ANNUAL REPORT

2025

Cayman Islands Government

PORTFOLIO OF LEGAL AFFAIRS

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MESSAGE FROM THE HONOURABLE ATTORNEY GENERAL

I am pleased to present the Annual Report of the Portfolio of Legal Affairs for the fiscal year ended 31 December 2025.

This Report outlines the work undertaken across the Portfolio during the year and highlights the continued commitment of its departments and agencies to supporting good governance, strengthening the administration of justice, enhancing regulatory integrity, and upholding the rule of law in the Cayman Islands.

2025 was a year of significant activity and continued institutional development for the Portfolio. The Solicitor General's Office continued to provide high-level legal advice and representation on behalf of the Government in the courts and tribunals, including in several important constitutional, public law, immigration, regulatory, and commercial matters.

A major institutional development during the year was the establishment of the Office for Strategic Action on Illicit Finance (OSAIF), following the transition of the former Anti-Money Laundering Unit and related functions into the Ministry of Financial Services and Commerce. The creation of OSAIF represents an important step in strengthening strategic coordination and national oversight in the areas of anti-money laundering, counter-terrorist financing, and counter-proliferation financing. Following the conclusion of the Financial Action Task Force's enhanced monitoring of the jurisdiction, the Cayman Islands remains committed to maintaining and advancing its international reputation for cooperation, compliance, and effective regulatory oversight as preparations continue for the 2027 FATF mutual evaluation. The Portfolio will continue to play a pivotal role in the preparation for the upcoming 5th round mutual evaluation of the Cayman Islands.

The Legislative Drafting Department continued to manage a substantial legislative programme during 2025, delivering both primary and secondary legislation across a broad range of constitutional, regulatory, criminal justice, financial services, public administration, and social policy areas. Significant measures progressed during the year included the Referendum (Cruise Berthing Infrastructure, Gambling and Cannabis) Act, 2025, the Anti-Sexual Harassment Act, 2025, the Beneficial Ownership Transparency (Amendment) Acts, the Virtual Asset (Service Providers) (Amendment) Act, 2025, the Criminal Procedure Code (Amendment) Act, 2025, the Grand Court (Amendment) Act, 2025, the Immigration (Transition) (Amendment and Validation) Act, 2025, and the Submarine Cable (Telecommunications Resilience) Act, 2025, together with legislation supporting customs and border control, public finance, information and communications technology, and public service reform. The Department's work involved extensive consultation across Government and with industry and community stakeholders and reflects its continued ability to deliver complex legislative reform to a high standard under demanding timelines.

The Law Reform Commission celebrated its twentieth anniversary in 2025, marking two decades of principled, research-based law reform in the Cayman Islands. During the year, the Commission published Final Reports on Adverse Possession and the Settled Land Act, together with draft Bills designed to implement the recommended reforms. The Commission was also tasked with examining issues arising from the April 2025 referendum concerning the establishment of a national lottery and the decriminalisation of small-scale cannabis possession and consumption, with work now underway toward the publication of discussion papers for public consultation.

In addition, the Commission continued work on a broad range of significant law reform initiatives, including reform of the Penal Code with particular focus on interpersonal and gender-based violence, consumer protection legislation, defamation reform, succession and wills legislation, severance of joint tenancies, regulation of cremation and vaping, menstrual and parental leave, hate crime legislation, revision of the Criminal Records (Spent Convictions) Act, and review of the common law forfeiture rule.

The Law Revision Commission likewise continued its essential work in maintaining an accurate and accessible body of revised legislation for the Cayman Islands. Through the annual Consolidated Index of the Laws of the Cayman Islands and the legislation.ky platform, the Commission continues to support access to justice, legal certainty, and the wider administration of justice.

The Financial Reporting Authority continued to play a critical role in the jurisdiction’s financial crime framework. During 2025, the FRA received 1,532 cases, representing a 10% increase over the previous year, and completed analysis on 1,587 matters. The Authority made 311 disclosures to local law enforcement and competent authorities and 254 disclosures to overseas financial intelligence units. Despite increasing operational demands, including sanctions implementation and compliance-related responsibilities, the FRA continued to provide strong support to both domestic and international enforcement and regulatory efforts.

The Truman Bodden Law School continued to strengthen legal education and professional training within the jurisdiction through programmes validated by the University of Liverpool and the Professional Practice Course delivered in conjunction with Oxford Brookes University. The year also marked significant milestones for the institution, including recognition of the retirement of Director Mitchell Davies following more than thirty years of service and acknowledgement of Professor Dr. Simon Cooper’s longstanding contribution to legal education in the Cayman Islands. Former students also achieved notable professional successes, including admission to the Bar during 2025, reflecting the School’s continued contribution to the development of the legal profession.

The Articles of Clerkship Programme continued to provide practical legal training and professional development for aspiring attorneys in accordance with the Legal Practitioners Act (2022 Revision). During the year, three Articled Clerks received supervised training through placements within the Solicitor General’s Office, the Legislative Drafting Department, the Law Reform Commission, and the Office of the Director of Public Prosecutions. During 2025, two Articled Clerks successfully completed their period of training, including one who subsequently took up employment within another Government department, while the third clerk continued progression toward completion of the Programme. The Programme remains an important component of the Portfolio’s commitment to developing the next generation of legal practitioners and strengthening legal capacity within the Cayman Islands. The Portfolio was happy to partner with other agencies in advancing the full implementation and work of the Legal Services Council, including the Legal Services Supervisory Authority.

I extend my sincere appreciation to the Solicitor General, Deputy Solicitors General, Heads of Department, and all staff across the Portfolio of Legal Affairs for their professionalism, commitment, and public service throughout the year. Their work continues to make a significant contribution to the effective functioning of Government and the administration of justice in the Cayman Islands.

The accomplishments reflected in this Report demonstrate the Portfolio’s continued commitment to serving the people of the Cayman Islands with integrity, excellence, and fidelity to the rule of law.

Honourable Samuel Bulgin KC, JP
Attorney General
Portfolio of Legal Affairs
May 2026

MESSAGE FROM THE SOLICITOR GENERAL

I am pleased to share the 2025 Annual Report of the Portfolio of Legal Affairs.

The report sets out the work undertaken by the six departments that now comprise the Portfolio of Legal Affairs (POLA) in 2025.

The Solicitor General’s Office/Attorney General’s Chambers in relation to advisory, litigation and non-contentious matters recorded a steady increase in the number of requests for legal support from at least 50 core government entities and several public bodies. The Report details among other things, the successful judgments of the Judicial Committee of the Privy Council and Court of Appeal in some notable public law and constitutional challenges and the further demands for support in non-contentious contractual matters.

The Legislative Drafting Department delivered some 150 statutory instruments over the reporting period, a number of which were enacted in 2025.

Following the result of the April 2025 referendum initiated alongside the general election, the Law Reform Commission was tasked with examining the establishment of a national lottery and the decriminalization of small quantities of cannabis. Its work on these matters of considerable public interest, along with projects such as administrative appeals tribunals, spent convictions and cremation will continue into 2026.

The Law Revision continued its work in enhancing the functionality of the legislation.gov.ky website to provide additional resources. This includes a list of legislation that has been enacted but is not yet in force, with a view to providing a user-friendly means of understanding the holistic legislative landscape.

As a result of re-structuring following the general elections in 2025, the Anti-Money Laundering Unit was transferred to the Ministry of Financial Services & Commerce. However, the Portfolio (and in particular, the Financial Reporting Authority) remained heavily immersed in work on the National Risk Assessment which commenced in July 2025, an initiative to assist the jurisdiction in identifying, assessing and understanding its specific money laundering, terrorist financing and proliferation financing risks ahead of the 2027 CFATF Mutual Evaluation.

The Report also sets out ongoing work of the Financial Reporting Authority over 2025 with updates on the defence against money laundering (DAML regime) and the entities most frequently reported on through suspicious activity reports.

The Truman Bodden Law School delivered excellent results across its programs and maintained healthy partnerships with external institutions. It continues to deliver high-quality legal education aligned with professional and regulatory standards.

In the areas of legal services and financial intelligence, it comes as no surprise that the Report shows a continued trend of increased demands upon the relevant departments. This in turn highlights the need for additional resources to meet those demands.

But more importantly, the Report speaks to big results delivered by small teams that work diligently, collaboratively with clients and stakeholders and meaningfully. Their efforts are pivotal in optimizing the delivery of government’s Broad Outcomes through its Ministries, departments and public sector partners across a spectrum of services and initiatives. I extend my sincere gratitude to these hard-working teams for their respective contributions.

Finally, my thanks to the Honourable Attorney General Samuel Bulgin KC for his usual support to me and the entire Portfolio.

Reshma Sharma KC
Solicitor General/Chief Officer
Portfolio of Legal Affairs
May 2026

THE LEGISLATIVE DRAFTING DEPARTMENT

The Legislative Drafting Department is responsible to the Attorney General, and through the Attorney General to the Governor, for the provision of an efficient legislative drafting service including related legislative advice for the Government of the Cayman Islands.

The Legislative Drafting Department currently consists of 6 Attorneys-at-law who are as follows -

- Ms. Cheryl Neblett Cert. Hon. - First Legislative Counsel; 37 years call to the Bar; LL.M
- Ms. Maureen Benjamin - Senior Legislative Counsel; 29 years call to the Bar; LL.M
- Mrs. Dharlene Glidden - Senior Legislative Counsel; 13 years call to the Bar; LL.M
- Ms. Bethea Christian - Legislative Counsel; 17 years call to the Bar; LL.M
- Ms. Thea Alexander - Legislative Counsel; 17 years call to the Bar; LL.M
- Ms. Natoya Boyd - Legislative Counsel; 16 years call to the Bar; LL.M.

Due to the shortage of staff the Department has been assisted for the past 3 years by Mrs. Myrtle Brandt KC, former First Legislative Counsel (52 years call to the Bar). Mrs. Brandt has been drafting in the Cayman Islands since 1999.

The Director of the Law Reform Commission Mr. Jose Griffith and the Senior Legislative Counsel of the Law Reform Commission Ms. Catriona Steele (both senior drafters) are also contracted to assist the Legislative Drafting Department from time to time when requested by the First Legislative Counsel and upon the finalisation of a law reform project which recommends legislation. Mr. Griffith is lawyer of 27 years call to the Bar and has a Masters in Legislative Drafting.

There are in effect 9 drafters to assist with the drafting of legislation in the Islands.

While the primary role of the Legislative Drafting Department, and hence the Legislative Drafter/Counsel, is to assist in the transformation of Government policy into legislation by drafting clear, unambiguous and relevant legislation (both primary and secondary) in carrying out his or her function a Legislative Counsel is required -

- to conduct legal research for the Attorney General where necessary for a legislative drafting project;
- to advise Ministries and other government entities on the drafting of legislation and to provide legal advice on such legislation;
- to assist Ministries and other government entities in the legislative process generally; and
- to assist the Parliament, Judicial Administration and statutory bodies with preparation of Standing Orders and rules relating to them.

WORK IN 2025

The Legislative Drafting Department drafted over 150 pieces of legislation in 2025 and a similar amount in 2024.

The performance target for Legislative Counsel is a minimum of 15 pieces of legislation each year and 25 pieces for the Seniors. These are achievable targets and in almost all cases are exceeded each year.

The primary legislation passed by the Parliament each year is but a part of the quantum of legislation prepared during that year by the Drafting Department. The Drafting Department produces a large amount of primary legislation which eventually may not be needed by Cabinet, and subordinate legislation, most of which is made only by the Cabinet.

The legislative drafting work of the Legislative Drafting Department included the following -

1. Agriculture Bill and Regulations
2. Airports Authority (Amendment and Validation) Bill
3. Airports Authority (Air Navigation Services) (Fees) Regulations
4. Animals Bill
5. Animals Regulations
6. Beneficial Ownership Transparency Act
7. Beneficial Ownership Transparency Regulations
8. Cadet Corps Bill
9. Caymanian Protection (Exemption from Term Limits) Regulations
10. Cayman Islands Coast Guard Regulations
11. Cayman Islands Coast Guard (Discipline) Regulations
12. Cayman Islands Coast Guard (Administrative Penalties) Regulations
13. Cayman Islands Legal Services Code of Professional Conduct
14. Children Regulations
15. Companies (Amendment) Bill
16. Companies Management (Amendment) Bill
17. Criminal Procedure Code (Amendment) Bill
18. Customs Tariff (Amendment of Schedules) Order
19. Customs and Border Control (Amendment) Bill
20. Customs and Border Control (Visas, Entry and Landing) (Amendment) Regulations
21. Customs and Border Control (Amendment) Act, 2025 (Commencement) Order
22. Amendments to the Development and Planning Act and Regulations
23. Directors Disqualification Bill
24. Directors Registration and Licensing (Amendment) Bill
25. Disabilities (Solomon Webster) Act- proposed amendments
26. Education (Amendment) Regulations
27. Enduring Powers of Attorney
28. Evidence (Amendment) Bill
29. Environmental Health Bill
30. Exempted Limited Partnership (Amendment) Bill
31. Firearms (Traveller's Option) Regulations, 2024
32. Friendly Societies (Amendment) Bill
33. Health Insurance (Amendment) Bill
34. Health Insurance (Amendment) Regulations
35. Health Insurance Commission (Amendment) Bill
36. Health Practice (Amendment) Bill
37. Health Practice (Amendment) Regulations
38. Immigration (Transition) (Amendment and Validation) Act
39. Immigration (Amendment) Regulations
40. Information and Communications Technology (Licence Fees) Regulations
41. Judicature (Amendment) Bill
42. Judicial and Legal Services Bill
43. Public Service Management (Amendment) Bill
44. Labour (Amendment) Bill and Regulations
45. Local Companies (Control) (Amendment) Bill
46. Limited Liability Companies (Amendment) Bill
47. Limited Liability Partnership (Amendment) Bill
48. Liquor Licensing (Amendment) Regulations
49. Litter (Amendment) Bill
50. Merchant Shipping (Supplementary Fund) Regulations
51. Misuse of Drugs (Amendment of Schedule 1) Regulations
52. Mutual Funds Act and Regulations- amendments
53. Non-Profit Organisations (Amendment) Act
54. Notaries Public (Amendment) Bill
55. Notaries Public Regulations
56. Parliament Management (Amendment) Bill
57. Parliament (Management) Regulations
58. Penal Code Regulations- supervision orders
59. Personnel (Amendment) Regulations
60. Pesticides Bill
61. Pesticide Regulations
62. Plant Protection Regulations
63. Police (Amendment) Bill and Regulations
64. Private Funds (Amendment) Bill
65. Proceeds of Crime (Amendment) Bill
66. Proceeds of Crime (Consent) Regime Regulations
67. Public Recorder (Amendment) Bill
68. Public Transport Regulations
69. Referendum Bill
70. Registered Land (Amendment) Bill
71. Registered Land (Amendment) Rules
72. Registered Land (Electronic Transactions) Rules
73. Residential Tenancies (Amendment) Bill
74. Securities Investment Business (Amendment) Bill
75. Special Economic Zones (Amendment) Regulations

Work in 2025... cont.

76. Standards in Public Life (Amendment) Bill and Regulations
77. Stamp Duty (Rates of Duty) (No. 2) Regulations
78. Submarine Cable (Telecommunications Resilience) Act
79. Summary Jurisdiction (Amendment) Bill, 2025
80. Tax Information Authority (International Tax Compliance) (Common Reporting Standard) (Amendment) Regulations
81. Tax Information Authority (International Tax Compliance) (Crypto-Asset Reporting Framework) Regulations
82. Tourist Accommodation (Taxation) Bill
83. Trade Union (Amendment) Bill
84. Traffic (Amendment) Bill and Regulations
85. Trusts (Amendment) Bill and Regulations
86. Veterinary Bill, 2025 and Veterinary Regulations
87. Virtual Asset (Service Providers) (Amendment) Bill (No. 2)
88. Water Sector Regulation (Amendment) Bill
89. Water Sector Regulation (Licences and Fees) Regulations
90. Water Sector Regulation (Administrative Penalties) Regulations
91. Water (Production and Supply) (Concessions) Regulations.

The above listed legislation are just some of the large volume of legislation drafted by the Legislative Drafting Department in 2025. The Department will continue in 2026 to work on the legislation which has not been completed as instructions change over the time. The Department also continues to work on legislation needed to give effect to the most recent budget.

OTHER PROJECTS OF THE DEPARTMENT

The Portfolio of Legal Affairs (POLA) partnered with Meals on Wheels (MoW) to contribute to the important work they undertake, providing free, hot, nutritious meals to 330 to 350 seniors, the homebound and the disabled throughout the Cayman Islands, Monday to Friday, 52 weeks of the year. In March 2025 First Legislative Counsel, Cheryl Neblett Cert. Hon., suggested that working with MoW would be a great way for POLA to give back to the community. This led to the first POLA Takeover Day on 17 April 2025, where POLA volunteers took over 9 routes in George Town and West Bay; on its first day POLA staff also donated over CI$1,600 to MoW. POLA Takeover Days take place on the last Friday of each month, with an average of 10 routes on the takeover days.

The Legislative Drafting Department also purchases once a month needed food items and other goods for the clients of MoW. The staff are guided by the list of items provided by MoW.

In promoting good health and staff wellbeing, the Department launched a two-week step challenge starting at on August 1st, joined by Mr. Jose Griffith, the Director of the Law Reform Commission. The challenge concluded on August 15th, with Mr. Griffith emerging as the winner.

On 31st July 2025 the Legislative Drafting Department as part of its sustainability activities submitted a presentation on the connection between veganism and sustainability. In the presentation on veganism the Department sought to show how a vegan diet can give effect to UN Sustainable Development Goals (SDG) 2, 3, 12, 13, 14 and 15. A vegan diet can lower the carbon footprint associated with food consumption. Veganism can also play a critical role in preserving biodiversity and ecosystems, thereby contributing positively to SDG 14 (Life Below Water) and SDG 15 (Life on Land). In considering its presentation staff quickly realised that Caribbean communities can contribute to climate control as many of their diets are in fact vegan. Staff therefore decided to share recipes for two foods from each of the Caribbean countries of which the LDD staff are citizens i.e. Barbados, Cayman Islands, Guyana, Jamaica, Trinidad and St. Lucia.

Further to SDG 12, 13 and 15 the Department through its intern submitted a presentation to the Portfolio on reducing plastic in the workplace. Staff were also encouraged to purchase re-usable travel cutlery cases.

