



ANNUAL REPORT

For

National Roads Authority

For the 2014/15 Financial Year

<u>Contents</u>	<u>Page</u>
Section 1 - Foreword	4
Section 2 - Nature and Scope of Activities	6
Section 3 - Strategic Goals and Objectives	8
Section 4 - Future Goals and Economic Outlook	29
Section 5 – Executive Assetts & Output Accounts	35
Section 6 - Summarised Financial Statements.....	35
Appendix: Financial Statements for the Year Ended 30 June 2015	37

Section 1 - Foreword

This annual report is for the National Roads Authority of the Cayman Islands ('The NRA'). The report outlines the NRA's performance during the 2014-15 fiscal year and compares it to the budgeted performance for the corresponding period.

The requirement for an annual report is prescribed under Section 52 of the Public Management and Finance Law (2013 Revision) (PMFL) Section 52 states:

- 1) *In respect of each financial year, each statutory authority and government company shall prepare an annual report.*
- 2) *An annual report shall report the performance of the authority and compare it with that proposed in the ownership agreement for that financial year and shall include:-*
 - a) A summary of the nature and scope of the activities of the authority or company during that financial year;
 - b) A summary of the extent to which the strategic goals and objectives of the authority or company described in the annual ownership agreement were achieved;
 - c) A summary of the extent to which the ownership performance targets set out in the authority's or company's annual ownership agreement for that financial year have been achieved in that financial year;
 - d) For the financial years:-
 - i. 2004/5 to 2007/8, unaudited financial statements; or
 - ii. 2008/9 and onwards, audited financial statements,Which shall be prepared on a basis consistent with the forecast financial statements in the authority's or company's annual ownership agreement for that financial year and contain the statements and information set out in schedule 4.
 - e) The amount of any **equity investment** made by the Governor in Cabinet in the authority or company during the financial year;
 - f) The amount of any **capital withdrawals** made by the Governor in Cabinet from the authority or company during the financial year;
 - g) The amount of any **dividends or profit distributions** paid by the authority or company during the financial year;
 - h) The amount of any **loans** to the authority or company by the Governor in Cabinet during the financial year; and

- i) Details of any **guarantees** relating to the authority or company made by the Governor in Cabinet during the financial year.
- 3) The financial statements referred to in subsection 2(d) shall be prepared within two months of the end of the financial year. The financial statements referred to in subsection 2(d)(ii) shall be submitted to the Auditor General for auditing, and the Auditor General shall express and opinion within two months of receipt of the financial statements.
- 4) The annual report shall be presented to the Governor in Cabinet by the relevant minister or official member no later than four months after the end of the financial year.

This annual report complies with the requirements of the PMFL and covers three main areas;

- Service delivery
- Financial performance
- Governance

The service delivery section outlines the contributions made by the NRA in furtherance of the Government's policy outcome goals. It also provides commentary which explains material variances in performance when compared to budget.

The financial performance section shows the financial resources the NRA was afforded in the 2014-15 budget and the inputs purchased to provide services. The financial performance is presented in the form of financial statements prepared in accordance with the Public Sector Accounting Standards (IPSAS) and the supporting notes to those financial statements.

The report also includes a section on Governance which outlines the NRA's efforts in the areas of risk management, and compliance with various statutory requirements.

Section 2 - Nature and Scope of Activities

The NRA's primary function is the provision of a safe and efficient network of public roads. It has overall responsibility for the planning, construction, and maintenance of public roads. In addition, the NRA has a number of specific functions under the National Roads Authority Law 2004, including:

- Provision of medium to long term plans for road development referred to as a National Roads Plan to be updated every four years.
- Implementation of a management system for planning, organizing, directing and controlling routine and periodic maintenance activities performed by employees of the Authority or through independent contractors.
- Carrying out of construction improvements and maintenance works on national roads.
- Carrying out necessary engineering, traffic, and economic studies that it may consider necessary for the maintenance and improvement of public roads.
- Training, research, or testing activities in relation to any of its functions.
- Additionally, the National Roads Authority provides support services to:
 - Public Works Department to enable that Department to provide an appropriate response to Hurricanes and other national emergencies, and
 - Planning Department for the review of planning applications involving storm water and road related matters and site inspections of constructed projects.

Mission of the National Roads Authority

To provide sustainable transport and promote land development in the Cayman Islands for all stakeholders while having regard to the delivery of the National Roads Plan element of the National Development Plan 1997.

Vision of the National Roads Authority

Commitment to our mission will enhance the quality of life, promote economic prosperity, and improve access and mobility for all residents and visitors of the Cayman Islands. We will be a recognized leader in the Caribbean for providing high quality roads and transport related infrastructure.

Customers and Location of Activities

Road users are the primary customers of the National Roads Authority. Income is generated by providing engineering, construction, and maintenance services for fund-holding Government Agencies, approved private sector clients, and any other entity that

the Authority agrees to provide services to. Services are provided only in the Cayman Islands.

Compliance during the Year

The NRA operated in general compliance with the Nature and Scope of Activities specified in the 2014/15 Ownership Agreement for the year.



Section 3 - Strategic Goals and Objectives

3.1 Approved Strategic Goals and Objectives

The key strategic goals and objectives for The National Roads Authority for the 2014/15 financial year as stated in the Ownership Agreement were as follows:

1. Continue establishment of the Authority, develop and implement effective administrative, financial and information management systems,
2. Identify and seek approval for strategies for financing future road development,
3. Continue the Traffic Improvement and Roads Development Programmes.

3.2 Compliance with Strategic Goals and Objectives

During the fiscal year 2014/2015 the NRA complied with the above approved strategic goals and objectives with the completion of three major road surfacing upgrades, two new collector road upgrades as well as preliminary planning and design work for the Ministry of PLAHI's George Town Revitalization program. The largest construction project undertaken by the NRA in 2014/2015 was the upgrade of the Godfrey Nixon Road in George Town. The NRA also completed the extension of Red Gate Road between North Sound Road and Owen Roberts Drive giving motorists another access point to the airport.

Other noteworthy road projects included the upgrade of the commercial access road at the Strand Complex. This road was taken over by Government and given a much needed facelift.

Revenue from Cabinet for FY2014/15 was approximately \$12M. Approximately \$2.7M of this was via Executive Assets Allocations with the remainder from Cabinet being used as recurrent expenditure to fund the day to day operations and routine maintenance activities of the NRA.

Goal: Continue establishment of the Authority, develop and implement effective administrative, financial and information management systems.

Our People:

The NRA boasts an all Caymanian staff complement of 85 employees. The average employee length of service with the NRA is 15 years.

The NRA celebrates its employee's by awarding an Employee of the Month, Quarter and Year. The Employee of the Year for 2014 was Ashbert Terry.

Goal: Identify and seek approval for strategies for financing future road development.

Accomplishments:

The revenue and resources of the Authority comprise of the following:

Monies directed by Law to the Roads Fund, as well as services purchased by Cabinet for the purposes of capital roads improvements. Other revenue sources may include:

- Road user charges collected by the Authority;
- Gifts or bequests received by the Authority;
- Other monies paid and property provided to the Authority by way of grants, rent, interest and other income derived from the investment of the Authority's funds.

Appropriation made by the Government for capital road improvement projects is based on service based budgeting. The Minister of Planning, Land, Agriculture, Housing & Infrastructure (PLAH&I) will purchase the services of the Authority (called executive assets) as agreed upon in the Purchase Agreements. The service of the Authority is not only measured in terms of input cost but also in quantity, quality, timeliness and location.

The NRA is seeking an amendment to the NRA Law (2006 Revision) that will allow for the primary source of funding to the Roads Authority (recurrent revenue) to be had from two revenue streams;

1. 100% of the fuel import duty charged, collected and paid under the Customs Tariff Law (2015 Revision) on gasoline and diesel used by motor vehicles.
2. 100% of the fees collected and paid under the Traffic Regulations 2012 on motor vehicle drivers licenses.

This proposed amendment will ensure a consistent revenue stream by which the Authority may fund its annual operating costs, in particular, the construction, rehabilitation, and maintenance of public roads.

Goal: Continue the Traffic Improvement and Roads Development Programme.

Accomplishments:

Transportation Planning Activities:

The NRA employs a small core of transportation engineering and planning professionals who report to the Deputy Managing Director and Managing Director and advise on all matters relating to transportation planning, traffic, and roads development and funding.

One of the main tasks of the NRA's transportation unit is to assist in the development of a long term (20-25 yr) roads plan. From the long term plan, a short term plan is developed; this short term plan consists of roads and roads improvements that are deemed as critical within 3 to 5 years.

