



# ANNUAL REPORT



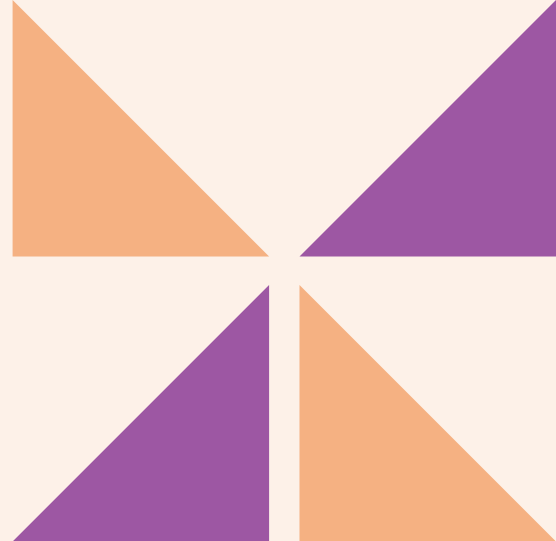
# ABOUT THIS REPORT

This Annual Report is for the Utility Regulation and Competition Office (the 'Office' or 'OfReg'). The report outlines OfReg's performance during the period from January 1, 2024 to December 31, 2024 and compares it to the budgeted performance for the corresponding year.

**The Requirement for an Annual Report is prescribed under section 43 of the Utility Regulation and Competition Act (2024 Revision). Section 43 states:**

1. The Office shall submit annually to the Cabinet, not later than four months following the end of the financial year, a report on its activities, performance and transactions during the previous financial year, together with audited accounts including a balance sheet and income and expenditure accounts as at the close of the previous financial year.
2. The annual report shall
  - a) outline the Office's financial performance against its budget;
  - b) include a detailed report of the Office's performance against the key performance indicators published in the previous year's annual plan;
  - c) include a detailed report of the performance of the sectoral utilities; and
  - d) set out the key activities carried out during the previous financial year, whether or not envisaged in the previous year's annual plan.
3. The report and accounts under subsection (1) shall be laid on the table of the Cayman Islands Parliament by the Minister not later than six months following the end of the financial year.

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**For more information please contact:**

**OFREG**

PO Box 10189  
Grand Cayman KY1-1002  
Cayman Islands

info@ofreg.ky  
P: +1 (345) 946 4282  
F: +1 (345) 945 8284

# MESSAGE FROM THE CHAIRMAN

“ I remain deeply committed to ensuring that the Board maintains its strategic focus on protecting the Cayman Islands’ critical national utility infrastructure and promoting the well-being of all consumers.





It is my honour to present the Utility Regulation and Competition Office's Annual Report for 2024. This report captures the Office's significant progress, the challenges faced, and the foundation laid for a stronger, more resilient regulatory body.

2024 was a year of strategic transition and institutional strengthening. Following the departure of the former Interim Chief Executive Officer, Mr. Peter Gough, in June 2024, the Board appointed Mr. Sonji Myles as Interim CEO. Under his stewardship, the Office has continued to make progress in advancing its regulatory mandate while stabilising internal operations. I commend Mr. Myles for stepping into the role with confidence and clarity of purpose.

During this period, we undertook a focused restructuring exercise that has led to the successful recruitment of key executive roles, including the Executive Director of Energy and the Chief Fuels Inspector. These appointments significantly enhance the Office's leadership capacity and technical capability, particularly as we implement increasingly complex regulatory initiatives across sectors.

As Chairman, I remain deeply committed to ensuring that the Board maintains its strategic focus on protecting the Cayman Islands' critical national utility infrastructure and promoting the well-being of all consumers. Despite operating with fewer directors for part of the year, my fellow Board members demonstrated exceptional dedication and professionalism. Their thoughtful contributions and support have been instrumental in maintaining oversight continuity and governance integrity.

Throughout the year, the Office made notable regulatory advances. In the energy sector, we released additional capacity under the CORE and DER programmes, approved major capital investments for CUC, and launched procurement for a 23 MW

utility-scale solar and battery project. The Office also finalised the Value of Solar Study and commenced work on Consumer Protection Regulations. In the fuels sector, we established the national standard for E85, expanded fuel quality testing, and launched consumer-facing initiatives, such as online publication of retail prices. In the ICT sector, we enforced compliance with licence obligations, issued administrative fines for non-compliance, advanced spectrum management, and initiated consultations for licensing satellite-based telecommunications providers. And in the water sector, we made strides toward finalising key licenses and prepared the necessary regulatory frameworks to safeguard consumer interests and infrastructure resilience.

OfReg's success is driven by its people. I continue to be impressed by the expertise and commitment of the staff, who have worked diligently under the leadership of the Interim CEO to meet our strategic goals. The Board is committed to supporting staff development, improving workplace conditions, and ensuring the Office is positioned as an employer of choice.

In closing, I extend sincere appreciation to our stakeholders, licensees, and the public for their continued confidence in the Office. Together, we have achieved meaningful progress and laid the groundwork for future growth. With renewed leadership, a strengthened organisational structure, and an unwavering commitment to public service, I am confident that OfReg will continue to deliver regulatory excellence and safeguard the long-term interests of the Cayman Islands.

**Mr Samuel Jackson**

*Chairman of the Board of Directors*

# MESSAGE FROM THE INTERIM CHIEF EXECUTIVE OFFICER

“ I remain deeply grateful for the dedication of our staff, the leadership of our Board, and the continued trust of stakeholders. 2024 marked not only progress but a turning point- positioning OfReg as a regulator that is modernising and reforming in the public interest.



The year 2024 was a transformative period in OfReg's journey as the Cayman Islands' multi-sector regulator. Against the backdrop of global economic uncertainty, energy market volatility, and the lingering effects of the pandemic, we accelerated the delivery of our regulatory agenda with renewed focus and purpose. These pressures only underscored the critical importance of our mandate: ensuring that utility services remain resilient, transparent, and fair in the public interest.

Throughout the year, we advanced regulatory activity across all sectors under our remit, placing consumers firmly at the centre of our work.

In energy, we approved CUC's 2024–2028 Capital Investment Plan, ensuring critical investments are aligned with regulatory standards. We protected consumers by rejecting CUC's rate-balancing proposal, which would have raised residential electricity costs, while at the same time advancing renewable energy access. Additional capacity was released under the CORE and DER programmes, with tariff stability preserved for small-scale solar PV users. We also progressed the 23MW renewable energy solicitation, reaffirming our commitment to sustainable, affordable, and resilient energy.

In the fuels sector, we finalised standards for E85 ethanol-blended fuel and expanded deployment of analysers under a formal quality-assurance programme. For the first time, consumers gained real-time access to retail fuel prices via our website, increasing transparency and trust. We also launched a pilot project with a major wholesaler to strengthen regulatory oversight of pricing, and advanced new guidelines on ISO-container storage. Work on the National Fuel Quality Standards is now nearing completion, with implementation scheduled for 2025.

In ICT, 2024 was a year of significant reform and enforcement. We pursued infrastructure-sharing disputes, brought licensees into compliance on spectrum use, and strengthened monitoring and

enforcement. OfReg supported the annual BSIDES cybersecurity conference, reinforcing our role in regional collaboration and knowledge sharing. We also represented the Cayman Islands in key international forums, ensuring that our regulatory voice is heard in shaping the global digital agenda.

Equally important were the reforms within OfReg itself. We modernised our organisational structure, recruited subject-matter experts into critical posts, including Executive Director of Energy, Chief Fuels Inspector, Director of Economics and Regulatory Affairs, and Head of HR and Operations and reinforced accountability and governance. Despite ongoing recruitment and operational challenges, we are building a stronger, more capable organisation with clearer direction, improved teamwork, and a sharper focus on delivering high-impact regulation.

As Interim CEO, I remain deeply grateful for the dedication of our staff, the leadership of our Board, and the continued trust of stakeholders. 2024 marked not only progress but a turning point—positioning OfReg as a regulator that is modernising and reforming in the public interest.

Looking forward, 2025 will be about resilience, innovation, and trust. We will build on the momentum of 2024 to deliver stronger, smarter, and more responsive regulation that meets the evolving needs of the Cayman Islands. By keeping consumers at the heart of every decision, safeguarding fairness, and embracing forward-looking solutions, OfReg is charting a path of regulatory excellence that protects today while preparing for tomorrow.

**Sonji Myles**

*Interim Chief Executive Officer*

# INTRODUCTION

This is the 2024 Annual Report for the Utility Regulation and Competition Office (the 'Office' or 'OfReg') for the period 1 January 2024 to 31 December 2024. This report is submitted in accordance with the reporting requirements of section 52 of the Public Management and Finance Act (as revised) (the 'PMFA') and section 43 of the Utility Regulation and Competition Act (as revised) (the 'URC Act').

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



## Vision

Vision statement: “Fair Regulation for Consumers & Industry”.

## Mission

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

### To achieve this the Office will:

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





# ABOUT US

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

The Office is guided by the necessity to balance the needs of consumers, investors, and sectoral utilities. In doing its work it must recognise the importance of a fair return to investors, whilst also ensuring that the operating environment is fair for all sectoral providers and protecting the interests of consumers.

The Office is statutorily obligated to promote and be guided by the National Energy Policy ('NEP').

The below table presents the number of licensees and authorised permit holders regulated by the Office as of 31 December 2024:

| Sector  |                                                                                    | Total |
|---------|------------------------------------------------------------------------------------|-------|
| Energy  |                                                                                    | 3     |
| Fuels   |                                                                                    |       |
| -       | Importers                                                                          | 10    |
| -       | Retail (Gas Stations & Marinas)                                                    | 30    |
| -       | Residential                                                                        | 77    |
| -       | Commercial                                                                         | 228   |
| -       | Government                                                                         | 61    |
| -       | Vehicles                                                                           | 95    |
| -       | Pipelines                                                                          | 5     |
| ICT     |                                                                                    |       |
| -       | Mobile Voice                                                                       | 4     |
| -       | Fixed Voice                                                                        | 4     |
| -       | Subscription TV                                                                    | 4     |
| -       | Public Service TV                                                                  | 4     |
| -       | Internet Service Providers ('ISPs')                                                | 5     |
| -       | Infrastructure Service (Including Towers, Poles, Domestic and International Fibre) | 9     |
| -       | Spectrum                                                                           | 46    |
| -       | Internet Peering Service                                                           | 1     |
| -       | Transmitters                                                                       | 2,160 |
| Water** |                                                                                    | 2     |

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

# Governance

## URC Act

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

## Board of Directors

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

There are four Executive Directors, which includes the Chief Executive Officer, Executive Director of Information, Executive Director of Energy, and the Chief Fuels Inspector & Director Fuels Market. However, only the Chief Executive Officer is a member of the Board (non-voting) after an amendment to the URC Act in 2022.

In 2024, the Board of Directors met 15 times during the year. The Board considered and took decisions on a wide range of issues relating to the sectors under its remit, and on organisational policy and governance matters. In 2024, the Cabinet of the Cayman Islands Government ('the Cabinet') re-appointed Mr. Frank

Balderamos as a Non-Executive Directors ('NED'). In June and July 2024 respectively, Ms. Stacy-Ann Kelly and Ms. Alvis "Bonnie" Anglin resigned as NEDs from the Board.

## Committees

In 2024, multiple meetings were held by the Office's Innovation, Water, Energy, Remuneration and Human Resource Committee, Risk and Audit Committees. The committees report to the Board of Directors providing guidance and recommendations on various regulatory and administrative matters throughout the year.

A new Entity Procurement Committee was established to facilitate oversight of procurement activities and ensure adherence to procurement regulations and policies.

## Codes of Conduct and Internal Policies

In 2024, the Office approved the IT & Security Strategy, which was subsequently implemented. The Office continues to develop and establish robust mechanisms to improve governance and systems of control.

## Duty to Consult

In accordance with section 7 of the URC Act, the Office is obligated to conduct public consultations prior to issuing administrative determinations which, in the reasonable opinion of the Office, are of public significance and subject to specific procedures under sectoral legislation. The following consultations and determinations were published in 2024:

### 1. OF 2024 – 1 - Final Determination on the Proposed Dispute Resolution Regulations.<sup>1</sup>

This document finalised regulations for resolving disputes between sectoral providers, aiming to ensure clarity and efficiency in the dispute resolution process.

### 2. ICT 2024 – 1- Consultation on Short Range Licence Exempt Devices.<sup>2</sup>

This consultation sought input on proposed changes to the regulations governing short-range devices that are exempt from licensing, addressing technological advancements and spectrum management.

### 3. FS 2024 – 1 – Draft Determination Fuels Quality Standards.<sup>3</sup>

This draft determination proposed comprehensive fuel quality standards for gasoline, diesel, biodiesel, and propane, aiming to ensure product safety and environmental compliance.

### 4. ICT 2024 – 1 - Determination ICT Consultation 2016-2 Part B and Part C (Updated)

This draft determination set out the Office's views and intended decisions relating following investigation into the process and charging principles of a pole infrastructure operator.

### 5. ICT 2024 – Investigation and Draft Determination – Tower Infrastructure.

This investigation and draft determination related to a tower sharing dispute between two telecommunications operators.

### 6. ICT 2024 – 2- Consultation Framework for the Licensing of Satellite Based Telecommunications Providers<sup>4</sup>

This consultation paper discussed the proposed framework for licensing satellite-based telecommunications providers, aiming to enhance connectivity and regulatory oversight.

## Duty to Publish

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

## Performance and Financial Audits

To promote transparency and accountability, Part 6 of the URC Act sets out the Office's statutory obligations for reporting performance.

1. <https://www.ofreg.ky/viewPDF/documents/2024-05-01-12-58-58-OF-2024---1---Final-Determination-Proposed-Dispute-Resolution-Regulations.pdf>

2. <https://www.ofreg.ky/viewPDF/documents/2024-05-25-10-26-22-Consultation-Paper-on-Proposed-Short-Range-Device-Regulation.pdf>

3. <https://www.ofreg.ky/viewPDF/documents/2024-08-03-09-06-09-FS-2024--1---Draft-Determination-Fuels-Quality-Standards.pdf>

4. <https://www.ofreg.ky/consultations/ict-2024-2-consultation-framework-for-the-licensing-of-satellite-based-telecommunications-providers>

Pursuant to sections 41(1)(b) and 41(3) of the URC Act, the Office shall publish an annual report (containing the audited financial statements for the financial year) and a five-year strategic plan, respectively.

In accordance with Part 6 of the URC Act, all financial statements contained in this report have been prepared in accordance with the International Public Sector Accounting Standards, audited by the Auditor General of the Cayman Islands ('Auditor General'). In accordance with Section 52 of the Public Management and Finance Act (2020 Revision), the annual report will be submitted to Cabinet for review by 30 June 2025.

Section 42 of the URC Act requires the Auditor General to report to the Board of Directors every three years, on the Office's performance against its annual plan. The Auditor General's Office concluded the three-year review of the Office's performance in June 2020. (See Management's Discussion and Analysis for more information)

## Our People

The Office comprised of a Board of Directors and 24 employees by end of December 2024.

Executive Directors are the principal sectoral advisors to the Board, while Non-Executive Directors of the Board are chosen by Cabinet and initially appointed for fixed terms of up to three years.

## Staff

On 4 June 2024, Sonji Myles was appointed by the Board as the Interim Chief Executive Officer, after bidding farewell to the former Interim Chief Executive Officer, Peter Gough in the same month.

In 2024, the Office also bid farewell to the former Financial Controller, Melissa Powery; the Executive Director of Energy, Louis Boucher; and the General Counsel, John Epp. Additionally, Mr. Christen Suckoo who was seconded to the office by the government in 2018, to act as Chief Operations Officer returned to permanent post in core government.



# Professional Development

## Internships

During 2024, OfReg continued its internship program as part of its continuing commitment to knowledge transfer, exposure and up-skilling candidates with potential for development in the sectors OfReg regulates. The Office welcomed one Caymanian student for a six-week summer internship program. The intern supported the ICT and Fuels Sector teams by assisting with inspections and undertaking research tasks in relation to various projects.

## Staff Training and Development

In 2024, our organisation continued its strong commitment to professional development by investing in a wide range of learning opportunities aimed at enhancing staff capabilities. These initiatives included attendance at international and regional conferences, specialised training programmes, academic advancement, and targeted online learning. Staff participated in several notable events and training sessions throughout the year. Training at the Public Utility Research Center (PURC) at the University of Florida strengthened our regulatory economics and infrastructure governance knowledge.

One staff member completed the Level 5 and two staff members completed Level 3 Institute of Leadership and Management (ILM) programme offered by the Cayman Islands Government, focusing on performance management, strategic planning, and communication to support stronger public sector leadership. Participation in the Caribbean Renewable Energy Forum (CREF) in Florida provided insights into

regional developments in renewable energy, while attendance at the Caribbean Spectrum Management Conference supported our work in spectrum harmonisation and emergency communications.

