



Annual Report

January - December 2023

Maritime Authority of the Cayman Islands (MACI)

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Annual Report

FOREWORD FROM:

CHAIRPERSON, MACI BOARD OF DIRECTORS

It gives me great pleasure to present the 2023 Annual Report on behalf of the Board of Directors of the Maritime Authority of the Cayman Islands (MACI).

This is a very special year for the MACI as it marks 120 years of ship registration in the Cayman Islands and I was pleased to be part of this historic event, not many local organisations can boast of such a milestone.

Although it has been another challenging year with another world crisis in the Middle East that has turned the economy upside down once again in an unprecedented way, by understanding our client's needs, MACI has adapted and continued to provide the outstanding client service that we are known for.

The Cayman Islands has spent many years and great effort building its reputation as a flag administration that supports its clients through professionalism, dependability, and quality. MACI's continued growth can be credited to proactively seeking out new opportunities and developing products and services around them.

MACI has recognised continued improvement on its 2023 financial position. Cash and a fixed deposit position continues to grow with an ending balance at 31 December 2023 of CI\$12,505,060 (2022: CI\$10,387,654). Total assets were valued at CI\$14,556,560 and total liabilities at CI\$8,349,229 resulting in a surplus net worth of CI\$6,207,331. Net operating profit for the year ended 31 December 2023 was \$727,598 (2022: \$491,398).

We must never overlook the fact that the maritime industry is fiercely competitive. It is important that we understand the needs and demands of vessel owners as well as the consumers who drive the latter, and that we keep seeking new opportunities and tailoring our products to meet them. To navigate the year ahead, we must maintain the high standards for which we have received so many accolades.

I wish to commend and thank my fellow Board members for their guidance and support as well as our Chief Executive Officer, and all MACI personnel who have a passion for this organisation, for their continued diligence and unwavering commitment to building a quality shipping business platform with high standards for the safety of lives at sea and for the marine environment.

It has been my pleasure to serve as Chair of the MACI Board of Directors. I applaud MACI's continued unwavering commitment to staying true to its core values of technical excellence and quality customer service in the wake of the continued impacts of each world crisis.

Ian Wight
Chairperson, MACI Board of Directors

CHIEF EXECUTIVE OFFICER, MACI

In 2023 the Cayman Islands Shipping Registry, a division of the Maritime Authority of the Cayman Islands celebrated 120 years of maritime history, an amazing milestone. As part of these celebrations, the Cayman Registry hosted multiple events including Seafarer Appreciation Lunches in Grand Cayman and Cayman Brac, a Gala in Grand Cayman as well as Client Appreciation Receptions in Ft Lauderdale, Greece and London.

In an already special year, the Cayman Islands also hosted the 34th Red Ensign Group (REG) Conference. The REG conference offered the geographical widespread membership of the REG the opportunity for detailed face-to-face discussions on matters including the performance of the REG, international relations, possibilities for partnerships and collaboration. The work that is done in these Conferences can have real and lasting benefits not just for us but for our precious marine environment.

Amid the celebrations, however, it has also been another hugely demanding year with another major world crisis developing in the latter part of the year. The unrest in the Middle East has caused substantial problems, the conflict in Gaza escalated, leading to a widening impact as major global shipowners started to suspend voyages through the Red Sea and Suez Canal due to attacks by Yemeni militants. This has posed significant consequences for global supply chains. This comes on top of the challenges still brought on by the continuing Ukraine Crisis.

The ongoing priority is that of crew welfare and the safety of Cayman Islands vessels. The protection of the marine environment also stayed at the forefront. Owners and managers of Cayman Islands' registered vessels faced many challenges with the ongoing and evolving situations in the Middle East and the Ukraine. However, we still continued to meet these challenges, demonstrating tremendous resilience with the highest professionalism, loyalty, and commitment to support our clients while working through such difficult and extraordinary times.

The Cayman Islands once again, received low risk, white list status on the major MOUs, namely Paris and Tokyo MOU as well as US Coastguards Qualship 21 status. These accolades earning the world-wide reputation for excellence and efficiency and helping to keep Cayman the flag of choice. The International Chamber of Shipping recognized the Cayman Islands, for the thirteenth consecutive year, as one of the world's top performing flag states. These accomplishments show the Authority's dedication to ensure the safety of life at sea, marine environment protection, and the provision of industry standard working and living conditions for seafarers.

The Register ended 2023 with 2,434 vessels registered with a total of 4.75 million gross tons. We continued to dominate the superyacht new build market with 235 new build yachts increasing our portfolio by 6%, demonstrating that the Cayman Islands is building a solid reputation as a leader in regulator and advisory services.

MACI personnel has once again, risen to the challenges thrown at them in 2023 and delivered exceptional performance. Our focus will always be on the quality of the flag and the needs of our clients. We will remain dedicated to maintaining an outstanding safety and quality record for the Cayman flag.

A. Joel Walton, JP
CEO, MACI

ABOUT US

OUR VISION

To be the leading maritime administration in the provision of exceptional service to the global shipping community.

OUR MISSION

To facilitate the development of the Cayman Islands as a premier international maritime centre, whilst promoting compliance with international standards, regional agreements and domestic legislation in the areas of maritime safety and security, pollution prevention, and social responsibility.

NATURE AND SCOPE OF ACTIVITIES

GENERAL NATURE OF ACTIVITIES

The *Maritime Authority of the Cayman Islands (MACI)* activities involve the national maritime administration for the Cayman Islands. MACI will facilitate the development of Cayman as an international maritime centre and help foster a dynamic environment that supports its clients' efforts to maximise their respective stakeholders' growth opportunities and returns in global shipping; whilst promoting compliance with international standards, regional agreements, and Cayman's legislation in the areas of maritime safety and security, marine environmental pollution prevention, and social responsibility.

SCOPE OF ACTIVITIES

MACI is a statutory regulatory corporation formed as a separate legal entity under the Maritime Authority of the Cayman Islands Act (2005) which came into effect on 1 July 2005.

The original Cayman Islands Shipping Registry (CISR) maritime administration structure, which is the main forerunner to MACI, was first set-up in 1903 when George Town was established as a British Port of Registry. The CISR obtained British Registry Category 1 Status on 25 July 1991. The Category 1 Group of British Registries includes the UK, Bermuda, Cayman Islands, Gibraltar, Isle of Man, and the British Virgin Islands. The CISR (now simply known as "Cayman Registry" or "the Registry") is now a division of MACI. However, a number of other critical responsibilities were added to the Authority.

The Authority therefore combines into one body:

1. The CISR's (Cayman Registry) vessel and mortgage registration, advisory, and marine survey and audit services;
2. The overall responsibility for implementing Cayman's maritime safety and security, marine pollution prevention and social responsibility obligations under international Conventions and Codes, and under Cayman Islands legislation for Cayman-flagged vessels;
3. To assist the Ministry of Financial Services and Commerce (MFSC) with the implementation of the Cayman Islands' obligations under the Caribbean Memorandum of Understanding on Port State Control (CMOU PSC) for foreign-flagged vessels entering the Cayman Islands ports;
4. To assist the MFSC with marine Casualty Investigation activities in relation to Cayman-flagged vessels;
5. To assist the MFSC with national maritime policy formulation, the provision of advice on maritime-related matters, and the development of Cayman's maritime-related legislation;
6. To support the MFSC with representing the Cayman Islands at international fora and to protect its maritime interests; and
7. To help facilitate the development of the Cayman Islands as an international maritime centre.

CUSTOMERS AND LOCATION OF ACTIVITIES

The services provided by MACI are provided to the following Clients both locally and internationally:

1. Vessel Owners/Operators and their Representatives;
2. Vessel Builders;
3. Yacht Designers and related Consultants;
4. Seafarers on Cayman Islands flagged Vessels; and
5. Cayman Islands Government.

MACI is able to offer its services to its clients from seventeen countries: the Head Office in George Town, the European Regional Office in the United Kingdom, Asian Regional Office in Singapore, representatives in Australia, Brazil, China, France, Greece, Holland, Italy, Japan, New Zealand, Palma, Panama, Philippines, Turkey and the United States of America.

RELATIONSHIP BETWEEN THE CAYMAN ISLANDS AND THE UNITED KINGDOM GOVERNMENTS

The Authority is wholly-owned by the Government of the Cayman Islands, but governed by a Board of Directors appointed by the Governor in Cabinet. MACI reports through the Ministry of Financial Services and Commerce. MACI is also answerable to the UK Secretary of State via the UK's Department of Transport for the effective implementation of relevant international maritime and related Conventions that have been ratified by the UK Government and, hence, extended to Cayman.

RELATIONSHIP WITH THE PRIVATE SECTOR

In recognition of the global nature of shipping, and the need for MACI to have the benefit of local and international advice, two bodies have been established, namely, the Maritime Sector Consultative Committee (MSCC) and the Cayman Islands Shipowners' Advisory Council (CISAC), which includes the Cayman Islands Shipowners' Advisory Council – Yacht Committee (CISAC–YC).

MSCC (previously the Shipping Sector Consultative Committee, or SSCC) was formed in 1993 and is comprised of local service providers. The objective of the MSCC is to provide a formal mechanism through which the private sector and the Authority can collaborate, and share ideas and best practices, with a view to ensuring the maritime industry's continued positive growth and viability.

Formed in 1997, CISAC is comprised of major shipowners with Cayman-flagged vessels. CISAC-YC, established in 2007, also consists of major yacht managers and owners with Cayman-registered vessels. These bodies are the conduits for the exchange of ideas and creating and maintaining dialogue between and among its members and the Cayman Islands maritime administration. Through these channels of communication, MACI hopes to continually improve the quality of the Cayman Islands Shipping Registry as well as promote its interests generally.

INTERNATIONAL REGULATORY ENVIRONMENT

One of the primary roles of MACI is to cooperate with overseas regulatory bodies to enable them to execute their regulatory functions. The main bodies include:

- The International Maritime Organization (IMO), which is the main international standard-prescribing body responsible for safety of life at sea (SOLAS), maritime security and the protection of the marine environment; and
- The International Labour Organization (ILO), which is the body that establishes international standards for employment and working conditions for seafarers.

There are other players whose activities significantly impact international shipping and therefore affect Cayman-flagged vessels, namely: the International Association of Classification Societies (CLASS), the United States Coast Guard (USCG), various signatories to Memoranda of Understanding (MOU) on Port State Control (PSC) and, increasingly, the European Union (EU).

HISTORY OF THE CISR AND MACI AT A GLANCE

1903	<ul style="list-style-type: none"> • The original Cayman Islands Shipping Registry (CISR) was first established in 1903 when George Town was formally recognized as a British Port of Registry. • First ship registered on January 14, 1903: El Paso. GRT 52.60, Length 18.6 feet.
1935	<ul style="list-style-type: none"> • Lady Slater came on the Register. She was built by Capt. Royal B. Bodden in 1934 and was the largest motor vessel ever built in the Cayman Islands. GRT 273, Length 109 ft.
1991	<ul style="list-style-type: none"> • The CISR obtained British Registry Category 1 Status on 25 July 1991. The Category 1 Group of British Registries includes the UK, Bermuda, Cayman, Gibraltar and the Isle of Man. All of these Registries can register vessels of any size and type provided that they meet international standards.
1993	<ul style="list-style-type: none"> • The Maritime Sector Consultative Committee (MSCC) (previously known as the Shipping Sector Consultative Committee or SSCC) was formed in 1993 and is comprised of local service providers.
1997	<ul style="list-style-type: none"> • The Cayman Islands Shipowners' Advisory Council (CISAC) was formed and is comprised of major shipowners of Cayman-flagged vessels.
2000	<ul style="list-style-type: none"> • In May CISR received initial certification to operate a Quality Management System (QMS) which complied with the requirements of ISO 9002:1994.
2005	<ul style="list-style-type: none"> • The Maritime Authority of the Cayman Islands (MACI) is a statutory Corporation formed as a separate legal entity under the Maritime Authority of the Cayman Islands Law, 2005, which came into effect on 1 July 2005. It is governed by a Board of Directors appointed by the Governor of the Cayman Islands. • In August, Governor Bruce Dinwiddy appointed the first MACI Board. • "White list" Paris Memorandum of Understanding (MOU). • In April the CISR requested a voluntary suspension of the QMS in order to re-engineer the system to focus on the wider scope with becoming MACI.
2007	<ul style="list-style-type: none"> • The Cayman Islands Shipowners' Advisory Council – Yacht Committee (CISAC-YC) was established and consists of major yacht managers and owners of Cayman registered vessels. • Two maritime scholarships were made available by the Ministry of Education. • The Cayman Islands was awarded with Qualship 21 Status by the United States Coast Guard (USCG). • Additional Ports of Registry were introduced, "The Creek" in Cayman Brac and "Bloody Bay" in Little Cayman.
2009	<ul style="list-style-type: none"> • "White List" Tokyo Memorandum of Understanding (MOU)
2010	<ul style="list-style-type: none"> • 2nd MACI Board of Directors appointed.
2011	<ul style="list-style-type: none"> • In January achieved International Organization for Standardization (ISO) 9001:2008 certification.

	<ul style="list-style-type: none"> • Successfully completed International Maritime Organisation (IMO) audit under the Voluntary IMO Member State Audit Scheme (VIMSAS).
2012	<ul style="list-style-type: none"> • Launched the Laws and Administrative Procedures (LAP) Examination System. LAP is part of a broader state-of-the-art technology platform known as the “Cayman Islands Regulatory Intelligence System” (CIRIS).
2013	<ul style="list-style-type: none"> • MACI marks the 110th anniversary of the formal establishment of the Cayman Islands Shipping Registry (CISR). • The Cayman Islands were ranked in the top 13 countries by the International Chamber of Shipping in their annual report on Flag State Performance, which demonstrates that Cayman-registered vessels have an excellent safety and pollution record, allowing them to undergo significantly fewer Port State Control inspections. • 1st Annual Cayman Islands Shipping Summit.
2014	<ul style="list-style-type: none"> • Attained Tokyo MOU Low Risk Ship status. • The development of the Passenger Yacht Code (PYC) in the Red Ensign Group Technical Forum. The PYC is a code of practice for yachts carrying 13 to 36 passengers providing a yacht specific alternative to the International Convention for the Safety of Life at Sea (SOLAS) Passenger Ship compliance. The code sets out technical, safety and operational standards appropriate to the size and operation of the yachts operated under this code, which is gaining popularity in the ultra large super yacht industry.
2015	<ul style="list-style-type: none"> • Registered 140M Yacht “Ocean Victory” under the Cayman Flag February 2015. “Ocean Victory” is one of the 10 largest passenger yachts in the world and the largest ever to be certified to the Passenger Yacht Code (PYC). • The International Chamber of Shipping (ICS) has for the 4th year running rated Cayman Registry as a top flag state. • Passenger Yacht Code (PYC) developed by Red Ensign Group led by Cayman Flag to carry up to 36 passengers.
2016	<ul style="list-style-type: none"> • Cayman listed in the Top 6 performing Maritime Administrations in the Tokyo MOU Port State Control. • New Chapter 14 of Passenger yacht Code (PYC). • The International Chamber of Shipping (ICS) has for the 5th year running rated Cayman Registry as a top flag state. • Hosted first Cayman Maritime Week with a joint public sector/private sector partnership.
2017	<ul style="list-style-type: none"> • Cayman listed as the top performing Flag in the Paris MOU Port State Control • The International Chamber of Shipping (ICS) has for the 6th year running rated Cayman Registry as a top flag state. • Hosted the Red Ensign Group Annual Conference • Cayman reaffirmed Most Favoured Nation Status for Cayman ships entering Chinese ports • Introduced an optional Flag State Compliance (FSC) fixed fee and survey regime for large yachts
2018	<ul style="list-style-type: none"> • Cayman listed as a top performing Flag in the Paris MOU Port State Control • The International Chamber of Shipping (ICS) has for the 7th year running rated Cayman Registry as a top performing flag.