- a. Recurrent Activities – Some of the main activities of the transportation unit for FY2014/15 were as follows:
 - i. Meetings and site inspections with various land developers to advise them on roads and drainage requirements. The transportation unit prepared assessments and provided commentary to the Central Planning Authority on one-hundred-and-thirty-six (136) planning applications;
 - ii. A total of forty-six (46) reviews of stormwater/drainage applications were carried out and commentary provided to the Central Planning Authority;
 - iii. Fifty-five (55) site inspections were performed for the Building Control Unit for the issuance of Certificates of Occupancy or road inspections for subdivisions.
 - iv. The following table provides a breakdown of the type of developments assessed or inspected during 2014-15 Fiscal Year;

Development Type	Plan Reviews	SWM/ Drainage Plan Reviews	Inspections
Commercial	29	14	16
Government	5	3	1
Hotel	6	1	1
Industrial	2	2	N/A
Institutional	5	3	2
Residential	26	13	11
Subdivisions/ Road Base	35	10	24
Miscellaneous	28	N/A	N/A
Running Total	136	58	55

- v. Fifty-two (52) due diligence letters were written in response to enquiries from attorneys and real estate agents dealing with land purchases;
- b. Development of Long-Term Transportation Road Corridor Plans
 - i. Work was done on developing several functional plans for corridor assessment of various width (from 68 to speed design configurations for the future widening of the Linford Pierson Highway to four (4) lanes between Crewe Road and Bobby Thompson Way. Various raised median configurations, width and opening options were prepared and assessed as well as potential locations of roundabouts for mitigating access issues along this road corridor.
 - ii. Plans for Interconnected access roads for the South Sound Road and South Sound Road Bypass were developed. Staff also held numerous meetings with developers of planned large scale residential and commercial projects in the South Sound area: – namely the Exeter Development, Cayman Enterprise City, Adagio Community, Vela Development. These meetings were largely focused on development of road corridors that provide a balance between access, throughput of future traffic, and drainage conveyance in the South Sound area. A finalized road corridor

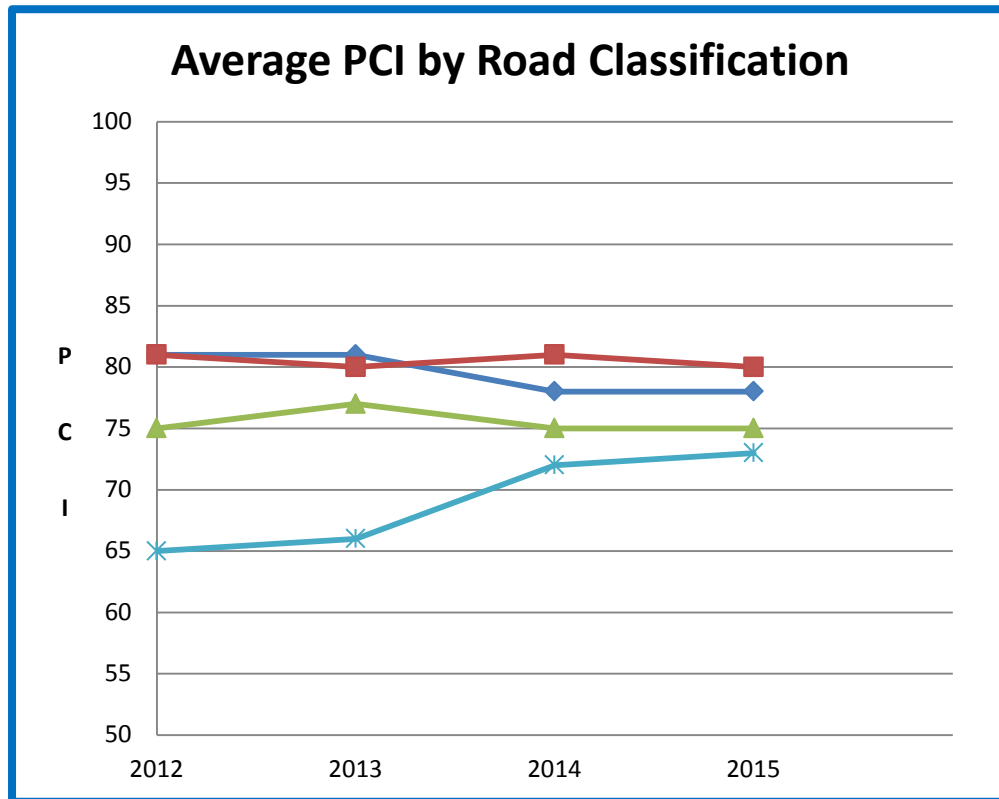
plan has been forwarded to the Ministry for review and final endorsement prior to gazettal instructions.

- iii. Various schemes were developed for the acquisition of land to provide improved road access from Sunshine Drive to the Cayman Brac Hurricane Shelter site and improvements to the intersection Major Donald Drive and Charlottes Road in Cayman Brac. Instructions for gazettal were forwarded to Lands & Survey.
 - iv. Provided technical assistance to the Ministry in the writing of a Cabinet paper and contract agreement in regards to the re-alignment of part of Boundary Plan 40 in the Beach Bay area.
 - v. NRA staff met with the traffic consultant retained by Dart Realty Ltd / Decco Ltd to discuss and provide comments on the findings of Traffic Impact Study for the full development scenario of the Camana Bay Development project onto the ETH and West Bay Road.
 - vi. NRA was involved with the Steering Committee for the Environmental Impact Study for the Cruise Birthing Facility to assess its impact on the road network in and around George Town and determining future road improvement requirements.
- c. Road Gazette Plans (Roads Law 2005R) were either started and/or completed for:
- i. Section 3 – Notification of Proposal to Take Land
 - a) Proposal for the opening of a road east of the West End Primary School in Cayman Brac (BP561).
 - b) Proposal for road access improvement for lands north of Little Cayman Airfield (BP570).
 - c) Preparation of various access options for several contiguous land locked parcels along Queen's Highway in North Side.
 - d) Preparation of a realignment scheme for a portion of Boundary Plan 40 – the planned Coastal Road in the Beach Bay Area. (BP576)
 - e) Proposal for a new terminal (cul-de-sac) for Marina Drive (BP571).
 - f) Proposal for the acquisition of land for the widening of Smith Road to three lanes from Bobby Thompson Way to Hospital Road and the extension of Melrose Lane to Elgin Avenue (BP575).

- g) Proposal for the acquisition of land for the widening of Godfrey Nixon Way to three lanes from Eastern Avenue to North Sound Way (BP574).
 - h) Proposal for intersection improvements at Rum Point Road and Water Cay Road (BP577).
- ii. Section 5 – Declaration and Scheduling of Public Road
- a. Definition and demarcation of part of High Rock Road in East End as a public road (PCM292).
 - b. Definition and declaration of the East-West Arterial from Poindexter Road to Chime Street as a public road (PCM299)
 - c. Definition and declaration of the Esterley Tibbetts Highway from Yacht Club Drive to Batabano Road as a public road (PCM301)
 - d. Definition and declaration of intersection improvements at Rum Point Road and Water Cay Road as public roads (PCM303).
 - e. Definition and declaration of intersection and road improvements at Shamrock Road and Hirst Road as public roads (PCM259).
 - f. Definition and declaration of Colliers Wilderness Road as a public Road (PCM302).
- iii. Section 14 – Discontinuance of Roads (Close and Vest)
- a. Scheme to close and vest a portion of High Rock Road which eliminated an old Cul-de-Sac (in the immediate vicinity of parcel 66A85) after its extension to the Crown land that accommodates Government's New Weather Radar facility (BP555).
 - b. Scheme to close and vest a section of Marina Drive north of the new cul-de-sac terminal (BP572).
 - c. Scheme to close and vest a section of the unbuilt Boundary Plan 40 in the Beach Bay Area reflecting the gazettal of Boundary Plan 576 (BP584).
 - d. Scheme to close and vest surplus land to 20C17 along Breezy Way (BP568).

Pavement Management :

The aim of the NRA's pavement management programme is to monitor and to prescribe maintenance strategies to pavements of varying classifications in the Grand Cayman road network. Primary Arterials are those main roads which carry the majority of roadway traffic throughout the island and as such are prescribed a higher maintenance protocol.



Historical Average Pavement Condition Indices by Road Classification						
Road Classification	Chart Colour	Number of Sections	Average PCI By Year			
			2012	2013	2014	2015
Collector		70	75	77	75	75
Private		664	65	66	72	73
Primary		38	81	81	78	81
Secondary		37	81	80	81	80

The above chart shows that at the end of FY 2014/15 all pavement types on Grand Cayman are in an overall 'good' to 'very good' condition. The goal for primary and secondary pavements is that of an average PCI of no less than 80.

Since 2012 the NRA has concentrated on local privately built subdivision roads in an effort to raise the pavement condition index (PCI) from an unsatisfactory level of 65 to above 75 which is representative of 'good' condition. In essence, concentrated effort on subdivision roads has been effective in raising the average PCI level of these roads by 13 points or 20 % in four years, from fair to satisfactory. The term local private road, however, is a bit misleading as under the Roads Law these roads (with the exception of a few) do not involve restriction of access to the public as a right.

The majority of subdivision roads built by private developers in Cayman offer unrestricted public access however the official ownership of the developed roadway is often not 'transferred' to the Crown; the NRA prefers to classify these not as private roads but as 'unscheduled public roads'. It is important to add this brief explanation because the distinction between public roads and private roads have been blurred by actions the Government has taken over the years to clean and repair roads, install streetlights, speed humps, and other street furniture without regard to their status. The challenge going forward is to keep the average PCI of private (unscheduled) roads at fair and good levels.

Engineering and Operations Activities :

Three engineers, two superintendents, and a fleet controller make up the management staff of the Engineering and Operations unit. They are responsible for engineering design; project budgeting, resource reporting, project costing, fleet operations, and completion of all road construction projects and maintenance undertaken by the NRA. They utilize an equipment fleet worth over \$2 million. Capabilities include sign making and pavement markings, traffic signal maintenance, survey crews with GPS and total station equipment, and computer aided design and drafting (CADD).

In addition to their road construction and maintenance responsibilities, they regulate the importation, transportation, and use of explosives in the Cayman Islands on behalf of the Managing Director in accordance with the Explosives Law and Regulations.

- Executive Assets: Capital Works & Road Surface Upgrades

New Capital Works and rehabilitation of roads surfaces on major arterials are systematically funded via Cabinet as "Executive Assets". This year's list of EAs funded via Cabinet include:

Road Projects Include:

1. Godfrey Nixon Way Improvements

The scope of the project included the construction of a new sidewalk as well as replacing and re-aligning some sections of existing sidewalk. The ultimate goal was to construct a continuous sidewalk along the southern side of Godfrey Nixon Way connecting the Butterfield Roundabout to Eastern Avenue with a continuous pedestrian sidewalk, thus improving pedestrian safety. The NRA also installed sidewalk in strategic locations on the northern side of Godfrey Nixon Way to improve the connectivity of existing sidewalks.



2 .Red Gate Road Extension

The NRA in February 2015 extended Red Gate Road to Owen Roberts Drive. The project consisted of drainwell drilling & construction, road widening, road re-grading and in some locations the realignment of the existing Red Gate Road. The scope of the project included the construction of a two lane road for vehicular traffic connecting North Sound Way to Owen Roberts Drive which has helped improve the flow of traffic within the Industrial Park Area.