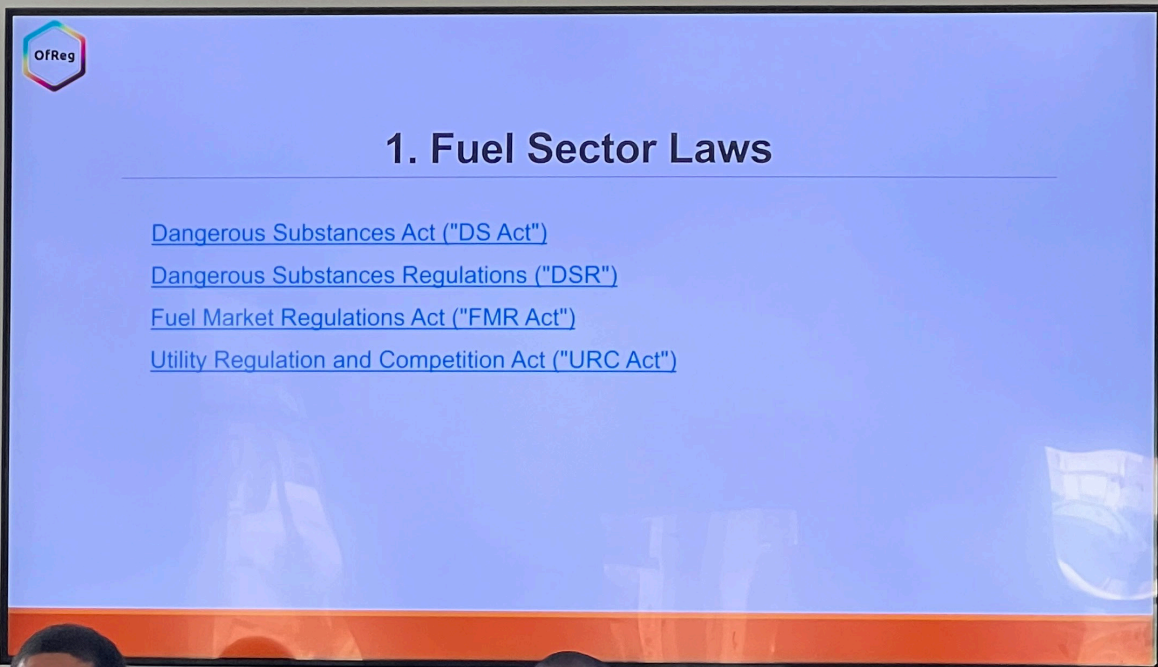
Senior leadership benefited from the Executive Digital Economy Training at Cenerva, which covered digital regulation, OTT services, and cybersecurity policy. In addition, staff undertook comprehensive safety training in Bermuda and Florida

with Groupe Prevac, focusing on petroleum and chemical safety, emergency response, and compliance.

Attendance at the Satellite Conference and Exhibition in Washington, DC, offered exposure to cutting-edge satellite technologies and global regulatory trends. Academic advancement was marked by one staff member earning a master's degree in information technology with a specialisation in Cybersecurity and Forensics from Middle Georgia State University, significantly boosting our internal cybersecurity expertise.

Further learning opportunities included on-demand online training on 5G architecture and protocols, participation in the virtual RTCM Annual Assembly and Conference to stay abreast of maritime communication standards, and completion of public procurement training to enhance efficiency and transparency in contract management. Additionally, a full-day Team Development event brought all staff together to foster cross-functional collaboration, strengthen communication, and build trust, reinforcing our shared commitment to a positive work culture and organisational success.







# MANAGEMENT'S DISCUSSION AND ANALYSIS

## THE SECTORS



**ENERGY**



**FUELS**



**ICT**



**OfReg**



**WATER**

The Office is responsible for regulating licensees and authorisation holders in the energy, fuels, ICT, and water sectors in the Cayman Islands. This section gives an update from each of the sectors during 2024.

# ENERGY



In 2024, the Utility Regulation and Competition Office (the Office) continued to fulfil its mandate of ensuring that utility services provided by Caribbean Utilities Company (CUC), Island Energy Limited (IEL), and Bodden Town Solar I Limited (BTSIL) were reliable, competitive, and align with the public's best interests. Our regulatory oversight covered a wide range of vital activities that facilitated transparency, accountability, and sustainable development within the energy sector.

## Monitoring and Oversight

The Office continued monitoring and oversight of the monopoly transmission and distribution electricity provider in the Grand Cayman service territory, Caribbean Utilities Company, Ltd. ('CUC'); the monopoly electricity provider in Cayman Brac

and Little Cayman, Island Energy Limited ('IEL'); and Bodden Town Solar I Limited ('BTSIL') an Independent Power Producer ('IPP').

Throughout the year, we closely monitored the submissions and adjustments made by CUC, IEL and BTSIL to ensure that they were made within the conditions of their licences. The Office monitored various stages of the CUC's Request for Proposal (RFP) for fuel supply vendors. Other CUC submissions included the Capital Investment Plans, capital expenditure projects, as well as adjustments related to CUC's 2023 Cost of Capital, Return on 2023 Rate Base, and 2024 Base Rate adjustment. The Office also reviewed and approved the Base Rate adjustment for IEL. These adjustments are crucial for maintaining fair pricing structures for consumers while ensuring the financial health of utility providers.



The Office reviewed CUC's submission of its Performance Standards Monitoring and Results review report, reinforcing our commitment to safeguarding service quality and regulatory compliance. The Office also commenced review of CUC's submission for Temporary Generation for an additional 15 MW to address a potential shortfall in spinning reserve capacity forecasted for 2024–2026. Additionally, the Office commenced review of CUC's Certificate of Need Submission.

Throughout the year, we also conducted a thorough review of incident reports and customer service interruptions across the three islands.

## Renewable and Efficiency Initiatives

The Office is committed to supporting the Cayman Islands National Energy Policy (2024–2045) (NEP) which outlines the Government's approach to energy sustainability, efficiency, and resilience, covering 2024–2045. The updated NEP was approved by Cabinet on 16 April 2024.

To support the objectives of the NEP the Office issued a Draft RFP for a new 22.5MW Dispatchable Photovoltaic (DPV) project to receive comments from qualified bidders, which was used to fine-tune the Final RFP to be issued in 2025.

The Office monitored various stages of the 20 MW Battery Energy Storage System project for spinning reserves capacity, which was completed and commissioned in October 2024.

To promote rooftop solar, the Office launched a “2024 CORE-Renew Programme” with the tagline “Clean Energy for Cayman Powered by You” and adjusted the Capacity Brackets and Rates to encourage uptake of the programme.

The Office also monitored various stages of the RFP conducted by CUC for a project involving Liquefied Natural Gas (LNG) supply.

Our commitment to advancing renewable energy solutions was reflected in our exploration of diverse energy sources, including solar, wind, and ocean temperature energy conversion technologies. We

renewed discussions with the Cayman Renewable Energy Association and local solar companies to further the conversation on renewable energy deployment in the Cayman Islands. Additionally, we provided updates on the Office's commitments and action items for the NEP during discussions with the Ministry of Sustainability and Climate Resiliency.

## Request to Transfer Shares Application

Another significant item addressed in 2024 was the Office's review and consent for indirect transfer of ownership of the BTSIL, owner of 5 MW solar energy facility more commonly known as Bodden Town solar farm, from BMR Energy Limited to InterEnergy Group Limited, which involved rigorous audits (for example KYC and AML audits) and compliance checks.

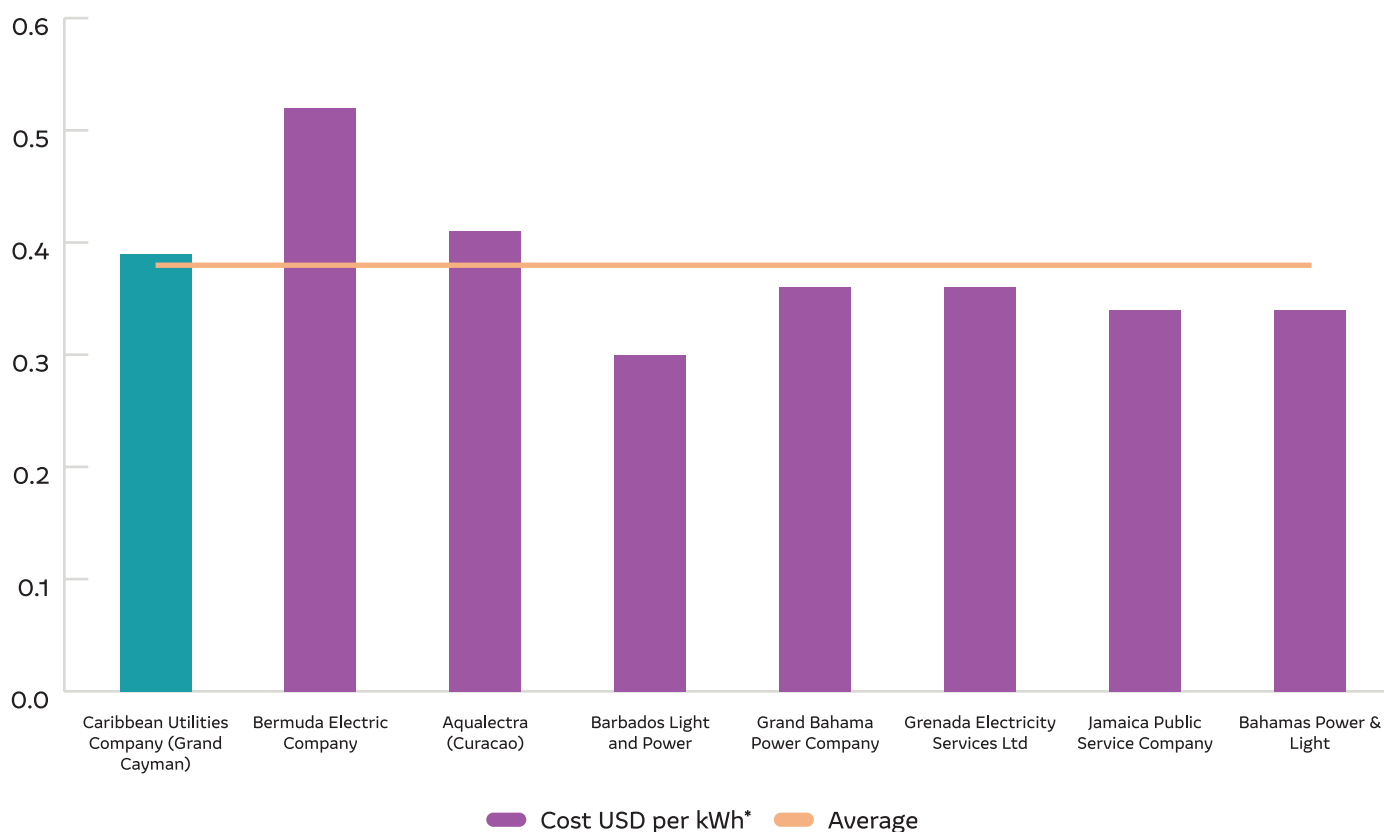
## Comparative Cost of Electricity

The Office compared the average total cost of electricity of 8 electric utilities in the region, and the overall cost of electricity regionally was found to be an average of US\$0.38 per kWh. Grand Cayman was above the regional average in 2024, based on an average residential usage of approximately 1,162 kWh per month, as CUC was providing electricity at an average cost of US\$0.39 per kWh. (Throughout 2024, CUC fuel rates included a CI\$0.00075 per kWh to recover deferred Fuel Factor Costs associated with the CUC relief programme effective from 1 October 2022.)

To compare CUC to the other regional electricity providers, the Office assumed a similar average residential electricity consumption pattern of 1,162 kWh per month and applied the average 2024 electricity rates for each respective electric utility. From the data collected, Bermuda Electric Light Company had the highest average 2024 cost of US\$ 0.52 per kWh, whilst Jamaica Public Service Company had the lowest cost of approximately US\$0.34 per kWh. Note, all currencies were converted to USD for comparative purposes, using exchange rates as of 31 December 2024. Any tax or similar surcharges were not represented in the data below.



## Comparative Average 2024 Cost of Electricity (USD per kWh) Based on an Average Cayman Islands Residential Electricity Usage of 1162 kWh per month



## Comparative Average 2024 Cost of Electricity

| Utility                                    | Cost USD per kWh* |
|--------------------------------------------|-------------------|
| Caribbean Utilities Company (Grand Cayman) | \$0.39            |
| Bermuda Electric Company                   | \$0.52            |
| Aqualectra (Curacao)                       | \$0.41            |
| Barbados Light and Power                   | \$0.30            |
| Grand Bahama Power Company                 | \$0.36            |
| Grenada Electricity Services Ltd           | \$0.36            |
| Jamaica Public Service Company             | \$0.34            |
| Bahamas Power & Light                      | \$0.34            |



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

## References:

<https://www.cuc-cayman.com/customer-service/fuel-cost/> <https://onlineservices.cuc-cayman.com/hc/en-us/categories/360003107759> <https://belco.bm/know-your-rate-and-bill/>

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

<https://www.blpc.com.bb/index.php/customer-care/fuel-clause-adjustment> <https://www.blpc.com.bb/index.php/residential/tariffs-and-riders-residential> <https://grenlec.com/customers/ratesandfees/>

<https://www.jpSCO.com/jps-home/rates-schedules-and-tariffs/> <https://www.jpSCO.com/fuel-rates/> [https://www.exchangerates.org.uk/historical/USD/31\\_12\\_2024](https://www.exchangerates.org.uk/historical/USD/31_12_2024) <https://grenlec.com/customer-service/grenlec-takes-tough-decision-to-discontinue-temporary-reduction-in-non-fuel-electricity-rate/>

<https://gb-power.com/2023-power-rates/> <https://www.facebook.com/profile/100066563533946/search/?q=fuel%20charge>

## FUELS



The fuels team maintained a strong field presence in the areas of inspections, calibrations, spill responses, and other fuel related emergencies. The team now conducts in-house fuel sampling and quality testing using the Grabner Miniscan IR Vision for quality assurance purposes. However, this analyzer cannot replace a certified lab for quality control testing for fuels, and it also does not test all required quality check parameters.

The Fuel Standard Committee was created to establish fuel quality standards for the Cayman Islands. As a result, Ethanol Blended Gasoline (E85) was approved and two rounds of consultation on the National Fuel Quality Standards for Gasoline, Propane and Diesel were completed.

Monitoring and posting of fuel prices throughout the Cayman Islands are being done on a consistent basis and posted weekly to [www.ofreg.ky](http://www.ofreg.ky) for the benefit of the public. Analyses of local price trends are also available for public access on the Office's website.