	<ul style="list-style-type: none"> • Hosted the Annual General Meeting of the Caribbean Memorandum of Understanding (CMOU) on Port State Control (PSC). • Convened the Red Ensign Group Yacht Codes & Industry working group and produce a corrigenda prior the REG Yacht Codes entry into force. • Completed and gazetted the Casualty Investigation Regulations. • Held the Inaugural Luncheon in Greece for Greek Shipping Community. • Developed and signed service level agreements with 3 Naval Architect companies in South Florida to facilitate load line functions on behalf of MACI for vessels certified to the Cayman Yacht Code (Designated Area Caribbean).
2019	<ul style="list-style-type: none"> • Cayman listed as a top performing Flag in the Paris MOU Port State Control • The International Chamber of Shipping (ICS) has for the 8th year running rated Cayman Registry as a top performing flag. • Successfully underwent the Mock IMO Instrument Implementation (III) Code audit by the UK MCA with an overall positive result.
2020	<ul style="list-style-type: none"> • Achieved 6.01m GT with 2,284 units on the Register and an average age of 12.9 years for Merchant Ships and Commercial Yachts over 30m, at December 31, 2020 • Achieved White List, Low Risk Status in all the major MoUs on Port State Control including USCG Qualship 21 and ranked as a top performing Flag under the International Chamber of Shipping for the 9th consecutive year.
2021	<ul style="list-style-type: none"> • Achieved a total of 2,333 units on the Register. • Achieved White List, Low Risk Status in all the major MoUs on Port State Control including USCG Qualship 21. Ranked as a top performing Flag under the International Chamber of Shipping for the 10th consecutive year. • Increased the New Build Portfolio by 10% in 2021. • Assisted the UK in III Code preparations across the entire REG and completed the IMO Instrument Implementation Code audit as part of the UK OT's and CD's with only 2 findings.
2022	<ul style="list-style-type: none"> • Achieved a total of 2,377 units on the register. • Achieved White-List, Low Risk Status in all the major MoUs on Port State Control including USCG Qualship 21. Ranked as a top performing Flag under the International Chamber of Shipping for the 11th consecutive year. • Increased the New Build Portfolio 18% in 2022.
2023	<ul style="list-style-type: none"> • Celebrated the 120 Year Anniversary of the Cayman Islands Shipping Registry. • Hosted the 34th Red Ensign Group Conference. • Achieved a total of 2,434 units on the register. • Achieved White-List, Low Risk Status in all the major MoUs on Port State Control including USCG Qualship 21. Ranked as a top performing Flag under the International Chamber of Shipping for the 12th consecutive year. • Increased the New Build Portfolio 6% in 2023.

DIVISIONS AND FUNCTIONS OF THE AUTHORITY

COMMERCIAL SERVICES

The Commercial Services section continued to work to enhance the Cayman Registry product to maintain our leading position within the maritime industry.

REGISTRATION AND RECORDING

Registration and Recording is a frequent point of contact for clients and also serves as the core of the Cayman Islands Shipping Registry (CISR). This section is responsible for processing several types of registrations including: full, interim, term, under construction and demise (bareboat) charter registrations; and the registration of mortgages in accordance with the Merchant Shipping Act (2021 Revision) Registrations recognised all three Cayman ports of entry: George Town (Grand Cayman), The Creek (Cayman Brac) and Bloody Bay (Little Cayman), thereby broadening the geographic scope of the Registry.

For the 12th consecutive year, the Cayman Islands has been recognized by the International Chamber of Shipping as being top-of-class in the 2023 Annual Flag State Performance Table - a popular flag of choice for vessel registration. This is mainly due to Cayman being a Category 1 British Red Ensign Registry that will register only the highest quality vessels, which meet the stiffest regulatory requirements in terms of design, construction, maintenance, safety and pollution control.

The Registry ended 2023 with 2,434 units, which includes 2,101 pleasure vessels, 153 merchant, 94 commercial vessels, and 86 local vessels. The Register totaled 4.75 million gross tons.

At the end of this period, there were 175 name reservations, 12 registered vessels under construction, and 235 new-build yachts at 74 shipyards.

MACI CONSULTING

In addition to the regulatory and compliance services offered by the Authority, MACI also offers consultation services through MACI Consulting, which is functionally independent of all statutory and regulatory services offered through the Global Safety and Compliance division.

This arm of the organisation strives to provide cost-effective consulting services on a variety of maritime issues, including advice on the administrative structure and technical requirements of establishing an effective maritime administration related to a country's levels and type of shipping activity; advice on the financial implications of establishing, operating and maintaining a maritime administration; the impact of regulating a significant flag fleet; and the assessment of needs regarding the legal and regulatory regime necessary for a maritime administration to fulfil its obligations, plus the drafting of specific legislation.

This branch of MACI also advises on the organisation of conferences geared toward maritime issues and the staging of conferences, seminars and workshops in specialised maritime subjects, and also the preparation and/or delivery of training in the maritime sector, including Port State Control, International Ship and Port Facility Security Code, International Safety Management, commercial yacht safety and other specialised areas.

FINANCE & ACCOUNTING AND FINANCIAL REPORTING

The Finance & Accounting and the Financial Reporting Sections have the responsibility for all financial matters relating to the annual budget, fee collection, accounts payable and asset management. It is also responsible for the preparation of MACI's financial statements, 3-year projected financial position and the annual purchase and ownership agreements between Cabinet and the Authority. The section's objectives are essentially

created by the financial requirements of the organisation, its stakeholders and the resources available to MACI.

Through the Office of the Auditor General (OAG), MACI for the sixth year, had its financials audited by a non-governmental entity.

SAFETY & COMPLIANCE

SURVEY, AUDIT AND INSPECTION

TECHNICAL POLICY, YACHT CODES & REGULATORY INITIATIVES

MACI continued to support the Red Ensign Group-Technical Forum (REG-TF) which plays a key role in the development of technical policy for all British Ships. MACI as Co-Chair along with the United Kingdom's Maritime and Coastguard Agency provide technical support whilst actively participating in the numerous REG-TF subgroups.

As the secretariate of the Red Ensign Group Yacht Code, MACI has led the Codes development over several years in consultation with the established industry working group. Following this development, the 2024 edition of the Red Ensign Group Yacht Code was completed in December 2023 and will be implemented from 1 July 2024.

At the request of the Super Yacht Building community MACI was instrumental in leading the development of harmonised Tonnage Measurement Guidelines for yachts. This was a result of the formation of an industry working group including other Maritime Administrations including the Marshall Islands and Malta. These guidelines are key in setting a standard and common approach on Tonnage Measurement across industry.

MACI has been at the forefront of technical innovation including but not limited to Alternative Fuels for use in marine vehicles. In the absence of a robust regulatory framework MACI has engaged with industry partners to investigate and develop appropriate codes, standards and regulations.

MACI provided technical representation at a number of key events throughout the year including the Technical Superyacht Forum (Amsterdam), Monaco Yacht Show and the Fort Lauderdale International Boat Show. In addition, MACI is actively supporting initiatives such as Crew Welfare and Mental Health and more recently has been established as the Flag State lecturer on the Crew Academy 'Yacht Owners Representative Programme (YORP)'

In 2023 MACI issued/updated, 1 Shipping Notices, 10 Guidance Notices and 6 Safety Flyers.

SURVEYOR RESOURCES

During this period MACI engaged the services of additional Independent Contractor Surveyors in Italy & the USA.

Daily teams' meetings continued with all European & Americas Based survey teams, and included regular new build yacht meetings, ad hoc meetings and monthly Regional Director meetings. In addition global newbuild and surveyor meetings were held in January 2023 with a combination of in person and remote attendance.

SUPERYACHT NEW BUILD PORTFOLIO

The Cayman Islands continues to dominate the Superyacht new build market with a 6% increase in units from the previous year. This increase is reflected in MACI's positive financial position.

MACI is currently involved in a series of technologically sophisticated projects which incorporate emerging technologies that utilize green solutions for main propulsion or supplementary power generation. MACI is at the forefront of this technological innovation and is one of the leaders in the development of regulations for this technology.

TRAINING

In MACI's ongoing collaboration with its Recognised Organisations(RO), at the request of RINA, one of its six approved (RO)'s, MACI developed a Yacht New Build training course which was delivered in Hamburg in October 2023. Due to the highly successful delivery of the training course RINA have committed to a further two training courses in 2024.

During this period Safety and Compliance were also instrumental in delivering training to various clients in the South of France.

RECOGNISED ORGANISATION (RO) MONITORING

MACI continues to meet its IMO and REG obligations on monitoring activities delegated to ROs and provided an annual report to the REG Secretariat.

INTERNAL AUDITS

In furtherance of MACI's obligations in respect of the International Maritime Organisation Instrument Implementation Code (IIC), the Safety and Compliance sections in the ERO and Americas were subject to internal Audits conducted by an independent third party auditor with minimal findings.

PORT STATE CONTROL

In respect to domestic vessel trade MACI continues to support the Ministry of Financial Services and Commerce (MFSC) as a member of the Caribbean Memorandum of Understanding (CMOU) on Port State Control (PSC), by providing technical support and conducting inspections on foreign-flagged vessels visiting ports of the Cayman Islands.

For vessels registered in the Cayman Islands and operating internationally MACI continued to rank as one of the top performing Flags as documented in the International Chamber of Shipping "Flag State Performance Table 2022/2023", whilst maintaining their White List & Low Risk Status in all the major MoUs on Port State Control including USCG Qualship 21, Tokyo and Paris.

MACI published its Flag State Performance, 2023 Report under [CIGN 01/2014 \(Rev 1\)](#).

HUMAN RESOURCES AND ADMINISTRATION

The Human Resources and Administration Division is charged with the responsibility of providing structure and support to meet the Organisation's needs, through managing its most valuable resources, its staff, comprising employees and independent contractors. Human Resources strategically manages the Organisation's resources of recruitment, coordinating benefits, promoting training and professional development of its employees. The Administration Team collaborates with Human Resources acting as the face of the company, by providing professional administrative and friendly service to customers, ensuring they all receive a heartwarming welcome when visiting or calling the office. They also support employees by coordinating services to maintain office and remote working functionality.

PERSONNEL**PERSONNEL CHANGES**

During this period personnel changes at MACI were as follows:

Section	New Hires	Resignations	Redundancy	Retired	Converted to Independent Contractor
Safety & Compliance	0	0	0	0	0
Human Resources & Administration	1	0	0	0	0
Commercial Services	0	2	0	0	0
Total	1	2	0	0	0

TRAINING AND PROFESSIONAL DEVELOPMENT

Continuous learning and development are vital to ensuring employees have the skills, knowledge and abilities for their current roles and are prepared for new challenges. As such, both internal/external domestic/overseas training and development opportunities were available to employees. These are aimed at building employee capacity to deliver services, meet strategic needs and align with the Organisation's values, strategic plan and overall mission.

INTERNSHIP PROGRAMME

Internship opportunities were provided to six (6) students. Two (2) were from Cayman Islands Further Education Centre, two (2) attending local and overseas Universities, and two (2) were maritime scholarship recipients.

MARITIME SCHOLARSHIP

Each year the Organisation collaborates with the Ministry of Education's Scholarship Secretariat to offer young Caymanians the opportunity to earn an undergraduate, post-graduate or professional qualification within Marine Engineering, Marine Surveying, Maritime Administration, Nautical Studies and Naval architecture. Consideration is also given to specialist areas that support the maritime industry such as Legal, Human Resources, Accounting, and IT.

The 2017 Scholarship recipient completed studies in Marine Technology from the University of Plymouth, UK and joined the Organisation's Head office in March 2022, as a Surveyor Trainee. Currently this recipient is in a Training Programme overseen by the Organisation and scheduled to undertake additional training overseas in 2024. The 2018 recipient completed studies in Nautical Science, also from the University of Plymouth, UK. This recipient was offered a fully sponsored maritime cadetship in January 2023 in Scotland, UK. He also underwent his first sea phase on a vessel going from western Europe to the east coast of the USA. He is slated to join the organisation in the coming year.

BUSINESS DEVELOPMENT

The Business Development Section is responsible for advising on the organisation of conferences geared toward maritime issues and the staging of conferences, seminars and workshops in specialised maritime subjects, and also the preparation and/or delivery of training in the maritime sector, including Port State Control, International Ship and Port Facility Security Code, International Safety Management, commercial yacht safety and other specialised areas.

As part of a collaboration with one of its Recognised Organisations (RO's), Registro Italiano Navale (RINA), MACI has been engaged to develop and deliver a training course to their new build yacht surveyors throughout Europe. This collaboration is part of a mutually beneficial initiative to increase RINA's and MACI's market share throughout Europe.

To maintain its connections within the yachting industry, CISR ensures each year that the flag has a presence at two of the largest in-water shows in the world: the Monaco Yacht Show and the Fort Lauderdale International Boat Show. Both shows were well received throughout the industry and proved to be successful despite the ongoing challenges.

OFFICE OF THE CEO

MARITIME POLICY

Maritime Policy is responsible for the development of maritime policy within MACI and the development and updating of maritime legislation relevant to the discharge of the organisation's functions and responsibilities.

MERCHANT SHIPPING LAWS AND REGULATIONS (DEVELOPMENT AND IMPLEMENTATION)

During 2023 MACI worked closely with the Legal Drafting and the Department and the Ministry of Financial Services to finalize Merchant Shipping Bill, 2024.

The final Bill will be laid before Parliament during the session commencing on 26 February 2024.

In anticipation of the Bill receiving Royal Assent, preparations were advanced throughout 2023 for a similar revision and update of the Merchant Shipping (Marine Pollution) Act and secondary legislation made under both Acts.

MARITIME POLICY

During 2023, MACI actively participated in CIG's response to the UK sanctions regimes extended to the Cayman Islands following Russia's invasion of Ukraine. Support was provided to the CIG Operation Hektor task force on Russia sanctions and the CIG Sanctions Working Group on the maritime implications of the various sanctions regimes.

MACI also worked bilaterally with individual agencies such as the Financial Reporting Authority, the Governor's Office and the Bureau of Financial Investigations on maritime matters in general.

MACI provided active support to the Ministry of Financial Services and Commerce leading to the creation of a Maritime Secretariat within the Ministry.

The outbreak of hostilities between Israel and Hamas in Palestine has led to an increased risk to shipping in the Southern Red Sea and Gulf of Aden. MACI worked with ship owners and the Maritime Security section of the UK Department for Transport on monitoring and mitigating the risks to Cayman Islands ships operating in this area.

During 2023, MACI published a number of Shipping Notices and Guidance Notes to assist and support both ship owners and seafarers. Topic covered included –

- Highlighting the Cayman Islands safety requirements for submersible craft following the loss of the submersible "TITAN" along with five lives when exploring the wreck site of the Titanic;

- Updated instructions to Recognized Organizations and their surveyors;
- Updated instructions relating to the STCW Convention;
- Preventing the inadvertent use of low flashpoint fuels;
- The carriage of additional guests on yachts;
- Embarkation ladders and other means of descent to the water;
- Filming television shows on large yachts;
- The acceptance of electronic Official Log Books;
- Search and rescue planning and exercises in the Cayman Islands;
- Fire safety of small electric powered craft;
- Insurance requirements for Cayman Islands vessels;
- Pleasure yachts engaged in trade;
- Change of flag at sea;
- Electronic statutory certificates issued by Recognized Organizations; and
- The application of regulations to “dormant” yacht newbuild projects.

