT

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

Opinion

I have audited the financial statements of the Civil Aviation Authority (the "Authority"), which comprise the statement of financial position as at 31 December 2025, and the statement of financial performance, statement of changes in equity and cash flows statement for the year ended 31 December 2025, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 8 to 30.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at 31 December 2025 and its financial performance and its cash flows for the year ended 31 December 2025 in accordance with International Public Sector Accounting Standards.

Basis for Opinion

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

Emphasis of Matter

As outlined in note 18 of the financial statements, the Public Authorities Act (2020 Revision), Section 47 – Terms and conditions and remuneration of staff, came into effect on 1 June 2019 and required all Statutory Authorities and Government Companies to comply with its requirements to standardise salaries and benefits. There is a difference of opinion between the Authority and the Cayman Islands Government as to whether there is an agreed salary scale, which means that this requirement has not been implemented yet, and consequently, the financial impact is not reflected in these financial statements. My opinion is not modified in respect of this matter.

My opinion is not qualified with respect to this matter.

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

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

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

AUDITOR GENERAL'S REPORT (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Authority's 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 (2026 Revision)*. I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Patrick O. Smith, CPA, CFE
Auditor General

24 April 2026
Cayman Islands

Civil Aviation Authority of the Cayman Islands
Statement of Financial Position
For the year ended 31 December 2025
Stated in Cayman Islands Dollars

	Note	2025	2024
Assets			
Current assets			
Cash and cash equivalents	**4(a)**	4,483,337	5,110,165
Short-term deposits	**4(b)**	14,142,937	13,613,138
Trade and other receivables	**5**	1,295,347	1,537,500
Total current assets		**19,921,621**	**20,260,803**
Non-current assets			
Other non-current assets	**6**	8,410	8,410
Capital assets	**7**	3,700,305	3,928,196
Defined benefit pension asset	**11(a)**	1,819,000	1,364,000
Total non-current assets		**5,527,715**	**5,300,606**
Total Assets		**25,449,336**	**25,561,409**
Liabilities and Equity			
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	**8**	680,768	826,355
Contract liabilities	**9, 2(g)**	153,011	276,521
Dividend payable to Cayman Islands Government	**10(a)**	1,241,581	2,499,327
Total current liabilities		**2,075,360**	**3,602,203**
Non-current liabilities			
Defined Benefit Post-retirement healthcare obligation	**11(b)**	3,500,000	2,852,000
Defined Contribution Post-retirement healthcare obligation		1,166,000	1,308,000
Total non-current liabilities		**4,666,000**	**4,160,000**
Total Liabilities		**6,741,360**	**7,762,203**
Equity		**18,707,976**	**17,799,206**
Total Liabilities and Equity		**25,449,336**	**25,561,409**

Approved for issuance on behalf of Civil Aviation Authority of the Cayman Islands on 24 April 2026.

R. Smith ________________________________ (Director-General)

J. M. Wood ________________________________ (Director of Finance & Compliance)

The accompanying notes on pages 8-30 form an integral part of these financial statements.

Civil Aviation Authority of the Cayman Islands
Statement of Comprehensive Income
For the year ended 31 December 2025
Stated in Cayman Islands Dollars

	Note	2025	2024
INCOME			
Aircraft registry			
Air safety regulation and certification fees	**12 (a)**	6,280,084	7,035,397
Surveyor fees and net reimbursable expenses	**12 (c)**	756,012	772,798
Total aircraft registry income		**7,036,096**	**7,808,195**
Other income			
Aerodrome oversight fees	**12 (b)**	1,300,000	1,300,000
Aircraft operating permits	**12 (d)**	685,600	629,400
Other income	**12 (e)**	540,438	601,566
Total other income		**2,526,038**	**2,530,966**
Total income		**9,562,134**	**10,339,161**
EXPENSES			
Operating expenses			
Personnel costs	**13 (a)**	3,389,444	4,414,303
Office administration and business development	**13 (b)**	868,253	734,319
Professional and licensing fees	**13 (c)**	1,341,561	1,290,652
Travel – official, training and administrative	**13 (d)**	233,692	182,947
Total operating expenses		**5,832,950**	**6,622,221**
Other expenses			
Depreciation expense – Capital assets	**7**	239,630	232,053
Bad debt expense	**5**	366,447	152,451
Total other expenses		**606,077**	**384,504**
Total expenses		**6,439,027**	**7,006,725**
Net income for the year		**3,123,107**	**3,332,436**
Other comprehensive income			
Re-measurement of defined benefit pension obligation	**11 (a)**	335,000	946,000
Re-measurement of post-retirement healthcare obligation	**11 (b)**	(207,000)	434,000
Total comprehensive income		**128,000**	**1,380,000**
Total comprehensive income for the year		**3,251,107**	**4,712,436**

