Port Authority of the Cayman Islands

Financial Report

For the year ended 30 June 2016

Financial Statements of the

PORT AUTHORITY OF THE CAYMAN ISLANDS

30 June 2016

FINANCIAL STATEMENTS OF THE
PORT AUTHORITY OF THE CAYMAN ISLANDS

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PORT AUTHORITY OF THE CAYMAN ISLANDS

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Statement of Responsibility for the Financial Statements

These financial statements have been prepared by the Port Authority of the Cayman Islands in accordance with International Financial Reporting Standards.

We accept responsibility for the accuracy and integrity of the financial information in these financial statements and their compliance with International Financial Reporting Standards.

As Port Director, I am responsible for establishing; and have established and maintained a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorised by law, and properly record the financial transactions of the Port Authority of the Cayman Islands.

As Port Director and Deputy Port Director, Finance, we are responsible for the preparation of the Port Authority of the Cayman Islands financial statements and for the judgements made in them.

The financial statements fairly present the financial position, financial performance and cash flows of the Port Authority of the Cayman Islands for the financial year ended 30 June 2016.

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

(a) Completely and reliably reflect the financial transactions of Port Authority of the Cayman Islands for the year ended 30 June 2016;
(b) Fairly reflect the financial position as at 30 June 2016 and performance for the year ended 30 June 2016;
(c) Comply with International Financial Reporting Standards as set out by the International Accounting Standards Board under the responsibility of the International Federation of Accountants.

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 of Auditing.

Clement Reid
Port Director

Date: September 15, 2017

James Parsons
Deputy Port Director Finance

Date: September 15, 2017

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CAYMAN ISLANDS

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AUDITOR GENERAL'S REPORT

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

I have audited the accompanying financial statements of the Port Authority of the Cayman Islands ("the Authority") which comprise the statement of financial position as at 30 June 2016 and the related statements of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 8 to 45 in accordance with the provisions of Section 60(1)(a) of the Public Management and Finance Law (2013 Revision).

Management's Responsibilities for the Financial Statements

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error.

Auditor General's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Port Authority of the Cayman Islands as at 30 June 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Tender Fees

I draw attention to Note 29 of the financial statements which details that the Authority was unable to charge tender fees totaling $623,434 for the manifested cruise passengers as required by Section 26 (e) of the Port Regulations (2011 Revision). This was due to an existing agreement with the Florida-Caribbean Cruise Association (FCCA) in 2003 which prohibits the Port Authority from unilaterally increasing fees. My opinion is not qualified in respect of this matter.

Remissions to Cayman Islands Government

I draw attention to Note 16(a) of the financial statements which states that under the Port Authority Law, any balance of account in favor of the Authority up to the amount of CI$100,000 may be carried forward to the account of the following year and any excess of that sum shall be paid in to the general revenue of the Cayman Islands Government. Management has neither made a provision in these financial statements nor remitted any of such excess funds to the Cayman Islands Government.

Management does not believe that this is a valid payable to Cayman Islands Government, the basis being the former Cash Accounting Framework which is inconsistent with the Public Management & Finance Law (2013 revision). My opinion is not qualified in respect of this matter.

Sue Winspear, CPFA
Auditor General

15 September 2017

PORT AUTHORITY OF THE CAYMAN ISLANDS
Statement of Financial Position

As at 30 June 2016
(Stated in Cayman Islands dollars)

	Note	June 2016 $	June 2015 $
ASSETS			
Current Assets			
Cash and cash equivalents	3	6,233,447	3,793,047
Accounts receivable (Net)	4	1,507,253	1,071,804
Inventory		997,466	738,414
Prepaid expenses	4	825,357	575,915
Other receivables and deposits	4(b)	209,553	66,063
Total Current Assets		**9,773,076**	**6,245,243**
Non-Current Assets			
Fixed Assets			
Land- freehold	5	12,534,119	13,824,552
Docks and buildings	5	13,655,376	14,098,378
Other assets	5	4,291,735	3,774,233
Work in progress	11	569,250	226,414
Total Fixed Assets	5	**31,050,480**	**31,923,577**
Investment Property	12	15,377,631	15,772,466
Total Non-Current Assets		**46,428,111**	**47,696,043**
TOTAL ASSETS		**56,201,187**	**53,941,286**
LIABILITIES and EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	14	3,024,216	4,059,531
Current maturities on long term liabilities	13	1,430,000	1,400,000
Total Current Liabilities		**4,454,216**	**5,459,531**
Non – Current Liabilities			
Long term Loans	13	322,538	1,782,525
Defined benefit liability	15	30,189,000	24,662,000
Total Non- Current Liabilities		**30,511,538**	**26,444,525**
TOTAL LIABILITIES		**34,965,754**	**31,904,056**
GENERAL EQUITY	10	19,839,928	22,037,230
ASSET REVALUATION RESERVE	9	1,395,505	0
		21,235,433	**22,037,230**
TOTAL LIABILITIES and EQUITY		**56,201,187**	**53,941,286**

Approved:

Clement Reid (Port Director) — James Parsons (Deputy Port Director – Finance)

September 15, 2017 — September 15, 2017

Date — Date

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

PORT AUTHORITY OF THE CAYMAN ISLANDS
Statement of Comprehensive Income

For the year ended 30 June 2016
(Stated in Cayman Islands dollars)

	Note	June 2016 $	June 2015 $
OPERATING REVENUE			
Cargo handling	21	15,177,699	13,398,856
Cruise ship passenger fees	22	3,079,884	2,818,489
Port development fees	22	1,301,957	1,254,428
Maritime services	23	1,612,041	1,442,589
Rental income	30	1,236,208	1,159,498
Other income	24	282,560	256,811
Diesel sales	25	212,297	196,192
Total Operating Revenue		**22,902,645**	**20,526,863**
OPERATING EXPENSES			
Staff costs	26	12,307,133	11,573,780
Repairs and maintenance	28	1,670,249	1,368,093
Contracted services	27	1,275,328	2,161,673
Insurance		600,513	654,423
Utilities		531,839	615,639
Diesel		237,154	299,158
Finance charges	13	59,556	86,231
Miscellaneous		99,674	100,503
Rent		40,007	40,006
Stationery, supplies & computer supplies		75,449	45,895
Travel, conventions & training		98,266	34,435
Advertising and entertainment		88,112	25,058
Total Operating Expenses		**17,083,280**	**17,004,894**
GROSS OPERATING SURPLUS FOR THE YEAR		**5,819,365**	**3,521,969**
OTHER INCOME/ (EXPENSES)			
Interest income		1,737	3,364
Defined benefit expense – post employment health care	15	(2,435,000)	(2,341,000)
Disposal of fixed assets	6	(471,830)	(45,205)
Loss on revaluation of equipment	8	(514,304)	0
Depreciation	5,12	(1,694,484)	(1,825,432)
Total Other Income/(Expenses)		**(5,113,881)**	**(4,208,273)**
NET INCOME/ (LOSS) FOR YEAR		**705,483**	**(686,304)**
Other Comprehensive income for the year:			
Gain on revaluation of equipment	8	1,395,505	0
Other Comprehensive expense: Remeasurements of defined benefit obligation: effect of changes in financial assumptions	15	(3,433,000)	1,036,000
Total Comprehensive Income for the year		**(1,332,011)**	**349,696**

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

PORT AUTHORITY OF THE CAYMAN ISLANDS
Statement of Cash Flows

For the year ended 30 June 2016
(Stated in Cayman Islands dollars)

		2016 $	2015 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for year		(1,332,011)	349,696
Adjustments to reconcile net income to net cash used in Operating activities:			
Depreciation	5	1,694,484	1,825,432
Defined benefit expense	15	5,868,000	1,305,000
Loss on disposal of fixed assets	6	471,830	45,205
Loss on revaluation of equipment	8	514,304	0
Prior period adjustment		526,225	335,770
Gain on revaluation of equipment	8	(1,395,505)	0
Net change in working capital:			
Accounts receivable		(435,449)	306,608
Inventory		(259,052)	20,853
Prepaid expenses		(249,442)	48,565
Other receivables		(143,490)	(12,051)
Accounts payable and accrued expenses		348,685	459,989
Net Cash Provided by Operating Activities		**5,608,578**	**4,685,067**
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed Assets purchased	5	(1,011,584)	(214,890)
Long Term Investment purchased	11	(42,770)	(2,365)
Construction in progress (Net)	10	(342,837)	(105,770)
Net Cash Used by Investing Activities		**(1,397,191)**	**(323,025)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term debt	12	(1,429,987)	(1,628,190)
Defined benefit payment for active enrolees	14	(341,000)	(325,000)
Contribution to Government		-	-
Net Cash Used by Financing Activities		**(1,770,987)**	**(1,953,190)**
Net Increase in cash and Cash Equivalents during the year		**2,440,400**	**2,408,852**
Cash and cash equivalents at the beginning of the year	3	3,793,047	1,384,195
Cash and cash equivalents at the end of year	**3**	6,233,447	3,793,047

Notes:

Non-Cash Inflows from Investment Activities
Transfer of Land for market value — *1,384,000*

Non-Cash Outflows from Financing Activities
Reduction of Liability to CIG — *(1,384,000)*

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

PORT AUTHORITY OF THE CAYMAN ISLANDS
Statement of Changes in Equity

For the year ended 30 June 2016
(Stated in Cayman Islands dollars)

Year ended 30 June 2015	$
Beginning balance 1 July 2014 (Restated)	21,351,764
Correction for understatement of	
General reserves in prior period (Work in progress, Expenses, Accruals)	10,770
Defined benefit liability – employer direct benefit payments	325,000
Total comprehensive income *(Restated)*	349,696
Transactions with shareholder:	
Contributions to Cayman Islands Government	-
Total transactions with shareholder	-
Ending balance 30 June 2015 *(Restated)*	22,037,230
Beginning balance 1 July 2015	22,037,230
Correction for errors in prior year	189,214
Payments made on defined benefit obligation for current beneficiaries	341,000
Comprehensive income:	
Total comprehensive (loss) for the year	**(1,332,011)**
Ending balance 30 June 2016	**21,235,433**

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

1. Establishment and Principal Activities

The Port Authority of the Cayman Islands (the "Port Authority") is a statutory body established on September 15, 1976 under the *Port Authority Law*. This Law was revised in 1999. The Port Authority is also governed by the *Port Regulations (2011 Revision)*.