New Mini Roundabout by Owen Roberts Airport



Uncle Joes Way (Red Gate Rd Extension)

3. Canal Point Road Upgrade by The Strand Complex (\$100K)

The National Roads Authority (NRA) in March of 2015 carried out improvements on Canal Point Drive which runs along the Strand Shopping Centre, off West Bay Road.

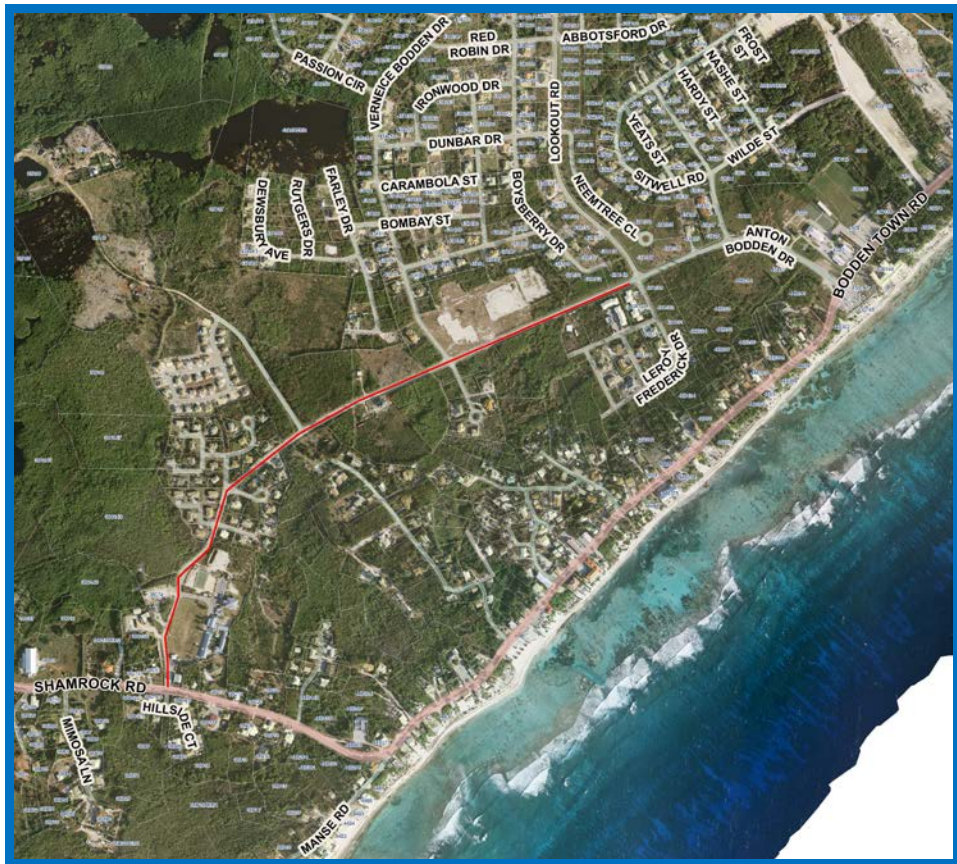
Works to improve Canal Point Drive were part of the NRA's short term road construction plans to make both functional and drainage improvements to the existing road. The project included Canal Point Drive between West Bay Road and the Esterley Tibbetts Highway. The scope of the project included a three-lane carriageway with improved the sidewalk and drainage.



Road Surface Upgrades at Canal Point Road at The Strand Complex

4. Anton Bodden Road Paving (approx. 258K)

In March of 2015, 4,600 ft (at 28ft in width) for 128,800 sq. ft. of Anton Bodden Road was paved from Lookout Road over Condor Road to Shamrock Road, please see schematic below.



Anton Bodden Road HMA Surfacing

5. Rum Point Road Paving & Roundabout (\$440K)

The Rum Point Drive/Water Cay Road was reconfigured in compliance with Boundary Plan 577, which was gazette in March 2015. The junction was realigned and paved in order to improve site lines, drainage and functionality of both Rum Point Drive and Water Cay Road.





- NRA 6: District Roads Programme - The following district roads were reconstructed and/or resurfaced with surface treatments under this programme. The MicroPAVER pavement management database was used to select the roads to be worked on and what type of work would be performed. Explanations of the abbreviations are given below:

Abbreviations: R&R = Rip and Relay (Reconstruct the Road Base)
 Reconst = Reconstruction
 SC = Spray and Chip (Surface Treatment)
 2nd App = Second Application of Spray and Chip (Surface Treatment)

No.	GEORGE TOWN	Road Class	Approx Repair Costs	PCI prior to repair	Type of Work
1	ARUNDEL LN	Unscheduled Public Rd.	\$18,027	14	R&R
2	EGRET LN	Unscheduled Public Rd.	\$13,867	15	R&R
3	LARKSPUR WAY	Unscheduled Public Rd.	\$23,733	17	R&R
4	PARTY LN	Public	\$14,161	10	R&R
5	LEGACY DR	Unscheduled Public Rd.	\$25,067	19	R&R
6	BELMONT CL	Unscheduled Public Rd.	\$20,587	20	R&R
7	SUCCESS CIR	Unscheduled Public Rd.	\$57,600	21	R&R
8	KESINGTON CL	Unscheduled Public Rd.	\$3,563	23	R&R
9	RED ROSE CL	Unscheduled Public Rd.	\$3,285	23	R&R
10	MULBERRY DR	Unscheduled Public Rd.	\$44,107	23	R&R
11	SIMMONS WAY	Unscheduled Public Rd.	\$36,213	23	R&R
12	THOMPSON DR	Unscheduled Public Rd.	\$40,960	23	R&R
13	MARAVISTA CL	Unscheduled Public Rd.	\$16,267	26	R&R
14	HERON LN	Public	\$15,467	30	R&R
15	POINDEXTER RD	Public	\$67,400	32	S&C
16	FOREST LN	Unscheduled Public Rd.	\$10,400	33	S&C
17	FLINTSTONE DR	Public	\$21,333	35	R&R
18	CHICKADEE CL	Unscheduled Public Rd.	\$16,000	41	R&R
19	VIERS CL	Unscheduled Public Rd.	\$6,000	43	S&C
20	VICTORY AVE	Unscheduled Public Rd.	\$166,080	44	R&R
21	NORBROOK ST	Unscheduled Public Rd.	\$18,240	47	R&R
22	LONGMEAD CL	Unscheduled Public Rd.	\$16,640	47	R&R
23	BAMBOO ST	Unscheduled Public Rd.	\$33,200	48	R&R
24	BIRCH AVE	Public	\$113,600	55	R&R
25	RED GATE RD	Unscheduled Public Rd.	\$97,600	33	R&R
26	FAIRLAWN RD	Unscheduled Public Rd.	\$24,635	60	R&R
27	WHIRLWIND DR	Unscheduled Public Rd.	\$94,713	50	R&R
28	ROXBOROUGH ST	Unscheduled Public Rd.	\$95,994	1	R&R
29	RYAN'S RETREAT	Strata Plan 131	\$37,000	0	R&R



Longmead Close



Viers Close

No.	WEST BAY	Road Class	Approx Repair Costs	PCI prior to repair	Type of Work
1	LIZA CL	Unscheduled Public Rd.	\$3,792	8	R&R
2	CAPT CURRYS RD	Unscheduled Public Rd.	\$16,770	16	R&R
3	MERCURY CL	Unscheduled Public Rd.	\$5,739	21	R&R
4	FLORRIE DELL RD	Unscheduled Public Rd.	\$17,077	21	R&R
5	FIG CL	Unscheduled Public Rd.	\$11,198	28	R&R
6	EUREKA DR	Unscheduled Public Rd.	\$7,419	29	R&R
7	FICUS CL	Unscheduled Public Rd.	\$3,079	30	R&R
8	DATE CL	Unscheduled Public Rd.	\$7,590	23	R&R
9	BONNEVILLE DR	Unscheduled Public Rd.	\$61,640	34	R&R
10	FLUTE LN	Unscheduled Public Rd.	\$42,133	39	R&R
11	JUDES LN	Unscheduled Public Rd.	\$9,956	39	R&R
12	BETA CL	Unscheduled Public Rd.	\$37,333	41	R&R
13	CARIBBEAN LN	Unscheduled Public Rd.	\$21,618	41	R&R
14	BAHAMA CL	Unscheduled Public Rd.	\$22,667	44	R&R
15	BONSAL CRES	Unscheduled Public Rd.	\$30,044	46	R&R
16	ROBERT RMERS CL	Unscheduled Public Rd.	\$16,000	46	R&R
17	BLUNT LN	Unscheduled Public Rd.	\$10,169	48	R&R
18	RADIANT LN	Unscheduled Public Rd.	\$23,200	49	R&R
19	SEA FAN DR	Public Rd	\$15,346	49	R&R
20	VIBE LN	Unscheduled Public Rd.	\$18,911	49	S&C
21	NEON CL	Unscheduled Public Rd.	\$20,107	56	R&R
22	BARKERS	Public Rd	\$80,000	50	R&R



Flute Lane

No.	BODDEN TOWN	Road Class	Approx Cost to Repair	PCI prior to repair	Type of Work
1	LAKEPORT ST	Unscheduled Public Rd.	29,760	23	R&R
2	DUGAN ST	Unscheduled Public Rd.	27,307	23	R&R
3	CANDOVER ST	Unscheduled Public Rd.	40,053	24	R&R
5	LOVEDALE DR	Unscheduled Public Rd.	50,933	48	S&C
6	WILL T RD	Public	97,840	54	S&C
7	UNCLE JOHNS PL	Unscheduled Public Rd.	33,120	44	R&R
8	CARLTON RD	Unscheduled Public Rd.	16,800	55	S&C
9	CURLEW DR	Unscheduled Public Rd.	13,500	56	S&C
10	WEST LN	Public	81,173	50	R&R
11	WHITESANDS CL	Unscheduled Public Rd.	23,787	52	R&R
12	FARRELL RD	Public	24,896	54	R&R
13	SEASIDE WAY	Unscheduled Public Rd.	45,653	54	R&R
14	BRONTE WAY	Unscheduled Public Rd.	14,740	38	R&R