## Fuels Sector Outputs for Fiscal 2024

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

| Measures                                                                                                                                                                                              | Target  | Actual |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|--------|
| <b>QUANTITY</b>                                                                                                                                                                                       |         |        |
| General Inspections (all permitted premises (including OPS) and vehicles)                                                                                                                             | 305-400 | 383    |
| Statutory Consultation (Planning and Permitting)                                                                                                                                                      | 200     | 190    |
| Fuel and Energy Initiatives Engagement                                                                                                                                                                | 5-10    | 4      |
| FOI, Media, and Complaints handled/addressed                                                                                                                                                          | 40      | 1      |
| Quality control and fuel testing (number of samples)                                                                                                                                                  | 40-45   | 67     |
| Issuance of Operating and Import Permits                                                                                                                                                              | 230-280 | 284    |
| Pump Calibrations witnessed/supervised (Meters on Premises/Vehicles)                                                                                                                                  | 395-440 | 461    |
| General Policy Advice and Consultation                                                                                                                                                                | 35-50   | 5      |
| Emergency spill response management                                                                                                                                                                   | 8-10    | 7      |
| Technician certification (certificates issued)                                                                                                                                                        | 30-40   | 0      |
| <b>QUALITY</b>                                                                                                                                                                                        |         |        |
| Comply with Dangerous Substances Act (2017 Revision) ('DSA'), its Regulations, and relevant industry codes determined by CFI in consultation with relevant stakeholders                               | 100%    | 100%   |
| Inspections to be carried out by qualified, competent and experienced inspectors                                                                                                                      | 100%    | 100%   |
| Activities to be carried out to the highest ethical and professional standards, using relevant and up-to-date industry information and practice, and engaging certified organisations where necessary | 100%    | 100%   |
| <b>TIMELINESS</b>                                                                                                                                                                                     |         |        |
| Inspections completed within five working days                                                                                                                                                        | 95%     | 95%    |
| Calibrations to be completed within 48 hours                                                                                                                                                          | 95%     | 95%    |
| Turnaround time of three days for fully compliant planning applications                                                                                                                               | 95%     | 95%    |
| All other tasks to be completed within set/established timeline                                                                                                                                       | 100%    | 100%   |
| <b>LOCATION</b>                                                                                                                                                                                       |         |        |
| Grand Cayman                                                                                                                                                                                          | 100%    | 100%   |



## Fuels Sector Outputs for Fiscal 2024

Economic Regulations; Monitoring and Directing the Fuel Sector and Relevant Market

| Measures                                                                                                                                                                                                                                                                                                                          | Target  | Actual |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|--------|
| <b>QUANTITY</b>                                                                                                                                                                                                                                                                                                                   |         |        |
| Collate and Analyse DSA “Section 10” Data from Importers (Data sets)                                                                                                                                                                                                                                                              | 290-350 | 325    |
| Executive License Agreement with Major Fuel authorization holders                                                                                                                                                                                                                                                                 | 10-30   | 0      |
| Monitor and post Fuel Prices and analysis on a fortnightly basis                                                                                                                                                                                                                                                                  | 100-125 | 105    |
| Bi-annual market review and report submission on adequacy of regulation and state competition in the relevant markets                                                                                                                                                                                                             | 2-6     | 0      |
| Establish guidelines and criteria for new entrants to relevant Fuels Market                                                                                                                                                                                                                                                       | 1-2     | 0      |
| Evaluate and report on adequacy of fuel mix bi-annually                                                                                                                                                                                                                                                                           | 10-13   | 6      |
| Function as Focal Point for Caribbean Energy Information System (CEIS)/ Science Research Council (SRC) providing monthly/quarterly data as required under membership agreement                                                                                                                                                    | 12-20   | 17     |
| Annual engagement with authorization holders                                                                                                                                                                                                                                                                                      | 20-40   | 7      |
| Enforce Regulatory Breaches                                                                                                                                                                                                                                                                                                       | 2-5     | 3      |
| Consumer and Public Awareness and Engagement on Fuel Sector                                                                                                                                                                                                                                                                       | 4-6     | 0      |
| <b>QUALITY</b>                                                                                                                                                                                                                                                                                                                    |         |        |
| Comply with Fuels Market Regulation and Utility Regulation and Competition Acts, and relevant regulation and competition laws, guidelines and determinations required by the Office and Cabinet. Economic Regulations to be administered by qualified, competent and experienced Analysts, Economists and Management team members | 100%    | 100%   |
| Activities to be carried out to the highest ethical and professional standards, using relevant and up-to-date industry information and practice, and engaging certified organisations where necessary to augment the work of the Office                                                                                           | 100%    | 100%   |
| <b>TIMELINESS</b>                                                                                                                                                                                                                                                                                                                 |         |        |
| Relevant analysis, research, assessment to be carried out within adequate timeframe to allow the Office to minimise and mitigate against negative competition effects in a timely manner                                                                                                                                          | 95%     | 95%    |
| Local price monitoring data to be posted within 48 hours of the most recent surveyed prices                                                                                                                                                                                                                                       | 95%     | 95%    |
| All other tasks to be completed within set/established timelines                                                                                                                                                                                                                                                                  | 100%    | 100%   |
| <b>LOCATION</b>                                                                                                                                                                                                                                                                                                                   |         |        |
| Grand Cayman                                                                                                                                                                                                                                                                                                                      | 100%    | 100%   |

# ICT



In 2024, OfReg's work in the Information and Communications Technology (ICT) sector was marked by a significant ramp-up in proactive regulation, with a focus on safeguarding consumers, enforcing compliance, and modernising regulatory frameworks to support innovation and fair competition.

We advanced major regulatory initiatives, including the finalisation of modernised spectrum use enforcement protocols, technology use policies and infrastructure sharing investigations and reviews. Additionally there is ongoing work to modernise the .ky domain, compliance report and development plan reporting requirements for licensees, consumer protection regulations and considerations related to quality of service improvements.

The Office also intensified its compliance and enforcement activities, identifying and investigating unapproved use of radio spectrum and devices. Weekly spectrum monitoring and analysis helped detect interference, unlicensed usage, and potential threats to service quality, reinforcing our commitment to effective oversight.

While the highlights below reflect key strategic accomplishments, they do not capture the breadth of the Office's daily regulatory responsibilities, which include

providing routine guidance to licensees, responding to industry queries, conducting licence reviews, monitoring ongoing compliance, and addressing operational issues as they arise, all of which are vital to the continued stability and effectiveness of the sector.

## Some key accomplishments in 2024 included:

### ✦ **Maritime Licence Fee Audit & Recovery:**

A comprehensive audit of the Maritime Licence Register against the Cayman Islands Shipping Registry identified significant underpayment of licence fees. This led to the recovery of approximately USD \$54,000 in unpaid fees and strengthened overall compliance with maritime radio licensing obligations.

### ✦ **Land Mobile Licence Enforcement:**

Through spectrum analysis and targeted inquiries, OfReg identified and collected over KYD \$22,000 in back fees from expired but unrenewed radio licences, enhancing revenue assurance and regulatory compliance.

### ✦ **Tower Infrastructure Investigation:**

OfReg initiated a proactive investigation into access issues affecting tower infrastructure. While the formal determination was finalised in early 2025, the 2024 groundwork laid the foundation for improved safety, operational efficiency, and fair access to critical communications infrastructure.

### ✦ **Spectrum Management Modernisation:**

A final determination was issued on the use of short-range licence-exempt devices, ensuring the Cayman Islands remains current with emerging wireless technologies and aligned with global best practices.

### ✦ **Satellite-Based Telecom Licensing Consultation:**

Recognising the importance of global connectivity and network resiliency, the Office launched a consultation on establishing a framework for licensing satellite-based services, including providers such as Starlink.

### ✦ **International Representation at ICANN:**

OfReg's ICT team actively represented the Cayman Islands in the Governmental Advisory Committee (GAC) of ICANN, contributing to global policy development around internet governance and digital inclusion – a critical step in safeguarding our jurisdiction's digital sovereignty.

### ✦ **Amateur Radio Expansion:**

We introduced two new frequency bands and secured Cayman's participation in international amateur radio agreement TR/61-01. This makes the jurisdiction more attractive for "radio tourism" and simplifies licensing for visiting amateur operators, while easing outbound travel compliance for Cayman operators.

### ✦ **Consultation on Revised Spectrum Fees:**

The Office led a comprehensive public consultation on revised cellular spectrum fee structures, aimed at ensuring efficient allocation, recognising the true value of spectrum, and improving transparency and fairness in spectrum management.

Together, these accomplishments reflect OfReg's sharpened focus on proactive regulation, enforcement of licence obligations, and the protection of consumer interests through transparent, modern, and accountable regulatory practices.



# WATER



The Office continues to make progress in this sector with emphasis placed on the completion of the license discussions with Cayman Water Company ('CWC'). During 2024, the Office worked with the Government inclusive of Cabinet to finalise the grant of Concession to CWC. Moving forward the Office will finalise a new licence to be issued to CWC. The new licence will among other things establish a suitable rate mechanism and enshrine service standards.

## Customer Complaints

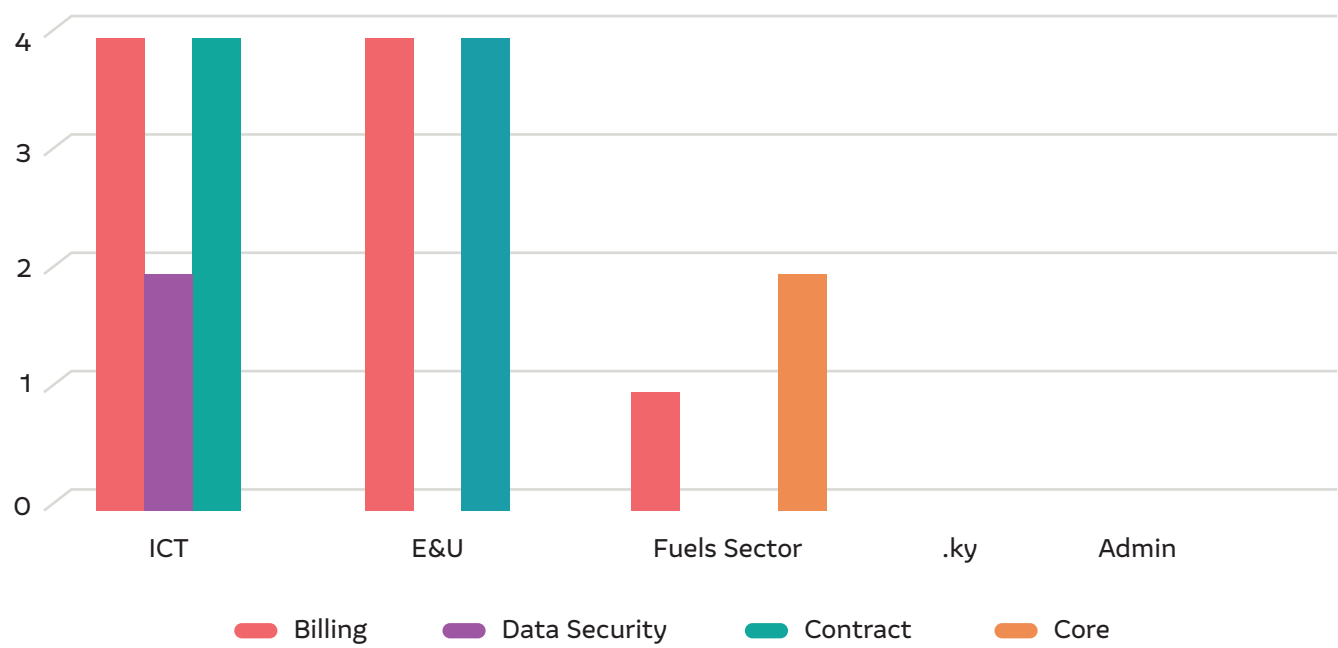
In 2024, the Office received the majority of complaints through its website, indicating a preference among users for digital submission.

Two cases were categorized as referrals, queries or non-complaints involving non-licensees. Both originated from the ICT sector and, due to their nature, were redirected to the appropriate entities for handling.

The remaining complaints in 2024 were concentrated in the Electricity, ICT and Water sectors, involving issues related to billing, contract terms, and customer service. The Office generally maintained a response time of 48 hours, with one exception caused by a misdirected submission. Complaints were closed only when both the licensee and complainant reached a resolution, with the Office confirming that no further action could be taken.



## 2024-Complaints by Type



# LEGISLATIVE AMENDMENTS

A working group was commissioned in 2021 to propose essential changes to OfReg's overarching legislation, the URC Act and related sector legislation. The group included members of the Executive Team and representatives from the Ministry of Border Control. The working group completed their assessment. Some of the amendments were accepted and the URC Act subsequently revised in 2024.



# KEY EVENTS IN 2024

The following key milestones were achieved by the Office during the 2024 financial year:



## ENERGY

- a) Approved the 2024–2028 Capital Investment Plan for Caribbean Utilities Company (CUC), supporting investments to enhance service quality and reliability for over 33,000 customers on Grand Cayman.
- b) Ensured compliance with the Electricity Regulatory Authority (Standard of Performance) Rules, 2012, by monitoring CUC's performance standards, including adherence to defined targets, rewards, and penalties.
- c) Issued a Request for Proposals (RFP) for a 23 MW Dispatchable Photovoltaics (DPV) and battery storage project to address additional generation capacity needs for CUC.
- d) Approved a 20 MW utility-scale Battery Energy Storage System (BESS) to the Grand Cayman grid, enabling increased capacity for distributed renewable energy generation.
- e) Completed the draft Value of Solar Study (VOSS) report and conducted initial public consultations, gathering feedback from key stakeholders to refine the findings.
- f) Provided technical and policy support to assist the government in achieving the objectives of the National Energy Policy.
- g) Began drafting new Consumer Protection Regulations to safeguard the interests of energy and utility sector consumers.
- h) Continued oversight of CUC's project to modify engines for dual-fuel operation, enabling them to utilise natural gas. Approved CUC's request to begin sourcing natural gas suppliers.
- i) Evaluated CUC's service cost study and proposed electricity rate adjustments. Declined the proposed rates as they were not in the best interest of consumers.
- j) Approved a proposal to adjust rates and establish a regulatory framework for Island Energy.



## FUELS

- a) Work on the NFQS continued, including two additional consultations with the Fuels Standards Committee.
- b) The standard for ethanol-blended gasoline (E85) was finalised and published, allowing its importation and sale.
- c) The use of the portable analyser was expanded into a formal fuel sampling and analysis program to verify fuel quality against drafted standards and certifications for imported fuels.
- d) A pilot program was extended to include an industry wholesaler, enabling a broader analysis of fuel operations and the development of price recommendations for the islands.
- e) Retail fuel prices are now published on the Office's website, providing real-time information to help consumers make informed fuel purchase decisions.







## ICT

- a) Conducted maritime licence fee audit of radio licence register against maritime registry and identified outstanding ship radio fees. Approx \$54kUSD
- b) Conducted spectrum analysis and interrogatories which identified expired but not renewed radio use leading to approx. \$22KYD in back fees.
- c) OfReg and the Cayman Islands was recognised as a regional leader in the Caribbean in spectrum management during the Caribbean Spectrum Management Conference in Montego Bay JA.
- d) Issued sector-wide draft determination on light pole infrastructure sharing matters to address longstanding issues which have hampered investment and development of ICT networks.
- e) Issued draft determination of communication tower infrastructure sharing matters to address disputes related to access to towers necessary to roll out network for a third mobile operator.
- f) Finalised Technical Standards for FM broadcasters. This establishes standards applicable to sound broadcast that will mitigate interference, ensure best sound quality and efficiencies in broadcasting.
- g) Finalised Short Range Device operating parameters. This brings the country within global standards for use and regulation of SR Devices like cordless mics and phones, Bluetooth devices, key fobs, FM modulators, walkie talkies etc.
- h) Launched spectrum analysis drive testing to identify and bring unauthorised radio frequency users into compliance. Exercise identified several unauthorised entities including hotels, construction, security companies and taxi operators.

# FINANCIAL PERFORMANCE AND ANALYSIS

## Summary of PMFA Ownership Agreement Targets

Pursuant to the PMFA, the Office is required to report on the status of the Ownership Agreement Targets for the Office that were agreed between Cabinet and the Board of Directors for the 2024 financial year.

## Financial Targets

Pursuant to subsection 52(2)(c) in the PMFA, the tables below show the execution against agreed financial targets for the 2024 financial year.

| Financial Performance Measure                                                       | 2024 Budget<br>12 Months<br>\$ 000's | 2024 Actual<br>12 Months<br>\$000's |
|-------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Revenue from Cabinet                                                                | 1,780                                | 1,678                               |
| Revenue from ministries, portfolios, statutory authorities and government companies | 20                                   | 16                                  |
| Revenue from other persons or organisations                                         | 4,751                                | 4,772                               |
| Other expenses                                                                      | 6,551                                | 5,684                               |
| Net Surplus                                                                         | 0                                    | 782                                 |
| Total Assets                                                                        | 7,005                                | 12,751                              |
| Total Liabilities                                                                   | 836                                  | 5,260                               |
| Net Worth                                                                           | 6,170                                | 7,491                               |
| Cash flows from operating activities                                                | -62                                  | 3,670                               |
| Cash flows from investing activities                                                | -653                                 | -532                                |
| Cash flows from financing activities                                                | -                                    | -                                   |
| Change in cash balances                                                             | -715                                 | 3,138                               |

| Financial Performance Ratio         | 2024 Budget<br>12 Months<br>\$ 000's | 2024 Actual<br>12 Months<br>\$000's |
|-------------------------------------|--------------------------------------|-------------------------------------|
| Current Assets: Current Liabilities | 22.67:1                              | 2.59:1                              |
| Total Assets: Total Liabilities     | 8.38:1                               | 2.42:1                              |

| Human Capital Maintenance                                               | 2024 Budget<br>12 Months | 2024 Actual*<br>12 Months |
|-------------------------------------------------------------------------|--------------------------|---------------------------|
| Total full-time equivalent                                              | 32                       | 25                        |
| Staff turnover (%)                                                      | Nil                      | 16%                       |
| Average length of service (Number of Years)                             |                          |                           |
| Senior management                                                       | 4.96                     | 6.83                      |
| Professional staff                                                      | 6.17                     | 6.01                      |
| Administrative Staff                                                    | 16.13                    | 10.96                     |
| Significant changes to personnel management                             | None                     | 4                         |
| <i>*Chief Operating Officer seconded from Cayman Islands Government</i> |                          |                           |

| Physical Capital Measures                                      | 2024 Budget<br>12 Months | 2024 Actual<br>12 Months |
|----------------------------------------------------------------|--------------------------|--------------------------|
| Value of total assets                                          | 7,005                    | 12,751                   |
| Asset replacements: total assets                               | 0.01                     | 0.005:1                  |
| Book value of depreciated assets: initial cost of those assets | 0.61:1                   | 0.39:1                   |
| Depreciation: Cash flow on asset purchases                     | 0.28:1                   | 1.17:1                   |
| Changes to asset management policies                           | None                     | None                     |

| Major Capital Expenditure Projects | 2024 Budget<br>\$ 000's | 2024 Actual<br>\$ 000's |
|------------------------------------|-------------------------|-------------------------|
| IT System Upgrade                  | 300                     | 48                      |
| Furniture and Fittings             | 200                     | 18                      |
| Total                              | 500                     | 66                      |



| Operating Statement | 2024 Budget<br>12 Months<br>\$ 000's | 2024 Actual<br>12 Months<br>\$ 000's |
|---------------------|--------------------------------------|--------------------------------------|
| Revenue             | 6,551                                | 6,466                                |
| Operating Expenses  | 6,551                                | 5,684                                |
| Net Surplus         | 0                                    | 782                                  |

| Balance Sheet | 2024 Budget<br>12 Months<br>\$ 000's | 2024 Actual<br>12 Months<br>\$ 000's |
|---------------|--------------------------------------|--------------------------------------|
| Assets        | 7,005                                | 12,751                               |
| Liabilities   | 836                                  | 5,260                                |
| Net Worth     | 6,170                                | 7,491                                |

| Statement of Cash Flows                  | 2024 Budget<br>12 Months<br>\$ 000's | 2024 Actual<br>12 Months<br>\$ 000's |
|------------------------------------------|--------------------------------------|--------------------------------------|
| Net cash flows from operating activities | -62                                  | 3,670                                |
| Net cash flows from investing activities | -653                                 | -532                                 |
| Net cash flows from financing activities | -                                    | -                                    |

| Transaction                                                                                          | Budget for 2024<br>\$ 000's | Amount for 2024<br>Actual \$ 000's |
|------------------------------------------------------------------------------------------------------|-----------------------------|------------------------------------|
| Equity Investments into OfReg                                                                        | Nil                         | Nil                                |
| Capital Withdrawals from OfReg                                                                       | Nil                         | Nil                                |
| Dividend Distributions to be made by OfReg                                                           | Nil                         | Nil                                |
| Government Loans to be made to OfReg                                                                 | Nil                         | Nil                                |
| Government Guarantees to be issued in relation to OfReg                                              | Nil                         | Nil                                |
| Related Party Payments (Non-Remuneration) made to Key Management Personnel                           | Nil                         | Nil                                |
| Remuneration Payments made to Key Management Personnel (including KMPs who departed during the year) | 281                         | 230                                |
| Remuneration Payments made to Senior Management (including SM who departed during the year)          | 909                         | 745                                |

|                                                        | Number for 2024<br>Target | Number for 2024<br>Actual* |
|--------------------------------------------------------|---------------------------|----------------------------|
| No of Key Management Personnel (active at end of year) | 10                        | 7                          |
| No of Senior Management (active at end of year)        | 8                         | 2                          |