The Port Authority is engaged in the management of the maritime affairs of the Cayman Islands. This includes –

- general management and control of all ports;
- establishment and control of lighthouses and day markers;
- establishment and control of berths;
- provision, maintenance, and control of cranes, launches, lighters, rafts, trucks, capstans, winches, windlasses, bollards, and other machinery, apparatus, tackle and gear used in ports and territorial waters for the securing, loading, unloading and maintenance of vessels;
- establishment, maintenance and control of transit sheds, offices, and all other buildings in ports other than buildings under the control of the Collector of Customs, the Chief Immigration Officer or the Chief Medical Officer;
- general supervision of territorial waters, and of vessels and wrecks located therein;
- loading and unloading of vessels;
- establishment and supervision of safety measures in respect of vessels or classes of vessels in ports and in territorial waters;
- enforcement of the Port Authority Law and the Regulations;
- inspection of vessels for the purpose of checking and enforcing compliance with the Port Authority Law.

As at 30 June, 2016 the Port Authority had 148 employees (2015-151 employees). The Port Authority is located in the Port Authority Building on Harbour Drive, P.O. Box 1358 GT, Grand Cayman, Cayman Islands, as well as a branch at 385 Creek Road, P.O. Box 9, Cayman Brac.

2. Significant accounting policies

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board. The principal accounting policies adopted by the Port Authority are as follows:

(a) Basis of preparation

The financial statements of the Port Authority have been prepared on an accrual basis under the historical cost convention. The reporting currency is Cayman Islands Dollars and figures presented have been rounded to the nearest dollar.

The accounting policies are consistent with those used in the previous year, except otherwise noted.

2. Significant accounting policies (continued)

(b) Use of estimates

The preparation of financial statements in accordance with International Financial Reporting Standards 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 and the reported amounts of income and expenses during the year. Actual results could differ from these estimates.

(c) Financial instruments

(i) Classification

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset, exchange financial instruments under conditions that are potentially favourable or an equity instrument of another enterprise. Financial assets comprise cash and cash equivalents, insurance claim receivable, accounts receivable and other receivables and deposits.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable. Financial liabilities comprise long term and short term debt and accounts payable and accrued expenses.

(ii)Recognition

The Port Authority recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument. From this date, any gains and losses arising from changes in fair value of the assets or liabilities are recognised in the statements of income.

This is consistent with the Port Authority's risk management strategy to absorb and disclose adverse movement in financial assets and liabilities as soon as they occur.

(iii) Derecognition

A financial asset is derecognised when the Port Authority realises the rights to the benefits specified in the contract or the Port Authority loses control over any right that comprise that asset. A financial liability is derecognised when it is extinguished, that is when the obligation is discharged, cancelled or expired.

(iv) Measurement

Financial instruments are measured initially at cost which is the fair value of the consideration given or received. Subsequent to initial recognition all financial assets are recorded at historical cost which is considered to approximate fair value due to the short-term or immediate nature of these instruments.

Financial liabilities are subsequently measured at amortised cost, being the amount at which the liability was initially recognised less any principal repayments plus any amortisation (accrued interest) of the difference between that initial amount and the maturity amount.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(v) Specific instruments

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents are current and savings accounts bank balances.

Interest income and expense

Interest income and expense are recognised in the statements of comprehensive income on an accrual basis. Interest income represents the interest earned on term deposits. Interest expense includes interest paid on long term debt and bank overdraft.

(d) Fixed assets/depreciation

Fixed assets are initially stated at cost less accumulated depreciation and impairment losses.

Depreciation is charged to the statements of comprehensive income on a straight-line basis at the following rates estimated to write off the cost of the assets over their expected useful lives:

Buildings	4%
Investment Property	2%
Marine Dock	2%
Cranes and Heavy Equipment	5% - 10%
Lights and buoys	2% - 20%
Equipment and furniture	20%
Computer Equipment	20%

Residual values and useful lives are reviewed, and adjusted if necessary at the end of each reporting period.

(i) Additions

The cost of an item of property, plant, and equipment is recognized as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Port Authority and the cost of the item can be measured reliably.

Work in progress is recognized at cost less impairment and is not depreciated.

(ii) Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the Statement of Comprehensive Income.

2. Significant accounting policies (continued)

(d) Fixed assets/depreciation (continued)

(iii) Subsequent costs

Costs incurred subsequent to initial acquisition are capitalized only when it is probable that future economic benefits or service potential associated with the item will flow to the Port Authority and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognized in the Statement of Comprehensive Income as they are incurred.

(iv) Revaluation gains and losses

The Port Authority has begun to revalue its assets to ensure that the carrying amount does not exceed the recoverable amount. This is intended to move the assets to being reported at fair value rather than at historical cost. For the year ended 30 June 2016, the plant and equipment was reported at fair value less subsequent depreciation where applicable. This value was determined by reference to the market (dealers, traders & online auctions)) and adjusted for transportation and other direct costs normally associated with the relevant assets.

(e) Impairment

The carrying amount of the Port Authority's assets other than inventories (see note 2(h)) are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated at each balance sheet date. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

(f) Foreign currency translation

Transactions in foreign currencies are translated at the foreign exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Cayman Islands dollars at the foreign currency exchange rate at the balance sheet dates. Foreign exchange differences arising on translation are recognised in the statements of comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated at the foreign currency exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the Cayman Islands dollars at the foreign exchange rates at the dates that the values were determined.

(g) Allowance for bad debts

The allowance for bad debts is established through a provision for bad debts charged to expenses. Accounts receivable are written off against the allowance when management believes that the collectability of the account is unlikely. The allowance is the amount that management believes will be adequate to cover any bad debts, based on an evaluation of collectability and prior bad debts experience.

(h) Inventory

Inventory consists of diesel fuel and service parts and consumables for the port Authority's fleet of vehicles, cranes and other specialised equipment. These are valued at the lower of net realisable

2. Significant accounting policies (continued)

(h) Inventory (continued)

value or cost, on a first in, first out basis. Inventory is recorded net of an allowance for obsolete items. Any change in the allowance for obsolescence is reflected in the statements of comprehensive income in the year of change. There was no provision for obsolescence in the year ended 30 June 2016 or 30 June 2015

(i) Revenue recognition

Fee charged for services provided is recognised as income in the statement of comprehensive income when the rendering of a service is completed or substantially completed, and the customer is invoiced.

Asset received are recognized as income when the Port Authority satisfies conditions which gives rise to the value of the related asset received. The cost that the Port Authority suffered to satisfy conditions that gave rise to the asset received is also recognized as expense in the Statement of Comprehensive Income.

(j) Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

(k) Pensions and other post-retirement benefits

The Port Authority participates in the Silver Thatch Pension Plan, a defined contribution pension fund, in accordance with the Cayman Islands National Pension Law. The Port Authority makes monthly contributions of 10% of an employee's salary to an approved pension provider. Contributions are charged to expenses as they are incurred based on set contribution rates. Total contributions for 2016 were $865,857 - (2015-$838,209). The Port Authority also participates in another pension plan with Sagicor. Employees are allowed to contribute to Sagicor pension amounts in excess of $500 per month (which is given to the primary pension provider, Silver Thatch). Total contributions to Sagicor for the financial year were $50,710 (2015 –$82,594)

(l) New Standards, interpretations and amendments effective from July 1 2015

There are several new standards and amendments effective for annual periods beginning on or after July 2015. Some have an impact the annual financial statements of the Port Authority. The nature and impact of each new standard and amendment adopted by the Port Authority is described below:

IAS 1 Clarification of the requirement for comparative information (Amendment)
The amendment to IAS 1 clarifies the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional voluntary comparative information does not need to be presented in a complete set of financial statements.

An opening statement of financial position (known as the 'third balance sheet') must be presented when an entity applies an accounting policy retrospectively, makes retrospective restatements, or reclassifies items in its financial statements, provided any of those changes has a material effect on the statement of financial position at the beginning of the preceding period. The amendment clarifies that a third balance sheet does

2. Significant Accounting Policies (continued)

IAS 1 Clarification of the requirement for comparative information (Amendment)

not have to be accompanied by comparative information in the related notes. This standard has an impact on the Port Authority's financial statements, given the retroactive application of the defined benefit liability.

