

Financial Statements of

**CAYMAN TURTLE CONSERVATION AND  
EDUCATION CENTRE LTD.**

for the year ended December 31, 2020

# CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LTD.

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# CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LTD.

## STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by Cayman Turtle Conservation and Education Centre Ltd. in accordance with the provisions of the *Public Management and Finance Law (2018 Revision)*.

We accept responsibility for the accuracy and integrity of the financial information in these financial statements and their compliance with the *Public Management and Finance Law (2018 Revision)*.

As Chairman and Chief Executive Officer (CEO), we are 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 Cayman Turtle Conservation and Education Centre Ltd.

As Chairman and CEO, we are responsible for the preparation of Cayman Turtle Conservation and Education Centre Ltd.'s financial statements and for the judgements made in them.

The financial statements fairly present the financial position, financial performance, changes in shareholder's equity and cash flows for the financial year ended December 31, 2020.

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

- (a) Completely and reliably reflect the financial transactions of the Cayman Turtle Conservation and Education Centre Ltd. for the year ended December 31, 2020;
- (b) fairly reflect the financial position as at December 31, 2020 and performance for the year ended December 31, 2020;
- (c) comply with International Financial Reporting Standards under the responsibility of the International 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 and its agent have been provided access to all the information necessary to conduct an audit in accordance with International Standards on Auditing.

  
\_\_\_\_\_  
Chairman  
Cayman Turtle Conservation and  
Education Centre Ltd.

August 23<sup>rd</sup>, 2023

  
\_\_\_\_\_  
Chief Executive Officer  
Cayman Turtle Conservation and  
Education Centre Ltd.

August 23<sup>rd</sup>, 2023

## AUDITOR GENERAL'S REPORT

**To the Board of Directors of the Cayman Turtle Conservation and Education Centre Ltd.**

### **Opinion**

I have audited the financial statements of the Cayman Turtle Conservation and Education Centre Ltd. (the "Company"), which comprise the statement of financial position as at 31 December 2020 and the statement of comprehensive loss, statement of changes in shareholder's equity and statement of cash flows for the year ended 31 December 2020, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 10 to 36.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020 and its financial performance and its cash flows for year ended 31 December 2020 in accordance with International Financial Reporting 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 Company 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. In rendering my audit opinion on the financial statements of the Company, I have relied on the work carried out on my behalf by a public accounting firm who performed their work in accordance with International Standards on Auditing.

### **Material Uncertainty Relating to Going Concern**

I draw attention to Note 18 to the financial statements which discloses that the Company is dependent upon the continued financial support of the Cayman Islands Government (the "Government") to enable it to meet its obligations as they fall due.

The subsequent global outbreak of the coronavirus, COVID-19, and the measures taken by the Government to mitigate the threat to the Cayman Islands, including the closure of the cruise port, the airports and the Company's facility, has increased the Company's financial dependency on the Government. Without this ongoing support a material uncertainty exists that casts significant doubt about the Company's ability to continue as a going concern. My opinion is not modified in respect of this matter.

### **Emphasis of Matter**

I also draw your attention to Note 19 of the financial statement which discloses that the Company, as of year end, was coordinating with relevant authorities to comply with the Public Authorities Act, paragraph

## **AUDITOR GENERAL'S REPORT (continued)**

47(1). This requires all Statutory Authorities and Government Companies to follow a prescribed salary scale from 1 July 2019. Our opinion is not modified in respect of this matter.

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

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company'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 Company to cease to continue as a going concern.

## AUDITOR GENERAL'S REPORT (continued)

- 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 Law (2018 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.



Angela Cullen  
Acting Auditor General

23 August 2023  
Cayman Islands

**CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LTD.**

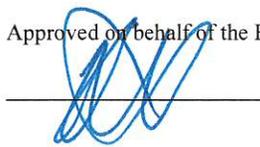
Statement of Financial Position

As at December 31, 2020  
(expressed in Cayman Islands dollars)

|  | Note  | 2020          | 2019<br>(Restated per note 17) |
|--|-------|---------------|--------------------------------|
| <b>Assets</b>  |       |               |                                |
| <b>Current assets</b>  |       |               |                                |
| Cash and cash equivalents  | 4, 12 | 401,698       | 1,529,572                      |
| Accounts receivable  |       | 12,694        | 440,033                        |
| Prepayments and accrued interest   |       | 44,554        | 184,430                        |
| Inventories  | 5     | 267,129       | 208,465                        |
| Biological assets  | 6     | 561,928       | 895,885                        |
|  |       | 1,288,003     | 3,258,385                      |
| <b>Non-current assets</b>  |       |               |                                |
| Property, plant, equipment and exhibits  | 7     | 15,448,644    | 18,235,332                     |
| Exhibits under construction  |       | 77,987        | 33,775                         |
| <b>Total assets</b>  | CIS   | 16,814,634    | 21,527,492                     |
| <b>Liabilities and shareholder's equity</b>  |       |               |                                |
| <b>Current liabilities</b>   |       |               |                                |
| Bank overdraft   | 4, 12 | 2,484,444     | 841,923                        |
| Accounts payable and accrued expenses  |       | 868,180       | 700,168                        |
|  |       | 3,352,624     | 1,542,091                      |
| <b>Non-current liabilities</b>   |       |               |                                |
| Defined benefit pension liability  | 8b    | 911,000       | 579,000                        |
| Severance pay  | 8c    | 142,572       | 82,433                         |
|  |       | 1,053,572     | 661,433                        |
| <b>Total liabilities</b>   |       | 4,406,196     | 2,203,524                      |
| <b>Shareholder's equity</b>  |       |               |                                |
| Share capital  |       |               |                                |
| - Authorised, issued and fully paid 400,000 shares of \$3 each and 50,000 shares of \$1 each |       |               |                                |
|  |       | 1,250,000     | 1,250,000                      |
| Additional paid-in capital   | 9     | 134,036,335   | 130,036,340                    |
| Accumulated loss   |       | (122,877,897) | (111,962,372)                  |
|  |       | 12,408,438    | 19,323,968                     |
| <b>Total liabilities and shareholder's equity</b>  | CIS   | 16,814,634    | 21,527,492                     |

See accompanying notes to financial statements.

Approved on behalf of the Board of Directors on August 23rd, 2023

 Chairman

 Chief Executive Officer

Name

Name

KENNETH H. JONES

CHRISTOPHER JACKSON

**CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LTD.**

Statement of Comprehensive Loss

For the year ended December 31, 2020  
*(expressed in Cayman Islands dollars)*

|  | Note | Year ended<br>Dec 31, 2020 | Year ended<br>Dec 31, 2019<br>(Restated) |
|--|------|----------------------------|--|
| <b>Operations</b>                                  |      |                            |  |
| Revenue  |      | 2,555,467                  | 7,911,852                                |
| Cost of sales and services                         |      | (1,266,191)                | (1,929,518)                              |
| Change in fair value of biological assets          |      | 211,045                    | 254,988                                  |
| Gross profit                                       |      | 1,500,321                  | 6,237,322                                |
| Operating expenses                                 | 21   | (8,383,895)                | (8,594,189)                              |
| Net operating loss                                 |      | (6,883,574)                | (2,356,867)                              |
| Other income                                       | 14   | 72,132                     | 226,914                                  |
| <b>Administrative expenses</b>                     | 21   |                            |  |
| Administration and overheads                       |      | (2,715,433)                | (3,115,837)                              |
| Interest and amortization                          |      | (87,390)                   | (206,589)                                |
| Other depreciation expense                         |      | -                          | (580,970)                                |
| Research expenses                                  |      | (564,662)                  | (643,014)                                |
| Marketing expenses                                 |      | (404,598)                  | (489,030)                                |
| Defined benefit pension charge                     | 8b   | (125,000)                  | (45,000)                                 |
| Total administrative expenses                      |      | (3,897,083)                | (5,080,440)                              |
| <b>Net loss for the year</b>                       |      | CIS\$ (10,708,525)         | (7,210,393)                              |
| <b>Other comprehensive (loss)/income</b>           |      |                            |  |
| Remeasurement of defined benefit pension liability | 8b   | (207,000)                  | 147,000                                  |
| <b>Comprehensive loss for the year</b>             |      | CIS\$ (10,915,525)         | (7,063,393)                              |