NATIONAL ROAD SAFETY COMMITTEE AND STRATEGY

As noted in the 2023 Annual Report the First Legislative Counsel was appointed as a member of the National Road Safety Committee which commenced its road safety strategy in September 2023. The goals of the strategy are to reduce the number of road deaths, injuries and offences through engineering, education and enforcement. The First Legislative Counsel is also a member of the Traffic Enforcement sub-committee and the focus of that sub-Committee is the preparation of the Traffic (Penalties) Regulations, which will provide for a demerit points system.

IMO III CODE AUDIT

In September the First Legislative Counsel took part as a member of the Maritime Strategy & III Code Compliance Working Group in the IMO III Code Audit.

The purpose of the audit was to assess the performance of entities involved in "the delivery of Maritime Administration, Port State, Flag State and Coastal State activities and services, and determine their compliance with various international conventions that have been extended to the Cayman Islands by the UK for the purpose of enhancing maritime safety and protecting the marine environment"[1].

TRAINING

Every year, at the beginning of the year, courses are sourced and sent to all of the staff of the Drafting Department. All staff are encouraged to take up the courses or to find courses for themselves in order to assist with their professional development. As usual staff undertook courses at a range of institutions including the Chamber of Commerce, ACAMS and the Canadian Institute for the Administration of Justice. The Counsel also continue to access legal webinars and courses from organisations such as the International Bar Association, UK Public Administration International, the Law Association of Trinidad, the International Centre for Parliamentary Studies and the OECS Bar Association, among others.

Also, Legislative Counsel again in June 2025 presented a short paper entitled *"The Role of the policy practitioner in the legislative process"* in a workshop put on by the Policy Coordination Unit to assist in instructing policy makers on how policy becomes legislation. The Drafting Department every year updates and disseminates its manuals which include *"How a Bill Becomes an Act"* and the *"Role of the Legislative Drafting Department"*.

As in every year the Department participated in the training of articled clerks and of summer interns.

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1. Cabinet Secretary Chair of the the Maritime Strategy & III Code Compliance Working Group

THE LAW REFORM COMMISSION

TThe functions of the Cayman Islands Law Reform Commission (“the Commission”) under section 7 of the *Law Reform Commission Act (2019 Revision)* are to study and keep under constant review the statutory and other laws comprising the law of the Cayman Islands with a view to its systematic development and reform including, in particular -

- the modification of any branch of the law as far as that is practicable;
- the elimination of anomalies in the law, the repeal of obsolete and unnecessary enactments and the simplification and modernisation of the law;
- the development of new areas in the law with the aim of making them more responsive to the changing needs of the Cayman Islands society;
- the adoption of new or more effective methods for the administration of the law and the dispensation of justice; and
- the codification of the unwritten laws of the Cayman Islands.

THE COMPOSITION OF THE LAW REFORM COMMISSION

The Commission is composed of seven Commissioners, a Director, a Senior Legislative Counsel and a Crown Counsel, who are all attorneys-at-law. The Commission is also supported by a Legal Administrative Assistant.

The Law Reform Commissioners are -

- Mr. Hector Robinson, K.C., Chairman, Partner at Mourant (retd. 2026);
- Hon. Mr. Justice Alexander Henderson, K.C., (retd.) Senior Counsel at Dentons;
- Mr. Abraham Thoppil, Attorney-at-Law, former Partner at Maples;
- Mr. Vaughan Carter, Attorney-at-Law, Principal at Savannah Law;
- Dr. M. Theresa Pitcairn, Attorney-at-Law, Resident Director at Merrill Lynch Bank & Trust Company (Cayman) Limited;
- Ms. Reshma Sharma, K.C., Solicitor General; and
- Mr. Simon Davis, Director of Public Prosecutions.

The Legal and Administrative Staff of the Commission are -

- Mr. José Griffith, Attorney-at-Law – Director;
- Ms. Catriona Steele, Attorney-at-Law – Senior Legislative Counsel;
- Ms. Felicia Connor, Attorney-at-Law – Crown Counsel II; and
- Ms. Sharon Solomon – Legal Administrative Assistant.

During the 2025 reporting period, the Commission continued its review of a range of legal areas, all of which impact the administration of justice in the Cayman Islands.

CURRENT PROJECTS/RESEARCH AREAS

Adverse Possession

On 12 March, 2025, the Commission submitted for the consideration of the Honourable Attorney General its Final Report titled "Adverse Possession". The Final Report recommends amending the *Registered Land Act (2018 Revision)* to restrict the circumstances in which title to registered land can be acquired by adverse possession. The Report is supported by the *Registered Land (Amendment) Bill, 2025.*

On 26 July, 2023, the Commission published for public consultation a Discussion Paper titled "Adverse Possession". Adverse possession (colloquially known as "squatters' rights") is the doctrine under which a person who is not the legal owner of land may acquire title to it following a period of continuous possession of the land. The Discussion Paper aimed to determine whether the doctrine of adverse possession should be abolished in the Cayman Islands or retained in a modified form.

Claims of adverse possession frequently occur in the context of encroachments on neighbouring land, many of which are the inadvertent result of mistakes as to boundary. As such, any reform of the law relating to adverse possession must be undertaken with care to ensure that there are no unintended consequences that would unfairly disadvantage a person with a deserving claim.

The Discussion Paper outlined the history and existing law of adverse possession, assessed the justifications for the doctrine, and examined the law and recent reforms in other common law jurisdictions. The Discussion Paper proposed two options for reform in the Cayman Islands – abolishing adverse possession entirely, or amending the law to restrict the circumstances in which title to registered land can be acquired by adverse possession.

The consultation period concluded on 27 October, 2023. The Commission considered the submissions received before formulating its final recommendations and proposed supporting legislation. The Commission recommended -

- abolishing the limitation period for causes of action to recover registered land;
- strengthening the procedure to be followed when a person applies for registration based on adverse possession to more fairly balance the rights of registered proprietors;
- limiting the circumstances in which a person can succeed in a claim for registration based on adverse possession; and
- requiring an applicant for registration based on adverse possession to establish their entitlement to registration even when the registered proprietor does not respond to notice of the application.

Current Projects... cont.

Settled Land Act

On 12 March, 2025, the Commission submitted for the consideration of the Honourable Attorney General its Final Report titled "Settled Land Act". The Final Report recommends amending the *Settled Land Act (1998 Revision)* so that no future settlements to which the Act applies can be created. The Report is supported by the *Settled Land (Amendment) Bill, 2025*.

On 1 September, 2023, the Commission published for public consultation a Discussion Paper titled "Settled Land Act". The Discussion Paper aimed to determine whether the *Settled Land Act (1998 Revision)* should be repealed. The Act provides a mechanism for creating successive interests in land that is rarely used today. However, the continued operation of the Act has implications for the modern system of land trusts and land registration in the Cayman Islands.

The Discussion Paper explained the historical origins of the Act and outlined the existing Cayman Islands legislative regime relevant to settled land and trusts. It identified difficulties with the Act, including in relation to its interaction with the land registration system. The Paper also outlined reforms undertaken in other jurisdictions with similar forms of successive interest.

The Paper presented two reform options for consideration. The first option was to amend the Act so that no future settlements can be created, while preserving existing settlements. The second option was to repeal the Act.

The consultation period concluded on 1 December, 2023. The Commission considered the submission received before formulating its final recommendations and proposed supporting legislation. The Commission recommended amending the Settled Land Act (1998 Revision) to specify that the Act applies only to existing settlements and no new settlements may be created. The amendments would have no impact on existing settlements currently operating under the Act.

National Lottery

At the referendum held on 30 April, 2025, 51.24% of voters responded "yes" to the question -

Do you support the introduction of a National Lottery in the Islands?

Cabinet has asked the Law Reform Commission to examine and make recommendations in relation to the following matters -

- the appropriate legal framework and licensing regime;
- effective mechanisms for oversight and transparency;
- robust safeguards against gambling-related harms; and
- comparative regulatory models adopted in other jurisdictions.

The Commission is preparing a Discussion Paper to be published for consultation in mid-2026. In doing so, the Commission is taking a methodical, research-driven and engagement-focused approach, consistent with Cayman's regimes for public finance, procurement probity, integrity standards, privacy, information access and financial crime controls.

Current Projects... cont.

Cannabis

At the referendum held on 30 April, 2025, 55.64% of voters responded "yes" to the question -

Do you support the decriminalisation of the consumption and possession of small amounts of cannabis?

Cabinet has asked the Law Reform Commission to examine and make recommendations in relation to the following matters -

- proposed possession thresholds and legal definitions;
- levels of administrative penalties;
- alignment with existing drug enforcement as well as regional and international obligations;
- potential social impacts;
- safeguarding vulnerable populations; and
- comparative legislative models adopted in other jurisdictions that emphasise harm reduction, proportionality, and responsible regulation.

The Commission is preparing a Discussion Paper to be published for consultation in mid-2026.

Spent Convictions

The Commission is reviewing the *Criminal Records (Spent Convictions) Act (2018 Revision)* (the "CRSCA") in response to a Cabinet referral made on 3 October 2023. The review was prompted by identified difficulties in administering the CRSCA, anomalies within the legislation, and the need to develop a fair, efficient, and clear framework that balances rehabilitation of offenders with public protection.

The Commission is reviewing a draft Discussion Paper to be published for consultation in the early 2026.

Other Projects

The other current projects forming part of the Commission's work during 2025 that will continue into 2026 are as follows -

- consumer protection;
- reform of the Defamation Act (1995 Revision);
- review of the Penal Code – Part 3;
- severance of joint tenancies;
- reform of the Succession Act (2021 Revision);
- cremation;
- jury trial;
- vaping;
- parental and menstrual leave;
- revision of dollar amounts in legislation;
- the common law forfeiture rule; and
- hate speech.

LEGISLATIVE DRAFTING SERVICES PROVIDED BY THE COMMISSION

In addition to drafting legislation that supports Commission recommendations, the staff of the Commission are required to work collaboratively with the Legislative Drafting Department when requested by the Honourable Attorney General, the Solicitor General or the First Legislative Counsel. As such, during the period, the Commission assisted in drafting the following legislation -

- Plant Protection Regulations, 2025.

ARTICLED CLERKS IN THE COMMISSION

The Commission was delighted to continue its participation in the Portfolio of Legal Affairs Articled Clerkship training programme in 2025.

The aim of Articled Clerkship training within the Commission is to expose the Articled Clerks to the several facets of the law reform process that lead to law reform being accountable, participatory and responsive. The training involves a journey from policy to legislation with the necessary stops in between.

Accordingly, the Articled Clerkship training focused on policy formulation, research and consultation methods, legislative drafting, final reports, Cabinet Papers, speaking notes, minute taking, proof reading and editing, presentation, and Commission procedures and systems.

THE LAW REVISION COMMISSION

The Law Revision Commission operates under the authority of the Law Revision Act (2020 Revision).

The overarching aim of the Law Revision Commission is to present statute-based legislation that is in effect in the Cayman Islands in its clearest form and to thereby strengthen the rule of law and democratic processes in the Cayman Islands. Further, accessibility to clear statute-based legislation plays a pivotal role in the administration of justice, access to justice, law enforcement, legal education, legal research, law reform, and the efficient use of the law. It also affords citizens an opportunity to effectively monitor and engage in an informed dialogue regarding governmental decision-making, and allows citizens to hold their government to account.

The Law Revision Commissioner is also the senior legal policy advisor to the Hon. Attorney General on domestic and international matters.

STRUCTURE

The Law Revision Commission is headed by the Law Revision Commissioner, Dr. Camille Stoll-Davey who is assisted by the Legislative Editor.

ACTIVITIES OF THE LAW REVISION COMMISSION

The activities of the Law Revision Commission include the following:

- Ensuring that the statute-book of several thousand pieces of Cayman Islands legislation is regularly revised, and that an up-to date status of the legislation of the Cayman Islands is produced annually and made accessible to the public;
- The Law Revision Commission introduced, and maintains, the legislation history on all revised legislation. The legislation history provides the stakeholder with an overview of all the legislation, including the commencement date and the relevant gazette publication, that has been incorporated and consolidated into that particular revision.
- Preparing and publishing an annual consolidated index of laws of the Cayman Islands which includes a compendium of related laws, including legislation enacted in the United Kingdom and having effect in the Cayman Islands, in order to ensure easy accessibility of and reference to these laws;
- Managing the database of the revised laws by continuously updating the consolidated index as new laws are made and brought into effect;

Activities of the Law Revision... cont.

- Introducing and implementing the iLAWS software system which has streamlined the pathway from policy to legislation and by so doing has provided the user with legislation that is accessible with more white space, and readily searchable in a user-friendly manner. The introduction of the Cayman Islands crest on each page of all legislation provides a heightened degree of security and imprimatur of legitimacy.
- Providing a ready link between Parliament and the Portfolio which in turn streamlines the edits generated at the Committee stage of the legislative process.
- Continuously reviewing and analysing decisions of superior courts, particularly in the area of human rights, in order to ascertain their effect on legislation and making proposals for review of the affected laws.

ACHIEVEMENTS OF THE LAW REVISION COMMISSION

The Law Revision Commission celebrated the following achievements in the 2025 reporting period:

- The continued refinement of the point-in-time searchable database and online portal to all Cayman Islands legislation via Legislation.gov.ky;
- There was a holistic and extensive update of the Legislation.gov.ky website in 2025. This update was designed to provide Cayman Islands stakeholders with additional legislative information, such as highlighting legislation that is enacted but is not in force, as well as listing international obligations that have been extended to the Cayman Islands;
- The ongoing provision of training sessions in relation to navigating the legislation.gov.ky website and the statute law revision process;
- The revision of a selection of the laws of the Cayman Islands (2025 Revision);
- The ongoing introduction of gender-neutral language in all revised legislation;
- The revision of the Consolidated Index of the Laws of the Cayman Islands as at 28th February 2025; and
- The continued refinement of the Legislation edition of the Official Gazette and maintenance of an operational manual establishing work-flow processes as well as robust systems of document management and version control of legislation.

ONGOING PROJECTS OF THE LAW REVISION COMMISSION

The following are Law Revision Commission projects which are ongoing:

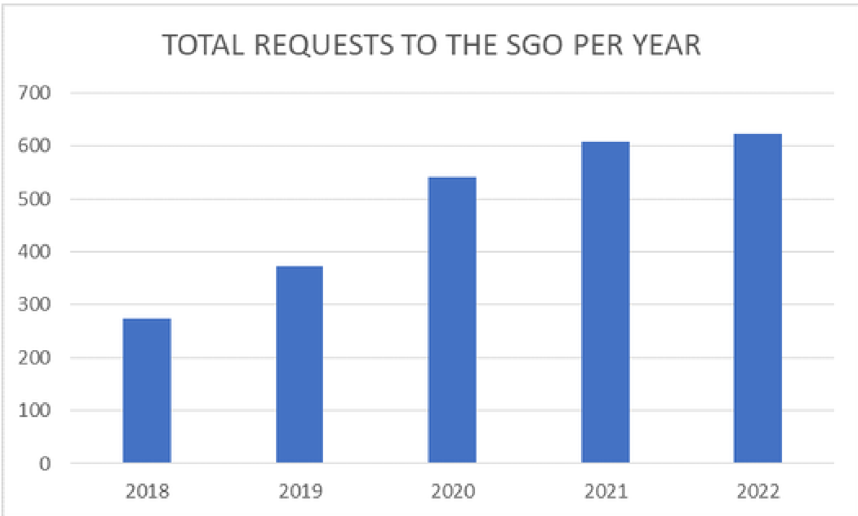
- The further development and expansion of the Commission's online presence;
- Compilation and analysis of materials relating to the reception of law in the Cayman Islands;
- The continuous refinement of legislative software to facilitate the revision process; and
- The continued research of legislation and bench-mark cases to further refine the point-in-time searchable database for access to laws of the Cayman Islands.

The Law Revision Commissioner continues to provide legal policy advice to the Hon. Attorney General on a number of domestic and international matters.

CONTACTING THE LAW REVISION COMMISSION

The Law Revision Commission welcomes comments from the legal profession on any errors, omissions or inconsistencies observed in the law of the Cayman Islands. The Commission can be contacted at: LawRevisionCommission@gov.ky.

THE SOLICITOR GENERAL'S OFFICE



The core services of the Solicitor General's Office ("SGO")/Attorney General's Chambers are the provision of legal advice to Government entities, statutory boards and other public authorities and the conduct of litigation before all tiers of courts and statutory tribunals on their behalf in civil matters. Its work supports government action that is lawful, procedurally fair, constitutionally compliant and within the rule of law.

THE SGO TEAM

In 2025, the SGO's legal staff complement comprised three Crown Counsel II, six Crown Counsel, two Senior Crown Counsel, two Deputy Solicitors General and the Solicitor General. This structure provided a tiered framework of expertise and supervision, allowing for the appropriate allocation of matters across the team.

The core legal team was supported by dedicated administrative staff, whose role was integral to the effective management of a high-volume, and increasingly complex, caseload. Administrative support ensured the efficient coordination of instructions, case tracking, document management, compliance with court orders or procedural rules for the filing of documents and/or other administrative matters, and liaison with client entities and external stakeholders.

ADVICE AND LITIGATION

Between 1 January and 31 December 2025, the SGO received 1,197 requests for legal support. This figure represented new requests for legal advice, requests for legal representation in new litigation matters, as well as support in relation to pending litigation that commenced in previous years. This represents a significant increase from the previous reporting year and reflects a consistent upward trend in the demand for both advisory and litigation services across Government and other public bodies. This sustained upward trajectory in the work of the SGO can be attributed to various factors over the reporting period including the general elections in April, the avian flu outbreak, government projects and initiatives such as the national E-ID and significant capital/PPP projects, legislative reforms in areas such as immigration and an increase in asylum applications and related appeals and applications relating to the welfare of children, all within the context of a more litigious environment.

The SGO provided advice across a wide range of subject areas reflecting the breadth of government operations. These included immigration matters, children and family proceedings, data protection compliance, development and planning issues, public service pensions, health practice regulation, roads and infrastructure matters, personal injury claims, sanctions compliance, and public law challenges including judicial review. This diversity of subject matter highlights the Office's central role in supporting lawful administration across multiple sectors.

The highest volumes of work arose in the following areas:

- Contract reviews/advice – 477 matters
- General advice – 242 matters
- Cabinet Papers – 138 matters
- Employment – 23 matters

Of the requests for general advice, 44 were made in relation to the Immigration (Transition) Act (2022 Revision) and 29 in relation to the Customs and Border Control Act (2024 Revision).