Dugan Street



Lakeport Street

No.	NORTH SIDE	Road Class	Approx cost to repair	PCI prior to repair	Type Of Work
1	DYSA LANE	Unscheduled Public Rd.	\$17,871	10	R&R
2	FRIENDLY LN	Public	\$6,684	4	R&R
3	QUIET WAY	Unscheduled Public Rd.	\$12,000	30	S&C
4	NEWGATE ST	Unscheduled Public Rd.	\$35,360	35	R&R
5	SEACLIFF DR	Unscheduled Public Rd.	\$47,093	35	R&R
6	RUM POINT INTERSECTION	Public	\$48,000	54	R&R
7	PERDITHA LN	Unscheduled Public Rd.	\$9,065	53	S&C
8	SOURSOP LINK	Unscheduled Public Rd.	\$25,422	54	R&R
9	SWEETSOP DR	Unscheduled Public Rd.	\$7,713	57	S&C
10	SEXTANT RD	Public	\$19,307	18	R&R
11	MCCOY LN	Public	\$8,083	38	S&C
12	GALLEON CL	Unscheduled Public Rd.	\$9,529	45	R&R
13	BOUNTY CL	Unscheduled Public Rd.	\$30,211	56	R&R
14	SAILORS WAY	Unscheduled Public Rd.	\$9,529	50	R&R
15	BRIARDALE RD	Unscheduled Public Rd.	\$17,216	20	R&R
16	ARLINGTON	Unscheduled Public Rd.	\$31,000	20	R&R



Briardale Road

No.	EAST END	Road Class	Approx cost to repair	PCI prior to repair	Type of Work
1	High Rock Dr: Labour Only, Materials Donated, 1700	Public	13,973	66	R&R
2	FIDDLERS WAY	Public	30,400	50	R&R
3	Road N of Gun Bluff #495	Public	3,476	33	S&C
4	Sunnyfield Road Extension	Unscheduled Public Rd.	116,000	20	Build
5	Farm Road (# 221 to Water Authority Res.)	Public	118,773	35	R&R



SunnyField Rd

- **NRA 8: Storm Water Management and Drainage Well Drilling Programme -**

No.	Storm Water Drains:				
	LOCATION	DISTRICT	New Drain	Redrill	Approx Cost
1	103 Eiffel Dr	BT	1		\$3,300
2	# 42 Twig Dr	BT	1		\$3,300
3	# 13 Cool Springs/Honey Hill Cres	BT	1		\$3,300
4	# 54 Nashe St	BT		1	\$1,500
5	# 169 Sitwell Rd	BT		1	\$3,000
6	# 12 Hardy St	BT		1	\$1,500
7	# 39 Hardy St	BT		1	\$1,500
8	Wilde St by Belford Dr	BT		1	\$1,500
9	# 85 Pennsylvania Ave	BT	1		\$3,300
10	# 37 A Saturn Cl	GT	1		\$3,300
11	#127 Mahogany Way	GT	1		\$1,500
12	Apollo Link	GT	1		\$1,500
13	# 109 Sandal Wood Cres	GT	1		\$1,500
14	# 173 Selkirk Dr	GT	1		\$3,300
15	# 579 Crewe Rd	GT	1		\$1,500
16	# 509 Crewe Rd	GT	1		\$1,500
17	# 22 Tempest Way	GT	1		\$3,300
18	# 56 Windermere St	GT	1		\$4,800
19	# 80 Fern Circle	GT	1		\$1,500
20	Shadow Ln (well # 2)	GT	1		\$1,500
21	# 384e Thomas Russell/Milo bldg	GT		1	\$1,500
22	Sound Way by ALT (west well)	GT		1	\$1,500
23	Jessica Link/Simmons Way	GT	1		\$3,300
24	Lawrence Blvd by gas station	GT	1		\$1,500
25	Wren Ln	GT	1		\$3,000
26	Near Jacques Scotts, Cotton Club	GT		1	\$1,500

Section 4 – Future Goals and Economic Outlook

The future goals of the NRA are not just concerned with continued compliance with the requirements of the PMFL but also with developing strategies for organizational growth going forward.

Through the development of a corporate strategic plan, the NRA can be able to identify the roads infrastructure needs that are most important to these islands. A strategic plan would also allow us to look ahead and make provisions for the necessary investments that will ensure adequate and steady source of funding and other resources necessary to achieve a sustainable road network.

In a recent public address the Honorable Minister for Finance and Economic Development viewed the outlook for the Cayman Islands as one of renewed optimism and confidence. The local and tourism economy remain vibrant and the nation's roadways play an important part in maintaining safe and efficient movement of people, goods and services.

The NRA Board of Directors remains committed to the continued development of the NRA and to its efforts to deliver the best roads and roads related infrastructure to the people of the Cayman Islands.

Key strategies for ensuring a stronger and better NRA for the foreseeable future include:

- Necessary amendments to the NRA Law and Roads Law;
- Adaptation of the organizational structure to meet future demands;
- Development of effective administrative, financial and management systems
- Attraction of young professional and technical employees that will pursue career development with the NRA;
- Dedicated funding stream for recurrent road maintenance activities;
- Commitment from Cabinet for continued investment in necessary capital road improvements (particularly roads in and around the Central Business District and roads providing mainline access between the CBD and eastern districts).

Through the development of its long range corridors plan and the strategies above NRA will be poised to deliver sustainable, reliable, safe and efficient roads for future generations of Caymanians.

Section 5 – Executive Assets & Output Accounts

A summary of the Executive Asset and Output accounts as recorded at the fiscal year ending June 30, 2015 were as shown below:

NATIONAL ROADS AUTHORITY								
FUNDS AVAILABLE								
FOR THE TWELVE MONTHS ENDED 30 JUNE 2015								
							Total	
	Services to be	Budget	First	Current	Amount	Amount	Invoiced	Funds
	provided from	2014/2015	Supplemental	Budget	Invoiced	Invoiced	To Date	Available
	NRA Road Fund				B/F	This Month	C/F	
		\$	\$	\$	\$	\$	\$	\$
Planning & Development of New Public Roads	NRA 5	412,000	-	412,000	303,098	15,785	318,882	93,118
Grand Cayman District Roads Programme	NRA 6	2,310,000	-	2,310,000	2,299,124	332,594	2,631,719	(321,719)
Policy Advice on Road Related Matters	NRA 7	20,600	-	20,600	18,883	1,717	20,600	-
Storm Water Drain Wells	NRA 8	103,000	-	103,000	103,959	35,583	139,541	(36,541)
Routine Maintenance of Public Roads	NRA 9	4,532,000	-	4,532,000	4,153,796	438,253	4,592,049	(60,049)
Government Street Lighting Programme	NRA 10	1,680,000	-	1,680,000	1,382,601	94,758	1,477,359	202,641
Pavement Mangt. & Other Roads Asset Mangt. Programmes	NRA 11	103,000	-	103,000	83,313	8,221	91,534	11,466
Road Safety & Roadside Guard Rail Installation Programme	NRA 12	180,250	-	180,250	82,806	-	82,806	97,444
Explosive & Blasting Management	NRA 13	107,500	-	107,500	46,281	959	47,240	60,260
Arterial Road Surface Rehabilitation	NRA 14	380,900	-	380,900	244,916	-	244,916	135,984
		9,829,250	-	9,829,250	8,718,776	927,869	9,646,646	182,604
	Executive	Budget	First	Current	Amount	Amount	Invoiced	Funds
	Assets	Approved	Supplemental	Budget	Invoiced	Invoiced	To Date	Available
		2014/2015			B/F	This Month	C/F	
		\$	\$	\$	\$	\$	\$	\$
	EA's							
Miscellaneous Road Surface Upgrades	EA36	1,200,752		1,200,752	1,690,938	950,483	2,641,420	(1,440,668)
Asphalt Paving in Cayman Brac - (Minsitry DAT&T) 42062	EA55	120,000		120,000	130,930	11,381	142,311	(22,311)
Storm Water Management & Mitigation	EA116	100,000		100,000	-	-	-	100,000
New Collector & Arterial Roads	EA126	3,600,000	-	3,600,000	-	-	-	3,600,000
		5,020,752	-	5,020,752	1,821,867	961,864	2,783,731	2,237,021

Notes:

Cabinet purchased approximately \$12.5M of services from the NRA in FY2014/15. NRA utilized \$2.8M of available Executive Asset funding from Cabinet. Executive asset items typically include items involving land purchase, road surface upgrades, farm roads, special projects, etc.

The Executive Asset funding is controlled directly by Cabinet on dispensed on an accrual basis therefore, the 2.2 million in funds that the NRA have indicated as available is monies controlled by Cabinet and not the NRA.