*See accompanying notes to financial statements.*

*See note 21 for a schedule of operating and administrative expenses*

## CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LTD.

### Statement of Changes in Shareholder's Equity

For the year ended December 31, 2020  
*(expressed in Cayman Islands dollars)*

|   |     | Share<br>capital | Additional<br>paid-in capital<br>(Note 9) | Accumulated<br>loss | Total        |
|---|-----|------------------|---|---------------------|--------------|
| <b>Balance at December, 2018</b>                  | CIS | 1,250,000        | 120,536,340                               | (104,898,979)       | 16,887,361   |
| Capital contribution from shareholder (note 9)    |     | -                | 9,500,000                                 | -                   | 9,500,000    |
| Net loss for the year (restated)                  |     | -                | -   | (7,210,393)         | (7,210,393)  |
| Other comprehensive income for the year (note 8b) |     | -                | -   | 147,000             | 147,000      |
| <b>Balance at December 31, 2019</b>               | CIS | 1,250,000        | 130,036,340                               | (111,962,372)       | 19,323,968   |
| Capital contribution from shareholder (note 9)    |     | -                | 3,999,995                                 | -                   | 3,999,995    |
| Net loss for the year                             |     | -                | -   | (10,708,525)        | (10,708,525) |
| Other comprehensive income for the year (note 8b) |     | -                | -   | (207,000)           | (207,000)    |
| <b>Balance at December 31, 2020</b>               | CIS | 1,250,000        | 134,036,335                               | (122,877,897)       | 12,408,438   |

*See accompanying notes to financial statements.*

## CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LTD.

### Statement of Cash Flows

For the year ended December 31, 2020  
(expressed in Cayman Islands dollars)

|   | Year ended<br>Dec 31, 2020 | Year ended<br>Dec 31, 2019<br>(Restated) |
|---|----------------------------|--|
| <b>Cash flows from operating activities</b>   |                            |  |
| Net loss for the period   | (10,708,525)               | (7,210,393)                              |
| Adjustments to reconcile comprehensive loss to net cash used in operating activities: |                            |  |
| Depreciation of property, plant, equipment and exhibits                               | 2,958,430                  | 3,117,291                                |
| Gain on disposal of property, plant, equipment and exhibits                           | (48,210)                   | -  |
| Movement in biological assets   | 333,957                    | 131,928                                  |
| Changes in:   |                            |  |
| Decrease/(increase) in accounts receivable  | 427,339                    | (46,028)                                 |
| Decrease/(increase) in prepayments and accrued interest                               | 139,876                    | 478,135                                  |
| Increase in inventories   | (58,664)                   | (107,845)                                |
| Increase in work in progress  | (44,212)                   | (2,973)                                  |
| Increase/(decrease) in accounts payable and accrued expenses                          | 168,012                    | (585,684)                                |
| Decrease in interest payable  | -                          | (18,332)                                 |
| Increase in defined benefit pension liability   | 125,000                    | 45,000                                   |
| Increase in severance pay liability   | 60,139                     | 9,621                                    |
| Net cash used in operating activities   | (6,646,858)                | (4,189,280)                              |
| <b>Cash flows from investing activities</b>   |                            |  |
| Purchase of property, plant, equipment and exhibits                                   | (287,460)                  | (764,236)                                |
| Proceeds from sale of property, plant, equipment and exhibits                         | 163,928                    | -  |
| Net cash used in investing activities   | (123,532)                  | (764,236)                                |
| <b>Cash flows from financing activities</b>   |                            |  |
| Repayment of notes  | -                          | (4,536,000)                              |
| Capital contributions from shareholder  | 3,999,995                  | 9,500,000                                |
| Net cash generated from financing activities  | 3,999,995                  | 4,964,000                                |
| <b>Net (decrease)/increase in cash and cash equivalents</b>                           | (2,770,395)                | 10,484                                   |
| Cash and cash equivalents at beginning of year  | 687,649                    | 677,165                                  |
| <b>Cash and cash equivalents at end of year (note 4)</b>                              | CIS\$ (2,082,746)          | 687,649                                  |
| <b>Supplementary information:</b>   |                            |  |
| Interest paid   | CIS\$ 87,390               | 224,921                                  |

*See accompanying notes to financial statements.*

# CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LTD.

Notes to the Financial Statements

December 31, 2020

*(expressed in Cayman Islands dollars)*

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## 1. Incorporation and activity

Cayman Turtle Conservation and Education Centre Ltd. (the "Company") was incorporated in the Cayman Islands and is 100 per cent owned by the Government of the Cayman Islands (the "Government"). Initially, the sole operation of the Company was rearing green sea turtles under controlled farm conditions. However, due to the world-wide ban on the export of turtle products, the Company shifted its primary objective to the operation of a tourist attraction, including a gift shop, restaurant and bar. The production of turtle meat and related products is limited to what is necessary to meet local demand within the Cayman Islands. The secondary objective is the conservation and re-population of sea turtles within the waters of the Cayman Islands and in the wider Caribbean.

The Company's address is 786 Northwest Point Road, West Bay, Grand Cayman. The Company had a staff complement of 94 in 2020 (2019: 109).

The Company's operations consist of a marine park and related developments on a 23.5-acre site located in West Bay, Grand Cayman. The marine park (the "Park") includes a turtle interactive area, educational pavilion, hatchery and science laboratory, freshwater pool, saltwater snorkel lagoon, predator tank, crocodile marsh, nature trail, aviary, shopping bazaar, restaurant and bar.

## 2. Accounting policies

### *Basis of preparation*

These financial statements are prepared under the historical cost convention, modified by the valuation of biological assets at fair value, and in accordance with International Financial Reporting Standards (IFRS).

The preparation of financial statements in accordance with IFRS 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 revenues and expenses during the reporting period. Actual results may differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to these financial statements, relate to management's assessment of whether an impairment provision is required in respect of property, plant, equipment and exhibits (Note 7), the valuation of biological assets (Note 6), the allowance for doubtful accounts against accounts receivable (Note 12), and the provisions for pensions payable and severance pay (Note 8).

Unless otherwise disclosed, these financial statements are presented in Cayman Islands dollars (CIS).

## CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LTD.

Notes to the Financial Statements (continued)

December 31, 2020

*(expressed in Cayman Islands dollars)*

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### 2. Accounting policies (continued)

#### *Going concern assumption*

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern. Refer to note 18 for detailed disclosure regarding the going concern assumption.

#### *Standards issued and effective*

A number of new standards, amendments to standards and interpretations issued and effective from January 1, 2020, but do not have a material effect on the Company's financial statements, are as follows:

- Disclosure Initiative – Definition of Material (Amendments to IAS 1 and IAS 8): IAS 1 has been revised to incorporate a new definition of 'material' and IAS 8 has been revised to refer to this new definition in IAS 1.
- Interest Rate Benchmark Reform – Phase 1 (Amendments to IFRS 9, IAS 39 and IFRS 7): The IASB had finalised its response to the ongoing reform of inter-bank offered rates ("IBOR") and other interest rate benchmarks by issuing a package of amendments to IFRS Standards. The amendments are aimed at helping companies to provide investors with useful information about the effects of the reform on those companies' financial statements. The amendments complement those issued in 2019 and focus on the effects on financial statements when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the reform.
- On 28 May 2020, the IASB issued COVID-19 Related Rent Concessions – amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after June 1, 2020. Earlier adoption is permitted.

## CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LTD.

Notes to the Financial Statements (continued)

December 31, 2020

*(expressed in Cayman Islands dollars)*

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### 2. Accounting policies (continued)

#### *Standards issued but not yet effective*

A number of new standards, amendments to standards and interpretations issued but not yet effective, and have not been applied in preparing these financial statements, are as follows:

- Classification of liabilities as current or non-current and disclosure of accounting policies (Amendments to IAS 1)
- References to the Conceptual Framework
- Onerous contracts (Amendments to IAS 37)
- Annual improvements to IFRS Standards 2018-2020 cycle (Amendments to IFRS 1, IFRS 9, IFRS 16, IAS 41)
- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16): Phase 2 of the Interest Rate Benchmark Reform deals with the issues that might affect financial reporting when an existing interest rate benchmark is actually replaced. The proposed amendments apply to changes to financial instruments and hedging relationship required by the reform.

The directors do not anticipate that the adoption of the standards that are not yet effective will have a material impact on the financial statements of the Company in the period of their initial adoption.

*The significant accounting policies adopted in the preparation of these financial statements are:*

#### *Cash and cash equivalents*

For the purposes of the statement of cash flows, cash and cash equivalents consists of cash on hand, balances with banks (including overdrafts) on demand and at short notice, and short-term highly liquid investments with original maturity dates of less than 90 days.

#### *Accounts receivable*

Accounts receivable comprises receivables from customers and contributions from the Government (a related party) and are reduced by any allowance for doubtful accounts where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

CTCEC analysed all of the outstanding receivables as at 31 December 2020. CTCEC determined that trade receivables did not have a significant financing component and therefore chose to use the Simplified Approach and simplified 'provision matrix'. The Expected Credit Loss (ECL) using the following formula:  $ECL = Exposure\ at\ Default\ (EAD) * Probability\ of\ Default\ (PD) * Loss\ Given\ Default\ (LGD)$  was calculated for two different categories, one for an over 90-day receivable for Caymanian Land and Sea Cooperative Society Ltd. ("Land & Sea"); and the other for the trade receivables in over 90 day categories.

## CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LTD.

Notes to the Financial Statements (continued)

December 31, 2020

*(expressed in Cayman Islands dollars)*

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### 2. Accounting policies (continued)

#### *Biological assets*

The secondary herd, which is reared for the purpose of selling the herd's meat and by-product to satisfy local market demand, is valued at fair value calculated using market prices and expected yields of each type of product based on historical data. Changes in the carrying amount attributable to physical change in such biological assets and changes attributable to price change are recognised as income or expense in the statement of comprehensive loss. It is management's policy to differentiate between turtles which were acquired from the wild and will be released at the end of their breeding lives, and farm bred turtles which may be slaughtered at the end of their breeding lives. Mature turtles (i.e. those that have reached breeding age) acquired from the wild have no carrying value. The remainder of the breeder herd is valued at fair value, calculated using market prices and expected yields of each type of product based on historical data, less cost to maintain.

The fair value measurements for the Breeder Herd and Secondary Herd have been categorized as Level 3 fair values based on the inputs to the valuation techniques used. The following valuation techniques and significant unobservable inputs have been used in determining the Level 3 fair values of the breeder herd and secondary herd:

*Valuation technique:* The valuation model considers the percentage of steak, stew, fin, bone and menavelin that can be yielded as well as the current selling prices for these items. This is considered to be the "Cash Inflows" and is estimated for the applicable herd for that remaining herd to be processed and sold.

The "Cash Outflows" is the cost to process the remaining live weight of the applicable herd based on the costing for the 2019 production.

*Unobservable inputs:* Percentage yields, estimated weight gain as well as the directly attributable processing costs to the Company are considered to be unobservable inputs.

#### *Property, plant, equipment and exhibits*

Property, plant, equipment and exhibits is stated at historical cost less accumulated depreciation. With the exception of land which is not depreciated, items of property, plant, equipment and exhibits are depreciated using the straight line method over their estimated useful lives as follows:

|                                |               |
|--------------------------------|---------------|
| Buildings and lagoons          | 10 - 20 years |
| Plant and equipment            | 4 - 10 years  |
| Motor vehicles                 | 3 - 4 years   |
| Furniture and office equipment | 4 - 5 years   |
| Exhibits                       | 6 years       |
| Computer hardware and software | 3 years       |

Right of use assets are included in buildings and consist of leases capitalised in accordance with IFRS 16 – Leases.

## CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LTD.

Notes to the Financial Statements (continued)

December 31, 2020

*(expressed in Cayman Islands dollars)*

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### 2. Accounting policies (continued)

#### *Property, plant, equipment and exhibits (continued)*

The estimated useful lives, residual values and depreciation method are reviewed at year-end and the effect of any changes in the estimate is accounted for on a prospective basis.

Cost comprises the purchase price of an asset plus any directly attributable costs of bringing the asset to working condition for its intended use such as import duties, site preparation, initial delivery and handling cost, installation cost and professional fees (e.g. architects and engineers). Certain borrowing costs are also included in the cost basis of the related asset; see “borrowing costs” below. Costs of improvements are included in the cost of the applicable asset.

New and redeveloped assets are not depreciated until the assets are placed into service. Capitalised cost includes direct labor and benefits for employees specifically identified with the project.

Property, plant, equipment and exhibits are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable.

Repairs and maintenance are charged to production or overhead expenses in the statement of comprehensive loss as incurred. Donated assets are recorded at their estimated fair value at the date of receipt. Exhibits represent the cost of various marine life, including acquisition costs, contained within the salt water lagoons at the park. Management estimates that the total life of these marine life to be approximately 10-12 years. As the Company has acquired the marine life at a mature stage in their life cycle, management has assumed the remaining useful life for the exhibits from the date of acquisition to be approximately 6 years.

#### *Financial assets and liabilities*

##### *(i) Classification*

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset, or to exchange financial instruments with another enterprise under conditions that are potentially favorable or an equity instrument of another enterprise. 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.

##### *(ii) Recognition*

The Company recognises financial assets and 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 financial assets and financial liabilities measured at amortised cost are recognised in the statement of comprehensive loss.

Financial assets comprise cash and cash equivalents, accounts receivable and accrued interest. Financial liabilities comprise bank overdraft, accounts payable and accrued expenses, interest payable, notes payable, bank debt, pensions payable and severance pay. Management determines classification of its financial assets and liabilities at initial recognition.

## CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LTD.

Notes to the Financial Statements (continued)

December 31, 2020

*(expressed in Cayman Islands dollars)*

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### 2. Accounting policies (continued)

#### *Financial assets and liabilities (continued)*

##### *(iii) Measurement*

Financial instruments are measured initially at cost, including transaction costs. For financial assets acquired, cost is the fair value of the consideration given, while for financial liabilities cost is the fair value of consideration received.

Financial assets classified as loans and receivables and financial liabilities measured at amortised cost are carried at amortised cost using the effective interest rate method, less impairment losses, if any, for financial assets.

##### *(iv) Derecognition*

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Company has transferred all the risks and rewards of ownership. A financial liability is derecognised when it is discharged, cancelled or expires.

##### *(v) Offsetting*

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Company has a legally enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis.

##### *(vi) Impairment*

A financial asset is impaired if there is objective evidence indicating that one or more events have had a negative effect on the estimated future cash flows of that asset. The amount of the impairment loss for assets carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the financial instrument's original effective interest rate. All impairment losses are recognised in the statement of comprehensive loss as required.

#### *Borrowing costs*

Borrowing costs that are directly attributable to the acquisition or development of an asset which takes a substantial period of time to ready it for its intended use are capitalised and included as part of the cost of the asset. Such costs include interest, the amortisation of discounts or premiums on issue, and amortisation of transaction costs associated with the arrangement of the borrowings. To the extent funds borrowed for the acquisition or development of a specific asset are invested on a temporary basis, the interest income is netted with the related borrowing costs to determine the amount of borrowing costs eligible for capitalisation. Capitalisation ceases when the related asset, or completed part thereof, is effectively ready for use. All other borrowing costs are expensed in the statement of comprehensive loss during the period in which they are incurred.

## CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LTD.

Notes to the Financial Statements (continued)

December 31, 2020

*(expressed in Cayman Islands dollars)*

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### 2. Accounting policies (continued)

#### *Employee benefits*

##### *(a) Defined contribution pension plan*

The Company's contributions are charged to the statement of comprehensive loss in the period to which the contributions relate (Note 8a).