QUALITY MANAGEMENT SYSTEMS

During 2023, internal audits were conducted across departments and sections of MACI and the Cayman Islands Shipping Registry.

The Quality Management Systems (QMS) of MACI continues to be effective at ensuring MACI’s compliance with those mandatory instruments of IMO which have been extended to the Cayman Islands as was demonstrated by the successful external audit as part of IMSAS.

CASUALTY INVESTIGATION

Accidents and incidents occurring on board Cayman Islands ships are investigated on behalf of the Minister, by specialist inspectors appointed under section 430 of the Merchant Shipping Law.

In addition, Cayman Islands Shipping Notice 02/2015 and regulation 5 of the Merchant Shipping (Marine Casualty Reporting and Investigation) Regulations, 2018, require certain accidents and incidents to be reported to the Maritime Authority of the Cayman Islands (MACI). These reports are recorded, logged, and followed up as appropriate.

The majority of these reports are fairly minor in nature and do not require formal investigation. However, every report is recorded for statistical purposes and is required to be submitted to both the UK (as one of the REG Quality Objectives) and to the International Labour Organization (ILO) as part of our obligations under the Maritime Labour Convention, 2006 (MLC).

For the fifth year in succession, a consolidated summary report of all accidents and incidents reported to MACI has been compiled, published and made publicly available on www.cishipping.com. Changes to the summary report format for 2023 include

- a. Revised categorizing of vessel types “Ship”, “Commercial Yacht” and “Other” to reflect the level of safety related trading certification held and the applicability of the IMO Casualty Investigation Code rather than simply the vessel’s registration “category”;
 - Historical minor statistical errors in earlier Summary Reports have been corrected and historical trends have been updated;
 - The estimates for the number of seafarers serving on Cayman Islands ships has been revised and updated; and
 - An analysis of incidents and accidents for each vessel type has been introduced in addition to the “all vessel type analysis”.

The year 2023 saw a total of 237 accidents and other incidents reported to MACI, an increase of 51 accidents and incidents reported to MACI when compared to 2022.

Throughout 2023, MACI continues to manage the MOU with the UK Marine Accident Investigation on behalf of the Ministry of Financial Services and Commerce. During 2023 it was necessary to activate the MOU on one occasion following the death of a seafarer who “fell from height” when working on a Cayman Islands ship in a repair yard.

Where an incident reported may have implications for the welfare of seafarers involved, details were passed to the Shipping Master.

Survey & Certification were informed if a reported incident may have an impact on the statutory certification of the ship or yacht involved or if the report indicates a significant breach of merchant shipping law may have occurred.

SHIPPING MASTER

The Office of the Shipping Master is responsible for all aspects of crew welfare in particular dealing with crew, disputes complaints and investigations into deaths on Cayman Islands ships.

During 2023 the Shipping Master has investigated 94 complaints from seafarers on Cayman Islands ships. This is very similar to 2022, and a significant drop from 2020 and 2021, but broadly similar to that in 2019 prior to the Pandemic. Just over a third of all reported complaints were for unpaid or late wages and under a quarter were related to termination issues. A small minority of complaints being for other welfare issues such as safety concerns, alleged bullying, hours of rest or medical expenses. All of these complaints were from seafarers on yachts. The vast majority of these disputes were resolved rapidly and amicably once the Shipping Master became involved. On occasion, and with express permission from the complainant, information was passed on for follow-up and possible enforcement action by Safety and Compliance.

As with reports of accidents, every complaint is recorded for statistical purposes and is required to be submitted both to the UK as one of the REG quality objectives and to the International Labour Organisation (ILO) as part of our obligations under the Maritime Labour Convention, 2006 (MLC). The fifth consolidated summary report of all complaints and welfare issues reported to MACI has been compiled, published and made publicly available on www.cishipping.com.

In addition to the investigation of complaints by seafarers, during 2023 the Shipping Master also conducted eight death inquiries under section 434 of the Merchant Shipping Act into deaths occurring on or associated with Cayman Islands ships. Such inquiries are mainly administrative in nature and allow the death to be properly recorded and passed to General Registry, and for the information of H M Coroner. The Shipping Master did attend on scene to conduct one death inquiry in person during 2023.

2023 has seen much less involvement in queries and disputes arising from the COVID-19 Pandemic by the Shipping Master. Over the course of the Pandemic there have been 645 separate reported outbreaks on Cayman Islands flagged vessels involving 1953 persons, as at 31 December 2023.

GOVERNANCE

PRIMARY LEGISLATION

1. The Maritime Authority Act (2013 Revision)
2. The Merchant Shipping Act (2021 Revision)
3. The Merchant Shipping (Marine Pollution) Act, 2001

REGULATIONS MADE UNDER THE CURRENT MERCHANT SHIPPING LAW AND THE CURRENT MARINE POLLUTION LAW

1. The Merchant Shipping (Returns of Births and Deaths) Regulations, 2004.
2. The Merchant Shipping (Classes of Ships) Regulations, 2002.
3. The Merchant Shipping (Carriage of Packaged Irradiated Nuclear Fuel Etc) (INF Code) Regulations, 2003.
4. The Merchant Shipping (Classes of Ships) Regulations, 2002.
5. The Merchant Shipping (Prevention of Collisions and Use of Distress Signals) Regulations, 2003.
6. The Merchant Shipping (Counting and Registration of Persons on Board Passenger Ships) Regulations, 2002.
7. The Merchant Shipping (Entry into Dangerous Spaces) Regulations, 2004.
8. The Merchant Shipping (Guarding Of Machinery and Safety of Electrical Equipment) Regulations, 2004.
9. The Merchant Shipping (Load Line) Regulations, 2002.
10. The Merchant Shipping (Certification, Safe Manning, Hours of Work and Watchkeeping) Regulations, 2004 Revision
11. The Merchant Shipping (Certification, Safe Manning, Hours of Work and Watchkeeping) (Amendment) Regulations, 2014
12. The Merchant Shipping (Marine Pollution) Regulations, 2004.
13. The Merchant Shipping (Means of Access) Regulations, 2004.
14. The Merchant Shipping (Carriage of Nautical Publications) Regulations, 2002.
15. The Merchant Shipping (Port State Control) Regulations, 2003.
16. The Merchant Shipping (Registration of Ships) Regulations, 2002.
17. The Merchant Shipping (Marine Pollution) (Reporting of Incidents Involving Harmful Substances) Regulations, 2004.
18. The Merchant Shipping (Safety of Navigation) Regulations, 2004.
19. The Merchant Shipping (Tonnage) Regulations, 2002.
20. The Merchant Shipping (Vessels in Commercial Use for Sport or Pleasure) Regulations, 2002.
21. The Merchant Shipping (Pleasure Yachts Carrying Passengers) Regulations 2011.
22. The Merchant Shipping (Wreck Removal Convention) Regulations, 2017
23. The Merchant Shipping (Maritime Labour Convention) (Crew Accommodation) Regulations, 2014
24. The Merchant Shipping (Maritime Labour Convention) (Food and Catering) Regulations, 2014
25. The Merchant Shipping (Maritime Labour Convention) (Health and Safety) Regulations, 2014
26. The Merchant Shipping (Maritime Labour Convention) (Medical Care) Regulations, 2014
27. The Merchant Shipping (Maritime Labour Convention) (Medical Certification) Regulations, 2014

28. The Merchant Shipping (Maritime Labour Convention) (Repatriation) Regulations, 2014
29. The Merchant Shipping (Maritime Labour Convention) (Seafarer Employment Agreement, Shipowners' Liabilities and Wages) Regulations, 2014
30. The Merchant Shipping (Maritime Labour Convention) (Survey and Certification) Regulations, 2014
31. The Merchant Shipping (Fees) Regulations, 2014
32. The Merchant Shipping (Maritime Security) Regulations 2007
33. The Merchant Shipping (Marine Pollution) (Prevention of air pollution from ships) Regulations, 2012
34. The Merchant Shipping (Marine Casualty Reporting and Investigation) Regulations, 2018

REGULATIONS MADE UNDER EARLIER MERCHANT SHIPPING LAW AND MARINE POLLUTION LAW BUT RETAINED UNDER CURRENT LAWS

1. The Merchant Shipping (Control of Pollution by Noxious Liquid Substances in Bulk)(Cayman Islands) Regulations 1988.
2. The Merchant Shipping (BCH Code) (Cayman Islands) Regulations, 1988.
3. The Merchant Shipping (IBC Code) (Cayman Islands) Regulations, 1988.
4. The Merchant Shipping (Prevention of Pollution by Garbage) (Cayman Islands) Regulations, 1988.
5. The Merchant Shipping (Submersible Craft Construction, Equipment and Survey)(Cayman Islands) Regulations 1991.
6. The Merchant Shipping (Submersible Craft Operations) (Cayman Islands) Regulations, 1991.
7. The Merchant Shipping (Repatriation) (Cayman Islands) Regulations, 1989.
8. The Merchant Shipping (Crew Agreements, List of Crew and Discharge of Seamen) Regulations, 1992.

OTHER LAWS FOLLOWED BY MACI

1. The National Archive and Public Records Act (2015 Revision).
2. The Freedom of Information Act (2021 Revision).
3. The Cayman Islands Constitution (Amendment) Order (2020).
4. The Evidence Act (2021 Revision).
5. The Electronics Transactions Act (2003 Revision).
6. The Limitation Act (1996 Revision).
7. The Public Service Pensions Act (2021 Revision).
8. The National Pensions (Amendment) Act (2020).
9. The Public Management and Finance Act (2020 Revision).
10. The Public Authorities Act (2020 Revision).
11. Penal Code (Amendment) Law (2020).
12. Grand Court Act (2015 Revision).

LOCAL AND INTERNATIONAL STANDARDS FOLLOWED BY MACI

1. International Maritime Organisation.
2. International Labour Organisation.
3. Regional and International Instruments.
4. International Standard ISO 15489–2002, Records Management.
5. ANSI/ISO/ASQ Q9001:2008, Quality Management.
6. Cayman Islands National Archive's standards and guidance.

OUR PEOPLE

1. 39 employees (17 female and 22 male).
2. Age range 25 to 71.
3. CEO (1), Global Directors (3), Regional Directors (1), Director (1), Chief Policy Advisor (1), Head (6), Operational Staff (26)
4. 56% Caymanian and 44% Non-Caymanian
5. Salary Scale range CI\$34,800.00 to CI\$245,021.00

PERSONNEL CHANGES

During this period personnel changes at MACI were as follows:

TYPE OF CHANGE	HEAD OFFICE, GT/SECTION	ERO, UK/SECTION
New Hires	0	1
Resignations	2 – Commercial Services	0
Retired	0	0
Promotions	1 – Commercial Services 2 – Safety & Compliance	0

MANAGEMENT DISCUSSION AND ANALYSIS

HIGHLIGHT OF ACHIEVEMENT

The key strategic goals and objectives for the Maritime Authority of the Cayman Islands for the 2023 financial year are as follows:

1. Achieved a total of 2,434 units on the Register with a total of 4.75 GRTM.
2. Achieved White-List, Low Risk Status in all the major MoUs on Port State Control including USCG Qualship 21 and ranked as a top performing Flag under the International Chamber of Shipping for the 13th consecutive year.
3. Increased the Yacht New Build Portfolio 6% in 2023.
4. Completed and delivered a yacht surveyor training course to RINA.
5. Completed the 2024 Red Ensign Group Yacht Codes update.
6. Enhanced surveyor capability in expanding into Italy, Turkey and the USA.
7. Actively supported and participated in a series of events to promote crew mental health awareness and general crew welfare.
8. Formed a working group for the development of a Regulatory Framework for the use of Alternative Fuels in conjunction with the UK MCA.
9. Completed a draft plan in conjunction with the Red Ensign Group to build human capacity in Maritime.
10. CISR established as the Flag State lecturer on the Crew Academy 'Yacht Owner Representative Programme (YORP)'.
11. Maintained two board seats with the International Superyacht Society, retained Deputy Chair of the Caribbean MOU on Port State Control and co-chair of the Red Ensign Group Technical Forum.
12. Completed MACI's Registration as an Overseas Entity with UK Companies House.
13. Completed the modernisation of the Cayman Islands Merchant Shipping Act and submitted to Parliament.
14. Implemented programme of global activities for the 120 year Anniversary of the Cayman Registry including hosting the annual REG Conference as part of these activities.

RISK MANAGMENT

KEY RISKS FACED BY MINISTRY/PORTFOLIO	CHANGED IN STATUS FROM 2022	ACTIONS TO MANAGE RISK	FINANCIAL VALUE OF RISK
War and Terrorism	None	Insurance policy to manage risk	Unquantifiable
Loss/absence of critical staff	None	Succession planning and develop an organisational structure and environment which provides challenges, promotes advancement and recognizes achievements	Unquantifiable
Loss of important data	None	Back up vital and important documentation on disks and hard copy and place in a secure environment	Unquantifiable

FINANCIAL PERFORMANCE AND ANALYSIS

MARITIME AUTHORITY OF THE CAYMAN ISLANDS FINANCIAL HIGHLIGHTS					
TOTAL REVENUES 2023	TOTAL REVENUES 2022	TOTAL EXPENDITURE 2023	TOTAL EXPENDITURE 2022	CASH POSITION 2023*	CASH POSITION 2022
\$12,301,370	\$11,210,370	\$11,573,772	\$10,718,972	\$4,305,060	\$10,387,654

*Includes fixed deposits with maturity 12 months or less.

Notes:

- The forecast actuarial valuation results show a post-retirement liability of \$4,935,000 existed on 31 December 2023 which represented accumulated Healthcare liability of \$4,807,000 and past pension service cost liability of \$128,000.
- The Statement of Financial Position included in the Financial Statements for the fiscal year ended 31 December 2023, shows that MACI's total assets were valued at \$14,556,560 and total liabilities at \$8,349,229, resulting in a surplus net worth of \$6,207,331, MACI's cash position including fixed deposit increased from \$10,387,654 at 31 December 2022 to \$12,505,060 at 31 December 2023, an increase of \$2,117,406.
- Net operating profit for 31 December 2023 as \$727,598 (2022: \$491,398).
- The total comprehensive income for 31 December 2023 was \$1,672,290 (2022: \$3,447,398).
- During the 2014/15 financial year MACI created a sinking fund. These funds are designated for carrying out casualty investigation on board Cayman registered vessels. The fund had a balance of \$652,878 at 31 December 2023 (2022: \$596,774), of which the full amount forms part of MACI's 2023 cash balance of \$4,305,060 (2022: \$10,387,654).

Audited Financial Statements for 1 January 2023 to 31 December 2023 form a part of this Annual Report (Annex 1).

INTERNAL AND EXTERNAL AUDIT UPDATES

- Work has been completed by the external auditors to complete the financial statements for the year ended 31 December 2023.

SCRUTINY BY PARLIAMENT AND PUBLIC

There was a total of 4 Freedom of Information requests for 2023, 2 Granted in Full, 2 Granted in Part.

