



Fair Regulation for Consumers &
Industry.

Utility Regulation and Competition Office (URCO)



2025

Annual Report



ABOUT THIS REPORT

This Annual Report is for the Utility Regulation and Competition Office (the "Office" or "URCO") and covers the period from 1 January 2025 to 31 December 2025. It compares the Office's performance during that period against the budgeted performance for the corresponding year.

The Office is a statutory authority within the meaning of the Public Management and Finance Act (the "PMFA") and a multi-sector regulator established under the Utility Regulation and Competition Act (the "URC Act"). This report is prepared to satisfy the annual reporting obligations imposed by both statutes.

Section 52 of the PMFA requires the Office to prepare an annual report and submit it to the Auditor General for review within two months of year-end. The Auditor General of the Cayman Islands ("Auditor General") has two months from receipt of the draft to issue an opinion on the financial statements. The report and the Auditor General's opinion are then presented to Cabinet for review and noting within five months of year-end, and laid before Parliament at its next sitting thereafter. The report must include details of the Office's activities, a summary of performance against ownership agreement targets, Cabinet equity investments and other capital transactions, audited financial statements prepared in accordance with Schedule 4 of the PMFA, and a comparison of actual performance against the relevant ownership agreement.

Section 43 of the URC Act lays out the reporting responsibilities of the Office. The report must:

- a) outline the Office's financial performance against its budget;
- b) include a detailed report of the Office's performance against the key performance indicators published in the previous year's annual plan;
- c) include a detailed report of the performance of the sectoral utilities; and
- d) set out the key activities carried out during the previous financial year, whether or not envisaged in the previous year's annual plan.



ABOUT THIS REPORT (Cont'd)

The Office gives effect to both statutes to the extent practicable. The submission and tabling timelines applied in respect of this report are those prescribed under the PMFA, which incorporate the statutory audit cycle operated by the Office of the Auditor General.

The audited financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) that meets the requirement of PMFA section 4 that requires that all financial information be prepared on an accrual accounting basis and in accordance with generally accepted accounting practice. Concurrently, the financial statements also meet the statutory obligations of the URC Act Part 6, Section 40 (1) that requires accounts be prepared and maintained in accordance with IPSAS.



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MESSAGE FROM THE CHAIRMAN



"Our role is to provide strategic oversight, preserve the integrity of decision making, and ensure that URCO's regulatory actions are transparent, accountable, and grounded in law and the public interest."

Mr Samuel Jackson

Chairman of the Board of Directors

Utility Regulation and Competition Office
URCO



MESSAGE FROM THE CHAIRMAN (Cont'd)

2025 was a year in which the Board focused on strengthening governance and ensuring the Office is equipped to meet the expectations placed on a national, multi-sector regulator. Our role is to provide strategic oversight, preserve the integrity of decision-making, and ensure that URCO's regulatory actions are transparent, accountable, and grounded in law and the public interest.

The Board met regularly, often multiple times a month during the year and supported the work of its various committees. These structures matter because they help ensure issues are considered with the appropriate scrutiny, whether the matter is sectoral regulation, organisational risk, or internal policy and controls. During the year, Cabinet also reappointed several Non-Executive Directors, supporting continuity of oversight.

A central theme for the Board in 2025 was organisational capability. The Board supported steps to strengthen senior leadership and technical capacity, including the appointment of an Executive Director of Energy and a Director of Economics and Regulatory Affairs. We also recognise the importance of continued investment in staff development and systems, particularly in areas such as fuels safety, regulatory economics and governance, and information security, because these capabilities underpin credible regulation and stakeholder confidence.

The Office delivered meaningful outputs across sectors. In energy, URCO continued active monitoring of licensee performance and advanced national energy objectives through the issuance of a final request for proposal (RFP) for a 22.5 MW dispatchable solar photovoltaic project with battery storage, targeted for commercial operations by June 2028. In fuels, the Office maintained strong safety oversight and strengthened quality assurance, progressed national fuel quality standards, and continued to improve consumer transparency through publication of retail fuel prices. In Information and Communications Technology (ICT), the Office progressed dynamic approaches to licensing and management to support innovation and resilience, and issued a final determination establishing a framework for satellite-based telecommunications providers.



MESSAGE FROM THE CHAIRMAN (Cont'd)

The Board is also mindful that regulation involves difficult judgments, competing interests, and the need to operate within evolving legislative frameworks. Our commitment is to ensure that URCO's processes remain fair, consistent, and robust, and that decisions are made with appropriate diligence and independence.

On behalf of the Board, I thank our staff for their professionalism and dedication, our stakeholders for their engagement, and the public for their continued trust in the Office.



MESSAGE FROM THE INTERIM CHIEF EXECUTIVE OFFICER



"2025 was a year of necessary rebuilding and refocus for URCO. The most important work was internal: identifying restructuring and resource needs to realise proper organisational structure."

Mr Sonji E. R. Myles

Interim Chief Executive Officer

Utility Regulation and Competition Office
URCO



MESSAGE FROM THE INTERIM CHIEF EXECUTIVE OFFICER (Cont'd)

2025 was a year of necessary rebuilding and refocus for URCO. While the public often sees only our external decisions, the most important work this year was internal: identifying restructuring and resource needs and putting in place actions to realise proper organisational structure, resourcing, discipline, and systems that a multi-sector regulator needs in order to be consistently effective. In many respects, this is foundational work that should have been embedded when the Office was first established, and it has been a central priority of my tenure.

We strengthened leadership capacity and analytical depth through key senior appointments, including the Executive Director of Energy and the Director of Economics and Regulatory Affairs, Caymanian development by promoting deserving local team members to senior positions. While there were some learning opportunities we made strong progress in this area. The Office closed the year with 28 employees, and we continued targeted professional development, with training concentrated in fuels, regulatory economics and governance, and information technology. These investments are not “back office” extras; they are prerequisites for sound decision-making, credible enforcement, and timely delivery across energy, fuels, ICT and water.

That organisational strengthening enabled tangible regulatory outputs. In energy, we maintained comprehensive oversight of electricity licensees which unfortunately led to litigation, yet we remain focused. We reviewed submissions and tariff adjustments, evaluated performance standards reporting, and monitored incident and outage reports to support reliability and timely restoration practices across the Islands. We also advanced national renewable energy aims through the issuance of the final Request for Proposals for a new 22.5 MW dispatchable photovoltaic project, targeted for commercial operations by June 2028. In parallel, we tracked increased uptake in distributed solar participation under the Consumer Owned Renewable Energy (CORE) subscription programme.



MESSAGE FROM THE INTERIM CHIEF EXECUTIVE OFFICER (Cont'd)

In fuels, our team maintained an active field presence through inspections, calibrations, spill response and other urgent activities, while strengthening quality assurance through in-house sampling and screening and formal collaboration with the Department of Environmental Health for certified laboratory testing. We advanced the development of National Fuel Quality Standards for gasoline, propane and diesel, with the standards expected to be finalised in early 2026. We also continued to publish retail fuel prices weekly to improve transparency for consumers.

In ICT, we progressed modernisation to keep pace with changing technologies and resilience needs. We supported innovation and service development through spectrum and licensing actions, including approvals linked to 5G, experimental licensing for wireless meter testing, licensing for satellite-based telecommunications service, and frequencies to support emergency community response. We also finalised a regulatory framework for the licensing of satellite-based telecommunications service providers, and issued a full licence to global operator Starlink. We progressed infrastructure access work on towers and poles, revised aircraft radio licence fees, and most notably issued the first ever ICT Consumer Protection Regulations.

Looking ahead to 2026, our priority is to continue strengthening the Office's capacity and consistency, maintaining clear processes, timely decision making, transparent publication practices, and a culture of accountability, while delivering the regulatory work programme required to protect consumers, support reliable services, and facilitate sustainable investment across all sectors.

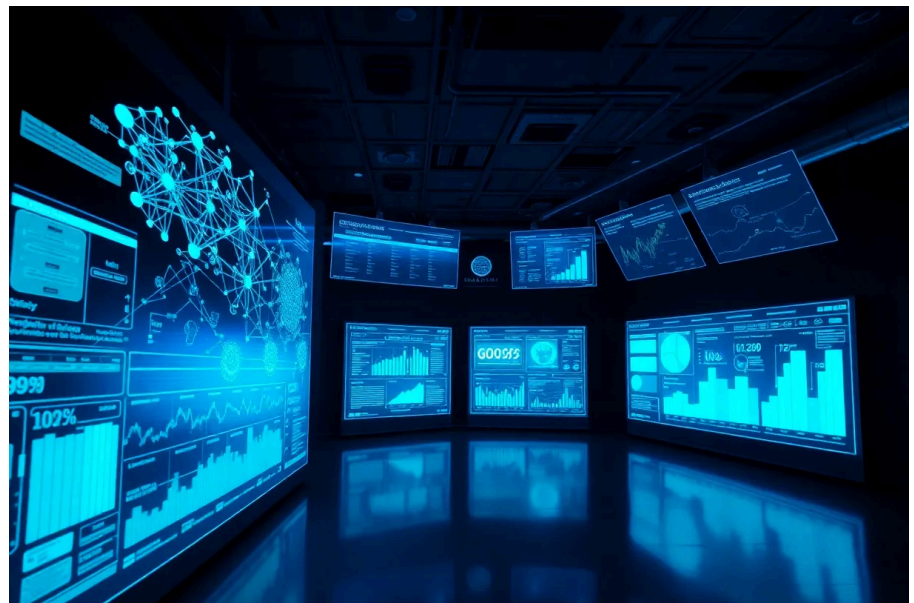
I thank our staff for their commitment, the Board for its guidance and oversight, and our stakeholders and the public for their continued engagement and confidence in the Office.



INTRODUCTION

This is the 2025 Annual Report for the Utility Regulation and Competition Office (the ‘Office’ or ‘URCO’). The report outlines URCO’s performance during the period from January 1, 2025 to December 31, 2025 and compares it to the budgeted performance for the corresponding year. This report is submitted in accordance with the reporting requirements of section 52 of the Public Management and Finance Act (as revised) (the ‘**PMFA**’) and section 43 of the Utility Regulation and Competition Act (as revised) (the ‘**URC Act**’).

URCO was established as a multi-sector regulator by section 4(1) of the URC Act, with the principal functions to promote objectives set out in policies; promote effective and fair competition; protect the short-term and long-term interests of consumers in relation to utility services, and to promote innovation and facilitate the economic and national development of the Cayman Islands.





MISSION STATEMENT

To ensure safe, reliable, and economic public utilities to businesses and the people of the Cayman Islands.



OUR VISION

Fair Regulation for Consumers & Industry.



ENERGY

Regulating electricity providers Caribbean Utilities Company, Ltd (CUC), Island Energy Limited (IEL), Bodden Town Solar 1 Limited (BTSIL).



FUELS

Monitoring storage, handling, and quality of fuel products.



ICT

Spectrum management and telecommunications regulation.



WATER

Ensuring reliable and sustainable water service delivery.



OUR COMMITMENTS



To achieve this the Office will:

- Ensure that service providers operate in an environment that is fair and provides an opportunity to realise reasonable return on investment;
- Advocate on behalf of consumers;
- Adopt and enforce regulations that are in the public interest and ensure that service providers comply with established regulations;
- Create standards and policies that protect the safety of the public;
- Explore innovation that will encourage the efficient and cost-effective delivery of utility services;
- Consider the economic and environmental impacts of all matters before the Office;
- Encourage the conservation of natural resources and environmental preservation;
- Ensure effective methods of communicating the Office's areas of regulation, decisions and their impacts on the public;
- Develop and promote activities that encourage stakeholder trust and confidence; and
- Serve the public interest through a commitment to diversity, mutual respect, and ethical conduct.



ABOUT US

The Office was established pursuant to section 4(1) of the URC Act, and is the independent regulator for the energy, fuels, information, and communications technology ('ICT'), and water sectors, in the Cayman Islands. The Office also regulates the use of the electromagnetic spectrum and manages the .ky internet domain.

The Office is guided by the necessity to balance the needs of consumers, investors, and sectoral utilities. In carrying out its functions, it must recognise the importance of a fair return to investors, whilst also ensuring that the operating environment is fair for all sectoral providers and that the interests of the consumers are protected. The Office is also statutorily obligated to promote and be guided by the National Energy Policy ('NEP').

The Adjacent table presents the number of licensees and authorised permit holders regulated by the Office as of 31 December 2025:

Sector	Total
Energy	3
Fuels	
Importers	10
Retail	28
Residential	79
Commercial	243
Government	64
Vehicles	63
Pipelines	5
ICT	
Mobile Voice	4
Fixed Voice	5
Subscription TV	4
Public Service TV	4
ISPs	6
Infrastructure	10
Spectrum	60
Internet Peering	1
Transmitters	1,757
Water**	2

**These entities are not yet licensed by URCO but are required to seek the Office's approval for rate increases.

GOVERNANCE

In 2025, URCO focused on strengthening governance and ensuring the Office is equipped to meet national expectations:





URC Act

The URC Act defines the responsibilities of the Office and all stakeholders, and governs regulation for the energy, fuels, ICT, and water sectors in the Cayman Islands. The Public Authorities Act (2020 Revision) ('PAA') is the key complementary legislation which regulates the management and governance of all Statutory Authorities and Government Companies.

Board of Directors

The Board of Directors is responsible for the governance and general administration of the affairs and business of the Office, as well as carrying out regulatory powers and functions.

The Office currently has four Executive Member positions, including the Chief Executive Officer, Executive Director of Information, Executive Director of Energy, and the Chief Fuels Inspector. Of the four, only the Chief Executive Officer is an ex officio (non-voting) member of the Board. The Chief Executive Officer attends Board meetings, speaks, and provides advice, but does not have a vote and is not counted toward the Board's voting decisions.

In 2025, the Board of Directors met 18 times during the year. The Board considered and took decisions on a wide range of issues relating to the sectors under its remit, and on organisational policy and governance matters. In 2025, the Cabinet of the Cayman Islands Government ('the Cabinet') re-appointed Ms. Natasha Bodden, Mr. Timothy Wrendon, Mr. Mike Gibbs, Mr. Gavin Baxendale, and Mr. Osbert Francis as Non-Executive Directors ('NEDs').

Following the expiry of his tenure as an NED, Mr. Frank Balderamos ceased to serve on the Board of Directors.

Committees

During 2025, the Office's Water, Energy, Risk and Audit, and Human Resource and Remuneration Committees met to address matters pertinent to the entity's regulatory duties. The committees report to the Board of Directors providing guidance and recommendations on various regulatory and administrative matters throughout the year.

The Office's Entity Procurement Committee, established to ensure adherence to procurement regulations and policies, met during the year to consider two significant procurement requests. Both matters remain ongoing.



GOVERNANCE (Cont'd)

Duty to Consult

In accordance with section 7 of the URC Act, the Office is obligated to conduct public consultations prior to issuing administrative determinations which, in the reasonable opinion of the Office, are of public significance and subject to specific procedures under sectoral legislation. The following consultations and determinations were published in 2025:

1) ICT 2025 -1- Determination Logic Flow Re Towers Infrastructure Sharing Dispute

This determination sets out the process by which the Office will investigate and facilitate the resolution of disputes between licensees relating to tower infrastructure sharing.

2) E&U 2025 -2- Final Determination – CUC Certificate of Need

This final determination assessed CUC's application for a Certificate of Need, evaluating the justification for additional Firm generating capacity.

3) OF 2025 -1- Consultation Draft Determination on Proposed Truth in Advertising Rules

This consultation sought stakeholder input on proposed Truth in Advertising rules, aimed at strengthening consumer protection by ensuring that representations made by regulated entities are accurate, clear, and not misleading.

4) E&U 2025 -3- Draft Determination – CUC Generation Lifecycle Development Application

This document considered CUCs focus on long-term system planning, asset replacement, and the efficient management of generation resources to support reliability and value for customers.

5) ICT 2025 -2- Final Determination Framework for the Licensing of Satellite-Based Telecommunication Service Providers

This final determination established a regulatory framework for the licensing of satellite-based telecommunications service providers, providing clarity on authorization requirements, compliance obligations, and market entry conditions for satellite services.

6) ICT 2025 -2- Consultation on Proposed Consumer Protection Regulations (Draft Determination) for the ICT Industry (Extended to 22 January 2026)

This consultation paper invited stakeholder feedback on proposed consumer protection regulations for the ICT sector, addressing matters such as transparency, fairness, complaint handling, and the protection of consumer rights in telecommunications services.