(l) New Standards, interpretations and amendments effective from July 1 2015 (continued)

Amendments to IAS 16 and IAS 38- Clarification of Acceptable Methods of Depreciation and Amortization
In May 2014, The IASB released Clarification of Acceptable Methods of Depreciation and Amortization, an amendment to IAS 38. The amendments provide additional guidance on how the depreciation or amortization of intangible assets should be calculated. This standard became effective during the fiscal year 2016 and did not have a material impact on the Port Authority's financial statements.

(m) Changes in International Financial Reporting Standards issued but not yet effective

Financial instruments
In July 2014, the IASB issued the final version of IFRS 9, "Financial Instruments", which replaces IAS 39, "Financial Instruments: Recognition and Measurement" and all previous versions of IFRS 9. IFRS 9 provides guidance on the classification and measurement of financial assets and financial liabilities, establishes an expected credit losses impairment model and a new hedge accounting model with corresponding risk management activity disclosures. The standard is effective for annual periods beginning on or after January 1, 2018. The Port Authority is currently assessing the impact of the new standard.

Revenues
In May 2014, the IASB issued IFRS 15, "Revenue from Contracts with Customers". IFRS 15 replaces IAS 18, "Revenue", IAS 11, "Construction Contracts", and some revenue related interpretations. IFRS 15 establishes a new control-based revenue recognition model and provides a comprehensive framework for recognition, measurement and disclosure of revenue from contracts with customers, excluding contracts within the scope of the standards on leases, insurance contracts and financial instruments. The new standard becomes effective January 1, 2018, with early adoption permitted. The Port Authority is currently assessing the impact of the new standard.

Leases
In January 2016, the IASB issued IFRS 16, "Leases", which replaces IAS 17, "Leases". IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard establishes a single lessee accounting model while maintaining the classification of either an operating or financing lease for the lessor similar to IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted. The Port Authority is currently assessing the impact of the new standard.

Statement of cash flows
In January 2016, the IASB issued an amendment to IAS 7, "Statement of Cash Flows". The IAS 7 amendment is designed to improve the quality of information provided to users of financial statements about changes in an entity's debt and related cash flows (and non-cash changes). The amendment to IAS 7 is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted. The Port Authority is currently assessing the impact of the amendment.

3. Cash and cash equivalents

	2016	2015
	$	$
Bank balances	6,233,447	3,793,047

This consists of operating bank balances held by the Port Authority.

Management has, over the years, adopted a policy to retain cash balances to facilitate liquidity in case of an emergency, as well as an amount equivalent to the insurance deductible, to enable the full replacement of assets in case of catastrophic loss due to a disaster. The Port Authority utilized this reserve in prior years due to the global financial crisis. Management intends to reinstate this cash reserve when circumstances allow. In addition, a savings fund was set up subsequent to the financial year as a long term solution to meet the Defined Benefit Health Care Liability, which is currently unfunded. The Authority also has an overdraft facility of $250,000 with RBC. This was not drawn down during the financial year.

Restricted cash
Included in the bank balances above is restricted cash of $113,060 (2015: $114,333) representing deposits held on escrow for tenants of renting the Port Authority's investment properties.

4. Accounts receivable

	2016	2015
	$	$
Accounts receivable	1,578,338	1,142,889
Less: provision for impairment	(71,085)	(71,085)
	1,507,253	1,071,804

Fair value
The carrying value of receivables approximates their fair value.

Impairment
The aging profile of receivables at year end is detailed below:

	2016			2015		
	Gross	Impairment	Net	Gross	Impairment	Net
	$000	$000	$000	$000	$000	$000
Past due up to 45 days	1,143,593	(51,000)	1,092,593	978,864	(51,000)	927,864
Past due 46- 90 days	156,200	(0)	156,200	57,000	(7,000)	50,000
Past due over 90 days	278,545	(20,085)	258,460	107,025	(13,085)	93,940
Total	1,578,338	(71,085)	1,507,253	1,142,889	(71,085)	1,071,804

4. Accounts receivable (continued)

Management makes a provision for a significant portion of accounts overdue in excess of 90 days. In addition, specific provision was made for some clients whose ability to pay was in doubt.

Due to the large number of receivables, the impairment assessment is generally performed on a collective basis, based on an analysis of past collection history and write-offs. Special consideration is also given to those with a higher degree of risk for default.

Movements in the provision for impairment of receivables are as follows:

	Actual 2016 $000	Actual 2015 $000
Balance at 1 July	71,085	71,085
Increase in provisions during the year	-	-
Receivables written off during the year	-	-
Balance at 30 June	71,085	71,085

4b. Prepaid Expenses

A significant portion of the prepaid expense balance represent the unamortized insurance benefit for insurance premium prepaid by the Ministry of Finance and Economic Development, on behalf of the Port Authority for which we enjoy the full benefits of the annual insurance coverage with a corresponding liability to the Ministry.

The unamortized insurance benefit balance was higher in 2016 due to the insurance coverage extending for 21 months instead of the usual 12 months to coincide with the amended financial year.

	2016	**2015**
	$	**$**
Unamortized Insurance Benefit	712,597	473,503
Deferred Leave	82,785	72,430
Rent prepaid	29,975	29,982
Total	**825,357**	**575,915**

5. Fixed Assets

	Freehold Land $	Docks and Buildings $	Other Assets $	Construction In Progress $	Total $
Cost					
At 30 June 2015	13,824,552	26,729,229	13,630,852	226,414	54,411,047
Additions	-	308,817	703,123	342,836	1,354,777
Disposals	(1,290,433)	(17,974)	(448,378)	-	(1,756,785)
Revaluations	-	-	72,262	-	72,262
Write offs	-	-	(2,072,999)	-	(2,072,999)
Transfers	-	-	109,535	-	109,535
At 30 June 2016	12,534,119	27,020,072	11,994,395	569,250	52,117,837
Accumulated Depreciation					
At 30 June 2015	-	12,630,851	9,856,619	-	22,487,470
Charge for Year	-	755,593	504,056	-	1,259,649
Disposals	-	(17,974)	(370,641)	-	(388,615)
Revaluations	-	-	(808,938)	-	(808,938)
Write offs	-	-	(1,585,338)	-	(1,585,338)
Transfers	-	(3,774)	106,902	-	103,128
At 30 June 2016	-	13,364,696	7,702,660	-	21,067,356
Net Book Value					
At 30 June 2016	12,534,119	13,655,376	4,291,735	569,250	31,050,480
At 30 June 2015	13,824,552	14,098,378	3,774,233	226,414	31,923,577

5. Fixed Assets (Continued)

Analysis of Other Assets

	Vehicles & Equipment	Computer Equipment	Computer Software	Equipment & Furniture	Lights & Buoys	Loose Tools	Total
	$	$	$	$	$	$	$
Cost							
At 30 June 2015	10,941,075	464,616	681,675	809,770	598,533	135,183	13,630,852
Additions	449,790	69,898	-	169,173	-	14,262	703,123
Disposals	(448,378)	-	-	-	-	-	(448,378)
Revaluations	72,262	-	-	-	-	-	72,262
Write offs	(2,072,999)	-	-	-	-	-	(2,072,999)
Transfers	109,535	-	-	-	-	-	109,535
At 30 June 2016	9,051,285	534,514	681,675	978,943	598,533	149,445	11,994,395
Accumulated Depreciation							
At 30 June 2015	7,518,651	368,100	623,124	628,999	593,315	124,430	9,856,619
Charge for Year	346,008	38,137	25,116	85,815	4,174	4,806	504,056
Disposals	(370,641)	-	-	-	-	-	(370,641)
Revaluations	(808,938)	-	-	-	-	-	(808,938)
Write offs	(1,585,338)	-	-	-	-	-	(1,585,338)
Transfers	106,902	-	-	-	-	-	106,902
At 30 June 2016	5,206,644	406,237	648,240	714,814	597,489	129,236	7,702,660
Net Book Value							
At 30 June 2016	3,844,641	128,277	33,435	264,129	1,044	20,209	4,291,735
At 30 June 2015	3,422,424	96,516	58,551	180,771	5,218	10,753	3,774,233

6. Disposal of Fixed Assets

During the financial year the Port Authority performed a modernization and revamping exercise on its fixed assets register, during which assets totalling $2,539,351 with depreciation of $1,973,953 were disposed of, resulting in a loss on disposal of $565,398. There was a gain of $93,567 on the disposal of land to the Ministry of Finance which reduced the overall loss on disposal to $471,831. This is reflected in 'other expenses' in the Statement of Comprehensive Income. The reductions in asset values and accumulated depreciation are reflected in the Statement of Financial Position and the effects are shown in the asset schedules contained in the notes accompanying these financial Statements

The assets disposed of comprised a mix of items retired during the current financial year, and those that were capitalized in prior years upon refurbishing and major repairs, without the accompanying derecognition of the utilized portion as required by International Accounting Standard 16. The Port Authority expects to complete this modernization project in the next financial year.