As in previous years, contract-related work constituted the largest single category of advisory work for the SGO. Following on from the Deputy Governor's Contract Policy which was first introduced in 2022, and the sustained emphasis on governance, transparency and procurement compliance, core government entities increasingly sought early legal guidance in relation to capital infrastructure projects, IT procurement, consultancy engagements, framework agreements, memoranda of understanding and other commercial arrangements. The SGO also undertook a comprehensive review of the Policy and supporting templates during the reporting period to ensure that it remains an effective tool for government entities when entering into contractual arrangements.

Whilst the SGO received fewer instructions in new matters under the Children Act (2012 Revision) for this reporting period than in previous years, Crown Counsel continued to represent the Department of Children and Family Services in a range of proceedings brought under that Act. These included applications for care orders, emergency protection orders and secure accommodation orders.

There has been a noticeable increase in the overall complexity of these matters, together with the time and resources required to progress them to conclusion. One such application, made in 2025, proceeded to a five-day trial. The matter involved nine witnesses called on behalf of the applicant Department, the evidence of an expert forensic psychologist, and the participation of two Guardians *ad litem* appointed to represent the interests of the children concerned.

Many of the cases in which the SGO is instructed involve parallel criminal investigations/ proceedings (whether with respect to the child or the respondent parents), giving rise to the need for extensive coordination and ongoing engagement between the Chambers, the Department, Royal Cayman Islands Police Service and the Office of the Director of Public Prosecutions.

Advice & Litigation... cont.

During the reporting period, the SGO was instructed in a number of new litigation and tribunal matters. These included:

- 23 Immigration Appeals Tribunal matters
- 23 Planning Appeals Tribunal matters
- 14 Refugee Protection and Asylum Tribunal matters
- 8 Judicial Review matters

These proceedings involved detailed analysis of the evidential assessments which had been conducted at the decision-making stage and consideration of points relating to the proper construction of statutes, procedural fairness, and the lawful exercise of discretion. They required the preparation of written submissions, case management before specialist tribunals, and representation in the Courts.

Significant appellate developments during the year included several constitutional and public law decisions, some of which raise novel and complex points of law:

- In a ruling delivered in April 2025 the Judicial Committee of the Privy Council ("the Privy Council") upheld the compatibility of the immigration framework with the Bill of Rights. The Privy Council was satisfied that the relevant legislation allows for consideration of a person's private and family life outside the permanent residence points system and that this is sufficient to protect against unlawful interferences with section 9 of the Bill of Rights under Schedule 2, Part 1 of the CI Constitution Order 2009 (the "Constitution").
- In June 2025 the Privy Council dismissed the appeal challenging the Governor's use of section 81 of the Constitution to enact the Civil Partnership Act 2020.
- In August 2025, the Privy Council also dismissed the appeal concerning the alleged incompatibility of section 3 of the Labour Act, which exempts registered charitable organisations from the scope of that Act, with sections 7, 9 and 16 of the Bill of Rights.
- The Court of Appeal considered the interpretation of section 78 of the Criminal Procedure Code in the context of prosecutions under the Labour Act. The Court addressed the meaning of "competent complainant" and the timing of knowledge sufficient to justify proceedings, thereby clarifying the limitation framework applicable to regulatory enforcement matters.
- In November 2025 the Court of Appeal heard an appeal from serving prisoners Osbourne Douglas and Justin Ramoon relating to whether the decision of HE the Governor to concur in their transfer to the United Kingdom, pursuant to the Colonial Prisoners Removal Act 1884, was in accordance with their rights under the Constitution. Their legal challenge was first commenced in 2017 and following the Privy Council's ruling in 2023, the matter was remitted to the Grand Court for hearing on a discrete point (the proportionality of the decision to transfer). This represents the second appeal before the local Court of Appeal. As previously reported, the outcome of this case will have implications for other Overseas Territories in which the removal of prisoners is governed by the same statute.
- In early 2025, judicial review proceedings were initiated by members of the National Conservation Council who had been removed by the previous government administration. The challenge raised issues relating to the statutory powers relating to the appointment and removal of members under the National Conservation Act, 2013 and other statutes such as the Public Authorities Act (2020 Revision).

SANCTIONS

Work also continued on matters arising under the Russia and Libya sanctions regimes. Crown Counsel supported the Financial Reporting Authority ("FRA") in the analysis of at least 19 applications for specific licences from the Governor. That included both new applications received by FRA during the course of 2025 as well as applications for renewals of, or queries in relation to, existing licences or licence applications.

The SGO also provided support in relation to the new general licence for exempt oil projects, and amendments to the existing general licences for legal fees and in relation to the oil price cap. In March 2025, Crown Counsel represented the Chambers at the Overseas Territories Financial Sanctions Forum hosted by the Foreign, Commonwealth and Development Office and HM Treasury in London.

TRAINING AND DEVELOPMENT

Training and professional development remained a key priority for the SGO during the reporting period, both with a view to supporting statutory boards and decision-making bodies in the exercise of their functions, and in enhancing the expertise and effectiveness of the legal team.

The SGO provided training and guidance to a number of statutory boards and decision-making bodies during the reporting period. These sessions focused on principles of good governance, lawful decision-making, procedural fairness, the proper exercise of statutory discretion, and the preparation of defensible written decisions. The training was designed to enhance consistency, transparency and legal compliance across boards and tribunals, and to support members in carrying out their functions confidently and in accordance with applicable legislative and constitutional requirements.

As part of its broader engagement with client entities, a representative of Chambers also participated in a panel discussion on *'The Role of the Judiciary and Law Enforcement in Child Safeguarding'* as part of the Child Safeguarding Symposium 2025 hosted by the Department of Children and Family Services on 21 November 2025. Other panel members included the Chief Magistrate, the Director of Public Prosecutions, and the Assistant Commissioner of Police, as well as a representative from the defence bar. Delegates included those involved in safeguarding work from across the public, private and not-for-profit sectors.

The Solicitor General and Deputy Solicitor General Marilyn Brandt attended the Commonwealth Law Conference (CLC) in Malta where lawyers, jurists and others from across the Commonwealth convened to discuss a broad range of current legal issues. The Solicitor General delivered a paper at the inaugural panel for *Government Lawyers*: *Guardians of the Rule of the Law* on the unique role, ethics and challenges of the government lawyer

Internal development and succession planning also remained a priority. Notably, three Caymanian attorneys currently hold the post of Crown Counsel II and form part of the Office's structured succession and professional development framework. These attorneys are progressing through a planned pathway designed to support their transition to substantive Crown Counsel roles. The succession plan provides for progressive exposure to increasingly complex advisory and litigation matters, supervised drafting of opinions, participation in tribunal and court proceedings, and involvement in strategic case discussions. The development of Caymanian attorneys reflects the Office's commitment to building local capacity, transferring institutional knowledge and maintaining strong in-house legal expertise within the public service.

THE FINANCIAL REPORTING AUTHORITY

A primary role of the Financial Reporting Authority (FRA) is to receive, analyse, request and disseminate disclosures of financial information, concerning the proceeds of criminal conduct, suspected proceeds of criminal conduct, money laundering, suspected money laundering, or the financing of terrorism which is derived from any criminal offence committed in these islands.

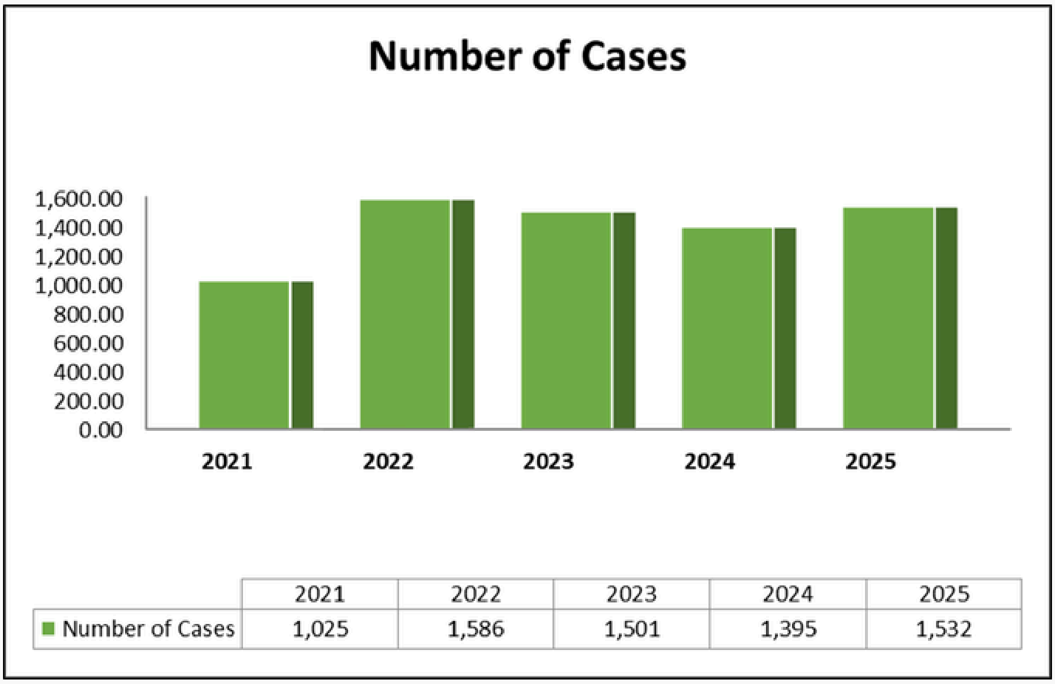
The FRA is also responsible for ensuring the implementation of targeted financial sanctions with respect to terrorism, terrorism financing, proliferation, proliferation financing, and other restrictive measures related to anti-money laundering (AML) and combatting the financing of terrorism (CFT) and proliferation (CFP) from and within the Cayman Islands. The Governor has also delegated specified functions and powers to the Director of the FRA under a number of United Kingdom sanctions regimes extended to the Cayman Islands, including the Russia Sanctions Regime. The Sanctions Coordinator plays a critical role in the implementation and enforcement of these targeted financial sanctions and other restrictive measures, and in developing and enhancing the jurisdiction's AML/CFT regime, while ensuring ongoing compliance with international standards and best practices.

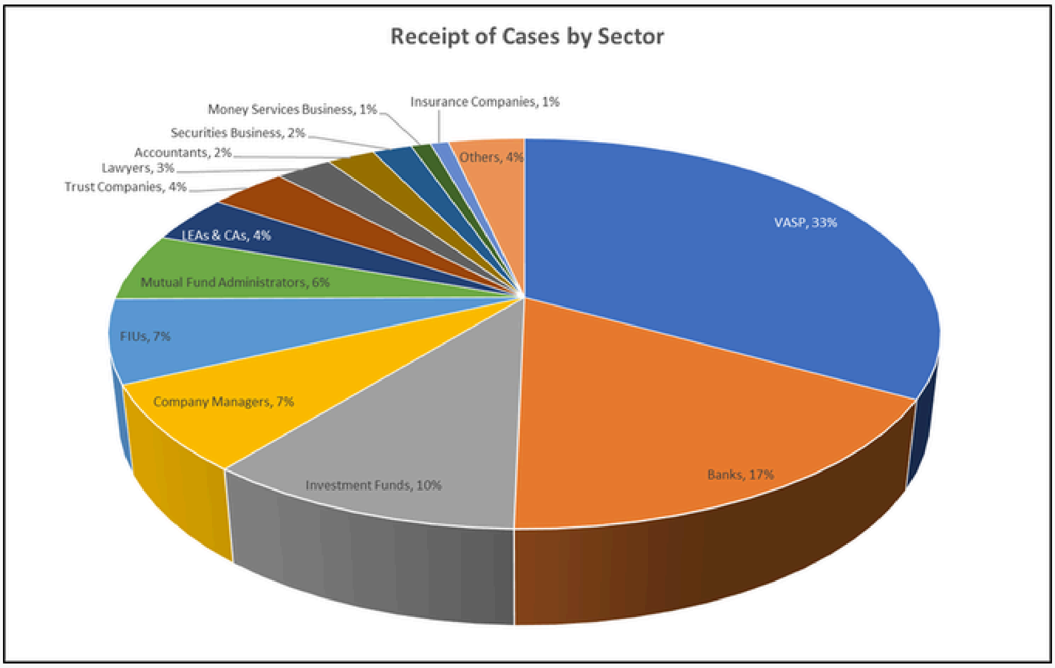
The following is a synopsis of the activities for the 12-month period January 1, 2025 to December 31, 2025 (the Reporting Period).

RECEIPT OF SUSPICIOUS ACTIVITY REPORTS

The FRA received 1,532 cases during the Reporting Period, comprising 1,377 Suspicious Activity Reports (SARs) from 337 Reporting Entities; 76 Requests for Information and 30 Voluntary Disclosures from 45 overseas Financial Intelligence Units (OFIUs); and 49 Requests for Information from Local Law Enforcement Agencies and Competent Authorities (LEAs & Cas). During the Reporting Period there was a 10% increase in the number of cases received compared to the same period in 2024 (1,532 vs 1,395).

Virtual Asset Service Providers (VASPs) were the largest source of cases (509 cases: 33%), followed by: Banks (262 cases: 17%); Investment Funds (160 cases: 10%); Company Managers / Corporate Services providers (110 cases: 7%); OFIUs (106 cases: 7%); Mutual Fund Administrators (86 cases: 6%); LEAs & CAs (61 cases: 4%); Trust Companies (55 cases: 4%); Lawyers (40 cases: 3%); and Securities Businesses (28 cases: 2%). These 10 categories make up 93% of all cases received.


Number of Cases
1,600.00
1,400.00
1,200.00
1,000.00
800.00
600.00
400.00
200.00
0.00
2021
2022
2023
2024
2025
Number of Cases
1,025
1,586
1,501
1,395
1,532


Receipt of Cases by Sector
Money Services Business, 1%
Insurance Companies, 1%
Securities Business, 2%
Accountants, 2%
Lawyers, 3%
Trust Companies, 4%
Others, 4%
VASP, 33%
LEAs & CAs, 4%
Mutual Fund Administrators, 6%
FIUs, 7%
Company Managers, 7%
Investment Funds, 10%
Banks, 17%

Receipt of Suspicious... cont.

For the 1,532 cases received in 2025, 2,976 reasons for suspicion were recorded [***1***]. The five most common reasons for cases received were: (i) Suspicious Activity (1,007 occasions: 66%); (ii) Fraud (859 occasions: 56%); (iii) Money Laundering (281 occasions: 18%); (iv) Declined Business (129 occasions: 8%); and (v) Corruption (102 occasions: 7%).

In an effort to provide a more detailed breakdown of what types of activities were deemed suspicious by SAR filers, the FRA has broken down the 1,007 occasions of 'Suspicious Activity' by the following sub-categories:

- Unusual conditions or circumstances: 548 occasions
- Inadequate and / or inconsistent information: 189 occasions
- Activities that appear to lack economic purpose: 114 occasions
- Inconsistent with client profile: 105 occasions
- Transactions that appear to be structured to avoid reporting thresholds: 27 occasions
- High volume transactions: 24 occasions

ANALYSIS OF CASES

The FRA completed the analysis of 1,587 cases during the Reporting period, comprising: 1,044 of the 1,532 new cases received during the Reporting Period, 106 of the cases carried over from 2024, 7 of the cases carried over from 2023, 8 of the cases carried forward from 2022, 59 of the cases carried forward from 2021, 87 of the cases carried forward from 2020, 132 of the cases carried forward from 2019, 40 of the cases carried forward from 2018, 40 of the cases carried forward from 2017, 55 of the cases carried forward from 2016/17 and 9 of the cases carried forward from 2015/16.

CLOSURE AND DISSEMINATION OF CASES

The FRA closed 1,144 cases during the Reporting Period, comprising: 649 of the 1,532 new cases received during the Reporting Period, 73 of the cases carried forward from 2024, 16 of the cases carried forward from 2023, 8 of the cases carried forward from 2022, 67 of the cases carried forward from 2021, 73 of the cases carried forward from 2020, 124 of the cases carried forward from 2019, 33 of the cases carried forward from 2018, 37 of the cases carried forward from 2017, 55 of the cases carried forward from 2016/17 and 9 of the cases carried forward from 2015/16. Of the 1,144 cases closed, 257 were included in a disclosure[***2***], 374 were filed as intelligence, 436 were deemed to require no further immediate action, 51 [***3***]were replies to requests from OFIUs and 26 were replies to requests from LEAs and CA.

FINANCIAL SANCTIONS

During the Reporting Period, the FRA published 111 (2024: 102) Financial Sanctions Notices on its website. The FRA subscribes to the Email Alert provided by the Office of Financial Sanctions Implementation ("OFSI) within UK HM Treasury, advising of any changes to United Nations and UK financial sanctions across all sanctions regimes. The FRA forwards these notices automatically to subscribers, local law enforcement agencies and competent authorities generally within 1-2 hours of receipt.

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1. Multiple reasons for suspicion can be recorded for each case.
2. Total number of cases included in a disclosure to local law enforcement agencies, the competent authorities and overseas financial intelligence units.
3. Two (2) of these cases were also disclosed to LEAs.

Financial Sanctions... cont.

Frozen Asset Reporting

The Sanctions (EU Exit) (Miscellaneous Amendments) (No. 2) Regulations 2024 amended all sanctions regimes which contain financial measures to introduce a new reporting obligation on all persons that hold funds or economic resources owned, held, or controlled by a Designated Person. Persons were to provide a report to the FRA no later than Sunday November 30 2025 including the value of all such assets as at close of business on Tuesday 30 September 2025. The reports received are to be fully analysed in 2026.

Russia Sanctions

We continued to see a number of sanctions being imposed by the United Kingdom (and other countries) in 2025 in response to the Russian invasion of Ukraine on 24 February 2022, in terms of size, scale and complexity. As a result, it has been another challenging year for sanctions implementation due to continued increased demands on the FRA.

Relevant Firms continued to submit information concerning funds or economic resources belonging to, owned, held or controlled by a designated person. During 2025, a total of 158 Compliance Reporting Forms (CRFs) and 2 Reports by Designated Persons were received under the Russia Regime. As of 31 December 2025, a total of approximately USD$ 9.5 billion, EUR€230 million, GBP 271 thousand and CHF4 million held by or on behalf of persons designated under the Russia Sanctions regime were reported as being frozen.