1. <https://www.ofreg.ky/consultations/ict-determination-2025-1-logic-flow-re-towers>

2. <https://www.ofreg.ky/consultations/eu-2025-2-final-determination-cuc-certificate-of-need>

3. <https://www.ofreg.ky/consultations/of-2025-1-consultation-draft-determination-on-proposed-truth-in-advertising-rules>

4. <https://www.ofreg.ky/consultations/energy-and-utilities-2025-3-draft-determination-cuc-generation-lifecycle-development-application-application>

5. <https://www.ofreg.ky/consultations/ict-2025-1-final-determination-framework-for-the-licensing-of-satellitebased-telecommunication-service-providers>

6. <https://www.ofreg.ky/consultations/consultation-on-consumer-protection-regulation-for-ict-sector>



Duty to Consult (Cont'd)

7) ICT 2025 -3- Revision of Fees for Mobile (Cellular) and Fixed Wireless Licence Spectrum – Consultation Statement

This consultation statement set out the Office's conclusions following stakeholder engagement on proposed revisions to spectrum licence fees for mobile cellular and fixed wireless services, reflecting considerations of market conditions, regulatory costs, and spectrum management objectives.

Duty to Publish

Pursuant to section 8 of the URC Act, the Office maintains a website, 'www.ofreg.ky', as the primary public source for sectoral news and information as well as current regulatory documents, including administrative decisions and minutes of the meetings of the Board of Directors.

Performance and Financial Audits

To promote transparency and accountability, the URC Act and the PMFA set out the Office's statutory reporting obligations and is described in the About This Report section on page 2.

Section 42 of the URC Act requires the Auditor General to report to the Board of Directors every three years on the Office's performance against its annual plan. The Auditor General's Office concluded its previous review in June 2020 and is currently conducting a further review. The Office has complied and has responded to all requests from the Auditor General for documentation and information necessary to conduct their review.



[7. https://www.ofreg.ky/consultations/ict-2025-3-revision-of-fees-for-mobile-cellular-and-fixed-wireless-licence-spectrum-consultation-statement](https://www.ofreg.ky/consultations/ict-2025-3-revision-of-fees-for-mobile-cellular-and-fixed-wireless-licence-spectrum-consultation-statement)



GOVERNANCE (Cont'd)

Our People

On 31 December 2025, the Office comprised a Board of Directors and 28 full time employees (FTE).

Executive Directors are the principal sectoral advisors to the Board, while Non-Executive Directors of the Board are appointed by Cabinet for an initial fixed term of up to three years and may be eligible for re-appointment.

Staff

In 2025, the Office strengthened its senior leadership through the appointment of two key strategic roles. Mr. McCleary Frederick was appointed as Executive Director of Energy, providing executive leadership on energy regulation and Dr. Vladimir Bulatovic as Director of Economics and Regulatory Affairs. Dr. Bulatovic's appointment enhances the Office's analytical capacity and supports regulation across all sectors.



Mr. McCleary Frederick
Executive Director of Energy



Dr. Vladimir Bulatovic
Director of Economics and
Regulatory Affairs



GOVERNANCE (Cont'd)

Professional Development / Staff Training

The Office's training initiatives are aligned with operational priorities. In 2025 activity was concentrated primarily in the Fuels sector, regulatory economics and governance, and Information Technology, which together accounted for more than 76% of the total training expenditure for the year.

The largest proportion of the training expenditure supported the Fuels function, reflecting technical and safety upskilling. Staff undertook specialized courses including topics in petroleum and chemical safety, coatings inspection, and storage tank and liquid terminal management. In addition, the Deputy Chief Fuels Inspector (CFI) achieved the 570-Piping Inspector certification.

Another significant area of investment was utility policy, regulations, management and infrastructure governance, delivered through the Public Utility Research Center (PURC) programme at the University of Florida in Gainesville. Participation in PURC training enhances analytical capacity and regulatory oversight across all sectors.

Investment in information technology and cybersecurity also formed a key component of staff development. Training included professional certification in cybersecurity, IT risk management, and information systems governance.

Additional training expenditure supported administrative and organizational capability, including professional development in legislative processes, accounting, leadership and staff-wide learning initiatives.



Ram Bhajan Rana, Director of IT & Security, receiving his ILM Level 5 certificate from Deputy Governor Hon. Franz Manderson and Deputy Governor Designate and Chief Officer, Mrs. Gloria McField-Nixon.

The awards ceremony was held in 2026, the certification was completed in 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS





MANAGEMENT'S DISCUSSION AND ANALYSIS

The Office is responsible for regulating licensees and authorization holders in the energy, fuels, ICT, and water sectors in the Cayman Islands. This section gives an update from each of the sectors during 2025.

The Sectors



Energy

In 2025, the Office through the Energy Division, continued its comprehensive regulatory oversight of Caribbean Utilities Company, Ltd. ("CUC") the transmission and distribution electricity provider for Grand Cayman; Island Energy Limited ("IEL") the electricity provider for Cayman Brac and Little Cayman; and Bodden Town Solar I Limited ("BTSIL"), an Independent Power Producer ("IPP").

Monitoring and Oversight

Throughout the year, the Office closely monitored submissions, filings, and tariff adjustments from CUC, IEL, and BTSIL to ensure full compliance with the terms and conditions of their respective licences.

Regulatory reviews included:

- Reviewed fuel cost adjustments, operational reports, and key financial submissions to ensure transparency and consumer protection.



Monitoring and Oversight (Cont'd)

Regulatory reviews included (Cont'd):

- Reviewed and evaluated:
 - o Capital Investment Plans (CIPs)
 - o Major capital expenditure projects
 - o Cost of Capital submission
 - o Return on Rate Base
 - o Base Rate adjustment
- Commenced review of:
 - o Certificate of Need submission for long-term resource planning.

In alignment with our mandate to ensure reliability and service quality, the Office evaluated CUC's Performance Standards Monitoring and Results Review Report.

Across the three islands, the Office continued its systematic review of incident reports, outage events, and customer service interruptions. These reviews support the Office's commitment to safeguarding service reliability, ensuring timely restoration practices, and maintaining high-quality utility performance standards throughout the Cayman Islands.





Renewable and Efficiency Initiatives

The Office remains firmly committed to advancing the goals of the Cayman Islands National Energy Policy (2024–2045) (“NEP”), which sets out the Government’s long term vision for a sustainable, efficient, and resilient energy future. The updated NEP, approved by Cabinet on 16 April 2024, continues to guide the Office’s initiatives in renewable energy deployment, system reliability, and energy market development.

The Office successfully issued the Final Request for Proposals (RFP) for a new 22.5MW Dispatchable Photovoltaic (PV) project, inviting qualified bidders to submit bids to develop, finance, construct, commission, own, and operate the facility. This initiative will combine PV generation with a collocated Battery Energy Storage System (BESS), enhancing reliability. The project is designed to deliver sustainable electricity for Grand Cayman, directly supporting the objectives of the NEP by reducing fossil fuel consumption, lowering CO2 emissions, increasing the share of renewables in the energy mix, and advancing sustainability throughout the Cayman Islands. The facility is targeted to commence commercial operations by June 2028.

Throughout the year, the Office maintained active engagement with the Cayman Renewable Energy Association and local solar companies to further renewable energy deployment in the Cayman Islands. Regular updates were provided on the Office’s commitments and action items under the NEP during meetings with the Ministry of Health, Environment and Sustainability (formerly Ministry of Sustainability and Climate Resiliency). Additionally, the Office participated in the inaugural meeting as a member of the Energy Policy Implementation Committee and looks forward to continued collaboration as we advance the NEP’s strategic objectives.





Renewable and Efficiency Initiatives (Cont'd)

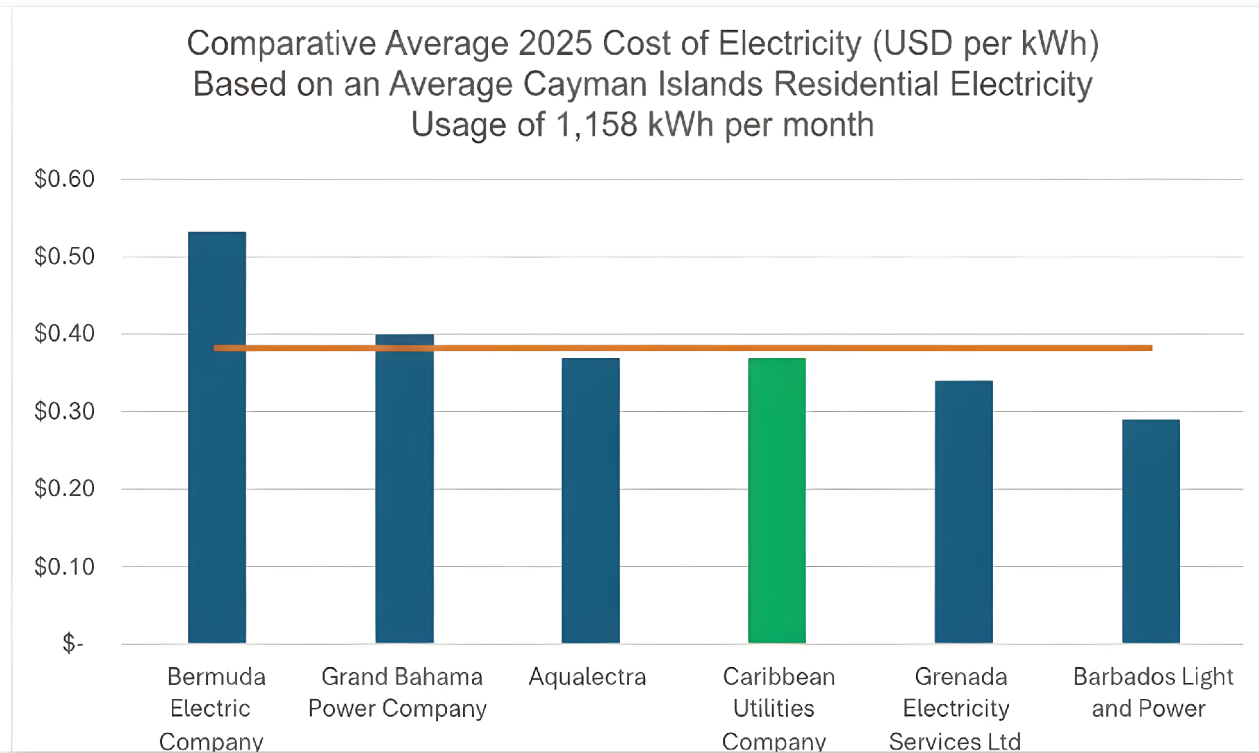
Following the implementation of the new CORE rates approved in late 2024, the Office closely tracked participation in the CORE subscription programme. This resulted in an 85% increase in residential application submissions over the previous year, demonstrating stronger community interest in distributed solar. The Office also supported the Ministry of Health, Environment and Sustainability in launching the Cayman Islands Distributed Solar Study, which aims to identify current gaps and recommend actionable strategies to help achieve the ambitious NEP's goals.

Comparative Cost of Electricity

The Office compared the average total cost of electricity of six (6) different electric utilities in the region and, the overall cost of electricity in Grand Cayman was found to be below the regional average of US\$0.38 per kWh. Based on a 2025 average Grand Cayman residential usage of approximately 1,158 kWh per month, CUC was providing electricity at an average cost of \$0.37 USD per kWh in 2025.

To compare CUC to the other regional electricity providers, the Office assumed a similar average residential electricity consumption pattern of 1,158 kWh per month and used the average 2025 electricity rates for each respective utility. From the data collected, Bermuda Electric Light Company had the highest average 2025 cost of US\$ 0.53 per kWh whilst Barbados Light and Power had the lowest cost of approximately US\$0.29 per kWh. Note, all currencies were converted to USD for comparative purposes, using exchange rates as of 31st December 2025. Any tax or similar surcharges were not represented in the data below.

Comparative Average 2025 Cost of Electricity





MANAGEMENT'S DISCUSSION AND ANALYSIS (Cont'd)

Comparative Cost of Electricity (Cont'd)

Utility	Cost USD per kWh*
Bermuda Electric Company	\$ 0.53
Grand Bahama Power Company	\$ 0.40
Aqualectra	\$ 0.37
Caribbean Utilities Company	\$ 0.37
Grenada Electricity Services Ltd	\$ 0.34
Barbados Light and Power	\$ 0.29

We look forward to building on these achievements in the coming year, as we remain focused on promoting effective competition, encouraging investment in sustainable energy, and protecting the interests of the public. The Office is dedicated to fostering a robust, resilient, and forward-looking utility sector that meets the evolving energy needs of our communities.

References:

<https://www.cuc-cayman.com/customer-service/fuel-cost/>

<https://onlineservices.cuc-cayman.com/hc/en-us/categories/360003107759>

<https://belco.bm/know-your-rate-and-bill/>

<https://www.aqualectra.com/rates/>

<https://www.blpc.com.bb/index.php/customer-care/fuel-clause-adjustment>

<https://www.blpc.com.bb/index.php/residential/tariffs-and-riders-residential>

<https://grenlec.com/customers/ratesandfees/>

<https://www.jpsco.com/jps-home/rates-schedules-and-tariffs/>

<https://www.jpsco.com/fuel-rates/>

https://www.exchangerates.org.uk/historical/USD/31_12_2024

<https://grenlec.com/customer-service/grenlec-takes-tough-decision-to-discontinue-temporary-reduction-in-non-fuel-electricity-rate/>

<https://gb-power.com/2023-power-rates/>

<https://www.facebook.com/profile/100066563533946/search/?q=fuel%20charge>



Fuel



The Fuels Division maintained a strong field presence through ongoing inspections, calibrations, spill responses, and other fuel-related emergency activities. The division also enhanced its technical capabilities by conducting in-house fuel sampling and quality-assurance testing using the Grabner Miniscan IR Vision.

Quality Assurance

To support full quality control verification, URCO has signed a Memorandum of Understanding (MOU) with the Department of Environmental Health to access its certified laboratory for comprehensive fuel-quality testing. However, while the Grabner Miniscan IR Vision is effective for preliminary quality-assurance screening, it does not measure all parameters required for complete fuel-quality compliance.

Fuel Quality Standards

The Fuel Standards Committee continued its efforts to develop comprehensive fuel-quality standards for the Cayman Islands. As a result of its work and completion of two rounds of public consultation, the committee was able to complete a final draft of the National Fuel Quality Standards for Gasoline, Propane, and Diesel. The committee reviewed the draft in December 2025 and is expected to finalise the standards in early 2026.

Fuel Price Monitoring

Fuel prices in the Cayman Islands are regularly monitored and published weekly and are available on www.ofreg.ky for the public, enhancing transparency regarding market trends. Additionally, analyses of local fuel price trends are provided on the Office's website to promote informed public engagement and access to information.