# AUDITED FINANCIAL STATEMENTS



**Utility Regulation and Competition Office**

**Audited Financial Statements**

**31 December 2024**

**Utility Regulation and Competition Office**

**AUDITED FINANCIAL STATEMENTS  
31 December 2024**

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**Utility Regulation and Competition Office**  
**Statement of Responsibility for the Financial Statements**  
**31 December 2024**

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

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

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

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

The financial statements fairly present the statement of financial position, financial performance and cash flows for the financial year ended 31 December 2024.

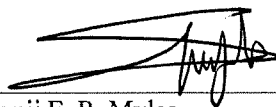
To the best of my knowledge, we represent that these financial statements:

- (a) completely and reliably reflect the financial transactions of the Utility Regulation and Competition Office for the year ended 31 December 2024;
- (b) fairly reflect the financial position as at 31 December 2024 and financial performance for the year ended 31 December 2024; and
- (c) comply with International Public Sector Accounting Standards under the responsibility of International Public Sector Accounting Standards Board.

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



J. Samuel Jackson  
Chairman of the Board



Sonji E. R. Myles  
Interim Chief Executive Officer

## AUDITOR GENERAL'S REPORT

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

#### Opinion

I have audited the financial statements of the Utility Regulation and Competition Office (the "Office"), which comprise the statement of financial position as at 31 December 2024 and the statement of financial performance, statement of changes in net assets and statement of cash flows for the year ended 31 December 2024, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 8 to 41.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Office as at 31 December 2024 and its financial performance and its cash flows for the year ended 31 December 2024 in accordance with International Public Sector Accounting Standards.

#### Basis for Opinion

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

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

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

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

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



## AUDITOR GENERAL'S REPORT (continued)

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



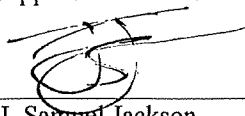
Patrick Smith, CPA, CFE  
Acting Auditor General

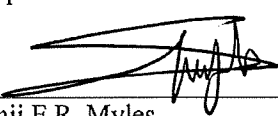
30 April 2025  
Cayman Islands

**Utility Regulation and Competition Office**  
**Statement of Financial Position**  
As at 31 December 2024  
(stated in Cayman Islands dollars)

|                                          |              | 31 December 2024  | 31 December 2023 |
|------------------------------------------|--------------|-------------------|------------------|
| <b>CURRENT ASSETS</b>                    | <b>Notes</b> |                   |                  |
| Cash and cash equivalents                | 3(a)         | 6,096,478         | 2,958,960        |
| Short-term investments                   | 3(b)         | 3,050,000         | 2,600,000        |
| Accounts and Other receivables           | 4            | 3,126,864         | 1,467,026        |
| Prepaid expenses                         |              | 156,730           | 197,809          |
|                                          |              | <b>12,430,072</b> | <b>7,223,795</b> |
| <b>NON-CURRENT ASSETS</b>                |              |                   |                  |
| Property, plant and equipment            | 5            | 318,776           | 330,151          |
| Intangible assets                        | 6            | 1,844             | 4,057            |
|                                          |              | <b>320,620</b>    | <b>334,208</b>   |
| <b>TOTAL ASSETS</b>                      |              | <b>12,750,692</b> | <b>7,558,003</b> |
|                                          |              |                   |                  |
| <b>LIABILITIES</b>                       |              |                   |                  |
| <b>CURRENT LIABILITIES</b>               |              |                   |                  |
| Accounts payable and accrued liabilities | 7            | 407,387           | 433,300          |
| Collections payable to Government        | 8            | 4,386,046         | 3,655            |
|                                          |              | <b>4,793,433</b>  | <b>436,955</b>   |
|                                          |              |                   |                  |
| <b>LONG TERM LIABILITIES</b>             |              |                   |                  |
| Defined benefit healthcare liability     | 10           | 455,183           | 511,243          |
| Defined benefit pension liability        | 10           | 11,000            | 225,000          |
|                                          |              | <b>466,183</b>    | <b>736,243</b>   |
| <b>TOTAL LIABILITIES</b>                 |              | <b>5,259,616</b>  | <b>1,173,198</b> |
|                                          |              |                   |                  |
| <b>NET ASSETS</b>                        | 9            | <b>7,491,076</b>  | <b>6,384,805</b> |

Approved on behalf of the Board of Directors on the 30 of April 2025

  
J. Samuel Jackson  
Chairman

  
Sonji E.R. Myles  
Interim Chief Executive Officer

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

**Utility Regulation and Competition Office**  
**Statement of Financial Performance**  
**For the Year Ended 31 December 2024**  
**(stated in Cayman Islands dollars)**

|                                   | Notes  | 31 December 2024 | 31 December 2023 |
|-----------------------------------|--------|------------------|------------------|
| <b>INCOME</b>                     |        |                  |                  |
| Regulatory fees                   | 12     | 3,488,355        | 3,473,811        |
| Services provided to Government   | 8, 11  | 1,678,424        | 1,680,367        |
| Licensing fees                    | 14     | 553,419          | 447,883          |
| .ky domain fees                   |        | 245,051          | 225,584          |
| Permit fees                       |        | 229,466          | 81,557           |
| Other income                      | 13     | 271,505          | 585,403          |
| <b>TOTAL INCOME</b>               |        | <b>6,466,220</b> | <b>6,494,605</b> |
|                                   |        |                  |                  |
| <b>EXPENSES</b>                   |        |                  |                  |
| Personnel costs                   | 10, 16 | 3,802,968        | 3,740,549        |
| Professional and consultancy fees | 17     | 274,810          | 321,767          |
| General and administration costs  | 18     | 620,587          | 760,560          |
| Lease of office space             | 15     | 256,206          | 244,986          |
| Litigation costs                  | 19, 20 | 282,208          | 344,095          |
| Directors' fees                   | 8      | 235,853          | 233,585          |
| Official travel and conferences   |        | 37,457           | 63,637           |
| Depreciation and amortisation     | 5, 6   | 95,796           | 103,090          |
| Training                          |        | 78,064           | 72,700           |
| <b>TOTAL EXPENSES</b>             |        | <b>5,683,949</b> | <b>5,884,969</b> |
|                                   |        |                  |                  |
| <b>NET SURPLUS/(DEFICIT)</b>      |        | <b>782,271</b>   | <b>609,636</b>   |

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

**Utility Regulation and Competition Office**  
**Statement of Changes in Net Assets**  
**For the Year Ended 31 December 2024**  
**(stated in Cayman Islands dollars)**

|                                                   | Notes | Contributed Capital | General Reserve  | Accumulated (Deficit)/Surplus | Other Comprehensive Income | Total Equity     |
|---------------------------------------------------|-------|---------------------|------------------|-------------------------------|----------------------------|------------------|
| <b>Balance at 1 January 2023</b>                  |       | 2,420,891           | 2,200,000        | 165,762                       | 664,000                    | 5,450,653        |
| Impact of adopting IPSAS 41                       | 4     | -                   | -                | 29,516                        | -                          | 29,516           |
| Restated Balance at 1 January 2023 under IPSAS 41 |       | 2,420,891           | 2,200,000        | 195,278                       | 664,000                    | 5,480,169        |
| Net Surplus for the year                          |       | -                   | -                | 609,636                       | -                          | 609,636          |
| Remeasurement of defined benefit plans            |       | -                   | -                | -                             | 295,000                    | 295,000          |
| Transfer to/from General Reserve                  | 9     | -                   | 400,000          | (400,000)                     | -                          | -                |
| <b>Balance at 31 December 2023</b>                |       | <b>2,420,891</b>    | <b>2,600,000</b> | <b>404,914</b>                | <b>959,000</b>             | <b>6,384,805</b> |
|                                                   |       |                     |                  |                               |                            |                  |
| <b>Balance at 1 January 2024</b>                  |       | <b>2,420,891</b>    | <b>2,600,000</b> | <b>404,914</b>                | <b>959,000</b>             | <b>6,384,805</b> |
| Net Surplus for the year                          |       | -                   | -                | 782,271                       | -                          | 782,271          |
| Remeasurement of defined benefit plans            |       | -                   | -                | -                             | 324,000                    | 324,000          |
| Transfer to/from General Reserve                  | 9     | -                   | 0                | 0                             | -                          | -                |
| <b>Balance at 31 December 2024</b>                |       | <b>2,420,891</b>    | <b>2,600,000</b> | <b>1,187,185</b>              | <b>1,283,000</b>           | <b>7,491,076</b> |

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



**Utility Regulation and Competition Office**  
**Statement of Cash Flows**  
**For the Year Ended 31 December 2024**  
**(stated in Cayman Islands dollars)**

|                                                                          | Note | 31 December<br>2024 | 31 December<br>2023 |
|--------------------------------------------------------------------------|------|---------------------|---------------------|
| <b>CASH FLOW GENERATED FROM/(USED IN)<br/>OPERATING ACTIVITIES</b>       |      |                     |                     |
| Net surplus for year                                                     |      | 782,271             | 609,636             |
| Adjustment for non-cash transactions:                                    |      |                     |                     |
| Non-cash defined benefit cost                                            | 10   | 53,940              | 115,244             |
| Depreciation and amortisation                                            | 5, 6 | 95,796              | 103,090             |
| Impact of adopting IPSAS 41                                              | 4    | -                   | 29,516              |
| Bad debt expense                                                         | 4    | 129,419             | 200,218             |
|                                                                          |      | <b>1,061,426</b>    | <b>1,057,704</b>    |
| Net changes in non-cash operating balances:                              |      |                     |                     |
| (Increase) in accounts receivable                                        |      | (1,789,256)         | (488,307)           |
| (Decrease)/Increase in prepaid expenses                                  |      | 41,079              | (60,667)            |
| (Decrease) in accounts payable and accrued expenses                      |      | (25,912)            | (1,520)             |
| Increase in collections payable to Government                            |      | 4,382,390           | 2,830               |
| <b>Net cash generated from operating activities</b>                      |      | <b>3,669,727</b>    | <b>510,042</b>      |
|                                                                          |      |                     |                     |
| <b>CASH FLOW GENERATED FROM/(USED IN)<br/>INVESTING ACTIVITIES</b>       |      |                     |                     |
| Transfer from/(to) fixed deposit                                         |      | (450,000)           | -                   |
| Transfer to short-term investment                                        |      | -                   | (400,000)           |
| Purchase of property, plant and equipment                                |      | (82,209)            | (91,854)            |
| Purchase of intangibles                                                  |      |                     |                     |
| <b>Net cash generated (used in)/provided by investing<br/>activities</b> |      | <b>(532,209)</b>    | <b>(491,854)</b>    |
|                                                                          |      |                     |                     |
| Net increase in cash and cash equivalents during the year                |      | 3,137,518           | 18,188              |
| Cash and cash equivalents at beginning of the year                       |      | 2,958,960           | 2,940,772           |
| <b>CASH AND CASH EQUIVALENTS AT END OF<br/>YEAR</b>                      |      | <b>6,096,478</b>    | <b>2,958,960</b>    |

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

**Utility Regulation and Competition Office**  
**Notes to the Financial Statements**  
**For the Year Ended 31 December 2024**  
**(stated in Cayman Islands dollars)**

**1. Establishment and principal activities**

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

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

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

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

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

The Office’s financial year end is **31<sup>st</sup> December** each year. As at 31 December 2024, the Office had 25 employees (December 2023: 26 employees).

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

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

**2. Significant accounting policies**

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

*(a) Basis of preparation*

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

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

**Utility Regulation and Competition Office**  
**Notes to the Financial Statements**  
**For the Year Ended 31 December 2024**  
**(stated in Cayman Islands dollars)**

**2. Significant accounting policies (continued)**

*(a) Basis of preparation (continued)*

**New and revised accounting standards issued that are not yet effective for the financial year beginning 1 January 2024 and not early adopted.**

Certain new accounting standards have been published that are not mandatory for the 31 December 2024 reporting year and have not been adopted by the Office. The Office's assessments of the impact of these new standards are set out below:

IPSAS 43, Leases was issued in January 2022 and shall be applied for financial statements covering periods beginning on or after 1 January 2025. IPSAS 43 sets out recognition, measurement, presentation and disclosure requirements for leases. IPSAS 43 introduces a right of use model that replaces the risk and reward incidental to ownership model in IPSAS 13. It is anticipated that upon adoption IPSAS 43 will not have a significant impact on the Office's financial statements, however upon renewal of the lease in September 2026, there could be a significant impact on the Office's financial statements. This will be assessed fully in the next financial year.

IPSAS 44, Non-current assets held for sale issued in January 2022 and shall be applied for financial statements covering periods beginning on or after 1 January 2025. IPSAS 44 defines non-current assets held for sale and determines the accounting, presentation and disclosure of discontinued operations. It is anticipated that IPSAS 44 will not have an impact on the Office's financial statements, but will be assessed fully in the next financial year.

IPSAS 45, Property, Plant, And Equipment (effective for periods beginning on or after January 1, 2025) replaces IPSAS 17, Property, Plant, and Equipment by adding current operational value as a measurement basis in the updated current value model for assets within its scope, identifying the characteristics of heritage and infrastructure assets, and adding new guidance on how these important types of public sector assets should be recognized and measured. This will be assessed fully in the next financial year.

IPSAS 46, Measurement (effective for periods beginning on or after January 1, 2025) provides new guidance in a single standard addressing how commonly used measurement bases should be applied in practice. This will be assessed fully in the next financial year.

IPSAS 47, Revenue (effective for periods beginning on or after January 1, 2026) replaces IPSAS 9, Revenue from Exchange Transactions, IPSAS 11, Construction Contracts, and IPSAS 23, Revenue from Non-Exchange Transactions and is a single source for revenue accounting guidance in the public sector, which presents two accounting models based on the existence of a binding arrangement. This will be assessed more fully closer to the effective date of adoption.

IPSAS 48, Transfer Expenses (effective for periods beginning on or after January 1, 2026) provides accounting requirements for transfer expenses and presents two accounting models based on the existence of a binding arrangement. It is anticipated that IPSAS 48 will not have an impact on the Office's financial statements, but this will be assessed more fully closer to the effective date of adoption.

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

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

**Utility Regulation and Competition Office**  
**Notes to the Financial Statements**  
**For the Year Ended 31 December 2024**  
**(stated in Cayman Islands dollars)**

**2. Significant accounting policies (continued)**

*(b) Use of estimates*

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the reporting period and in any future periods that are affected by those revisions.

*(c) Budget amounts*

The original budget amounts for the year ended 31 December 2024 were prepared using the accrual basis of accounting and the accounting policies have been consistently applied with the actual financial statement presentation. The amounts shown in these financial statements were included in the Budget Statement of the Government of the Cayman Islands for the year ended 31 December 2024 which was approved by the Parliament on 15 December 2023.