During the Reporting Period the FRA published 9 Specified Ship Sanctions Notices (a total of 438 ships specified) on its website. A specified ship is prohibited from entering a port in the Cayman Islands, may be given a movement or a port entry direction, can be detained, and will be refused permission to register on the Cayman Islands Shipping Registry or may have its existing registration terminated. The FRA subscribes to the Email Alert provided by the Foreign, Commonwealth & Development Office ("FCDO"), advising of shipping sanctions. The FRA forwards these notices automatically to subscribers, local law enforcement agencies and competent authorities generally within 1-2 hours of receipt.

The Joint Task Force on Russia (Hektor), comprising representatives from eleven Ministries / Offices / Portfolios /Agencies, continued to meet regularly during 2025.

Specific Licence Applications

The FRA continues to process specific licence applications and respond to queries received. During 2025, 24 applications were received, broken down as follows:

Regime	2025	2024
Russia	23	13
Libya	1	0

General Licenses

The following General Licences, which allow multiple parties to undertake specified activities without applicants needing to submit a specific licence request to the FRA, were issued or amended by the Governor with the consent of the UK Secretary of State in 2025.

1. General Licence – Oil Price Cap (Amended). General Licence 2022/0002 permits certain Cayman Islands entities to make relevant services available to third country importers and exporters providing that the price paid for Russian oil or oil products is at or below the relevant price cap. It also allows for the processing of payments related to the authorised activities. This General Licence was issued on December 15, 2022 and was amended on March 1 2023 and July 25 2025.

Financial Sanctions... cont.

2. General Licence - Legal Services (Issued). General License GL/2025/0002 permits an Attorney or Law Firm, subject to certain conditions, who has provided legal advice to a person designated under the Russia or Belarus regime to receive payment from that designated person. This is due to expire on April 28 2026. The first Legal Services General Licence GL/2023/0002 was issued on April 14 2023, replaced on November 15 2023 with GL/2023/0003, May 24 2024 with GL/2024/001, December 19 2024 with GL/2024/0002, May 7 2025 with GL/2025/0001 and October 29 2025 with GL/2025/0002.
3. General Licence – Redemption/Withdrawal of investment, basic needs, routine holding and maintenance and payment of legal fees (Amended). General Licence 2022/0001 allows a Relevant Investment Fund or Fund Manager to redeem, withdraw or otherwise deal with an Investment Interest and make payments for basic needs, routine holding and maintenance and legal fees from frozen accounts. This General Licence was issued on October 4 2022 and was amended on April 5 2023, October 6 2023, October 16 2024 and October 16 2025.
4. General Licence – Russian Oil Exempt Projects (Issued). General Licence 2025/0003 permits Cayman Islands persons to continue business operations with a relevant subsidiary of a designated entity, to the extent they are in relation to specific named projects. This General Licence was issued on December 4, 2025 and expires on March 14 2027.
5. General Licence – Shah Deniz Project Activities (Issued). General Licence 2025/0004 allows persons and relevant Cayman Islands institutions to undertake any activity necessary for the continued operation of the Shah Deniz Project, subject to strict conditions. This General Licence was issued on December 4, 2025 and has no expiration date.

These General Licenses were posted along with the publication notice on the FRA's website and disseminated to subscribers.

RECEIPT OF THRESHOLD REPORTS FROM MONEY SERVICE BUSINESSES AND BANKS

On 1 March 2022, the Anti-Money Laundering (Class A and Class B Bank Threshold Reporting) Regulations, 2022 was approved by Cabinet. The Regulations required that a monthly report of threshold transactions carried out by a bank or a nil report in case a bank does not carry out a threshold transfer within the reporting period be submitted to the Financial Reporting Authority.

For the 12-month period ended 31 December 2025, the combined value of bank threshold transfers was approximately US$423.8 billion for outgoing transfers (47,954 transactions) and US$654.0 billion for incoming transfers (47,468 transactions).

This is the fifth year that money services businesses (MSBs) have been submitting threshold transactions on a quarterly basis to the Financial Reporting Authority. The combined value of MSB threshold transactions for the Reporting Period was approximately US$32.2 million for outgoing remittances (24,863 transactions) and US$540.8 thousand for incoming remittances (345 transactions).

This additional information is assessed when analysing cases, and has helped amplify the analysis for a handful of cases. The information received from threshold reporting will be also be used in future strategic analysis projects where relevant.

OTHER KEY INITIATIVES

DAML Regime

The FRA spent substantial time implementing the Defence Against Money Laundering (DAML) / Consent Regime that came into force on 2nd January 2025, pursuant to the Proceeds of Crime (Amendment) Act, 2023 (Commencement) (Amendment) Order, 2024, sections 11, 12 and 13 of the Proceeds of Crime (Amendment) Act, 2023.

The FRA issued an Industry Advisory on 10th January 2025 providing guidance to SAR filers on how to make a DAML / Consent request and how the DAML / Consent Regime will operate. The Industry Advisory:

1. Outlined the process for submitting a DAML / Consent Request;
2. Confirmed the Director of the FRA (or any individual authorised by the Director of the FRA) will be responsible for granting or refusing consent;
3. Introduced a Notice Period of 7 working days during which the DAML / Consent request has to be responded to failing which the applicant is deemed to have consent. The Notice Period commences on the first working day after a DAML / Consent request is submitted to the FRA, or such longer period as the Director may determine where the Director is of the view that an amendment to the SAR or DAML / Consent request is required because it is incomplete.
4. Introduced a Moratorium Period of 30 calendar days, commencing on the first working day after the FRA provides notice that the DAML / Consent request has been refused. It is anticipated that further action will be taken by law enforcement, such as property freezing orders or restraint orders.

During the Reporting Period, the FRA received 517 DAML / Consent Requests; 395 requests were granted; 95 requests were deemed to have consent; 9 requests were refused; and 18 were determined in consultation with the SAR filer, not to require a DAML / Consent request. Assets valued at over US$10 million were subjected to freezing as a result of DAML refusals.

Information Technology

The FRA continued to utilise the Egmont Secure Web (ESW) to exchange expertise and financial intelligence securely with OFIUs that are Egmont Members. The Egmont Group Secretariat, Regional Groups and Working Groups continued using applications within the ESW for circulating and publishing relevant information and conducting surveys. The 2024 Egmont Biennial Census, a mandatory submission for all Egmont member FIUs, was also completed through the ESW for the first time.

The FRA continued to use registration via its website for persons to subscribe to receive financial sanctions notices and alerts.

During the year, the FRA posted 1 fraud alert regarding scammers impersonating the FRA.

Minor changes were made to the FRA’s AMLive Reporting Portal. There are currently 438 active registered users from 223 Reporting Entities; 868 SARs (57%) were filed using AMLive.

REPRESENTING THE FRA/OUTREACH EVENTS/TRAINING

During the first half of the Reporting Period, the Director spent significant time representing the FRA (and the Caribbean Region) as a Regional Representative (RR) for the Americas Region of the Egmont Group. The Director participated in an Egmont Plenary, Working Group Meetings, Regional Group meetings and Egmont Committee Meetings. The Regional Representatives liaise between the members in their region and the Egmont Committee and the Egmont Group, and act as advocates for their region. This includes acting as the main contacts for the HoFIU and Egmont Committee on regional issues, mediation of members' issues in the region, and for facilitating training and technical assistance.

The Director also represented the Egmont Group at in person (June in Brasilia) and virtual meetings of the G20 Anti-Corruption Working Group, including a presentation on the work of the Egmont Group.

The Director's term as a RR ended in July 2025. The Director was appointed as a Vice-Chair of the Technical Assistance and Training Working Group (TATWG) in July 2025.

Representing the FRA: Staff members represented the FRA at a number of events, including the following:

- Egmont Group Head of FIUs, Working Group and Regional Group Meetings – The Director and 2 members of staff attended Working and Regional Group meetings which were conducted virtually in January 2025.
- The Director and the Sanctions Coordinator represented the FRA at the annual UK Sanctions Forum in March 2025 attended by senior officials from the United Kingdom, Crown Dependencies and British Overseas Territories in the United Kingdom. The Director also attended a Cayman Finance Roundtable with London stakeholders.
- Egmont Committee Intersessional Meeting - The Director virtually attended the EC Intercessional meeting that took place in Baku, Azerbaijan in May 2025.
- Caribbean Financial Action Task Force (CFATF) Plenary and Working Group Meetings – 2 members of staff attended the 60th CFATF Plenary and Working Group Meetings in Trinidad in May 2025.
- 31st Egmont Group Plenary, Working Group and Regional Group meetings - The Director attended these meeting in person in Luxembourg in July 2025.
- Egmont Centre of FIU Excellence & Leadership (ECOFEL) – A member of staff represented the FRA at the inaugural ECOFEL Global FIU leadership Conference: Back to the Future. In Bern, Switzerland in October 2025. The attendee also participated on a panel discussion regarding FIU excellence.
- Caribbean Financial Action Task Force (CFATF) Plenary and Working Group Meetings - The Director and 1 member of staff attended the 61st CFATF Plenary and Working Group Meetings in Barbados in November 2025.

Outreach: Staff of the FRA engaged in the following Outreach events covering one or more of the following topics: the DAML / Consent Regime, SAR statistics, SAR reporting obligations, emerging money laundering threats and obligations regarding targeted financial sanctions related to terrorist financing and proliferation financing:

- Three (3) presentations at domestic industry association events.
- Eight (8) presentations at private sector organised events to private entities.
- Three (3) 1-on-1 meetings with Money Laundering Reporting Officers (MLROs).
- One (1) meeting with a MLRO to demonstrate AMLive Reporting Portal functionalities.

Training: Staff of the FRA attended numerous training events during the Reporting Period, including:

- ECOFEL Course on Corporate Vehicles and Financial Instruments for the Americas Regional Group FIUs – a staff member attended the in-person training in Lima, Peru in March 2025.
- Terrorist Financing / Proliferation Financing Training – 13 staff members attended the in-person training in Grand Cayman in March 2025.
- Egmont Group VASP Risk Based Supervision Training Symposium – a staff member attended the in-person training in Malta in April 2025.

Representing the FRA... cont.

- OFSI facilitated Terrorism Financing (TF) and Proliferation Financing training (10 staff attended)
- CFATF Revised FATF Standards and Methodology - 4 staff members attended the in-person training in Grand Cayman in October 2025.
- Counter Terrorist Finance Forum - a staff member attended an in-person 'Train the Trainer' event in Grand Cayman in November 2025. The event was attended by senior officials from the United Kingdom and British Overseas Territories.
- ACAMS: The Assembly Caribbean – 2 staff members virtually attended the training in December 2025.
- Staff completed a number of online training provided by ECOFEL, the UK Office of Financial Sanctions Implementation (OFSI), Canada's Financial Transactions and Reports Analysis Centre and other training providers on a variety of topics, including:

    o Corporate Vehicles and Financial Products
    o Introduction to Virtual Assets / Virtual Asset Analysis
    o OFSI Intelligence Tools Workshop
    o Project Anton: Insights, case studies, and strategies to combat the illegal wildlife trade and its illicit financial networks.
    o FIU Communications & Planning
    o Countering Terrorist Financing
    o Professional Money Laundering
    o CTS Guide to Transport Sanctions Investigations Presentation
    o OTSI and Kharon Webinar: Understanding UK Sanctions and Trade Enforcement

TRUMAN BODDEN LAW SCHOOL

INSTITUTIONAL CONTEXT AND MISSION

The Truman Bodden Law School ("the Law School") is established pursuant to section 67 of the Legal Services Act 2020 which provides for the establishment of a local system of legal education within the Cayman Islands.

The Law School has been in continuous operation since 1982 and is an internationally recognised institution delivering undergraduate and postgraduate legal education through long-standing partnerships with leading UK universities. The University of Liverpool validates and awards the undergraduate Bachelor of Laws (LL.B) degree, which is offered on both a full-time and part-time basis. The Law School is also affiliated with Oxford Brookes University, which validates and awards the Postgraduate Diploma in Legal Practice following successful completion of the Professional Practice Course (PPC). Upon completion of the PPC and the required 18 months of Articles of Clerkship, graduates are eligible to be called to the Cayman Islands Bar as Attorneys-at-Law of the Cayman Islands.

MISSION AND STRATEGIC AIMS

In partnership with the University of Liverpool and Oxford Brookes University, the Law School's mission is to deliver undergraduate and postgraduate legal education that is equivalent in standard and quality to that provided by recognised institutions in the United Kingdom and across the wider common law world. This mission underpins both the LL.B (Hons) and PPC programmes and is reflected in the academic standards, assessment practices, and student outcomes reported.

The Law School seeks to provide a rigorous, supportive, and inclusive learning environment that enables students to realise their full academic potential and to achieve excellence in legal study. A core objective is to promote awareness and critical understanding of the legal, ethical, and moral considerations relevant to the development, interpretation, and application of legal rules and to professional legal practice. This ethos is embedded throughout the undergraduate curriculum and reinforced at the postgraduate stage within the PPC.

While the programmes are designed primarily to prepare students for entry into the legal profession, they also provide a strong foundation for graduates pursuing a broad range of alternative professional and public service careers.

ACADEMIC ACTIVITY AND STAFF ENGAGEMENT

The reporting period has been a particularly active and productive year for the Law School. Academic and practitioner staff have remained fully engaged in teaching, learning, and assessment across both programmes, while also contributing extensively to scholarly research, professional practice, continuing professional development, and extra-curricular activities. This sustained engagement supports the maintenance of academic standards, enhances the student experience, and reinforces the Law School's commitment to high-quality legal education.

LL.B (Hons) Programme (Full-Time) and Part-Time) In Partnership with the University of Liverpool

Recruitment, Enrolment and Cohort Profile

Recruitment and enrolment for the 2024/25 academic year reflected a lower-than-usual intake, with 17 new students enrolling across the full-time and part-time LL.B (Hons) programmes. While this represents a decline compared with previous years, the overall cohort remains stable and healthy, supported by strong retention and progression. A total of 60 students continued on the programme as returning students across both modes of study, contributing positively to cohort sustainability.

All new and returning students participated in a structured induction programme, designed to familiarise them with programme requirements, academic expectations, learning resources, and student support services. Induction activities were appropriately differentiated to meet the needs of both full-time and part-time learners, ensuring an inclusive and supportive start to the academic year

Student Progression and Retention

Student progression across the programme remains strong. The availability of flexible full-time and part-time routes has enabled students to progress in accordance with individual personal and professional circumstances. During the reporting period:

- Two final-year students suspended their studies.
- Two students transferred from the full-time to the part-time route, extending their period of study.

These changes were managed through appropriate academic advising and pastoral support, ensuring continued engagement and safeguarding progression outcomes.

Academic and Pastoral Support

Students benefited from a comprehensive framework of academic and pastoral support, including personal tutoring, structured academic guidance, and regular, constructive assessment feedback.

In response to recommendations arising from the Institutional Visit, the 2024/25 academic year saw the introduction of a dedicated Mental Health and Wellbeing Officer. This role has significantly strengthened pastoral provision and enhanced institutional capacity to support student wellbeing.

In addition, a series of wellbeing initiatives were introduced during the year, delivered both internally and in partnership with third-party providers. These initiatives focused on mental health awareness, resilience, and overall wellbeing and were positively received by students. Collectively, these measures have supported early identification of concerns, timely intervention, and sustained support throughout the student lifecycle.

LL.B (Hons) Programme... cont.

Student Achievement and Outcomes

Achievement outcomes during the reporting period were excellent. Fourteen students graduated, with the following classification profile:

- First Class Honours: 7
- Upper Second Class (2:1): 4
- Lower Second Class (2:2): 2
- Third Class: 1

These outcomes demonstrate a high level of academic attainment and reflect the effectiveness of teaching, assessment practices, and student support within the programme.

Partnership Working and Governance

Communication between the University of Liverpool (UoL) and TBLS has continued to strengthen. Earlier notification of new and revised policies and procedures has enabled documentation to be reviewed and shared in advance of implementation, supporting effective planning, compliance, and smooth integration into existing practices.

The liaison relationship between the institutions remains highly supportive and effective, with the partnership well managed at all operational and strategic levels. The provision of dedicated administrative and assessment support staff has had a notably positive impact, enhancing operational effectiveness, supporting assessment delivery, and improving the overall student experience.

External Examiner Reports

External Examiner reports for the period were largely positive and confirmed the robustness of academic standards and assessment practices. The External Examiner noted:

- Appropriate standards are being maintained.
- A high level of consistency in marking.
- Clear and well-reasoned justification for awarded marks.
- Assessments are suitably challenging and aligned with learning outcomes.

Student Feedback

Student feedback gathered through internal evaluation mechanisms was consistently positive across the programme and individual modules. Key themes included:

- High levels of satisfaction with teaching quality and learning support.
- Strong appreciation of the favourable staff-to-student ratio and academic accessibility.
- Positive recognition of the programme's supportive and responsive culture.

Feedback is collected through module and programme evaluations, as well as staff–student meetings, enabling timely dialogue and informing continuous enhancement of programme delivery.

Postgraduate Diploma in Legal Practice (Professional Practice Course) In Partnership with Oxford Brookes University

Teaching Team and Professional Engagement

The PPC teaching team comprises full-time academic staff and part-time Practitioner Tutors, who are practising professionals within the local legal community. During 2024/25, Practitioner Tutors and full-time staff demonstrated exceptionally high levels of scholarly, professional, and CPD engagement, contributing significantly to the academic quality and professional relevance of the programme.

Staff activity during the reporting period included:

- Publication of leading practitioner textbooks and academic articles.
- Participation in national and international conferences.
- Delivery of CPD programmes locally and internationally.
- Engagement with law reform bodies, professional associations, and regulatory institutions.
- Editorial appointments and external examining roles.

This sustained level of engagement ensures strong alignment between academic delivery and professional practice.

Regulatory Context and Student Profile

The programme is regulated under Cayman Islands law, which restricts enrolment to Caymanians or individuals with Cabinet consent. As a result, the student profile demonstrates limited diversity, with the majority of students being Caymanian. Female enrolments continue to outnumber male enrolments.

A Disability Support Officer has been appointed to provide tailored learning and disability support, ensuring appropriate reasonable adjustments and inclusive provision.

Enrolment, Progression and Outcomes

In September 2024:

- 17 students enrolled on the programme.
- One external resit student returned from the 2023/24 academic year.
- There were no suspensions or withdrawals during the year.

Assessment outcomes were strong:

- Nine students passed all assessments at first attempt and graduated with Distinction.
- Two students graduated with Commendation.
- Four of five resit students passed on their second attempt and graduated.
- One student failed five assessments on a second attempt and will return as a non-attending student in 2025/26.
- One external resit student failed assessments for the third and final time and was unable to graduate.