MANAGEMENT'S DISCUSSION AND ANALYSIS (Cont'd)

Fuels Sector Outputs for Fiscal 2025

Monitoring and Controlling the Storage, Handling, Quality and Mensuration of Fuel Products

Quantity

Measures	Target	Actual
General Inspections (all permitted premises/vehicles)	350-400	805
Statutory Consultation (Planning and Permitting)	200	230
Fuel and Energy Initiatives Engagement	5-10	0
FOI, Media and Complaints handled/addressed	40	5
Quality control and fuel testing (number of samples)	40-45	17
Issuance of Operating and Import Permits	230-280	222
Pump Calibrations witnessed/supervised	395-440	450
General Policy Advice and Consultation	35-50	2
Emergency spill response management	8-10	4

Quality

Measures	Target	Actual
Comply with Dangerous Substances Act ('DSA')	100%	100%
Inspections by qualified, experienced inspectors	100%	100%*
Activities to highest ethical/professional standards	100%	100%

***Inspections are conducted or reviewed by qualified inspectors**



MANAGEMENT'S DISCUSSION AND ANALYSIS (Cont'd)

Fuels Sector Outputs for Fiscal 2025 (Cont'd)

Monitoring and Controlling the Storage, Handling, Quality and Mensuration of Fuel Products (Cont'd)

Timeliness

Measures	Target	Actual
Inspections completed within five working days	95%	95%
Turnaround for compliant planning applications	95%	95%
All other tasks completed within timeline	100%	100%

Location

Measures	Target	Actual
Grand Cayman	100%	100%





MANAGEMENT'S DISCUSSION AND ANALYSIS (Cont'd)

Fuels Sector Outputs for Fiscal 2025 - Economic Regulation

Monitoring and Directing the Fuel Sector and Relevant Marketing

Quantity

Measures	Target	Actual
Collate and Analyse DSA "Section 10" Data	290-350	315
Executive License Agreement with Major holders	10-30	0
Monitor and post Fuel Prices and analysis	100-125	110
Bi-annual market review and report submission	2-6	0
Establish guidelines for new entrants	1-2	2
Evaluate and report on adequacy of fuel mix	1-2	0
Function as Focal Point for CEIS/SRC	10-13	0
Annual engagement with authorization holders	12-20	15
Consumer and Public Awareness and Engagement	4-6	0
Enforce Regulatory Breaches	20-40	0
Regulatory Investigations	2-5	12



MANAGEMENT'S DISCUSSION AND ANALYSIS (Cont'd)

Fuels Sector Outputs for Fiscal 2025 - Economic Regulation (Cont'd)

Quality

Measures	Target	Actual
Comply with Fuels Market Regulation and Utility Regulation and Competition Acts, and relevant regulation and competition laws, guidelines and determinations required by the Office and Cabinet. Economic Regulations to be administered by qualified, competent and experienced Analysts, Economists and Management team members	100%	100%
Activities to be carried out to the highest ethical and professional standards, using relevant and up-to-date industry information and practice, and engaging certified organisations where necessary to augment the work of the Office	100%	100%

Timeliness

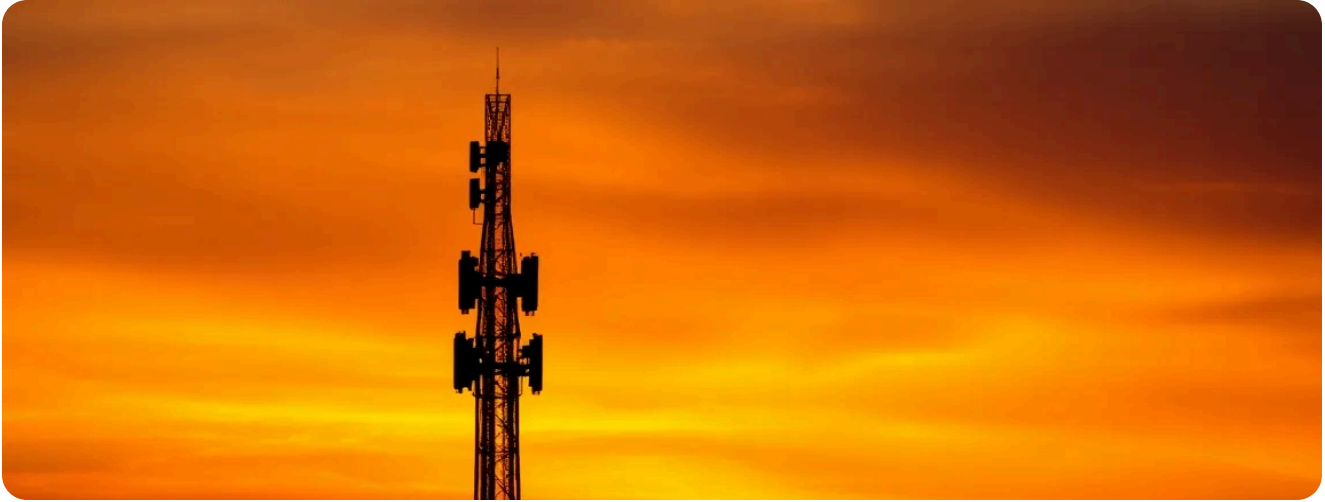
Measures	Target	Actual
Relevant analysis, research, assessment to be carried out within adequate timeframe to allow the Office to minimise and mitigate against negative competition effects in a timely manner	95%	95%
Local price monitoring data to be posted within 48 hours of the most recent surveyed prices	95%	100%
All other tasks to be completed within set/established timelines	100%	100%

Location

Measures	Target	Actual
Grand Cayman	100%	100%



ICT



In 2025, URCO's work in the ICT sector continued to build on the proactive regulatory agenda established in prior years, with a particular focus on spectrum management, infrastructure access, and the introduction of new technologies such as 5G and satellite-based services. The Office also deepened its role as a technical advisor to Government, strengthened sector monitoring, and advanced new regulatory instruments to support resilience, competition, and consumer protection.

Spectrum Allocation and Licensing for New Services

URCO approved several important spectrum and licensing decisions to enable innovation and improve service availability. Spectrum was allocated to Paradise to support the rollout of its 5G mobile network. An experimental licence was granted to the Water Authority – Cayman to trial wireless meter technologies, and licences were issued to Starlink to provide local satellite-based telecommunications services and to Hazard Management Cayman Islands to operate radio frequencies in support of emergency community response.

Satellite-Based Telecommunications Framework

The Office completed a multi-stage process to establish a comprehensive framework for licensing satellite-based telecommunications providers. The resulting framework clarifies licensing categories, obligations, and procedures for satellite-based providers wishing to operate in the Cayman Islands.



ICT (cont'd)

Infrastructure Sharing and Access Determinations

URCO advanced key decisions to promote fair and efficient use of critical communications infrastructure. A final determination was issued resolving a tower infrastructure sharing dispute and clarifying regulatory requirements for non-discriminatory access to tower facilities. The Office also published a draft determination on pole infrastructure management and consulted on proposed pole attachment reservation fees.

Aircraft Radio Licence Fees and Broadcast Content

The Office reviewed and modernised aircraft radio licence fees to better reflect regulatory costs and international benchmarks. URCO also drafted new Broadcast Content Regulations to provide clearer standards and oversight for broadcast services.

International Representation and Policy Engagement

URCO continued to represent the Cayman Islands in key regional and international fora. The Deputy Spectrum Manager participated in the Caribbean Telecommunications Union Spectrum Task Force, delivering presentations on 5G deployment and national spectrum management priorities. Office representatives also attended an ICANN conference to safeguard the jurisdiction's interests in relation to the .ky country code top-level domain and broader internet governance issues. In addition, URCO provided technical advice to Government on submarine cable initiatives, restrictions on the importation of hacking devices, and other regulated telecommunications matters.

Sector Monitoring, Resilience and Analysis

The Office maintained regular publication of statistics on ICT service penetration across mobile, fixed broadband and fixed line services, supporting transparency and informed policymaking. URCO also completed a draft ICT Sector Disaster Preparedness & Resilience Gap Analysis, examining strengths and vulnerabilities in sector readiness and identifying areas for improvement.

Taken together, these activities reflect URCO's ongoing shift toward more proactive, data-driven regulation of the ICT sector — supporting investment and innovation, while ensuring that essential services remain reliable, resilient, and responsive to the needs of consumers and the wider economy.



Water

The Office has continued to advance its regulatory work within the water sector. With the concession now in place, the Office is moving forward to finalise and issue a new operating license to CWC. This license will include several key provisions, such as an appropriate rate-setting mechanism and enforceable service quality standards, to ensure reliable and sustainable water service delivery across the Cayman Islands. Significant progress has already been made, and the licence is expected to be executed in early 2026.

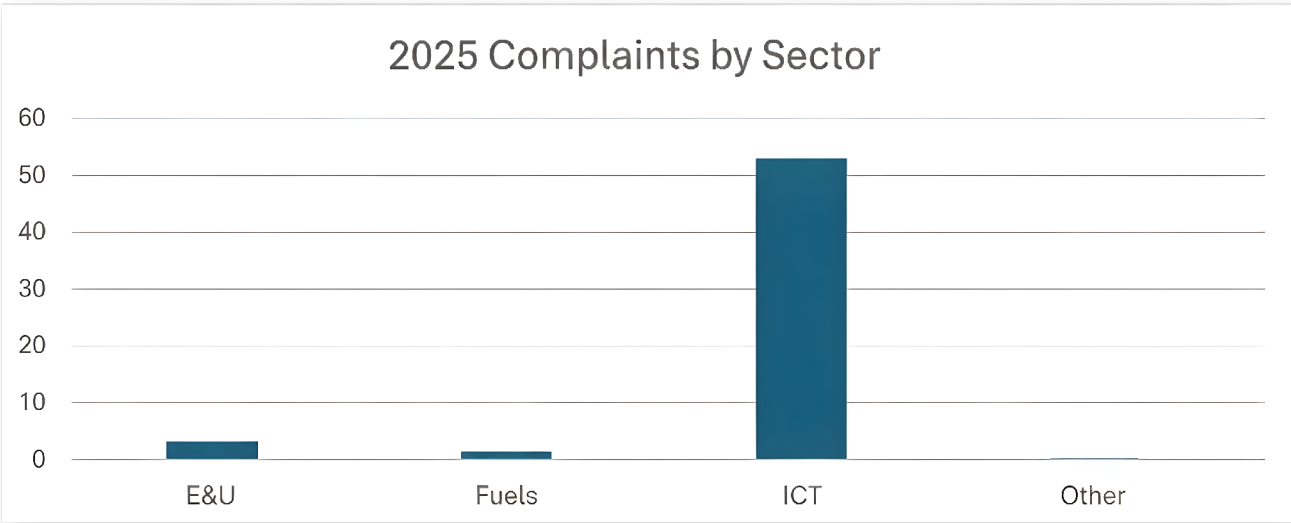


2026 focus: Enhance the Water Division's regulatory capacity to support expanded responsibilities under the new operating licence.



Customer Complaints

In 2025, the Office continued to receive complaints primarily through electronic channels, with email being the most used method. Formal complaints were concentrated across the ICT and Energy sectors. The Office acknowledged the complaints and sought to facilitate resolutions in accordance with established procedures.



SIGNIFICANT LEGISLATIVE DEVELOPMENTS





SIGNIFICANT LEGISLATIVE DEVELOPMENTS



Building upon the 2024 validation legislation, Parliament passed the Information and Communications Technology (Amendment and Validation) Act, 2025, which took effect in December 2025. This comprehensive legislation fundamentally restructured the fee framework within the ICT Act by establishing clear statutory definitions for different fee categories. The ICT Act now distinguishes between licence fees (including application, annual, renewal, and one-time fees for experimental or temporary licences) and administrative fees for specific regulatory services.

Annual licence fees are further categorised into four distinct types: radio licence fees for radiocommunications equipment authorization, regulatory fees charged quarterly for general regulatory services, royalty fees calculated as six percent of licensee gross revenue as defined in the licence and paid to Government, and spectrum fees for electromagnetic spectrum rights.

The legislation also introduced a new category of administrative fees for services such as type approval, licence amendments, share dealings, spectrum analysis, and register copying. The 2025 amendments additionally validated all fees charged by the ICT Authority and the Office from 2002 onwards, encompassing experimental licence fees, temporary licence fees, radio licence fees, regulatory fees, spectrum fees, royalty fees, and administrative fees. See note 20 in the audited financial statements for additional information.

KEY EVENTS IN 2025



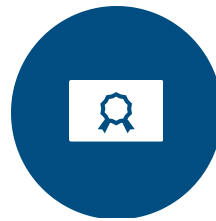


KEY EVENTS HIGHLIGHTS 2025

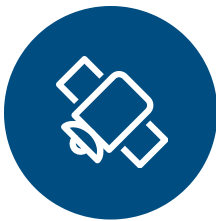
The following key milestones were achieved by the Office during the 2025 financial year:



Issued RFP for 22.5 MW
dispatchable photovoltaic project.



Advanced development of National
Fuel Quality Standards.



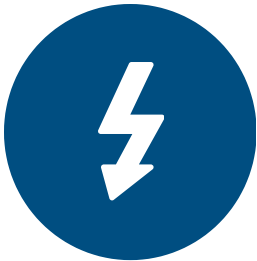
Allocated spectrum to support 5G
rollout and satellite services.



Advanced negotiations on the
renewal of the CWC licence.



SECTOR HIGHLIGHTS



Energy

Evaluated CUC's Performance Standards and advanced national renewable energy aims through the issuance of a final RFP for a new 22.5MW dispatchable photovoltaic project.



Fuels

Advanced development of National Fuel Quality Standards for gasoline, propane and diesel. Continued to publish retail fuel prices weekly to improve transparency.



ICT

Allocated spectrum to support rollout of 5G mobile network. Issued first ever ICT Consumer Protection Regulations. Revised aircraft radio licence fees.



Water

Moving forward to finalise and issue a new operating license to CWC, including rate-setting mechanisms and enforceable service quality standards.



KEY EVENTS 2025 (Cont'd)

Institutional Strengthening

- Strengthened institutional capacity through recruitment to key senior and technical roles, within the energy, ICT, fuels, and admin teams.
- Completed cross-sector critical infrastructure risk assessments which informed resilience and continuity planning.
- Published Significant Market Power and Merger Procedure Guidelines and finalised Truth in Advertising Standards.
- Commenced the process to procure an integrated licensing system to modernise licensing operations, with further progress continuing in 2026.
- Enhanced transparency and stakeholder engagement through expanded public communications and international regulatory engagement.

Energy

- Provided ongoing technical and policy support to the Energy Policy Council to advance National Energy Policy implementation.
- Supported technical support to government-led energy initiatives, including distributed solar and energy transition studies.
- Continued regulatory oversight of the LNG conversion project to support cleaner power generation.
- Launched the 2024 CORE-Renew Programme, reallocating approximately 4.4 MW of renewable capacity and approving revised tariffs.
- Approved CUC's 2025-2029 Capital Investment Plan to enhance reliability for over 33,000 customers on Grand Cayman.
- Monitored compliance with the Electricity Regulatory Authority (Standard of Performance) Rules, 2012.
- Issued and commenced evaluation of an RFP for a 22.5 MW dispatchable photovoltaic project.
- Approved CUC's cost of capital and associated electricity rate adjustments.
- Progressed regulatory discussions with Island Energy Limited on rate mechanisms and renewable proposals.
- Reviewed CUC's Certificate of Need application for additional generation capacity.
- Approved the transfer of ownership of Bodden Town Solar 1 Limited.
- Completed a draft determination on CUC's Generation Lifecycle Development application.



KEY EVENTS 2025 (Cont'd)

Fuels

- Advanced development of the National Fuel Quality Standards, completing public consultation on the proposed final determination.
- Completed a major enforcement investigation relating to a fuel tank leak and referred the matter for prosecution.
- Completed a pilot regulatory accounting study of the Cayman Brac fuel market.
- Established partnership with the Department of Environmental Health for secure and safe space for fuel sample testing and analysis.
- Developed draft regulations governing ISO container use and storage.
- Concluded investigation into and reported on fuel quality issues linked to the Cayman Brac power outage.
- Approved the transfer of ownership of SOL from Parkland to Sunoco, ensuring regulatory compliance and continuity of service.

ICT

- Allocated spectrum to support 5G rollout and issued experimental and operational licences for wireless metering, satellite services, emergency response, and aviation use.
- Developed a comprehensive regulatory framework for licensing satellite-based telecommunications providers.
- Issued determinations and consultations resolving tower and pole infrastructure sharing disputes.
- Completed the review and revision of aircraft radio licence fees.
- Drafted Broadcast Content Regulations for Board consideration.
- Represented the Cayman Islands internationally on spectrum management and domain governance matters.
- Provided technical advice to government on submarine cables, telecommunications security, and related matters.
- Published ICT market statistics and completed a draft disaster preparedness and resilience gap analysis.





KEY EVENTS 2025 (Cont'd)

Water

- Advanced negotiations on the renewal and modification of the Cayman Water Company licence.
- Reviewed licence fee submissions from water and wastewater providers.
- Conducted a review of water sector legislation and regulations to support future modernisation.
- Maintained operational continuity while progressing recruitment plans to strengthen water sector capacity.



FINANCIAL PERFORMANCE AND ANALYSIS





FINANCIAL PERFORMANCE AND ANALYSIS

Summary of PMFA Ownership Agreement Targets

Pursuant to the PMFA, the Office is required to report on the status of the Ownership Agreement Targets for the Office that were agreed between Cabinet and the Board of Directors for the 2025 financial year.

Pursuant to section 52 in the PMFA, the tables below show the execution against agreed financial targets for the 2025 financial year.