National Roads Authority							
Balance Sheet							
as at June 30th 2015							
					<u>2014/2015</u>	<u>2013/2014</u>	
ASSETS							
Current Assets							
	Cash and cash equivalents				4,054,778	3,188,347	
	Accounts receivable and prepayments				841,265	1,640,048	
	Inventories				144,789	158,529	
Total Current Assets					<u>5,040,832</u>	<u>4,986,924</u>	
Non-Current Assets							
	Property, plant and equipment				1,281,427	1,164,418	
Total Assets					<u>6,322,259</u>	<u>6,151,342</u>	
LIABILITIES AND EQUITIES							
Current Liabilities							
	Accounts Payable				813,546	650,349	
	Retirement pension liability				1,215,000	1,256,000	
	Employment entitlements				138,384	128,937	
Total Current Liabilities					<u>2,164,930</u>	<u>2,035,286</u>	
Equity							
	Contributed Capital				4,541,535	4,541,535	
	Retained Earnings				-384,206	-425,479	
Total Equity					<u>4,157,329</u>	<u>4,116,056</u>	
Total Liabilities and Equity					<u>6,322,259</u>	<u>6,151,342</u>	

National Roads Authority				
Operating Statement				
30-Jun-15				
		2014/2015		2013/2014
SALES				
	Sales of services to Cabinet	1,711,270		9,183,356
	Sales of services to other government agencies	311,542		282,176
	Sales of services to third parties	10,091,894		110,533
Total		12,114,706		9,576,065
COST OF SALES				
	Labor	2,066,301		1,953,762
	Materials	1,275,050		838,734
	Subcontractors	2,407,396		767,112
	Hired Equipment	5,288		18,654
Total Cost of Sales		5,754,035		3,578,262
NET SALES		6,360,671		5,997,803
OPERATING EXPENSES				
	Personnel Costs	3,110,898		3,008,900
	Utilities	1,548,125		1,641,061
	Motor Vehicles Expenses (including insurance)	455,687		510,608
	Depreciation	280,794		278,411
	Computer maintenance and fees	109,961		100,951
	Professional Fees	143,677		75,053
	Building maintenance	66,011		68,972
	Office rental	29,708		50,928
	Telephone	32,468		32,595
	Supplies and consumables	33,909		21,335
	Doubtful Debt Expense	19,550		0
	Insurance	14,812		16,077
	Advertising and promotion	7,519		-120
	Past service pension	232,000		186,000
	Travel & Subsistence	125		0
Total Operating Expenses		6,092,398		5,995,748
Other Expenses: Settlement of Case		500,000		0
Income (Loss) before other Comprehensive Income		-231,727		2,055
Other Comprehensive Income				
	Remeasurements of employment benefits obligations	273,000		302,000
COMPREHENSIVE INCOME FOR THE YEAR		41,723		304,055

					2014/15		2013/14
CASH FLOWS FROM OPERATING ACTIVITIES							
Comprehensive Income (Loss)					41,723		304,055
Adjustment for non-cash transactions:							
	Depreciation				280,794		278,411
	Doubtful Debts				19,550		0
	Total				341,617		582,466
Net change in working capital							
	Decrease/(increase) in accounts receivable				779,232		1,174,452
	and prepayments						
	(Increase)/decrease in inventories				13,740		-21
	Increase/(Decrease) in accounts payable						
	and accrued liabilities				129,646		-492,122
Net cash flows generated from operating activities					1,264,235		1,264,775
CASH FLOWS FROM INVESTING ACTIVITIES							
	Purchase of fixed assets				-397,804		-132,625
Net cash flows used from investing activities					-397,804		-132,625
CASH FLOWS FROM FINANCING ACTIVITIES							
	Contributed Capital from Government				0		0
Net cash flows from financing activities					0		0
Net increase in cash and cash equivalents during the year					866,431		1,132,150
Cash and cash equivalents at the beginning of the year					3,188,347		2,056,197
CASH AND CASH EQUIVALENTS AT END OF YEAR					4,054,778		3,188,347

Capital Maintenance

Human Capital Measures	2014/15 Actual	2014/15 Forecast
Total full time equivalent staff	85	85
Staff turnover (%)	-	-
Average length of service (Number)		
Senior management	14.33(3)	10.75(4)
Professional staff	14.71(28)	11.9(28)
Administrative staff	13.22(50)	11.37(53)
Significant changes to personnel management system	None	None

Note 1: Length of service is calculated based on time of employment with NRA and formerly with PWD.

Physical Capital Measures	2014/15 Actual \$
Value of total assets	1,281,427
Asset replacements: total assets	Nil
Book value of depreciated assets: initial cost of those assets	
Depreciation: Cash flow on asset purchases	280,794
Changes to asset management policies	None

Risk Management:

Key risks	Change in status from previous year	Actions to manage risk	Financial value of risk
Work related injuries to persons	No change	Introduction, training and implementation of safety standards for heavy equipment machinery and workforce personnel.	Undefined: depends on extent of injury
Accidents related to the operation of vehicles and heavy equipment	No change	Implement driver-training courses. HOD to exercise appropriate disciplinary action for each offence or repeating offender, such as loss of authority to drive or financial contribution by driver. Appropriate training in operation of vehicle to reduce operational misuse of the vehicle.	Undefined: depends on extent of damage

Section 6 - Summarised Financial Statements

A full set of audited financial statements for The National Roads Authority is provided in the Appendix to this Annual Report.

A summary of those is as follows.

Operating Statement	2014/15 Actual \$
Revenue	12,114,706
Operating Expenses	6,092,398
Net Surplus(Deficit)	6,022,308

Balance Sheet	2014/15 Actual \$
Assets	6,322,259
Liabilities	2,164,930
Net Worth	4,157,329

Statement of Cash Flows	2014/15 Actual \$
Net cash flows from operating activities	1,264,235
Net cash flows from investing activities	(397,804)
Net cash flows from financing activities	—

b) Equity Investments

Transaction	2014/15 Actual \$
EI 8: Equity Investments into National Roads Authority	Nil

c) Capital Withdrawals

Transaction	2014/15 Actual \$
Capital Withdrawals from National Roads Authority.	Nil

d) Dividends or Profit Distributions

Transaction	2014/15 Actual \$
Dividend or Profit Distributions to be made by National Roads Authority.	Nil

e) Loans

Transaction	2015/16 Actual \$
Government Loans to be made to National Roads Authority.	Nil

f) Guarantees

Transaction	2015/16 Actual \$
Government Guarantees to be issued in relation to National Roads Authority.	Nil

g) Other Financial Information

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2005 Revision).

Related Party Payments (Non Remuneration) made to Key Management Personnel	Nil
Remuneration Payments made to Key Management Personnel	
Remuneration Payments made to Senior Management	
No of Key Management Personnel	10
No of Senior Management	3

Key management includes all of the senior management plus the Board of Directors.

Senior management posts include: Managing Director, Deputy Managing Director, and Chief Financial Officer.



National Road Authority

Audited Financial Statements

June 30, 2015

Table of Contents

Statement of Responsibility for Financial Statements.....	1
Auditor General's Report	2-3
Statement of Financial Position	4
Statement of Comprehensive Income	5
Statement of Changes in Equity.....	6
Statement of Cash Flows.....	7
Notes to the Financial Statements.....	8-23

**National Roads Authority
Financial Statements
30 June 2015**

STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by the National Roads Authority in accordance with the provisions of the *Public Management and Finance Law (2013 Revision)* and referenced to Section 26(1b) of the *National Roads Authority (2006 Revision) with (Amendments), 2015*.

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 (2013 Revision)*.

As Chairman and Managing Director, we are responsible for establishing; and have established and maintain a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorised by law, and properly record the financial transactions of the National Roads Authority.

As Chairman and Managing Director we are responsible for the preparation of the National Roads Authority financial statements and for the judgements made in them.

The financial statements fairly present the statement of financial position, statement of comprehensive income, statement of cash flows and statement of changes in equity for the financial year ended 30 June 2015.

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

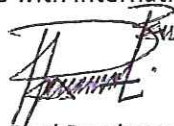
- (a) are completely and reliably reflect the financial transactions of National Roads Authority for the year ended 30 June 2015;
- (b) fairly reflect the financial position as at 30 June 2015 and comprehensive income for the year ended 30 June 2015; and
- (c) comply with International Financial Reporting 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 has been provided access to all the information necessary to conduct an audit in accordance with International Standards on Auditing.



Mr. Donovan Ebanks
Chairman
National Roads Authority

Date- 13th Dec 2016



Mr. Paul Parchment
Managing Director
National Roads Authority

Date- 13/12/2016

AUDITOR GENERAL'S REPORT

To the Board of Directors of National Roads Authority

I have audited the accompanying financial statements of the National Roads Authority as at 30 June 2015, which comprise the statement of financial position as at 30 June 2015 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 8 to 23 in accordance with the provisions of section 60(1)(a) of the *Public Management and Finance Law (2013 Revision)*.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion

Post-retirement healthcare costs

The Authority did not recognize the estimated costs related to future obligations for post-retirement healthcare benefits as required under International Accounting Standards (IAS) 19 Employee Benefits. As a result, other long term liabilities, personnel cost and other comprehensive gain/loss are understated for the current and past service costs relating to the Authority's post-retirement healthcare plan. In addition, the financial statements omit the required disclosures in accordance with IAS 19R – Employee Benefits.

Retained Earnings

Retained Earnings is also overstated to the extent of the current and past service cost relating to the non-recognition of the post-employment healthcare plan as discussed in the preceding paragraph.

Qualified Opinion

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion the financial statements present fairly, in all material respects, the financial position of National Roads Authority as at 30 June 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



Sue Winspear, CPFA
Auditor General

13 December 2016
Cayman Islands



National Roads Authority
Statement of Financial Position
As at 30 June 2015
(Stated in Cayman Islands Dollars)

	Note	2014/15	2013/14
ASSETS			
Current Assets			
Cash and cash equivalents	3	4,054,778	\$3,188,347
Accounts receivable and prepayments	4	841,265	1,640,048
Inventories	5	144,789	158,529
Total Current Assets		5,040,832	4,986,924
Non-Current Assets			
Property, plant and equipment	6	1,281,427	1,164,418
Total Assets		6,322,259	6,151,342
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable	7	813,546	650,349
Retirement pension liability	11	1,215,000	1,256,000
Employee entitlements	8	136,384	128,937
Total Current Liabilities		2,164,930	2,035,286
Equity			
Contributed capital	9	4,541,535	4,541,535
Retained earnings		(384,206)	(425,479)
Total Equity		4,157,329	4,116,056
Total Liabilities and Equity		\$6,322,259	\$6,151,342

The accompanying notes on pages 8-23 form an integral part of these financial statements.