LOSS ON DISPOSAL DETAILS

Description	Cost	Dep'n	Proceeds	Profit / (Loss)
Land swap with customs	1,290,433	-	1,384,000	93,567
Derecognition of assets	1,646,621	1,222,674	-	(423,947)
Dispose of H/D Plant assets	94,431	94,431	-	-
Write off assets not in use	371,922	294,185	-	(77,737)
Derecognize CDC Plant & Equipment	426,377	362,663	-	(63,714)
Totals	**3,829,784**	**1,973,953**	**1,384,000**	**(471,831)**

7. Debt swap with the Ministry of Finance

The Ministry of Finance and Economic Development and the Port Authority entered into an agreement during the financial year to exchange 1.99 acres of land that is being used by another public sector entity for a sum equivalent to the appraised value of the portions of land. An appraisal conducted by the valuation office resulted in a market valuation of $1,384,000. This amount was deducted from the sum owed by the Port Authority to the Ministry of Finance and Economic Development for insurance premiums paid on the Port Authority's behalf. The transaction was completed during the financial year and the land duly transferred to the new owners.

The effect of the transaction was a reduction in the land holdings of the Port Authority of $1,290,433 and a reduction by $1,384,000 of the amounts owed to Government for outstanding insurance premiums. As at 30 June 2016 the Port Authority was still indebted to the Ministry of Finance and Economic Development totalling $1,506,909. This is being repaid by monthly instalments of $150,000 and should be fully paid off within the next financial year. The gain on disposal was recognized in the Statement of Comprehensive Income.

LAND SWAP WITH MOF FOR INSURANCE DEBT

Description of property	Area (Acres)	Amount $
PORTLAND ROAD, GEORGE TOWN BLOCK 20B		
PARCELS 386 & 387 TOTAL 1.27 ACRES	1.27	787,500
Site improvements (Fencing, Lighting, Paving and Fill)		411,594
SURVEY FEES- CIG		24,514
Portion of parcel 7	0.7162	66,825
TOTAL COST OF LAND DISPOSED		1,290,433
CONSIDERATION RECEIVED (DEBT REDUCTION)		1,384,000
Profit on Disposal	1.99	**93,567**

8. Revaluation of Plant and equipment

During the financial year the Port Authority revalued its plant and equipment in the first phase of a programme to revalue all the assets and report them at their fair values. The valuation technique used was quoted market values for the vehicles and replacement cost values for the forklifts and cranes obtained from reputable dealers in the industry. The revaluation resulted in an increase in the carrying amounts of some of the assets totaling $1,395,505. This revaluation gain is reflected in other comprehensive income in accordance with IAS 16 and accumulated in equity as revaluation reserve. Other assets had a revaluation loss totaling $514,304 which was recognized in the profit and loss as required by IAS 16. The gross carrying value of all fully depreciated PPE that was in use at June 30, 2016 was $6,064,289

REVALUATION LOSS

Description	Year	Make	Net Book Value	Valuation	Revaluation (Loss)
			$	$	$
1999 TAYLOR FORKLIFT	2005	TAYLOR	146,825	114,255	(32,570)
CR03 -MANITOWOC #3	2003	MANITOWOC	1,123,206	656,000	(467,206)
Petro 9200	1999	Heil Tanker	52,403	37,875	(14,528)
Totals			**1,322,434**	**808,130**	**(514,304)**

REVALUATION GAIN

Description	Net Book Value $	Valuation $	Revaluation Gain $
Chassis	13,916	69,951	56,035
Tractor Trucks	56,470	304,839	248,369
Forklifts	57,988	1,003,886	945,897
Cranes	1,043,797	1,189,000	145,203
Totals	**1,172,171**	**2,567,676**	**1,395,505**

International Accounting Standard 16 also requires that where assets are revalued at substantially higher values than their carrying amount then another revaluation should be performed. In the case of the Port Authority's assets there were ample comparatives of market values from the research undertaken to determine the appropriateness of the valuations. Management judgement used the mid-range of the values seen which would give a fair indication of the appropriate market value.

8. Revaluation of Plant and equipment (continued)

IAS 16 requires the following additional disclosures due to assets being reported on the revaluation basis: Following is a description of the valuation methodologies used for assets measured at fair value. As this is the first year of adoption of this standard, no prior period comparative is required.

Plant vehicles and specialized equipment: Online auction and dealers' websites were reviewed and the median values for similar assets taken as representative of the quoted values. In most instances quotes on exact model and year were readily available.

Cranes and Forklifts: These were appraised by industry professionals (dealers) operating in the USA. For the cranes, the dealer of MANITOWOC operating in the USA was used to provide a valuation. This involved a site visit and an inspection of the condition of the cranes. These items are normally subject to material transportation and assembly costs when sourced from the USA. As a result, judgement had to be exercised to apply transport and assembly cost. In most instances, the freight and assembly costs were readily available from the Port Authority's accounting records. For the Forklifts, another Taylor Dealer in the USA was used to appraise the equipment.

For both bases the effective date of the revaluation was March 31 2016.

The carrying amount for the revalued class of assets that would have been recognized in the Statement of Financial Position had the assets not been revalued are shown below, in accordance with IAS 16.

IAS 16 -cost model vs revaluation model for revalued assets at 30 June 2016			
Asset Class	**Carrying amount at cost**	**Carrying amount using revaluation**	**Difference**
	$	$	$
Vehicles, cranes and heavy equipment	2,850,250	3,375,806	525,556

Fair Value Measurements

International Financial Accounting Standards No. 13, Fair Value Measurements, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under IFRS 13 are described below:

Level 1 — Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 — Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;

8. Revaluation of Plant and equipment (continued)

Fair Value Measurements (Level 2 continued)

- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

IFRS 13 requires additional disclosures for the assets measured at fair value in the Statement of Financial Position on a recurring or non-recurring basis after initial recognition, the valuation techniques used and details of inputs used to develop the measurements. There were no other significant valuations performed using unobservable inputs. Consequently, the fair value hierarchy for the inputs utilized by the Port Authority to obtain the market value is assessed at 1 and 2. As such, no further disclosure in respect of effects on the Statement of Comprehensive Income for the revaluation is warranted, except as done below:

Assets and Fair Values as at June 30, 2016

	Level 1	**Level 2**	**Level 3**	**Total**
Vehicles and heavy equipment	1,530,806		-	1,530,806
Cranes		1,845,000	-	1,845,000
Total Other assets	**1,530,806**	**1,845,000**	**-**	**3,375,806**

9. Asset Revaluation Reserve

	2016	2015
	$	$
Opening Balance	0	0
Revaluation	1,395,505	0
Transfer on disposal of assets	0	0
Increase in Asset Revaluation Reserve	**1,395,505**	**0**
Closing Balance	**1,395,505**	**0**
Represented by:		
Other Assets		
Opening Balance	0	0
Revaluation	1,395,505	0
Closing Balance	**1,395,505**	**0**

10. General Equity

General Equity

	2016	2015
	$	$
Opening Balance	22,037,230	21,351,764
Total Comprehensive Income (Loss)	(1,332,011)	349,696
Less appropriations of net surplus to Reserve:		
Revaluation Reserve	(1,395,505)	0
Defined Benefit Payments	341,000	325,000
Prior year adjustment	189,214	10,770
Closing Balance	**19,839,928**	**22,037,230**

11. Capital works in progress

	2016 $	2015 $
New Building (CYB)	120,644	120,644
Spotts Landing Facility	314,995	105,770
GT Dock Rehabilitation	113,772	0
Marine Services	19,840	0
Total	**569,251**	**226,414**

12. Investment Property

	Buildings $
Cost	
At 30 June 2015	19,905,644
Additions	42,770
At 30 June 2016	19,948,414
Accumulated Depreciation	
At 30 June 2015	4,133,178
Charge for Year	437,606
At 30 June 2016	4,570,784
Net Book Value	
At 30 June 2016	**15,377,630**
At 30 June 2015	**15,772,466**

Investment Property is reported under IAS 40, using the Cost model. Investment Property consist of retail shops which are leased. This is stated at cost less accumulated depreciation and impairment losses. Depreciation on investment property is charged to the Statement of Comprehensive Income on a straight-line basis at 2% which approximate to a useful life of 50 years.

Management received an independent professional appraisal of the Investment Property from BCQS as at 30 June 2014. The fair value of the investment property was indicated at CI$24,500,000. Despite this, Management decided to retain the historical cost basis of accounting for the Investment Property.

Management has decided to obtain a second valuation to better inform the decision to move to the fair value method. This is being pursued but was not concluded for the year ended 30 June 2016.

13. Long Term Liabilities

	Current $	1-2 yrs. $	2016 $	2015 $
a) Royal Watler Terminal				
(i) Royal Bank of Canada	1,430,000	322,538	1,752,492	3,182,525
LIBOR plus 1.5% (1.68955%)				
Total	**1,430,000**	**322,538**	**1,752,492**	**3,182,525**

	2016 $	2015 $
Total Long Term Liabilities	1,752,492	3,182,525
Less Current Maturities	(1,430,000)	(1,400,000)
Total	**322,492**	**1,782,525**

Commercial bank loan is comprised of:

	2016 $	2015 $
$14,350,000 (US$17,500,000) issued 30 March 2004 for the Royal Watler Terminal and bearing interest of LIBOR (0.18955% as at 30 June 2015) plus 1.5% and repayable in monthly instalments starting from May 1, 2005 until July 31, 2017. The securities pledged by the Port Authority for this loan are as follows: • Registered Second Demand Legal Charge stamped in the amount of US$17,500,000 covering George Town Commercial Block OPY, Parcel 133. • Registered Second Demand Collateral Legal Charges in the amount of US$17,500,000 over George Town Commercial Block OPY, Parcels 25 and 127 • Registered First Collateral Legal Charge in the amount of US $17,500,000 over raw land parcel described as West Bay South, Block 5B Parcel 36.	1,752,492	3,182,525
Total Commercial Bank Loan	**1,752,492**	**3,182,525**

13. Long Term Liabilities (continued)

Included in operating expenses is finance charges of $56,113 (2015: $86,231), of which $46,013 (2015 $71,339), and $10,100 (2015: 14,892) relate to interest expenses and bank fees respectively.