Financial Targets

Financial Performance Measure	2025 Budget 12 Months \$000	2025 Actual 12 Months \$000
Revenue from Cabinet	1,780	1,620
Revenue from ministries, portfolios, statutory authorities and government companies	20	21
Revenue from other persons or organisations	5,101	4,669
Other expenses	6,898	6,331
Net Surplus	2	-21
Total Assets	7,008	11,609
Total Liabilities	835	3,020
Net Worth	6,172	8,589
Cash flows from operating activities	129	-523
Cash flows from investing activities	-12	-60
Cash flows from financing activities	-	932
Change in cash balances	117	349



FINANCIAL PERFORMANCE AND ANALYSIS (Cont'd)

Financial Performance Ratios

Financial Performance Ratio	2025 Budget	2025 Actual
Current Assets : Current Liabilities	\$23.42 : 1	\$4.61 : 1
Total Assets : Total Liabilities	\$8.39 : 1	\$3.84 : 1

Human Capital Maintenance

Human Capital Maintenance	2025 Budget 12 Months	2025 Actual* 12 Months
Total full time equivalent	34	28
Staff turnover (%)	Nil	8%
Average length of service (Number of Years)		
Senior management	5.96	4.43
Professional staff	6.35	6.54
Administrative Staff	17.13	10.24
Significant changes to personnel management	None	None

Physical Capital Measures

Physical Capital Measures	2025 Budget 12 Months	2025 Actual 12 Months
Value of total assets	7,008	11,609
Asset replacements: total assets	0.004:1	0.004:1
Book value of depreciated assets: initial cost of those assets	0.46:1	0.33:1
Depreciation: Cash flow on asset purchases	17.55:1	1.45:1
Changes to asset management policies	None	None



FINANCIAL PERFORMANCE AND ANALYSIS (Cont'd)

Major Capital Expenditure Projects

Major Capital Expenditure Projects	2025 Target \$000	2025 Actual \$000
IT equipment	-	8
Vehicle replacement	-	42
Fuel monitoring equipment upgrade	-	10
Total	Nil	60

Operating Statement

Operating Statement	2025 Budget \$000	2025 Actual \$000
Revenue	6,901	6,310
Operating Expenses	6,898	6,331
Net Surplus	2	-21

Balance Sheet

Balance Sheet	2025 Budget \$000	2025 Actual \$000
Assets	7,008	11,609
Liabilities	835	3,020
Net Worth	6,172	8,589



FINANCIAL PERFORMANCE AND ANALYSIS (Cont'd)

Statement of Cash Flows

Statement of Cash Flows	2025 Budget 12 Months \$000	2025 Actual 12 Months \$000
Net cash flows from operating activities	129	-523
Net cash flows from investing activities	-12	-60
Net cash flows from financing activities	-	932

Transactions

Transaction	Budget for 2025 \$000	Amount for 2025 Actual \$000
Equity Investments into URCO	Nil	1,200
Capital Withdrawals from URCO	Nil	Nil
Dividend Distributions to be made by URCO	Nil	Nil
Government Loans to be made to URCO	Nil	Nil
Government Guarantees to be issued in relation to URCO	Nil	Nil
Related Party Payments (Non-Remuneration) made to Key Management Personnel	Nil	Nil
Remuneration Payments made to Key Management Personnel	281	198
Remuneration Payments made to Senior Management	954	746

Pursuant to section 11(5) and 11(6) of the Public Management and Finance Act (2020 Revision), the Cabinet authorised the reallocation of appropriated funds within the Ministry of Finance and Economic Development to the Utility Regulation and Competition Office, amounting to \$1.2 million as an equity injection. The funds were provided to reimburse the Office for costs incurred and anticipated costs arising from judicial review proceedings managed by the Office on behalf of the Government.



Management Personnel

	Number for 2025 Target	Number for 2025 Actual
No of Key Management Personnel* (active at end of year)	10	6
No of Senior Management (active at end of year)	8	3

****Key Management Personnel is comprised of members of the Board of Directors***



FINANCIAL HIGHLIGHTS 2025





FINANCIAL HIGHLIGHTS



\$1.62 million

Revenue from Cabinet for services provided during the 2025 financial year.



\$4.67 million

Revenue from other persons or organisations, including regulatory and license fees.



\$11.61 million

Total assets as of 31 December 2025, representing the Office's financial position.



\$3.02 million

Total liabilities including obligations to government and other creditors.



\$8.59 million

Net worth of the Office, reflecting the balance of assets over liabilities.



\$8.6 million

Total royalty fees collected on behalf of the Government from ICT Licensees during the 2025 financial year.

AUDITED FINANCIAL STATEMENTS



Utility Regulation and Competition Office

Audited Financial Statements

31 December 2025

Utility Regulation and Competition Office

**AUDITED FINANCIAL STATEMENTS
31 December 2025**

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Utility Regulation and Competition Office
Statement of Responsibility for the Financial Statements
31 December 2025

These financial statements have been prepared by the Utility Regulation and Competition Office in accordance with the provisions of the *Public Management and Finance Act (2020 Revision)* (the 'Act'). The financial statements comply with generally accepted accounting practice as defined in International Public Sector Accounting Standards.

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 Chairman of the Board and Interim Chief Executive Officer, we are responsible for establishing; and have established and maintain a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorised by Act, and properly record the financial transactions of the Utility Regulation and Competition Office.

As Chairman of the Board and Interim Chief Executive Officer, we are responsible for the preparation of the Utility Regulation and Competition Office's financial statements and for the judgements made in them.

The financial statements fairly present the statement of financial position, financial performance and cash flows for the financial year ended 31 December 2025.

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

- (a) completely and reliably reflect the financial transactions of the Utility Regulation and Competition Office for the year ended 31 December 2025;
- (b) fairly reflect the financial position as at 31 December 2025 and financial performance for the year ended 31 December 2025; and
- (c) comply with International Public Sector Accounting Standards under the responsibility of International Public Sector Accounting Standards Board.

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



J. Samuel Jackson
Chairman of the Board



Sonji E. R. Myles
Interim Chief Executive Officer

AUDITOR GENERAL'S REPORT

To the Board of Directors of the Utility Regulation and Competition Office

Opinion

I have audited the financial statements of the Utility Regulation and Competition Office (the "Office"), 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 statement of cash flows for the year ended 31 December 2025, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 8 to 41.

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

Emphasis of Matter

As outlined in note 9 of the financial statements, Pursuant to section 11(5) and 11(6) of the *Public Management and Finance Act (2020 Revision)(PMFA)*, the Cabinet authorised the reallocation of appropriated funds within the Ministry of Finance and Economic Development to the Utility Regulation and Competition Office, amounting to \$1.2 million as an equity injection. This was to compensate the Office for costs incurred and anticipated costs resulting from judicial reviews. A Supplementary Appropriation Bill for the funding was not introduced in Parliament by 31 March 2026, as required by Section 12(3) of the PMFA.

My opinion is not qualified with respect to this matter.

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

Management is responsible for the preparation 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 and fair presentation 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 Office's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going

AUDITOR GENERAL'S REPORT (continued)

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 Office's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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 Office'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 Office'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 Office 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 Smith, CPA, CFE
Auditor General

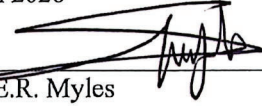
30 April 2026
Cayman Islands

Utility Regulation and Competition Office
Statement of Financial Position
As at 31 December 2025
(stated in Cayman Islands dollars)

		31 December 2025	31 December 2024
CURRENT ASSETS	Notes		
Cash and cash equivalents	3(a)	6,445,870	6,096,478
Short-term investments	3(b)	3,050,000	3,050,000
Accounts and Other receivables	4	1,348,663	3,126,864
Prepaid expenses		224,133	156,730
		11,068,666	12,430,072
NON-CURRENT ASSETS			
Right-of-use asset	5 (a)	172,453	-
Property, plant and equipment	5 (b)	293,644	318,776
Intangible assets	6	-	1,844
Defined benefit pension asset	10	74,000	-
		540,097	320,620
TOTAL ASSETS		11,608,763	12,750,692
LIABILITIES			
CURRENT LIABILITIES			
Lease liabilities	7, 5(a)	179,846	-
Accounts payable and accrued liabilities	7	486,771	407,387
Collections payable to Government	8	1,734,540	4,386,046
		2,401,157	4,793,433
LONG TERM LIABILITIES			
Defined benefit healthcare liability	10	618,556	455,183
Defined benefit pension liability	10	-	11,000
		618,556	466,183
TOTAL LIABILITIES		3,019,713	5,259,616
NET ASSETS		8,589,050	7,491,076

Approved on behalf of the Board of Directors on the 30 of April 2026


J. Samuel Jackson
Chairman


Sonji E.R. Myles
Interim Chief Executive Officer

The accompanying notes form an integral part of these financial statements.

Utility Regulation and Competition Office
Statement of Financial Performance
For the Year Ended 31 December 2025
(stated in Cayman Islands dollars)

	Notes	31 December 2025	31 December 2024
INCOME			
Regulatory fees	12	3,537,394	3,488,355
Services provided to Government	8, 11	1,620,137	1,678,424
Licensing fees	14	499,567	553,419
.ky domain fees		238,949	245,051
Permit fees		153,112	229,466
Other income	13	260,895	271,505
TOTAL INCOME		6,310,054	6,466,220
EXPENSES			
Personnel costs	10, 16	3,881,745	3,802,968
Professional and consultancy fees	17	235,970	274,810
General and administration costs	18	716,109	620,587
Lease of office space	15(b)	-	256,206
Litigation costs	19, 20	837,667	282,208
Directors' fees and other directors' expenses	8	204,170	235,853
Official travel and conferences		40,031	37,457
Depreciation – right-of-use assets	5(a), 6	258,324	-
Depreciation and amortisation	5(b), 6	86,944	95,796
Interest expense on lease liabilities		16,493	-
Training		53,627	78,064
TOTAL EXPENSES		6,331,080	5,683,949
NET (LOSS)/SURPLUS		(21,026)	782,271

The accompanying notes form an integral part of these financial statements.

Utility Regulation and Competition Office
Statement of Changes in Net Assets
For the Year Ended 31 December 2025
(stated in Cayman Islands dollars)

	Notes	Contributed Capital	General Reserve	Accumulated (Deficit)/Surplus	Other Comprehensive Income	Total Equity
Balance at 1 January 2024		2,420,891	2,600,000	404,914	959,000	6,384,805
Net Surplus for the year		-	-	782,271	-	782,271
Remeasurement of defined benefit plans		-	-	-	324,000	324,000
Balance at 31 December 2024		2,420,891	2,600,000	1,187,185	1,283,000	7,491,076
Balance at 1 January 2025		2,420,891	2,600,000	1,187,185	1,283,000	7,491,076
Net loss for the year		-	-	(21,026)	-	(21,026)
Remeasurement of defined benefit plans		-	-	-	(81,000)	(81,000)
Equity injection from Cabinet	9	1,200,000	-	-	-	1,200,000
Balance at 31 December 2025		3,620,891	2,600,000	1,166,159	1,202,000	8,589,050

The accompanying notes form an integral part of these financial statements.

Utility Regulation and Competition Office
Statement of Cash Flows
For the Year Ended 31 December 2025
(stated in Cayman Islands dollars)

	Note	31 December 2025	31 December 2024
CASH FLOW GENERATED USED IN/FROM OPERATING ACTIVITIES			
Net loss/(surplus) for year		(21,026)	782,271
Adjustment for non-cash transactions:			
Non-cash defined benefit cost	10	(2,624)	53,940
Depreciation and amortisation	5, 6	345,268	95,796
Interest paid	5(a)	16,493	
Bad debt expense	4	183,976	129,419
		522,087	1,061,426
Net changes in non-cash operating balances:			
Decrease/(Increase) in accounts receivable		1,594,225	(1,789,256)
(Increase)/Decrease in prepaid expenses		(67,403)	41,079
Increase/(Decrease) in accounts payable and accrued expenses		79,384	(25,912)
(Decrease)/Increase in collections payable to Government		(2,651,506)	4,382,390
Net cash generated from operating activities		(523,213)	3,669,727
CASH FLOW GENERATED USED IN INVESTING ACTIVITIES			
Transfer from/(to) fixed deposit		-	(450,000)
Purchase of property, plant and equipment		(59,968)	(82,209)
Net cash generated from investing activities		(59,968)	(532,209)
CASH FLOW GENERATED FROM FINANCING ACTIVITIES			
Contributed capital		1,200,000	-
Lease payments		(267,427)	-
Net cash generated from financing activities		932,573	-
Net increase in cash and cash equivalents during the year		349,392	3,137,518
Cash and cash equivalents at beginning of the year		6,096,478	2,958,960
CASH AND CASH EQUIVALENTS AT END OF YEAR		6,445,870	6,096,478

The accompanying notes form an integral part of these financial statements.

Utility Regulation and Competition Office
Notes to the Financial Statements
For the Year Ended 31 December 2025
(stated in Cayman Islands dollars)

1. Establishment and principal activities

The Utility Regulation and Competition Office (*the ‘Office’*) is the independent multisector authority established by the enactment of the Utility Regulation and Competition Act, 2016 (URC Act) and commenced operations on 16 January 2017. The Office was established pursuant to section 4(1) of the URC Act.

The Office is an amalgamation of the Information and Communications Technology Authority (‘ICTA’), the Electricity Regulatory Authority (‘ERA’) and the Petroleum Inspectorate, which hitherto had been a Department of the Government of the Cayman Islands.

On 16 January 2017, ICTA and ERA were amalgamated to start the Office and in March 2017 in accordance with section 100A (1) of the Information and Communications Act, 2017 (ICTA Act) and section 92A of the Electricity Regulatory Authority Act, 2016, respectively. In February 2017, the Petroleum Inspectorate, was effectively transferred to the Office. In May 2017 the regulatory functions for the Water Sector were transferred to the Office, with the passing of the Water Sector Regulatory Act, 2017 (WSR Act).

In each of these sectors for which it has responsibility, the Office derives its authority and functions through a variety of Sectoral Acts, the principal ones being the Electricity Sector Regulation Act, 2019 (ESR Act), the Information and Communication Technology Act (2019 Revision) (ICT Act), the Dangerous Substances Act (2017 Revision) (DS Act), the Fuel Market Regulation Act, 2017 (FMR Act) and the Water Sector Regulation Act, (2019 Revision) (WSR Act).

While many of the functions previously carried out by the ICTA and ERA have continued as usual, the Office is endowed with strengthened competition and consumer protection powers, and a duty to promote innovation in the sectors for which it is responsible.

The Office’s financial year end is 31st December each year. As at 31 December 2025, the Office had 28 employees (December 2024: 25 employees).

The Cayman Islands Government (“the Government”) appoints the Chair and Non-Executive Members to the Office’s Board of Directors.

The Office is located at 11 Dr. Roy’s Drive, 3rd floor, Monaco Towers II, George Town, Grand Cayman. The mailing address is P.O. Box 10189, Grand Cayman KY1-1002, Cayman Islands.

2. 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 (“IPSASB”). The Office adopted IPSAS in 2018 pursuant to section 40(1) of the URC Act. There were no material differences to the financial statements upon the adoption of IPSAS. The main differences relate to the presentation of Other Comprehensive Income/(Loss) on the Statement of Changes in Net Assets rather than being presented on the Statement of Financial Performance. In addition, the budget for the Office is presented in note 24 in accordance with IPSAS 24. The significant accounting policies adopted by the Office in these financial statements are as follows:

(a) Basis of preparation

These financial statements have been prepared on a going concern basis and the accounting policies set out below have been applied consistently to all periods presented.

These financial statements are presented in Cayman Island dollars and are prepared on the accrual basis under the historical cost convention. The figures presented have been rounded to the nearest dollar.

Utility Regulation and Competition Office
Notes to the Financial Statements
For the Year Ended 31 December 2025
(stated in Cayman Islands dollars)

2. Significant accounting policies (continued)

(a) Basis of preparation (continued)

New and revised accounting standards issued and applicable

The Office 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 recognises 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 are 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 IPSAS 13. Lessees are 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. However, as a result of the adoption of IPSAS 43, lease liabilities are presented as financial liabilities and included within the applicable disclosures.

In accordance with the transitional provisions in IPSAS 43, the Office has adopted the modified retrospective approach under which any cumulative effect of initial application will be 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 issued in January 2022 and shall be applied for financial statements covering periods beginning on or after 1 January 2025. IPSAS 44 defines non-current assets held for sale and determines the accounting, presentation and disclosure of discontinued operations. During the financial year it was assessed that IPSAS 44 does not have any significant impact on the Office's measurement of financial assets and liabilities.