Approved on behalf of the Board on the 13th of December 2016

Mr. Donovan Ebanks
Chairman

Mr. Paul Parchment
Managing Director



National Roads Authority
Statement of Comprehensive Income
For the year ended 30 June 2015
(Stated in Cayman Islands Dollars)

	Note	2014/15	2013/14
SALES	12	\$12,114,706	\$9,576,065
COST OF SALES			
Labour		2,066,301	1,953,762
Materials		1,275,050	838,734
Subcontractors		2,407,396	767,112
Hired equipment		5,288	18,654
Total Cost of Sales		5,754,035	3,578,262
NET SALES		6,360,671	5,997,803
OPERATING EXPENSES			
Personnel costs	10	3,110,898	3,008,900
Utilities		1,548,125	1,641,061
Motor vehicle expenses (including insurance)		455,687	510,608
Depreciation	6	280,794	278,411
Computer maintenance and fees		109,961	100,951
Professional fees		143,677	75,053
Building maintenance		66,011	68,972
Office rental	16	29,708	50,928
Telephone		32,468	32,595
Supplies and consumables		33,909	21,335
Doubtful Debt Expense		19,550	0
Insurance		14,812	16,077
Bank charges		7,154	4,977
Advertising and promotion		7,519	(120)
Past service pension	11	232,000	186,000
Travel & Subsistence		125	0
Total Operating Expenses		6,092,398	5,995,748
Other Expenses: Settlement of Case		500,000	0
Income (Loss) before Other Comprehensive Income		(231,727)	2,055
Other Comprehensive Income			
Remeasurements of employment benefits obligations	11	273,000	302,000
COMPREHENSIVE INCOME FOR THE YEAR		\$41,273	\$304,055

The accompanying notes on pages 8-23 form an integral part of these financial statements



National Roads Authority
Statement of Changes in Equity
For the Year Ended 30 June 2015
(Stated in Cayman Islands Dollars)

	Note	Retained Earnings	Contributed Capital	Total
Balance at 30 June 2013		(\$729,534)	\$4,541,535	\$3,812,001
Income before other comprehensive income 13/14, as restated		2,055	-	2,055
Other comprehensive income - Remeasurement of employment benefit obligation, as restated	11	302,000	-	302,000
Balance at 30 June 2014		(425,479)	4,541,535	4,116,056
Loss before other comprehensive income 14/15		(231,727)	-	(231,727)
Other comprehensive income - Remeasurement of employment benefit obligation	11	273,000	-	273,000
Balance at 30 June 2015		(384,206)	\$4,541,535	\$4,157,329

The accompanying notes on pages 8-23 form an integral part of these financial statements.



National Roads Authority
Statement of Cash Flows
For the Year Ended 30 June 2015
(Stated in Cayman Islands Dollars)

	Note	2014/15	2013/14
CASH FLOWS FROM OPERATING ACTIVITIES			
Comprehensive Income (Loss)		\$ 41,273	\$304,055
Adjustment for non-cash transactions:			
Depreciation	6	280,794	278,411
Doubtful Debts		19,550	-
Total		341,617	582,466
Net change in working capital			
Decrease /(increase) in accounts receivable and prepayments		779,232	1,174,452
(Increase)/decrease in inventories		13,740	(21)
Increase/(Decrease)in accounts payable and accrued liabilities		129,646	(492,122)
Net cash flows generated from operating activities		1,264,235	1,264,775
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets	6	(397,804)	(132,625)
Net cash flows used from investing activities		(397,804)	(132,625)
CASH FLOWS FROM FINANCING ACTIVITIES			
Contributed capital from Government	10	-	-
Net cash flows from financing activities		-	-
Net increase in cash and cash equivalents during the year		866,431	1,132,150
Cash and cash equivalents at the beginning of the year		3,188,347	2,056,197
CASH AND CASH EQUIVALENTS AT END OF YEAR	3	\$ 4,054,778	\$3,188,347

The accompanying notes on pages 8-23 form an integral part of these financial statements



National Roads Authority
Notes to the Financial Statements
For the Year Ended 30 June 2015
(Stated in Cayman Islands Dollars)

1. Establishment and Principal Activity

The National Roads Authority ("NRA" or "Authority") is an independent Statutory Authority which was created on 1 July 2004 by the National Roads Authority Law, 2004. The Authority reports on its operations to the Ministry of Planning, Lands, Agriculture, Housing and Infrastructure (PLAH&I) of the Cayman Islands Government.

The NRA is created to administer, manage, control, develop and maintain the Island's public roads and related facilities, such as signals, storm water facilities, roadway lighting, and roadway directional signage. The scope of activities of the NRA include providing policy advice, publication of a National Roads Plan, provision of project and construction management services for the delivery of new road-works and the maintenance and management of the existing road infrastructure.

Section 19 of the *NRA Law 2006 Revision* was repealed effective on July 1, 2014 to make provision for the Authority to be funded from the Roads Fund. The substitution to the section of the law makes way for the Cabinet to authorize the transfer of revenue, not exceeding ten million dollars, to the Authority, via the Road Fund, for the purpose of funding the Authority's annual operating costs, in particular, the construction, upgrading, rehabilitation and maintenance of public roads.

As at 30 June 2015, the NRA had 85 employees (30 June 2014: 85 employees). The NRA is located at 342B Dorcy Drive, P.O. Box 10426, Grand Cayman KY1-1004, Cayman Islands.

2. Significant Accounting Policies

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Committee (IASC), and interpretations issued by the Standing Interpretations Committee of the IASC. The significant accounting policies adopted by the NRA in these financial statements are as follows:

The financial statements of the NRA are presented in Cayman Island dollars and are prepared on the accrual basis under the historical cost convention.

(b) Cash and cash equivalents

This comprises cash at bank and short term investments with maturity at inception of three months or less.

(c) Foreign currency translation

All assets and liabilities denominated in foreign currency are translated to Cayman Islands Dollars at exchange rates in effect at the financial position date. Revenue and expense transactions denominated in foreign currency are translated to Cayman Islands Dollars at exchange rates ruling at the date of those transactions. Gains and losses arising on translation are included in the statement of comprehensive income.

**National Roads Authority
Notes to the Financial Statements
For the Year Ended 30 June 2015
(Stated in Cayman Islands Dollars)**

2. Significant Accounting Policies (continued)

(d) Property, plant and equipment/depreciation

Property, plant and equipment include motor vehicles, heavy equipment, dump trucks, furniture and fixtures and computer hardware and software are stated at cost less accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line basis at annual rates estimated to write off the carrying value of each asset over the period of its expected useful life.

Annual rates are as follows:

Vehicles and Heavy Equipment	4 - 12 Years
Furniture and Fixtures	3 - 15 Years
Computer Hardware and Software	3 - 6 Years
Other Plant and Equipment	3 - 25 Years

(e) Receivables

Receivables are stated at original invoice amounts less provision for doubtful debts.

(f) Allowance for bad debts

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

(g) Inventory

Inventory is valued at the lower of net realizable value or cost, on an average basis.

(h) Accounts Payable

Accounts payable are recorded at the amount owing after allowing for credit notes and other adjustments.

(i) Employee entitlements

Pension Plans

The Authority makes pension contributions for its eligible employees to the Public Service Pensions Fund, which is administered by the Public Service Pensions Board. The Fund has both a defined benefit and a defined contribution element.

Under defined contribution plans, the Authority pays fixed contributions and has no obligation to pay further contributions if the fund does not have sufficient assets to pay employee benefits relating to employee service in the current and prior periods. The Authority recognises contributions to a defined contribution plan when an employee has rendered services in exchange for those contributions.

National Roads Authority
Notes to the Financial Statements
For the Year Ended 30 June 2015
(Stated in Cayman Islands Dollars)

2. Significant Accounting Policies (continued)

A defined benefit plan is one that defines an amount of benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation. The asset or liability in respect of defined benefit plans is the difference between the present value of the defined benefit obligation at the financial position date and the fair value of plan assets, adjusted for unrecognised actuarial gains/losses and past service cost. Where a pension asset arises, the amount recognised is limited to the net total of any cumulative unrecognised net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reduction in future contributions to the plan. The pension costs are assessed using the Projected Unit Credit Method. Under this method the cost of providing pensions is charged in the statement of comprehensive income so as to spread the regular cost over the service lives of employees in accordance with advice of the actuary, (who is due to carry out a full valuation of the plans every year). The pension obligation is measured at the present value of the estimated future cash outflows using discount estimated rates based on market yields on high quality corporate bonds at the time of the accounting date which have terms to maturity approximating the terms of the related liability.

Obligations for contributions to defined contribution and defined benefits pension plans are recognized as an expense in the statement of comprehensive income as incurred. (See also Note 11).

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

(j) Revenue recognition

Revenue from sale of services to other government agencies is recognised when it is earned (see also Related Party Note 13). Unearned revenue comprises amounts paid to the Authority in advance of work performed and amounts which the Authority has invoiced for in advance of work performed. These unearned amounts are recognized as revenue in the statement of comprehensive income as work is performed related to the amounts received or billed in advance. Investment revenue is recognised in the period in which it is earned. Donations are recognised at fair value at the time of receipt.

(k) Expense recognition

Expenses are recognised when incurred.

(l) Financial Instruments

(i) Classification

A financial asset is classified as any asset that is cash, a contractual right to receive cash or another financial asset, exchange financial instruments under conditions that are potentially favourable or an equity instrument of another enterprise. Financial assets comprise of cash and cash equivalents and accounts receivable. A financial liability is any liability that is a contractual obligation to deliver cash or another financial instrument or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable. Financial liabilities comprise of accounts payable, unearned revenue and employee entitlements.

National Roads Authority
Notes to the Financial Statements
For the Year Ended 30 June 2015
(Stated in Cayman Islands Dollars)

2. Significant Accounting Policies (continued)

(ii) Recognition

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

(iii) Measurement

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

(iv) Derecognition

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

(v) Credit Risk

Cash and short term investments are held with substantial financial institutions. Receivables are short term and settled after the year-end.

(vi) Interest Rate Risk

The Authority's income and operating cash flows are substantially independent of changes in market interest rates.

(m) Classification

Certain prior year figures have been reclassified to conform to current year presentation.

(n) Changes in International Financial Reporting Standards

Below are several new standards and amendments that have been issued but are not yet effective. They do not impact the annual financial statements of the Authority. The nature and impact of each new standard/amendment is described below:

(i) IFRS 15 Revenue from Contracts with Customers (Effective for annual periods beginning on or after 1 January 2017)

IFRS 15 replaces all existing revenue requirements in IFRS (IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services) and applies to all revenue arising from contracts with customers. Its requirements also provide a model for the recognition and measurement of gains and losses on disposal of certain non-financial assets, including property, equipment and intangible assets.