The accompanying notes on pages 8 -30 form an integral part of these financial statements.

Civil Aviation Authority of the Cayman Islands
Statement of Cash Flows
For the year ended 31 December 2025
Stated in Cayman Islands Dollars

	2025	2024
Cash flows from operating activities		
Net operating income for the year	**3,123,107**	**3,332,436**
Adjustments for:		
Depreciation expense	239,630	232,053
Decrease in trade and other receivables	242,153	(551,349)
(Decrease) / Increase in accounts payables and accrued liabilities	(145,587)	93,827
(Decrease) in contract liabilities	(123,510)	(1,530)
Movement in operating income for defined benefit obligation (pension & health) service and interest costs	179,000	1,582,000
Net cash from operating activities	**3,514,793**	**4,687,437**
Cash flows from investing activities		
Increase in short-term deposits	(529,799)	(596,542)
Purchase of capital assets	(11,745)	(104,422)
Net cash used in investing activities	**(541,544)**	**(700,964)**
Cash flows used in financing activities		
Dividends paid	(3,600,077)	(2,134,845)
Net cash used in financing activities	**(3,600,077)**	**(2,134,845)**
Net (decrease) / increase in cash and cash equivalents	**(626,828)**	**1,851,628**
Cash and cash equivalents at beginning of the year	**5,110,165**	**3,258,537**
Cash and cash equivalents at end of the year	**4,483,337**	**5,110,165**

The accompanying notes on pages 8-30 form an integral part of these financial statements

Civil Aviation Authority of the Cayman Islands
Statement of Changes in Equity
For the year ended 31 December 2025
Stated in Cayman Islands Dollars

	Note	2025	2024
Balance at beginning of the year		17,799,206	15,662,340
Net operating income for the year		3,123,107	3,332,436
Other comprehensive gain	**11 (a) (b)**	128,000	1,380,000
Dividend declared	**10 (a)**	(2,342,337)	(2,575,570)
Balance at end of the year		**18,707,976**	**17,799,206**

The accompanying notes on pages 8-30 form an integral part of these financial statements.

1. Background information

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

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

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

The registered address of the Civil Aviation Authority is P.O. Box 10277 APO, Grand Cayman, Cayman Islands and is located at 205 Owen Roberts Dr. The Civil Aviation Authority has 23 full time employees as at 31 December 2025 (2024: 22).

2. Significant Accounting Policies

a) Basis of Presentation

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

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

No new accounting standards, amendments, or interpretations were adopted by the Authority during the year ended 31 December 2025.

2. Significant Accounting Policies (continued)

(i) New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Authority has decided not to adopt early.

The following amendments are effective for the annual reporting period beginning 1 January 2026:

- **Amendment to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instrument Disclosures)**

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

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

The following standards and amendments are effective for the annual reporting period beginning 1 January 2027:

- **IFRS 18 Presentation and Disclosure of Financial Statements**

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

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

2. Significant Accounting Policies (continued)

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

b) Capital assets

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

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

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

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

c) Foreign currency translation

i) Functional and presentation currency - Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The financial statements are presented in Cayman Islands dollars, which is the entity’s functional and presentation currency.

ii) Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transactions. Assets and liabilities recorded in currencies other than Cayman Islands Dollars are translated at exchange rates in effect as at 31 December 2025.