IPSAS 45, Property, Plant, and Equipment (effective for periods beginning on or after 1 January 2025) replaces IPSAS 17, Property, Plant, and Equipment by adding current operational value as a measurement basis in the updated current value model for assets within its scope, identifying the characteristics of heritage and infrastructure assets, and adding new guidance on how these important types of public sector assets should be recognized and measured. The Office measures Property, Plant, and Equipment using the historical cost model and does not hold infrastructure or heritage assets. As such, IPSAS 45 does not have any significant impact on the Office's financial statements.

IPSAS 46, Measurement (effective for periods beginning on or after 1 January 2025) provides new guidance in a single standard addressing how commonly used measurement bases should be applied in practice. During the financial year it was assessed that IPSAS 46 does not have any significant impact on the Office's financial statements.

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

Certain new accounting standards have been published that are not mandatory for the 31 December 2025 reporting year and have not been adopted by the Office. The Office's assessments 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. This will be assessed more fully next year.

Utility Regulation and Competition Office
Notes to the Financial Statements
For the Year Ended 31 December 2025
(stated in Cayman Islands dollars)

2. Significant accounting policies (continued)

(a) Basis of preparation (continued)

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. It is anticipated that IPSAS 48 will not have an impact on the Office's financial statements, but this will be assessed in the next financial year.

IPSAS 49, Retirement Benefit Plans (issued in November 2023 and effective for periods beginning on or after 1 January 2026) provides a principle-based approach to accounting for retirement benefit plans offering a completed view of their financial activities, assets, and obligations and establishes comprehensive accounting and reporting requirements for the financial statements of retirement benefit plans. This will be assessed in the next financial year.

IPSAS 50, Exploration for and Evaluation of Mineral Resources, was issued in November 2024 and will be effective for periods after 1 January 2027. It provides guidance on accounting for exploration and evaluation expenditures, including the recognition of exploration and evaluation assets. This standard is not expected to have an impact on the Office's financial statements.

IPSAS 51, Tangible Natural Resources held for Conservation (effective for periods beginning on 1 January 2028) provides guidance on recognition, measurement, and disclosure of tangible natural resources held for conservation purposes. The Office does not hold such assets. It is anticipated that IPSAS 51 will not have an impact on the Office's financial statements.

(b) Use of estimates

The preparation of financial statements in accordance with IPSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of income and expenses during the year. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results could 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 and in any future periods that are affected by those revisions.

(c) Budget amounts

The original budget amounts for the year ended 31 December 2025 were prepared using the accrual basis of accounting and the accounting policies have been consistently applied with the actual financial statement presentation. The amounts shown in these financial statements were included in the Budget Statement of the Government of the Cayman Islands for the year ended 31 December 2025 which was approved by the Parliament on 15 December 2023.

(d) Foreign currency translation

Assets and liabilities denominated in currencies other than Cayman Islands dollars are translated at exchange rates in effect at the financial statements date. Income and expense transactions denominated in currencies other than Cayman Islands dollars are translated at exchange rates at the date of those transactions. Gains and losses arising on translation are included in the statement of financial performance.

(e) Cash and cash equivalents

Cash and cash equivalents are considered as cash on hand, cash held on demand, and fixed deposits with an original maturity of three months or less. Cash and cash equivalents as at 31 December 2025 are subject to any expected credit loss requirements from IPSAS 41.

Utility Regulation and Competition Office
Notes to the Financial Statements
For the Year Ended 31 December 2025
(stated in Cayman Islands dollars)

2. Significant accounting policies (continued)

(f) Short-term investments

Short-term investments represent term deposits with banks or other financial institutions with original maturities of greater than three months but less than twelve months.

(g) Accounts receivable

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 amounts related to Services Provided to the Government 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.

(h) Property, plant and equipment and depreciation

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

Depreciation is charged to the statement of financial performance on a straight-line basis over the estimated useful lives of the property, plant and equipment, except for leasehold improvements, which are depreciated over the life of the lease.

The estimated useful lives of the property, plant and equipment are as follows:

IT Equipment	3 - 5 Years
Leasehold Improvements	5 Years
Other Equipment	5 Years
Office Equipment and Furniture	3 - 5 Years
Motor Vehicles	7 Years

Management reviews the depreciation method and useful life annually to ensure that they are consistent with the expected economic benefits from property, plant and equipment.

(i) Intangible assets and amortisation

Intangible assets are identifiable non-monetary assets without physical substance. The Office's intangible assets comprise of externally acquired computer software. Maintenance costs associated with computer software are expensed to the statement of financial performance in the financial period in which they are incurred.

Amortisation is calculated using the straight-line method to allocate the cost of each asset over their estimated useful lives which is estimated to be three to five years. Management reviews the amortisation method and useful life annually to ensure that they are consistent with the expected economic benefits from intangible assets.

(j) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. The Office recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity, and when specific criteria have been met for each of the Office's activities described below.

Regulatory Fees - Regulatory Fees are the main source of revenue for the Office. Each year, the Office is required to balance its expenditure with its revenue. Regulatory fees are collected from each sector that the Office regulates, with revenue recognised in accordance with Section 6 (2) (a) the URC Act and the administration of licensing arrangements

Utility Regulation and Competition Office
Notes to the Financial Statements
For the Year Ended 31 December 2025
(stated in Cayman Islands dollars)

2. Significant accounting policies (continued)

(j) Revenue recognition (continued)

with major licensees, all supported by the ICT (Validation) Act, 2024, the ICT (Amendment and Validation) Act, 2025 and the Information and Communications Technology (Licence Fees) Regulations, 2025. The performance obligations relate to the work to be undertaken by the Office as regulator of the sectors and is set out in the Strategic and Annual Plans, the URC Act and the licensing agreements. Revenue is recognised in the period that the costs are incurred.

Services provided to the Government – The Office provides services to the Government which are established and defined through a Purchase Agreement. The purchase agreement details the outputs that the Government and the Office has agreed that the Office will deliver, and the Cabinet will purchase in a particular fiscal year. Revenue is recognized when the performance obligations agreed in the purchase agreement are performed. Payments will be made on the basis of a quarterly invoice provided to the Government by the Office.

Licensing fees – The Office issues ICT licenses for type approval and radio. A type approval is granted to a product that meets a minimum set of regulatory, technical and safety requirements. The Office is responsible for the licensing and regulation of all radio transmitters including radio licenses for Ships, Aircrafts, Amateur (HAM) and Land Mobile. Fees are levied pursuant to section 30 of the ICTA Act (2019). Revenue is recognized once the license has been issued. The Office also issues ICT licenses for the usage of electromagnetic spectrum in accordance with the section 9 of the ICTA Act (2019 Revision).

The Office is responsible for allocating electromagnetic spectrum in the Cayman Islands, determining methods for assigning electromagnetic spectrum and instituting procedures for ensuring compliance by licensees with any obligations regarding the use of the electromagnetic spectrum imposed by the licence. Licensees are required to pay spectrum fees and submit spectrum returns annually. The validity period of the return represents the period that the economic benefits will flow to the Office and revenue is recognized in conformity with the validity period.

Permit Fees – The Office processes applications for operating permits for premises and vehicles used to store or transport dangerous substances, under the Dangerous Substances Handling and Storage Act, 2022 Revision. The Office also processes applications for permits in relation to the importation of fuel and compressed gas and revenue is recognized once the permit has been issued.

KY Domain Fees – The Office has been delegated authority by the Government, in accordance with section 9(i) of the ICTA Act (2019) for the management and administration of the .ky internet domain. A domain name registration fee is charged upon initial registration of the domain and also at the time of renewal. Fees are charged to domain owners on an annual basis. Revenue is recognized once a domain name has been granted. The management of the .ky domain is contracted to a third party, who remits payment of the registration fees on a quarterly basis.

Administrative Fines – Administrative fines are levied in accordance with section 91 of the URC Act and are recognised as revenue in the period in which the fines are issued. The recovery of investigation costs may be included with the Administrative fine, and the recovery is recognised as revenue in the period that the fine is issued.

All application and licence fees are non-refundable.

(k) 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.

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.

Utility Regulation and Competition Office
Notes to the Financial Statements
For the Year Ended 31 December 2025
(stated in Cayman Islands dollars)

2. Significant accounting policies (continued)

(k) Leases (continued)

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:

- (i) amounts expected to be payable under any residual value guarantee;
- (ii) the exercise price of any purchase option granted in favour of the agency if it is reasonably certain to assess that option; and
- (iii) 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.

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:

- (iv) lease payments made at or before commencement of the lease;
- (v) initial direct costs incurred; and
- (vi) 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 amortised 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 comprehensive income if the carrying amount of the right-of-use asset has been reduced to zero.

(l) Financial instruments

(i) Classification

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

(ii) 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.

(iii) 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 Office assessed the business model for holding financial assets at the date of initial application. It determined that all of these are held to collect

Utility Regulation and Competition Office
Notes to the Financial Statements
For the Year Ended 31 December 2025
(stated in Cayman Islands dollars)

2. Significant accounting policies (continued)

(l) Financial Instruments (continued)

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 amortized cost using the effective interest method less any impairment.

(iv) Derecognition

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

(m) 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.

(n) General reserve

The Office maintains a General Reserve in accordance with Section 34(2) of the URC Act to promote stakeholders' confidence in the long-term sustainability of the Office by preventing chronic cash flow situations that can diminish the Office's capacity to operate. The Office has accounted for the General Reserve as Restricted Cash on the statement of financial position and in accordance with the General Reserve Policy approved by the Board of Directors, the amount shall represent a minimum of four months of operating expenses.

(o) Employee benefits

Employee entitlements such as, 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 outstanding at that date are reported as current liabilities at the amount expected to be paid.

Retirement benefits are provided to employees through a defined contribution plan, as well as a defined benefit plan (Note 10).

Defined Contribution Plan

The Office participates in the Public Service Pensions Plan's defined contribution fund, in accordance with the Public Service Pension Act. Contributions are charged monthly to expenses as they are incurred based on the set contribution rate of 12%, whereby the employer pays both the employer contribution of 6% and employee contributions of 6%. In addition, the Office is also required to contribute to the Public Service Pension Plan, an extra 0.4% (2024: 0.4%) of each employee's monthly salary. This 0.4% (2024: 0.4%) is a Past Service Liability (PSL) cost to cover a deficiency in the Fund and is governed by the Public Service Pensions (Contribution Rates) Regulations (2024).

Utility Regulation and Competition Office
Notes to the Financial Statements
For the Year Ended 31 December 2025
(stated in Cayman Islands dollars)

2. Significant accounting policies (continued)

(o) Employee benefits (continued)

The Office also contributes to a Silver Thatch pension plan for employees who reached age 60 before the National Pensions Act amendment or are over the current retirement age of 65, as both groups cannot join the Public Service Pension Plan. Monthly contributions total 12% (6% employer, 6% employee), with no additional contributions.

Defined Benefit Plan

The cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each financial position date. Actuarial gains and losses that exceed 10% of the greater of the present value of the Office's defined obligation and the fair value of plan assets are amortised over the expected average remaining working lives of the participating employees. Past service cost is recognised immediately for vested benefits, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The defined benefit asset or liability comprises the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

(p) Subsequent events

Post-year-end events affecting the Office's financial position are reflected in the financial statements. Material post-year-end events that are not adjusting events, are disclosed in the notes to the financial statements.

3. Cash, cash equivalents and Short-term investments

(a) Cash on hand and deposits

Cash and cash equivalents include cash on hand, deposits held on call with banks, other short-term, highly liquid investments with original maturities of three months or less 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.

	31 December 2025	31 December 2024
Cash on hand	502	460
Fixed deposits	770,584	770,248
Current and savings accounts	5,674,784	5,325,770
Total cash and cash equivalents	6,445,870	6,096,478

(b) Short-term investments

Short-term investments represent restricted cash of \$2,600,000 (2024: 2,600,000) and unrestricted cash of \$450,000 (2024: \$450,000) comprised of short-term deposits held with the Bank of Butterfield (Cayman) with original maturities of greater than three months but less than twelve months. Impairment of short-term deposits has been considered on a 12-month expected credit loss basis and reflects the short maturities of the exposures. Although short-term investments 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. Restricted cash is held for the General Reserve Fund. Unrestricted cash, not explicitly earmarked, can be used for general purposes.

Utility Regulation and Competition Office
Notes to the Financial Statements
For the Year Ended 31 December 2025
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4. Accounts and Other Receivables

Accounts and other receivables include balances due from licensees, permit holders and related parties (see note 8).

	31 December 2025	31 December 2024
Accounts receivables - Trade	706,612	397,136
Receivable from Government	532,795	2,458,481
Receivable from Water Authority Cayman	133,118	66,371
Other Receivables	480,459	524,926
Expected credit loss allowance	(504,321)	(320,050)
Trade and other receivables (net)	1,348,663	3,126,864

The Office calculates impairment loss by assessing expected credit losses, taking into account historical credit loss data, prevailing economic circumstances and substantiated forecast of forthcoming developments. Lifetime expected credit losses have been calculated using sales invoices between 1 January 2023 and 31 December 2024 and the actual cash collection dates of these invoices to determine a historical loss collection profile by aging category.

The amount uncollected is used to determine the loss rate by aging category. This loss rate is applied to the aged trade receivables at 31 December 2025 to determine the expected credit loss at that date. The Office defines default as any receivables 365 days past due. The expected credit loss includes the full amount uncollected over 365 days. The calculated loss rates applied against the aging categories and resulting expected credit loss are shown below:

Period Outstanding (Days)	Loss rate at 31 December 2025 %	Aging Receivable Balance at 31 December 2025 \$	Specific Provision \$	Expected credit loss at 31 December 2025 \$	Loss rate at 31 December 2024 %	Aging Receivable Balance at 31 December 2024 \$	Expected credit loss at 31 December 2024 \$
0 – 30 days	0.215%	1,281,884	36,377	1,632	0.607%	1,162,459	4,026
31 – 60 days	0.346%	2,626	2,650	-	0.694%	(117)	-
61 – 90 days	1.367%	147,529	42,887	1,430	3.709%	48,851	519
91 – 180 days	2.682%	43,177	40,282	80	9.075%	858,871	442
181 – 365 days	64.749%	74,978	74,719	29	22.117%	494,088	1,680
Over 365 days	100.00%	302,790	301,986	2,249	100.00%	882,762	
Specific Provision	-	-		498,901	-	-	313,383
Total		1,852,984	498,901	504,321		3,446,914	320,050

Included in Accounts Receivables is \$532,795 in output fees receivable from the Government. In addition, there is \$504,321 (2024: \$320,050) that has been fully provided for. Of the \$504,321, \$491,480 (2024: \$306,602 restated) relates to amounts mainly due from licensees for disputed regulatory fees in relation to the ongoing C3 vs OfReg Judicial Review, along with outstanding fuel operating permits, radio license and disputed regulatory fees. The Office has assessed the credit risk and concludes it would be appropriate to record a provision for the full amounts.

The changes in the expected credit loss are detailed as follows:

	31 December 2025	1 January 2025
Opening expected lifetime credit loss	(320,050)	(200,874)
Increase in expected lifetime credit loss	(183,976)	(129,419)
Write Up of customer balances to credit loss	(295)	10,243
Closing Expected Lifetime Credit Loss	(504,321)	(320,050)

Utility Regulation and Competition Office
Notes to the Financial Statements
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4. Accounts receivable and Other Receivables (continued)

The Office currently has a write off policy that describes an approval process, with stated thresholds for management and Board approvers. Bad debts may be written off within twelve to eighteen months if the amount is still outstanding and determined uncollectible. In accordance with IPSAS 41, the Office has determined that a financial asset is in default once it is 365 days past due, therefore all amounts over 365 days have been fully provided for.

5(a). Leases

Upon adoption of IPSAS 43 Leases, the Office opted to implement the modified retrospective approach which requires no prior year adjustments. As such, the values reported for 31 December 2024 are nil.

The Statement of Financial Position shows the following amounts relating to leases.

	31 December 2025	31 December 2024
Right-of-use assets	172,453	-
Total	172,453	-
Lease Liabilities		
Current	179,846	-
Non-current	-	-
Total	179,846	-

The Statement of Financial Performance shows the following amounts relating to leases:

	31 December 2025	31 December 2024
Depreciation charge of right-of-use assets	258,324	-
Interest expenses (included in finance costs)	16,493	-
Total	274,817	-

Right-of-use assets	31 December 2025	31 December 2024
Balance at start of the year	430,777	-
Additions during the year	-	-
Depreciation expense	(258,324)	-
Balance at end of the year	172,453	-

Right-of-use assets are depreciated on a straight-line basis over the term of the lease. The Office applies IPSAS 26 – Impairment of cash-generating assets on the Right-of-use asset the same as in property, plant and equipment.