The year recorded the highest number of Distinctions awarded in the programme’s history, with ten Distinctions awarded in total (including one following a successful academic appeal).

Postgraduate Diploma in Legal Practice... cont.

Graduate Destinations and Employer Engagement

Graduate outcomes remain strong. Of the sixteen graduates:

- Eleven accepted Articles of Clerkship with local law firms.
- Three returned to employment without actively pursuing Articles.
- Data was unavailable for two graduates.

Engagement with local law firms remains robust. The Programme Manager continues to maintain strong relationships with key stakeholders, including the Cayman Islands Legal Practitioners Association (CILPA) and the Legal Advisory Council (LAC).

Partnership with Oxford Brookes University

The relationship between TBLS and Oxford Brookes University remains highly effective and collaborative. Issues raised are addressed promptly, professionally, and constructively, supported by excellent administrative assistance. The partnership continues to provide confidence in governance, academic standards, and operational support.

OVERALL EVALUATION OF REPORTING YEAR

Despite challenges in recruitment, both the LL.B (Hons) and PPC programmes demonstrate strong academic standards, excellent student outcomes, effective partnership working, and a robust framework of academic and pastoral support. The programmes remain well positioned to continue delivering high-quality legal education aligned with professional and regulatory expectations.

Learning Resources and Facilities

During 2024/25, TBLS successfully settled into its new facilities, which have had a demonstrably positive impact on the learning and teaching environment. Enhanced accommodation includes improved teaching rooms that are well equipped and appropriate to programme needs. Learning resources and infrastructure continue to be fit for purpose and aligned with programme requirements.

Staffing Levels

Staffing levels during the reporting period were appropriate and sufficient to support programme delivery, assessment, and student support. The balance of academic, administrative, and support staff ensured continuity, academic quality, and responsiveness to student needs.

Staff Development and Scholarly Activity

Academic staff engaged actively in a wide range of scholarly, professional, and continuing professional development activities throughout 2024/25, including academic publishing, conference participation, and professional training. These activities support subject currency, pedagogic enhancement, and the maintenance of high academic standards.

HUMAN RESOURCES MANAGEMENT DEPARTMENT

The year 2025 proved to be another busy year for the Human Resources Team supporting the Portfolio of Legal Affairs inclusive of the seven separate Cost Centres comprising the Portfolio. We recruited a new Human Resources Officer to strengthen the HR team. We recruited two Crown Counsel, a Crown Counsel II and an Executive Officer/Records Officer to Support the Solicitor General's Office. In addition we recruited a Finance & Compliance Administrator for the Finance team, a Legislative Counsel for the Legal Drafting Department and a Senior Policy Analyst and two Financial Analysts for the Financial Reporting Authority. Three Office Support Assistants (Summer Interns) were also employed over the Summer. The Truman Bodden Law School retained all team members, as did the Law Revision Commission.

Following the 2025 Election, the Anti-Money Laundering Unit was transferred to the Ministry of Financial Services & Commerce.

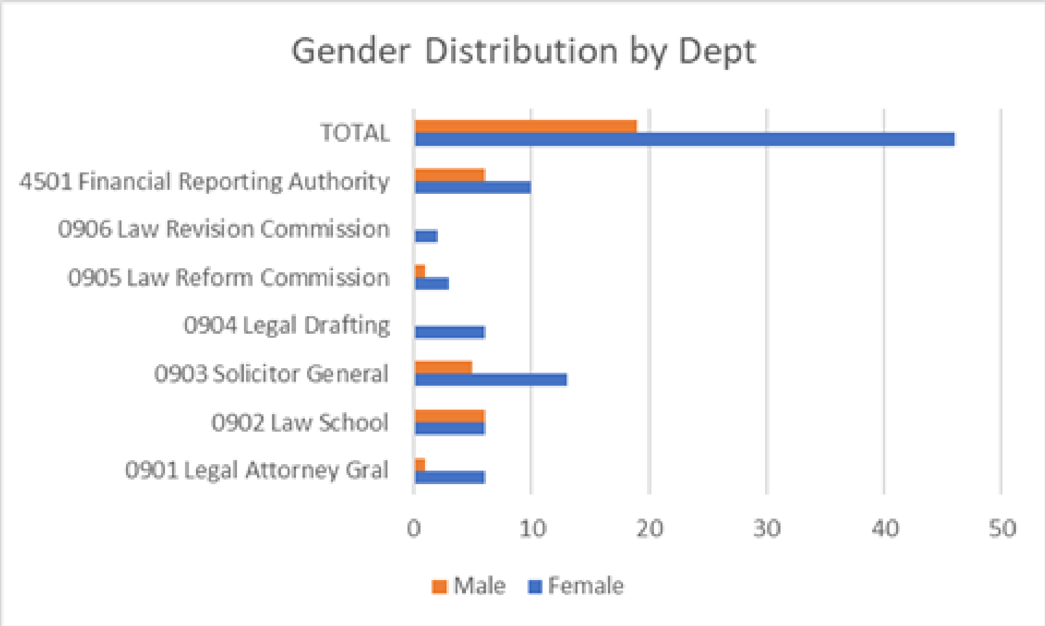
Additionally, two Articled Clerks completed their articles during 2025 and a Sanctions Coordinator from the Financial Reporting Unit continued her Articles of Clerkship.

In addition to the Summer Interns and two Articled Clerks, two others members departed upon the completion of their Fixed-term contracts. One, a Crown Counsel while the other was employed providing Librarian and Records Management support. The Legal Advisor for the FRA retired during 2025 after over 33 years of CIG Civil service. Sadly, after a period of illness, our HR Manager passed away during 2025.

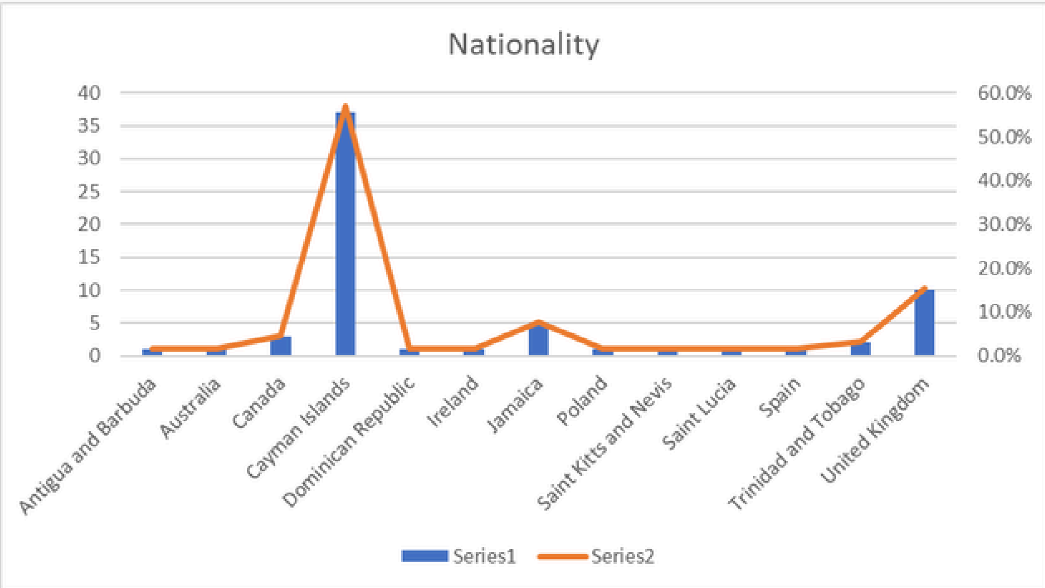
In June, we implemented the results of the long-awaited Legal Family Salary Review which resulted in a re-assessment of salaries for those employed in Legal roles within the Portfolio.

The Portfolio numbered 65 full time employees at the close of the 2025 fiscal year, with staff demographics being shown below. This figure of 65 FTE does not include the Shared Services Legal Librarian, who is employed with the Judicial Department as his substantive post, nor the three Summer Interns.

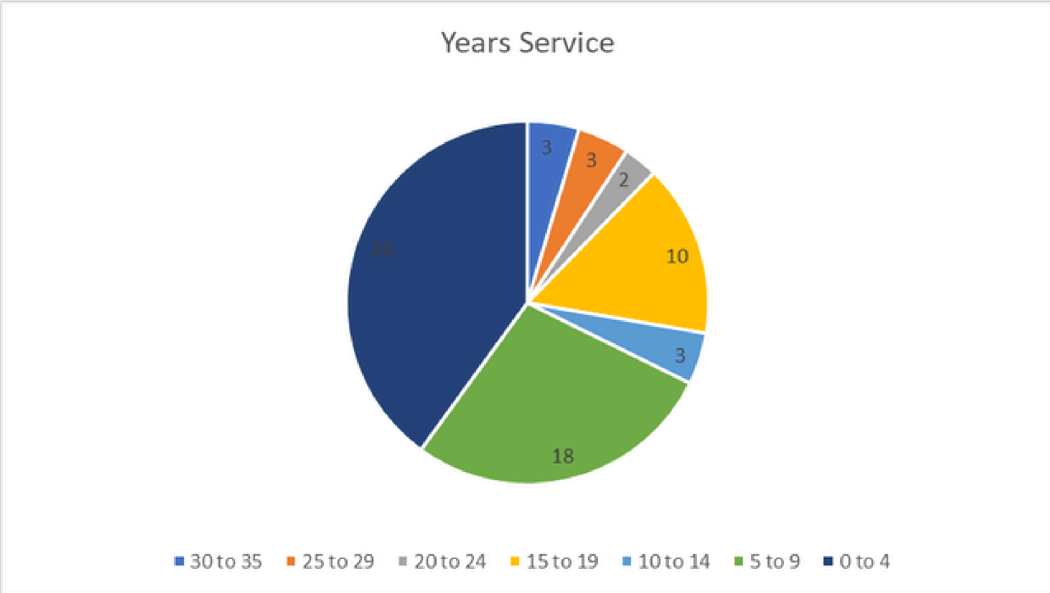
Gender (31st December 2025)
71% Female
29% Male



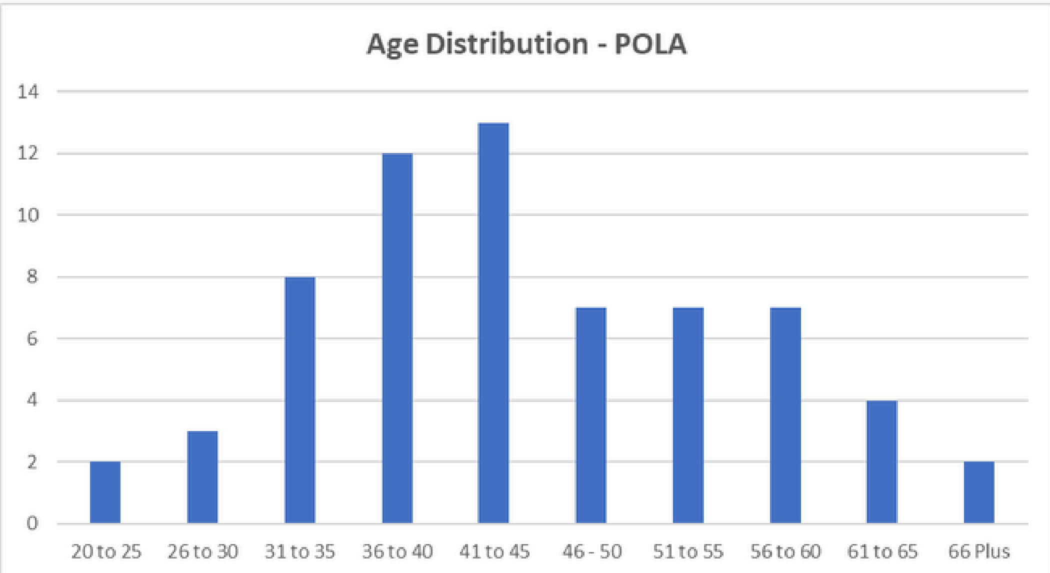
Nationality Breakdown (31st December 2025)
57% Caymanian



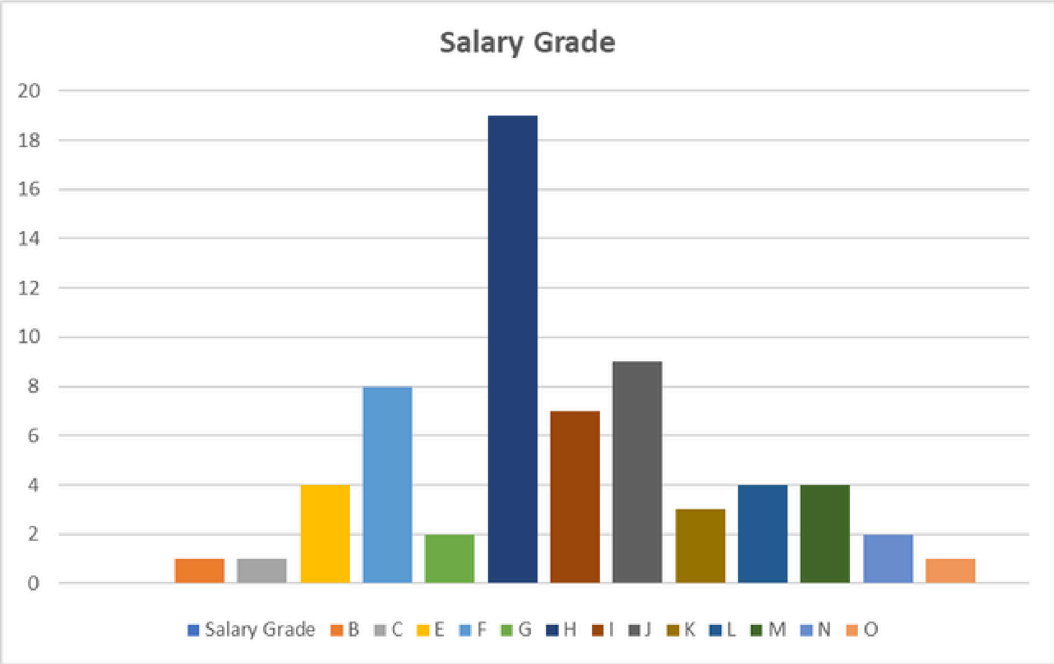
Employee Service Length (31st December 2025)



Age Distribution (31st December 2025)



Salary Grade Distribution (31st December 2025)



STAFF PROFESSIONAL LEARNING DEVELOPMENT

The Portfolio of Legal Affairs continued its emphasis on continued Professional Learning and Development with the partnership of the Civil Service College internally and multiple external industry specific partners externally. 62 members of staff are currently registered with the Civil Service College on-line learning platform. One staff member recently graduated as part of the Leadership Cayman Class of 2025. Two law lecturers from the Truman Bodden Law School were recognised as Senior Fellows of the UK's Higher Education Authority ascribing professional recognition of their expertise in teaching and learning in Higher Education. The Law School conducted it's 38th Graduation Ceremony is 2025. 60% of PPC graduates received a Distinction, the highest classification possible; whilst nearly 45% of LL.B graduates graduated with First Class Honours.

Additionally, there was continuing financial and study leave support provided on an individual basis for several members of the staff within the Portfolio of Legal Affairs with a focus on investment in Caymanian team members.

Two Caymanian Articled Clerks were hosted by the Portfolio of Legal Affairs during 2025, providing the essential practical legal training required for their call to the Caymanian Bar during 2025.

ARTICLES OF CLERKSHIP

The Articles of Clerkship constitute a mandatory and foundational stage in the professional training of aspiring attorneys in the Cayman Islands. Undertaken in accordance with the Legal Practitioners Act (2022 Revision), this supervised training period is designed to provide practical experience, professional discipline and exposure to the ethical and procedural standards required of members of the Bar. Under the guidance of qualified attorneys-at-law, Articled Clerks develop the core competencies necessary for effective and responsible legal practice.

In 2024, the Portfolio welcomed two new Articled Clerks, Kim France and Joeniel Bent, to the training programme, while Michaiah Bryan continued to progress his articles. Mr. Bent concluded his time with the Portfolio in the summer of 2025, and Mr. Bryan successfully completed his training with the Portfolio in the autumn of 2025. Throughout their tenure, the Articled Clerks benefited from comprehensive legal training across multiple areas of practice.

The Articles Programme of the Portfolio is structured to ensure meaningful exposure to the wide range of legal work undertaken within Government. Articled Clerks rotate through key legal departments, including the Solicitor General's Office, the Legislative Drafting Department, the Law Reform Commission and the Office of the Director of Public Prosecutions. This rotational model ensures that Articled Clerks gain both breadth and depth of experience across civil, legislative and criminal practice.

During their seat within the Solicitor General's Office, Articled Clerks were engaged in both contentious and non-contentious civil work. Their responsibilities included assisting with the preparation of legal opinions, reviewing ontracts, drafting court documents and compiling hearing bundles. Articled Clerks attended client conferences and court proceedings, and supported Crown Counsel in ongoing litigation matters. This immersion provided valuable insight into advocacy, case preparation and the procedural requirements of litigation within the public sector.

At the Law Reform Commission, Articled Clerks were introduced to the full lifecycle of law reform initiatives, from policy development and comparative legal research to consultation processes and the preparation of reform reports. They contributed to research memoranda, drafting exercises and proofreading, thereby gaining a practical understanding of how legislative reform proposals are developed and refined.

The rotation within the Legislative Drafting Department provided Articled Clerks with exposure to the technical and analytical discipline of legislative drafting. They observed and assisted in the preparation of primary legislation (Acts) and subordinate instruments, including Regulations, Orders, Directions and Rules. Articled Clerks also gained familiarity with the iterative process of obtaining drafting instructions, principles of statutory interpretation, how to structure legislation and the use of established legislative precedents relevant to the Cayman Islands.

While attached to the Office of the Director of Public Prosecutions, Articled Clerks observed the operation of the criminal justice system in practice. Their training included attendance at bail applications, mentions, trials in the Summary Court and Grand Court, sentencing hearings and appellate proceedings. This component of the Programme provided a structured introduction to prosecutorial functions, evidential considerations and courtroom procedure.

The Portfolio remains firmly committed to developing the next generation of legal professionals through its Articles of Clerkship Programme. By delivering rigorous, supervised training across a diverse range of legal disciplines, the Programme equips future attorneys with the technical competence, professional judgment and ethical grounding essential to the practice of law. In doing so, it supports the continued development and strength of the Cayman Islands’ legal profession and the overall quality of legal expertise within the jurisdiction.