d) Cash and cash equivalents

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

2. Significant Accounting Polices (continued)

e) Short-term deposits

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

f) Revenue

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

g) Financial assets and liabilities

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

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

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

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

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

Offsetting financial instruments

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

2. Significant Accounting Policies (continued)

h) Employee benefits

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

(i) Pension obligations

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

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

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

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

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

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

(ii) Post-employment healthcare plan

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

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

3. Critical Accounting Estimates and Judgements

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

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

Employee benefits – post-employment pension and healthcare

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

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

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

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

4. Cash and cash equivalents and short-term deposits

	2025	2024
a) Cash and cash equivalents		
Cash on hand	1,730	1,383
Current and call accounts	4,481,607	5,108,782
Total cash and cash equivalents	4,483,337	5,110,165
b) Short-term deposits		
Fixed deposits	14,142,937	13,613,138
Total cash and cash equivalents and short-term deposits	14,142,937	18,723,303

Current and call account holdings are**:**

	2025	2024
- Cayman National Bank	4,139,992	4,886,421
- Bank of Butterfield	312,056	162,367
- NatWest UK (GBP 26,292) *(Exchange Rate of GBP to KYD 1.12426 at 31 December 2025)*	29,559	59,994

Fixed deposit holdings are:

- Cayman National Bank	11,631,442	11,205,180
- Cayman Islands Government	2,511,495	2,407,958

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

5. Trade and other receivables

Trade receivables comprise of balances due from clients of the Aircraft Registry [Note 12(a)] and the Cayman Islands Airports Authority ("CIAA") for the Aerodrome oversight fee [Note 12(b)]. Lifetime expected credit losses have been calculated using sales invoices billed between 1 October 2024 and 30 September 2025 and the actual cash collection dates of these invoices to determine a historical collection profile by ageing category.

The amount uncollected is used to determine the loss rate by aging category. This is then applied to the aged trade receivables as at 31 December 2025 to determine the expected credit loss at that date. The expected credit loss includes the full amount uncollected over 365 days. The calculated loss rates applied against the ageing categories and the resulting expected credit loss are shown in the following ageing profile of trade receivables table:

Ageing profile of trade receivables

Period Outstanding (Days)	Loss rate at 31 December 2025	Ageing balance of receivables at 31 December 2025	Expected credit loss at 31 December 2025	Ageing balance of receivables at 31 December 2024	Expected credit loss at 31 December 2024
0-30	5.8%	1,001,188	58,035	1,091,440	48,860
31-90	13.83%	209,076	28,911	344,843	53,495
91-180	49.62%	124,985	62,015	160,334	66,087
181-365	94.18%	226,265	213,099	126,540	105,030
Over 365	100%	-	-	23,323	23,323
Full provision for CIAA	100%	2,225,000	2,225,000	1,925,000	1,925,000
Total Trade Receivables		**3,786,514**	**2,587,060**	**3,671,480**	**2,221,795**

The $2,225,000 in relation to the CIAA Aerodrome oversight fee has been separated from the remaining Accounts Receivable and provided for at 100%, with the exception of $250,000 due for quarter 4 of 2025 which is expected to be received.

	2025	2024
Trade accounts receivable	3,786,514	3,671,480
Other receivables	95,893	87,815
Allowance for doubtful accounts	(2,587,060)	(2,221,795)
Trade and other receivables (net)	**1,295,347**	**1,537,500**

Of the total trade accounts receivable outstanding at 31 December 2025, $2,475,000 (2024: $2,175,000) was due from the Cayman Islands Airports Authority ("CIAA") for the quarterly fees due for Regulatory services referred to in Note 12b. $2,225,000 of this amount is currently being disputed by CIAA and has been fully provided for as a bad debt expense. $175,197 (2024: $75,017) was due from Cayman Airways Limited, $3,800 (2024: $3,458) from the Mosquito Research & Control Unit, and nil (2024: 8,582) from the Royal Cayman Islands Police Service. The Cayman Islands Airports Authority, Cayman Airways Limited, Mosquito Research & Control Unit, and the Royal Cayman Islands Police Service are related parties of the Authority.

5. Trade and other receivables (continued)

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

	2025	**2024**
Opening allowance for doubtful accounts	2,221,795	2,070,027
Increase in allowance:		
Bad debt expense in relation to CIAA Aerodrome Oversight Fees	300,000	300,000
Movement in expected credit loss Provision	89,988	(118,244)
Bad debt recovery	(23,541)	(29,305)
Bad debt expense (net)	366,447	152,451
Write off of customer balances previously provided for in allowance	(1,182)	(683)
Closing allowance for doubtful accounts	**2,587,060**	**2,221,795**

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

As of 31 December 2025, receivables of $560,326 (2024: $655,040) were considered past due (over 30 days). There were no accounts with an outstanding balance over 365 days with the exception of the CIAA. The remaining balance relates to a number of independent customers from whom there is no recent history of default or to related party customers guaranteed by the Cayman Islands Government.