Lease liabilities	31 December 2025	31 December 2024
Balance at start of the year	430,777	-
Additions/adjustments during the year	3	-
Interest expense	16,493	-
Repayments during the year	(267,427)	-
Balance at end of the year	179,846	-

Utility Regulation and Competition Office
Notes to the Financial Statements
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5(a). Leases (continued)

The lease liability represents the present value of expected future lease payments by the Office to the Lessor. The discounting rate applied by the Office is 5.32% 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.

The Office signed a five-year lease with Monaco Towers with a commencement date of 1 September 2021. The lease is scheduled to expire on 31 August 2026.

The Office recognises the lease as a right-of-use asset and a corresponding liability at 1 January 2025. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the remaining lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from the lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- (i) fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- (ii) variable lease payment that are based on an index or a rate,
- (iii) amounts expected to be payable by the lessee under residual value guarantees,
- (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and;
- (v) penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Right-of-use assets are measured at cost comprising the following:

- (i) the amount of the initial measurement of lease liability,
- (ii) any lease payments made at or before the commencement/transition date,
- (iii) any initial direct costs, and
- (iv) restoration costs.

Extension and termination options are included in the lease terms and exercisable only by the Office and not by the Lessor.

5(b). Property, plant and equipment

2025	Office equipment and furniture	IT equipment	Motor vehicles	Leasehold improvements	Other equipment*	Total
Cost						
Balance at beginning of year	59,030	333,176	214,852	13,887	197,235	818,180
Additions	751	7,870	41,848	-	9,500	59,968
Balance at end of year	59,781	341,046	256,700	13,887	206,735	878,148
Accumulated depreciation						
Balance at beginning of year	27,903	210,143	170,167	8,620	82,571	499,404
Other adjustments	-	(696)	-	-	-	(696)
Charge for the year	8,598	34,239	17,338	2,716	22,905	85,796
Balance at end of year	36,501	243,686	187,505	11,336	105,476	584,504
Net Book Value at December 31, 2025	23,280	97,360	69,195	2,551	101,259	293,644

* Other equipment mainly comprises of trailers, fuels inspection, testing, calibration, safety and monitoring equipment.

Utility Regulation and Competition Office
Notes to the Financial Statements
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5(b). Property, plant and equipment (continued)

2024	Office equipment and furniture	IT equipment	Motor vehicles	Leasehold improvements	Other equipment	Total
Cost						
Balance at beginning of year	40,897	274,488	272,449	13,887	197,235	798,956
Other adjustments (reclassification)	(337)	(279)	446	-	-	(170)
Additions	18,470	63,739	-	-	-	82,209
Disposals	-	(4,772)	(58,043)	-	-	(62,815)
Balance at end of year	59,030	333,176	214,852	13,887	197,235	818,180
Accumulated depreciation						
Balance at beginning of year	20,142	177,182	209,260	5,843	56,378	468,805
Other adjustments (reclassification)	(715)	99	446	-	-	(170)
Charge for the year	8,476	37,634	18,504	2,777	26,193	93,584
Disposals	-	(4,772)	(58,043)	-	-	(62,815)
Balance at end of year	27,903	210,143	170,167	8,620	82,571	499,404
Net Book Value at December 31, 2024	31,127	123,033	44,685	5,267	114,664	318,776

6. Intangible assets

	31 December 2025	31 December 2024
Cost		
Balance at beginning of year	14,426	14,426
Balance at end of year	14,426	14,426
Accumulated amortisation		
Balance at beginning of year	12,582	10,369
Charge for year	1,844	2,213
Balance at end of year	14,426	12,582
Net Book Value	-	1,844

7. Accounts payable and accrued liabilities

	31 December 2025	31 December 2024
Accounts payable	153,199	200,857
Accrued expenses	283,605	156,849
Other	49,967	49,681
Total	486,771	407,387

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8. Related party balances and transactions

During the year, the Office delivered services to the Government under a formal Purchase Agreement, executed pursuant to Section 30 of the Public Management and Finance Act (2020 Revision). The Agreement outlines the specific outputs to be delivered by the Office during the 2025 financial year, and the payment terms associated with those outputs.

Under the agreement amounts totalling just over \$1m were settled in respect of services provided during the first three quarters of the year.

Under the agreement the Office collected royalty fees from ICT Licensees totalling \$8.6m. Of this amount, \$6.8m has been transferred to the Government with \$1.7m expected to be remitted in 2026.

Year	Amount Collected - \$
Q1	2,333,307
Q2	2,246,560
Q3	2,293,709
Q4	1,734,541
Total	8,608,117

Water Sector Revenues

On November 18, 2020, a Memorandum of Understanding (MOU) was signed between the Office and Water Authority-Cayman ("the entities"). This MOU determines the allocation of the royalty fees paid by the Cayman Water Company (CWC) between the entities in recognition of the cost incurred for the statutory responsibilities of Water Authority Cayman (WAC) and the regulatory responsibilities of the Office.

The revenue for the 2019 and 2020 financial years were allocated between the entities based on the proportionate allocation of costs incurred by the Office for regulating the Water Sector and the costs incurred by WAC for its statutory responsibilities for those years. This clause of the MOU was in effect until 31 December 2020.

On 1 January 2021, the amended Water Authority Regulations (WA Regulations) were implemented which introduced a Statutory Fee mechanism allowing WAC to levy a statutory fee to CWC consumers based on consumption. The Water Sector Regulations (WSR), which will introduce a Regulatory Fee mechanism for the Office, has not been approved by the Cabinet of the Cayman Islands Government yet. The MOU stipulates that upon the implementation of the amended WA Regulations, WAC will deduct from the royalties the statutory fees owed to WAC by customers in the CWC service area and the remaining balance will be paid to the Office, or as directed by Government. The total revenue earned by the Office based on the MOU in 2025 was \$856,447 (2024: \$780,302).

Public Service Pension Plan

The Office on behalf of its eligible employees paid contributions of \$266,339 (2024: \$236,906) to the Public Service Pensions Plan during the year.

Key Employee Benefits

The key employees of the Office included four (2024: four) Executives during the year. In accordance with IPSAS 20, the aggregate remuneration of key management personnel are shown below:

	31 December 2025	31 December 2024
Salaries and short-term employee benefits*	703,866	553,951
Other employee benefits**	41,832	190,812

*included in short-term employee benefits are honorariums and duty allowances.

**Included in Other Employee Benefits are final costs paid to the former Interim Chief Executive Officer.

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8. Related party balances and transactions (continued)

In January 2025 the Office welcomed the newly hired Executive Director for Energy and the Director of Economics and Regulatory Affairs. In May 2025 the Office welcomed a new Chief Fuels Inspector (CFI) who departed in October 2025. There was no financial impact resulting from the CFI's departure.

The following fixed stipend for Non-Executive Board Members was approved by Cabinet on 29 December 2016:

Chair	\$4,500 per month
Deputy Chair	\$2,500 per month
Member	\$2,000 per month

The Board comprises ten Non-Executive Members in accordance with the Utility Regulation and Competition Amendment Act 2024. Between 2023 and 2024, three members resigned and a fourth position became vacant in 2025 after the member's term reached expiration without renewal. As a result, four Non-Executive Board Member positions were vacant as at 31 December 2025. Director fees paid to the Non-Executive Board Members for the year ended 31 December 2025 were \$198,261 (2024: \$229,870), and other directors' expenses amounted to \$5,909 (2024: \$5,984).

There were no loans granted to key management personnel or their close relatives during the year (2024: \$nil).

9. General reserve and equity injection

Section 38 of the URC Act requires the Office to maintain a reserve fund; the management of such fund being at the discretion of the Office. The General Reserve Fund aims to promote stakeholders' confidence in the long-term sustainability of the Office by preventing chronic cash flow situations that can diminish its capability and reputation requiring the Office to make short-term crisis-based decisions. The General Reserve Fund will be funded and available in cash or cash equivalents with the minimum fund balance based on the estimated cash requirements to operate the Office for 120 days.

Pursuant to section 11(5) and 11(6) of the Public Management and Finance Act (2020 Revision) (PMFA), the Cabinet authorized the re-allocation of appropriated funds within the Ministry of Finance and Economic Development to the Utility Regulation and Competition Office amounting to \$1.2M as an equity injection to compensate the Office for costs incurred and anticipated costs resulting from Judicial Reviews. A Supplementary Appropriation Bill for the funding was not introduced in Parliament by 31 March 2026, as required by Section 12(3) of the PMFA.

10. Post-retirement benefits

Contributions to Pensions Plan

During the current year, the Office recognised pension expenses under salaries and employee benefits of \$338,262 (2024: \$313,536) paid to the Public Service Pensions Fund and the Silver Thatch Pensions Fund.

Public Service Defined Benefit Plan

The Office has two employees (2024: two employees) who are active participants in the Public Service defined benefit plan. The Office has one employee who is in a retired status and receiving retirement benefits from the fund. During the year, the Office recognised pension income under salaries and employee benefits of (\$18,000), (2024: \$37,000).

Pension contributions for eligible employees of the Office are paid to the Public Service Pensions Fund (the "Fund"). The Fund is administered by the Public Service Pensions Board ("the Pensions Board") and is operated as a multi-employer plan. Prior to 1 January 2000, the scheme underlying the Fund was a defined benefit scheme. With effect from 1 January 2000, the Fund had both a defined benefit and a defined contribution element, with participants joining after 1 January 2000 becoming members of the defined contribution element only.

Benefit obligations are estimated using the Projected Unit Credit method. Under this method, each participant's benefits under the plan are attributed to years of service, taking into consideration future salary increases and the plan's

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10. Post-retirement benefits (continued)

Public Service Defined Benefit Plan (continued)

benefit allocation formula. Thus, the estimated total pension to which each participant is expected to become entitled at retirement is broken down into units, each associated with a year of past or future credited service.

The Fund has been valued by the Actuary (Mercer). The defined contribution part of the Fund is not subject to the special actuarial valuations due to the nature of the benefits provided therein. The Office paid both the employee and employer's contributions. The actual amount of pension expense relating to the defined benefits for staff also includes the effect of the changes in the actuarial determined liability.

The amounts recognized in the statement of financial position is as follows:

	2025	2024
	\$'000	\$'000
Defined benefit obligation	686	601
Fair value of plan assets	760	590
Funded status	(74)	11
Net (asset)/liability	(74)	11

The change in defined benefit obligation is as follows:

	2025	2024
	\$'000	\$'000
Defined benefit obligation at end of prior year	601	701
Service cost	31	45
Interest expense	33	36
Cash flows	15	14
Remeasurements	6	(195)
Effect of changes in foreign exchange rates	-	-
Defined benefit obligation at end of year	686	601

The change in fair value of plan assets is as follows:

	2025	2024
	\$'000	\$'000
Fair value of plan assets at end of prior year	590	476
Interest income	33	25
Cash flows - employer and participant contributions	64	33
Remeasurements	73	56
Effect of changes in foreign exchange rates	-	-
Fair value of plan assets at end of year	760	590

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10. Post-retirement benefits (continued)

Public Service Defined Benefit Plan (continued)

The net defined benefit liability (asset) reconciliation:

	2025	2024
	\$'000	\$'000
Net defined benefit liability as of beginning of year	11	225
Defined benefit cost included in P&L	31	56
Total remeasurements included in OCI	(67)	(251)
Cash flows	(49)	(19)
Credit to reimbursements	-	-
Effect of changes in foreign exchange rates	-	-
Net defined benefit liability as of end of year	(74)	11

The components of defined benefit cost is as follows:

	2025	2024
	\$'000	\$'000
Service cost	31	45
Net interest cost	-	-
Interest expense on DBO	33	36
Interest (income) on plan assets	(33)	(25)
Total net interest cost	-	11
Remeasurements of other long term benefits		
Administrative expenses and taxes		
Defined benefit cost included in P&L	31	56
Remeasurements (recognized in other comprehensive income)		
Effects of changes in demographic assumptions	-	-
Effects of changes in financial assumptions	4	(141)
Effect of experience adjustments	2	(54)
(Return) on plan assets (excluding interest income)	(73)	(56)
(Return) on reimbursement rights (excluding interest income)		
Changes in asset ceiling/onerous liability (excluding interest income)		
Total remeasurements included in OCI	(67)	(251)
Total defined benefit cost recognized in P&L and OCI	(36)	(195)

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10. Post-retirement benefits (continued)

Public Service Defined Benefit Plan (continued)

The sensitivity analysis on defined benefit obligation is shown below:

	2025	2024
1. Discount rate		
a. Discount rate – 25 basis points	726	637
b. Discount rate +25 basis points	649	568
2. Inflation rate		
a. Inflation rate – 25 basis points	671	568
b. Inflation rate + 25 basis points	702	637
3. Mortality		
a. Mortality – 10% of current rates	698	611
b. Mortality + 10% of current rates	675	592

The expected cash flow for the following year is as follows:

	2025	2024
Expected employer contributions	22	23

The significant actuarial assumptions are presented below:

	2025	2024
1. Discount rate	5.65%	5.75%
2. Rate of salary increase	3.0% in 2026 and 6.5% in 2027 and 2.5% thereafter	5.0% in 2025 and 4.0% in 2026 and 3.0% thereafter
3. Rate of price inflation	3.10% in 2026, 2.40% in 2027, and 2.2% thereafter	2.90% in 2025, 2.50% in 2026, 2.2% in 2027, and 2.0% thereafter
4. Rate of pension increases	3.10% in 2026, 2.40% in 2027, and 2.2% thereafter	2.90% in 2025, 2.50% in 2026, 2.2% in 2027, and 2.0% thereafter
5. Post-retirement mortality table	100% RP-2014 generationally projected using scale MP-2021	100% RP-2014 generationally projected using scale MP-2021
6. Cost method	Projected Unit Credit	Projected Unit Credit
7. Asset valuation method	Market Value	Market Value

	2025	2024
1. Discount rate	5.45%	5.10%
2. Rate of salary increase	5.0% in 2025, 4.0% in 2026 and 3.0% thereafter	4.00% in 2024 and 3.7% thereafter
3. Rate of price inflation	2.90% in 2025, 2.5% in 202, 2.2% in 2027, and 2.0% thereafter	2.50% in 2024, 2.4% in 2025 and 2.0% thereafter
4. Rate of pension increases	2.90% in 2025, 2.5% in 202, 2.2% in 2027, and 2.0% thereafter	2.50% in 2024, 2.4% in 2025 and 2.0% thereafter
5. Post-retirement mortality table	100% RP-2014 generationally projected using scale MP-2021	100% RP-2014 generationally projected using scale MP-2021

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10. Post-retirement benefits (continued)

Plan Assets

The Defined Benefit assets as well as Defined Contribution assets of the Plan are held as part of the Public Service Pensions Fund (“the Fund”) and managed by the PSPB. The assets of two other pension plans are pooled together to constitute the Fund. The assets are notionally allocated to each of the three participating pension plans through an internal accounting mechanism that tracks, for each accounting year, actual cash flows and allocates investment income and expenses in proportion to the opening value of assets allocated. Based on the data provided, the gross rate of return earned by the Fund for the year, 1 January 2025 to 31 December 2025 was 16.80% per annum. Similar internal accounting is used for developing each participating entity’s share of the asset portfolio of the Fund.

The valuations are based on the asset values as at 31 December 2025 provided by PSPB, along with cash flow and other supplemental asset information. The assets are held in trust by CIBC Mellon.

The Fund currently has investment policy with a target asset mix of 70% (2024: 78%) equities, 20% (2024: 18%) bonds, 5% (2024: 0%) real estate, 5% (2024: 3%) infrastructure, and 0% (2023: 1%) cash and receivables. As at 31 December 2025 and 31 December 2024, the Fund was invested as follows:

Plan Assets by Asset Category	2025		2024	
	\$000	Percentage	\$000	Percentage
Global equities securities	1,040,620	67%	1,050,497	78%
Debt securities	384,189	24%	237,485	18%
Real estate	67,410	4%	-	0%
Infrastructure	67,639	4%	44,457	3%
Cash and Receivables	16,015	1%	11,850	1%
Total	1,575,873	100%	1,344,289	100%

The Defined Contribution portion of the Fund totaled to \$753,599,600 as at 31 December 2025 (2024: \$651,887,200) as provided by PSPB. The share of the Fund that been notionally allocated to the Office with regards to its participation in the Defined Benefit Part of the Plan at 31 December 2025 is \$760,000 (2024: \$590,100).