Request Description	Date Received	Closure Date	Outcome
<p>We request copies of all vehicle usage policies, procedures and legislation for the following departments, statutory authorities and government companies in this Ministry.</p> <p>We request that any documents released include any policies, procedures and references to legislation that legally entitles civil servants to abuse their access to government vehicles; insured and licenced with funds paid for by the public, fuelled with gas paid for by the public, maintained and serviced with funds paid for by the public to pick up coffee, breakfast, lunch and dinner regularly, pick up friends and family and run other personal errands.</p> <p>We also request details of the number of, make and model of vehicles for each department.</p>	11 Jan 2023	1 Feb 2023	Granted in full
<p>Request is for the following non-personal records (based on FOI Law) to be sent by email:</p> <ol style="list-style-type: none"> 1. records of invoices and payments for office cleaning supplies EXCLUDING cost of cleaning company services between 1st March 2020 to 31 December 2021. 2. records of payment to overseas CONTRACTED companies (with at least 2 employees) carrying out administrative and or technical full time work for MACI from January 2018 to January 2023. 3. records of money spent on all legal advice for employment matters for MACI between January 2018 and January 2023. 4. list of actual number of employees in George Town, Grand Cayman in following age groups - less than 25, 26-35, 36-45, 46-50, 51-55, over 55 years of age <p>This is not an expedited request but we will appreciate receiving the information as soon as possible.</p>	17 Apr 2023	16 Jun 2023 Request for Information stage: Extension taken under section 7(4) and decision made within 60 days	Granted in Full
<p>This request is for the following non-personal records (based on FOI Law) to be sent by email:</p> <ol style="list-style-type: none"> 1. records of number of Human Resources (HR) Managers in George Town, Cayman Islands for MACI/CISR 2. records of HR Managers qualifications, salary range and their respective years experience as HR Managers or in HR (not including administrative) positions 	8 Aug 2023	29 August	Granted in Part Exempt under Sections 23 (5), and 23(1) of the FOI Act

<p>In accordance with the Freedom of Information Act, I am requesting records (no personal data) of any use of public funds for financial settlements to former employees of the Maritime Authority of the Cayman Islands between 2018-2023. Please provide:</p> <p>1. The amounts per year where applicable.</p> <p>2. The period of full-time employment or contractual period for the recipients</p>	<p>4 November 2023</p>	<p>3 December 2023</p>	<p>Granted in Part</p> <p>Exempt under Sections 23 (5), and 23(1) of the FOI Act</p>
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CROSS GOVERNMENT COMMITTEMENTS

N/A

FORWARD LOOKING

KEY PERFORMANCE INDICATORS

CLIENT SERVICE

Client Service

1. Provide a Registration regime to protect vessel ownership and the priority ranking of any related mortgage, by:
 - a. completing documents that are accurate with an error rate less than 2.5%; and
 - b. ensuring that all documents and records are properly filed.
2. Ensure that all client complaints and queries are acknowledged within 24 hours and adequately researched and responded to within 2 working days of the receipt of supporting information.
3. Provide a cost-effective vessel and company audit and vessel survey regime that promotes quality vessels; effective maritime security systems; protection of the marine environment; and social responsibility and that:
 - a. completing documents for statutory certifications/documentation and crew documentation that are accurate with an error rate less than 2.5%; and
 - b. issues invoice within 7 working days of completion of survey and audits.
4. Provide immediate support (less than 2 hours) upon request in the case of PSC detention of a Cayman Registered vessel.
5. Ensure attendance by a Cayman Surveyor on-board every Cayman Registered vessel that has been detained, not more than 90 days after the date of its detention.
6. Provide response to ALL queries/documentation for direct client interface groups as listed, within 2 working days:
 - a. Client Services;
 - b. Shipping Master;
 - c. Technical;
 - d. Flag State Accidents and Incidents not under IMO Casualty Investigation Code.

Safety & Compliance

1. Maintain “Low Risk” status under **both** the Paris and Tokyo Memorandums’ of Understanding on Port State Control (PSC) system, as follows:
 - a. Paris MOU: Inspection to Detention ratio of <2.5%,
 - b. Tokyo MOU: Inspection to Detention ratio of <2.5%;
 - c. Maintain “Qualship 21” status under the United States Coast Guard ([USCG](#)) PSC system. Ensure 100% of Certificates of Competence submitted in support of crew endorsement applications are checked for validity.
2. Maintain a top ranking (with no negative indicators) from the International Chamber of Shipping (ICS).
3. Investigate marine casualties by recording and assessing all casualties and other incidents reported to MACI.
4. Promulgate important security advice to clients within 1 working day of receipt.
5. Promulgate important safety advice to clients as required.

Commercial

1. Maintain a portfolio of new-build yachts over 30 metres equal to at least 50% of the estimated global new-build market.
2. Maintain a portfolio of existing yachts over 30 metres equal to at least 42% of the estimated global yachts in service that are classed with MACI’s Recognised Organisations.
3. Increase the net total of registered commercial (including coded yachts) units by 10 each year;
4. Maintain the per unit average age of our commercial fleet (excluding domestic fleet and superyachts) at less than 15 years.
5. Maintain a minimum 270-day cash requirement as at 31 December of each fiscal year.
6. To pay an annual shareholders dividend at the Cayman Islands Government (CIG) prescribed rate.
7. Complete the Annual Financial Audit of the Authority:
 - a. within legislative time requirements (Feb 28/29, Apr 30); and
 - b. without qualification.

MAJOR INITIATIVES FOR 2024

- Finalise and submit to Cabinet new Manning and Registration Regulations
- Assist Ministry / CIG with the extension of the International Convention on Oil Pollution Preparedness, Response and Co-operation and the Supplementary Fund Protocol to the 1992 Fund Convention.
- Submit an agreed and finalized Merchant Shipping (Marine Pollution) Bill to Cabinet.
- Formulate and implement a financial sustainability plan for 2024-2026 with the help of external assistance.
- Assist in the development of an industry wide Yachting Association within CLIA.
- Prepare for the Maritime Coastguard Agency (MCA) led 2024 Triple I Code Mock Audit.
- Align historical Shipping Notices and Guidance Notes with the Merchant Shipping Act, 2024
- Introduce an e-register and electronic COBR.

BOARD OF DIRECTORS

The Board of the Maritime Authority of the Cayman Islands is appointed by the Governor and consists of individuals with expertise in the areas of law, financial management, national security, international shipping, corporate services and maritime affairs.

The Board has authority to delegate to any director, sub-committee or the Chief Executive Officer (CEO). Such delegation, however, does not preclude the Authority from exercising any power delegated. Thus far there are no sub-committees and the Board has chosen only to delegate the Authority's power to the CEO for engaging such officers and consultants as he or she considers necessary and on such terms and conditions as is considered appropriate within the salary scales approved by the Board.

In the absence of sub-committees, the CEO has established a Management Committee comprising the senior managers of the Authority that deals with matters that would otherwise rest with a Board-appointed sub-committee.

PROFILES OF THE DIRECTORS

Mr. Ian Wight – Chair (1 September 2022 – 31 August 2025)

Ian Wight is a Chartered Accountant (UK) whose career spans over 50 years in that profession, having worked in London, Jersey (Channel Islands) and the Cayman Islands.

In 1980, he became the Managing Partner of Deloitte in the Cayman Islands and served in that position until retiring in 2012. He has experience in audit, consulting, and financial advisory services, where he specialised in complex, cross border insolvency and restructuring engagements for over 30 years.

Mr. Wight was also active in Deloitte's regional structure having been appointed as Deputy chairman of Deloitte's Offshore Working Group, Chairman of Deloitte Caribbean and Bermuda Cluster and member of the Americas Management Committee and Services Council.

Since his retirement, in addition to being appointed Deputy Chairman (now Chair) of the Board of Directors for the Maritime Authority of the Cayman Islands, he has served as Chairman of Cayman Finance, as a member of Commission to Standards in Public Life and was appointed to the Board of Directors of the Cayman Islands Monetary Authority.

Ms. Caroline Barton – Deputy Chair (1 September 2022 - 31 August 2025)

Caroline Barton is a partner at Appleby in the Cayman Islands with the Corporate department and Group Head of Banking & Asset Finance, as well as Transport & Logistics.

Ms. Barton's practice areas include asset finance, corporate finance, structured finance, private equity and bond offerings. She is extensively involved in aircraft and vessel financing, subscription financing and CLOs. Ms. Barton also has vast experience in capital markets, shipping, corporate restructuring and mergers and acquisitions, especially working on the buyer side of transactions.

Ms. Barton has been recognised by Who's Who Legal with respect to Aircraft Finance, and is acknowledged as a 'Rising Star' in IFLR1000's 2020 capital markets law rankings.

In 2020, she was considered by Chambers Global to be an up-and-coming lawyer in a number of spaces, including structured finance, asset finance, debt capital markets and private equity.

She is a member of the Cayman Islands Law Society, the Law Society of England and Wales, the Cayman Islands Labour Tribunal and the Caymanian Bar Association, and a notary public registered in the Cayman Islands.

Mr. John MacKenzie – Director (12 December 2022 – 11 December 2023)

John MacKenzie is the founder and principal shareholder of West Indian Marine Group, a privately-owned Cayman Islands based Maritime Group of Companies that provides shipping and maritime related services in and around the Cayman Islands and the Western Caribbean region. He serves as the Managing Director of each company in the Group.

Mr. MacKenzie has a diverse background in the marine industry, both international and worldwide, which spans 48 years, 32 of those years here in the Caribbean and USA. His areas of experience include shipping, salvage, material handling, maritime industry services, marine survey, marine construction, towage, offshore oil, vessel management, marine projects, ship design, and ship construction.

Mr. MacKenzie also is experienced in marine services and marine construction related industries, including ship building, ship repair and a period as an American Bureau of Shipping marine survey before later turning to large scale marine projects and business in the shipping and towage industries.

Mr. MacKenzie holds a degree in Marine Engineering from Sydney Institute of Technology, Australia. He is a founding member of The Private Sector Consultative Committee for the Cayman Islands Shipping Registry and a board/council member of the National Trust for The Cayman Islands.

Mr. Stefano Rosina – Director (1 September 2022 – 31 August 2024)

Stefano Rosina has over 30 years' experience in the Maritime sector running a stock listed company and is CEO of Rosina and Partners, sourcing and executing shipping investment opportunities.

Mr. Rosina worked as an Analyst at Oceanic Financial Services in London for two years before he joined the family business, Navigazione Italiana as a Manager in 1988. In 1990 he arranged the takeover of the Italian stock listed shipping company Premuda, one of the leading dry bulk shipping companies in Italy, becoming General Manager and expanding the international business by opening offices abroad and commencing joint ventures. During 2000, Mr. Rosina was one of the first to understand the full potential of FPSO vessels, developing an Aframax to provide FPSO services in Western Australia.

Mr. Rosina has a full experience in new building, conversions and Sale & Purchase transactions (+100 ships) ensuring reputable, productive associations are created with all parties involved and creating firm relationships with companies for ongoing contracts including the likes of ENEL over a long-term period. He has set up and run various joint ventures over his career with outstanding partners such as Duferco (steel conglomerate), Czechoslovakian Ocean Shipping, Diogenes Fund (Lehman Brothers), Klaveness (bulk owners), Sierra Leone Government (for creation of National Shipping Company), Romeo family (handysize fleet owners), Yinson (stock listed company) and Wealth Management Funds.

Mr. Rosina has a degree in Economics from Genoa University, with a specialisation in Shipping Finance. He is currently a Council Member of Intertanko, and has been a Member of the Cayman Islands Registry Shipowners Advisory Council for over 20+ years, and the ABS.

Mr. Bruce Rosenblatt – Director (12 December 2023 – 11 December 2024)

Bruce S. Rosenblatt, a third-generation naval architect whose family has been practicing ship design for 115 years, has spent his nearly 40-year marine industry career focused on all facets of ship design and ship design management. Mr. Rosenblatt holds a Naval Architecture and Marine Engineering degree from the University of Michigan (1983) and an Executive MBA from Pace University (1995).

The family firm, M. Rosenblatt & Son, Inc. (MR&S), was founded in 1947 jointly by his grandfather, Mandell (a prominent Yacht Designer) and father, Lester. Informally Bruce Rosenblatt began his apprenticeship in 1974 working summers at MR&S as a high school and college student. His more “formal” ship design/marine industry career began in 1983 at MR&S, where he worked in various engineering and management positions, from Naval Architect & Marine Engineer to President and COO of the 500+ person company. In 2000 MR&S was sold to AMSEC LLC where he worked as a Senior Vice President until 2008 when he founded the Naval Architecture & Marine Engineering firm, Bruce S. Rosenblatt & Associates, LLC (BSR); a smaller rebirth of the old MR&S. At BSR, Mr. Rosenblatt is President and CEO. They have offices on the east and west coasts of the United States and employ over fifty engineers and designers.

Mr. Rosenblatt holds senior positions on the boards of four different schools of naval architecture & marine engineering including Chairman of the Board of Webb Institute. He is a member of the Council of the American Bureau of Shipping, a member of the Board of the Shipbuilders Council of America, a past president of the U.S. based Society of Naval Architects & Marine Engineers and a past President of the U.K. based Royal Institution of Naval Architects, having been their first non-Brit president in their 160+ year history.

Mr. Rosenblatt is responsible for bringing to Cayman marine industry speakers, as well as two programs, subsequently funded by DART, the Sea Perch program and the Summer Engineering Academy.

Ms. Jennifer Stein – Director (15 November 2022 – 14 November 2024)

Jennifer Stein is Caymanian and was educated in Cayman, Canada and the UK. She has a BSc Hons in Medical Microbiology from Edinburgh University and a Postgraduate diploma in Law from BPP Law School in London.

Ms. Stein was a solicitor at Bristows in London and moved back to the Cayman Islands in 2009 where she worked in law and the financial services industry at Intertrust and Walkers for the past 13 years managing large teams and dealing with all aspects of corporate and legal services for Cayman investment structures. She left the financial services industry in July 2022 to pursue other interests and has joined the board of directors of Sprogs Garden Playschool handling the financial aspects of the company.

Mr. Charles Clifford – Director (1 September 2022 – 31 August 2024)

Charles Clifford was appointed as the Director of Customs and Border Control, an integrated department which was established through the merger of the Customs Department and components of the Immigration Department. He has held this position since January 2019.

Mr. Clifford formerly served with other departments within the Cayman Islands Government. He started his career in 1980 with the Royal Cayman Islands Police Service and served with them for 17 years, reaching the position of Chief Inspector in charge of Police Administration. During his policing career he trained with the Federal Bureau of Investigation (FBI), Drug Enforcement Administration (DEA), Scotland Yard, and the Royal Canadian Mounted Police.

In 1997, Mr. Clifford was appointed Senior Assistant Secretary in the Ministry of Tourism, and was promoted to Permanent Secretary in 2001. In 2004, after 24 years of public service, Mr. Clifford resigned from the Cayman Islands Government and joined the law firm of Quin & Hampson.

In 2005 Mr. Clifford was elected as a Member of the Legislative Assembly – 2nd Elected Member for the District of Bodden Town, and was subsequently appointed as the Minister of Tourism, Environment, Investment and Commerce. He served in that post until 2009 and gained considerable experience in representing the Cayman Islands at international forums involving the Foreign and Commonwealth Office, the United Nations, CARICOM, and other Overseas Territories.

Mr. Clifford has held appointments on a number of boards and committees in the Cayman Islands public and private sectors including: Chairman of the National Tourism Management Policy Steering Committee; Chairman of the Air Transport Licensing Authority; Deputy Chairman of the Port Authority; Member of the Cayman Airways Board of Directors; Member of the Cayman Turtle Farm Board of Directors, and Member of the National Hurricane Committee.

Mr. Clifford holds a Bachelor of Laws (Honours) Degree from the University of Liverpool, and a Professional Practice Certificate from the Queen's University of Belfast. He was admitted to the bar as an Attorney-at-Law in 2012 and consequently opened his own law firm, Clifford Law Associates, and partnered with two other local attorneys.