6. Other Non-Current Assets

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

Civil Aviation Authority of the Cayman Islands
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7. Capital Assets

Property Plant and Equipment	**Furniture and Fixtures**	**Computer Hardware**	**Office Equipment**	**Land**	**Office Building**	**Vehicles**	**Total**
Historical cost of assets:							
As at 1 January 2024	299,494	115,365	91,360	582,693	3,386,293	88,580	4,563,785
Transfers	-	-	-	-	7,961	-	7,961
Additions	5,772	12,845	3,966	-	39,625	-	62,208
Disposals	-	(70,701)	(11,349)	-	-	-	(82,050)
As at 31 December 2024	305,266	57,509	83,977	582,693	3,433,879	88,580	4,551,904
Additions	2,005	11,497	-	-	-	-	13,502
Transfers	-	-	-	-	(1,196)	-	(1,196)
Disposals	-	(2,293)	-	-	-	-	(2,293)
As at 31 December 2025	307,271	66,713	83,977	582,693	3,432,683	88,580	4,561,917
Accumulated depreciation:							
Brought forward, as at 1 January 2024	73,135	94,271	43,567	-	381,779	7,380	600,132
Charge for period	30,094	13,117	15,978	-	142,162	17,712	219,063
Disposals	-	(69,478)	(11,349)	-	-	-	(80,827)
As at 31 December 2024	103,229	37,910	48,196	-	523,941	25,092	738,368
Charge for year	30,629	11,726	16,307	-	146,528	17,722	222,912
Disposals	-	(1,726)	-	-	-	-	(1,726)
As at 31 December 2025	133,858	47,910	64,503	-	670,469	42,814	959,554
Net book value as at 31 December 2024	**202,037**	**19,599**	**35,781**	**582,693**	**2,909,938**	**63,488**	**3,813,536**
Net book value as at 31 December 2025	**173,413**	**18,803**	**19,474**	**582,693**	**2,762,214**	**45,766**	**3,602,363**

7. Capital Assets (Continued)

Intangible Assets	**Computer Software**	**Assets Under Construction**	**Total**
As at 1 January 2024	147,754	73,015	220,769
Additions	26,242	17,200	43,442
Transfers	58,248	-	58,248
Disposals	-	(58,248)	(58,248)
As at 31 December 2024	232,244	31,967	264,211
As at 31 December 2025	232,244	31,967	264,211
Accumulated depreciation:			
Brought Forward, as at 1 January 2024	136,561	-	136,561
Charge for period	12,990	-	12,990
As at 31 December 2024	149,551	-	149,551
Charge for year	16,718	-	16,718
As at 31 December 2025	**166,269**	-	166,269
Net book value as at 31 December 2024	82,693	31,967	114,660
Net book value as at 31 December 2025	65,975	31,967	97,942

8. **Accounts payable and accrued liabilities**

	2025	**2024**
Accrued employee incentive awards	205,604	190,558
Accrued expenses	199,026	147,385
Accounts payable	146,708	345,160
Customer deposits on account	123,760	139,463
Other payables	5,670	3,789
Total accounts payable and accrued liabilities	680,768	826,355

9. Contract liabilities

The Authority recognizes revenue when the amount of revenue can be reliably measured and when performance has been completed; and when specific criteria have been met for each of the Authority's activities as described in Note 12. Contract liabilities in the Statement of Financial Position represent unearned revenue where performance obligations have yet to be completed. The amount of this liability at 31 December 2025 is $153,011 (2024: $276,521).