The Actuarial Assumptions

The actuarial assumptions have been approved by the Financial Secretary, the main sponsor of the Plan. The principal financial and demographic assumptions used at 31 December 2024 are shown in the table below. The assumptions as at the reporting date are used to determine the present value of the benefit obligation at that date and the pension expense for the following year.

Measurement Date	2025	2024
Discount rate		
-BOY disclosure and current year expense	5.75%	5.15%
-EOY disclosure and current year expense	5.65%	5.75%
Following year service cost	5.80%	5.80%
Rate used to determine interest on defined benefit obligation and plan assets for following year	5.05%	5.45%
Rate used to determine interest on current service cost for following year	5.40%	5.65%
Increases in pensionable earnings	3.00% in 2026, 6.50% in 2027 and 2.50% per year thereafter	5.00% in 2025, 4.00% in 2026 and 3.00% per year thereafter
Rate of pension increases	3.10% in 2026, 2.40% in 2027, and 2.20% per year thereafter	2.90% in 2025, 2.50% in 2026, 2.20% in 2027 and 2.00% per year thereafter

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10. Post-retirement benefits (continued)

Public Service Defined Benefit Plan (continued)

Actuarial Assumptions (continued)

	2025	2024
Mortality rates	100% of the rates of the RP-2014 scaled back from 2014 to 2006 using Scale MP-2014	100% of the rates of the RP-2014 scaled back from 2014 to 2006 using Scale MP-2014
Mortality improvements	Fully generational projections using Scale MP-2021	Fully generational projections using Scale MP-2021
Disability	None	None
Turnover rates	Age related table	Age related table
Retirement	Age related table	Age related table
Assumed life expectations on retirement	Retiring today (member age 57): 29.02	Retiring today (member age 57): 28.87
	Retiring in 25 years (at age 57): 31.13	Retiring in 25 years (at age 57): 31.00
Liability cost method	Projected unit credit method	Projected unit credit method
Asset value method	Market Value of Assets	Market Value of Assets
Commutation of pension	All members commute 25% at retirement	All members commute 25% at retirement

Turnover rates at sample ages:

Age	Males	Females
20	7.50%	12.50%
25	5.00%	12.50%
30	3.50%	7.50%
35	2.50%	4.50%
40	1.50%	2.50%
45	0.50%	0.50%
50	0.00%	0.00%

There have been no changes in actuarial assumptions since the prior valuation other than the changes to the principal assumptions shown in the table above.

Defined Benefit Healthcare Plan

The Office has established a post-retirement healthcare program for employees who were transferred to the Office from the Government upon creation of the Office. The objective of the plan was that staff members transferred to the Office will not be disadvantaged after the transfer, in terms of employee benefits they enjoyed as employees of the Government. This is in accordance with the Dangerous Substances Act (2017 Revision) Section 30.

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10. Post-retirement benefits (continued)

Defined Benefit Healthcare Plan (continued)

The Office has accepted the responsibility to provide the same healthcare benefits enjoyed by former employees of the Government. Under this plan, the premiums for healthcare coverage would be paid by the Office for all eligible employees, together with their spouses (from the employee's retirement until death) and dependent children (from the employee's retirement until no longer considered a dependent child). To be eligible for this plan, the employee must be transferred from the Government with a total of 10 consecutive years spent with the Government and the Office. In addition, the employee must be entitled to a pension under the Public Service Pensions Act (2017 Revision) at the time of retirement from URCO's employment. This post retirement coverage falls within the definition of a defined benefit as defined by IPSAS 25 – Employee Benefits and as such represents a future liability of the Office.

The Office has obtained the services of Mercer Actuaries of Canada to provide an actuarial valuation of the obligation. The details of the valuation method and assumptions used are presented below in accordance with IPSAS 25.

The Office has a present value net defined healthcare benefit obligation of \$618,559 at the year ended 31 December 2025 (2024: \$455,183).

The amounts recognized in the statement of financial position are as follows:

	2025	2024
	\$'000	\$'000
Defined benefit obligation	618	455
Fair Value of plan assets		
Funded status	618	455
Net liability	618	455

The change in defined benefit obligation is as follows:

	2025	2024
	\$'000	\$'000
Defined benefit obligation at end of prior year	455	511
Service cost	-	-
Interest expense	25	26
Benefit payments from employer	(10)	(9)
Remeasurements		
Effect of changes in demographic assumptions	17	-
Effect of experience adjustments	4	(1)
Effect of changes in financial assumptions	127	(72)
Defined benefit obligation at end of year	618	455

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10. Post-retirement benefits (continued)

Defined Benefit Healthcare Plan (continued)

	2025	2024
	\$'000	\$'000
Service cost	-	-
Net interest cost		
Interest expense on DBO	25	26
Defined benefit cost included in P&L	25	26
Remeasurements (recognized in other comprehensive income)		
Effects of changes in demographic assumptions	17	-
Effects of changes in financial assumptions	127	(72)
Effect of experience adjustments	4	(1)
Total remeasurements included in OCI	148	(73)
Total defined benefit cost recognized in P&L and OCI	173	(47)

The net defined benefit liability (asset) reconciliation:

Net defined benefit liability reconciliation	2025	2024
	\$'000	\$'000
Net defined benefit liability as of beginning of year	455	511
Defined benefit cost included in P&L	25	26
Total remeasurements included in OCI	148	(73)
Other significant events		
Cash flows	(10)	(9)
Effect of changes in foreign exchange rates		
Net defined benefit liability as of end of year	618	455

Defined benefit obligation	2025	2024
Defined benefit obligation by participant status	\$'000	\$'000
a. Actives	-	-
b. Vested deferreds	-	-
c. Retirees	618	455
Total	618	455

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10. Post-retirement benefits (continued)

Defined Benefit Healthcare Plan (continued)

The significant actuarial assumptions are presented below:

Significant actuarial assumptions	2025	2024
<i>Weighted-average assumptions to determine defined benefit obligation</i>		
Effective discount rate for defined benefit obligation	5.85%	5.80%
Health care cost trends		
Immediate trend rate	7.22%	5.15%
Ultimate trend rate	4.00%	4.00%
Year rate reaches ultimate trend rate	2048	2045
Mortality assumption	RP-2014 projected with MP-2021	RP-2014 projected with MP-2021
Duration (in years)		
<i>Weighted-average assumptions to determine defined benefit cost</i>		
Effective discount rate	5.80%	5.15%
Effective rate for net interest cost	5.60%	5.15%
Effective discount rate for service cost	5.85%	5.10%
Effective rate for interest on service cost	5.85%	5.15%
Health care cost trends		
Immediate trend rate	5.15%	5.19%
Ultimate trend rate	4.00%	4.00%
Year rate reaches ultimate trend rate	2045	2045
Mortality assumption	RP-2014 projected with MP-2021	RP-2014 projected with MP-2021

The sensitivity analysis on defined benefit obligation is shown below:

Sensitivity Analysis	2025	2024
<i>Change in defined benefit obligation</i>	\$'000	\$'000
a. Effective Discount rate – 25 basis points	34	25
b. Effective Discount rate +25 basis points	(31)	(24)
Health care cost trend rates – 100 basis points	(119)	(85)
Health care cost trend rates + 100 basis points	158	113
b. Mortality + 10% of current rates	(15)	(12)

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11. Services provided to government

The Office provides services to the Cabinet of the Government under an agreement established in the Annual Plan and Estimates (the “Plan”). The Plan for the year ended 31 December 2025 established legal provisions for the Office to provide a maximum of \$1,780,000 in services. Each financial year’s Ownership Agreement between the Office and Government sets out the objectives that the Office seeks to achieve.

During the year ended 31 December 2025, the Office recognized revenue of \$1,620,137 under the terms of the Plan and Ownership Agreement, reflecting services delivered during the period.

12. Regulatory fees

The breakdown of regulatory fees is shown in the below table:

Regulatory Fees by Sector	31 December 2025	31 December 2024
ICT	1,465,947	1,493,053
Electricity	1,215,000	1,215,000
Water	856,447	780,302
Total Regulatory Fees	3,537,394	3,488,355

13. Other income

The breakdown of Other Income is shown in the below table:

	31 December 2025	31 December 2024
Interest on fixed deposits	122,919	139,915
License application and renewal fees (ICT Major licensees)	13,600	14,843
Other income	124,376	116,747
Total Other Income	260,895	271,505

14. Licensing fees

The breakdown of licensing fees is shown in the table below:

	31 December 2025	31 December 2024
Spectrum allocation fees	139,550	177,199
Ship radio licensing	254,987	229,573
Type approvals	66,330	78,731
Aircraft radio licensing	23,240	25,163
Other radio licensing	15,460	42,753
Total Licensing Fees	499,567	553,419

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15. Contingencies and commitments

(a) Contingencies

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

The Office is required to comply with the Public Authorities Act (2020 Revision) (PAA). Section 36(1) of the PAA requires public authorities to pay an annual capital charge for the use of equity invested by the Government in the authority. The capital charge is set by the Minister of Finance after consultation with the public authority's board. Based on past practice, the Office expects that the applicable rate for the 2025 financial year will be set at 0% (2024: 0%) and that no capital charge will be payable for 2025 (2024: \$0). Going forward, the Authority may be required to pay a capital charge in accordance with the PAA.

Section 39 (2) of the PAA requires that where a public authority has surplus cash reserves for a period of more than ninety days, the surplus shall be paid to core government unless otherwise directed by Cabinet, after written consultation with the Board. In prior years, Cabinet has exempted public authorities from paying over surplus cash reserves, and the Office expects that a similar exemption will be made in respect of its surplus cash reserves as at 31 December 2025.

Section 39 (3) of the PAA also requires that a public authority pay dividends in accordance with the formula established by the Ministry of Finance and Economic Development (the "Ministry") after written consultation with the Board, unless otherwise directed by Cabinet. In recent years, the Ministry has advised the Authority that it will not be required to pay a dividend out of its surplus because its operations are not self-sustaining. For the year ended 31 December 2025, the Office incurred a loss, therefore, the Authority has not made a provision for a dividend payment. Going forward, the Authority may be required to pay a dividend in accordance with Government's policy for the payment of annual dividends unless the Authority continues to satisfy the exemption criteria noted under the policy.

(b) Commitments

Contractual Obligations

The Office has entered into several agreements with vendors to provide consultancy services for all of the sectors. The type of services included legal regulatory assistance, economic regulatory assistance, and public relations services. The Office's future payments based on lease commitments and contractual obligations are:

	Less than 1 year	Between 1 year and 5 years	Over 5 years	Total
Agreements with consultants	220,073	-	-	220,073
Total consultancy commitments	220,073	-	-	220,073

At the reporting date, the Office has a financial liability arising from lease liabilities in accordance with IPSAS 43 – Leases. The table below presents contractual maturity analysis based on the remaining lease payments.

	Less than 1 year	1 - 5 years	Over 5 years	Total carrying amount
Lease liabilities	179,453	-	-	179,453
Total lease commitments	179,453	-	-	179,453

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16. Personnel costs

The breakdown of personnel costs is shown in the below table:

	31 December 2025	31 December 2024
Salaries	2,857,458	2,759,118
Health insurance	566,815	528,375
Pension	338,262	313,536
Work permit fees	88,012	78,572
Post-retirement benefit costs	7,000	63,000
Other	24,198	60,367
Total Personnel Costs	3,881,745	3,802,968

17. Professional and consultancy fees

The breakdown of professional and consultancy fees is shown in the below table:

	31 December 2025	31 December 2024
Consultancy fees	147,838	191,967
Audit fees	76,000	70,000
Professional fees	12,132	12,843
Total Professional & Consultancy Fees	235,970	274,810

18. General and administration costs

The breakdown of general and administration costs is shown in the below table:

	31 December 2025	31 December 2024
Bad debt expense	183,976	129,419
IT services	151,897	157,635
Office administration expenses	146,861	135,665
Utilities	78,525	80,469
Subscriptions and contributions	60,773	58,903
Insurance	33,062	32,708
Bank charges	16,273	15,364
Other expenses	44,742	10,424
Total General and Administrative Costs	716,109	620,587

19. Litigation costs

The breakdown of litigation costs is shown in the below table:

	31 December 2025	31 December 2024
Legal fees	822,667	281,208
Settlement costs	15,000	1,000
Total Litigation Costs	837,667	282,208

Included in legal fees are the costs related to two judicial reviews with licensees as detailed in note 20.

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20. Judicial reviews

In 2022, an application for Leave to apply for Judicial Review was made to the Grand Court by ICT Licensee FLOW against the Office. The application concerned a determination made by the Office on an infrastructure sharing dispute. FLOW was granted leave by the Grand Court. The Office retained legal counsel for representation. The hearing took place on 20th to 22nd of October 2025, and the judgment is expected to be handed down in quarter two 2026. There is a possibility that the Office may be required to pay certain legal costs, if the defence of the application is not successful. The precise level of the costs that the Licensee will seek if successful cannot be determined at this time.

In 2023, an application for Leave to apply for Judicial Review was made to the Grand Court by ICT Licensee Infinity Broadband Limited (trading as C3 Pure Fibre) against the Office. The application concerned an Enforcement Notice pursuant to section 91(9) of the Utility Regulation and Competition Act (as revised) in relation to the non-payment of Licence Fees (which includes regulatory fees due to the Office and royalty fees due to the Cayman Islands Government) owed by Infinity Broadband Limited in accordance with their licence. The application was heard and refused by the Grand Court. However, Infinity Broadband Limited appealed the Grand Court's decision and the Court of Appeal subsequently granted leave to apply. The Office has continued to retain legal counsel for representation. The hearing of the Grand Court Matter took place on 30 June and 1 July 2025. The final judgment was handed down, and the Office was unsuccessful and is now appealing the judgment. The appeal hearing has been scheduled in May 2026. There is a possibility that the Office may be required to pay certain legal costs, if the appeal is not successful. The precise level of the costs that the Licensee will seek if successful cannot be determined at this time. As a result of the judgment, three Licensees filed writs of summons. At present, they have all agreed to a stay of their actions pending the outcome of the Appeal.

In 2024, an application for Leave to apply for Judicial Review was made to the Grand Court by ICT Licensee DataLink Ltd. ('DataLink') against the Office. The application concerned the live consultation on a draft determination shared by the Office on infrastructure sharing matters between DataLink and other ICT Licensees. DataLink was granted Leave by the Grand Court to apply for Judicial Review. However, the Court has not yet set a date for the final hearing. The Office retained legal counsel for representation. There are presently settlement discussions taking place between the parties outside of Court process. There is a possibility that the Office may be required to pay certain legal costs, if the settlement is not successful and defence of the application is not successful. The precise level of costs that the Licensee will seek if successful cannot be determined at this time.

In 2024, an application for Leave to apply for Judicial Review was made to the Grand Court by a former employee against the Office. A settlement offer and counteroffer were proposed during the pre-action stage, but both were rejected. The application was filed at the Grand Court, but did not appear to adhere to the court procedure and the Grand Court struck out the case. The former employee appealed the Grand Court's decision, and the hearing before the Court of Appeal occurred on 6 November 2024. The Court of Appeal issued its final judgment in March 2025 in relation to the former employee's appeal of the Grand Court's decision in relation to the former employee's application for Leave to apply for Judicial Review. The Office was unsuccessful and an agreed cost in the amount of \$28,000.00 was due. A provision for these costs was recognized in the prior year and settled in the current year. As payment related solely to legal and appeal costs, no settlement expense is recognized in the the current financial year. The case was later remitted to Grand Court and a hearing took place on 3 June 2025. The Office was successful and the former employee's claim was dismissed. However, the former employee has filed to appeal the judgment. The appeal hearing was scheduled on 20 November 2025 but was vacated and re-listed to be heard in April 2026. However, the former employee has requested to participate in negotiations outside of Court with the hope of resolving some or all of the issues currently in dispute. Please refer to note 25 (a) for subsequent events.