*(d) Foreign currency translation*

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

*(e) Cash and cash equivalents*

Cash and cash equivalents are considered as cash on hand, cash held on demand, and fixed deposits with an original maturity of three months or less. Cash and cash equivalents as at 31 December 2024 are subject to any expected credit loss requirements from IPSAS 41.

*(f) Short-term investments*

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

*(g) Accounts receivable*

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

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



**Utility Regulation and Competition Office**  
**Notes to the Financial Statements**  
**For the Year Ended 31 December 2024**  
**(stated in Cayman Islands dollars)**

**2. Significant accounting policies (continued)**

*(h) Property, plant and equipment and depreciation*

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

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

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

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

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

*(i) Intangible assets and amortisation*

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

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

*(j) Revenue recognition*

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

**Regulatory Fees** - Regulatory Fees are the main source of revenue for the Office. Each year, the Office is required to balance its expenditure with its revenue. Regulatory fees are collected from each sector that the Office regulates, with revenue recognised in accordance with Section 6 (2) (a) the URC Act and the administration of licensing arrangements with major licensees. The performance obligations relate to the work to be undertaken by the Office as regulator of the sectors and is set out in the published Strategic and Annual Plans, the URC Act and the licensing agreements. Revenue is recognised in the period that the costs are incurred.

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

**Utility Regulation and Competition Office**  
**Notes to the Financial Statements**  
**For the Year Ended 31 December 2024**  
**(stated in Cayman Islands dollars)**

**2. Significant accounting policies (continued)**

*(j) Revenue recognition (continued)*

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

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

Permit Fees – The Office processes applications for operating permits for premises and vehicles used to store or transport dangerous substances, under the Dangerous Substances Handling & Storage Act, 2017. The Office also processes applications for permits in relation to the importation of fuel and compressed gas and revenue is recognized once the permit has been issued.

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

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

All application and licence fees are non-refundable.

*(k) Leases*

The Office leases certain property, where a significant portion of the risks and rewards of ownership are retained by the lessor. These leases are classified as operating leases. Lease payments are recognised as an expense on the statement of financial performance on a straight-line basis over the lease term.

*(l) Financial instruments*

*(i) Classification*

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

*(ii) Initial Recognition*

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

**Utility Regulation and Competition Office**  
**Notes to the Financial Statements**  
**For the Year Ended 31 December 2024**  
**(stated in Cayman Islands dollars)**

**2. Significant accounting policies (continued)**

*(l) Financial Instruments (continued)*

*(iii) Subsequent measurement and classification*

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

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

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

*(iv) Derecognition*

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

*(m) Provisions and contingencies*

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

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

*(n) General reserve*

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

*(o) Employee benefits*

Employee entitlements such as, annual leave, long service leave, retiring leave and other similar benefits are recognised in the statement of financial performance when they are earned by employees. Employee entitlements to be settled within one year following the year end outstanding at that date are reported as current liabilities at the amount expected to be paid.

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

**Utility Regulation and Competition Office**  
**Notes to the Financial Statements**  
**For the Year Ended 31 December 2024**  
**(stated in Cayman Islands dollars)**

**2. Significant accounting policies (continued)**

*(o) Employee benefits (continued)*

Defined Contribution Plan

The Office participates in the Public Service Pensions Plan's defined contribution fund, in accordance with the Public Service Pension Act. Contributions are charged monthly to expenses as they are incurred based on the set contribution rate of 12%, whereby the employer pays both the employer contribution of 6% and employee contributions of 6%. In addition, the Office is also required to contribute to the Public Service Pension Plan, an extra 0.4% (2023: 0.4%) of each employee's monthly salary. This 0.4% (2023: 0.4%) is a Past Service Liability (PSL) cost to cover a deficiency in the Fund and is governed by the Public Service Pensions (Contribution Rates) Regulations (2019), which amended the additional normal cost contribution rate effective January 1, 2017 to 0.4%.

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

Defined Benefit Plan

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

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

*(o) Subsequent events*

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

**3. Cash, cash equivalents and Short-term investments**

**(a) Cash on hand and deposits**

Cash and cash equivalents include cash on hand, deposits held on call with banks, other short-term, highly liquid investments with original maturities of three months or less which are subject to an insignificant risk of changes in value. Although cash and cash equivalents at 31 December 2024 are subject to the expected credit loss requirements of IPSAS 41, no allowance has been recognised as the estimated allowance is negligible due to the high credit quality of the counterparty banks.

|                                        | <b>31 December 2024</b> | <b>31 December 2023</b> |
|----------------------------------------|-------------------------|-------------------------|
| Cash on Hand                           | 460                     | 231                     |
| Fixed Deposits                         | 770,248                 | -                       |
| Current and Savings accounts           | 5,325,770               | 2,958,729               |
| <b>Total cash and cash equivalents</b> | <b>6,096,478</b>        | <b>2,958,960</b>        |

Total cash and cash equivalents include \$4,386,045, payable to the Government (2023: \$3,655) for royalties collected on their behalf.

**Utility Regulation and Competition Office**  
**Notes to the Financial Statements**  
**For the Year Ended 31 December 2024**  
**(stated in Cayman Islands dollars)**

**3. Cash, cash equivalents and Short-term investments (continued)**

**(b) Restricted and unrestricted cash**

Short-term investments represent restricted cash of \$2,600,000 (2023: 2,600,000) and unrestricted cash of \$450,000 (2023: nil) comprised of short-term deposits held with the Bank of Butterfield (Cayman) with original maturities of greater than three months but less than twelve months. Impairment of short-term deposits has been considered on a 12-month expected credit loss basis and reflects the short maturities of the exposures. Although short-term investments at 31 December 2024 are subject to the expected credit loss requirements of IPSAS 41, no allowance has been recognised as the estimated allowance is negligible due to the high credit quality of the counterparty banks. Restricted cash is held for the General Reserve Fund. Unrestricted cash is not explicitly earmarked and can be used for general purposes.

**4. Accounts and Other Receivables**

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

|                                          | <b>31 December 2024</b> | <b>31 December 2023</b> |
|------------------------------------------|-------------------------|-------------------------|
| Accounts receivables - Trade             | 397,136                 | 414,468                 |
| Receivable from Government               | 2,458,481               | 780,056                 |
| Receivable from Water Authority Cayman   | 66,371                  | 64,424                  |
| Other Receivables                        | 524,926                 | 408,952                 |
| Expected Credit Loss Allowance           | (320,050)               | (200,874)               |
| <b>Trade and other receivables (net)</b> | <b>3,126,864</b>        | <b>1,467,026</b>        |

The Office calculates impairment loss by assessing expected credit losses, taking into account historical credit loss data, prevailing economic circumstances and substantiated forecast of forthcoming developments. Lifetime expected credit losses have been calculated using sales invoices between 1 January 2022 and 31 December 2023 and the actual cash collection dates of these invoices to determine a historical loss collection profile by aging category.

The amount uncollected is used to determine the loss rate by aging category. This loss rate is applied to the aged trade receivables as at 31 December 2024 to determine the expected credit loss at that date. The Office defines default as any receivables at 365 days past due. The expected credit loss includes the full amount uncollected over 365 days. The calculated loss rates applied against the aging categories and the resulting expected credit loss are shown in the following table:



**Utility Regulation and Competition Office**  
**Notes to the Financial Statements**  
**For the Year Ended 31 December 2024**  
**(stated in Cayman Islands dollars)**

**4. Accounts receivable and Other Receivables (continued)**

| <b>Period Outstanding (Days)</b> | <b>Loss rate at 31 December 2024 %</b> | <b>Aging Receivable Balance at 31 December 2024 \$</b> | <b>Specific Provision \$</b> | <b>Expected credit loss at 31 December 2024 \$</b> | <b>Loss rate at 31 December 2023 %</b> | <b>Aging Receivable Balance at 31 December 2023 \$</b> | <b>Expected credit loss at 31 December 2023 \$</b> |
|----------------------------------|----------------------------------------|--------------------------------------------------------|------------------------------|----------------------------------------------------|----------------------------------------|--------------------------------------------------------|----------------------------------------------------|
| 0 – 30 days                      | 0.607%                                 | 1,162,459                                              | 45,521                       | 4,026                                              | 0.52%                                  | 1,108,980                                              | 3,542                                              |
| 31 – 60 days                     | 0.694%                                 | (117)                                                  | -                            | -                                                  | 0.58%                                  | 412,890                                                | 18                                                 |
| 61 – 90 days                     | 3.709%                                 | 48,851                                                 | 34,861                       | 519                                                | 3.526%                                 | 31,256                                                 | 28                                                 |
| 91 – 180 days                    | 9.075%                                 | 858,871                                                | 33,118                       | 442                                                | 8.914%                                 | 28,323                                                 | 213                                                |
| 181 – 365 days                   | 22.117%                                | 494,088                                                | 95,609                       | 1,680                                              | 14.397%                                | 86,174                                                 | 447                                                |
| Over 365 days                    | 100.00%                                | 882,762                                                | 104,274                      |                                                    | 100.00%                                | 278                                                    | 278                                                |
| Specific Provision               | -                                      | -                                                      |                              | 313,383                                            | -                                      | -                                                      | 196,348                                            |
| <b>Total</b>                     |                                        | <b>3,446,914</b>                                       | <b>313,383</b>               | <b>320,050</b>                                     |                                        | <b>1,667,900</b>                                       | <b>200,874</b>                                     |

Included in Accounts Receivables is is \$2,458,481 in output fees receivable from the Government. In addition, there is \$320,050 (2023: \$196,348) that has been fully provided for. Of the \$320,050, \$266,817 (2023: \$161,162) relates to amounts due from licensees for radio license fees and regulatory fees that are being disputed. The Office has assessed the credit risk and concludes that it would be appropriate to record a provision for the full amount.

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

|                                               | <b>31 December 2024</b> | <b>1 January 2024</b> |
|-----------------------------------------------|-------------------------|-----------------------|
| Opening Expected Lifetime Credit Loss         | (200,874)               | (25,132)              |
| Increase in Expected Lifetime Credit Loss     | (129,419)               | (200,218)             |
| Write Off of customer balances to Credit Loss | 10,243                  | 24,476                |
| <b>Closing Expected Lifetime Credit Loss</b>  | <b>(320,050)</b>        | <b>(200,874)</b>      |

The Office currently has a write off policy in place that includes: an approval process, those appointed to approve, the thresholds that Management can approve and the approval process to the Board for those amounts over Management's threshold. Bad debts are to be written off within twelve to eighteen months if the amount is still outstanding and determined uncollectible. In accordance with IPSAS 41, the Office has determined that a financial asset is in default once it is 365 days past due, therefore all amounts over 365 days have been fully provided for.

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**5. Property, plant and equipment**

| <b>2024</b>                                | <b>Office equipment and furniture</b> | <b>IT equipment</b> | <b>Motor vehicles</b> | <b>Leasehold improvements</b> | <b>Other equipment</b> | <b>Total</b>   |
|--------------------------------------------|---------------------------------------|---------------------|-----------------------|-------------------------------|------------------------|----------------|
| <b>Cost</b>                                |                                       |                     |                       |                               |                        |                |
| Balance at beginning of year               | 40,897                                | 274,488             | 272,449               | 13,887                        | 197,235                | 798,956        |
| Other adjustments (reclassification)       | (337)                                 | (279)               | 446                   | -                             | -                      | (170)          |
| Additions                                  | 18,470                                | 63,739              | -                     | -                             | -                      | 82,209         |
| Disposals                                  | -                                     | (4,772)             | (58,043)              | -                             | -                      | (62,815)       |
| <b>Balance at end of year</b>              | <b>59,030</b>                         | <b>333,176</b>      | <b>214,852</b>        | <b>13,887</b>                 | <b>197,235</b>         | <b>818,180</b> |
|                                            |                                       |                     |                       |                               |                        |                |
| <b>Accumulated depreciation</b>            |                                       |                     |                       |                               |                        |                |
| Balance at beginning of year               | 20,142                                | 177,182             | 209,260               | 5,843                         | 56,378                 | 468,805        |
| Other adjustments (reclassification)       | (715)                                 | 99                  | 446                   | -                             | -                      | (170)          |
| Charge for the year                        | 8,476                                 | 37,634              | 18,504                | 2,777                         | 26,193                 | 93,584         |
| Disposals                                  | -                                     | (4,772)             | (58,043)              | -                             | -                      | (62,815)       |
| <b>Balance at end of year</b>              | <b>27,903</b>                         | <b>210,143</b>      | <b>170,167</b>        | <b>8,620</b>                  | <b>82,571</b>          | <b>499,404</b> |
|                                            |                                       |                     |                       |                               |                        |                |
| <b>Net Book Value at December 31, 2024</b> | <b>31,127</b>                         | <b>123,033</b>      | <b>44,685</b>         | <b>5,267</b>                  | <b>114,664</b>         | <b>318,776</b> |
|                                            |                                       |                     |                       |                               |                        |                |
| <b>2023</b>                                | <b>Office equipment and furniture</b> | <b>IT equipment</b> | <b>Motor vehicles</b> | <b>Leasehold improvements</b> | <b>Other equipment</b> | <b>Total</b>   |
| <b>Cost</b>                                |                                       |                     |                       |                               |                        |                |
| Balance at beginning of year               | 108,049                               | 316,569             | 272,449               | 13,887                        | 133,392                | 844,346        |
| Other adjustments (reclassification)       | (62,541)                              | 62,541              | -                     | -                             | -                      | -              |
| Additions                                  | 12,019                                | 15,992              | -                     | -                             | 63,843                 | 91,854         |
| Disposals                                  | (16,630)                              | (120,614)           | -                     | -                             | -                      | (137,244)      |
| <b>Balance at end of year</b>              | <b>40,897</b>                         | <b>274,488</b>      | <b>272,449</b>        | <b>13,887</b>                 | <b>197,235</b>         | <b>798,956</b> |
|                                            |                                       |                     |                       |                               |                        |                |
| <b>Accumulated depreciation</b>            |                                       |                     |                       |                               |                        |                |
| Balance at beginning of year               | 37,281                                | 246,598             | 184,528               | 3,066                         | 33,698                 | 505,171        |
| Other adjustments (reclassification)       | (5,969)                               | 5,969               | -                     | -                             | -                      | -              |
| Charge for the year                        | 5,460                                 | 45,229              | 24,732                | 2,777                         | 22,680                 | 100,878        |
| Disposals                                  | (16,630)                              | (120,614)           | -                     | -                             | -                      | (137,244)      |
| <b>Balance at end of year</b>              | <b>20,142</b>                         | <b>177,182</b>      | <b>209,260</b>        | <b>5,843</b>                  | <b>56,378</b>          | <b>468,805</b> |
|                                            |                                       |                     |                       |                               |                        |                |
| <b>Net Book Value at December 31, 2023</b> | <b>20,755</b>                         | <b>97,306</b>       | <b>63,189</b>         | <b>8,044</b>                  | <b>140,857</b>         | <b>330,151</b> |

The Office reclassified assets previously included in Office equipment in 2022 to IT equipment as shown in the Other Adjustments line item above. The adjustments were necessary to properly align all assets to the correct asset categories.

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**6. Intangible assets**

|                                 | <b>31 December 2024</b> | <b>31 December 2023</b> |
|---------------------------------|-------------------------|-------------------------|
| <b>Cost</b>                     |                         |                         |
| Balance at beginning of year    | 14,426                  | 14,426                  |
| Additions                       | -                       | -                       |
| <b>Balance at end of year</b>   | <b>14,426</b>           | <b>14,426</b>           |
|                                 |                         |                         |
| <b>Accumulated amortisation</b> |                         |                         |
| Balance at beginning of year    | 10,369                  | 8,157                   |
| Charge for year                 | 2,213                   | 2,212                   |
| <b>Balance at end of year</b>   | <b>12,582</b>           | <b>10,369</b>           |
|                                 |                         |                         |
| <b>Net Book Value</b>           | <b>1,844</b>            | <b>4,057</b>            |

**7. Accounts payable and accrued liabilities**

|                  | <b>31 December 2024</b> | <b>31 December 2023</b> |
|------------------|-------------------------|-------------------------|
| Accounts payable | 200,857                 | 75,003                  |
| Accrued expenses | 156,849                 | 209,137                 |
| Other            | 49,681                  | 149,160                 |
| <b>Total</b>     | <b>407,387</b>          | <b>433,300</b>          |

**8. Related party balances and transactions**

During the year, the Government engaged the Office to provide certain services. The provision of these services (or “Outputs”) is formalised in a purchase agreement which includes the collection and verification of royalties paid by Office’s Licensees, policy advice on utility regulation matters and drafting instructions for legislation and regulations.