CONTACT DETAILS

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APPENDIX A - FINANCIAL STATEMENTS

GOVERNMENT OF THE CAYMAN ISLANDS

PORTFOLIO OF LEGAL AFFAIRS

AUDITED FINANCIAL STATEMENTS
31 December 2025

CONTENTS

Attorney General's Chambers

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George Town
Grand Cayman
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George Town
P.O. Box 104
Grand Cayman
Cayman Islands

STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by the Portfolio of Legal Affairs 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 Solicitor General I am responsible for establishing, and have established and maintained a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorized by Act, and properly record the financial transactions of the Portfolio of Legal Affairs.

As Solicitor General and Chief Financial Officer, we are responsible for the preparation of the Portfolio of Legal Affairs' financial statements, representation and judgments made in these statements.

The financial statements fairly present the financial position, financial performance and cash flows for the 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 the Portfolio of Legal Affairs for the year ended 31 December 2025;

(b) fairly reflect the financial position as at 31 December 2025 and performance for the year ended 31 December 2025;

(c) comply with International Public Sector Accounting Standards as set out by International Public Sector Accounting Standards Board under the responsibility of the International Federation of Accountants. Where additional guidance is required, International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board are used.

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

Solicitor General Date:

21 April 2026

Chief Financial Officer

Date: 21 April 2026

Office of the Auditor General
CAYMAN ISLANDS

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AUDITOR GENERAL'S REPORT

To the Members of Parliament and the Chief Officer of the Portfolio of Legal Affairs

Opinion

I have audited the financial statements of the Portfolio of Legal Affairs (the "Entity"), which comprise the statement of financial position as at 31 December 2025 and the statement of financial performance, statement of changes in net assets 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 9 to 41.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Portfolio of Legal Affairs 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 Portfolio of Legal Affairs in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, together with the ethical requirements that are relevant to my audit of the financial statements in the Cayman Islands, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International 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 Entity'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 Office or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Portfolio of Legal Affair'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 Entity'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 Entity'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 Portfolio of Legal Affairs to cease to continue as a going concern.

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

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

Patrick O. Smith CPA, CFE	21 April 2026
Auditor General	Cayman Islands

PORTFOLIO OF LEGAL AFFAIRS
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025
(Expressed in Cayman Islands Dollars)

Prior Year Actual		Note	Current Year Actual	Original Budget	Final Budget	Variance (Original vs. Actual)
CI$000			CI$000	CI$000	CI$000	CI$000
	Current Assets					
1,600	Cash and cash equivalents	**2,18**	1,768	1,779	1,779	11
1,063	Receivables from exchange transactions	**3,18,19**	1,142	1,106	1,106	(36)
7	Other receivables	**3**	10	7	7	(3)
-	Inventory	**4,18**	8	-	-	(8)
112	Prepayments	**3,18**	127	75	75	(52)
2,782	**Total Current Assets**		3,055	2,967	2,967	(88)
	Non-Current Assets					
477	Property and equipment	**5,18**	416	537	537	121
38	Intangible assets	**6,18**	4	25	25	21
-	Right-of-use asset	**15,18**	1,302	-	-	(1,302)
515	**Total Non-Current Assets**		1,722	562	562	(1,160)
3,297	**Total Assets**		4,777	3,529	3,529	(1,248)
	Current Liabilities					
10	Trade payables	**7,18**	-	22	22	22
143	Accruals and other liabilities	**7,18,19**	269	80	80	(189)
16	Unearned revenue	**8**	25	25	25	-
233	Employee entitlements	**9,18**	204	200	200	(4)
-	Short term lease liabilities	**15,18**	397	-	-	(397)
402	**Total Current Liabilities**		895	327	327	(568)
	Non-Current Liabilities					
-	Long term lease liabilities	**15,18**	992	-	-	(992)
-	**Total Non-Current Liabilities**		992	-	-	(992)
402	**Total Liabilities**		1,887	327	327	(1,560)
2,895	**Net Assets**		2,890	3,202	3,202	312
	Net Equity					
2,895	Contributed capital	**18**	2,890	3,202	3,202	312
2,895	**Total Equity**		**2,890**	**3,202**	**3,202**	**312**

The accounting policies and notes on pages 9-41 form part of these financial statements.

PORTFOLIO OF LEGAL AFFAIRS
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Cayman Islands Dollars)

Prior Year Actual CI$000		Note	Current Year Actual CI$000	Original Budget CI$000	Final Budget CI$000	Variance (Original vs. Actual) CI$000
	Revenue					
8,455	Sale of outputs to Cabinet	**11,18,19,21**	9,586	10,708	11,234	1,122
612	Sale of outputs to others	**11,18,21**	573	627	628	54
9,067	**Total Revenue**		**10,159**	**11,335**	**11,862**	**1,176**
	Expenses					
7,387	Personnel costs	**12,18,21**	8,141	9,189	9,465	1,048
1,398	Supplies and consumables	**13,18,19**	905	1,637	1,209	732
-	Depreciation for right-of-use	**15,18**	426	-	457	(426)
164	Depreciation and amortisation	**5,6,18**	146	194	222	48
-	Finance costs (right-of-use)	**15,18**	89	-	93	(89)
41	Revisions to loss allowance	**3**	20	5	5	(15)
-	Debts written off	**3**	-	7	7	7
73	Litigation costs	**14**	431	300	401	(131)
1	Loss on foreign exchange transactions	**16**	1	3	3	2
6	Loss on disposal of assets		-	-	-	-
(3)	Gain on derecognition of financial assets/liabilities	**19**	-	-	-	-
9,067	**Total Expenses**		**10,159**	**11,335**	**11,862**	**1,176**
-	**Surplus for the year**		**-**	**-**	**-**	**-**

The accounting policies and notes on pages 9-41 form part of these financial statements.

PORTFOLIO OF LEGAL AFFAIRS
STATEMENT OF CHANGES IN NET ASSETS/EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Cayman Islands Dollars)

	Note	Contributed Capital CI$000	Accumulated Surpluses CI$000	Total Net Assets/Equity CI$000	Original Budget CI$000	Final Budget CI$000	Variance (Original vs. Actual) CI$000
Balance at 1 January 2024		**2,748**	**-**	**2,748**	**2,832**	**2,832**	**84**
Equity investment from Cabinet		147	-	147	245	245	98
Balance at 31 December 2024		**2,895**	**-**	**2,895**	**3,077**	**3,077**	**182**
Balance at 1 January 2025		**2,895**	**-**	**2,895**	**3,077**	**3,077**	**182**
Equity investment from Cabinet	**18**	52	-	52	125	125	73
Entity reorganization		(1)	-	(1)	-	-	1
Prior period adjustment	**15**	(56)	-	(56)	-	-	56
Balance at 31 December 2025		**2,890**	**-**	**2,890**	**3,202**	**3,202**	**312**

The accounting policies and notes on pages 9-41 form part of these financial statements

PORTFOLIO OF LEGAL AFFAIRS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Cayman Islands Dollars)

Prior Year Actual CI $'000		Note	Current Year Actual CI $'000	Original Budget CI $'000	Final Budget CI $'000	Variance (Original vs. Actual) CI $'000
	Cash flows managed on behalf of Cabinet					
	Operating Activities					
	Cash received					
578	Sale of goods and services – third party		570	625	625	55
8,397	Sales to Cabinet		9,507	10,585	10,585	1,078
-	Other receipts		-	2	2	2
	Cash used					
(7,385)	Personnel costs		(8,170)	(9,189)	(9,189)	(1,019)
(1,498)	Supplies and consumables		(1,226)	(1,952)	(1,952)	(726)
-	Finance costs (right-of-use)		(89)	-	-	89
92	Net cash flows from operating activities	**16**	592	71	71	(521)
	Investing activities					
	Cash used					
(147)	Purchase of property and equipment	**5**	(52)	(125)	(125)	(73)
(147)	Net cash flow used in investing activities		(52)	(125)	(125)	(73)
	Financing activities					
	Cash used					
147	Equity injections from Cabinet		52	125	125	73
-	Entity reorganization		(32)	-	-	32
-	Lease payment		(392)	-	-	392
147	Net cash flows from/ (used in) financing activities		(372)	125	125	497
92	Net increase in cash and cash equivalents held		168	71	71	(97)
1,508	Cash and cash equivalents at beginning of year		1,600	1,708	1,708	108
1,600	Cash and cash equivalents at the end of the year		**1,768**	**1,779**	**1,779**	**11**

The accounting policies and notes on pages 9-41 form part of these financial statements.

PORTFOLIO OF LEGAL AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Cayman Islands Dollars)

Description and principal activities

The Portfolio of Legal Affairs (the "Entity") is a Government-owned entity as defined by section 2 of *the Public Management and Finance Act (2020 Revision)* and is domiciled in the Cayman Islands.

The Entity provides a wide range of legal services including legal advice and representation in litigation to the Government and its affiliated entities. It is responsible for the provision of other legal services such as legislative drafting, law reform and law revision. It provides financial intelligence services and support to Government and other stakeholders in anti-money laundering initiatives via the Financial Reporting Authority and the Anti-Money Laundering Unit. Legal education and training are provided by the Truman Bodden Law School. The Entity is headed by the Hon. Attorney General. Its principal activities and operations include all activities carried out in terms of the outputs purchased by the Cabinet as defined in the Annual Plan and Estimates for the Government of Cayman Islands for the year ended 31 December 2025. The principal address of the Entity is located on the 4th Floor of the Government Administration Building, 133 Elgin Avenue, George Town, Grand Cayman. As of 31 December 2025, the Entity had 64 employees (2024: 63).

To improve transparency and accountability, following the April 2025 elections, as of 01 July 2025 the Entity was restructured and the following unit transitioned out of its remit:

- Anti-Money Laundering Unit

For any periods reported on or after 01 July, 2025 the actual and budget reporting for the Entity reflect operations related to its remaining departments, and unit(s).

- The Office of the Solicitor General
- Legislative Drafting Department
- Law Reform Commission
- Law Revision Commission
- Financial Reporting Authority
- Truman Bodden Law School
- Attorney Generals Chambers

Note 1: Significant accounting policies

These financial statements have been prepared in accordance with International Public Sector Accounting Standards ("IPSAS") issued by the International Federation of Accountants and its International Public Sector Accounting Standards Board using the accrual basis of accounting. Where additional guidance is required, International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board are used.

New accounting standards issued and applicable

The Portfolio of Legal Affairs has adopted IPSAS 43, Leases as of the transition date of 1 January 2025, replacing IPSAS 13, Leases. IPSAS 43 primarily affects the accounting by lessees and will result in the recognition of almost all leases on the Statement of Financial Position. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset, which will generally result in a higher charge being recorded in the Statement of Financial Performance compared to IAS 17. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

In accordance with the transitional provisions in IPSAS 43, the Entity has adopted the modified retrospective approach under which the cumulative effect of initial application is recognised in opening equity at 1 January 2025. Accordingly, comparative information for the 31 December 2024 period has not been restated.

IPSAS 44, Non-Current Assets Held for Sale and Discontinued Operations specifies the accounting for assets held for sale and the presentation and disclosure of discontinued operations. There is no impact to the Entity's Financial Statements.

IPSAS 45, Property, Plant and Equipment, (effective for periods beginning on or after 1 January 2025), provides comprehensive guidance on the accounting treatment for property, plant, and equipment (PPE), including specific guidance for heritage assets and infrastructure assets held by public sector entities. The standard replaces IPSAS 17, Property, Plant and Equipment. During the financial year, the Entity adopted IPSAS 45, and its implementation did not have a significant impact on the Entity's financial statements.

IPSAS 46, Measurement provides new guidance in a single standard addressing how commonly used measurement bases should be applied in practice. There is no impact on the Entity's financial statements.

Note 1: Significant accounting policies (continued)

New and revised accounting standards issued that are not yet effective for the financial year beginning 1 January 2025 and have not been early adopted by the Entity.

Certain new accounting standards have been published that are not mandatory for the 31 December 2025 reporting year and have not been early adopted by the Entity. The Entity's assessment of the impact of these new standards are set out below.

IPSAS 47, Revenue (effective for periods beginning on or after 1 January 2026) replaces IPSAS 9, Revenue from Exchange Transactions, IPSAS 11, Construction Contracts, and IPSAS 23, Revenue from Non-Exchange Transactions and is a single source for revenue accounting guidance in the public sector, which presents two accounting models based on the existence of a binding arrangement. The impact on the Entity's financial statements will be assessed for the next financial year.

IPSAS 48, Transfer Expenses (effective for periods beginning on or after 1 January 2026) provides accounting requirements for transfer expenses, and presents two accounting models based on the existence of a binding arrangement. The impact on the Entity's financial statements will be assessed for the next financial year.

IPSAS 49, Retirement Benefit Plans (effective for periods beginning on or after 1 January 2026) establishes comprehensive accounting and reporting requirements for the financial statements of retirement benefit plans, with participants comprising current and former public sector employees and other eligible members. The new pronouncement will bring increased transparency and accountability to these public sector entities, ensuring they can fulfill their obligations to employees and other eligible participants who are members of the retirement benefit plan. It is anticipated that IPSAS 49 will not have an impact on the Entity's financial statements.

IPSAS 50, Exploration for and Evaluation of Mineral Resources (effective for periods beginning on or after 1 January 2027) provides guidance on accounting for the costs incurred in the exploration and evaluation of mineral resources, based on the selection of an accounting policy specifying which expenditure should be recognised as exploration and evaluation assets.

IPSAS 51, Tangible Natural Resources Held for Conservation (effective for periods beginning on or after 1 January 2028) introduces new, public sector-specific accounting guidance on accounting for natural resources with physical substance, such as land, trees, and water, often held by governments to preserve or protect them. The impact on the Entity's financial statements will be assessed closer to the effective date of adoption.

Note 1: Significant accounting policies (continued)

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. During the financial year ended 31 December 2025 new policies regarding Inventory (r) and Leases (s) were introduced.

(a) Basis of preparation

These financial statements have been prepared on a going concern basis. The financial statements are presented in Cayman Islands dollars and the measurement base applied to these financial statements is the historical cost basis.

(b) Reporting Period

The current reporting period is for the year ended 31 December 2025.

(c) Budget amounts

The 2025 budget amounts were prepared using the accrual basis of accounting and the accounting policies have been consistently applied with the actual financial statement presentation. The 2025 budget was presented in the 2024-2025 Budget Statement of the Government of the Cayman Islands and approved by the Parliament on 8 December 2023.

Section 9(5) of the Public Management and Finance Act (2020 Revision) states "except to the extent otherwise provided by a law, an appropriation lapses at the end of the budget period to which the law by which the appropriation is granted relates." The budget period is defined as a period of appropriation covering two financial years. The 2024-2025 Budget Statement covers the two financial years commencing 1 January 2024 to 31 December 2025.

During the budget period funds can be utilized between the two financial years. The 2024-2025 appropriations will lapse at the end of the budget period ending 31 December 2025.

(d) Judgments and estimates

The preparation of financial statements in accordance with IPSAS requires judgments, estimates, and assumptions affecting the application of policies and reported amounts of assets and liabilities, revenue and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The account balances that require judgement are receivables from exchange transactions, intangible assets and property and equipment. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the reporting period that is affected by those revisions.

Note 1: Significant accounting policies (continued)

(e) Revenue

Revenue is recognised in the accounting period in which it is earned. Revenue received but not yet earned at the end of the reporting period is deferred as a liability until it is earned.

The Entity derives its revenue through the provision of services to Cabinet, to other agencies in government and to third parties. Revenue is recognised on a full cost recovery basis.

(f) Expenses

Expenses are recognised when incurred on the accrual basis of accounting. In addition, an expense is recognised for the consumption of the estimated fair value of contributed goods and services received, when an estimate can realistically be made.

(g) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash in-transit and bank accounts with a maturity of no more than three months at the date of acquisition which are subject to an insignificant risk of changes in value. Although cash and cash equivalents at 31 December 2025 are subject to the expected credit loss requirements of IPSAS 41, no allowance has been recognised as the estimated allowance is negligible due to the high credit quality of the counterparty banks.

(h) Trade Receivables

Trade receivables are amounts due from customers for items sold or services performed in the ordinary course of business. Trade receivables and other receivables comprise of balances due from other Government entities, including Output Receivables and balances due from third parties.

The simplified approach to providing for expected credit losses, as prescribed by IPSAS 41, is applied to trade and other receivables. The simplified approach involves making a provision equal to lifetime expected credit losses.

(i) Prepayments

The portion of amounts paid for goods and services in advance of receiving goods and services has been recognised as a prepayment.

Note 1: Significant accounting policies (continued)

(j) Property and equipment

Property and equipment is stated at historical cost less accumulated depreciation. Items of property and equipment are initially recorded at cost. Where an asset is acquired for nil or nominal consideration, the asset is recognised initially at fair value, where fair value can be reliably determined, and as revenue in the Statement of Financial Performance in the year in which the asset is acquired.

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

Asset type	***Estimated useful life***
• Computer hardware and software	3 – 10 years
• Office equipment and furniture	3 – 10 years
• Motor vehicles	3 – 10 years
• Other equipment	5 – 10 years
• Leasehold improvements	Over the term of the lease

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at year end. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use in service.

Disposals

Gains and losses on disposals of property and equipment are determined by comparing the sale proceeds with the carrying amount of the asset on disposal. Gains and losses on disposals during the year are included in the Statement of Financial Performance.

(k) Intangible assets

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

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

Note 1: Significant accounting policies (continued)

(l) Employee benefits

Employee entitlements to salaries and wages, annual leave, long service leave, retiring leave and other similar benefits are recognised in the Statement of Financial Performance when they are earned by employees. Employee entitlements to be settled within one year following the year-end are reported as current liabilities at the amount expected to be paid. Pension contributions for employees of the Entity are paid to the Public Service Pension Fund (the "Fund") and administered by the Public Service Pensions Board. Contributions of 12% on basic salary (employer 6% and employee 6%) are made to the Fund by the Entity. Contributions of 12% on acting and duty allowances (employer 6% and employee 6%) are made to the Fund by the Entity.

(m) Financial instruments

Financial assets and financial liabilities are recognised in the Entity's statement of financial position when the Entity becomes a party to the contractual provisions of the instrument.

Initial Recognition

Financial assets and liabilities are initially measured at fair value. On initial recognition, transaction costs directly attributable to the acquisition or issue of financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate.