National Roads Authority
Notes to the Financial Statements
For the Year Ended 30 June 2015
(Stated in Cayman Islands Dollars)

2. Significant Accounting Policies (continued)

The standard outlines the principles an entity must apply to measure and recognise revenue. The core principle is that an entity will recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 will be applied using a five-step model: 1. Identify the contract(s) with a customer 2. Identify the performance obligations in the contract 3. Determine the transaction price 4. Allocate the transaction price to the performance obligations in the contract 5. Recognise revenue when (or as) the entity satisfies a performance obligation. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. Application guidance is provided in IFRS 15 to assist entities in applying its requirements to certain common arrangements, including licences of intellectual property, warranties, rights of return, principal-versus-agent considerations, options for additional goods or services and breakage.

(ii) IAS 1 Disclosure Initiative – Amendments to IAS 1 (Effective for annual periods beginning on or after 1 January 2016)

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI.

(iii) IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38 (Effective for annual periods beginning on or after 1 January 2016)

The amendments clarify the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

National Roads Authority
Notes to the Financial Statements
For the Year Ended 30 June 2015
(Stated in Cayman Islands Dollars)

3. Cash and Cash Equivalents

	<u>2014/15</u>	<u>2013/14</u>
Bank accounts	\$4,054,778	\$3,188,347
Term deposits	-	-
Total Cash & Cash Equivalents	<u>\$4,054,778</u>	<u>\$3,188,347</u>

4. Accounts Receivable and Prepayments

	<u>2014/15</u>	<u>2013/14</u>
Receivable from Core Government	\$-	\$1,550,656
Receivables from other government agencies	599,563	7,586
Accounts Receivable Others and Prepayments	230,959	76,536
Staff Loans	10,743	5,270
Total Accounts Receivable	<u>\$841,265</u>	<u>\$1,640,048</u>

5. Inventories

	<u>2014/15</u>	<u>2013/14</u>
Finished Goods - Cayman Rock	\$105,140	\$128,537
Finished Goods - AE60	27,196	17,690
Finished Goods - Crusher Run	4,828	3,621
Finished Goods - 3/8 Washed Chips	6,951	8,637
Finished Goods – Sand	674	44
Total	<u>\$144,789</u>	<u>\$158,529</u>

6. Fixed Assets

	Vehicles & Heavy Equipment	Furniture & Fixtures & Office Equipment	IT Equipment	Other Plant & Equipment	Leasehold Improvement	Total
Cost						
Opening 2012/13	\$2,990,237	\$137,272	\$313,927	\$1,526,236	\$219,275	\$5,186,947
Additions 2013/14	(100)	8,164	7,176	117,385	-	132,625
As at 2013/14	2,990,137	145,436	321,103	1,643,621	219,275	5,319,572
Additions 2014/15	90,762	19,626	13,605	219,248	54,562	397,803
As at 2014/15	<u>\$3,080,899</u>	<u>\$165,062</u>	<u>\$334,708</u>	<u>\$1,862,869</u>	<u>\$273,837</u>	<u>\$5,717,375</u>

National Roads Authority
Notes to the Financial Statements
For the Year Ended 30 June 2015
(Stated in Cayman Islands Dollars)

6. Fixed Assets (continued)

Accumulated Depreciation						
Opening 2012/13	\$2,488,083	128,127	300,466	756,646	203,421	\$3,876,743
Depreciation 2013/14	137,745	4,076	5,841	114,897	15,852	278,411
As at 2013/14	\$2,625,828	\$132,203	\$306,307	\$871,543	\$219,273	\$4,155,154
Depreciation 2014/15	133,389	5,419	3,425	134,014	4,547	280,794
As at 2014/15	\$2,759,217	\$137,622	\$309,732	\$1,005,557	\$223,820	\$4,435,948
 Net Book Value - 2015	 \$321,682	 \$27,440	 \$24,976	 \$857,312	 \$50,017	 \$1,281,427
Net Book Value - 2014	\$364,309	\$5,069	\$15,784	\$661,869	\$117,388	\$1,164,418

7. Accounts Payable and Accrued Liabilities

	<u>2014/15</u>	<u>2013/14</u>
Trade creditors	\$716,724	\$563,949
Accruals	96,822	86,400
Total Accounts Payable and Accrued Liabilities	<u>\$813,546</u>	<u>\$650,349</u>

8. Employee Entitlements

The leave entitlements are calculated based on current salary paid to those employees who are eligible for this benefit. During the year, accrued vacation leave amounted to \$136,384 (2013/14: \$128,937)

9. Contributed Capital

During the year the Authority received no equity injection. (2014: nil).

10. Salaries and Benefits

	<u>2014/15</u>	<u>2013/14</u>
Salaries and wages	\$1,741,849	\$1,759,764
Health Insurance	1,031,883	918,516
Employer and Employee pension expenses	245,370	245,047
Vacation due	7,448	23,580
Other personnel costs	84,348	61,993
Total Salaries and Benefits	<u>\$3,110,898</u>	<u>\$3,008,900</u>

**National Roads Authority
Notes to the Financial Statements
For the Year Ended 30 June 2015
(Stated in Cayman Islands Dollars)**

11. Pensions

IAS 19R became effective January 1, 2013. For NRA adoption of IAS 19R is effective for fiscal year ending June 30, 2014. Upon transitioning to IAS 19R, there is an adjustment to the statement of financial position of \$732,000. All unamortized gains and losses and past service costs under IAS 19 will be immediately recognized as a one-off transition adjustment to equity. Administration costs that are not investment related will be recognized in profit or loss as an operating charge under IAS 19R. This differs from the current approach under IAS 19, where all administration costs are allowed for within the expected rate of return of assets. Under IAS 19R, the expected return on assets is no longer used in the determination of the defined benefit cost, but it continues to be used in the determination of the asset limit under IFRIC 14. The expected return on assets assumption continues to be management best estimate.

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

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

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

In March 2005, the Financial Secretary of the Government of the Cayman Islands informed the Authority that the decision to keep the unfunded past service liability a central liability of the Government has now been reversed and the Authority recognizes the unfunded past service liability as a liability in its financial statements.

National Roads Authority
Notes to the Financial Statements
For the Year Ended 30 June 2015
(Stated in Cayman Islands Dollars)

11. Pensions (continued)

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

	2014/15 \$000	2013/14 \$000
Defined benefit obligation	4,308	3,984
Fair value of plan assets	3,093	2,728
Funded status	1,215	1,256
Effect of asset ceiling/onerous liability	-	-
Net liability (asset)	1,215	1,256

The change in defined benefit obligation is as follows:

	2014/15 \$000	2013/14 \$000
Defined benefit obligation at end of prior year	3,984	3,512
Service Cost	271	221
Interest expense	179	183
Cash flows	79	87
Other significant events	-	-
Remeasurements	(205)	(19)
Effect of changes in foreign exchange rates	-	-
Defined benefit obligation at end of year	4,308	3,984

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

	2014/15 \$000	2013/14 \$000
Fair value of plan assets at end of prior year	2,728	2,140
Interest Income	127	117
Cash flows – employer and participant contributions	170	188
Other significant events	-	-
Remeasurements	68	283
Effect of changes in foreign exchange rates	-	-
Fair value of plan assets at end of year	3,093	2,728

The net defined benefit liability (asset) reconciliation:

	2014/15 \$000	2013/14 \$000
Net defined benefit liability as of beginning of year	1,256	1,372
Defined benefit cost included in P&L	323	287
Total remeasurements included in OCI	(273)	(302)
Other significant events	-	-
Cash flows	(91)	(101)
Credit to reimbursements	-	-
Effect of changes in foreign exchange rates	-	-
Net defined benefit liability as of end of year	1,215	1,256

National Roads Authority
Notes to the Financial Statements
For the Year Ended 30 June 2015
(Stated in Cayman Islands Dollars)

11. Pensions (continued)

The components of defined benefit cost is as follows:

	2014/15 \$000	2013/14 \$000
Service Cost	271	221
Net interest cost		
Interest expense on DBO	179	183
Interest (income) on plan assets	(127)	(117)
Total net interest cost	52	66
Remeasurements of Other Long Term Benefits	-	-
Administrative expenses and taxes	-	-
Defined benefit cost included in P & L	323	287
Remeasurements (recognized in other comprehensive income)		
Effect of changes in demographic assumptions	36	-
Effect of changes in financial assumptions	(251)	595
Effect of experience adjustments	10	(614)
(Return) on plan assets (excluding interest income)	(68)	(283)
(Return) on reimbursement rights (excluding interest income)	-	-
Changes in asset ceiling/onerous liability (excluding interest income)	-	-
Total remeasurements included in OCI	(273)	302
Total defined benefit cost recognized in P&L and OCI	50	(15)

The sensitivity analysis on defined benefit obligation is shown below:

	2014/15	2013/14
1. Discount rate		
a. Discount rate – 25 basis points	4,559	4,217
b. Discount rate + 25 basis points	4,076	3,767
2. Inflation rate		
a. Inflation rate – 25 basis points	4,066	3,774
b. Inflation rate + 25 basis points	4,570	4,209
3. Mortality		
a. Mortality - 10% of current rates	4,389	4,053
b. Mortality + 10% of current rates	4,234	3,918

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

	Amount (\$000)
Expected employer contributions	94

National Roads Authority
Notes to the Financial Statements
For the Year Ended 30 June 2015
(Stated in Cayman Islands Dollars)

11. Pensions (continued)

The significant actuarial assumptions are presented below:

Weighted-average assumptions to determine defined benefit obligations

	2014/15	2013/14
1. Discount rate	4.75%	4.50%
2. Rate of salary increase	3.50%	3.50%
3. Rate of price inflation	2.50%	2.50%
4. Rate of pension increases	2.50%	2.50%
5. Post-retirement mortality table	RP-2014 projected on a generational basis using Scale MP- 2014	UP-94 projected on a generational basis using Scale BB
6. Cost Method	Projected Unit Credit	Projected Unit Credit
7. Asset valuation method	Market Value	Market Value

Weighted-average assumptions to determine defined benefit cost

	2014/15	2013/14
1. Discount rate	4.50%	5.20%
2. Rate of salary increase	3.50%	3.50%
3. Rate of price inflation	2.50%	2.50%
4. Rate of pension increases	2.50%	2.50%
5. Post-retirement mortality table		

Plan Assets

The Defined Benefit assets as well as Defined Contribution assets of the Plan are held as part of the Public Service Pensions Fund ("the Fund") and managed by the PSPB. The assets of two other pension plans are pooled together to constitute the Fund. The assets are notionally allocated to each of the three participating pension plans through an internal accounting mechanism that tracks, for each accounting period, actual cash flows and allocates investment income and expenses in proportion to the opening value of assets allocated. Based on the data provided, the gross rate of return earned by the Fund for the fiscal 2014/15 was 6.69% and 16.1% for fiscal 2013/14. Similar internal accounting is used for developing each participating entity's share of the asset portfolio of the Fund.