Mr. A. Joel Walton, JP - MACI CEO & Ex-Officio Member

Since May 2004, Mr. Walton has been the Chief Executive Officer of the Maritime Authority of the Cayman Islands (MACI), which also owns and operates the Cayman Islands Shipping Registry. He obtained a Bachelor of Administration (Hons) degree with a specialisation in Finance from Brock University, Canada, in 1983 and an MBA with a concentration in Finance and Strategic Planning from the University of Windsor, Canada, in 1988.

Mr. Walton formerly served in the Cayman Islands Civil Service, which he joined in 1983. He held several posts, including that of Deputy Financial Secretary of the Cayman Islands, which he held for 11 years, until May 2004.

Mr. Walton has held appointments on a number of boards and committees in the Cayman Islands public and private sectors including: Chairman of the Cayman Islands Health Services Authority Board, Cayman Company Sector Consultative Committee, Cayman Turtle Farm Board and Cayman Brac Economic Development Committee; and Deputy Chairman of the Cayman Islands Monetary Authority Board, Cayman Islands Public Service Pensions Board and Cayman Islands Stock Exchange Authority Board. Mr. Walton has also held other board appointments, including with the Caribbean Utilities Company Ltd., a Toronto Stock Exchange listed company, and with the Caribbean Development Bank.

He is currently Chairman of the MACI Executive Management Committee and the Maritime Sector Consultative Committee.

Ms. Shaunna-Lee Noble - MACI Board Secretary & Ex-Officio Member

Shaunna-Lee Noble has over 15 years of experience in Corporate Service, she is currently employed at Maples. She has Bachelor of Science degree in Finance from the University of New Orleans and Graduate Diploma in Law from BPP University. She is also a member of STEP and a Cayman Islands Notary Public.

Annex 1



**Maritime Authority of the
Cayman Islands
Financial Statements
For the year ended 31 December 2023**

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203
Fax: +44 (0) 1489 799 204



**Maritime Authority of the
Cayman Islands
Financial Statements
For the year ended 31 December 2023**



**FINANCIAL STATEMENTS OF THE
MARITIME AUTHORITY OF THE CAYMAN ISLANDS**

For the year ended 31 December 2023

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STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by the Maritime Authority of the Cayman Islands in accordance with the provisions of the *Public Management and Finance Act (2020 Revision)* and *IFRS Accounting Standards*.

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 law, and properly record the financial transactions of the Maritime Authority of the Cayman Islands.

We are responsible for the preparation of the Maritime Authority of the Cayman Islands financial statements and for the judgements made in them. We accept responsibility for their accuracy and integrity.

The financial statements fairly present the statement of financial position, statement of comprehensive income, statement of cash flows and statement of changes in equity for the financial year ended 31 December 2023.

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

- (a) completely and reliably reflect the financial transactions of the Maritime Authority of the Cayman Islands for the year ended 31 December 2023;
- (b) fairly reflect the financial position as at 31 December 2023 and financial performance for the year ended 31 December 2023; and
- (c) comply with the provisions of the *Public Management and Finance Act (2020 Revision)* and *IFRS Accounting Standards*.

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

I. Wight
Chairperson
Maritime Authority of the Cayman Islands
14 February 2025

A. Joel Walton
CEO
Maritime Authority of the Cayman Islands
14 February 2025

AUDITOR GENERAL'S REPORT

To the Board of Directors of Maritime Authority of the Cayman Islands

Opinion

I have audited the financial statements of the Maritime Authority of the Cayman Islands (the "Authority"), which comprise the statement of financial position as at 31 December 2023 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2023, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 9 to 39.

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at 31 December 2023 and its financial performance and its cash flows for year ended 31 December 2023 in accordance with International Financial Reporting Standards.

Basis for Qualified Opinion

Sales of goods and services totaling \$9,522,001 are included in revenue in the statement of comprehensive income for the year ended 31 December 2023. Of this amount, \$261,137 relates to a management entry that increased trade receivables in the statement of financial position to \$1,055,253, so that it equals the balance per the trade receivable sub-ledger. Management were unable to provide a population of individual revenue transactions for the \$261,137 increase to revenue for testing. As such, we were unable to obtain sufficient appropriate audit evidence for the existence of the credit entry made to sales of goods and services nor to which financial reporting period it relates. Consequently, we were unable to determine whether any adjustments to opening retained earnings at 1 January 2023, trade receivables at 31 December 2023 and revenue for the year ended 31 December 2023 were necessary.

Sales from new build safety and surveyor fees of \$1,953,214 are included in sales of goods & services in the statement of comprehensive income for the year ended 31 December 2023. The Authority's accounting policy is to recognize the revenue of new build safety and surveyor fees over time as the performance obligation is satisfied. However, the revenue has been recognized when invoiced which is not in accordance with the accounting policy or IFRS Accounting Standards. Management were unable to provide support for any adjustments required to recognize sales from new build safety and surveyor fees in accordance with the accounting policy and IFRS 15. Consequently, we were unable to determine whether any adjustment to revenue for the year ended 31 December 2023, retained earnings as at 1 January 2023 and deferred revenue at 31 December 2023 were necessary.

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

AUDITOR GENERAL'S REPORT (continued)

requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion. In rendering my audit opinion on the financial statements of the Authority, I have relied on the work carried out on my behalf by a public accounting firm who performed their work in accordance with International Standards on Auditing.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

AUDITOR GENERAL'S REPORT (continued)

the date of my auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

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

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



Sue Winspear, CPFA
Auditor General

14 February 2025
Cayman Islands

MARITIME AUTHORITY OF THE CAYMAN ISLANDS

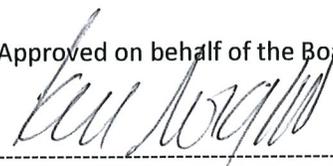
STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

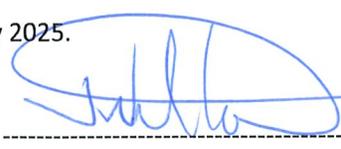
(Expressed in Cayman Islands Dollars)

	Notes	31 December 2023	31 December 2022
Assets			
Current assets			
Cash & cash equivalents	4	\$ 4,305,060	\$ 10,387,654
Fixed deposit	5	8,200,000	-
Trade receivables	6	1,055,253	1,131,895
Other receivables and prepayments	9	215,993	135,419
Total current assets		13,776,306	11,654,968
Non-current assets			
Property, plant & equipment	7	278,862	133,921
Right of use assets	19	501,392	145,787
Total non-current assets		780,254	279,708
Total assets		14,556,560	11,934,676
Liabilities and Equity			
Current liabilities			
Accounts payable & accrued expenses	8	735,301	377,533
Unearned revenue	15	754,706	571,823
Lease liability	19	105,298	13,970
Employee entitlements	11	97,866	92,524
Dividend payable to Cayman Islands Government	21	628,753	-
Casualty investigation fund	10	652,878	596,774
Total current liabilities		2,974,802	1,652,624
Non-current liabilities			
Lease liability	19	439,427	135,258
Past service pension liability	12	128,000	740,000
Post retirement healthcare liability	13	4,807,000	4,243,000
Total non-current liabilities		5,374,427	5,118,258
Total liabilities		8,349,229	6,770,882
Equity			
Contributed capital	14	1,500,000	1,500,000
Retained earnings	3a	1,500,331	1,127,794
Other comprehensive income		3,207,000	2,536,000
Total equity		6,207,331	5,163,794
Total liabilities and equity		\$ 14,556,560	\$ 11,934,676

Approved on behalf of the Board of Directors on 14 February 2025.



 Chairperson, Ian Wight



 Chief Executive Officer, A. Joel Walton

The accompanying notes form an integral part of these financial statements

MARITIME AUTHORITY OF THE CAYMAN ISLANDS
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2023
(Expressed in Cayman Islands Dollars)

	<u>Notes</u>	<u>Year ended 31 December 2023</u>	<u>Year ended 31 December 2022</u>
Revenue			
Sales of goods & services	15	\$ 9,522,001	\$ 8,270,254
Annual tonnage fees	15	1,939,718	2,017,702
Other operating revenue	15	491,637	663,560
Sales of goods & services - CIG	15	348,014	258,854
Total revenue		12,301,370	11,210,370
Operating expenses			
Personnel costs	16	5,287,003	4,908,625
Professional services	17	2,971,803	2,813,679
Other expenses	18	1,616,895	1,468,842
Client development & retention	20	680,086	515,988
Survey related expenses		484,377	450,856
Operating leases & utilities	19	285,843	359,273
Depreciation	7 & 19	174,608	143,940
Bad debts	22	73,157	57,769
Total operating expenses		11,573,772	10,718,972
Net operating profit		727,598	491,398
Finance and other income/(expenses)			
Effects of defined benefit medical plan amendment	13	-	1,562,000
Interest income	5	273,692	-
Net profit		1,001,290	2,053,398
Other comprehensive income/(expenses)			
Items that will not be classified to profit or loss:			
Remeasurement of defined pension benefits	12	742,000	440,000
Remeasurement of post-retirement healthcare benefits	13	(71,000)	954,000
Total other comprehensive income		671,000	1,394,000
Total comprehensive income		\$ 1,672,290	\$ 3,447,398

The accompanying notes form an integral part of these financial statements

MARITIME AUTHORITY OF THE CAYMAN ISLANDS
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2023
(Expressed in Cayman Islands Dollars)

	<u>Contributed Capital</u>	<u>Retained earnings</u>	<u>Other Comprehensive Income</u>	<u>Total</u>
Balance at 1 January 2022	\$ 1,500,000	\$ (925,604)	\$ 1,142,000	\$ 1,716,396
Net operating income for the year	-	2,053,398	-	2,053,398
Other comprehensive income	-	-	1,394,000	1,394,000
Balance at 31 December 2022	\$ 1,500,000	\$ 1,127,794	\$ 2,536,000	\$ 5,163,794
Net operating income for the year	-	1,001,290	-	1,001,290
Declared dividend	-	(628,753)	-	(628,753)
Other comprehensive income	-	-	671,000	671,000
Balance at 31 December 2023	\$ 1,500,000	\$ 1,500,331	\$ 3,207,000	\$ 6,207,331

The accompanying notes form an integral part of these financial statements

MARITIME AUTHORITY OF THE CAYMAN ISLANDS
STATEMENT OF CASH FLOWS
For the year ended 31 December 2023
(Expressed in Cayman Islands Dollars)

	Year ended 31 December 2023	Year ended 31 December 2022
Cash flows from operating activities		
Net operating profit	\$ 1,001,290	\$ 2,053,398
Adjustments for:		
Depreciation	174,608	143,940
Non-cash past service defined pension expense	130,000	13,000
Non-cash post retirement healthcare expense	493,000	387,000
Effects of defined benefit medical plan amendment	-	(1,562,000)
Disposal of right of use asset	-	10,167
Interest charge on lease liability	18,853	1,641
Net changes in non-cash working capital relating to operations		
Decrease/(increase) in trade receivables	76,642	(128,188)
Increase in other receivables and prepayments	(80,574)	(10,216)
Decrease/(increase) in accounts payable & accrued expenses	357,768	(76,368)
Increase in unearned revenue	182,883	140,289
Increase in employee entitlements	5,342	3,512
Increase in casualty investigation fund	56,104	71,596
Net cash flows from operating activities	2,415,916	1,047,771
Cash flows from investing activities		
Investment in fixed deposit account	(8,200,000)	-
Purchase of property, plant & equipment	(211,231)	(53,944)
Net cash used in investing activities	(8,411,231)	(53,944)
Cash flows from financing activities		
Payment for lease liabilities	(87,279)	(47,812)
Payment of dividend	-	(322,161)
Net cash used in financing activities	(87,279)	(369,973)
Net (decrease)/increase in cash and cash equivalents	(6,082,594)	623,854
Cash and cash equivalents at beginning of year	10,387,654	9,763,800
Cash and cash equivalents at end of year	\$ 4,305,060	\$ 10,387,654

The accompanying notes form an integral part of these financial statements

MARITIME AUTHORITY OF THE CAYMAN ISLANDS
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023
(Expressed in Cayman Islands Dollars)

1. Organization and Objectives

Maritime Authority of the Cayman Islands (“MACI”, “the Authority”) is a statutory corporation formed as a separate legal entity under the Maritime Authority Act (2005) which came into effect on 1 July 2005. The Authority is wholly-owned by the Cayman Islands Government (“CIG”) and governed by a Board of Directors appointed by the Governor-in-Cabinet. MACI currently reports to the Cabinet of the Cayman Islands through the Ministry of Financial Services and Commerce; but is also responsible to the United Kingdom (“UK”) Secretary of State via the UK’s Department of Transport for the effective implementation of the relevant international maritime and related conventions that have been ratified by the UK Government and extended to the Cayman Islands.

The original Cayman Islands Shipping Registry (“CISR”) maritime administration structure, which is the main forerunner to MACI, was first set-up in 1903 when George Town was established as a British Port of Registry. The CISR obtained British Registry Category 1 Status on 25 July 1991. The Category 1 Group of British Registries includes the UK, Bermuda, Cayman, Gibraltar, Isle of Man, and the British Virgin Islands. The CISR is now a division of MACI. However, there are a number of other critical responsibilities that have been added to the Authority. The Authority therefore combines into one body:

- The CISR’s vessel and mortgage registration, advisory, marine survey and audit services;
- The overall responsibility for implementing Cayman’s maritime safety and security, marine pollution prevention and social responsibility obligations under international Conventions and Codes, and under the Cayman legislation for Cayman-flagged vessels;
- The CIG delegated responsibility for the implementation of Cayman’s obligations under the Caribbean Memorandum of Understanding on Port State Control for foreign-flagged vessels entering Cayman ports;
- The CIG delegated responsibility for Marine Casualty Investigation activities in relation to Cayman-flagged vessels;
- The CIG delegated responsibility for national maritime policy formulation, the provision of advice on maritime-related matters, and the development of Cayman’s maritime-related legislation;
- The CIG delegated responsibility to represent the Cayman Islands at international forums and to protect its maritime interests; and
- The CIG delegated responsibility to help facilitate the development of the Cayman Islands as an international maritime centre.

2. Basis of Preparation

The financial statements of MACI are prepared in accordance with IFRS® Accounting Standards using the accrual basis of accounting. These standards are issued by the International Accounting Standards Board (“IASB”) and interpretations are issued by IFRS Interpretations Committee (“IFRIC”). The reporting currency is Cayman Islands Dollars (“KYD”) and figures presented have not been rounded, unless otherwise stated.

The reporting period is for the year ended 31 December 2023. These financial statements provide comparative information for the year-on-year performance for MACI as at and for the year ended 31 December 2022. Certain prior period balances have been reclassified to conform with current year presentation.

MARITIME AUTHORITY OF THE CAYMAN ISLANDS
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023
(Expressed in Cayman Islands Dollars)

3. Material Accounting Policies

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Going concern

The Authority's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Authority's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

b) Use of estimates and judgements

IFRS Accounting Standards requires management to make estimates and assumptions that impact reported amounts for assets and liabilities at the date of the financial statements and revenues and expenses during the reporting periods.

The key areas requiring the use of management estimates relate to the recoverability of trade receivables taking into account of anticipated credit losses, the discount rate used in measuring lease liabilities on initial recognition, and the measurement of the defined benefit pension and healthcare obligation. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the reporting period and in any future periods that are affected by those revisions.

c) New and amended accounting pronouncements

New and amended accounting pronouncements issued and effective from 1 January 2023 are as follows:

- *Amendments to IAS 1, Disclosure of Accounting Policies*

The Authority adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in certain instances in line with the amendments.