Subsequent measurement and classification

IPSAS 41 requires financial assets to be subsequently measured at fair value through surplus or deficit (FVTSD), amortised cost, or fair value through other comprehensive revenue and expense (FVTOCRE). Additionally, IPSAS 41 requires financial liabilities to be measured at either amortised cost or FVTSD.

This classification is based on the business model for managing financial instruments, and whether the payments are for solely payments of principal or interest on the principal amount outstanding. The Entity assessed the business model for holding financial assets at the date of initial application. It determined that all of these are held to collect contractual cash flows that are solely payments of principal and interest. Therefore, financial assets are subsequently measured at amortised cost. Financial liabilities are subsequently measured at amortised cost.

Cash and cash equivalents, trade receivables and payables are recorded at amortised cost using the effective interest method less any impairment.

Derecognition

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Entity has transferred substantially all risks and rewards of ownership. A financial liability is derecognised when it is extinguished, that is when the obligation is discharged, cancelled, or expires.

Note 1: Significant accounting policies (continued)

(n) Provisions and contingencies

Provisions are recognised when an obligation (legal or constructive) is incurred as a result of a past event and where it is probable that an outflow of assets embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities are not recognised but are disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised but are disclosed in the financial statements when an inflow of economic benefits is probable.

(o) Foreign currency

Foreign currency transactions are recorded in Cayman Islands dollars using the exchange rate in effect at the date of the transaction. Foreign currency gains or losses resulting from settlement of such transactions are recognised in the statement of financial performance.

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

- Foreign currency monetary items are to be reported in Cayman Islands dollars using the closing rate at year-end date.
- Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported in Cayman Islands dollars using the exchange rate at the date of the transaction; and
- Non-monetary items that are carried at fair value denominated in a foreign currency are reported using the exchange rates that existed when the fair values were determined.

(p) Revenue from non-exchange transactions

The Entity receives various services from other Government entities for which payment is made by the Cayman Islands Government. These services include but are not limited to accommodation in the central government building, computer repairs and software maintenance by the Computer Services Department and human resources management by the Portfolio of the Civil Service. Refer to note 10 for further disclosures on non-exchange transactions.

(q) Impairment

An asset is impaired when its carrying amount exceeds its recoverable amount. If there is any indication of impairment present, the Entity is required to make a formal estimate of recoverable amount.

Note 1: Significant accounting policies (continued)

(r) Inventories

Inventories held for distribution, or consumption in the provision of services, that are not issued on a commercial basis are measured at the lower of cost, using the first-in-first-out method, and net realisable value. Where inventories are acquired at no cost, or for nominal consideration, the amount reported is the current replacement cost at the date of acquisition. The amount reported for inventory to be used in the production of goods and services reflects management's estimates for obsolescence or other impairments. Inventories held for sale or use in the production of goods and services on a commercial basis are valued at the lower of cost and net realisable value. The write-down from cost to current replacement cost or net realisable value is recognised in the statement of financial performance in the period when the write-down occurs

(s) Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for leases with a duration of less than 12 months, or leases where there is no identifiable asset.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, including any contractual payments relating to extension options which are likely to be exercised by management. The discount rate used to determine the present value of the contractual payments is determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Cayman Islands Government's incremental borrowing rate on commencement of the lease is used or at reporting year-end.

The lease liability is presented as a separate line in the Statement of Financial Position. On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favor of the agency if it is reasonably certain to exercise that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

The lease liability is measured at amortised cost, using the effective interest rate method. The liability is reduced over time by the lease payments, with a portion recognised as interest expense.

Note 1: Significant accounting policies (continued)

(s) Leases (continued)

Right-of-use assets are also presented in a separate line item in the Statement of Financial Position. Right-of- use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the agency is contractually required to dismantle, remove or restore the leased asset.

Right-of-Use Asset is depreciated on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, this is judged to be shorter than the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the Statement of Financial Performance if the carrying amount of the right-of-use asset has been reduced to zero.

Note 2: Cash and cash equivalents

Prior Year Actual CI$'000	Description	Current Year Actual CI$'000	Original/Final Budget CI$'000	Variance (Budget vs. Actual) CI$'000
1,427	Operational Current Account - KYD	1,719	1,571	(148)
-	Payroll Current Account - KYD	-	8	8
173	Operational Current Account - USD	49	200	151
1,600	**Cash and cash equivalents**	**1,768**	**1,779**	**11**

Note 3: Receivables from exchange transactions and Other Receivables and Prepayments

As at 31 December 2025 and 2024, receivables from exchange transactions are composed of:

Prior Year Actual	Description	Current Year Actual	Original/Final Budget	Variance (Budget vs. Actual)
CI$'000		CI$'000	CI$'000	CI$'000
932	Sale of outputs to Cabinet	936	943	7
100	Outputs to other government agencies	172	-	(172)
144	Sale of goods and service	126	163	37
1,176	**Total Receivables**	**1,234**	**1,106**	**(128)**
(113)	Less: Expected credit losses	(92)	-	92
1,063	**Net Total Receivables**	**1,142**	**1,106**	**(36)**

As at 31 December 2025 and 2024, Other Receivables are composed of:

Prior Year Actual	Description	Current Year Actual	Original/Final Budget	Variance (Budget vs. Actual)
CI$'000		CI$'000	CI$'000	CI$'000
2	Advances	5	7	2
5	Other	5	-	(5)
7	**Net Total Other Receivables**	**10**	**7**	**(3)**

Note 3: Receivables from exchange transactions and Other Receivables and Prepayments (continued)

As at 31 December 2025 and 2024, the ageing analysis of receivables under exchange transactions and other receivables is as follows:

Prior Year Actual	Receivables	Current Year (Gross)	Original/Final Budget	Variance (Budget vs. Actual)
CI$'000		CI$'000	CI$'000	CI$'000
1,032	Current	1,073	1,056	(17)
2	Past due 31-60 days	7	-	(7)
32	Past due 61-90 days	60	28	(32)
4	Past due 91-360 days	2	22	20
106	Past due 361 days and above	92	-	(92)
1,176	**Total Receivables**	**1,234**	**1,106**	**(128)**

Prior Year Actual	Other Receivables	Current Year (Gross)	Original/Final Budget	Variance (Budget vs. Actual)
CI$'000		CI$'000	CI$'000	CI$'000
7	Current	10	7	(3)
7	**Total Other Receivables**	**10**	**7**	**(3)**

As at 31 December 2025 and 2024, prepayments are composed of:

Prior Year Actual CI$'000	Description	Current Year Actual CI$'000
54	Reference Materials	63
33	Software Licensing Fees	37
15	Training and Membership Fees	16
5	Leases of Property and Equipment	3
4	Repairs and Maintenance	6
1	Other	2
112	**Total Prepayments**	**127**

Note 3: Receivables from exchange transactions and other receivables and Prepayments (continued)

In measuring expected credit losses for third-party receivables, the estimated loss allowance for individually significant or other specific trade and other receivable balances are determined on an individual basis. Thereafter, the remaining third-party trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics.

The expected credit loss rate(s) for third-party receivables are based on the Entity's historical credit loss over the prior four years. The historical loss rate(s) are then adjusted for current and forward-looking information on macroeconomic factors affecting the Entity's customers. Given the short period of credit risk exposure, the impact of macroeconomic factors is not considered significant.

The Entity performed a specific expected credit loss assessment on any related party debtors with qualitative or quantitative factors indicating doubts around collectability. Given the low risk of default on the remaining related party receivables held by the Entity, the impact of the expected credit losses on these have been estimated to be negligible. These have a low risk of default due to the Cayman Islands Government's high credit rating, absence of historical losses on amounts due. The Entity believes that the amounts outstanding on related party receivables are recoverable.

The Entity's policy is to recognise an expected credit loss of 100% for third-party receivables over 361 days past due because historical experience has indicated that these receivables are generally not recoverable. Management judgement in exercised in the provisioning of any receivables less than 361 days. Receivables are written off and/ or fully provided for when there is no reasonable expectation of recovery.

As at 31 December 2025 there were no expected credit losses resulting from balances less than 361 days (2024: $7 thousand). Additionally, expected credit losses resulting from full provisioning for balances over 361 days past due amounts $92 thousand (2024: $106 thousand).

Note 3: Receivables from exchange transactions and other receivables and Prepayments (continued)

Changes in the loss allowance for receivables from exchange transactions and other receivables, during the year ended 31 December 2025 and 2024 are as follows. There have been no changes during the reporting period in the estimation techniques or significant assumptions used in measuring the loss allowance. Provisioned receivables of $41 thousand were written off during the year ended 31 December 2025 as they were deemed to be uncollectable due to expiration of statute of limitations on the collection of bad debt, which is six years.

Prior Year Actual CI$'000	Description	Current Year Actual CI$'000
72	**Opening allowance for credit losses as at 1 January 2024**	**113**
41	Revision in loss allowance made during the year	20
-	Receivables written off during the year	(41)
113	**Balance at 31 December**	**92**

Note 4: Inventories

As at 31 December 2025 inventory was held at a net realizable value of $8 thousand.

Description	Current Year (Gross) CI$'000	Original/ Final Budget CI$'000	Variance (Budget vs. Actual) CI$'000
Inventory held for use in the provision of goods and services	8	-	(8)
Total	**8**	**-**	**(8)**

Note 5: Property and equipment

Cost of Property and equipment	Furniture & Fittings CI$000	Computer Hardware CI$000	Office Equipment CI$000	Other assets CI$000	Motor Vehicles CI$000	Work in Progress CI$000	Total Property and Equipment CI$000
Balance as at 1 January 2024	**18**	**104**	**42**	**1,242**	**100**	**-**	**1,506**
Additions	1	41	2	103	-	-	147
Disposals	-	(4)	(6)	(48)	-	-	(58)
Balance as at 31 December 2024	**19**	**141**	**38**	**1,297**	**100**	**-**	**1,595**
Balance as at 1 January 2025	**19**	**141**	**38**	**1,297**	**100**	**-**	**1,595**
Additions	-	6	11	35	-	-	52
Disposals	-	(14)	-	-	-	-	(14)
Balance as at 31 December 2025	**19**	**133**	**49**	**1,332**	**100**	**-**	**1,633**

Accumulated Depreciation	Furniture & Fittings CI$000	Computer Hardware CI$000	Office Equipment CI$000	Other assets CI$000	Motor Vehicles CI$000	Work in Progress CI$000	Total Property and Equipment CI$000
Balance as at 1 January 2024	**11**	**70**	**20**	**855**	**92**	**-**	**1,048**
Disposals	-	(4)	(6)	(42)	-	-	(52)
Depreciation Expense	1	17	4	92	8	-	122
Balance as at 31 December 2024	**12**	**83**	**18**	**905**	**100**	**-**	**1,118**
Balance as at 1 January 2025	**12**	**83**	**18**	**905**	**100**	**-**	**1,118**
Disposals	-	(13)	-	-	-	-	(13)
Depreciation Expense	2	20	4	86	-	-	112
Balance as at 31 December 2025	**14**	**90**	**22**	**991**	**100**	**-**	**1,217**
Net Book value 31 December 2024	**7**	**58**	**20**	**392**	**-**	**-**	**477**
Net Book value 31 December 2025	**5**	**43**	**27**	**341**	**-**	**-**	**416**

PORTFOLIO OF LEGAL AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

Note 5: Property and equipment (continued)

As of 31 December 2025, other fixed assets are composed of:

Prior Year Actual	Description	Cost	Accumulated depreciation	Carrying value
CI$000		CI$000	CI$000	CI$000
331	Library books	1,234	946	288
10	Lease improvements	41	33	8
16	Security System	16	2	14
35	Other	41	10	31
392	**Total other fixed assets**	**1,332**	**991**	**341**

Note 6: Intangible assets

Cost of Intangible Assets	Computer Software CI$000	Work in Progress CI$000	Total Intangible Assets CI$000
Balance as at 1 January 2024	**281**	**-**	**281**
Additions	-	-	-
Balance as at 31 December 2024	**281**	**-**	**281**
Balance as at 1 January 2025	**281**	**-**	**281**
Disposals	(11)	-	(11)
Balance as at 31 December 2025	**270**	**-**	**270**

Accumulated Amortisation	Computer Software CI$000	Work in Progress CI$000	Total Intangible Assets CI$000
Balance as at 1 January 2024	201	-	201
Amortisation Expense	42	-	42
Balance as at 31 December 2024	**243**	**-**	**243**
Balance as at 1 January 2025	**243**	**-**	**243**
Disposals	(11)	-	(11)
Amortisation Expense	34	-	34
Balance as at 31 December 2025	**266**	**-**	**266**
Net Book value 31 December 2024	**38**	**-**	**38**
Net Book value 31 December 2025	**4**	**-**	**4**

PORTFOLIO OF LEGAL AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

Note 7: Trade Payables, accruals and other liabilities

Prior Year Actual	Description	Current Year Actual	Original/Final Budget	Variance (Budget vs. Actual)
CI$'000		CI$'000	CI$'000	CI$'000
10	Trade payables	-	22	22
72	Accrued expenses	146	80	(66)
68	Creditors other government agencies	120	-	(120)
3	Other	3	-	(3)
153	**Total Trade Payables, accruals and other liabilities**	**269**	**102**	**(167)**

Payables and accruals under exchange transactions and other liabilities are non-interest bearing and are normally settled on 30-day terms.

Note 8: Unearned revenue

In the latter part of 2025, the Law School collected fees for courses which will be held in 2026. These amounted to $25 thousand (2024: $16 thousand).

Note 9: Employee entitlements

Prior Year Actual	Description	Current Year Actual	Original/Final Budget	Variance (Budget vs. Actual)
CI$'000		CI$'000	CI$'000	CI$'000
	Employee entitlements are represented by:			
233	Annual leave	204	200	(4)
233	**Total employee entitlements**	**204**	**200**	**(4)**

The leave entitlements are calculated based on current salary paid to those employees who are eligible for this benefit.

Note 10: Revenue from non-exchange transactions

During the year ended 31 December 2025, the Entity received services in-kind in the form of accommodation in the central government building as well as computer repairs and software maintenance by the Computer Services Department and human resources management by the Portfolio of the Civil Service. The fair value of these services cannot be determined and therefore were not recognised as revenues and expenses in these financial statements.

Note 11: Revenue

Prior Year Actual	Description	Current Year Actual	Original Budget	Final Budget	Variance (Original vs. Actual)
CI$'000		CI$'000	CI$'000	CI$'000	CI$'000
8,455	Sale of outputs to Cabinet	9,586	10,708	11,234	1,122
594	Law School Fees	546	625	625	79
18	Other	27	2	3	(25)
9,067	**Total Revenue**	**10,159**	**11,335**	**11,862**	**1,176**

Note 12: Personnel costs

Prior Year Actual	Description	Current Year Actual	Original Budget	Final Budget	Variance (Original vs. Actual)
CI$'000		CI$'000	CI$'000	CI$'000	CI$'000
6,051	Salaries, wages and allowances	6,612	7,200	7,485	588
1,006	Health care	1,043	1,478	1,416	435
320	Pension	360	420	466	60
2	Leave	67	27	35	(40)
8	Other Personnel related costs	59	64	63	5
7,387	**Total Personnel Cost**	**8,141**	**9,189**	**9,465**	**1,048**

Note 13: Supplies and consumables

Prior Year Actual	Description	Current Year Actual	Original Budget	Final Budget	Variance (Original vs. Actual)
CI$'000		CI$'000	CI$'000	CI$'000	CI$'000
42	Supplies and Materials	71	80	79	9
421	Purchase of services	408	479	534	71
92	Utilities	74	108	108	34
163	Travel and Subsistence	120	221	193	101
11	Recruitment & Training	69	141	79	72
491	Lease of property and equipment	2	402	2	400
89	Reference materials	82	115	121	33
48	Audit and inspection fees	57	75	75	18
41	Repairs and maintenance	22	15	18	(7)
1,398	**Total Supplies & Consumables**	**905**	**1,636**	**1,209**	**731**

Note 14: Litigation costs

The Attorney General's Chambers provides litigation and legal advisory services to the Government and its Ministries and Portfolios. During the year ended 31 December 2025, the use of external legal services was authorized by the Attorney General's Chambers to augment the delivery of its litigation and legal advisory services given the nature and complexity of certain matters as well as increased demands on internal capacity. The costs for these external legal services were $431 thousand (2024: $73 thousand).

Note 15: Leases

Right-of-use-assets	**31 December 2025**
	CI$'000
Balance at start of the year	1,720
Additions in the year	8
Lease terminations in the year	-
	1,728
Depreciation expense	(426)
Balance at end of the year	**1,302**

Right-of-use asset is depreciated on a straight-line basis over the term of the lease. The Entity applies IPSAS 21 - Impairment of non-cash-generating assets on the Right-of-use asset the same way as in property, plant and equipment.

Right -of-use assets	**Cost CI$ '000**	**Accumulated Depreciation CI$'000**	**Net Book Value CI$'000**
Description			
Commercial Properties Ltd. – Artemis House	1,656	382	1,274
Paddington Storage Ltd. – Storage Unit	8	6	2
Mini Warehouse Two Ltd – Storage Unit	18	6	12
Universal Equipment (Cayman) Ltd. – Storage Unit	46	32	14
	1,728	**426**	**1,302**

Note 15: Leases (continued)

Lease Liability	31 December 2025 CI$'000
Balance at start of the year	1,776
Additions in the year	5
Lease terminations in the year	-
Interest expense	89
	1,870
Repayments in the year	(481)
Balance at end of the year	**1,389**

Lease Liability Reconciliation

	CI$'000
Operating lease commitment as at 31 December 2024 as disclosed in the financial statements	**1,924**
Less Commitments relating to short-term leases and leases of low value assets (if exempted)	-
Effect of discounting	(148)
Remaining lease discounted using the incremental borrowing rate at 1 January 2025	1,776
Add: Lease payments relating to extension options exercised	-
Lease liabilities recognised at 1 January 2025	**1,776**

The lease liability represents the present value of expected future lease payments by the Entity to the Lessors. The discounting rate applied by the Office is 5.84% p.a which is assumed to be a representative of Cayman Islands Government's incremental borrowing rate. The leased assets assessed under this section are assumed to be a similar class and hence application of a standard incremental borrowing rate.