(d) Sensitivity Analysis

The sensitivity analyses below are based on a change in one assumption while holding all other assumptions constant. In practice, this is unlikely to occur, as changes in some of the assumptions may be correlated.

Sensitivity factor	Description of sensitivity factor applied
Interest rate (1)	The impact of an absolute change in market interest rates by approximately 1%

	Interest rates	
	1%	-1%
Sensitivities as at 30 June 2016	$	$
Impact on Net income for the year	(22,914)	22,914
Impact on Shareholder's equity	(22,914)	22,914

	Interest rates	
	1%	-1%
Sensitivities as at June 30, 2015	$	$
Impact on Net income for the year	(42,090)	42,090
Impact on Shareholder's equity	(42,090)	42,090

1 - Related to loan expense

14. Accounts Payable and Accrued Expenses

This represents unpaid expenses incurred in the current and prior years which are due within the next twelve months. Approximately $1.5M of this amount is due to the Cayman Islands Government for unpaid insurance premiums dating back several years. The remaining $1.5M comprises payables occurring in the normal course of business, year- end accruals for employee entitlements (i.e. Wages and vacation leave), and amounts held in escrow for tenants of rental properties, as summarized below:

Details	**2016**	**2015**
	$	**$**
Amounts owed to Government	1,506,910	3,000,000
Other Creditors	839,756	435,507
Accruals -staff benefits	506,695	451,599
Provisions and other accruals	57,795	61,449
Escrow deposits	113,060	110,976
Totals	**3,024,216**	**4,059,531**

15. Defined benefit liability: Post employment heath care

The Port Authority provides health care benefits for its staff who have given ten (10) years' service and who attain at least 55 years old prior to retirement. The benefit is in the form of continuation of their health insurance coverage on the medical plan in force for active employees. The premiums for this health insurance coverage are paid for by the Port Authority for all eligible retirees until the end of their lives. This coverage falls within the definition of a defined benefit by the International Accounting Standards and as such represents a future liability of the Port Authority. The Port Authority is required to use the actuarial valuation method to determine the present value of its health insurance benefit obligations for its former workers as well as future retirees and the related current service costs. International Accounting Standards No. 19 (IAS 19) directs that funded or unfunded post-employment benefits must be recognized in the statement of financial position (in the case of net defined liability or asset) and the statement of comprehensive income (for the annual expense).

These actuarial valuations use several financial and demographic assumptions to determine the liability and current expense of the benefits which will be honoured on behalf of the retirees. Financial assumptions include, the discount rate, estimated future costs of the medical premiums, and the claims rate for the medical plans. Demographic assumptions include estimated mortality and benefits levels.

The Authority commissioned Mercer Actuaries of Canada to provide this service and the results of their assessment are included hereunder. The Port Authority has a present value net defined benefit obligation of $30,189,000 at the end of the financial year 30 June 2016. The details of the valuation and the assumptions used are reproduced hereunder in accordance with IAS 19.

This post -employment benefit has been in existence from the implementation of a similar move by central government to allow its retirees to continue to benefit from the medical plans held prior to retirement from the civil service. This was formalised in the staff manual and made known to staff.

Subsequent to the year-end monthly savings of $75,000 was set aside to fund this liability. Consequently, while at the year-end the entire $30,189,000 is unfunded., the monthly savings will begin to offset the liability in the coming years.

The Port Authority also currently pays a monthly pension to a small number of retirees

Management does not consider the pension paid to retired workers to be material as all four (4) retirees currently receive a combined $34,360 per annum. This benefit will not pass to their estate after their demise and they are all well into their seventies or eighties.

15. Defined benefit liability: Post employment heath care (continued)

Plan Name	**Port Authority of the Cayman Islands**	
Financial year ending on	30 June 2016	30 June 2015
Currency Information		
1. Local currency	KYD	KYD
2. Reporting currency	KYD	KYD
A. Change in defined benefit obligation		
1. Defined benefit obligation at end of prior year	24,662,000	23,682,000
2. Service cost		
a. Current service cost	1,259,000	1,259,000
b. Past service cost	-	-
c. (Gain) / loss on settlements	-	-
3. Interest expense	1,176,000	1,082,000
4. Cash flows		
d. Benefit payments from plan assets	-	-
e. Benefit payments from employer	(341,000)	(325,000)
f. Settlement payments from plan assets	-	-
g. Settlement payments from employer	-	-
h. Participant contributions	-	-
5. Other significant events		
a. Increase / (decrease) due to effect of any business combinations/ divestures /transfers	-	-
b. Increase / (decrease) due to plan combinations	-	-
6. Remeasurements		
a. Effect of changes in demographic assumptions	-	-
b. Effect of changes in financial assumptions	3,433,000	(1,036,000)
c. Effect of experience adjustments	-	-
7. Effect of changes in Foreign exchange rates	-	-
8. Defined benefit obligation at the end of year	30,189,000	24,662,000
B. Change in fair value of plan assets		
1. Fair value of plan assets at end of prior year	-	-
2. Interest income	-	-
3. Cash flows		
a. Total employer contributions	-	-
i. Employer contributions	-	-
ii. Employer direct benefit payments	341,000	325,000
iii. Employer direct settlement payments	-	-
b. Participant contributions	-	-
c. Benefit payments from plan assets	-	-
d. Benefit payments from employer	(341,000)	(325,000)
e. Settlement payments from plan assets	-	-
f. Settlement payments from employer	-	-
4. Other significant events		
a. Increase / (decrease) due to effect of any business combinations/ divestures or transfers	-	-
b. Increase / (decrease) due to plan combinations	-	-
5. Remeasurements		
a. Return on plan assets (excluding interest income)	-	-
6. Effect of changes in Foreign exchange rates	-	-
7. Fair value of plan assets at the end of year	-	-

15. Defined benefit liability: Post employment heath care (continued)

Plan Name	**Port Authority of the Cayman Islands**	
Financial year ending on	30 June 2016	30 June 2015
C. Amounts recognized in the statement of financial position		
1. Defined benefit obligation	30,189,000	24,662,000
2. Fair value of plan assets	-	-
3. Funded status	30,189,000	24,662,000
4. Effect of asset ceiling/onerous liability	-	-
5. Net defined benefit liability/(asset)	30,189,000	24,662,000
D. Components of defined benefit cost		
1. Service cost		
a. Current service cost	1,259,000	1,259,000
b. Reimbursement service cost	-	-
c. Past service cost	-	-
d. (Gain) / loss on settlements	-	-
e. Total service cost	1,259,000	1,259,000
2. Net interest cost		
a. Interest expense on Defined Benefit Obligation (DBO)	1,176,000	1,082,000
b. Interest /(income) on plan assets	-	-
c. Interest /(income) on reimbursement rights	-	-
d. Interest expense on effect of (asset ceiling)/onerous liability	-	-
e. Total net interest cost	1,176,000	1,082,000
3. Remeasurements of Other Long Term Benefits	-	-
4. Administrative expenses and/or taxes (not reserved within DBO)	-	-
5. Defined benefit cost included in Profit and Loss (P&L)	2,435,000	2,341,000
6. Remeasurements (recognized in the other comprehensive income)		
a. Effect of changes in demographic assumptions		
b. Effect of changes in financial assumptions	3,433,000	(1,036,000)
c. Effect of experience adjustments	-	-
d. (Return) on plan assets (excluding interest income)	-	-
e. (Return) on reimbursement rights (excluding interest income)	-	-
f. Total remeasurement included in Other Comprehensive Income (OCI)	-	-
	3,433,000	(1,036,000)
7. Total defined benefit cost recognized in P&L and OCI	5,868,000	1,305,000
E. Net defined benefit liability/(asset) reconciliation		
1. Net defined benefit liability/(asset)	24,662,000	23,682,000
2. Defined benefit cost included in P&L	2,435,000	2,341,000
3. Total remeasurement included in OCI	3,433,000	(1,036,000)
4. Other significant events		
a. Net transfer in/(out) (including the effect of any business combinations/divestitures)	-	-
b. Amounts recognized due to plan combinations	-	-
5. Other significant events		
a. Employer contributions	-	-
b. Employer direct benefit payments	(341,000)	(325,000)
c. Employer direct settlements payments	-	-
6. Credit to reimbursements	-	-
7. Effect of changes in Foreign exchange rates	-	-
8. Net defined benefit liability/(asset) as of end of year	30,189,000	24,662,000