10. Related party balances and transactions

(a) Dividend payable to Cayman Islands Government

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

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

As at 31 December 2025 a total of $1,241,581 (2024: $2,499,327) was payable to the CIG as detailed below:

	2025	**2024**
Brought forward dividends payable	2,499,327	2,058,598
Dividends paid during the year	(3,600,077)	(2,134,841)
Adjustment to dividend payment calculation	1,100,750	76,243
Dividend payable on comprehensive income	1,241,581	2,499,327
Total Dividend Payable	**1,241,581**	**2,499,327**

10. Related party balances and transactions (continued)

(b) Register of Interests

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

(c) Key Employee Benefits

The key employees of the Civil Aviation Authority are the Director General, the Director of Air Navigation Regulation, the Deputy Director-General, Economic Regulation and Administration, the Director of Finance and Compliance and the Director of Air Safety Regulation. Total salary and employee benefits for these five employees expensed in the year ended 31 December 2025 amounted to $1,163,252 (2024: $1,047,930). The total amount paid out for the 2024 performance incentive award for key employees and settled prior to year-end was $70,349.

The Deputy Director-General, Economic Regulation and Administration, Director of Air Navigation Services, and Director of Finance and Compliance (Designate) have the benefit of having an additional 6.4% of their base pay paid into their pension fund by the Authority in addition to the base 6% contribution. The Director General, through his employment contract approved by the Governor and Board of Directors, is provided with a vehicle including running costs, insurance and maintenance. Under the medical coverage program, as is for all staff, claims not covered by the insurance provider and are deemed to be medical necessities are fully subsidized by the Authority. For the year ended 31 December 2025 this amounted to $11,138 (2024: $4,441) for all key employees.

	2025	**2024**
Base salary	774,545	704,898
Pension	75,946	71,431
Medical coverage	137,800	129,030
Accrued vacation leave	95,913	70,140
Fuel allowance	1,593	1,940
Performance incentive award (estimated and unpaid)	77,455	70,490
Total key employee benefits	**1,163,252**	**1,047,930**

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

Professional fees include a Memorandum of Understanding ("MOU") between the CIG and the United Kingdom (UK) Government, signed by the Premier of the Cayman Islands in November 2011. This MOU indicates an undertaking by the CIG to pay an annual fee. The Framework charge for April 2025 – March 26 is $122,672 and invoiced quarterly at $30,668 ($27,182 in 2024) for the support service for the use of the UK Aviation Safety Regulations which is regulated by Air Safety Support International (ASSI), the aviation regulatory arm of the UK Government. This fee commenced on 1 April 2012 and is billed by ASSI to the CIG at the end of every quarter. The amount is invoiced to the CIG by ASSI and CIG (The Financial Secretary) passes the invoices on to the Authority for direct payment to ASSI.

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

11. Post-retirement benefits

(a) Pensions

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

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

i. Defined contribution plan

In accordance with the Cayman Islands National Pensions Act, the employees of the Authority that participate in the defined contribution pension plan with private pension companies are required to contribute an amount of 5% of their annual salaries to the plan during the year and the Authority matches such contributions up to 5%. The pension contributions paid by the Authority for employees participating in the defined contribution pension plan with PSPB under the Public Service Pensions Act (the "Act"), are expensed as incurred in the Statement of Comprehensive Income. For the year ended 31 December 2025 the amount of $60,349 (2024: $47,360) was contributed by the Authority.

ii. Defined benefit plan

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

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

11. Post-retirement benefits (continued)

(a) Pensions

	Present value of obligation $'000	Fair value of plan assets $'000	Net liability/ (asset) $'000
As at 31 December 2024	**2,350**	**(3,714)**	**(1,364)**
Current service cost	64	-	64
Interest expense/(income)	128	(204)	(76)
	192	(204)	(12)
Re-measurements:			
- Return on plan assets	-	(441)	(441)
- Gain from changes in financial assumptions	106	-	106
- Loss on changes in demographic assumptions	-	-	-
	106	(441)	(335)
Contributions:			
- Employers	-	(108)	(108)
- Plan participants	24	(24)	-
Payments from plan:			
- Benefit payments	(34)	34	-
-Transfer between other participating employers	34	(34)	-
- Administrative expenses	-	-	
As at 31 December 2025	**2,672**	**(4,491)**	**(1,819)**

	2025 $'000	2024 $'000
Statement of Financial Position:		
Defined benefit obligation at end of period	2,672	2,350
Fair value of plan assets at end of period	(4,491)	(3,714)
(Asset) / Liability in the Statement of Financial Position	**(1,819)**	**(1,364)**

The principal actuarial assumptions at the date of valuation:

	2025 %	2024 %
1. Discount Rate	5.65	5.75
2. Rate of salary increase	3.00	5.00
3. Rate of price inflation	3.10	2.90
4. Rate of pension increase	3.10	2.90

5. Post-employment mortality table – 2025: RP-2014 then projected on a generation basis using scale MP-2021 (2024: RP-2014 then projected on a generation basis using scale MP-2021).