##### *(b) Defined benefit plan*

Pension costs are recognised based upon the results of periodic actuarial assessments conducted by Mercer. The cost of providing pensions is charged to the statement of comprehensive loss so as to spread the regular cost over the service lives of employees. The pension obligation is measured as the present value of the estimated future cash outflows using interest rates of government securities which have terms to maturity approximating the terms of the related liability. Actuarial gains and losses are recognised over the average remaining service lives of employees. Changes in the estimate of the amount required to fund past service pension benefits are recognised immediately when advised to the Company.

##### *(c) Severance benefits for employees*

Employees with over 25 years of service at retirement are entitled to an additional benefits package comprising a cash payment and payment of medical insurance premiums for a specified period. The costs of the benefits are accrued over the period of employment based on estimated valuations of these obligations determined by the Board of Directors.

For crew members who have not contributed 25 or more years of service to the Company but have reached retirement age as defined by law, worked for 1 year or more, and voluntarily retire are entitled to a retirement allowance pay equal to 1 week of the crew member's salary at the time of retirement for each completed year.

#### *Foreign currencies*

The Company's transactions occur in United States dollars ("US\$") and Cayman Islands dollars ("CI\$"). The Company translates US\$ transactions into CI\$ using a fixed rate of US\$1.00 to CI\$0.84.

#### *Inventories of marketable products*

Farm produced marketable products are valued at net realisable value.

Products purchased for resale and food and beverage are valued at the lower of cost on the first in, first out basis, and estimated net realisable value.

#### *Inventories of feeds and other supplies*

Feed and other supplies are valued using the weighted average cost basis.

## CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LTD.

Notes to the Financial Statements (continued)

December 31, 2020

*(expressed in Cayman Islands dollars)*

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### 2. Accounting policies (continued)

#### *Revenue recognition*

The Company recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for good or services. IFRS 15 - Revenue from contracts with customers provides a single, principles-based, five-step model to be applied to all contracts with customers.

To determine whether to recognise revenue, the Company follows IFRS 15's five-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

The Company sells merchandise and turtle meat and charges admission fees to customers for entry to the Centre. Sales of goods or services are recognised when the Company sells a product to the customer or the customer is admitted to the Centre. Retail sales are usually in cash or by credit card.

Of the Retail tours revenue of CI\$1,186,355 listed, 27% or CI\$325,487 is related directly to Ship Tours (cruise lines) in 2020 and the remaining 73% or CI\$860,868 is a combination of admission revenues through direct walk in and online guest admissions, as well as wholesale wristband sales.

### 3. Fair value of financial instruments

When measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair value is categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable input).

## CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LTD.

Notes to the Financial Statements (continued)

December 31, 2020

*(expressed in Cayman Islands dollars)*

### 3. Fair value of financial instruments (continued)

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The carrying value reflected in the financial statements for cash and cash equivalents, accounts receivable, accrued interest, bank overdraft, interest payable and accounts payable / accrued expenses are assumed to approximate to their fair values due to their short-term nature. Notes Payable are carried at their contracted settlement value. Additionally, the cost of all monetary assets and liabilities has been appropriately adjusted to reflect estimated losses on realisation or discounts on settlement.

### 4. Cash and cash equivalents, net

|  | 2020             | 2019      |
|--|------------------|-----------|
| Current accounts (shown under current assets)                            | 401,698          | 1,529,572 |
| Bank overdraft (shown under current liabilities)                         | (2,484,444)      | (841,923) |
| Cash and cash equivalents as presented in<br>the statement of cash flows | CI\$ (2,082,746) | 687,649   |

At December 31, 2020, the limit on the overdraft facility was US\$5,500,000 (2019: US\$5,500,000) at an interest rate of 5.0% (2019: 5.0%). The Government, by way of letter of undertaking, guarantees overdraft facilities up to CI\$4,620,000 (2019: CI\$4,620,000).

### 5. Inventories

|                          | 2020         | 2019<br>(Restated) |
|--------------------------|--------------|--------------------|
| Marketable products      | 267,129      | 154,657            |
| Food and beverage        | -            | 35,702             |
| Feeds and other supplies | -            | 18,106             |
|                          | CI\$ 267,129 | 208,465            |

## CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LTD.

Notes to the Financial Statements (continued)

December 31, 2020

*(expressed in Cayman Islands dollars)*

### 6. Biological assets

|                            | 2020         | 2019    |
|----------------------------|--------------|---------|
| Livestock, at fair values: |              |         |
| Secondary herd             | 269,245      | 556,339 |
| Breeder herd               | 292,683      | 339,546 |
|                            | CI\$ 561,928 | 895,885 |

The movements in the carrying value of the secondary herd are outlined as follows:

|  | 2020         | 2019      |
|--|--------------|-----------|
| Carrying value at beginning of period              | 556,339      | 659,974   |
| Change attributable to differences in fair values  | 73,883       | 21,135    |
| Biological transformation                          | 184,025      | 262,247   |
| Processed during the period                        | (545,002)    | (387,017) |
| Net change in biological assets included in income | (287,094)    | (103,635) |
| Carrying value at end of period                    | CI\$ 269,245 | 556,339   |

Biological transformation comprises the net effect of births, deaths and other losses, and growth within the secondary herd, measured at period-end fair values. Due to the continuing limitations surrounding the market for the products of the secondary herd, shells are valued at CI\$ nil, (2019: CI\$ nil).

The movements in the net book value of the breeder herd are outlined as follows:

|                                       | 2020         | 2019     |
|---------------------------------------|--------------|----------|
| Carrying value at beginning of period | 339,546      | 367,839  |
| Net decrease during the period        | (46,863)     | (28,293) |
|                                       | CI\$ 292,683 | 339,546  |

Net (declines)/additions during the period are attributable to new breeder turtles added, weight gained during the period, less mortalities. During the year ended December 31, 2020, ten new breeder turtles (2019: zero) were added to the herd and seven turtles (2019: eight) were transferred to the secondary herd or died. As of December 31, 2020, there was CI\$500,000 insurance coverage associated with the livestock (2019: CI\$500,000).

## CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LTD.

Notes to the Financial Statements (continued)

December 31, 2020

(expressed in Cayman Islands dollars)

### 7. Property, plant, equipment and exhibits

|                                  | Land      | Buildings<br>and lagoons | Plant and<br>equipment | Motor<br>vehicles | Furniture<br>and office<br>equipment | Exhibits &<br>Portable<br>Structures | Computer<br>hardware &<br>software | Total      |            |
|----------------------------------|-----------|--------------------------|------------------------|-------------------|--------------------------------------|--------------------------------------|------------------------------------|------------|------------|
| <b>Cost:</b>                     |           |                          |                        |                   |                                      |                                      |                                    |            |            |
| As at December 31, 2019          | 1,251,349 | 49,679,314               | 2,186,782              | 437,716           | 300,888                              | 83,261                               | 1,384,001                          | 55,323,311 |            |
| Additions                        | -         | 7,418                    | 160,808                | -                 | 7,930                                | 66,000                               | 45,304                             | 287,460    |            |
| Disposals                        | -         | (56,641)                 | (21,479)               | -                 | (28,049)                             | -                                    | (57,759)                           | (163,928)  |            |
| As at December 31, 2020          | 1,251,349 | 49,630,091               | 2,326,111              | 437,716           | 280,769                              | 149,261                              | 1,371,546                          | 55,446,844 |            |
| <b>Accumulated depreciation:</b> |           |                          |                        |                   |                                      |                                      |                                    |            |            |
| As at December 31, 2019          | -         | 33,719,860               | 1,607,706              | 336,938           | 223,079                              | 41,039                               | 1,159,357                          | 37,087,979 |            |
| Depreciation                     | -         | 2,511,206                | 219,297                | 40,121            | 32,746                               | 21,563                               | 133,497                            | 2,958,430  |            |
| Disposals                        | -         | (7,439)                  | (9,700)                | -                 | (4,878)                              | 798                                  | (26,991)                           | (48,210)   |            |
| As at December 31, 2020          | -         | 36,223,627               | 1,817,303              | 377,059           | 250,947                              | 63,400                               | 1,265,863                          | 39,998,199 |            |
| <b>Net book value:</b>           |           |                          |                        |                   |                                      |                                      |                                    |            |            |
| As at December 31, 2020          | CIS       | 1,251,349                | 13,406,464             | 508,808           | 60,657                               | 29,822                               | 85,861                             | 105,683    | 15,448,644 |
| As at December 31, 2019          | CIS       | 1,251,349                | 15,959,454             | 579,076           | 100,778                              | 77,809                               | 42,222                             | 224,644    | 18,235,332 |

## CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LTD.

Notes to the Financial Statements (continued)

December 31, 2020

(expressed in Cayman Islands dollars)

### 7. Property, plant, equipment and exhibits (continued)

|                                  |     | Land      | Buildings<br>and lagoons | Plant and<br>equipment | Motor<br>vehicles | Furniture<br>and office<br>equipment | Exhibits | Computer<br>hardware &<br>software | Total      |
|----------------------------------|-----|-----------|--------------------------|------------------------|-------------------|--------------------------------------|----------|------------------------------------|------------|
| <b>Cost:</b>                     |     |           |                          |                        |                   |                                      |          |                                    |            |
| As at December 31, 2018          |     | 1,251,349 | 49,515,124               | 1,838,175              | 437,716           | 230,101                              | 79,611   | 1,206,999                          | 54,559,075 |
| Additions                        |     | -         | 164,190                  | 348,607                | -                 | 70,787                               | 3,650    | 177,002                            | 764,236    |
| Disposals                        |     | -         | -                        | -                      | -                 | -                                    | -        | -                                  | -          |
| As at December 31, 2019          |     | 1,251,349 | 49,679,314               | 2,186,782              | 437,716           | 300,888                              | 83,261   | 1,384,001                          | 55,323,311 |
| <b>Accumulated depreciation:</b> |     |           |                          |                        |                   |                                      |          |                                    |            |
| As at December 31, 2018          |     | -         | 31,176,768               | 1,350,797              | 288,544           | 179,640                              | 28,239   | 946,700                            | 33,970,688 |
| Depreciation                     |     | -         | 2,543,092                | 256,909                | 48,394            | 43,439                               | 12,800   | 212,657                            | 3,117,291  |
| Disposals                        |     | -         | -                        | -                      | -                 | -                                    | -        | -                                  | -          |
| As at December 31, 2019          |     | -         | 33,719,860               | 1,607,706              | 336,938           | 223,079                              | 41,039   | 1,159,357                          | 37,087,979 |
| <b>Net book value:</b>           |     |           |                          |                        |                   |                                      |          |                                    |            |
| As at December 31, 2019          | CIS | 1,251,349 | 15,959,454               | 579,076                | 100,778           | 77,809                               | 42,222   | 224,644                            | 18,235,332 |
| As at December 31, 2018          | CIS | 1,251,349 | 18,338,356               | 487,378                | 149,172           | 50,461                               | 51,372   | 260,299                            | 20,588,387 |

## CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LTD.

Notes to the Financial Statements (continued)

December 31, 2020

*(expressed in Cayman Islands dollars)*

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### **8. Pensions payable and severance pay**

The Company and its employees participate in the Cayman Islands Public Service Pension Plan (the "Plan") on both a defined contribution and defined benefit basis as explained below:

*a) Defined contribution part*

For employees enrolled in the defined contribution part, the Company and the employee each contribute 6% of the employee's salary or wage each period. During the period ended December 31, 2020 contributions of CI\$265,031 (2019: CI\$288,599) were made by the Company and included in the statement of comprehensive loss.

*b) Defined benefit part*

Employees who served with the Company prior to January 1, 2000 are enrolled in the defined benefit program. Contributions towards benefits accruing in respect of current service (i.e. for the period since the employee was enrolled in the plan) are funded at rates periodically advised to the Company by the Public Service Pensions Board ("PSPB") and are recognised as an expense in the period incurred. The Company is also required to make payments to the plan to fund benefits accruing in respect of past service (the "past service funding liability"). This past service funding liability, which is generally equivalent to the actuarially determined present value of the defined benefit obligations less the value of the assets available to meet such obligations, is calculated periodically by the Plan actuaries and advised to the Company by the Pensions Board.

## CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LTD.

Notes to the Financial Statements (continued)

December 31, 2020

(expressed in Cayman Islands dollars)

### 8. Pensions payable and severance pay (continued)

#### b) Defined benefit plan (continued)

The Company recognises changes in the past service funding liability, adjusted for funding payments made, as an expense or gain in the period in which such changes are incurred.

The most recent actuarial valuation was performed as of December 31, 2020 by Mercer and the results, which was advised to the Company by the PSPB in March 2021, indicated a plan deficit attributable to the Company of CI\$911,000 (2019: CI\$579,000).

|   | 2020                | 2019           |
|---|---------------------|----------------|
| Plan liability at beginning of year                                     | 579,000             | 681,000        |
| Defined benefit change included in<br>statement of comprehensive income | 332,000             | (102,000)      |
| <b>Plan liability at end of year</b>                                    | <b>CI\$ 911,000</b> | <b>579,000</b> |

|  | 2020                  | 2019             |
|--|-----------------------|------------------|
| Company's share of:                      |                       |                  |
| Defined benefit obligation               | (2,892,000)           | (2,346,000)      |
| Fair value of plan assets                | 1,981,000             | 1,767,000        |
| <b>Defined benefit pension liability</b> | <b>CI\$ (911,000)</b> | <b>(579,000)</b> |

Movement in defined benefit obligations during the year:

|  | 2020                    | 2019               |
|--|-------------------------|--------------------|
| Defined benefit obligation at beginning of year  | (2,346,000)             | (2,238,000)        |
| Current service cost                             | (44,000)                | (46,000)           |
| Interest expense                                 | (74,000)                | (94,000)           |
| Benefit payments                                 | -                       | 56,000             |
| Transfer between other participating employers   | -                       | 168,000            |
| Contributions paid into the plan                 | (13,000)                | (15,000)           |
| Remeasurements                                   | (415,000)               | (177,000)          |
| <b>Defined benefit obligation at end of year</b> | <b>CI\$ (2,892,000)</b> | <b>(2,346,000)</b> |

## CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LTD.

Notes to the Financial Statements (continued)

December 31, 2020

*(expressed in Cayman Islands dollars)*

### 8. Pension payable and severance pay (continued)

#### *b) Defined benefit plan (continued)*

Movement in fair value of plan assets during the period:

|   | 2020                 | 2019             |
|---|----------------------|------------------|
| Fair value of plan assets as beginning of period  | 1,767,000            | 1,557,000        |
| Interest income                                   | 56,000               | 66,000           |
| Employer contributions                            | 26,000               | 29,000           |
| Plan participant contributions                    | 13,000               | 15,000           |
| Benefit payments                                  | -                    | (56,000)         |
| Transfer between other participating employers    | -                    | (168,000)        |
| Other significant events                          | (89,000)             | -                |
| Remeasurements                                    | 208,000              | 324,000          |
| <b>Fair value of plan assets at end of period</b> | <b>CIS 1,981,000</b> | <b>1,767,000</b> |

The defined benefit cost included in net loss:

|                             | 2020                 | 2019            |
|-----------------------------|----------------------|-----------------|
| Current service cost        | (44,000)             | (46,000)        |
| Interest expense            | (74,000)             | (94,000)        |
| Interest income             | 56,000               | 66,000          |
| Employer contributions      | 26,000               | 29,000          |
| Other significant events    | (89,000)             | -               |
| <b>Defined benefit cost</b> | <b>CIS (125,000)</b> | <b>(45,000)</b> |

Remeasurements of the defined benefit plan included in other comprehensive income/(loss):

|  | 2020                 | 2019           |
|--|----------------------|----------------|
| Effect of changes in demographic assumptions | 61,000               | 8,000          |
| Effect of changes in financial assumptions   | (479,000)            | (408,000)      |
| Effect of experience adjustments             | 3,000                | 223,000        |
| Return on plan assets                        | 208,000              | 324,000        |
| <b>Remeasurements</b>                        | <b>CIS (207,000)</b> | <b>147,000</b> |

## CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LTD.

Notes to the Financial Statements (continued)

December 31, 2020

*(expressed in Cayman Islands dollars)*

### 8. Pension payable and severance pay (continued)

#### b) Defined benefit plan (continued)

As required by IAS 19 the Projected Unit Credit has been used as the Cost Method. Assumptions regarding future mortality rates are based on the published Standard US Mortality Rates. The retirement age is completion of age 57 and 10 years' service.