15. Defined benefit liability: Post employment heath care (continued)

Plan Name	Port Authority of the Cayman Islands	
Financial year ending on	30 June 2016	30 June 2015
F. Define benefit obligation		
1. Defined benefit obligation by participant status		
a. Actives	23,158,000	18,604,000
b. Vested deferreds	-	-
c. Retirees	7,031,000	6,058,000
d. Total	30,189,000	24,662,000
G. Significant actuarial assumptions		
Weighted-average assumptions to determine defined benefit obligations		
Discount rate	4.20%	4.80%
Health care cost trend rates		
Immediate trend rate	5.00%	5.00%
Ultimate trend rate	5.00%	5.00%
Year rate reaches ultimate trend rate	N/A	N/A
Mortality assumption	RP-2014	RP-2014
Weighted-average assumptions to determine defined benefit cost		
Discount rate	4.80%	4.60%
Health care cost trend rates		
Immediate trend rate	5.00%	5.00%
Ultimate trend rate	5.00%	5.00%
Year rate reaches ultimate trend rate	N/A	N/A
Mortality assumption	RP-2014	RP-2014
H. Sensitivity analysis		
Present value of defined benefit obligations		
Discount rate - 25 basis points	31,785,000	25,952,000
Discount rate + 25 basis points	28,694,000	23,453,000
Health care cost trend rates – 100 basis points	26,907,000	21,970,000
Health care cost trend rates + 100 basis points	33,263,000	27,209,000
Mortality assumption + 10%	29,455,000	24,072,000
Weighted-average duration of defined benefit obligation (in years)		
Discount rate – 25 basis points	20.62	20.39
Discount rate + 25 basis points	20.31	20.09
I. Expected cash flows for following year		
1. Expected employer contributions	364,000	341,000
2. Expected contributions to reimbursement rights	-	-
3. Expected total benefit payments		
Year 1	364,000	341,000
Year 2	398,000	364,000
Year 3	460,000	398,000
Year 4	502,000	460,000
Year 5	534,000	502,000
Next 5 years	4,037,000	3,598,000

15. Defined benefit liability: Post employment heath care (continued)

Proposed Assumptions as at 30 June 2015 and 30 June 2016 for IAS Reporting

Economic Assumptions	Postretirement Healthcare	Basis of Development – Accounting Specific Assumptions
Discount rate (p.a) - June 30, 2014 - June 30, 2015 - June 30, 2016	 4.60% per annum 4.80% per annum 4.20% per annum	Per IAS 19 para. 83 determined by reference to market yields on high quality corporate bonds (consistent with the term of the benefit obligations) at the fiscal year end date. Mercer US Above Mean Yield Curve (referencing US corporate bonds yields) used to determine discount rates due to strong economic and currency links between the US and Cayman Islands.
Inflation (p.a)	N/A	
Salary increases (p.a.)	N/A	
Administrative expenses	Included in projected premiums	
Rate of Medical Inflation (p.a)	5.00%	Based short –term and long –term medical inflation expectations for the Cayman Islands and overseas care.
Healthcare Lifetime Maximum	Only post-65 maximum applies to retirees; maximum not indexed	

Demographic Assumptions	Postretirement Healthcare	Basis of Development – Accounting Specific Assumptions
Current mortality rates	RP-2014	Recent mortality studies in the U.S. and Canada shows that people are living longer. New mortality tables have been issued by U.S. and Canada. The mortality table reflects actual mortality improvement rates experienced in the US over the last 20 years.
Future mortality improvements	Scale MP-2014	Broad consensus amongst longevity experts that mortality improvement will continue in the future. In the U.S, the future mortality improvement scale has been updated to Scale MP-2014, released October 2014.
Turnover rates	Age & gender based rates – see page 26	Consistent with turnover rates for the other Statutory Authorities
Retirement Age	60	Mandatory retirement age in the Cayman Islands
Current healthcare claims cost assumption	Medical $10,000 Dental $525 Vision $100	Based on 2015/16 premium rates
Healthcare coverage – future pensioners	Male – 100% single Female – 100% single	The Port Authority pays for single coverage only
Healthcare utilization changes due to age	Mercer standard healthcare aging assumptions for medical and dental	Based on analysis of healthcare utilization for Mercer clients in Canada and US and by reference to Society of Actuaries studies.

15. Defined benefit liability: Post employment heath care (continued)

Proposed assumptions as at 30 June 2015 and 30 June 2016

Turnover Rates
Turnover rates at sample ages

Age	Males	Females
20	7.5%	12.5%
25	5.0%	12.5%
30	3.5%	7.5%
35	2.5%	4.5%
40	1.5%	2.5%
45	0.5%	0.5%
50	0.0%	0.0%

Healthcare utilization changes due to age
The change in claiming levels from one age to the next are shown for sample ages

Age	Medical	Dental	Vision
55	2.5%	-0.4%	-0.01%
60	2.5%	-0.7%	-0.01%
65	2.5%	-0.9%	-0.01%
70	2.0%	-1.1%	-0.01%
75	1.5%	-1.3%	-0.01%
80	1.0%	-1.8%	-0.01%

16. Contingencies and commitments

a) *Liability to Cayman Islands Government*

Under the Port Authority Law any balance of account in favour of the Port Authority up to the amount of $100,000 may be carried forward to the account of the following year and any excess of that sum shall be paid in to the general revenue of the Cayman Islands Government.

No provision has been made in these financial statements for any further payments that may be demanded by Government in respect of excess balances.

During the year ending 30 June 2016, the Port Authority did not make any payments (2015: $0), to the Cayman Islands Government in the form of a dividend distribution.

16. Contingencies and commitments (continued)

a) Leases

(i) Operating Lease

The Port Authority leases a portion of land for its operations. The minimum lease payments are $40,000 per annum for the ten years of the lease, which commenced November 30, 2012, and continues to 29 November 2022.

	$
Lease Obligation for 1 year	40,000
Lease Obligation after 1 year	240,000

(ii) Finance Lease

The Port Authority has a finance lease as defined by International Accounting Standard 17 for the 3.829 acres of land formerly numbered as Block 12C Parcel 217, which was leased to Dragon bay Limited (formerly Fujigmo Limited) for 99 years effective 6 September 2011.

The Accounting Standard just referred to requires such long term leases to be treated in the statement of financial position of the Lessor (the Port Authority) as a receivable at an amount equal to the net investment in the lease.

Under a finance lease all the risks and rewards incidental to legal ownership are transferred to the lessee, and the lease payment receivable is treated by the lessor as repayment of principal and finance income to reimburse and reward the lessor for its investment and services.

In this case, there are no lease payments forthcoming due to the lease being granted at peppercorn. Consequently, the Port Authority has no receivable to book in the statement of financial position as at 30 June 2016.

b) Legal Proceedings against the Authority

(i) On 13 July 2012, a claim was made due to perceived negligence by the Port Authority which resulted in the total loss of a third party's vessel while in Cayman Islands Waters. The amount of the claim is $280,178. Management is reviewing the claim with its legal representatives with the aim of vigorously defending its position. At the end of the financial year no further action has been brought about by the plaintiff. The legal representatives do not believe there is a high probability that this action, if brought against the Port Authority, will be successful.

(ii) On 4 September 2012, a statement of claim was served upon the Port Authority, as the second defendant, with regard to certain declaratory rights to a Marina under development on the Port Authority's Land. The Action is on-going. The Authority has involved its lawyers who are vigorously defending its position. No provision has been made in the accounts for this and there was no indication as to the amount being pursued. However, the Port Authority's legal representatives advised that the probability of this action being successful is unlikely.

16. Contingencies and commitments (continued)

(iii) On 19 March 2009, legal proceedings were commenced against the Port Authority regarding injury sustained by a third party after an accident involving the Port Authority's vehicle. Our attorneys advised that they received a claim from the Plaintiff for medical costs and damages totalling $846,873. This claim is being reviewed by the Port Authority's insurer, who is expected to settle the claims. The Port Authority has an annual coverage for third party risks of $1M therefore management does not expect the Port Authority to be impacted financially by the eventual settlement of this claim. At the close of the financial year, no further communication was received from any connected party by the Port Authority on the matter

(iv) In May 2012 an employee of the Port Authority was dismissed but later demanded reinstatement. There is no update on this matter as it has not progressed.

(v) In January 2016 counsel for a former employee served notice contending that the non-renewal of a contract was not done properly, and the further entitlement of the former employee to medical benefits. There is no update on this matter as it has not progressed.

(vi) On April 4 2016, a letter was served on the Authority by counsel for a customer whose shipment was damaged at the dock. It claimed PACI was negligent resulting in unspecified losses. There is no update on this matter as it has not progressed.

(vii) In November 2017 notice was served via a letter from counsel of a customer whose property was damaged at the Port Authority's premises while being moved. The matter is being handled by the Attorney General and PACI expects a minimal payment to resolve this matter.

(viii)The PACI was put on notice of a potential claim from a cruise ship passenger who sustained injuries while disembarking a tender on PACI property. No correspondence has been received from counsel with respect to this matter. Such a claim however, may be statute barred.

(ix) In February 2017 Proceedings were commenced against the Authority for damages purportedly suffered by PACIs alleged neglect resulting in the grounding of a vessel. A proposed stay was agreed by the PACI which was approved by the Court by way of a Consent Order. The stay has since expired and no further communication has been received on this matter.

As at the date of these accounts, there was no further development on the aforementioned legal matters and management expects no loss arising from any potential action.

17. Related party transactions

The Port Authority engages the services of various departments of the Cayman Islands Government. Such services are provided on an arm's length basis.

a) Insurance coverage for property, motor, worker's compensation and other risks is provided through the Cayman Islands government for an annual premium of $478,424 (2015: $631,448). This insurance is procured by the Cayman Islands government for all its entities at market rates, and they apportion the related liability according to the value of the entities' assets. The Port Authority has an outstanding balance of $1.5M to its sole shareholder, the Cayman Islands government, in this regard.