- *Amendments to IAS 8, Definition of Accounting Estimates*

This amendment became effective for the first time in the financial year beginning 1 January 2023. The amendment has had no effect on the Authority's financial statements.

A number of new and revised standards and interpretations are effective for future reporting periods. None of these are expected to have a material effect on the financial statements of the Authority.

MARITIME AUTHORITY OF THE CAYMAN ISLANDS
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023
(Expressed in Cayman Islands Dollars)

3. Material Accounting Policies (continued)

d) Financial instruments

A financial asset is classified as any asset that is cash, a contractual right to receive cash or another financial asset, exchange financial instruments under conditions that are potentially favourable or an equity instrument of another enterprise. Financial assets in the Authority's financial statements comprise of cash and cash equivalents, a fixed deposit, and accounts receivables.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial instrument or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable. Financial liabilities in the Authority's financial statements comprise accounts payable, the casualty investigation fund, employee entitlements and dividend payable to Cayman Islands Government.

i) Classification

Financial assets are classified into one of three categories: amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). The classification of financial assets is based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The Authority's financial assets are all classified as amortised cost.

Financial liabilities are classified as either classified at FVTPL or amortised cost. The Authority's financial liabilities are all classified as amortised cost.

ii) Measurement

At initial recognition, the Authority measures a financial asset at its fair value plus, in the case of financial assets not measured at FVTPL or FVOVI, transaction costs that are directly attributable to the acquisition of the financial asset. At initial recognition, the Authority measures a financial liability at its fair value less, in the case of financial liabilities not measured at FVTPL, transaction costs that are directly attributable to the financial liability. Transaction costs of financial instruments carried at FVTPL or FVOCI are expensed in the statement of comprehensive income.

Financial instruments classified at amortised cost are subsequently measured at amortised cost using the effective interest method.

iii) Impairment

In assessing impairment relating to financial assets, the Authority employs a simplified approach and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating the lifetime expected credit losses, the Authority uses its historical loss rates, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Any impairment impact recognised during the year is recorded in the statement of comprehensive income.

MARITIME AUTHORITY OF THE CAYMAN ISLANDS
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023
(Expressed in Cayman Islands Dollars)

3. Material Accounting Policies (continued)

d) Financial instruments (continued)

iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Authority currently has a legally enforceable right to set off the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously. As at December 31, 2023 and 2022, there were no financial assets and financial liabilities which had offsetting arrangements.

v) De-recognition

A financial asset is de-recognised when the Authority realises the rights to the benefits specified in the contract or loses control over any right that compromise that asset. A financial liability is de-recognised when it is extinguished, that is, when the obligation is discharged, cancelled, or expires.

e) Cash & cash equivalents

Cash and cash equivalents comprise cash, bank balances and short-term deposits, with original maturities of three months or less, held with reputable financial institutions in the Cayman Islands and United Kingdom.

f) Fixed deposit

Fixed deposits are typically short-term investments with fixed maturities greater than 3 months. They are considered to be highly liquid, subject to the terms of the deposit agreement. Fixed deposits are initially recognized at fair value and subsequently measured at amortized cost. The interest income on fixed deposits is recognized in the statement of comprehensive income on an accrual basis. Fixed deposits with a maturity of more than 12 months from the balance sheet date are classified as non-current assets, and those with a maturity of 12 months or less are classified as current assets.

g) Prepayments

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to the statement of comprehensive income as they are consumed in operations or expire with the passage of time.

h) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the assets.

Depreciation is based on the cost of an asset less its residual value. If a significant component has a useful life that is different from the remainder of the asset, that component is depreciated separately. Depreciation is charged to the statement of comprehensive income on a straight-line basis over the useful lives of each category of property, plant and equipment.

The estimated useful lives are as follows:

- Furniture and fixtures 5 years
- Motor vehicles 5 years
- Computer equipment 3 – 8 years
- Leasehold improvements Lease term

MARITIME AUTHORITY OF THE CAYMAN ISLANDS
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023
(Expressed in Cayman Islands Dollars)

3. Material Accounting Policies (continued)

h) Property, plant and equipment (continued)

The Authority assesses the carrying amounts of its property, plant and equipment for impairment whenever there is an indication that an asset may be impaired. If any such indication exists, the Authority compares the carrying amount of the asset to its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. If the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The impairment loss is recognized in the statement of comprehensive income.

i) Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for leases of low value assets and leases with a duration of 12 months or less.

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 Authority's incremental borrowing rate on commencement of the lease is used. Generally, the Authority uses CIG's incremental borrowing rate as the discount rate. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

The lease liability is presented as a separate line in the statement of financial position. On initial recognition, the carrying value of the lease liability also includes:

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

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

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

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Authority's estimate of the amount expected to be payable under a residual value guarantee, or if the Authority changes its assessment of whether it will exercise a purchase, extension or termination option.

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3. Material Accounting Policies (continued)

i) Leases (continued)

Right-of-use assets are subsequently 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.

j) Accounts payable & accrued expenses

Accounts payable are amounts owed to creditors for goods or services that have been invoiced but not yet paid. Accounts payable are recorded on an accrual basis at the amount owing after allowing for credit notes and other adjustments.

Accrued expenses represent liabilities for goods or services that have been received during the reporting year but for which an invoice has not yet been received or recognized. Accrued expenses are recorded on an accrual basis based on estimates of the amount due at the end of the reporting year.

k) Revenue recognition

MACI has four main revenue streams as follows:

- Sales of goods and services
- Annual tonnage fees
- Other operating revenue
- Sales of goods & services - CIG

The nature of these revenue streams and sub-streams are detailed in Note 15.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers and the related revenue recognition.

Revenue stream	Nature of performance obligations	Satisfaction of performance obligations / recognition of revenue
Safety and surveyor fees (Sales of goods and services)	<p><u>Working vessels</u> Surveys of working vessels are conducted at the point at which the customer makes the request for a survey.</p> <p><u>New vessels</u> Physical inspection of new vessels at the shipyard are conducted by a MACI consultant at various stages of construction, to ensure that it meets the requirements of international conventions agreed upon by members of the International Maritime Organization (“IMO”). Finalisation of a project occurs on issuance of a certificate or statement of compliance in accordance with the Red Ensign Group Yacht Code, Part A.</p>	<p><u>Working vessels</u> Revenue is recognized at the point in time at which the survey is conducted, based on the Authority’s published price list.</p> <p><u>New vessels</u> Revenue is satisfied over time on the basis of total site visits incurred on each individual contract as a percentage of total expected site visits to be incurred.</p>

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3. Material Accounting Policies (continued)

k) Revenue recognition (continued)

Revenue stream	Nature of performance obligations	Satisfaction of performance obligations / recognition of revenue
Technical compliance fees (Sales of goods and services)	The services are provided as requested by the Authority's clients.	Revenue is recognized at the point in time at which the services are provided, based on the Authority's published price list.
Vessel registration fees (Sales of goods and services)	Once the customer's application for vessel registration/deletion or mortgage registration is accepted by the Authority, the vessel/mortgage registration or deletion is processed by the Authority.	Revenue is recognized at the point at which the vessel registration/deletion or mortgage registration is processed, based on the Authority's published price list.
Annual tonnage fees	To ensure registered vessels remain on the Cayman Islands register and are allowed to carry the Cayman Islands flag on an annual basis.	Revenue is recognized over time on a straight-line basis for the 12-month period from the beginning of the year.
Other operating revenue	The services are provided as requested by the Authority's clients.	Revenue is recognized at the point in time at which the services are provided, based on the Authority's published price list.
Sales of goods and services - CIG	The outputs to be purchased by Cabinet and delivered by Maritime Authority of the Cayman Islands are specified in a purchase agreement.	Revenue is recognized at the point in time at which the services are provided, based on the price established in the purchase agreement.

Unearned revenue on the statement of financial position represents cash received from customers from revenue contracts prior to the satisfaction of the related performance obligation.

l) Expenses

Expenses are recognised when incurred on the accrual basis.

m) Employee entitlements

Amounts incurred but not paid at the end of the reporting period are accrued. Annual leave due, but not taken, is recognised as a liability.

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NOTES TO THE FINANCIAL STATEMENTS
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3. Material Accounting Policies (continued)

n) Employee benefit plans

The Authority provides post-employment benefits through a defined benefit pension plan, a defined contribution pension plan, and defined benefit healthcare plans.

i. Defined benefit plans

The Authority's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The cost of the defined benefit plans earned by employees are actuarially determined using the projected unit credit method prorated on service and Management's best estimate of expected plan investment performance, salary escalation, retirement ages of employees, and mortality rates. When the calculation results in a net benefit asset, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liabilities, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The net interest expense on the net defined benefit liabilities for the period is determined by applying the discount rates used to measure the defined benefit obligations at the beginning of the annual period to the net defined benefit liabilities, taking into account any changes in the net defined benefit liabilities during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in net profit or loss.

The Authority's net obligation in respect of the defined benefit pension plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods. To calculate the estimated amount for the pension obligation, the years of service and estimated salary upon retirement have been used.

The Authority's net obligation in respect of the healthcare plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods. To calculate the estimated amount for the healthcare obligation health insurance premiums have been used.

The discount rates used to value the defined benefit obligations is based on a yield of high quality corporate bonds, in the same currency in which the benefits are expected to be paid and with terms to maturity that, on average, match the terms of the defined benefit obligations.

ii. Defined contribution plans

The Authority's obligations for contributions to defined contribution pension plans are recognised in the statement of comprehensive income in the periods during which services are rendered by employees.

MARITIME AUTHORITY OF THE CAYMAN ISLANDS
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3. Material Accounting Policies (continued)

o) Taxation

There are no taxes on income or capital gains in the Cayman Islands and the Authority has received an undertaking from the Governor in Cabinet of the Cayman Islands exempting it from local taxes on all income, profits, gains and appreciations. In addition, management believes that the Authority is not subject to taxation by any other jurisdiction, including the UK. Accordingly, no provision for income taxes is included in these financial statements.

p) Foreign currency translation

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Gains and losses resulting from the settlement of such transaction and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Monetary assets and liabilities are translated at the exchange rate in effect at the statement of financial position date. Non-monetary assets and liabilities are translated at the historical exchange rate (i.e. at the date of transaction).

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4. Cash & Cash Equivalents

	<u>31 December 2023</u>	<u>31 December 2022</u>
Cash denominated in:		
United States Dollar ("USD")	\$ 3,828,010	\$ 9,625,714
Cayman Islands Dollar ("KYD")	425,402	488,430
British Pound Sterling ("GBP")	51,345	272,104
Euro ("EUR")	303	1,406
Total cash & cash equivalents	<u>\$ 4,305,060</u>	<u>\$ 10,387,654</u>

5. Fixed Deposit

	<u>31 December 2023</u>	<u>31 December 2022</u>
Deposit denominated in:		
USD	\$ 8,200,000	\$ -
Total fixed deposit	<u>\$ 8,200,000</u>	<u>\$ -</u>

The certificate of deposit has a maturity date of 25 September 2024 and has an interest rate of 5.35%. Interest income is earned from the fixed deposit investment. At 31 December 2023, interest of \$273,692 (2022: \$Nil) was earned from the fixed deposit investment.

6. Trade Receivables

	<u>31 December 2023</u>	<u>31 December 2022</u>
Trade receivables (Note 22)	\$ 1,122,128	\$ 1,198,770
Total gross receivables	1,122,128	1,198,770
Provision for doubtful debts (Note 22)	(66,875)	(66,875)
Total trade receivables	<u>\$ 1,055,253</u>	<u>\$ 1,131,895</u>

MARITIME AUTHORITY OF THE CAYMAN ISLANDS
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7. Property, Plant and Equipment

Description	Furniture and Fixtures	Computer Equipment	Motor Vehicles	Leasehold Improvements	Total PPE
Cost:					
At 1 January 2023	63,945	446,099	21,899	-	531,943
Additions	106,763	26,515	-	77,953	211,231
At 31 December 2023	170,708	472,614	21,899	77,953	743,174

Accumulated Depreciation:

At 1 January 2022	63,945	319,509	14,568	-	398,022
Depreciation	-	61,909	4,381	-	66,290
At 31 December 2023	63,945	381,418	18,949	-	464,312

Net book value:

At 31 December 2023	\$ 106,763	\$ 91,196	\$ 2,950	\$ 77,953	\$ 278,862
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Description	Furniture and Fixtures	Computer Equipment	Motor Vehicles	Leasehold Improvements	Total PPE
Cost:					
At 1 January 2022	63,945	392,155	21,899	-	477,999
Additions	-	53,944	-	-	53,944
At 31 December 2022	63,945	446,099	21,899	-	531,943

Accumulated Depreciation:

At 1 January 2022	56,359	236,625	10,188	-	303,172
Depreciation	7,586	82,884	4,380	-	94,850
At 31 December 2022	63,945	319,509	14,568	-	398,022

Net book value:

At 31 December 2022	\$ -	\$ 126,590	\$ 7,331	\$ -	\$ 133,921
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MARITIME AUTHORITY OF THE CAYMAN ISLANDS
NOTES TO THE FINANCIAL STATEMENTS
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8. Accounts Payable & Accrued Expenses

	<u>31 December 2023</u>	<u>31 December 2022</u>
Trade creditors	\$ 164,134	\$ 17,678
Accrued expenses	555,364	353,599
Other payables	15,803	6,256
Total accounts payable & accrued expenses	\$ 735,301	\$ 377,533

9. Other receivables and prepayments

	<u>31 December 2023</u>	<u>31 December 2022</u>
Recovery deposits	10,490	10,490
Interest receivable – Fixed deposit	116,586	-
Prepayments	88,917	124,929
Total other receivables and prepayments	\$ 215,993	\$ 135,419

10. Casualty Investigation Fund

The CIG through the Authority, is responsible, under international convention requirements and the Merchant Shipping Act (2016 Revision), for investigating marine casualties involving Cayman ships and foreign ships in Cayman waters. The purpose of such investigations is to establish the causes so that lessons may be learned in preventing any recurrence. MACI promulgates the results of an investigation within the wider shipping industry so that all may be aware of the lessons learned and any preventative actions recommended. Casualty investigations can also be viewed as another tool for measuring the standards to which Cayman ships are operating.

During the period from 1 July 2015 to 30 June 2016, MACI created a sinking fund designated for carrying out casualty investigations on board Cayman-registered vessels. The fund has a balance as at 31 December 2023 of \$652,878 (2022: \$596,774), of which the full amount forms part of MACI's cash balance of \$4,305,060 (2022: \$10,387,654). No amounts were expended from the fund during the year (2022: \$nil). Management will transfer the balance of this fund to the Cayman Islands Government upon a mutually agreed date. Meanwhile, the fund continues to grow and is available for disbursements should the need occur in the event of a casualty.

11. Employee Entitlements

	<u>31 December 2023</u>	<u>31 December 2022</u>
Leave entitlement		
Executive committee members	\$ 39,108	\$ 41,731
Management committee members	49,298	37,399
Administration	9,460	13,394
Total employee entitlements	\$ 97,866	\$ 92,524

MARITIME AUTHORITY OF THE CAYMAN ISLANDS
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12. Past Service Pension Liabilities

MACI provides defined contribution and defined benefit pension schemes to its employees depending on the employees start date of service. The pension obligation relates to the defined benefit scheme only.

Defined Benefit Scheme

Pension contributions are paid for eligible employees of MACI to the Public Service Pensions Fund (the "Fund"). The Fund is administered by the Public Service Pension Board (the "PSPB") and is operated as a multi-employer contributory fund. Prior to 1 January 2000 the scheme underlying the Fund was a defined benefit scheme.