11. Post-retirement benefits (continued)

(a) Pensions

Other Assumptions regarding future mortality are based on actuarial advice in accordance with published statistics and experience in each territory. The sensitivity of the defined benefit obligation at 31 December 2025 and 31 December 2024 to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation 2025		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.25%	Decrease by 3.41%	Increase by 3.63%
Inflation rate	0.25%	Increase by 2.58%	Decrease by 3.41%
Mortality*	10%	Decrease by 1.72%	Increase by 1.91%

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

* As at 31 December 2025 the assumed life expectancy of a person retiring today at age 57 is 29.02 (2024: 28.87).

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

The significant plan assets are comprised of:

	2025	**2024**
Global Equities	67%	78%
Debt Securities	24%	18%
Real estate	4%	-
Infrastructure	4%	3%
Cash	1%	1%
	100%	**100%**

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

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

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

11. Post-retirement benefits (continued)

(a) Pensions

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

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

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

The weighted average duration of the defined benefit obligation is 14.85 years (2024: 15.56 years).

(b) Post-retirement healthcare benefits

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

a. Mortality rates – 2025: RP-2014 Mortality Table (2024: RP-2014 Mortality Table).
b. Mortality improvement scale – 2025: Scale MP-2021 (2024: Scale MP-2021).
c. Discount rate assumption 2025: 5.85% (2024: 5.80%) for both defined benefit and defined contribution members

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

The sensitivity of the defined benefit obligation as at 31 December 2025 and 31 December 2024 to changes in the weighted principal assumptions is:

	Impact on obligation 2025		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.25%	Decrease by 4.1%	Increase by 4.3%
Healthcare cost trend rate	0.25%	Increase by 19.1%	Decrease by 15.3%
Mortality	10%	Not applicable	Decrease by 3.4%

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

11. Post-retirement benefits (continued)

b) Post-retirement healthcare benefits (continued)

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

	Present value of defined benefit obligation ('$000)	Present value of defined contribution obligation ('$000)
As at 31 December 2023	**3,039**	**-**
Operating expenses:		
- Current service cost	68	24
- Past service cost	-	1,350
- Interest expense	155	16
	223	1,390
Re-measurements:		
- Loss from change in demographic assumptions	-	-
- Gain from change in financial assumptions	(360)	(74)
- Experience losses	-	-
	(360)	(74)
Employer direct benefit payments	(50)	(8)
As at 31 December 2024	**2,852**	**1,308**
Operating expenses:		
- Current service cost	56	99
- Past service cost	-	-
- Interest expense	158	72
	214	171
Re-measurements:		
- Loss from change in demographic assumptions	(273)	(640)
- Gain from change in financial assumptions	754	353
- Experience losses	8	5
	489	(282)
Employer direct benefit payments	(55)	(31)
As at 31 December 2025	**3,500**	**1,166**

12. Revenue

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

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

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

Of the total Aircraft registry revenue at 31 December 2025, $333,292 (2024: $322,608) was invoiced to Cayman Airways Limited, $22,550 (2024: $24,500) to the Mosquito Research & Control Unit, nil to Lands and Survey Department (2024: 1,000), $1,000 to Water Authority Cayman Islands (2024: $0), and $10,500 (2024: 12,907) to the Royal Cayman Islands Police Service. Cayman Airways Limited, Mosquito Research & Control Unit, Lands and Survey Department, Water Authority and the Royal Cayman Islands Police Service are related parties of the Authority.