The insurance expense of $600,513 in the Statement of Comprehensive income represents the amortized premium for nine months of the 2015/16 insurance period and three months of the 2016/17 insurance period. Included in Prepaid expenses in the Statement of Financial Position is $712,679 representing insurance prepaid, with the corresponding liability reflected in Accounts payable representing the amount outstanding for the 2016/17 insurance premium. The remaining $112,760 of prepaid expenses represents those occurring in the ordinary course of business during the year.

b) A director of the Port Authority is the proprietor of a company which conducts business with the Port Authority namely; Kirk Freeport, Ltd. Kirk Freeport, Ltd conducts business at an arm's length basis and is not given any preferential rates but is charged the standard Port fees as any ordinary company or citizen doing business with the Port Authority. The Port Authority provided services to Kirk Freeport Ltd totalling $8,415 for 2016 ($8,792 –2015). Unsettled fees for the 2016 was $0 ($0 -2015)

c) Another related entity for this director is Kirk Office Ltd. Income earned from Kirk Office for the fiscal year ending 30 June 2016 was $53,790 ($56,499 – 2015) with unsettled amounts at 30 June 2016 of $9,155 ($11,250 -2015). The Authority engaged the services of Kirk Office Ltd totalling $95,963 (2015 $100,318). Amounts unpaid at 30 June 2016 for services provided was $9,155 and $6,153 (2015). All outstanding amounts were received subsequent to year end.

d) Another related party for this director is Kirk Marine Ltd. The Authority earned income totalling $1,473 for the year ended 30 June 2016 ($2,304 - 2015), with outstanding amounts of $869.94 at 30 June 2016 ($0 -2015). All outstanding amounts were received subsequent to year end.

e) Another company that this director has a related party relationship with is Progressive Distributors Ltd. Income earned for 2016 was $445,452 (2015 -$475,452) Unsettled amounts were $0 (2016) and $32,246 (2015)

f) A director of the Port Authority is a trustee of the Silver Thatch Pension plan. Contributions by the Authority were $865,857 (2016) and $839,183 (2015), with unpaid balances of $0 (2016) and $71,373 (2015).

g) Another director of the Port Authority is the managing director of Cayman Freight & Shipping Services Ltd, from which the Port Authority earned $1,232,037 in 2016 and $1,215,051 in 2015, with unsettled balances of $0 for 2016 and $74,788 for 2015. The Port Authority also paid this entity $0 for work done on its behalf in 2016 (2015: $0)

h) <u>Key Management Personnel</u>
There is one full time senior management personnel on open ended employment agreements and one on a fixed term contract. The total remuneration includes: regular salary, pension contribution, health insurance contribution, bonuses and post - employment health care. The pension and health insurance benefits provided to key management personnel are similar to that provided for all employees. Total remuneration in 2016 for senior management was $366,414 (2015: $603,722).

i) <u>Board members</u>
There are 10 members that make up the Port Authority's board; of those members only six receive a stipend of $150.00 per meeting held. One board member receives an additional $344 per meeting attended for travel, car and accommodation allowance, and one board member declined the stipend. The other three are civil servants. The total fees and expenses paid for the eligible members for the year ended 30 June 2016 was $32,568 (2015 38,762).

18. Lines of credit

The Port Authority has a bank overdraft facility up to $250,000 bearing interest at 1.5% above Prime. As at June 30, 2016, this overdraft facility has not been used. In addition, the Port Authority has three corporate credit cards with a total credit limit of $24,600. At 30 June 2016 the outstanding balance was $0 (2015: $0).

19. Fair value disclosure

At 30 June 2016 the following methods and assumptions were used by management to estimate the fair value of each class of financial instruments:

(a) *Cash and cash equivalents*
The carrying amount approximates fair value.

(b) *Accounts receivable / other receivables / other assets / accounts payable and accrued expenses / related party / prepaid expenses*

The above items are substantially short term, and do not bear interest. As such, their carrying amount approximates their fair value.

(c) *Current and long term debt*
Included in these balances is non-interest bearing obligations for post- employment health care. The carrying amount of these obligations represents the discounted liability and is adjusted each year by actuarial valuation to account for changes in assumptions and inputs. All other loans are floating rate and bear interest at the market rate. The carrying value of these loans approximates the fair market value.

Fair value estimates are made at a specific point 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 judgment and therefore, cannot be determined with precision. Changes in interest rate assumptions have been reflected in note 13. Changes in the discount rate assumptions could significantly affect the estimates, especially for the defined benefit liability, as seen in note 14.

20. Financial instruments and associated risks

The Port Authority's activities expose it to various types of risk. Financial risk can be broken down into credit risk, interest rate risk, and foreign currency risk The Port Authority is exposed to financial risks through its financial assets, and financial liabilities The most important types of financial risk to which the Port Authority is exposed are credit and interest rate risk.

Concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counterparties failed completely to perform as contracted. To reduce exposure to credit risk, the Port Authority performs ongoing credit evaluations of the financial condition of its customers but generally does not require collateral.

The Port Authority invests available cash and cash equivalents with various banks. It also holds receivables from clients. The Port Authority is exposed to credit-related losses in the event of non-performance by counterparties to these financial instruments. However, management does not expect the counterparties to fail to meet their obligations.

20. Financial instruments and associated risks (continued)

Concentration of credit risk

The following assets of the Port Authority are exposed to credit risk:

	2016	2015
	$	$
Cash and cash equivalents	6,233,447	3,793,047
Accounts receivables	1,507,253	1,071,804
Other receivables, prepaids and deposits	1,034,910	641,978
Total financial assets	**8,775,610**	**5,506,829**
Non-financial assets	-	-
Total assets per the Statement of Financial Position	**8,775,610**	**5,506,829**

Balances past due but not impaired and those that are impaired are analyzed in the tables below:

	Neither past due nor impaired	Past due but not impaired	Impaired	Total
As at June 30, 2016:	$	$	$	$
Cash and cash equivalents	6,233,447	-	-	6,233,447
Accounts receivables	-	1,436,169	71,084	1,507,253
Other receivables, prepaids and deposits	1,034,910	-	-	1,034,910
Total assets exposed to credit risks	**7,268,357**	**1,436,169**	**71,084**	**8,775,610**

	Neither past due nor impaired	Past due but not impaired	Impaired	Total
As at June 30, 2015:	$	$	$	$
Cash and cash equivalents	3,793,047	-	-	3,793,047
Accounts receivables	-	1,003,864	67,940	1,071,804
Other receivables, prepaids and deposits	641,978	-	-	641,978
Total assets exposed to credit risks	**4,435,025**	**1,003,864**	**67,940**	**5,506,829**

The aging analysis of financial assets that are past due but not impaired is as follows:

	Up to 45 days	46 to 90 days	> 90	Total
As at June 30, 2016:	$	$	$	$
Accounts receivables	1,092,593	156,200	258,460	1,507,253
Other receivables, prepaids and deposits	1,034,910	-	-	1,034,910
Total	**$2,127,503**	**$156,200**	**$258,460**	**$2,542,163**

	Up to 45 days	45 to 90 days	> 90	Total
As at June 30, 2015:	$	$	$	$
Accounts receivables	876,864	43,000	84,000	1,003,864
Other receivables, prepaids and deposits	641,978	-	-	641,978
Total	**1,518,842**	**43,000**	**84,000**	**1,645,842**

20. Financial instruments and associated risks (continued)

Management of financial risks

The following tables indicate the contractual timing of cash flows arising from financial assets and liabilities included in the Port Authority's financial statements as of June 30, 2016 and June 30, 2015.

		Contractual cash flows (undiscounted)			
June 30, 2016	**Carrying amount** $	**No Stated Maturity** $	**0 – 1 Yr** $	**1 – 2 yrs** $	**> 2 yrs** $
Financial Assets					
Cash and cash equivalents	6,233,447	-	6,233,447	-	-
Accounts receivable	1,507,253	-	1,507,253	-	-
Other receivables, prepaids and deposits	1,034,910	-	1,034,910	-	-
Total	8,775,610	-	8,775,610	-	-
Short term liabilities					
Accounts Payables	3,024,216	-	3,024,216	-	-
Loans repayable within 12 months	1,430,000	-	1,430,000	-	-
Total	4,454,216	-	4,454,216	-	-
Difference in contractual cash flows	4,321,394	-	4,321,394	-	-

		Contractual cash flows (undiscounted)			
June 30, 2015	**Carrying amount** $	**No Stated Maturity** $	**0 – 1 Yr** $	**1 – 2 yrs** $	**> 2 yrs** $
Financial Assets					
Cash and cash equivalents	3,793,047	-	3,793,047	-	-
Accounts receivable	1,071,804	-	1,071,804	-	-
Other receivables, prepaid and deposits	641,978	-	641,978	-	-
Total	5,506,829	-	5,506,829	-	-
Short term liabilities					
Accounts Payables	4,059,531	-	4,059,531	-	-
Loans repayable within 12 months	1,400,000	-	1,400,000	-	-
Total	5,459,531	-	5,459,531	-	-
Difference in contractual Flows	47,298	-	47,298	-	-

20. Financial instruments and associated risks (continued)

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Port Authority holds long-term debts and cash and cash equivalents that are interest bearing and as a result the Port Authority is subject to risk due to fluctuations in the prevailing levels of market interest rates in relation to these financial instruments. The scheduled maturity dates and interest rates of the long-term debts (with sensitivity analysis) and cash and cash equivalents are presented in notes 3 and 12.