The Public Service Pensions Act, 1999 re-organised existing public service pension provisions into separate defined benefit and defined contribution schemes with effect from 1 January 2000. Only employees who were enrolled in the former public service pension scheme at that date were permitted to join the revised defined benefit scheme. The cut-off date for admission to the defined benefit scheme was later extended to 31 December 1999.

With effect from 1 January 2005, the PSPB mandated a transfer of obligation for retiring participants, along with a matching notional transfer of assets, be made from the non-Central Government Employer to the Central Government. This decision was made to alleviate the administrative burden of allocating portions of each month's benefit payment to relevant members.

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

The schemes are valued by independent actuaries and there have been no changes to the actuarial methods. No curtailment or settlement occurred during the year. The latest estimate was done as at 31 December 2023 which reflected the net pension liability of \$128,000 (2022: \$740,000). As of 31 October 2023, the number of active employees entitled to the above pension obligation was 7 (2022: 9). Out of the 7 active employees, 3 (2022: 3) are personnel in the Executive Management Team.

Defined Contribution Scheme

Cayman employees who are not eligible for the Public Service Pensions Fund are enrolled in an approved local defined contribution pension plan with Silver Thatch Pensions. During the year ended 31 December 2023, the Authority and its employees contributed 5% and 5% respectively. The total employees enrolled in the defined contribution scheme is 24 (2022: 24). UK based employees are entitled to join the Authority's designated pension scheme but the Authority is not required by law to contribute to the scheme. The total amount recognised as employer contributions for the year ended 31 December 2023 was \$81,732 (2022: \$123,024) to the defined contribution pension plan. This amount is included in personnel costs in the statement of comprehensive income.

MARITIME AUTHORITY OF THE CAYMAN ISLANDS
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12. Past Service Pension Liabilities (continued)

<u>A. Defined Benefit (Asset)/Liability and Pension Expense Reconciliation</u>	Year ended 31 December 2023	Year ended 31 December 2022
	\$000	\$000
Amounts recognized in the statement of financial position:		
Defined benefit obligation	3,993	4,848
Fair value of plan assets	(3,865)	(4,108)
Net defined benefit (asset)/ liability at end of year	128	740
Roll forward of defined benefit obligation:	Year ended 31 December 2023	Year ended 31 December 2022
	\$000	\$000
Net Liability at the beginning of the year	740	1,167
Defined benefit cost included in profit or loss	236	154
Remeasurement included in other comprehensive income	(742)	(440)
Employer contributions	(106)	(141)
Net defined benefit liability at end of year	128	740
Components of defined benefit cost for the year:	Year ended 31 December 2023	Year ended 31 December 2022
	\$000	\$000
Current service cost	203	126
Interest expense	259	157
Interest income on plan assets	(226)	(129)
Defined benefit cost included in operating profit	236	154
Remeasurement Included in other comprehensive income ("OCI"):	Year ended 31 December 2023	Year ended 31 December 2022
	\$000	\$000
Demographic assumptions change	-	-
Financial assumptions change	(103)	(1,588)
Plan experience	(154)	163
Return on plan assets	(485)	985
Asset re-allocations true up	-	-
Total remeasurement included in OCI	(742)	(440)

The distribution of the plan assets based on the share of the total fund allocated to the Authority was as follows:

	Year ended 31 December 2023	Year ended 31 December 2022
Global equity securities	81%	81%
Debt securities	18%	18%
Cash and receivables	1%	1%

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12. Past Service Pension Liabilities (continued)

<u>B. Change in defined benefit obligation</u>	Year ended 31 December 2023	Year ended 31 December 2022
	\$000	\$000
Liability at the beginning of the year	4,848	5,929
Defined benefit cost included in net operating profit	462	283
Benefit payments from plan assets	(636)	-
Transfer between other participating employers	(476)	-
Remeasurement included in other comprehensive income	(257)	(1,425)
Participant contributions	52	61
Liability at the end of the year	3,993	4,848
	Year ended 31 December 2023	Year ended 31 December 2022
	\$000	\$000
<u>C. Defined benefit obligation by participant type</u>		
a. Actives	3,347	4,661
b. Vested deferreds	646	187
c. Retirees	-	-
Total	3,993	4,848
	Year ended 31 December 2023	Year ended 31 December 2022
	\$000	\$000
<u>D. Change in fair value</u>		
Fair value plan assets at beginning of year	4,108	4,762
Interest income included in net operating profit	226	129
Return on plan assets included in other comprehensive income	485	(985)
<u>Cash flows</u>		
Benefit payments from plan assets	(636)	-
Transfer between other participating employers	(476)	-
Employer contributions	106	141
Participant contributions	52	61
Fair value plan assets at end of year	3,865	4,108
	Year ended 31 December 2023	Year ended 31 December 2022
	\$000	\$000
<u>D. Sensitivity analysis on the defined benefit obligation:</u>		
1. Discount rate		
a. Discount rate - 25 basis points	4,160	5,035
b. Discount rate + 25 basis points	3,835	4,671
2. Inflation rate		
a. Inflation rate - 25 basis points	3,823	4,664
b. Inflation rate + 25 basis points	4,173	5,042
3. Mortality		
a. Mortality - 10% of current rates	4,068	4,936
b. Mortality + 10% of current rates	3,923	4,766

MARITIME AUTHORITY OF THE CAYMAN ISLANDS
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12. Past Service Pension Liabilities (continued)

E. Expected cash flow for the following year:	Year ended 31 December 2023	Year ended 31 December 2022
	\$000	\$000
Expected employer contributions	93	154

F. Significant actuarial assumptions applicable to the defined benefit obligation:

	Year ended 31 December 2023	Year ended 31 December 2022
Weighted-average assumptions to determine benefit obligations		
1. Discount rate	5.15%	5.40%
2. Rate of salary increase	4% in 2024 and 3.7% thereafter	5% in 2023, 4% in 2024 and 3.7% thereafter
3. Rate of price inflation	2.5% in 2024, 2.4% in 2025 and 2% thereafter	4% in 2023, 2.4% in 2024 and 2% thereafter
4. Rate of pension increases	2.5% in 2024, 2.4% in 2025 and 2% thereafter	4% in 2023, 2.4% in 2024 and 2% thereafter
5. Post-retirement mortality table	100% RP-2014 generationally using Scale MP-2021	100% RP-2014 generationally using Scale MP-2021
6. Cost Method	Projected Unit Credit	Projected Unit Credit
7. Asset valuation method	Market Value	Market Value

Weighted-average assumptions to determine defined benefit cost

1. Effective rate for net interest cost	5.35%	2.65%
2. Effective discount rate for service cost	5.35%	2.95%
3. Effective rate for interest on service cost	5.40%	2.85%
4. Rate of salary increase	5% in 2023, 4% in 2024 and 3.7% thereafter	2.50%
5. Rate of price inflation	4% in 2023, 2.4% in 2024 and 2% thereafter	2.00%
6. Rate of pension increases	4% in 2023, 2.4% in 2024 and 2% thereafter	2.00%
7. Mortality assumption	100% RP-2014 generationally using Scale MP-2021	100% RP-2014 generationally using Scale MP-2021

MARITIME AUTHORITY OF THE CAYMAN ISLANDS
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12. Past Service Pension Liabilities (continued)

Age	<i>Turnover Rates at sample ages:</i>		<i>Retirement Rates:</i>	
	31 December 2023 and 2022		31 December 2023 and 2022	
	Males	Females	Age	Rate
20	7.50%	12.50%	Below 55	0%
25	5.00%	12.50%	55 - 59	8%
30	3.50%	7.50%	60-64	15%
35	2.50%	4.50%	65	100%
40	1.50%	2.50%		
45	0.50%	5.00%		
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 tables above. The mortality assumption was updated to make allowance for future mortality improvements. In addition, the mortality improvement scale has been updated from Scale AA to Scale BB. These are the same assumptions as approved by the PSPB for use in the January 1, 2019 funding valuation of the Plan.

13. Post retirement Health Insurance Obligation

The Authority recognizes 100% of the employees' post-retirement healthcare benefits liability earned to date to qualified participants. To be eligible for post-retirement healthcare program, an employee must meet the following criteria:

- MACI's transition period – for participants who transferred from CIG to MACI on 1 July 2005, retirement age is 60 (2022: 60) with 10 years of continued service.
- For the remaining participants - retirement age is 65 (2022: 65) with 10-30 years of continued service at time of retirement at MACI.

As of 31 December 2023, the number of active employees entitled to the above healthcare plan was 25 (2022: 25) plus 4 retired (2022: 4). The premiums for this health insurance coverage are paid for by the Authority for eligible retirees until the end of their lives. This coverage falls within the definition of a defined benefit and as such, represents a future liability.

The Authority is required to use the actuarial valuation method to determine the present value of its post- retirement healthcare obligations for former employees as well as future retirees and the related current service costs. The most recent actuarial valuation for IAS 19 reporting was conducted in March 2024 using data as at 31 December 2023.

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13. Post retirement Health Insurance Obligation (continued)

The Authority is required to use the actuarial valuation method to determine the present value of its post- retirement healthcare obligations for former employees as well as future retirees and the related current service costs. The most recent actuarial valuation for IAS 19 reporting was conducted in March 2024 using data as at 31 December 2023.

<u>A. Healthcare Expense and Reconciliation of Post-retirement Healthcare Liability</u>	Year ended 31 December 2023	Year ended 31 December 2022
	<u>\$000</u>	<u>\$000</u>
Amounts recognized in the statement of financial position:		
Post-retirement healthcare obligation	4,807	4,243
Fair value of plan assets	-	-
Net defined benefit asset at end of year	<u>4,807</u>	<u>4,243</u>
Roll forward of Post-retirement Healthcare Liability		
Liability at the beginning of the year	4,243	6,372
Defined benefit cost included in profit or loss	515	410
Effect of plan amendment	-	(1,562)
Remeasurement included in other comprehensive income	71	(954)
Benefit payments	(22)	(23)
Liability at end of year	<u>4,807</u>	<u>4,243</u>
Employer contributions to plan assets were in the form of direct benefit payments to retired members amounting to \$22,000 (2022: \$23,000).		
Components of defined benefit cost for the year		
Current service cost	290	276
Total net interest cost	225	134
Retirement age change	-	(1,562)
Defined benefit cost included in net operating profit	<u>515</u>	<u>(1,152)</u>
Remeasurement Included in OCI:		
Demographic assumptions change	(5)	738
Financial assumptions change	149	(1,672)
Plan experience	(73)	(20)
Total remeasurement included in OCI	<u>71</u>	<u>(954)</u>
<u>B. Defined benefit obligation by participant status</u>	Year ended 31 December 2023	Year ended 31 December 2022
	<u>\$000</u>	<u>\$000</u>
a. Actives	2,706	2,379
b. Vested deferreds	-	-
c. Retirees	2,101	1,864
Total	<u>4,807</u>	<u>4,243</u>

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13. Post-retirement Health Insurance Obligation (continued)

C. Significant actuarial assumptions:	Year ended 31 December 2023	Year ended 31 December 2022
Weighted-average assumptions to determine benefit obligations		
1. Discount rate	5.15%	5.35%
2. Immediate trend rate	5.19%	5.28%
3. Ultimate trend rate	4.00%	4.00%
4. Year rate reaches ultimate trend rate	2045	2045
	RP-2014 projected using Scale MP-2021	RP-2014 projected using Scale MP-2021
5. Mortality assumption		
Weighted-average assumptions to determine defined benefit cost		
6. Effective discount rate	5.35%	2.95%
7. Effective rate for interest cost	5.35%	2.83%
8. Effective discount for service cost	5.25%	2.95%
9. Effective rate for interest on service cost	5.30%	2.98%
Healthcare costs		
10. Immediate trend rate	5.28%	5.28%
11. Ultimate trend rate	4.00%	4.00%
12. Year rate reaches ultimate trend rate	2045	2045
	RP-2014 projected using Scale MP-2021	RP-2014 projected using Scale MP-2021
13. Mortality table		
D. Sensitivity analysis on defined benefit obligation:	Year ended 31 December 2023	Year ended 31 December 2022
	<u>\$000</u>	<u>\$000</u>
1. Discount rate		
a. Discount rate - 25 basis points	195	173
b. Discount rate + 25 basis points	(185)	(164)
2. Health care cost trend rates		
a. Health care cost trend rates - 100 basis points	(516)	(473)
b. Health care cost trend rates + 100 basis points	592	547
3. Mortality		
a. Mortality + 10% of current rates	(156)	(135)
E. Expected cash flow for the following year:	Year ended 31 December 2023	Year ended 31 December 2022
	<u>\$000</u>	<u>\$000</u>
Expected employer contributions	96	89
Expected total benefit payments: Year 1	96	89
Expected total benefit payments: Year 2	109	97
Expected total benefit payments: Year 3	127	109
Expected total benefit payments: Year 4	144	128
Expected total benefit payments: Year 5	169	144
Expected total benefit payments: Next 5 years	1,255	1,083

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14. Contributed Capital

The Authority's contributed capital represents cumulative funds injected by the Cayman Islands Government. The authorised capital of MACI as at 31 December 2023 is \$1,500,000 (2022: \$1,500,000) and CIG is the sole subscriber. The Cabinet of the CIG has fulfilled its commitment of contributed capital to MACI of the required \$1,500,000, having contributed all capital injections to date.

15. Revenue from Contracts with Customers

MACI has four main revenues streams as follows:

	<u>Year ended</u> <u>31 December 2023</u>	<u>Year ended</u> <u>31 December 2022</u>
Revenue		
Sales of goods and services	\$ 9,522,001	\$ 8,270,254
Annual tonnage fees	1,939,718	2,017,702
Other operating revenue	491,637	663,560
Sales of goods & services - CIG	348,014	258,854
Total revenue	<u>\$ 12,301,370</u>	<u>\$ 11,210,370</u>

A. Sales of goods and services

	<u>Year ended</u> <u>31 December 2023</u>	<u>Year ended</u> <u>31 December 2022</u>
Safety and surveyor fees	\$ 6,976,641	\$ 5,844,031
Technical compliance fees	1,071,371	1,027,300
Vessel registration fees	1,232,583	947,187
Safety and surveyor recoverable fees	241,406	451,736
Total sales of goods and services	<u>\$ 9,522,001</u>	<u>\$ 8,270,254</u>

i. Safety and surveyor fees

As a Category 1 British Registry, the Cayman Islands is authorised to certify all sizes and types of vessels. The survey and audit certification requirements for Cayman-registered ships are based on international conventions which are given effect through Cayman legislation.

Additionally, these survey and audit requirements are also guided by policies and procedures agreed among the members of the British Registers.

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15. Revenue from Contracts with Customers (continued)

A. Sales of goods and services (continued)

ii. Safety and surveyor recoverable fees

Safety and survey recoverable fees and expenses are covered in Shipping Notice No. 01/2018 (effective 1 March 2018), section 5.1. Where a fee is determined by the amount of work involved, the amount to be charged shall be calculated by taking into account the amount of time spent, both in office and out of office, on the service, or other relevant activity, including, where applicable:

- Travelling time between the office and the location of or a localised base for a ship or shore establishment involved, subject to a maximum charge of sixteen hours for any one visit;
- The cost of return transport between the office and the location of the ship or shore establishment involved and any costs incidental thereto;
- The cost of local travel between a localised base and the ship or shore establishment involved;
- The cost of accommodation and subsistence for the persons undertaking the work; and
- Any additional costs incurred in relation to the work involved, including reasonable out of pocket expenses.

iii. Technical compliance fees

These services include the below:

- Endorsements - Crew members of Cayman-registered vessels may hold any nationality or residency. They must be holders of certificates of competency issued by one of the countries recognised by Cayman and for which, where appropriate, MACI issues endorsements attesting to the recognition of such certificates.
- Seaman's discharge book ("SDB") – This is a seafarer's official record of service and current employment status. A bona-fide seafarer on a Cayman Islands-registered vessel, including yachts, is eligible to be issued with a Cayman SDB.
- Minimum safe manning – Cayman issues a Minimum Safe Manning Document under provisions of Chapter V (Safety of Navigation) of Safety of Life at Sea, 1974 ("SOLAS") as amended to all ships to which Chapter 1 of SOLAS applies. This ensures that all vessels are sufficiently, efficiently and safely manned with properly trained and certified personnel.

iv. Vessel registration fees

MACI offers five types of vessel registration: full, interim, provisional, under construction and demise (bareboat) charter. MACI also offers several vessel ownership structures, ranging from individual ownership through to a choice of corporate ownership options.