The principle actuarial assumptions are as follows:

|                              | 2020  | 2019  |
|------------------------------|-------|-------|
| Economic Assumptions         |       |       |
| 1. Discount rate             | 2.60% | 3.50% |
| 2. Salary increase           | 2.50% | 2.50% |
| 3. Rate of price inflation   | 2.00% | 2.00% |
| 4. Rate of pension increases | 2.00% | 2.00% |

The distribution of the plan assets at December 31, 2020 and 2019 is as follows:

|                            | 2020 | 2019 |
|----------------------------|------|------|
| Global equities            | 82%  | 79%  |
| Debt securities            | 18%  | 20%  |
| Real estate/infrastructure | 0%   | 0%   |
| Cash                       | 0%   | 1%   |
|                            | 100% | 100% |

#### c) Severance payable

In 1997 the Board of Directors approved a severance pay package entitling employees with over 25 years of service to a cash payment on retirement and payment of their health insurance premiums after retirement for a period to be determined by the Board of Directors. Employees who have attained age 65 and worked for one year or more are also eligible for a severance package of one week of each full year of work completed. There are nine eligible employees at December 31, 2020 (2019: eight) for both of these scenarios combined, and the total liability of the Company in respect of past service benefits for retired employees is approximately CI\$142,572 (2019: CI\$82,433).

### 9. Additional paid-in capital

During the year ended December 31, 2020, the Government made a further equity injection of CI\$3,999,995 (2019: CI\$9,500,00).

## CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LTD.

Notes to the Financial Statements (continued)

December 31, 2020

*(expressed in Cayman Islands dollars)*

### 10. Government funding

The total funds approved by Government for future equity injections is as follows:

| Facility type  | Appropriation<br>law reference | Amounts<br>approved | Amounts<br>received |
|--|--------------------------------|---------------------|---------------------|
| Equity injection                                     | EI 49 (FY 2021)                | 6,111,824           | 6,111,824           |
| Equity injection                                     | EI 49 (FY 2022)                | 2,976,190           | 2,976,190           |
| Equity injection                                     | EI 49 (FY 2023)                | 2,976,190           | 1,666,667           |
| Total funding, approved and advanced from Government |                                | CIS\$ 12,064,204    | 10,754,681          |

### 11. Taxation

The Government does not currently levy taxes on income or capital gains, and consequently no tax liability or expense is recorded in these financial statements.

### 12. Financial risk management

The Company's activities expose it to various types of risk that are associated with the financial instruments and markets in which it operates. The Company's Board of Directors have overall responsibility for the establishment and oversight of its risk management framework. The Company's risk management policies are established to identify and analyse the risks, set appropriate risk limits and controls and to monitor risks and adherence to limits. The most important types of financial risk to which the Company is exposed to are credit risk, liquidity risk and market risk.

This note presents information about the Company's exposure to each of these risks and the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

#### ***Credit risk***

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. To mitigate this risk, the Company has adopted a policy of dealing only with counterparties which it believes to be credit worthy. Financial assets which potentially subject the Company to credit risk consist principally of cash and cash equivalents and trade receivables. The main credit risk to the Company is the potential loss that would be incurred if the counterparty to the bank balances or accounts receivable fail to discharge their obligations to repay. Most of the Company's sales transactions are on a cash basis, which limits the credit risk relating to accounts receivable. Furthermore, cash and cash equivalents are placed with two financial institutions in the Cayman Islands which management consider to be of good standing. The Company has no other significant credit risk.

## CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LTD.

Notes to the Financial Statements (continued)

December 31, 2020

(expressed in Cayman Islands dollars)

### 12. Financial risk management (continued)

#### *Credit risk (continued)*

The maximum exposure to credit risk for financial assets at the reporting date without taking account of any collateral held or other credit related enhancements and based on the net carrying amounts as reported in the statement of financial position, is:

|                           | 2020          | 2019      |
|---------------------------|---------------|-----------|
| Cash and cash equivalents | 401,698       | 1,529,572 |
| Accounts receivable       | 12,694        | 440,033   |
|                           | CIS\$ 414,392 | 1,969,605 |

No collateral is required from the Company's debtors.

The aging of the accounts receivable as at December 31, 2020 and 2019 is noted below:

|              | 2020         | 2019    |
|--------------|--------------|---------|
| Current      | -            | 210,491 |
| 31 – 60 days | -            | 21,994  |
| 61 – 90 days | -            | 4,873   |
| Over 91 days | 12,694       | 202,675 |
|              | CIS\$ 12,694 | 440,033 |

As at December 31, 2020, a provision for doubtful receivables of CIS\$877,061 (2019: CIS\$667,842) has been made against gross accounts receivable of CIS\$889,755 (2019: CIS\$1,107,875). The provision consists of the ECL allowance for doubtful accounts amounting to CIS\$559,209 (2019: CIS\$349,991) and an additional reserve of CIS\$317,852 (2019: CIS\$317,852) as outlined in Note 16. The movement in the allowance for doubtful accounts is included within bad debts expense within administration and overheads in the statement of comprehensive loss.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to predict and manage the Company's expected cash outflows. Management monitors rolling forecasts of the cash and cash equivalents on the basis of expected cash outflows. Furthermore, throughout the period and subsequent to the period end, the Company has relied significantly on the support from the Government, as Shareholder, to provide funds in the form of bank guarantees and equity injections. The ability of the Company to meet its obligations is dependent on the ongoing financial support provided by the Government (Note 10).

## CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LTD.

Notes to the Financial Statements (continued)

December 31, 2020

(expressed in Cayman Islands dollars)

### 12. Financial risk management (continued)

#### *Liquidity risk (continued)*

As at December 31, 2020, accounts payable, accrued expenses, and interest payables are all due within 3 months of the statement of financial position date.

#### *Market risk*

Market risk is the risk that changes in interest rates, foreign exchange rates or equity and commodity prices will affect the positions held by the Company making them less valuable or more onerous. The Company's activities expose it to financial market fluctuations. Market risk includes interest rate risk, price risk and currency risk.

#### *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. Management does not consider there to be an interest rate risk on cash and cash equivalents as it is due on demand. As at December 31, 2020, the interest rate profile of the Company's interest-bearing financial instruments was:

|                                  | 2020            | 2019      |
|----------------------------------|-----------------|-----------|
| <b>Variable rate instruments</b> |                 |           |
| Financial assets                 | 401,698         | 1,529,572 |
| Financial liabilities            | (2,484,444)     | (841,923) |
|                                  | CIS (2,082,746) | 687,649   |

A change of 1% in interest rates over the financial assets throughout the reporting period would have increased/decreased comprehensive income by CIS\$4,017 (2019: CIS\$15,296). A change of 1% in interest rates over the financial liabilities throughout the reporting period would have increased/decreased comprehensive income by CIS\$24,484 (2019: CIS\$8,419).

The nature of the Company's exposures to interest rate risk and its objectives, policies and processes for managing interest rate risk have not changed significantly from the prior period. Subsequent to December 31, 2020 the market interest rates have decreased and the Company has not experienced any material adverse effects as a result of interest rate risk.