In 2024, another former employee made a request to the Labour Tribunal for a hearing in relation to an employment matter against the Office. The hearing took place on 17 and 29 July 2025. The Tribunal issued a decision and the Office was unsuccessful. In its decision, the Tribunal awarded unfair dismissal compensation to the former employee in the amount of \$36,978.00. The Office is presently appealing this decision. The Appeal Hearing is scheduled to be heard in April 2026. There is a possibility that the Office may be required to pay certain legal costs, if the appeal is

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20. Judicial reviews (continued)

not successful. The precise level of costs that the former employee will seek if successful cannot be determined at this time. Please refer to note 25 (b) for subsequent events.

In 2025, an application for Leave to apply for Judicial Review was made to the Grand Court by the Caribbean Utilities Company (CUC) against the Office. The application concerned a determination made by the Office in relation to CUC's Certificate of Need Application. CUC was successfully granted leave by the Grand Court. The Office retained legal counsel for representation. The Judicial Review Matter was resolved outside of the court process and the Office was not liable for any costs other than its own legal costs.

In 2025, an application for Leave to apply for Judicial Review was made to the Grand Court by the Caribbean Utilities Company (CUC) against the Office. The application concerned a determination made by the Office in relation to CUC's Temporary Generation (24 to 26) Application. CUC was successfully granted leave by the Grand Court. The Office retained legal counsel for representation. The hearing took place on 23rd to 25th of February 2026. There is a possibility that the Office may be required to pay certain legal costs, if the defence of the application is not successful. The precise level of the costs that the Licensee will seek if successful cannot be determined at this time." A judgement has not been issued, and the Office has not been given an update as to when it should expect to receive the judgment.

21. Financial risk management objectives and policies

The Office's principal financial assets are comprised of cash and cash equivalents and accounts receivables. Financial liabilities comprise lease liabilities, accounts payable and accrued liabilities. The Office's Board of Directors has overall responsibility for the establishment and oversight of its risk management policies which are designed to identify and analyze the risks, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are periodically reviewed to reflect changes in market conditions and the Office's activities. The most important types of financial risk to which the Office is exposed are:

a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Office did not hold any financial instrument that was subject to market risk at 31 December 2025.

b) Credit Risk

The Office is a party to financial instrument arrangements as part of its everyday operations. These financial instruments include cash and cash equivalents, short-term deposits, trade receivables, and accounts payable. The Office seeks to minimize exposure from financial instruments and does not enter into speculative financial instrument transactions.

Credit risk is the risk that the counter party to a transaction with the Office will fail to discharge its obligations, causing the Office to incur a financial loss. The Office is exposed to credit risk through the normal trade credit cycle and advances to third parties.

Financial assets that potentially subject the Office to credit risk consist of Cash and Cash Equivalents, term deposits, trade receivables, and other receivables.

The Office manages its credit risk by limiting the counter parties it transacts business with to counterparties it believes to be capable of performing their contractual obligations. Generally, the Office does not require collateral. Ongoing credit risk is managed through review of the aging receivable analysis. Maximum exposures to credit risk as at year end are the carrying value of financial assets in the statement of financial position.

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21. Financial risk management objectives and policies (continued)

Expected credit losses (ECL)

ECLs are calculated on a lifetime basis for Accounts Receivables. Please see Accounts and Other Receivables Note 4 to the financial statements for more information on credit risk disclosures for ECL on Accounts Receivables.

Concentrations of credit risk

The credit risk on cash and cash equivalents and short-term investments is limited. The Office's main bank is Butterfield Bank (Cayman) Limited which has S&P Global Ratings of A2 for short term issues and BBB+ long term for long term issues.

The maximum exposure to credit risk at 31 December 2025, is as follows:

	31 December 2025	31 December 2024
Cash and Cash equivalents	6,445,870	6,096,478
Short-term investment	3,050,000	3,050,000
Accounts Receivable	1,348,663	3,126,864
Maximum exposure	10,844,533	12,273,342

c) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The liquidity risk management process ensures that the Office is able to honour all of its financial commitments when due. The Office manages liquidity risk by ensuring that it has sufficient cash on demand to meet expected operational expenses and servicing of financial obligations. To this end, the Office maintains a reserve, as is required by the Utility Regulation and Competition Act. The size and nature of the reserve are determined by Management. Currently, the Office maintains a cash reserve equivalent to a minimum of four months of operating expenses.

d) Interest Rate Risk

The Office is subject to interest rate risk on the cash placed with a local bank which attracts interest. The Office is not exposed to significant interest rate risk as the cash and cash equivalents are placed on call and available on demand. Interest payments are charged to customers on late payments on accounts receivable.

22. Financial instruments

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

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23. Segment reporting

	ICT Sector	Electricity Sector	Fuel Sector	Water Sector	Consolidated
	2025	2025	2025	2025	2025
	\$	\$	\$	\$	\$
Revenue					
Services provided to Government	141,517	25,173	1,452,111	1,336	1,620,137
Revenue from external sources	2,401,405	1,244,253	186,425	857,834	4,689,917
Total revenue	2,542,922	1,269,426	1,638,536	859,170	6,310,054
Expenses					
Personnel	1,508,684	933,977	1,095,013	344,070	3,881,745
Supplies and consumables	1,084,677	412,026	236,922	7,595	1,741,220
Depreciation	158,278	73,331	109,769	3,890	345,268
Other expenses	261,887	19,307	80,201	1,453	362,848
Total expenses	3,013,526	1,438,641	1,521,905	357,008	6,331,080
Surplus/(deficit) from operating activities	(470,604)	(169,215)	116,631	502,162	(21,026)
Assets					
Accounts receivable	340,097	315,235	560,003	133,328	1,348,663
Prepayments	103,191	47,793	71,144	2,005	224,133
Right-of-use asset, Property, plant and equipment, and Defined pension asset	193,598	72,668	270,200	3,631	540,097
Total assets (excluding cash and cash equivalents and short-term investments)	636,886	435,696	901,347	138,964	2,112,893
Liabilities					
Current liabilities	2,098,784	142,038	149,665	10,670	2,401,157
Long term liabilities	-	-	618,556	-	618,556
Total liabilities	2,098,784	142,038	768,221	10,670	3,019,713

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23. Segment reporting (continued)

	ICT Sector	Electricity Sector	Fuel Sector	Water Sector	Consolidated
	2024	2024	2024	2024	2024
	\$	\$	\$	\$	\$
Revenue					
Services provided to Government	198,844	27,212	1,450,937	1,432	1,678,425
Revenue from external sources	2,488,996	1,250,165	266,481	782,153	4,787,795
Total revenue	2,687,840	1,277,377	1,717,418	783,585	6,466,220
Expenses					
Personnel	1,675,494	724,917	1,089,799	312,756	3,802,966
Supplies and consumables	862,421	339,022	312,689	19,548	1,533,680
Depreciation	36,929	15,520	42,530	817	95,796
Other expenses	234,748	30,722	(15,672)	1,709	251,507
Total expenses	2,809,592	1,110,181	1,429,346	334,830	5,683,949
Surplus/(deficit) from operating activities	(121,752)	167,196	288,072	448,755	782,271
Assets					
Accounts receivable	536,517	416,687	2,077,588	96,072	3,126,864
Prepayments	68,595	35,995	50,770	1,370	156,730
Property, plant and equipment	102,381	24,961	190,222	3,056	320,620
Total assets (excluding cash and cash equivalents and short-term investments)	707,493	477,643	2,318,580	100,498	3,604,214
Liabilities					
Current liabilities	4,597,716	94,801	95,798	5,118	4,793,433
Long term liabilities	4,660	2,083	459,330	110	466,183
Total liabilities	4,602,376	96,884	555,128	5,228	5,259,616

In accordance with Section 40(2) of the URC Act (2024 Revision), the Office's revenue and expenses have been allocated to each of the regulated sectors. In allocating the costs, the Office has used its best endeavours to allocate directly incurred costs to the regulated sector to which they relate. Indirect costs have been allocated utilizing the number of personnel within each sector to determine the proportion of the costs to be allocated to each regulated sector.

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24. Budget variances

Statement of Financial Position	31 December 2025	31 December 2025	31 December 2025	Note
	Actual	Budget	Variance	
CURRENT ASSETS				
Cash and cash equivalents	6,445,870	1,855,304	4,590,566	1
Short-term investments	3,050,000	2,619,575	430,425	2
Accounts receivable	1,348,663	1,571,216	(222,553)	3
Prepaid expenses	224,133	244,790	(20,657)	
	11,068,666	6,290,885	4,777,781	
NON-CURRENT ASSETS				
Right-of-use assets and Property, plant and equipment	466,097	518,057	(51,960)	4
Intangible assets	-	198,617	(198,617)	4
Defined benefit pension asset	74,000	-	74,000	6
TOTAL ASSETS	11,608,763	7,007,559	4,601,204	
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable, accrued and lease liabilities	666,617	268,619	(397,998)	5
Collections payable to Government	1,734,540	-	(1,734,540)	5
LONG TERM LIABILITIES				
Defined benefit healthcare liability	618,556	406,000	(212,556)	6
Defined benefit pension liability	-	161,000	161,000	6
TOTAL LIABILITIES	3,019,713	835,619	(2,184,094)	
NET ASSETS	8,589,050	6,171,940	(2,417,110)	

Note 1 – Higher cash on hand primarily reflects the maintenance of adequate operating cash levels, together with the equity injection received and royalty fees payable to the Cayman Islands Government.

Note 2 – Short term investments relate primarily to the General Reserve. The balance was increased after the approval of the budget to ensure funds were available for unbudgeted expenses, including the ongoing Judicial Reviews, which were not anticipated at the time the budget was prepared.

Note 3 – Accounts receivable primarily relates to output fees due from the Cayman Islands Government and two larger balances due from licensees in the ICT and Water sectors.

Note 4 – Lower capital expenditure continues to reflect delays in major projects, including leasehold improvements and software upgrades. The variance also reflects the adoption of IPSAS 43 – Leases, which changed the accounting treatment and presentation of lease arrangements on the Statement of Financial Position.

Note 5 - Higher accounts payables and accrued expenses primarily represent royalty fees due to the Cayman Islands Government. The variance also reflects the adoption of IPSAS 43 – Leases, which changed the accounting treatment and presentation of lease arrangements on the Statement of Financial Position.

Note 6 – Higher healthcare liability, reflects an expected increase in market rates. Defined pension benefit ended the year in an asset position primarily due to higher than expected investment returns which outpaced benefit obligations.

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24. Budget variances (continued)

Statement of Financial Performance	31 December 2025 Actual	31 December 2025 Budget	31 December 2025 Variance	Note
REVENUE				
Sales of goods and services	6,049,159	6,900,625	(851,466)	7
Other revenue	260,895	-	260,895	8
TOTAL REVENUE	6,310,054	6,900,625	(590,571)	
EXPENSES				
Personnel costs	3,881,745	4,780,710	898,965	9
Purchase of services	779,146	1,182,796	403,650	10
Lease of property and equipment	-	267,427	267,427	11
Litigation costs	837,667	50,000	(787,667)	12
Travel and subsistence	40,031	58,500	18,469	
Depreciation and amortisation	345,268	210,634	(134,634)	11
Finance costs	16,493	-	(16,493)	11
Recruitment and training	53,627	153,712	100,085	13
Utilities	78,525	92,820	14,295	
General insurance	33,062	29,900	(3,162)	
Interdepartmental expenses	76,000	60,000	(16,000)	
Supplies and materials	5,540	11,800	6,260	
Bad debt expense	183,976	-	(183,976)	14
TOTAL EXPENSES	6,331,080	6,898,299	567,219	
NET (LOSS)/SURPLUS	(21,026)	2,326	(23,352)	

Note 7 – The variance is mainly due to the delayed implementation of the full pricing mechanism for Spectrum operators and lower than budgeted ICT regulatory fees.

Note 8 – The favourable variance primarily reflects unbudgeted regulatory late fees and fixed deposit interest.

Note 9 – Personnel costs are lower than budget primarily due to a continued delay in filling approved positions.

Note 10 - Purchase of services is favourable to budget mainly due to the following:

- Lower Professional and consultancy fees – primarily due to delays in expected spend.
- Lower Director Fees – primarily due to three resignations and one director reaching the end of their tenure.
- Lower Software Licensing Fees – primarily due to delays in software upgrades.

Note 11 - Depreciation is favourable to budget due to the deferral of significant capital expenditure. The variance also reflects the adoption of IPSAS 43 – Leases, which changed the accounting treatment and classification of related expenses and cash flows.

Note 12 – Litigation costs are unfavourable to budget due to unplanned costs related to judicial reviews in the ICT and Energy sectors. However, the Office received an equity injection which addressed the majority of the legal spend.

Note 13 –Recruitment and training costs were lower than budget primarily due to delays in training expenditure.

Note 14 – Bad debt expenses were not budgeted and primarily reflects the movement in specific provisions.

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24. Budget variances (continued)

Statement of Cash Flows	31 December 2025	31 December 2025	31 December 2025	Note
	Actual	Budget	Variance	
CASH FLOW FROM OPERATING ACTIVITIES				
Net comprehensive surplus for year	(21,026)	2,326	(23,352)	
Adjustment for non-cash transactions:				
Depreciation and amortisation	345,268	210,634	134,634	11
Interest paid	16,493	-	16,493	
Defined benefit plans	(2,624)	-	(2,624)	15
Bad debt Expense	183,976	-	183,976	14
	522,087	212,960	309,127	
Net changes in non-cash operating balances:				
(Increase)/decrease in:				
Accounts receivable	1,594,225	(29,282)	1,623,507	16
Prepaid expenses	(67,403)	(53,823)	(13,580)	
Collections payable to Government	(2,651,506)	-	(2,651,506)	17
Accounts payable and accrued liabilities	79,384	-	79,384	18
Net cash provided by operating activities	(523,213)	129,855	(653,068)	
CASH FLOW FROM INVESTING ACTIVITIES				
Transfer (to)/from fixed deposit	-	-	-	
Purchase of property, plant and equipment	(59,968)	(12,000)	(47,968)	19
Net cash used in investing activities	(59,968)	(12,000)	(47,968)	
CASH FLOW FROM FINANCING ACTIVITIES				
Capital injection	1,200,000	-	1,200,000	20
Lease payments	(267,427)	-	(267,427)	11
Net cash used in investing activities	932,573	-	932,573	
Net increase in cash and cash equivalents during the period	349,392	117,855	231,537	
Cash and cash equivalents at beginning of the period	6,096,478	1,737,450	4,359,028	
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6,445,870	1,855,305	4,590,565	

Note 15 - Defined benefit (income)/expenses were not budgeted and reflect the net of pension income and healthcare benefit expense for the year.

Note 16 – The accounts receivable variance reflects a significantly lower receivables balance during the year than assumed in the budget.

Note 17 – Collections payable to Government relate to royalty fees collected on behalf of the Cayman Islands Government. These amounts are not typically budgeted as they are usually remitted in full by year-end.

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24. Budget variances (continued)

Note 18 – The changes in accounts payables are not typically budgeted and primarily relates to higher costs associated with the ongoing Judicial Reviews.

Note 19 – Although overall capital expenditure is below budget due to project delays (Note 4 above), cash outflows have increased compared to the budget.

Note 20 – Represents an equity injection from Cabinet to compensate the Office for costs incurred and anticipated resulting from Judicial Reviews which are primarily associated with Government matters.

25. Subsequent events

The subsequent events below relate to disputes with former employees disclosed in Note 20.

(a) Subsequent to the reporting date, the Office continued settlement discussions in relation to ongoing legal proceedings regarding a former employee. As part of the discussions, a settlement of approximately CI\$15,000 is anticipated but has not yet been finalized and the hearing scheduled for April 2026 was vacated.

(b) Subsequent to the reporting date, the hearing scheduled for April 2026 was held. The Office awaits the labour tribunal's decision.



GOVERNMENT PURCHASE AGREEMENT AND ROYALTY FEE COLLECTIONS

During the year, the Office delivered services to the Government under a formal Purchase Agreement, executed pursuant to Section 30 of the Public Management and Finance Act (2020 Revision). The Agreement outlines the specific outputs to be delivered by the Office during the 2025 financial year, and the payment terms associated with those outputs.

Under the agreement, amounts totaling just over \$1m were settled in respect of services provided during the first three quarters of the year.

Under the agreement, the Office collected royalty fees from ICT Licensees totaling CI\$8.6m. Of this amount, CI\$6.8m has been transferred to the Government with CI\$1.7m expected to be remitted in due course.



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OUR TEAM IN ACTION