The valuations are based on the draft financial statements as at June 30, 2014 as well as asset value as at June 30, 2015 provided by PSPB, along with cash flow and other supplemental asset information. The assets are held in trust by CIBC Mellon.

National Roads Authority
Notes to the Financial Statements
For the Year Ended 30 June 2015
(Stated in Cayman Islands Dollars)

11. Pensions (continued)

The Fund currently has investment policy with a target asset mix of 80% equities and 20% bonds. As at June 30, 2015, the Fund was invested as follows:

Plan Assets by Asset Category	2014/15		2013/14	
	(\$000)	Percentage	(\$000)	Percentage
Global equities securities	411,606	80%	381,162	79%
Debt securities	97,807	19%	95,602	20%
Real estate / Infrastructure	-	-	-	-
Cash	6,312	1%	6,871	1%
Total	515,726	100%	483,635	100%

For fiscal 2014/15, the Defined Contribution portion of the Fund totaled to \$237,627,800 and \$195,701,000 as at June 30, 2014 as provided by PSPB. The share of the Fund that been notionally allocated to NRA with regards to its participation in the Defined Benefit Part of the Plan is \$3.093 million as at June 30, 2015 (2014 - \$2.73 million).

The Actuarial Assumptions

The actuarial assumptions have been approved by the Financial Secretary, the main sponsor of the Plan. The principal financial and demographic assumptions used at June 30, 2015 and June 30, 2014 are shown in the table below. The assumptions as at the reporting date are used to determine the present value of the benefit obligation at that date and the pension expense for the following year.

Turnover Rates at sample ages:

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

Measurement Date	2014/15	2013/14
Discount rate		
- BOY disclosure and current year expense	4.50% per year	5.20% per year
- EOY disclosure and following year expense	4.50% per year	4.50% per year
Increases in pensionable earnings	3.50% per year	3.50% per year
Rate of Pension Increases	2.50% per year	2.50% per year
Rate of Indexation	2.50% per year	2.50% per year

National Roads Authority
Notes to the Financial Statements
For the Year Ended 30 June 2015
(Stated in Cayman Islands Dollars)

11. Pensions (continued)

Measurement Date	2014/15	2013/14
Expected long-term rate of return on assets (net of expenses) for purposes of IFRIC only	7.00% per year	7.00% per year
Mortality		
- BOY disclosure and current year expense	UP-94 generationally projected using Scale BB	UP-94 generationally projected using Scale BB
- EOY disclosure and following year expense	RP-2014 generationally projected using Scale MP-2014	UP-94 generationally projected using Scale BB
Disability	None	None
Turnover Rates	Same as 2014	Age and gender based rates. See table below.
Retirement	Same as 2014	Age 57 & 10 years of service
Assumed life expectations on retirement	Retiring today (member age 57) 30.12 Retiring in 25 years (at age 57): 32.40	Retiring today (member age 57) 29.93 Retiring in 25 years (at age 57): 32.43
Liability Cost Method	Projected unit credit method	Projected unit credit method
Asset Value Method	Market Value of Assets	Market Value of Assets
Commutation of pension	All members commute 25% at retirement	All members commute 25% at retirement

There have been no changes in actuarial assumptions since the prior valuation other than the changes to the principal assumptions shown in the table above. The mortality assumption was updated to make allowance for future mortality improvements. In the addition, the mortality improvement scale has been updated from Scale AA to Scale BB. These are the same assumptions as approved by the PSPB for use in the January 1, 2014 funding valuation of the Plan.

The discount rate as at June 30, 2015 and June 30, 2014 were determined in accordance with IAS 19. In accordance with IAS 19R paragraph 83, determined by reference to market yields on high quality corporate bonds (consistent with the term of the benefit obligations) at the fiscal year end date. The Mercer US Above Mean Yield Curve (referencing US corporate bond yields) was used to determine discount rates due to strong economic and currency links between the US and the Cayman Islands.

National Roads Authority
Notes to the Financial Statements
For the Year Ended 30 June 2015
(Stated in Cayman Islands Dollars)

12. Related Party Transactions

The Authority provided Services to Road Users on behalf of the Government relating to the development and maintenance of the public roads within the Cayman Islands funded through the Roads Fund (see page 8) which amounts to \$10 million under the Ownership Agreement (2014: \$6 million). During this year the Authority also delivered Capital Expenditure Projects of \$1.7 million to the Government for the construction of roads under the Ownership Agreement. The Authority also engages the services of other government departments of the Cayman Islands Government. Such services are provided at current prevailing market prices on an arm's length basis. Sales to third parties include services for drain wells and curbs, installation of signs, paving and trench reinstatement services.

	2014/15	2013/14
Sales of services to Cabinet	\$1,711,270	\$9,183,356
Sales of services to other government agencies	311,542	282,176
Sales of services to third parties	10,091,894	110,533
Total	\$12,114,706	\$9,576,065

Upon creation of the Authority on 1 July 2004, no movable properties were vested to the Authority. Henceforth, the Public Works Department (PWD) allowed the Authority to use its vehicles and heavy equipment for road construction and maintenance free of charge. As at 30 June 2015, the Authority owes PWD the amount of \$12,722 (2014: \$15,303) for support services extended to the latter such as office and workshop accommodation, tenant's requirements, utilities, accounting services, service parking and compound security.

The remuneration of directors and other members of key management personnel during the year was \$648,340 (2014: \$605,485). There were 15 personnel categorized in 2015 broken down as 5 key management personnel and 9 Directors (2014: 5 key management personnel and 9 Directors).

13. Contingencies

Under section 28(1) of the NRA Law an annual payment to the core government may be due. At the date of these financial statements there has been no request made.

14. Financial Risk Management

The Authority is exposed to a variety of financial risks including interest rate risk, credit risk and liquidity risk. The Authority's risk management policies are designed to identify and manage these risks, to set appropriate risk limits and controls, and to monitor the risks and adhere to limits by means of up to date and reliable information systems. These risks are managed within the parameters established by the Financial Regulations.

**National Roads Authority
Notes to the Financial Statements
For the Year Ended 30 June 2015
(Stated in Cayman Islands Dollars)**

14. Financial Risk Management (continued)

Interest Rate Risk

The Authority is subject to interest rate risk on the cash placed with a local bank which attracts interest. No interest payments are charged to customers on late payments on accounts receivable. The Authority is not exposed to significant interest rate risk as the cash and cash equivalents are placed on call and available on demand. The total interest earned during the year ended 30 June 2015 was nil (2014: nil).

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Authority. Financial assets which potentially expose the Authority to credit risk comprise cash and cash equivalents and accounts receivable.

The Authority is exposed to potential loss that would be incurred if the counterparty to the bank balances fails to discharge its obligation to repay. All bank balances are with one financial institution located in the Cayman Islands which management considers to be financially secure and well managed.

The Authority is also exposed to a significant concentration of credit risk in relation to accounts receivables, majority of which are due from other Government entities. No credit limits have been established. As at 30 June 2015, no provision for doubtful debts has been made as none of these assets are impaired and management considers these debts to be recoverable in full (2014: Nil). The carrying amount of financial assets recorded in the financial statements represents the Authority's maximum exposure to credit risk. No collateral is required from the Authority's debtors.

Liquidity Risk

Liquidity risk is the risk that the Authority is unable to meet its payment obligations associated with its financial liabilities when they fall due. The ability of the Authority to meet its debts and obligations is dependent upon its ability to collect the debts outstanding to the Authority in a timely basis. As at 30 June 2015 and 2014, all of the financial liabilities were due within one month of the financial position dates.

15. Financial Instruments- fair values

As at 30 June 2015 and 2014, the carrying amount of cash deposits, accounts receivable, accounts payables and employee entitlements approximate their fair value due to their short-term maturities.

Fair values are made at specific points in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. Changes in assumptions, economic conditions and other factors could cause significant changes in fair value estimates.

**National Roads Authority
Notes to the Financial Statements
For the Year Ended 30 June 2015
(Stated in Cayman Islands Dollars)**

16. Commitments

- a. The Authority entered into a five year lease with Heritage Holdings on September 1, 2009 for storage and laboratory. The annual lease payments for the period amount to \$29,708 (2014: \$50,928). The lease payments are subject to an annual increase of 3%. The total payments for the five year lease including the annual 3% increase is \$255,944. The tenant has the option to renew the lease for a further term of one (1) year or more at the expiration of the term and shall give notice in writing to that effect not less than three months before expiration of the term. At the expiration of this Lease on August 31, 2014 the NRA did not renew the Lease involving 2 warehouse units and entered a new one year agreement for a single unit. Subsequent to 2014/15 year-end the NRA did not renew its Lease for the single remaining unit.
- b. At 30 June 2015, the Authority entered into contracts on the following projects for work to be carried out in 2015/16 financial year.

Projects	Amount
Smith Road Project	\$ 822,085
Humber Ave. Project	115,177
Total	\$ 937,262