Foreign currency risk

The Authority receives revenue in Cayman Islands Dollars (CI$) as well as US$, and pays expenses in both Cayman Islands and United States dollars (US$). Since the exchange between CI$ and US$ is fixed, the Company is not exposed to foreign currency risk.

21. Cargo Handling income is comprised of the following:

	2016 $	2015 $
Cargo dues	10,460,889	9,383,438
Cargo handling charges	218,688	98,089
Storage charges	283,911	318,130
Trucking Fees	789,348	708,447
Crane Fees	2,556,800	2,240,700
Empty Container Handling and storage	771,584	594,793
Other fees	96,479	55,259
Total cargo handling income	**15,177,699**	**13,398,856**

22. Income from cruise passengers.

The Port Authority collects a passenger fee of US$3 per manifested cruise passenger. The Authority allocates US$1per passenger from this amount to service the Royal Watler Cruise Terminal facility loan. This is called a Port development fee. The remainder is allocated as passenger fees. For the Fiscal year July 2015 to June 2016, the Cayman Islands recorded 1,781,240 cruise passenger arrivals 2015 (1,660,902) giving rise to passenger fees of $3,079,884 2015 (2,818,489) and Port Development fees of $1,301,957 2015 (1,254,427)

23. Maritime services consist of work performed directly to the vessels in port:

	2016 $	2015 $
Dock Usage Surcharge	232,780	197,640
Lay-up Anchorage Fees	2,412	1,265
Navigation Aids	36,236	32,009
Line Handling	191,900	158,000
Berthing Fees	429,291	393,508
Hire of Equipment	20,125	12,750
Overtime Worked	621,424	573,559
Cruise Ship Tender Dues	77,873	73,857
Total Maritime services income	**1,612,041**	**1,442,589**

24. Other income is comprised of:

	2016 $	2015 $
Container Trans-Shipments	47,400	11,400
Crane Heavy Lift	14,700	700
Garbage Fees	82,775	74,900
Billboard Ads	22,431	69,513
Water Sales (Net)	11,508	9,878
Finance Charges on overdue balances	10,265	8,777
ID's, vessel inspection, miscellaneous	93,482	81,643
Total other income	**282,560**	**256,811**

25. Diesel Sales

The Port Authority sells diesel fuel to cargo and other vessels in port for profit.

Diesel sales are shown net in the Statement of Comprehensive Income, due to the incidental nature of the transaction to the overall operations, and its outside the main business that the Authority is engaged in.

	2016 $	2015 $
Diesel Sales	553,527	572,729
Diesel Cost of Sales	(341,230)	(376,537)
Net Income from diesel sales	**212,297**	**196,192**

26. Staff costs

	2016	2015
	$	$
Salary and Wages	10,003,436	9,396,208
Medical Insurance	1,169,576	1,138,536
Pension	977,072	947,863
Other staff costs – Uniforms, training etc.	157,049	91,174
Total Staff Costs	**12,307,133**	**11,573,781**

27. Contracted services contain the costs incurred for security, janitorial, and professional services such as legal and audit. Professional services were higher in 2015 due to the write off of cruise berthing development costs of $851,457.

	2016	2015
	$	$
Security	815,108	762,298
Janitorial	205,410	193,480
Audit	54,995	55,000
Legal	46,676	95,224
Professional	153,139	1,055,671
Total contracted services	**1,275,328**	**2,161,673**

28. Repairs and Maintenance

Repairs and maintenance consists of parts, consumables and external labour costs used in the upkeep of the cranes and heavy equipment, the fleet of vehicles, and overall maintenance of the physical plant infrastructure of the Port Authority. As of the year ended 30 June 2016, repairs and maintenance amounted to $1,670,249 (2015 - $1,368,093)

29. Tender fees

The Port Authority amended its tender fees in March 2010 along with other fees but before the implementation of those fees it was realized that the charges to the tender company will only be passed on to the cruise lines. The fees conflicted with the FCCA agreement and were never charged. The Port Authority reverted to the old fees and the new gazetted fees remain dormant. The effect on Income for 2016 by not charging the new gazetted tender fees is $623,434 (2015 $597,925).

30. Rental Properties

The Port Authority owns properties that it lets to tenants for a monthly rental. The annual rent receipts are estimated at $1,150,000 per annum. For the year ended 30 June 2016, the actual rent earned was $1,236,208 (2015- $1,159,498)

	$
Rental Income for 1 year	1,150,000
Rental Income for 2-5 years	4,600,000

31. Branch Statements of Financial Position

	Grand Cayman $	Cayman Brac $	Total 2016 $	2015 $
Current assets				
Cash and cash equivalents	6,185,399	48,048	6,233,447	3,793,047
Accounts receivable	1,443,970	63,283	1,507,253	1,071,804
Inventory	959,558	37,908	997,466	738,414
Prepaid expenses	823,402	1,955	825,357	575,915
Other receivables	209,553	0	209,553	66,063
Total current Assets	**9,621,882**	**151,194**	**9,773,076**	**6,245,243**
Current liabilities				
Accounts payable and accrued expenses	2,985,790	38,426	3,024,216	4,059,531
Current portion of long term debt	1,430,000	-	1,430,000	1,400,000
Total current liabilities	**4,415,790**	**38,426**	**4,454,216**	**5,459,531**
Working capital	**5,206,092**	**112,768**	**5,318,860**	**785,712**
Plant, property and equipment	26,747,101	3,734,128	30,481,229	31,697,163
Capital work in progress	448,607	120,644	569,251	226,414
Investment Property	15,377,631	-	15,377,631	15,772,466
Long term debt	(322,538)	-	(322,538)	(1,782,525)
Defined benefit liability –health care	(30,189,000)	-	(30,189,000)	(24,662,000)
Net assets	**17,267,893**	**3,967,540**	**21,235,433**	**22,037,230**
Represented by:				
General reserve	27,458,223	(7,618,296)	19,839,927	22,037,230
Asset Revaluation Reserve	1,395,506	-	1,395,506	-
Inter-branch account	(11,585,836)	11,585,836	-	-
Equity	**17,267,893**	**3,967,540**	**21,235,433**	**22,037,230**

31. Branch Statements of Financial Position (continued)

Financial performance of Cayman Brac Operations

Cayman Brac continues to post losses on an annual basis. Total accumulated losses for the 2016 fiscal year was ($272,146) 2015 – ($638,315) as seen in the table below. The total losses for Cayman Brac to date are reflected in the negative general reserve figure of ($7,618,296) as at 30 June 2016 - 2015 (7,346,150)

In addition, the cost of Grand Cayman performing offloading and loading of cargo for Cayman Brac without a fee being levied has resulted in Grand Cayman providing additional subsidy to Cayman Brac.

32. Branch Statements of Comprehensive Income

	Grand Cayman	Cayman Brac	Total	2015
	$	$	$	$
Operating income	22,053,533	849,112	22,902,645	20,526,863
Operating expenses	15,791,638	1,291,642	17,083,280	17,004,894
	6,261,895	**(442,530)**	**5,819,365**	**3,521,969**
Other income/ (expenses)				
Interest income	1,737		1,737	3,364
Other income/expense	-	-	-	-
Loss on Revaluation	(514,304)	-	(514,304)	-
Loss on disposal of fixed assets	(471,830)	-	(471,830)	(45,205)
Depreciation	(1,555,758)	(138,726)	(1,694,484)	(1,825,432)
Defined benefit annual expense	(2,435,000)	-	(2,435000)	(2,341,000)
Total expenses	**(4,975,155)**	**(138,726)**	**(5,113,881)**	**(4,208,273)**
Net income/(loss) for year	1,286,740	(581,256)	705,484	(686,304)
Other comprehensive income:				
Remeasurements- defined benefit	(3,433,000)	-	(3,433,000)	1,036,000
Revaluation Gain	1,086,395	309,110	1,395,505	-
Total comprehensive income	**(1,059,865)**	**(272,146)**	**(1,332,011)**	**349,696**
General reserve/ (deficit) at beginning of year	29,383,380	(7,346,150)	22,037,230	21,351,764
Prior Year Adjustments	530,214	-	530,214	335,770
General Equity at end of the year	27,458,223	(7,618,296)	19,839,927	
Revaluation Reserve	1,395,506	-	1,395,506	
General reserve at end of year	**$28,853,729**	**(7,618,296)**	**21,235,433**	**22,037,230**

33. Subsequent events

a) New Cruise Facility

The Cayman Islands Government is pursuing the development of a cruise berthing facility and has engaged professional services to assist in the process. It cannot be determined at this time the likely impact, if any; this process will have on the financial position and operations of the Port Authority.

b) Strategic Development of the Port Authority

The Port Authority has embarked on a multi-year strategic development plan which incorporates the replacement of equipment that support the provision of services to the public. The multifaceted plan involves the purchase of Rubber Tyre Gantry (RTG) cranes and the development of the Cargo Distribution Centre to facilitate the proper operation of this equipment. The total projected capital expenditure for the next three years is $8.7M. This could increase or decrease depending on the levels of surpluses that can be assigned to this project.