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15. Revenue from Contracts with Customers (continued)

B. Annual tonnage fees

Annual tonnage fees were as follows:

	<u>Year ended</u> <u>31 December 2023</u>	<u>Year ended 31</u> <u>December 2022</u>
Flag state compliance fee	\$ 389,910	\$ 419,082
Tonnage fees - ships	378,246	409,569
Tonnage fees - yachts	1,161,927	1,178,541
Tonnage fees - local vessels	9,635	10,510
Total annual fees	\$ 1,939,718	\$ 2,017,702

The term 'tonnage' relates to the internal volume of the ship. As a measure of the cargo-carrying capacity, it relates directly to the earning capacity of the ship and accordingly port dues are charged according to the tonnage. Based on the same principle, the Authority collects an annual fee based on the tonnage of the ship.

C. Other operating revenue

Other operating revenue relates to revenue earned from various sources are summarised in the table below:

	<u>Year ended 31</u> <u>December 2023</u>	<u>Year ended 31</u> <u>December 2022</u>
Professional service fees	\$ 278,902	\$ 421,754
Vessel books and products	93,437	97,385
(Loss)/gain on foreign exchange	(11,554)	73,972
Communication and courier fees	32,829	38,753
Other fees (including 1% late fee)	135,726	45,297
Revenue refunds and reversals	(37,901)	(14,123)
Gain on sale of assets	198	522
Total other operating revenue	\$ 491,637	\$ 663,560

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15. Revenue from Contracts with Customers (continued)

D. Sales of goods and services - Cayman Islands Government

MACI operates on a fee for service basis with the CIG. The annual purchase agreement sets out the service which the Authority agrees to deliver to CIG based on quantity, quality, location and cost of services. These fees form part of the overall Authority revenue stream which equates to 2.8% for the year ended 31 December 2023 (2022: 2.3%). The full amount of the purchase agreement is treated as income in the year which it is earned.

During this financial year, the outputs to be delivered by MACI and purchased by CIG were valued at \$332,633 (2022: \$332,633) and the Authority provided services for a value of \$348,014 (2022: \$258,854). An amount of \$Nil (2022: \$16,006) was written off (from 'Policy Advice to Cabinet' output) for services provided in excess of the agreement.

	<u>Year ended</u> <u>31 December 2023</u>	<u>Year ended</u> <u>31 December 2022</u>
Policy advice to CIG	\$ 348,014	\$ 258,854
Provision of technical advice and support to CIG	-	-
Total sales of goods and services to CIG	\$ 348,014	\$ 258,854

Contract balances

The following table provides information about receivables and unearned revenues from contracts with customers as of 31 December 2023 and 2022.

	<u>Year ended</u> <u>31 December 2023</u>	<u>Year ended</u> <u>31 December 2022</u>
Gross trade receivables (Note 6)	1,122,128	1,198,770
Unearned revenues	754,706	571,823

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16. Personnel Costs

	Year ended 31 December 2023	Year ended 31 December 2022
Salaries and wages	\$ 3,230,029	\$ 3,295,552
Defined benefit post-retirement healthcare cost	515,000	410,000
Healthcare insurance expense	308,214	362,649
Other personnel costs	331,826	302,560
Other pension expenses	165,300	170,116
Employee performance reward programme	490,000	210,237
Defined benefit pension cost	236,000	154,000
Movement in annual leave provision	10,634	3,511
Total personnel cost	\$ 5,287,003	\$ 4,908,625

17. Professional Services

	Year ended 31 December 2023	Year ended 31 December 2022
Professional fees - surveys	\$ 1,618,150	\$ 1,419,809
Professional fees - consultants	1,257,071	1,272,500
Other professional costs	96,582	121,370
Total professional services	\$ 2,971,803	\$ 2,813,679

18. Other Expenses

	Year ended 31 December 2023	Year ended 31 December 2022
Maintenance	\$ 537,542	\$ 671,038
General and administration services	861,869	599,867
Bank fees	156,679	144,823
Insurance	41,951	51,473
Finance charges	18,854	1,641
Total other expense	\$ 1,616,895	\$ 1,468,842

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19. Leases

During the year ended 31 December 2023, the Authority entered into a five-year lease for its Grand Cayman office. The lease includes a five-year extension, which has not been included in the initial recognition of the lease liability and right-of-use asset as it was not reasonably certain the extension option would be exercised.

During the year ended 31 December 2022, the Authority entered into a ten-year lease agreement for its Southampton office, in the United Kingdom.

Set out below is the carrying amount of the right-of-use assets and the movements during the years ended 31 December 2023 and 2022:

	Year ended 31 December 2023	Year ended 31 December 2022
Beginning balance	\$ 145,787	\$ 55,479
Disposals in the year	-	(10,167)
Additions in the year	463,923	149,565
Depreciation	(108,318)	(49,090)
Closing balance	\$ 501,392	\$ 145,787

Set out below are the carrying amounts of the lease liabilities and the movements during the years ended 31 December 2023 and 2022:

	Year ended 31 December 2023	Year ended 31 December 2022
Beginning balance	\$ 149,228	\$ 45,834
Additions in the year	463,923	149,565
Interest expense	18,853	1,641
Lease payments	(87,279)	(47,812)
Ending balance	544,725	149,228
Less: current portion	(105,298)	(13,970)
Non-current portion	\$ 439,427	\$ 135,258

The maturity analysis (contractual undiscounted cash flows) of the lease liabilities is disclosed below. Undiscounted cash flows for the Southampton office are payable in GBP and are translated into KYD at the year-end spot rate of 1.03 at 31 December 2023 (2022: 0.99).

	Year ended 31 December 2023	Year ended 31 December 2022
Within one year	\$ 120,444	\$ 18,939
One to five years	368,347	75,757
More than five years	62,197	83,649
Total	\$ 550,988	\$ 178,345

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19. Leases (continued)

The total amount expensed directly to the statement of comprehensive income from leases that are not recognised in accordance with the exemptions of IFRS 16 is summarized below:

	Year ended <u>31 December 2023</u>	Year ended <u>31 December 2022</u>
Lease of sites or buildings	\$ 210,895	\$ 255,869
Utilities and communication costs	72,279	72,128
Lease of equipment (I&T)	<u>2,669</u>	<u>31,276</u>
Total operating lease and utilities	\$ <u>285,843</u>	\$ <u>359,273</u>

20. Client Development & Retention (formerly Travel, Entertainment and Business Development)

In order to maintain and promote the flags services amongst our competitors, MACI participates in various business development industry events, including exhibits at major shipping shows/conferences and participates in various forums. In the global maritime industry, to maintain good client relations, various follow-up and site meetings are required.

	Year ended <u>31 December 2023</u>	Year ended <u>31 December 2022</u>
Business development	\$ 355,125	\$ 272,049
Official travel	243,183	185,502
Entertainment	<u>81,778</u>	<u>58,437</u>
Total client development & retention	\$ <u>680,086</u>	\$ <u>515,988</u>

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21. Related Party Transactions

a. Individuals with significant influence

The Board of Directors (“Board”) of MACI is appointed by the Governor and Cabinet and consists of the Chief Executive Officer (“CEO”), Secretary to the Board as ex-officio members, and Seven (2022: Seven) directors as at 31 December 2023. The fees of \$26,002 (2022: \$34,181) included in other expenses in the statement of comprehensive income relates to payments made to the Directors and Secretary to the Board.

	Year ended 31 December 2023	Year ended 31 December 2022
Directors’ fees	\$ 14,188	\$ 12,000
Directors’ travel, accommodation & meals	11,814	22,181
Total directors expenses	\$ 26,002	\$ 34,181

For the purpose of IAS 24 disclosure, the following are significant related party transactions:

- i. An employee of MACI is a close family member to a Director of MACI’s Board. This employee has been employed by MACI for a number of years, whereas the Director’s appointment was more recent. The employee earns an approved MACI annual salary and has no decision-making authority.

Apart from the disclosed information, there are no other significant related party transactions.

For the purpose of IAS 24 disclosure, the CEO is included in the number and cost of the Executive Management Team. The total number of personnel in the Executive Management Team for the year ended 31 December 2023 was 4 (2022: 4) and salaries and other short-term benefits expensed were \$835,489 (2022: \$836,387) and 3 (2022: 3) of the executives participated in the long-term benefits obligation.

b. Entities with common control

The following Government department/entities provided services to MACI during 2023 and 2022 with amounts being expensed:

	Year ended 31 December 2023	Year ended 31 December 2022
i. Treasury Department	\$ 15,182	\$ 338,591
ii. University College of the Cayman Islands	1,970	660
iii. Cayman Islands Government London office	129,225	117,110
iv. Computer Services Department (post-election July 2017 onwards)	77,368	157,918
v. Ministry of Employment and Border Control (formerly Immigration Department)	32,729	31,423
vii. Counselling Services Department	460	-
viii. Public Service Pensions Board (post-election July 2017 onwards)	215,228	311,103
ix. Office of the Auditor General	9,675	7,000
xii. Portfolio of the Civil Service Administration	455	420

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21. Related Party Transactions (continued)

	<u>Year ended</u> <u>31 December 2023</u>	<u>Year ended</u> <u>31 December 2022</u>
xiii. Postal Service	250	250
xiv. National Gallery of the Cayman Islands	7,800	-
xv. West Indian Tonnage	-	443
xvi. Amounts due from Cayman Islands Government	1,534	8,278
xvii. Risk Management Unit	6,910	77,546
xviii. Cayman Islands Development Bank	4,224	4,608

Under the Policy for the Payment of Annual Dividends by Statutory Authorities and Government Companies, the Authority is required to assess whether a dividend is payable to the Ministry of Finance & Economic Development on an annual basis. For the year ended 31 December 2023, management have concluded that a dividend is payable in the amount of \$628,753 (2022: \$Nil).

22. Financial Instruments

MACI's operating activities expose it to various types of financial risks that are associated with the financial instruments it holds. These financial risks include credit and counterparty risk, liquidity risk, fair value and market risk (including currency risk and interest rate risk). The Authority's overall risk management program focuses on minimising potential adverse effects on the Authority's operations resulting from these financial risks. The exposure to, and management of these risks are summarized below.

a. Credit and counterparty risk

Credit and counterparty risk is that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments which potentially expose MACI to credit risk consist primarily of cash and cash equivalents, fixed deposit, and trade receivables.

Trade receivables and contract assets

MACI's trade receivables do not contain any financing components. In accordance with IFRS 9, MACI calculates impairment allowances based on default rates.

MACI's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

MACI does not require collateral in respect of trade receivables. MACI does not have trade receivable and contract assets for which no loss allowance is recognized because of collateral.

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22. Financial Instruments (continued)

a. Credit and counterparty risk (continued)

Trade receivables and contract assets (continued)

MACI limits its exposure to credit risk from trade receivables by establishing a maximum payment period of three months. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including their geographic location, industry, trading history with the Authority and existence of previous financial difficulties.

The Authority's policy is to provide for an allowance for credit losses based on expected credit losses on both the total trade receivables balance as well as specifically identified outstanding trade receivables based on the age and assessed collectability of receivables.

Expected credit loss assessment

MACI uses an allowance matrix to measure the ECLs of trade receivables from individual customers. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2023 and 2022.

Age of accounts receivable	% Loss	<u>31 December 2023</u>	% Loss	<u>31 December 2022</u>
Current	2%	354,564	3%	\$ 698,780
31-60 days past due	4%	320,527	7%	289,724
61-90 days past due	10%	149,019	14%	38,685
Over 91 days past due	18%	298,018	24%	171,581
Total		<u>\$ 1,122,128</u>		<u>\$ 1,198,770</u>

Loss rates are based on actual credit loss experience over the past year. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and MACI's view of economic conditions over the expected lives of the receivables.

The movement in the allowance for doubtful debts in respect of trade receivables and contract assets during the year was as follows:

<u>Movement in allowance for credit losses</u>	<u>31 December 2023</u>	<u>31 December 2022</u>
Balance at beginning of year	\$ 66,875	\$ 66,875
Impairment losses recognised on receivables	73,157	57,769
Amounts written off as uncollectible	(73,157)	(57,769)
Balance at end of year	<u>\$ 66,875</u>	<u>\$ 66,875</u>

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22. Financial Instruments (continued)

a. Credit and counterparty risk (continued)

Cash and cash equivalents and fixed deposit

MACI mitigates its exposure to credit risk by placing cash with major international institutions.

MACI considers that its cash and cash equivalents and fixed deposit have low credit risk based on the external credit ratings of its counterparties and therefore management has not recorded an allowance for expected credit losses on the financials assets.

b. Liquidity risk

Liquidity risk is the risk that MACI will encounter difficulty in meeting obligations associated with financial liabilities.

MACI's primary financial liabilities are accounts payable, past service pension liabilities, post-retirement healthcare liabilities and casualty investigation liabilities. MACI monitors current assets and liabilities to ensure that it has sufficient liquid assets to be able to meet its future expected cash outflows.

c. Fair Value

The carrying amount of financial assets and financial liabilities held by MACI approximated their fair value as at 31 December 2023 and 2022 due to the short term maturities of these assets and liabilities. The fair value of these assets and liabilities are not materially different from the carrying amounts.

d. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk for MACI comprises two types of risk: currency risk and interest rate risk. The Authority is not exposed to any other market risks.

i. Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. MACI receives revenue in Euro, GBP, USD and KYD. Expenses are also paid in GBP, USD and KYD. The exchange rate between KYD and USD is fixed. However, since the exchange rates are variable between KYD, the Euro, and GBP, the Authority is exposed to foreign currency risk. The impact of any fluctuation of foreign currencies would not have a material effect on MACI's net income and comprehensive income. As such, no currency risk sensitivity analysis has been prepared.

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22. Financial Instruments (continued)

d. Market risk (continued)

i. Interest rate risk

The Authority is exposed to interest rate risk primarily on its fixed deposit and its defined benefit retirement obligations. A change in interest rates will effect the amount of interest income the Authority earns on its fixed deposit. Management does not consider this to present a significant risk in the short term as it is held on fixed rate of interest over a 12-month term.

Changes in interest rates will impact on the defined benefit retirement obligations effecting the fair value of defined benefit pension scheme assets and interest income, as well as the interest expense charged in the year on the defined benefit retirement obligations. The impact of changes in interest rates on the defined benefit retirement obligations is presented in Note 12 and Note 13 to the financial statements.

The nature of the Authority's exposures to interest rate risk and its objectives, policies and processes for managing interest rate risk have not changed significantly from the prior year.

23. Subsequent Events

Management has evaluated subsequent events through 14 February 2025, the date the financial statements were available to be issued and have determined that no other subsequent events have occurred that would require recognition or additional disclosures in these financial statements, except for below.