#### *Currency risk*

As substantially all transactions are denominated in Cayman Island dollars, the Company is not significantly exposed to currency risk due to the Cayman Islands dollar being fixed to the United States dollar. The nature of the Company's exposure to currency risk has not changed significantly from the prior period.

# CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LTD.

Notes to the Financial Statements (continued)

December 31, 2020

*(expressed in Cayman Islands dollars)*

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## 13. Related party transactions and key management remuneration

As outlined in Note 1, the Company is wholly owned by the Government. The Company engages with other entities and bodies which are related to the Government in the ordinary course of business.

All of the activities with other Government entities and related parties are conducted on an arm's length basis other than those relating to the significant financial support from the Government as described in Note 10.

There were no loans made to key management at December 31, 2020 and 2019. Total remuneration paid to 6 personnel considered to be key management during the periods ended December 31, 2020 and December 31, 2019 was:

|             | Salaries<br>CI\$ | Incentive<br>pay<br>CI\$ | Pension and health<br>insurance<br>CI\$ | Other<br>CI\$ | Total<br>CI\$ |
|-------------|------------------|--------------------------|---|---------------|---------------|
| <b>2020</b> | 713,852          | -                        | 45,522                                  | -             | 759,374       |
| <b>2019</b> | 664,739          | 54,287                   | 44,640                                  | -             | 763,666       |

Members of the Board of Directors serve on a voluntary basis and do not receive salaries for services rendered. Directors not employed by the Government receive an amount of CI\$200 for each board meeting attended. The total remuneration paid to the Board of Directors was CI\$8,200 (2019: CI\$8,600).

## 14. Other income

The Company leases an area of 46,400 square feet to Dolphin Discovery for the operations of a dolphin park. The Company entered into a 5 year lease agreement on January 12, 2018 with one option to renew for additional periods of 5 years. This is a non-cancellable operating lease in terms of IFRS 16 and the expected future incoming cash flows associated with this lease are normally CI\$201,600 per year on a straight-line basis. However, due to the ongoing border closures for both tourism related air and cruise arrivals, CTCEC has agreed with Dolphin Discovery to give them a 90% rent concession until substantial tourism arrivals resume on the island. Therefore, the expected cash flow for 2021 is expected to be only at 10% of its normal rate as cruise tourism is not expected to return until 2023.

|                                 |         |
|---------------------------------|---------|
| Within one year                 | 20,160  |
| Between two year and five years | 302,400 |
| Later than five years           | -       |

# CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LTD.

Notes to the Financial Statements (continued)

December 31, 2020

*(expressed in Cayman Islands dollars)*

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## 15. Contingencies - Marine Discharge Permit

The nature of the operations of the Company requires it to obtain permission which is granted by a Marine Discharge Permit (the “Permit”) from the Water Authority of the Cayman Islands (the “Water Authority”) in order to discharge wastewater from the turtle tanks into the ocean. The last Marine Discharge Permit was issued by the Water Authority for 24 months commencing on October 19, 2013, expiring October 31, 2015.

This Permit identified four “Phases” of six months each. For each Phase the Water Authority specified targets comprising items to be fulfilled or achieved by the end of each Phase, included in the Permit under the section “Special Conditions” which detailed the requirements for the Company regarding:

- Develop and implement a “Waste Reduction Plan”
- Carry out the routine water quality monitoring programme,
- Carry out the flow metering programme,
- Carry out the benthic survey,
- Track turtle stock and feed rates, and
- Carry out the reporting

On September 10, 2014, the Water Authority confirmed in writing that “the October 31, 2014, six month milestone of the Waste Reduction Plan can be met by Company submitting to Water Authority for review, a final draft RFP for a performance based treatment system”. The Company would be deemed to have met the requirement for phase #2 in respect of the “Waste Reduction Plan”, provided that by October 31, 2015, (end date of phase #2) the Company submits to the Water Authority a complete RFP for the system to extract waste. On October 31, 2014, the Waste Reduction Plan was submitted to the Water Authority. As at December 31, 2020, the Water Authority has not completed the review of the plan that the Company has submitted. As of the date these financial statements were available to be issued, the Water Authority has not completed the review of the Waste Reduction Plan.

On November 6, 2014, the Department of Environment confirmed that they would provide the documentation of the report and methodology which would then enable the Company to conduct benthic video surveys each summer and winter so as to monitor the benthic conditions in the vicinity of the outflow on an ongoing basis, in accordance with the methodology which the Department of Environment would provide. As at December 31, 2020, the Company and the Water Authority had not received the report or the documentation on the methodology from the Department of Environment.

On October 29, 2015 the Water Authority confirmed that it had “received the application for the renewal of CTF’s discharge permit.”

As of the date these financial statements were available to be issued there has been no legal action initiated against the Company nor any fines levied. While the Company awaits further communication from the Water Authority in regard to the Waste Reduction Plan and the benthic video surveys as mentioned above, the Company continues to work cooperatively with the Water Authority doing the various other measurements and reporting, and is also considering alternative techniques to propose to the Water Authority as a better approach to reducing the potential environmental impact of its effluent discharge.

# CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LTD.

Notes to the Financial Statements (continued)

December 31, 2020

*(expressed in Cayman Islands dollars)*

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## 16. Anomalies in cash balances and irregularities

In January 2018, anomalies in certain cash balances/transactions were identified. The Company engaged legal counsel and an independent forensic firm to conduct an investigation of historical cash transactions. This uncovered missing cash of CI\$324,390 which was provided for in the period ended December 31, 2017. This case is still ongoing.

Further, in June 2018, irregularities in purchases of information technology-related items amounting to CI\$434,999 were identified in relation to Property, Equipment and Exhibits. Subsequent to year-end in February 2023, the court heard this case and the defendants pled guilty to the charges. No recoveries on this amount have been made, however attempts to recover the amount are ongoing.

## 17. Prior year misstatements

During the year ended December 31, 2020, management identified errors in inventory, accounts payable and accrued expenses, cost of sales and personnel expenses. These errors date back to the 2018 and 2019 financial years and were adjusted retrospectively in accordance with International Accounting Standard 8, Accounting Policies, Changes in Accounting Estimates and Errors (IAS 8).

The following restatements were made to the statement of financial position for the year ended December 31, 2018 (in CI\$):

|                  | <u>As previously<br/>stated</u> | <u>Adjustment</u> | <u>Restated</u> |
|------------------|---------------------------------|-------------------|-----------------|
| <b>Equity</b>    |                                 |                   |                 |
| Accumulated loss | (104,727,811)                   | (171,168)         | (104,898,979)   |

## CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LTD.

Notes to the Financial Statements (continued)

December 31, 2020

(expressed in Cayman Islands dollars)

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### 17. Prior year misstatements (continued)

The following restatements were made to the statement of financial position for the year ended December 31, 2019 (in CI\$):

|                                       | <u>As previously<br/>stated</u> | <u>Adjustment</u> | <u>Restated</u> |
|---------------------------------------|---------------------------------|-------------------|-----------------|
| <b>Current assets</b>                 |                                 |                   |                 |
| Inventory                             | 378,480                         | (170,015)         | 208,465         |
| <b>Current liabilities</b>            |                                 |                   |                 |
| Accounts payable and accrued expenses | (505,390)                       | (194,778)         | (700,168)       |
| <b>Equity</b>                         |                                 |                   |                 |
| Accumulated loss                      | (111,597,579)                   | (364,793)         | (111,962,372)   |

The following restatements were made to the statement of comprehensive loss for the year ended December 31, 2019:

|                    | <u>As previously<br/>stated</u> | <u>Adjustment</u> | <u>Restated</u> |
|--------------------|---------------------------------|-------------------|-----------------|
| <b>Expenses</b>    |                                 |                   |                 |
| Cost of sales      | (1,847,217)                     | (82,301)          | (1,929,518)     |
| Personnel expense* | (5,348,115)                     | (111,324)         | (5,459,439)     |

\*Included within operating expenses in the statement of comprehensive loss.