12. Revenue (continued)

(b) Aerodrome oversight fees

These fees represent mainly the charge for regulatory oversight by the Authority to CIAA on Owen Roberts International Airport (ORIA) and Charles Kirkconnell International Airport (CKIA). On 1 July 2018 a MOU between CAA and CIAA was signed whereby CAA would charge the CIAA $1,000,000 per annum for regulatory and oversight fees of the ORIA and CKIA. The MOU stated that this fee commenced on 1 July 2018 and would be effective for a period of three years, with an agreement to review annually. This MOU has been in place since 1 July 2004 and has been renewed regularly at the same fee. Due to the Covid-19 pandemic and loss of revenue for CIAA, CAA waived the fee due from CIAA of $750,000 for January through September 2022. In June 2022 CAA advised CIAA of a new annual fee of CI$1,300,000 to be implemented beginning in the 4th quarter of 2022. The CIAA was invoiced $325,000 on 30 December 2022 for the final quarter of 2022, and $1,300,000 for the years from 2023 through 2025. CIAA is currently disputing the timing of the reinstatement and fee increase. During the period, payments in the sum of $750,000 were received during the period. A total of $2,475,000 remains outstanding at the year end, $300,000 of which has been reflected in bad debt expenses for the period, and $2,225,000 remains in the allowance balance at the year-end.

(c) Surveyor fees and net reimbursable expenses

The Air Navigation (Fees) Regulations, November 2010 (Amended) also dictate that an hourly rate up to $250 can be charged for surveys carried out on all the aircraft on the Cayman Islands Aircraft Register. During the year ended 31 December 2025, a fee of $250 (2024: $250) per hour was charged. Travel, subsistence and postage expenses associated with surveys are recovered from the customer. Surveyor fees are included in the Statement of Comprehensive Income as follows:

	2025	2024
Surveyor fee billings	756,012	772,798
Survey reimbursable billings	442,361	460,271
Reimbursable expenses paid	(442,361)	(460,271)
Surveyor fees and net reimbursable expenses	**756,012**	**772,798**

During the financial years ended 31 December 2025 and 2024, the surveyors' reimbursable travel expenses have been offset against the surveyor fees and billable expenses as the expenses have been recovered through the revenue. Showing the net amount of surveyor travel expenses billed improves the clarity of presentation.

(d) Aircraft operating permits

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

	2025	2024
Aircraft operating permits	687,700	629,400

(e) Other income

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

	2025	2024
Interest income	529,799	596,542
Gain on currency exchange	10,640	5,024
Total other income	**540,438**	**601,566**

13. Expenses

Operating expenses	**2025**	**2024**
a) Personnel costs		
Salaries/performance incentive expenses	2,588,763	2,215,830
Medical insurance and expenses	460,150	428,060
Pension (including DB plan service costs)	41,531	211,287
Post-employment healthcare service costs **Note 10(b)**	299,000	1,555,000
Relocation Expenses	-	4,126
Total personnel costs	**3,389,444**	**4,414,303**
b) Office administration and business development		
General office administration expenses	683,456	548,699
Rental expenses	7,584	7,344
Training	16,673	13,405
Business development expenses	155,427	158,384
Board of Directors expenses	5,113	6,487
Total office administration and business development	**868,253**	**734,319**
c) Professional & licensing fees		
Overseas contractors' fees	845,037	746,416
Air Safety Support International (ASSI)	122,672	106,318
Work permit fees	42,690	43,083
Insurance expenses	97,774	72,790
Audit and other professional fees	166,301	267,857
Professional dues and subscriptions	12,593	11,486
AAIB retainer fee	34,364	32,702
Legal fees	20,130	10,000
Total professional & licensing fees	**1,341,561**	**1,290,652**
d) Travel – official, training and administrative		
Travel – business development	123,141	102,562
Travel – administration and training	110,551	80,385
Total travel – official, training and administrative	**233,692**	**182,947**
Total operating expenses	**5,832,950**	**6,622,221**

Of the total expenses at 31 December 2025, $56,340 (2024: $43,083) was paid to Cayman Islands Government (WORC), $46,809 (2024: $46,891) to the Ministry of Finance and Economic Development, and $78,750 (2024: $75,000) to the Office of the Auditor General, $639 (2024:$897) to Postal Services, $1,844 (2024: $2,128) to Vehicle & Equipment Services, $2,996 (2024: $2,996) to Department of Environmental Health, $150 (2024:$0) to Department of Counselling Services, $1,278 (2024:$0) to Portfolio of Legal Affairs, $3,887 (2024: $1,479) to Water Authority Cayman Islands, and $182,957 (2024: $221,093) to the Public Service Pension Board.