As part of the services provided to the Government, the Office collected and verified the 6% Royalty Fee from ICT Licensees during the period. The remittance of the funds collected is expected to be completed in due course. Fees collected during the 2024 financial year from ICT Licensees are as follows:

| <b>Year</b>  | <b>Amount Collected - C\$</b> |
|--------------|-------------------------------|
| Q1           | 2,326,921                     |
| Q2           | 2,248,568                     |
| Q3           | 2,239,538                     |
| Q4           | 2,146,508                     |
| <b>Total</b> | <b>8,961,535</b>              |

At year-end, \$4,386,046 was payable to the Government (2023: \$3,655) for royalties collected on its behalf.

In 2023, the Office received a total of \$1,680,367. However, the Office has not yet received funds from the Government, as specified in the Purchase Agreement, for services rendered during the last half of 2023 and all of 2024. As of year-end, \$2,458,481 remained outstanding as a receivable (2023: \$780,056).

**Utility Regulation and Competition Office**  
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**8. Related party balances and transactions (continued)**

*Water Sector Revenues*

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

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

On 1 January 2021, the amended Water Authority Regulations (WA Regulations) were implemented which introduced a Statutory Fee mechanism allowing WAC to levy a statutory fee to CWC consumers based on consumption. The Water Sector Regulations (WSR), which will introduce a Regulatory Fee mechanism for the Office, has not been approved by the Cabinet of the Cayman Islands Government yet. The MOU stipulates that upon the implementation of the amended WA Regulations, WAC will deduct from the royalties the statutory fees owed to WAC by customers in the CWC service area and the remaining balance will be paid to the Office, or as directed by Government. The total revenue earned by the Office based on the MOU in 2023 was \$780,302 (2023: \$741,322).

Public Service Pension Plan

The Office on behalf of its eligible employees paid contributions of \$236,906 (2023: \$264,097) to the Public Service Pensions Plan during the year.

Key Employee Benefits

The key employees of the Office included four (2023: four) Executives during the year. In accordance with IPSAS 20, the aggregate remuneration of key management personnel are shown below:

|                                           | <b>31 December 2024*</b> | <b>31 December 2023</b> |
|-------------------------------------------|--------------------------|-------------------------|
| Salaries and short-term employee benefits | 553,951                  | 638,989                 |
| Other employee benefits**                 | 190,812                  | 56,736                  |

\*The former Interim Chief Executive Officer left the organization in June 2024. The position was filled with a new Interim Chief Executive Officer in June 2024.

\*\*Included in Other Employee Benefits are final costs paid to the former Interim Chief Executive Officer, one former Executive Director and the former General Counsel.

In June 2024, the Office bid farewell to both the Interim Chief Executive Officer and the Executive Director Energy, Fuels & Utilities. Later, in September 2024, the Office also saw the departure of the General Counsel. These transitions resulted in a financial impact of \$190,812 on the 2024 financial statements due to final payments made. The board has since appointed a new Interim Chief Executive Officer. The Executive Director for Energy position was filled in January 2025 and the newly hired Chief Fuels Inspector is scheduled to assume duties in May 2025. General Counsel responsibilities have been assumed by the Assistant General Counsel, supported by an external regulatory consultant.

In September 2018, the Government seconded a Chief Operating Officer to be part of the Office’s management team. In April 2024 the Office bid farewell to the Chief Operating Officer. The employee was paid by the Government and therefore did not impact the payroll cost.

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

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

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**8. Related party balances and transactions (continued)**

In 2023, the Office appointed five additional Non-Executive Board Members in accordance with the Utility Regulation and Competition Amendment Act 2022. These additions brought the total Non-Executive Board Members to ten. Due to the resignation of one member in December 2023, and two additional resignations during 2024, three Non-Executive Board Member positions are vacant as at 31 December 2024. The fees paid to the Non-Executive Board Members for the year ended December 31, 2024 was \$229,870 (2023: 226,000).

There were no loans granted to key management personnel or their close relatives during the year (2023: \$nil).

**9. General reserve**

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

**10. Post-retirement benefits**

Contributions to Pensions Plan

During the current year, the Office recognised pension expenses under salaries and employee benefits of \$313,536 (2023: \$287,727) paid to the Public Service Pensions Fund and the Silver Thatch Pensions Fund.

Public Service Defined Benefit Plan

The Office has two employees (2023: two employees) who are active participants in the Public Service defined benefit plan. The Office has one employee who is in a retired status and receiving retirement benefits from the fund. During the year, the Office recognised pension expense under salaries and employee benefits of \$37,000 (2023: \$38,000).

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

Benefit obligations are estimated using the Projected Unit Credit method. Under this method, each participant's benefits under the plan are attributed to years of service, taking into consideration future salary increases and the plan's benefit allocation formula. Thus, the estimated total pension to which each participant is expected to become entitled at retirement is broken down into units, each associated with a year of past or future credited service.

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



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**10. Post-retirement benefits (continued)**

*Public Service Defined Benefit Plan (continued)*

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

|                            | <b>2024</b> | <b>2023</b> |
|----------------------------|-------------|-------------|
|                            | \$'000      | \$'000      |
| Defined benefit obligation | 601         | 701         |
| Fair value of plan assets  | 590         | 476         |
| <b>Funded status</b>       | <b>11</b>   | <b>225</b>  |
| <b>Net liability</b>       | <b>11</b>   | <b>225</b>  |

*The change in defined benefit obligation is as follows:*

|                                                  | <b>2024</b> | <b>2023</b> |
|--------------------------------------------------|-------------|-------------|
|                                                  | \$'000      | \$'000      |
| Defined benefit obligation at end of prior year  | 701         | 665         |
| Service cost                                     | 45          | 53          |
| Interest expense                                 | 36          | 36          |
| Cash flows                                       | 14          | (138)       |
| Other significant events                         | -           | -           |
| Remeasurements                                   | (195)       | 85          |
| Effect of changes in foreign exchange rates      | -           | -           |
| <b>Defined benefit obligation at end of year</b> | <b>601</b>  | <b>701</b>  |

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

|                                                     | <b>2024</b> | <b>2023</b> |
|-----------------------------------------------------|-------------|-------------|
|                                                     | \$'000      | \$'000      |
| Fair value of plan assets at end of prior year      | 476         | 504         |
| Interest income                                     | 25          | 28          |
| Cash flows - employer and participant contributions | 33          | (115)       |
| Other significant events                            | -           | -           |
| Remeasurements                                      | 56          | 59          |
| Effect of changes in foreign exchange rates         | -           | -           |
| <b>Fair value of plan assets at end of year</b>     | <b>590</b>  | <b>476</b>  |

**Utility Regulation and Competition Office**  
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**10. Post-retirement benefits (continued)**

*Public Service Defined Benefit Plan (continued)*

*The net defined benefit liability (asset) reconciliation:*

|                                                        | <b>2024</b> | <b>2023</b> |
|--------------------------------------------------------|-------------|-------------|
|                                                        | \$'000      | \$'000      |
| Net defined benefit liability as of beginning of year  | 225         | 161         |
| Defined benefit cost included in P&L                   | 56          | 61          |
| Total remeasurements included in OCI                   | (251)       | 26          |
| Other significant events                               | -           | -           |
| Cash flows                                             | (19)        | (23)        |
| Credit to reimbursements                               | -           | -           |
| Effect of changes in foreign exchange rates            | -           | -           |
| <b>Net defined benefit liability as of end of year</b> | <b>11</b>   | <b>225</b>  |

*The components of defined benefit cost is as follows:*

|                                                                        | <b>2024</b>  | <b>2023</b> |
|------------------------------------------------------------------------|--------------|-------------|
|                                                                        | \$'000       | \$'000      |
| Service cost                                                           | 45           | 53          |
| Net interest cost                                                      | -            | -           |
| Interest expense on DBO                                                | 36           | 36          |
| Interest (income) on plan assets                                       | (25)         | (28)        |
| Total net interest cost                                                | 11           | 8           |
| Remeasurements of other long term benefits                             |              |             |
| Administrative expenses and taxes                                      |              |             |
| Defined benefit cost included in P&L                                   | 56           | 61          |
| Remeasurements (recognized in other comprehensive income)              |              |             |
| Effects of changes in demographic assumptions                          | -            | -           |
| Effects of changes in financial assumptions                            | (141)        | (18)        |
| Effect of experience adjustments                                       | (54)         | 103         |
| (Return) on plan assets (excluding interest income)                    | (56)         | (59)        |
| (Return) on reimbursement rights (excluding interest income)           |              |             |
| Changes in asset ceiling/onerous liability (excluding interest income) |              |             |
| <b>Total remeasurements included in OCI</b>                            | <b>(251)</b> | <b>26</b>   |
| <b>Total defined benefit cost recognized in P&amp;L and OCI</b>        | <b>(195)</b> | <b>87</b>   |

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**10. Post-retirement benefits (continued)**

*Public Service Defined Benefit Plan (continued)*

*The sensitivity analysis on defined benefit obligation is shown below:*

|                                     | <b>2024</b> | <b>2023</b> |
|-------------------------------------|-------------|-------------|
| 1. Discount rate                    |             |             |
| a. Discount rate – 25 basis points  | 637         | 745         |
| b. Discount rate +25 basis points   | 568         | 659         |
| 2. Inflation rate                   |             |             |
| a. Inflation rate – 25 basis points | 568         | 657         |
| b. Inflation rate + 25 basis points | 637         | 748         |
| 3. Mortality                        |             |             |
| a. Mortality – 10% of current rates | 611         | 714         |
| b. Mortality + 10% of current rates | 592         | 689         |

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

|                                 | <b>2024</b> | <b>2023</b> |
|---------------------------------|-------------|-------------|
| Expected employer contributions | 23          | 23          |

*The significant actuarial assumptions are presented below:*

|                                    | <b>2024</b>                                                     | <b>2023</b>                                               |
|------------------------------------|-----------------------------------------------------------------|-----------------------------------------------------------|
| 1. Discount rate                   | 5.75%                                                           | 5.15%                                                     |
| 2. Rate of salary increase         | 5.0% in 2025 and 4.0% in 2026 and 3.0% thereafter               | 4.0% in 2024 and 3.7% thereafter                          |
| 3. Rate of price inflation         | 2.90% in 2025, 2.50% in 2026, 2.2% in 2027, and 2.0% thereafter | 2.50% in 2024, 2.40% in 2025 and 2.0% thereafter          |
| 4. Rate of pension increases       | 2.90% in 2025, 2.50% in 2026, 2.2% in 2027, and 2.0% thereafter | 2.50% in 2024, 2.40% in 2025 and 2.0% thereafter          |
| 5. Post-retirement mortality table | 100% RP-2014 generationally projected using scale MP-2021       | 100% RP-2014 generationally projected using scale MP-2021 |
| 6. Cost method                     | Projected Unit Credit                                           | Projected Unit Credit                                     |
| 7. Asset valuation method          | Market Value                                                    | Market Value                                              |

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**10. Post-retirement benefits (continued)**

*Public Service Defined Benefit Plan (continued)*

|                                    | 2024                                                      | 2023                                                      |
|------------------------------------|-----------------------------------------------------------|-----------------------------------------------------------|
| 1. Discount rate                   | 5.35%                                                     | 5.35%                                                     |
| 2. Rate of salary increase         | 4.00% in 2024 and 3.7% thereafter                         | 5.00% in 2023, 4.0% in 2024 and 3.7% thereafter           |
| 3. Rate of price inflation         | 2.50% in 2024, 2.4% in 2025 and 2.0% thereafter           | 4.00% in 2023, 2.4% in 2024 and 2.0% thereafter           |
| 4. Rate of pension increases       | 2.50% in 2024, 2.4% in 2025 and 2.0% thereafter           | 4.00% in 2023, 2.4% in 2024 and 2.0% thereafter           |
| 5. Post-retirement mortality table | 100% RP-2014 generationally projected using scale MP-2021 | 100% RP-2014 generationally projected using scale MP-2021 |

*Plan Assets*

The Defined Benefit assets as well as Defined Contribution assets of the Plan are held as part of the Public Service Pensions Fund (“the Fund”) and managed by the PSPB. The assets of two other pension plans are pooled together to constitute the Fund. The assets are notionally allocated to each of the three participating pension plans through an internal accounting mechanism that tracks, for each accounting year, actual cash flows and allocates investment income and expenses in proportion to the opening value of assets allocated. Based on the data provided, the gross rate of return earned by the Fund for the year, January 1 2024 to December 31, 2024 was 16.40% per annum. Similar internal accounting is used for developing each participating entity’s share of the asset portfolio of the Fund.

The valuations are based on the asset values as at 31 December 2024 provided by PSPB, along with cash flow and other supplemental asset information. The assets are held in trust by CIBC Mellon.

The Fund currently has investment policy with a target asset mix of 78% (2023: 81%) equities, 18% (2023:18%) bonds, 3% (2023: 0%) infrastructure, and 1% (2023: 1%) cash and receivables. As at 31 December 2024, the Fund was invested as follows:

| Plan Assets by Asset Category | 2024      |            | 2023      |            |
|-------------------------------|-----------|------------|-----------|------------|
|                               | \$000     | Percentage | \$000     | Percentage |
| Global equities securities    | 1,050,497 | 78%        | 934,942   | 81%        |
| Debt securities               | 237,485   | 18%        | 209,351   | 18%        |
| Infrastructure                | 44,457    | 3%         | 209,351   | 0%         |
| Cash and Receivables          | 11,850    | 1%         | 4,447     | 1%         |
| Total                         | 1,344,289 | 100%       | 1,148,740 | 100%       |

The Defined Contribution portion of the Fund totaled to \$651,887,200 as at December 31, 2024 (2023: \$611,711,500) as provided by PSPB. The share of the Fund that been notionally allocated to Office with regards to its participation in the Defined Benefit Part of the Plan at 31 December 2023 is \$590,100 (2023:\$476,300).

*The Actuarial Assumptions*

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

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**10. Post-retirement benefits (continued)**

*Public Service Defined Benefit Plan (continued)*

*Actuarial Assumptions (continued)*

| Measurement Date                                                                                 | 2024                                                                      | 2023                                                       |
|--------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|------------------------------------------------------------|
| Discount rate                                                                                    |                                                                           |                                                            |
| -BOY disclosure and current year expense                                                         | 5.15%                                                                     | 5.40%                                                      |
| -EOY disclosure and current year expense                                                         | 5.75%                                                                     | 5.15%                                                      |
| Following year service cost                                                                      | 5.80%                                                                     | 5.10%                                                      |
| Rate used to determine interest on defined benefit obligation and plan assets for following year | 5.45%                                                                     | 5.10%                                                      |
| Rate used to determine interest on current service cost for following year                       | 5.65%                                                                     | 5.15%                                                      |
| Increases in pensionable earnings                                                                | 5.00% in 2025, 4.00% in 2026 and 3.00% per year thereafter                | 4.00% in 2024 and 3.70% per year thereafter                |
| Rate of pension increases                                                                        | 2.90% in 2025, 2.50% in 2026, 2.20% in 2027 and 2.00% per year thereafter | 2.50% in 2024, 2.40% in 2025 and 2.00% per year thereafter |

|                                           | 2024                                                                                           | 2023                                                                                           |
|-------------------------------------------|------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|
| Mortality                                 |                                                                                                |                                                                                                |
| BOY disclosure and current year expense   | 100% of the rates of the RP-2014 Mortality Table, generational projections using Scale MP-2021 | 100% of the rates of the RP-2014 Mortality Table, generational projections using Scale MP-2021 |
| EOY disclosure and following year expense | 100% of the rates of the RP-2014 Mortality Table, generational projections using Scale MP-2021 | 100% of the rates of the RP-2014 Mortality Table, generational projections using Scale MP-2021 |
| Disability                                | None                                                                                           | None                                                                                           |
| Turnover rates                            | Age related table                                                                              | Age related table                                                                              |
| Retirement                                | Age related table                                                                              | Age related table                                                                              |
| Assumed life expectations on retirement   | Retiring today (member age 57): 28.87                                                          | Retiring today (member age 57): 28.78                                                          |
|                                           | Retiring in 25 years (member age 57): 31.00                                                    | Retiring in 25 years (member age 57): 30.92                                                    |
| Liability cost method                     | Projected unit credit method                                                                   | Projected unit credit method                                                                   |
| Asset value method                        | Market Value of Assets                                                                         | Market Value of Assets                                                                         |
| Commutation of pension                    | All members commute 25% at retirement                                                          | All members commute 25% at retirement                                                          |



**Utility Regulation and Competition Office**  
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**(stated in Cayman Islands dollars)**

**10. Post-retirement benefits (continued)**

*Public Service Defined Benefit Plan (continued)*

*Actuarial Assumptions (continued)*

*Turnover rates at sample ages:*

| <b>Age</b> | <b>Males</b> | <b>Females</b> |
|------------|--------------|----------------|
| 20         | 7.50%        | 12.50%         |
| 25         | 5.00%        | 12.50%         |
| 30         | 3.50%        | 7.50%          |
| 35         | 2.50%        | 4.50%          |
| 40         | 1.50%        | 2.50%          |
| 45         | 0.50%        | 5.00%          |
| 50         | 0.00%        | 0.00%          |

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

*Defined Benefit Healthcare Plan*

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

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

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

The Office has a present value net defined healthcare benefit obligation of \$455,183 at the year ended December 31, 2024 (2023: \$511,243).