The following restatements were made to the statement of cash flows for the year ended December 31, 2019 (in CI\$):

|   | <u>As previously<br/>stated</u> | <u>Adjustment</u> | <u>Restated</u> |
|---|---------------------------------|-------------------|-----------------|
| <b>Cash flows from operating activities</b>     |                                 |                   |                 |
| Net loss for the period                         | (6,869,768)                     | (193,625)         | (7,063,393)     |
| Change in inventories                           | (190,146)                       | 82,301            | (107,845)       |
| Change in accounts payable and accrued expenses | (697,008)                       | 111,324           | (585,684)       |

## CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LTD.

Notes to the Financial Statements (continued)

December 31, 2020

*(expressed in Cayman Islands dollars)*

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### **18. Going concern and COVID-19 considerations**

Historically, the Company has been able to realise its assets and discharge its liabilities in the normal course of business. However, cost overruns of the development of the Park, lower than projected visitor numbers and operating costs in excess of initial budgets, have given rise to significant business risks that cast uncertainty over the Company's ability to continue as a going concern.

The matters described above have resulted in significant operational losses to the Company since the financial period ended June 30, 2006. These conditions have resulted in the Company being unable to discharge its obligations as they fall due in the ordinary course of business. The Government continues to provide financial support to the Company in the form of further equity injections as outlined in note 10. The continued existence of the Company is contingent on the ongoing support from the Company's shareholder and the maintenance of the credit facilities provided by the Company's bankers and guaranteed by the Government.

Furthermore, operational results subsequent to December 31, 2020 indicate that the Company continues to generate significant losses from operations and experience cash flow difficulties, and therefore continues to rely on Government for funding. The Board of Directors have been working to design and implement a number of other cost-saving measures as well as increasing profitability by exploring new revenue streams.

Since 31 December 2019, the spread of COVID-19 severely impacted many local economies around the globe. In many countries, businesses were forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services triggered significant disruptions to businesses worldwide, resulting in a global economic slowdown.

On March 17, 2020, the first confirmed case was reported in the Cayman Islands and the Government immediately responded by implementing a number of mitigating measures to control the spread of the virus on these Islands. The COVID-19 Pandemic Response Plan and the Cayman Islands Government's Public Health (Prevention, Control and Suppression of COVID-19) Regulations, 2020 were put in place subsequently and included the measure of closing the cruise port and air travel for tourists that have significantly impacted the Company.

The cruise port remained close until July 2022. There were some air arrivals, but they were subjected to the fifteen-day mandatory quarantine and prior approval before arrival. Therefore the Cayman Islands did not see the return of the regular stayover tourists until the latter part of 2022. This has continued to negatively impact the operating results in 2023.

## CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LTD.

Notes to the Financial Statements (continued)

December 31, 2020

*(expressed in Cayman Islands dollars)*

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### **18. Going concern and COVID-19 considerations (continued)**

Even after the removal of the travel restrictions it is uncertain as to when the operations of the Company will resume to normal levels and the continued existence of the Company will be contingent on either increased ongoing support from the Company's shareholder and/or raising additional funding through credit facilities provided by the Company's bankers.

Throughout the pandemic, management assessed the impact of the pandemic to the business and maintained a daily cash flow forecast, as well as continued implementation of cost saving measures in an effort to maintain cash flow using its current available instruments.

### **19. Public Authorities Act 47 (“PAA 47”) implemented in 2022**

The Public Authorities Act paragraph 47 (“PAA 47”) came into effect in June 2019. PAA 47 requires the Company to use the same salary scale determined by Cabinet (currently equivalent to the salary scale of the Civil Service) and ensure that all jobs are evaluated by the same job evaluation methodology. Cabinet designated the Portfolio of the Civil Service (POCS) to complete the job evaluation of all public authorities. As of December 31, 2020, the Company had not adopted the salary scale because POCS was still conducting the job evaluation.

In July 2021, POCS completed the job evaluation. The Company started paying its employees according to correct salary scale and updated job grades in May 2022. The Company adopted the correct salary scale retroactively with effect from January 1, 2022

### **20. Corresponding figures**

Certain corresponding figures in 2019 have been reclassified in order to conform with the financial statement presentation adopted in the current year with no impact on net comprehensive loss for the year.

## CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LTD.

Notes to the Financial Statements (continued)

December 31, 2020

*(expressed in Cayman Islands dollars)*

### 21. Operating and administration expenses

| <b>Operating Expenses</b>         | <b>2020</b>          | <b>2019</b>      |
|-----------------------------------|----------------------|------------------|
| Personnel expense                 | 3,246,031            | 3,211,423        |
| Depreciation expense              | 2,910,221            | 2,536,321        |
| Utility expense                   | 971,065              | 1,235,471        |
| Maintenance costs                 | 568,415              | 752,041          |
| Feed and other operating expenses | 538,253              | 627,614          |
| Retail operating expense          | 101,575              | 134,411          |
| Insurance expense                 | 23,932               | 68,815           |
| Other expenses                    | 23,316               | 25,948           |
| Travel and entertainment          | 1,087                | 2,145            |
| <b>Total operating expenses</b>   | <b>CIS 8,383,895</b> | <b>8,594,189</b> |

| <b>Administration Expenses</b>       | <b>2020</b>          | <b>2019</b>      |
|--------------------------------------|----------------------|------------------|
| Personnel expense                    | 1,768,422            | 2,248,016        |
| Professional fees                    | 589,199              | 389,583          |
| Maintenance costs                    | 249,518              | 317,980          |
| Insurance expense                    | 237,641              | 232,102          |
| Other expenses                       | 232,290              | 401,569          |
| Bad debt expense                     | 209,219              | (9,529)          |
| Advertising                          | 167,319              | 278,867          |
| Utility expense                      | 137,836              | 193,483          |
| Defined benefit cost                 | 125,000              | 45,000           |
| Interest and amortisation            | 87,390               | 206,589          |
| Bank fees                            | 59,423               | 138,281          |
| Travel and entertainment             | 26,810               | 57,431           |
| Telephone                            | 7,016                | 98               |
| Depreciation                         | -                    | 580,970          |
| <b>Total administration expenses</b> | <b>CIS 3,897,083</b> | <b>5,080,440</b> |

## CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LTD.

Notes to the Financial Statements (continued)

December 31, 2020

*(expressed in Cayman Islands dollars)*

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### **22. Subsequent events**

Management has evaluated subsequent events through 23 August 2023, the date the financial statements were available to be issued. Since the year ended 31 December 2020 the following significant events occurred:

#### A. Movement in key executive positions

- Tim Adam, the Chief Executive Officer (CEO) that was in post in 2020 was removed on January 26, 2022.
- On the same date, January 26, 2022, the Company appointed Christopher Jackson as Acting CEO. Christopher Jackson continued in his permanent role as Chief Infrastructure Officer (CIO) until he was appointed permanently as CEO in March 2023.
- The Company appointed Gary Phillips as Acting CIO in June 2023.
- In 2018, the Company hired a Chief Operating Officer (COO), Peggy Hamilton, to replace the posts of Chief Financial Officer (CFO) and Chief Human Resources Officer (CHRO). The Company terminated her contract on July 23, 2021. The Company did not hire another COO subsequently.
- The Company appointed James Rawcliffe as acting CFO on April 25, 2022, and permanent CFO on November 16, 2022.
- The Company appointed Mario Ebanks as CHRO in July 2023.
- After year-end, the Company paid a total of CI\$184,422 in severance benefits to the former CEO and former COO.

#### B. Change in accounting policy

Subsequent to the financial year end, on January 1, 2022, the Company underwent significant change in accounting policy pertaining to land and buildings, the transition involved a shift from the previously employed cost model to the revaluation model prospectively as governed by the principles outlined in International Accounting Standard (IAS) 16 – Property, Plant and Equipment.

As of December 31, 2022, a thorough revaluation exercise was conducted, resulting in the determination of the fair value of land and buildings, net of depreciation was determined to be CI\$70,402,877.

Management have determined that no other subsequent events have occurred that would require recognition or additional disclosures in these financial statements.