14. Financial instruments risk

Liquidity risk

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

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

The undiscounted cash flows payable by the Authority under financial instruments with contractual maturities of less than 1 year at 31 December 2025 are as follows:

Accounts payable and accrued liabilities $680,768 (2024: $826,355)

Dividend payable $1,241,581 (2024: $2,499,327)

Credit risk

Financial assets that potentially subject the Authority to credit risk consist principally of bank current accounts, fixed deposits, trade and other receivables. The Authority's fixed deposits are placed with accredited financial institutions and the CIG Treasury. Due diligence is conducted on clients before they are accepted on the register. Local credit clients are sufficiently regulated. The Authority is responsible for managing and analysing the credit risk for each of their new customers before standard payment terms and conditions are offered. The Authority's customers with the largest outstanding balances as at 31 December 2025 are Cayman Islands Airports Authority with approximately 65% (2024: 59%), of total outstanding balances and Cayman Airways 5% (2024: 3%) and are considered significant concentrations of credit risk. The CIG accounts are considered medium exposure risks due to possible CIG policy changes when new governments are elected.

Interest rate risk

Cash amounts held at Cayman National Bank are placed on semi-annual and annual fixed deposits and generally earn an interest rate of between 3.4% (2024: 2.65%) and 4.45% (2024: 4.80%) per annum in the year ended 31 December 2025. There are two accounts held at NatWest Bank in the UK, an operating account and a credit card account for 2 (2024: 2) surveyors operating in the United Kingdom and Europe. It is required that a deposit be held on the credit card account to cover the exposure of the total credit card limits of each card held. At the Statement of Financial Position date, $18,429 (2024: $17,164) was held as a deposit with NatWest Bank. This deposit earns 1% interest per annum. As at 31 December 2025, there is also a US Dollar fixed deposit held with CIG Treasury. The amount is $2,511,495 (2024: $2,407,958) for six months to a rate of 3.56% and matures on 24 January 2026. Management believes that a reasonable possible change in interest rates would not have a material impact on the Authority's net income.

Market Risk

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

14. Financial Instruments Risk (continued)

Fair values

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

15. Capital management

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

16. Commitments

During 2025, the Authority entered into several agreements with professional service contractors. These services range from aviation safety inspectors, accounting services, IT and other professional consultancy services.

Operational Commitments	**Less than 1 year**	**From 1-5 years**	**Over 5 years**
Aviation safety inspectors	666,452	275,725	-
Accounting services	40,000	-	-
IT-related	584,400	584,400	584,400
Total	**1,290,862**	**860,125**	**584,400**

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

17. Contingent liabilities

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

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

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

18. Contingent liabilities (continued)

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

The Authority is required to comply with The Public Authorities Act, (2020 Revision), (the "PAA"). Section 36(1) of the PAA requires public authorities to pay an annual capital charge for the use of equity invested by the Government in the Office. The capital charge is set by the Minister of Finance and Economic Development ("the Ministry") after consultation with the public authority's board. There has been no request to date for the capital charge payable for 2025 (2024: $0). Going forward the Authority may be required to pay a capital charge in accordance with the PAA for future equity investments.

Under Section 39(2) of the PAA, any surplus cash exceeding three months' reserve should be paid to the Cayman Islands Government, unless directed otherwise by Cabinet, after consultation with the Board. The Cabinet has granted the exemption to public authorities from paying over surplus cash reserves as at 31 December 2025.

Governor's Review – George Town Heliport Recertification

During the period, Cayman Islands Heliport filed a request for a Governor's Review of the CAACI's decision to not re-certify the George Town Heliport, which had not been operational since March 2020. It is anticipated that the Review will be dealt with during Q2 2026. A provision has not been accrued, as it cannot be determined whether or not the company may be subjected to any financial liability. The Authority has professional indemnity insurance coverage in place through the Risk Management Unit of the Cayman Islands Government which will cover legal fees in excess of US$50,000 to the maximum of US$12,125,000.

19. Subsequent events

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