Lease Liability Description	Beginning Balance CI$ '000	Principal Payment CI$'000	Interest Expense CI$'000	Ending Balance CI$'000
Commercial Properties Ltd. – Artemis House	1,708	(434)	86	1,360
Paddington Storage Ltd. – Storage Unit	5	(5)	-	-
Mini Warehouse Two Ltd – Storage Unit	21	(8)	1	14
Universal Equipment (Cayman) Ltd. – Storage Unit	47	(34)	2	15
	1,781	**(481)**	**89**	**1,389**

Note 15: Leases (continued)

	31 December 2025 CI$'000
Statement of Financial Performance	
Depreciation charge of right-of-use assets	426
Interest expense (included in finance costs)	89
	515

Statement of Changes in Net Assets/Equity	31 December 2025 CI$'000
IPSAS 43 Transition	56
	56

On transition to IPSAS 43 a prior period adjustment has been made as a result of adopting the modified retrospective approach.

Financial Risk management

As at 31 December 2025

Contractual maturities of financial liabilities	Less than 1 Year CI$'000	1 – 5 Years CI$'000	Over 5 Years CI$'000	Total CI$'000	Carrying amount CI$'000
Lease Liability	397	992	-	1,389	1,389

PORTFOLIO OF LEGAL AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

Note 16: Reconciliation of net cash flows from operating activities to surplus

Prior Year Actual	Description	Current Year Actual	Original Budget	Final Budget	Variance (Original vs. Actual)
CI$000		CI$000	CI$000	CI$000	CI$000
-	**Surplus for the year**	-	-	-	-
	Non-cash movements				
164	Depreciation and amortisation expense	146	194	194	48
-	Depreciation for right-of-use	426	-	-	(426)
41	Bad debt expense	20	-	-	(20)
1	Loss on foreign exchange transactions	1	-	-	(1)
6	Loss on disposal of assets	-	-	-	-
(3)	Gain on derecognition of financial assets/liabilities	-	-	-	-
	Changes in current assets and liabilities:				
(96)	(Increase)/Decrease in receivables from exchange transactions	(79)	-	-	79
(24)	Decrease in other receivables and prepayments	(18)	(123)	(123)	(105)
19	Increase in trade payables, accruals and other liabilities	116	-	-	(116)
(18)	(Decrease/increase) in unearned revenue	9	-	-	(9)
2	Increase/(decrease) in employee entitlements	(29)	-	-	29
92	**Net cash flows from operating activities**	**592**	**71**	**71**	**(521)**

Note 17: Commitments

Prior Year Actual	Type	One year or less	One to five Years	Over five Years	Total
CI$000		CI$000	CI$000	CI$000	CI$000
	Operating Commitments				
1,924	Non-cancellable accommodation leases	-	-	-	-
70	Cancellable Operational Commitments	124	43	-	167
1,994	**Total Operating Commitments**	**124**	**43**	**-**	**167**

Due to the implementation of IPSAS 43, the ageing analysis for the lease of office/ warehouse spaces can be found in Note 15: Leases.

The cancellable operational commitments disclosed consist of consultant fees, janitorial services and online legal resources. For full transparency, access to the online legal resource is shared and costs to the Entity are typically reimbursed by other participating government entities on a pro-rata basis.

Note 18: Explanation of major variances against original budget

Explanations for major variances for the Entity's performance against the budget are as follows:

Statement of Financial Position

Cash and cash equivalents
Cash and cash equivalents are lower than budget by $11 thousand due to higher receivable balances at the end of the 2025 financial year.

Receivables from exchange transactions
Receivables from exchange transactions are higher than budget by $36 thousand due to higher inter-agency receivable balances at the end of the year which were not budgeted.

Inventories
In the current financial year Truman Bodden Law School acquired books for resale to registered students, as well as the wider public. Purchases, and sales/transfers for the current financial year amounted to $10 thousand and $2 thousand respectively. The Inventory balance at the end of the 2025 financial year is carried at cost of $8 thousand.

PORTFOLIO OF LEGAL AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

Note 18: Explanation of major variances against budget (continued)

Statement of Financial Position (continued)

Prepayments
Prepayments are higher than budget by $52 thousand due to early payment for new software licenses of $37 thousand and $16 thousand for training and membership fees which pertain to the 2026 financial year and were not included in the budget.

Property and equipment
Property and equipment are lower than budget by $121 thousand due to less purchases taking place during the 2024 and 2025 budget period than anticipated; in particular office fit-out costs of $100 thousand did not materialize in the 2024 financial year as the Financial Reporting Authority had not acquired a larger office space as planned. Other costs associated with the relocation of the Financial Reporting Authority, such as purchases of furniture and fittings for $10 thousand did not materialize in the 2025 financial year.

Intangible assets
Intangible assets are lower than budget by $21 thousand due to less purchases taking place during the 2024 and 2025 budget period than anticipated; in particular $20 thousand earmarked for purchases of computer software did not take place during the 2024 financial year.

Right of use assets
As per IPSAS 43 Implementation in January 2025, entities are required to reflect leases within the balance sheet of the financial statements. This implementation resulted in a higher than budget figure of $1.302 million as at 31 December 2025.

Trade payables
Trade payables are lower than budget by $22 thousand due primarily to a lower than anticipated number of invoices with settlements outstanding prior to year-end.

Accruals and Other Liabilities
Accruals and other liabilities are higher than budget by $189 thousand due to a substantial number of invoices that were received after the payment cut-off for the 2025 financial year, such as $9 thousand for professional fees, $103 thousand for legal fees, and $56 thousand for audit fees.

Employee entitlements
Employee entitlements are higher than budget by $4 thousand as a result of staff taking less annual leave than anticipated partly due to resource constraints.

Note 18: Explanation of major variances against budget (continued)

Statement of Financial Position (continued)

Short and Long term lease liabilities
As per IPSAS 43 Implementation in January 2025, entities are required to reflect short, and long-term leases within the balance sheet of the financial statements. This implementation reflects a higher than budget figure of $397 thousand and $992 thousand as at 31 December 2025.

Contributed Capital
Contributed capital is lower than budget by $312 thousand due to unutilized capital funding during prior budget periods and $171 thousand for the 2025 financial year.

Statement of Financial Performance

Revenue
Revenue is lower than budget by $1.176 million due to the combined effect of a decrease in Law School revenue of $79 thousand, an increase in revenue from sale of outputs to third parties of $25 thousand, and Cabinet funding for the 2025 financial year being $1.122 million less than budget; which was a result of savings realized in personnel costs, and supplies and consumables.

Personnel costs
Actual personnel costs are lower than budget by $1.048 million for various reasons such as vacancies arising from unanticipated staff departures during the year and posts being filled later than anticipated due to challenges in identifying suitable candidates for appointments - in some instances where no successful candidate was identified in a recruitment exercise, a new process had to be commenced with the post being re-advertised. Throughout the year, the Portfolio encountered challenges in filling certain posts (particularly in the legal and compliance sectors) due to the demand on the labor market for such posts and the comparatively lower salaries offered by CIG in these areas. Further, on 16 July 2025 the Ministry of Finance implemented various expenditure control initiatives for the civil service which reduced active recruitment efforts. The aforementioned expenditure control initiatives were stood down on 12 December 2025.

Note 18: Explanation of major variances against budget (continued)

Statement of Financial Performance (continued)

Supplies and consumables
Supplies and consumables are lower than budget by $732 thousand which is due mainly to savings of $400 thousand on leases due to IPSAS 43 implementation, $101 thousand on official travel, $71 thousand on the purchase of services, $34 thousand on utilities, $33 thousand on reference materials, $18 thousand on audit fees, and $72 thousand on training. Savings in training were realized due to cost-sharing arrangements with other government agencies for the Anti-Money Laundering Steering Group and Inter-Agency Coordination Committee retreat held in January 2025 by the Anti-Money Laundering Unit (AMLU) and the Sanctions Working Group training held in March 2025 which was facilitated by the Sanctions Coordinator of the Financial Reporting Authority (FRA). As of 01 July 2025, following the 2025 general election the AMLU was transferred under the remit of the Ministry of Financial Services and Commerce. As such, any operational expenditures in relation to the National Risk Assessment did not materialize until after the effective date of the transfer. A further contributing factor to the savings in official travel and purchase of services is the expenditure control initiatives implemented by the Ministry of Finance on 16 July 2025 aimed at reducing supplies and consumables across the civil service. The aforementioned expenditure control initiatives were stood down on 12 December 2025.

Depreciation and Finance Costs for Right of use assets
Depreciation was higher than budget by $426 thousand, and finance costs were higher than budget by $89 thousand due to the recognition of the rights-of-use assets regarding short and long-term leases as required by IPSAS 43.

Depreciation and amortization
Depreciation is lower than budget by $48 thousand mainly due to assets being placed in service later in the year than planned; and $171 thousand of appropriated capital funding which was not used as of year-end.

Statement of Changes in Net Assets/Equity

Equity Investment
Equity Investment is under budget by $73 thousand mainly due to the 2025 capital funding not being fully utilized during the financial year. Equity investment funding is used as needed. During the financial year capital purchases such as software, and office fit-out did not materialize. Please refer to the variance explanation for property and equipment for further details.

Note 19: Related party and key management personnel disclosures

Key management personnel

Key management personnel, defined as the Chief Officer, Deputy Chief Officers, Heads of Departments and the Chief Finance Officer, are also considered to be related parties. As at 31 December 2025, there are 8 (2024: nine) full-time and one part-time equivalent personnel considered at the senior management level. The total remuneration includes regular salary, allowances, honorariums, pension contributions, and health insurance contributions. Total remuneration for the members of senior management for the year ended 31 December 2025 was $1,778 thousand (2024: $1,771 thousand).

Related party disclosure

The Portfolio is a wholly-owned entity of the Government from which it derives a major source of its revenue. Except for the below, The Portfolio receives services in-kind from other government entities such as computer services department, facilities management department and others on a regular basis. These transactions were largely provided free of cost during the financial year as such the fair value of these services cannot be readily determined and therefore are not recognized in the financial statements for the year ended 31 December 2025. They were consistent with normal operating relationships between entities and were undertaken on terms and conditions that are normal for such transactions.

Below are the amounts recognized in the financial statements which pertains to inter-agency transactions:

31 December 2024 Actual	Statement of Financial Position	Current Year Actual	Original Budget	Final Budget	Variance (Original vs. Actual)
CI$000		CI$000	CI$000	CI$000	CI$000
1,032	Receivables from exchange transactions	1,108	943	943	(165)
68	Accruals and other liabilities	59	-	-	(59)
(3)	Gain on derecognition of financial assets/ liabilities	-	-	-	-
	Statement of Financial Performance				
8,455	Sale of goods and services	9,586	10,708	11,234	1,122
48	Audit and inspection fees	57	-	-	(57)

Note 20: Financial instrument risks

The Entity is exposed to a variety of financial risks including credit risk, exchange risk and liquidity risk. The Entity's risk management policies are designed to identify and manage these risks, to set appropriate risk limits and controls, and to monitor the risks and adhere to limits by means of up-to-date and reliable information systems. These risks are managed within the parameters established by the Financial Regulations (2021 Revision) as amended.

Credit risks
Credit risk is the risk that the counter party to a transaction with the Entity will fail to discharge its obligations, causing the Entity to incur a financial loss. Financial assets that potentially subject the Entity to credit risk consist of Cash and Cash Equivalents, trade receivables and other receivables.

The average credit period on sales is 30 days. The Entity manage its Credit risk by transacting only with credit worthy counterparties. Generally, the Entity does not require collateral. Ongoing credit risk is managed through review of ageing analysis. Maximum exposures to credit risk as at year end are the carrying value of financial assets in the statement of financial position.

Expected credit losses are calculated on a lifetime basis for Trade Receivables. Please see Note 3 for more information on credit risk disclosures for expected credit loss on Trade Receivables.

The credit risk on cash and cash equivalents and short-term investments is limited. The Entity's main bank is Royal Bank of Canada (RBC) which has a S&P Global Ratings of AA-.

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

The ability of the Entity to meet its debts and obligation is dependent upon its ability to collect the debts outstanding to the Entity on a timely basis. In the event of being unable to collect its outstanding debts, it is expected that the Government would temporarily fund any shortfalls the Entity would have with its own cash flows. As at 31 December 2025, all of the financial liabilities were due within three months of the year end date (2024: three months).

Exchange rate risk
The Entity does not have significant exposure to currency exchange rate risk as the Cayman Islands dollar is pegged to the United States Dollar.

Note 21: Segment reporting

Prior Year Actual		Current Year Actuals					
		Legal Drafting & Review & Modernization of Acts	Litigation & Legal Advice	Ministerial Advice to the Attorney General	Financial Intelligence Services	Law School	Total
CI$000		CI$000	CI$000	CI$000	CI$000	CI$000	CI$000
	Revenue						
8,455	Sale of outputs to Cabinet	1,574	3,156	1,111	2,087	1,658	9,586
612	Sale of outputs to others	-	-	26	-	547	573
9,067	**Total Revenue**	**1,574**	**3,156**	**1,137**	**2,087**	**2,205**	**10,159**
	Expenses						
7,387	Personnel costs	1,415	2,489	934	1,844	1,459	8,141
1,680	Other expenses	159	667	203	243	746	2,018
9,067	**Total Expenses**	**1,574**	**3,156**	**1,137**	**2,087**	**2,205**	**10,159**
-	**Surplus for the period**	-	-	-	-	-	-
	Assets						
2,782	Current Assets	7	2,776	149	55	68	3,055
515	Non-Current Assets	8	150	18	16	1,530	1,722
3,297	**Total Assets**	**15**	**2,926**	**167**	**71**	**1,598**	**4,777**
	Liabilities						
402	Current Liabilities	42	241	50	100	79	512
-	Non-Current Liabilities	-	15	-	-	1,360	1,375
402	**Total Liabilities**	**42**	**256**	**50**	**100**	**1,439**	**1,887**
147	**Total Capital Expenditure**	**2**	**1**	**12**	**-**	**37**	**52**

Note 21: Segment reporting (continued)

The Entity segment report is prepared on the basis of five major department activities:

1. Legislative drafting and the review and modernization of Acts: This includes the drafting of legislation and regulations for the Government and the study and review of legislation of the Cayman Islands with a view to its systematic development and reform.

2. Litigation and legal advice: The provision of legal advice and representation to Government Ministries, departments and statutory entities on civil matters and the provision of international legal assistance.

3. Advice/secretarial support to the Attorney General: This includes the provision of administrative services and support to the Attorney General; as well as policy advise by the law revision on matters relating to legislation.

4. Financial intelligence services: This includes receipt of financial intelligence (suspicious activity reports (SARs)) under the Proceeds of Crime Act, the Misuse of Drugs Act, and Terrorism Act and facilitating requests for financial intelligence from overseas counterparts.

5. Legal education: The Truman Bodden Law School ("Law School") falls under the remit of the Entity. The Law School offers the Bachelor of Laws (LL.B (Honours)) degree program, part time and full time and the Professional Practice Course (PPC), the postgraduate Diploma (Pg.Dip). The Law School is affiliated with the University of Liverpool and Oxford Brookes University in the UK. There are 91 students registered in total as at 31 December 2025 (31 December 2024: 82).

Joint assets and liabilities that are held as common, are being directly managed by the Litigation & Legal Advice segment; therefore, Litigation & Legal Advice would include such assets as cash and cash equivalents and receivables from Cabinet. It would also include such liabilities as surplus payable, payroll deductions that are payable and any other activities not reported directly attributable to a segment.

Note 22: Changes from original to final budget

The final budget is adjusted for amounts approved under Section 9(5) and Section 11(5) of the Public Management and Finance Act (2020 Revision), as well as post-election transfers.

Description	**Operating Expenditure $'000**	**Capital Expenditure $'000**
2025 original Budget	11,335	125
Section 9(5) C/f to 2025 by output from 2024	1,272	98
Post-election transfers	(745)	-
Section 11(5)	(210)	-
Section 11(5)	210	-
Final Budget 2025	**11,862**	**223**

Section 9(5)
The government operates a two-year budget appropriation cycle. Under Section 9(5) of the Public Management and Finance Act (2020 Revision), unused budget in the first year can be moved forward and used in the execution of the deliverables in the second year, in addition to the approved budget of the second year. The transferred budget is added to the budget allocation of the second year to form the new original budget for that year. At the end of 2024, $1,272 thousand in unused operating expense budget was carried forward to 2025.

Additionally, there was $98 thousand in unused capital expenditure budget at the end of 2024, which was carried forward to 2025 utilizing section 9(5) of the Public Management and Finance Act (2020 Revision). The final capital budget for 2025 was therefore adjusted to $223 thousand.

Post-election transfers
Following the April 2025 elections, as of 01 July 2025 the Entity was restructured and the Anti-Money Laundering Unit was transferred out of its remit. The budget for directly attributable operational expenditure of $745 thousand was transferred to Ministry of Financial Services & Commerce to cover the ongoing operational expenditures of the transferred unit until a new budget could be appropriated.

PORTFOLIO OF LEGAL AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

Note 22: Changes from original to final budget (continued)

Section 11(5)

Due to substantial savings in personnel costs the Entity sought and obtained supplementary approval utilizing Section 11(5) of the Public Management and Finance Act (2020 Revision) from Cabinet to utilize $210 thousand of savings in personnel costs to offset the additional costs attributed to the relocation and leasing of a new location for the Truman Bodden Law School, as well as to provide additional funds to cover the cost of living increase for Law Reform staff. The final operating budget for 2025 was therefore adjusted to $11,862 thousand. The supplementary Appropriation Bill was not tabled in Parliament, in accordance with the Public Management Finance Act, by 31 March, 2026. However, it is expected to be passed in the next parliamentary session.

Note 23: Subsequent events

Management is not aware of any other event after the reporting date which would have had an impact on the financial statements.

APPENDIX B - APPROPRIATION STATEMENT

2025 APPROPRIATION STATEMENT - PORTFOLIO OF LEGAL AFFAIRS

Appropriation Statement	Actual	Full Year Budget	Variance
LGA 1- Provision of Legal Advice and Representation	3,156,300	3,355,828	199,528
LGA 3- Law Teaching and Publications	1,657,592	1,691,004	33,412
LGA 4- Drafting of Legislation and Regulations	985,209	1,154,168	168,959
LGA 5- Policy Advice to the Attorney General	1,111,328	1,504,875	393,546
LGA 6 - Financial Intelligence Services	2,086,314	2,895,657	809,343
LGA 7 - Review and Modernization of Laws	588,829	633,061	44,232
OE 6 - Contribution to Caribbean Financial Action Task Force	83,750	84,000	250
EI 34 - Portfolio of Legal Affairs	52,655	223,428	170,772
NGS 93 - The Legal Services Council / Legal Services Supervisory Authority	800,000	1,600,000	800,000