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**10. Post-retirement benefits (continued)**

*Defined Benefit Healthcare Plan (continued)*

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

|                            | <b>2024</b> | <b>2023</b> |
|----------------------------|-------------|-------------|
|                            | \$'000      | \$'000      |
| Defined benefit obligation | 455         | 511         |
| Fair Value of plan assets  |             |             |
| <b>Funded status</b>       | <b>455</b>  | <b>511</b>  |
| <b>Net liability</b>       | <b>455</b>  | <b>511</b>  |

*The change in defined benefit obligation is as follows:*

|                                                  | <b>2024</b> | <b>2023</b> |
|--------------------------------------------------|-------------|-------------|
|                                                  | \$'000      | \$'000      |
| Defined benefit obligation at end of prior year  | 511         | 755         |
| Service cost                                     | -           | 65          |
| Interest expense                                 | 26          | 13          |
| Benefit payments from employer                   | (9)         | (1)         |
| Remeasurements                                   |             |             |
| Effect of changes in demographic assumptions     | -           | (10)        |
| Effect of experience adjustments                 | (1)         | (336)       |
| Effect of changes in financial assumptions       | (72)        | 25          |
| <b>Defined benefit obligation at end of year</b> | <b>455</b>  | <b>511</b>  |

|                                                                 | <b>2024</b> | <b>2023</b>  |
|-----------------------------------------------------------------|-------------|--------------|
|                                                                 | \$'000      | \$'000       |
| Service cost                                                    | -           | 65           |
| Net interest cost                                               |             |              |
| Interest expense on DBO                                         | 26          | 13           |
| Defined benefit cost included in P&L                            | 26          | 78           |
|                                                                 |             |              |
| Remeasurements (recognized in other comprehensive income)       |             |              |
| Effects of changes in demographic assumptions                   | -           | (10)         |
| Effects of changes in financial assumptions                     | (72)        | 25           |
| Effect of experience adjustments                                | (1)         | (336)        |
| <b>Total remeasurements included in OCI</b>                     | <b>(73)</b> | <b>(321)</b> |
| <b>Total defined benefit cost recognized in P&amp;L and OCI</b> | <b>(47)</b> | <b>(243)</b> |

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**10. Post-retirement benefits (continued)**

*Defined Benefit Healthcare Plan (continued)*

*The net defined benefit liability (asset) reconciliation:*

| <b>Net defined benefit liability reconciliation</b>    | <b>2024</b> | <b>2023</b> |
|--------------------------------------------------------|-------------|-------------|
|                                                        | \$'000      | \$'000      |
| Net defined benefit liability as of beginning of year  | 511         | 755         |
| Defined benefit cost included in P&L                   | 26          | 78          |
| Total remeasurements included in OCI                   | (73)        | (321)       |
| Other significant events                               |             |             |
| Cash flows                                             | (9)         | (1)         |
| Effect of changes in foreign exchange rates            |             |             |
| <b>Net defined benefit liability as of end of year</b> | <b>455</b>  | <b>511</b>  |

| <b>Defined benefit obligation</b>                | <b>2024</b> | <b>2023</b> |
|--------------------------------------------------|-------------|-------------|
| Defined benefit obligation by participant status |             |             |
| a. Actives                                       | -           | -           |
| b. Vested deferreds                              | -           | -           |
| c. Retirees                                      | 455         | 511         |
| <b>Total</b>                                     | <b>455</b>  | <b>511</b>  |

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**10. Post-retirement benefits (continued)**

*Defined Benefit Healthcare Plan (continued)*

*The significant actuarial assumptions are presented below:*

| <b>Significant actuarial assumptions</b>                                    | <b>2024</b>                          | <b>2023</b>                          |
|-----------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <i>Weighted-average assumptions to determine defined benefit obligation</i> |                                      |                                      |
| Effective discount rate for defined benefit obligation                      | 5.80%                                | 5.15%                                |
| Health care cost trends                                                     |                                      |                                      |
| Immediate trend rate                                                        | 5.15%                                | 5.19%                                |
| Ultimate trend rate                                                         | 4.00%                                | 4.00%                                |
| Year rate reaches ultimate trend rate                                       | 2045                                 | 2045                                 |
| Mortality assumption                                                        | RP-2014<br>projected with<br>MP-2021 | RP-2014<br>projected with<br>MP-2021 |
| Duration (in years)                                                         |                                      |                                      |
|                                                                             |                                      |                                      |
| <i>Weighted-average assumptions to determine defined benefit cost</i>       |                                      |                                      |
| Effective discount rate                                                     | 5.15%                                | 5.35%                                |
| Effective rate for net interest cost                                        | 5.15%                                | 5.35%                                |
| Effective discount rate for service cost                                    | 5.10%                                | 5.25%                                |
| Effective rate for interest on service cost                                 | 5.15%                                | 5.30%                                |
| Health care cost trends                                                     |                                      |                                      |
| Immediate trend rate                                                        | 5.19%                                | 5.28%                                |
| Ultimate trend rate                                                         | 4.00%                                | 4.00%                                |
| Year rate reaches ultimate trend rate                                       | 2045                                 | 2045                                 |
| Mortality assumption                                                        | RP-2014<br>projected with<br>MP-2021 | RP-2014<br>projected with<br>MP-2021 |

*The sensitivity analysis on defined benefit obligation is shown below:*

| <b>Sensitivity Analysis</b>                     | <b>2024</b> | <b>2023</b> |
|-------------------------------------------------|-------------|-------------|
| <i>Change in defined benefit obligation</i>     |             |             |
| a. Effective Discount rate – 25 basis points    | 25          | 34          |
| b. Effective Discount rate +25 basis points     | (24)        | (30)        |
| Health care cost trend rates – 100 basis points | (85)        | (109)       |
| Health care cost trend rates + 100 basis points | 113         | 149         |
| b. Mortality + 10% of current rates             | (12)        | (17)        |

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**11. Services provided to government**

The Office provides services to the Cabinet of the Government under an agreement established in the Annual Plan and Estimates (the “Plan”). The Plan for the year ended 31 December 2024 established legal provisions for the Office to provide a maximum of \$1,780,000 in services. Each fiscal year’s Ownership Agreement between the Office and Government sets out the objectives that the Office seeks to achieve.

During the year ended 31 December 2024, the Office recognized revenue of \$1,678,424 under the terms of the Plan and Ownership Agreement, reflecting services delivered during the period. As of year-end, payment for these services had not been received and therefore forms a part of receivables outstanding as of 31 December 2024.

**12. Regulatory fees**

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

| <b>Regulatory Fees by Sector</b> | <b>31 December 2024</b> | <b>31 December 2023</b> |
|----------------------------------|-------------------------|-------------------------|
| ICT                              | 1,493,053               | 1,517,489               |
| Electricity                      | 1,215,000               | 1,215,000               |
| Water                            | 780,302                 | 741,322                 |
| <b>Total Regulatory Fees</b>     | <b>3,488,355</b>        | <b>3,473,811</b>        |

**13. Other income**

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

|                                                            | <b>31 December 2024</b> | <b>31 December 2023</b> |
|------------------------------------------------------------|-------------------------|-------------------------|
| Administrative fines                                       | -                       | 400,000                 |
| Interest on fixed deposits                                 | 139,915                 | 71,247                  |
| Contributions from external agencies                       | -                       | 35,186                  |
| License application and renewal fees (ICT Major licensees) | 14,843                  | 11,250                  |
| Other Income                                               | 116,747                 | 67,720                  |
| <b>Total Other Income</b>                                  | <b>271,505</b>          | <b>585,403</b>          |

During the prior year ended 31 December 2023, the Office imposed an administrative fine of \$400,000 on Cable and Wireless (Cayman Islands) Ltd. (t/a Flow) in relation to a breach of the terms of its license. The fine was levied in accordance with Section 14 of the Utility Regulation and Competition Act.

During the prior year ended 31 December 2023, the Office recorded revenue owed from the UK MCA totaling to \$35,186 which is recognized as Other Income. The amount relates to partial financing for the fuel quality testing system which was purchased during the year and is recognized in Property, plant and equipment. The UK MCA made commitments to the Cayman Islands Government to assist with the strengthening of the jurisdiction’s capacity to maintain and ensure compliance in our marine environment, particularly at oil handling facilities which are regulated by the Office.

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**14. Licensing fees**

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

|                             | <b>31 December 2024</b> | <b>31 December 2023</b> |
|-----------------------------|-------------------------|-------------------------|
| Spectrum Allocation Fees    | 177,199                 | 146,777                 |
| Ship Radio Licensing        | 229,573                 | 166,229                 |
| Type Approvals              | 78,731                  | 58,012                  |
| Aircraft Radio Licensing    | 25,163                  | 24,332                  |
| Other Radio Licensing       | 42,753                  | 52,533                  |
| <b>Total Licensing Fees</b> | <b>553,419</b>          | <b>447,883</b>          |

**15. Contingencies and commitments**

**(a) Contingencies**

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

Section 36(1) of the PAA requires public authorities to pay an annual capital charge for the use of equity invested by the Government in the authority. The capital charge is set by the Minister of Finance after consultation with the public authority's board. Based on past practice, the Office expects that the applicable rate for the 2024 financial year will be set at 0% (2023: 0%) and that no capital charge will be payable for 2024 (2023: \$0). Going forward, the Authority may be required to pay a capital charge in accordance with the PAA.

The Office is required to comply with the Public Authorities Act (2020 Revision) (the "PAA"). Amongst other matters, Section 39 (2) of the PAA requires that where a public authority has surplus cash reserves for a period of more than ninety days, the surplus shall be paid to core government unless otherwise directed by Cabinet, after written consultation with the Board. In prior years, Cabinet has exempted public authorities from paying over surplus cash reserves, and the Office expects that a similar exemption will be made in respect of its surplus cash reserves as at 31 December 2024.

Section 39 (3) of the PAA also requires that a public authority pay dividends in accordance with the formula established by the Minister of Finance and Economic Development (the "Ministry") after written consultation with the Board, unless otherwise directed by Cabinet. In recent years, the Ministry has advised the Authority that it will not be required to pay a dividend out of its surplus because its operations are not self-sustaining. For the year ended 31 December 2024, the Office incurred a loss, therefore, the Authority has not made a provision for a dividend payment. Going forward, the Authority may be required to pay a dividend in accordance with Government's policy for the payment of annual dividends unless the Authority continues to satisfy the exemption criteria noted under the policy.

**(b) Commitments**

*Lease Commitments*

The Office signed a five-year operating lease with Monaco Towers with a rent commencement date of October 1, 2021. Total lease payments made to Monaco Towers during the year totaled \$256,206 (2023: \$244,986).



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**15. Contingencies and commitments**

**(b) Commitments (continued)**

Contractual Obligations

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

|                             | Less than 1 year | Between 1 year and 5 years | Over 5 years | Total          |
|-----------------------------|------------------|----------------------------|--------------|----------------|
| Monaco Towers               | 267,427          | 206,181                    | -            | 473,608        |
| Agreements with Consultants | 99,856           | -                          | -            | 99,856         |
| <b>Total Commitments</b>    | <b>367,283</b>   | <b>206,181</b>             | <b>-</b>     | <b>573,464</b> |

**16. Personnel costs**

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

|                               | 31 December 2024 | 31 December 2023 |
|-------------------------------|------------------|------------------|
| Salaries                      | 2,759,118        | 2,698,748        |
| Health insurance              | 528,375          | 514,673          |
| Pension                       | 313,536          | 287,727          |
| Work permit fees              | 78,572           | 59,582           |
| Post-retirement benefit costs | 63,000           | 116,000          |
| Other                         | 60,367           | 63,819           |
| <b>Total Personnel Costs</b>  | <b>3,802,968</b> | <b>3,740,549</b> |

**17. Professional and consultancy fees**

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

|                                                  | 31 December 2024 | 31 December 2023 |
|--------------------------------------------------|------------------|------------------|
| Consultancy fees                                 | 191,967          | 238,908          |
| Audit fees                                       | 70,000           | 70,000           |
| Professional fees                                | 12,843           | 12,859           |
| <b>Total Professional &amp; Consultancy Fees</b> | <b>274,810</b>   | <b>321,767</b>   |

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**18. General and administration costs**

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

|                                               | <b>31 December 2024</b> | <b>31 December 2023</b> |
|-----------------------------------------------|-------------------------|-------------------------|
| Bad debt expense                              | 129,419                 | 200,218                 |
| IT services                                   | 157,635                 | 161,544                 |
| Office administration expenses                | 135,665                 | 158,500                 |
| Utilities                                     | 80,469                  | 92,410                  |
| Subscriptions and contributions               | 58,903                  | 42,357                  |
| Insurance                                     | 32,708                  | 28,237                  |
| Bank charges                                  | 15,364                  | 13,378                  |
| Other expenses                                | 10,424                  | 63,916                  |
| <b>Total General and Administrative Costs</b> | <b>620,587</b>          | <b>760,560</b>          |

**19. Litigation costs**

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

|                               | <b>31 December 2024</b> | <b>31 December 2023</b> |
|-------------------------------|-------------------------|-------------------------|
| Legal fees                    | 281,208                 | 304,095                 |
| Settlement Costs              | 1,000                   | 40,000                  |
| <b>Total Litigation Costs</b> | <b>282,208</b>          | <b>344,095</b>          |

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

**20. Judicial reviews**

An application for Leave to apply for Judicial Review was made to the Grand Court by ICT Licensee FLOW against the Office in 2022. The application concerned a determination made by the Office on an infrastructure sharing dispute. FLOW was successfully granted leave by the Grand Court. The Office has retained legal counsel for representation, and the judicial review process has been ongoing. However, as of the date of this correspondence, the Court has not yet set a date for the substantive hearing. There is a possibility that the Office may be required to pay certain legal costs, if the defence of the application is not successful. The precise level of costs that the Licensee will seek if successful cannot be determined at this time.

An application for Leave to apply for Judicial Review was made to the Grand Court by ICT Licensee Infinity Broadband Limited (trading as C3 Pure Fibre) against the Office. The application concerned an Enforcement Notice pursuant to section 91(9) of the Utility Regulation and Competition Act (as revised) in relation to the non-payment of Licence Fees (which includes regulatory fees due to the Office and royalty fees due to the Cayman Islands Government) owed by Infinity Broadband Limited in accordance with their licence. The application was heard and refused by the Grand Court. However, Infinity Broadband Limited appealed the Grand Court's decision and the Court of Appeal subsequently granted leave to apply. The Office has continued to retain legal counsel for representation. There is a possibility that the Office may be required to pay certain legal costs, if the defence of the appeal is not successful. The precise level of the costs that the Licensee will seek if successful cannot be determined at this time. The final hearing has been scheduled in June 2025.

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**20. Judicial reviews (continued)**

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

In 2024, an application for Leave to apply for Judicial Review was made to the Grand Court by a former employee against the Office. A settlement offer and counteroffer were proposed during the pre-action stage, but both were rejected. The application was filed at the Grand Court, but did not appear to adhere to the court procedure and the Grand Court struck out the case. The former employee appealed the Grand Court's decision, and the hearing before the Court of Appeal occurred on 6 November 2024. The Office continues to retain legal counsel for representation. There is a possibility that the Office may be required to pay certain legal costs if the defence of the application is not successful. The precise level of costs that the former employee will seek if successful cannot be determined at this time.

In November 2024, a former employee made a request to the Labour Tribunal for a hearing in relation to an employment matter against the Office. The hearing has been scheduled in July 2025. The Office has retained legal counsel for representation. There is a possibility that the Office may be required to pay certain legal costs, if the defence of the application is not successful. The precise level of costs that the former employee will seek if successful cannot be determined at this time.

**21. Financial risk management objectives and policies**

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

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

*a) Market Risk*

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Office did not hold any financial instrument that was subject to market risk at 31 December 2024.

*b) Credit Risk*

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

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

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

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**21. Financial risk management objectives and policies (continued)**

The average credit period on sales is 30 days. The Office manages its credit risk by limiting the counter parties it transacts business with to counterparties it believes to be capable of performing their contractual obligations. Generally, the Office does not require collateral. Ongoing credit risk is managed through review of the aging receivable analysis. Maximum exposures to credit risk as at year end are the carrying value of financial assets in the statement of financial position.

*Expected credit losses (ECL)*

ECLs are calculated on a lifetime basis for Accounts Receivables. Please see Accounts and Other Receivables note on page 17 of the notes to the financial statements for more information on credit risk disclosures for ECL on Accounts Receivables.

*Concentrations of credit risk*

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

While the Office does not normally have any significant credit risk exposure, during the year ended 31 December 2024, the Office experienced significant delays in settlement of receivables from the Government and, in the absence of formal confirmation regarding timing and payment amounts, recorded a full provision against the outstanding balance. As of year-end, the Office's credit risk is concentrated with the Government, representing 100% of the gross outstanding receivables. Management continues to actively monitor credit exposure and engage with the Government to seek resolution.

After the above-mentioned provisioning the maximum exposure to credit risk at 31 December 2024, is as follows:

|                           | <b>31 December 2024</b> | <b>31 December 2023</b> |
|---------------------------|-------------------------|-------------------------|
| Cash and Cash equivalents | 6,096,478               | 2,958,960               |
| Short-term investment     | 3,050,000               | 2,600,000               |
| Accounts Receivable       | 3,126,864               | 1,467,026               |
| <b>Maximum exposure</b>   | <b>12,273,342</b>       | <b>7,025,986</b>        |

*c) Liquidity Risk*

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

*d) Interest Rate Risk*

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

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**22. Financial instruments**

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

**23. Segment reporting**

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

**Utility Regulation and Competition Office**  
**Notes to the Financial Statements**  
**For the Year Ended 31 December 2024**  
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**23. Segment reporting (continued)**

|                                                                                      | <b>ICT<br/>Sector</b> | <b>Electricity<br/>Sector</b> | <b>Fuel Sector<br/>(Restated)</b> | <b>Water Sector<br/>(Restated)</b> | <b>Consolidated<br/>(Restated)</b> |
|--------------------------------------------------------------------------------------|-----------------------|-------------------------------|-----------------------------------|------------------------------------|------------------------------------|
|                                                                                      | <b>2023</b>           | <b>2023</b>                   | <b>2023</b>                       | <b>2023</b>                        | <b>2023</b>                        |
|                                                                                      | <b>\$</b>             | <b>\$</b>                     | <b>\$</b>                         | <b>\$</b>                          | <b>\$</b>                          |
| Revenue                                                                              |                       |                               |                                   |                                    |                                    |
| Services Provided to Government                                                      | 214,015               | 23,656                        | 1,434,618                         | 8,078                              | 1,680,367                          |
| Revenue from external sources                                                        | 2,706,129             | 1,228,110                     | 135,074                           | 744,926                            | 4,814,238                          |
| <b>Total revenue</b>                                                                 | <b>2,920,144</b>      | <b>1,251,766</b>              | <b>1,569,692</b>                  | <b>753,003</b>                     | <b>6,494,605</b>                   |
| Expenses                                                                             |                       |                               |                                   |                                    |                                    |
| Personnel                                                                            | 1,533,956             | 593,688                       | 1,203,638                         | 409,267                            | 3,740,549                          |
| Supplies and consumables                                                             | 1,020,372             | 214,682                       | 345,014                           | 60,958                             | 1,641,026                          |
| Depreciation                                                                         | 42,143                | 13,643                        | 42,645                            | 4,659                              | 103,090                            |
| Other expenses                                                                       | 296,979               | 21,925                        | 75,009                            | 6,391                              | 400,304                            |
| <b>Total expenses</b>                                                                | <b>2,893,450</b>      | <b>843,938</b>                | <b>1,666,306</b>                  | <b>481,275</b>                     | <b>5,884,969</b>                   |
| Surplus/(deficit) from operating activities                                          | <b>26,694</b>         | <b>407,828</b>                | <b>(96,614)</b>                   | <b>271,728</b>                     | <b>609,636</b>                     |
| Assets                                                                               |                       |                               |                                   |                                    |                                    |
| Accounts receivable                                                                  | 431,995               | 312,560                       | 641,361                           | 81,110                             | 1,467,026                          |
| Prepayments                                                                          | 90,679                | 35,955                        | 57,915                            | 13,260                             | 197,809                            |
| Property, plant and equipment                                                        | 83,821                | 14,135                        | 224,830                           | 7,365                              | 330,151                            |
| <b>Total assets (excluding cash and cash equivalents and short-term investments)</b> | <b>606,495</b>        | <b>362,650</b>                | <b>924,106</b>                    | <b>101,735</b>                     | <b>1,994,986</b>                   |
| Liabilities                                                                          |                       |                               |                                   |                                    |                                    |
| Current liabilities                                                                  | 182,068               | 44,288                        | 196,871                           | 13,728                             | 436,955                            |
| Long term liabilities                                                                | 163,320               | 21,990                        | 543,424                           | 7,509                              | 736,243                            |
| <b>Total liabilities</b>                                                             | <b>345,388</b>        | <b>66,278</b>                 | <b>740,295</b>                    | <b>21,237</b>                      | <b>1,173,198</b>                   |

In accordance with Section 40(2) of the URC Act (2021 Revision), the Office's revenue and expenses have been allocated to each of the regulated sectors. In allocating the costs, the Office has used its best endeavours to allocate directly incurred costs to the regulated sector to which they relate. Indirect costs have been allocated utilizing the number of personnel within each sector to determine the proportion of the costs to be allocated to each regulated sector.



**Utility Regulation and Competition Office**  
**Notes to the Financial Statements**  
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**24. Budget variances**

| Statement of Financial Position          | 31 December 2024  | 31 December 2024 | 31 December 2024   | Note |
|------------------------------------------|-------------------|------------------|--------------------|------|
|                                          | Actual            | Budget           | Variance           |      |
| <b>CURRENT ASSETS</b>                    |                   |                  |                    |      |
| Cash and cash equivalents                | 6,096,478         | 1,737,450        | 4,359,028          | 1    |
| Short-term investments                   | 3,050,000         | 2,619,575        | 430,425            | 2    |
| Accounts receivable                      | 3,126,864         | 1,541,934        | 1,584,930          | 3    |
| Prepaid expenses                         | 156,730           | 190,967          | (34,237)           |      |
|                                          | <b>12,430,072</b> | <b>6,089,926</b> | <b>6,340,146</b>   |      |
| <b>NON-CURRENT ASSETS</b>                |                   |                  |                    |      |
| Property, plant and equipment            | 318,776           | 651,471          | (332,695)          | 4    |
| Intangible assets                        | 1,844             | 263,837          | (261,993)          | 4    |
| <b>TOTAL ASSETS</b>                      | <b>12,750,692</b> | <b>7,005,234</b> | <b>5,745,458</b>   |      |
|                                          |                   |                  |                    |      |
|                                          |                   |                  |                    |      |
| <b>LIABILITIES</b>                       |                   |                  |                    |      |
| <b>CURRENT LIABILITIES</b>               |                   |                  |                    |      |
| Accounts payable and accrued liabilities | 407,387           | 268,619          | 138,768            | 5    |
| Collections payable to Government        | 4,386,046         | -                | 4,386,046          | 5    |
|                                          |                   |                  |                    |      |
| <b>LONG TERM LIABILITIES</b>             |                   |                  |                    |      |
| Defined benefit healthcare liability     | 455,183           | 406,000          | 46,183             | 6    |
| Defined benefit pension liability        | 11,000            | 161,000          | (150,000)          | 6    |
| <b>TOTAL LIABILITIES</b>                 | <b>5,259,616</b>  | <b>835,619</b>   | <b>4,420,997</b>   |      |
|                                          |                   |                  |                    |      |
| <b>NET ASSETS</b>                        | <b>7,491,076</b>  | <b>6,169,615</b> | <b>(1,324,461)</b> |      |
|                                          |                   |                  |                    |      |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>  | <b>12,750,692</b> | <b>7,005,234</b> | <b>5,745,458</b>   |      |

Note 1 – Higher cash on hand primarily relates to royalty fees due to paid to the Cayman Islands Government.

Note 2 – Short term investments relate primarily to the General Reserve. The actual balance was also increased to ensure funds were available for unbudgeted expenses such as the ongoing Judicial Reviews which were not planned and therefore not included in the original budget.

Note 3 – Higher accounts receivable primarily relates to output fees due to from the Cayman Islands Government, partially offset by specific provisions.

Note 4 – Lower capital expenditure is primarily due to delays in major projects including, leasehold improvements and software upgrades.

Note 5 - Higher payables primarily relates to royalty fees due to be paid to the Cayman Islands Government and costs related to the ongoing Judicial Reviews.

Note 6 – Higher healthcare liability reflects the fact that in the prior year, the defined benefit healthcare liability decreased mainly due to an employee resignation. However, when compared to the original budget set two years ago, contributions for the current year were higher than anticipated.

Lower pension liability is primarily due to the plan experiencing favorable investment returns and an increase in discount rates.

**Utility Regulation and Competition Office**  
**Notes to the Financial Statements**  
**For the Year Ended 31 December 2024**  
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**24. Budget variances (continued)**

| <b>Statement of Financial Performance</b> | <b>31 December 2024</b> | <b>31 December 2024</b> | <b>31 December 2024</b> | <b>Note</b> |
|-------------------------------------------|-------------------------|-------------------------|-------------------------|-------------|
|                                           | <b>Actual</b>           | <b>Budget</b>           | <b>Variance</b>         |             |
| <b>REVENUE</b>                            |                         |                         |                         |             |
| Sales of goods and services               | 6,194,715               | 6,550,625               | (355,910)               | 7           |
| Other revenue                             | 271,505                 | -                       | 271,505                 | 8           |
| <b>TOTAL REVENUE</b>                      | <b>6,466,220</b>        | <b>6,550,625</b>        | <b>(84,405)</b>         |             |
|                                           |                         |                         |                         |             |
| <b>EXPENSES</b>                           |                         |                         |                         |             |
| Personnel costs                           | 3,802,969               | 4,252,827               | (449,858)               | 9           |
| Purchase of services                      | 810,487                 | 1,404,989               | (594,502)               | 10          |
| Lease of property and equipment           | 256,206                 | 256,208                 | (2)                     |             |
| Litigation costs                          | 282,208                 | 50,000                  | 232,208                 | 11          |
| Travel and subsistence                    | 37,457                  | 55,793                  | (18,336)                |             |
| Depreciation & amortisation               | 95,796                  | 183,428                 | (87,632)                | 12          |
| Recruitment and training                  | 78,064                  | 156,500                 | (78,436)                | 13          |
| Utilities                                 | 80,469                  | 90,720                  | (10,251)                |             |
| General insurance                         | 32,707                  | 28,900                  | 3,807                   |             |
| Interdepartmental expenses                | 70,000                  | 60,000                  | 10,000                  |             |
| Supplies and materials                    | 8,167                   | 11,800                  | (3,633)                 |             |
| Bad Debt expense                          | 129,419                 | -                       | 129,419                 | 14          |
| <b>TOTAL EXPENSES</b>                     | <b>5,683,949</b>        | <b>6,551,165</b>        | <b>(867,216)</b>        |             |
|                                           |                         |                         |                         |             |
| <b>NET SURPLUS</b>                        | <b>782,271</b>          | <b>(540)</b>            | <b>782,811</b>          | 15          |

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

Note 8 – The favourable variance is primarily due to the assessment of unbudgeted regulatory late fees and fixed deposit interest.

Note 9 – Personnel Costs are lower than budget due to a delay in filling vacant and new positions. This is partially offset by unbudgeted defined benefit healthcare and pension costs.

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

- Lower Professional and consultancy fees – primarily due to delays in the Fuels teams’ alternative fuels and regulatory framework cost-benefit analysis, as well as delays in ICT consultancy spend.
- Lower Director Fees – primarily due to the resignation of three Non-Executive Directors.
- Lower Software Licensing Fees – primarily due to delays in software upgrades.

Note 11 – Litigation Costs are unfavourable to budget due to unplanned costs related to judicial reviews in the ICT sector. (See note 20 of the notes to the financial statements for further information)

Note 12 - Depreciation is favourable to budget due to the deferral of significant capital expenditure.

Note 13 – Overall Recruitment and Training Costs were lower than budget at year end. This is primarily due to delays in training expenditure throughout the year which led to savings. However, these savings were partially offset by higher than budgeted recruitment spend.

Note 14 – Bad Debt expenses is unfavorable due primarily to an increase in specific provisions.

Note 15 – The Net Surplus is favourable to budget to budget primarily due to the lower expenses.

**Utility Regulation and Competition Office**  
**Notes to the Financial Statements**  
**For the Year Ended 31 December 2024**  
**(stated in Cayman Islands dollars)**

**24. Budget variances (continued)**

| Statement of Cash Flows                                     | 31 December<br>2024 | 31 December<br>2024 | 31 December<br>2024 | Note |
|-------------------------------------------------------------|---------------------|---------------------|---------------------|------|
|                                                             | Actual              | Budget              | Variance            |      |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                  |                     |                     |                     |      |
| Net comprehensive surplus for year                          | 782,271             | (540)               | 782,811             |      |
| Adjustment for non-cash transactions:                       |                     |                     |                     |      |
| Depreciation and amortisation                               | 95,796              | 183,428             | (87,632)            | 12   |
| Defined benefit plans                                       | 53,940              | -                   | 53,940              | 16   |
| Bad Debt Expense                                            | 129,419             | -                   | 129,419             | 14   |
|                                                             | <b>1,061,426</b>    | <b>182,888</b>      | <b>878,538</b>      |      |
| Net changes in non-cash operating balances:                 |                     |                     |                     |      |
| (Increase)/decrease in:                                     |                     |                     |                     |      |
| Accounts receivable                                         | (1,789,256)         | (132,811)           | (1,656,445)         | 17   |
| Prepaid expenses                                            | 41,079              | -                   | 41,079              |      |
| Collections payable to Government                           | 4,382,390           | -                   | 4,382,390           | 18   |
| Accounts payable and accrued liabilities                    | (25,912)            | 61,570              | (87,482)            | 19   |
| <b>Net cash provided by operating activities</b>            | <b>3,669,727</b>    | <b>111,647</b>      | <b>3,558,080</b>    |      |
|                                                             |                     |                     |                     |      |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                  |                     |                     |                     |      |
| Transfer (to)/from fixed deposit                            | (450,000)           | -                   | (450,000)           | 20   |
| Purchase of property, plant and equipment                   | (82,209)            | (16,500)            | (65,709)            | 21   |
| <b>Net cash used in investing activities</b>                | <b>(532,209)</b>    | <b>(16,500)</b>     | <b>(515,709)</b>    |      |
|                                                             |                     |                     |                     |      |
| Net increase in cash and cash equivalents during the period | 3,137,518           | 95,147              | 3,042,371           |      |
| Cash and cash equivalents at beginning of the period        | 2,958,960           | 1,841,681           | 1,117,279           |      |
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>           | <b>6,096,478</b>    | <b>1,936,828</b>    | <b>4,159,650</b>    |      |

Note 16 - Non-Cash Defined Benefit Costs are higher than budgeted due to unbudgeted defined benefit health care and pension costs for eligible employees.

Note 17 – The change in Accounts Receivable is due mainly to output fees due from the Cayman Islands Government, partially offset by specific provisions.

Note 18 – Collections payable to Government relates to royalty fees due to be paid to the Cayman Islands Government. The movement in cash flows are higher as these amounts are not typically budgeted, as they are collected on behalf of the Government and are generally remitted by year-end.

Note 19 – The change in payables primarily relates to higher costs related to the ongoing Judicial Reviews.

Note 20 – The increase relates in part to ensuring funds are available for the unbudgeted costs.

Note 21 – Although capital expenditure is below budget due to project delays (Note 4 above), cash outflows have increased compared to the prior year, when actual spend was lower.

**Utility Regulation and Competition Office**  
**Notes to the Financial Statements**  
**For the Year Ended 31 December 2024**  
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**25. Subsequent events**

The Court of Appeal issued its final judgment in March 2025 in relation to the former employee's appeal of the Grand Court's decision in relation to the former employee's application for Leave to apply for Judicial Review. The Office was unsuccessful and an agreed settlement in the amount of KYD \$28,000.00 has to be paid to the former employee's attorneys. The case has been remitted to Grand Court and the hearing is scheduled in June 2025. The Office continues to retain legal counsel for representation. There is a possibility that the Office may be required to pay certain legal costs, if the defence of the application is not successful. The precise level of costs that the former employee will seek if successful cannot be determined at this time.

# Footnote to the 2024 FY Audited Financial Statements

## Government Purchase Agreement and Royalty Fee Collections

During the year, the Office delivered services to the Government under a formal Purchase Agreement, executed pursuant to Section 30 of the Public Management and Finance Act (2020 Revision). The Agreement outlines the specific outputs to be delivered by the Office during the 2024 financial year, and the payment terms associated with those outputs.

As part of these services, the Office collected and verified a 6% royalty fee from ICT Licensees during the 2024 financial year, totaling CI\$8.9m. Of this amount, CI\$4.5m has been transferred to the Government with CI\$4.4m expected to be remitted in due course.

Under the same agreement, the Office is entitled to receive payment from the Government for services rendered. In 2023, the Office received a total of \$1.6m

covering services provided in the first two quarters of that year. However, no payments were received for services provided during the second half of 2023 or any part of 2024. As of December 21, 2024, the outstanding balance due from the Government totaled \$2.4m.

The Office continues to engage with the relevant Government counterparts on the status of their obligations and to work toward a resolution that will allow both parties to reliably fulfill their respective commitments under the Agreement.





**For more information please contact:**

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**OFREG**

PO Box 10189  
Grand Cayman KY1-1002  
Cayman Islands

info@ofreg.ky  
P: +1 (345) 946 4282  
F: +1 (345) 945 8284