



# **ANNUAL REPORT**

**For**

***National Roads Authority***

***For the 2008/9 Financial Year***

Rev 22 July 2010

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## **Purpose**

This annual report details the performance of the National Roads Authority for the fiscal year ended 30 June 2009.

It includes information about the actual performance delivered during the year as compared to the planned performance documented in the Ownership Agreement for The National Roads Authority for 2008/9, or as amended through the supplementary appropriation process.

Section 52 of the *Public Management and Finance Law (2005 Revision)* specifies the content of statutory authority annual reports. This report was prepared in general accordance with those requirements which include:

- a) A summary of the **nature and scope of the activities** of the authority during that financial year;
- b) A summary of the extent to which the **strategic goals and objectives** of the authority 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 annual ownership agreement for that financial year have been achieved in that financial year;
- d) **Audited financial statements** of the authority for the financial year ...;
- e) The amount of any **equity investment** made by the Governor in Cabinet in the authority during the financial year;
- f) The amount of any **capital withdrawals** made by the Governor in Cabinet from the authority during the financial year;
- g) The amount of any **dividends or profit distributions** paid by the authority during the financial year;
- h) The amount of any **loans** to the authority by the Governor in Cabinet during the financial year; and
- i) Details of any **guarantees** relating to the authority made by the Governor in Cabinet during the financial year.

As such, this report is structured according to these categories.

### **a) 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. (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 contribute to sustainable transport and land development in the Cayman Islands by building and maintaining a safe and efficient network of national roads, in partnership with Cabinet and the Private sector, having regard to national and economic growth strategies.

### **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**

The customers of the National Roads Authority are 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 2008/9 Ownership Agreement for the year.

The 2008/9 Ownership Agreement stated a budget of \$13,397,217. However; only \$11,640,375 was identified under the Outputs NRA1-4 and the Executive Assets EA36, 90, & 91 in the budget documents. This was a difference of \$1,756,842.

Other appropriations were made under section 11 (5) of the PMF Law for spending in FY 08/09. These included \$933,000 under EA 35: Traffic Calming – Reconstruction of Dorcy Drive and \$2,015,000 under EA 91: Coastal Protection Projects – Seawalls in East End. (See the tables on pages 10-11.)

This was discussed with the Ministry early in the financial year and they indicated a \$5 million supplemental appropriation would be made in February or March 2009. However; only \$1,343,274 was appropriated by Finance Committee on 20 March 2009. In retrospect, this was when the NRA began to feel the effects of the world-wide recession.

Following the General Elections in May 2009 many financial austerity measures were being considered by the new Government. One such consideration was that the NRA would be abolished and integrated back into a Government department but this did not happen by the end of FY 2008/9.

## **b) Strategic Goals and Objectives**

### **Approved Strategic Goals and Objectives**

The key strategic goals and objectives for The National Roads Authority for the 2008/9 financial year 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 Programme.

### **Compliance with Strategic Goals and Objectives**

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

Accomplishments:

- a. A **new accounting system**, Explorer, was introduced in FY 2007/8 and put into full use in FY 2008/9. This will allow the NRA to better track and hopefully reduce operational costs while at the same time improve project management capabilities.
- b. In April 2008 the NRA initiated a **Pavement Management System** (PMS) to rate Cayman's roads using the widely accepted Pavement Condition Index (PCI) method developed by the US Army Corps of Engineers. The PMS is essentially a detailed database of physical characteristics of the road network coupled with distress data from visual condition surveys of each road section. The system helps the NRA to achieve its target of an average PCI of 70 out of 100 for the network - very high by international standards. Installation and training took place 15-17 January 2009. Seven members of our senior engineering and planning staff were trained. Two of them were assigned to maintain and update the database as new construction or pavement maintenance and rehabilitation projects are completed. We intend to send these two staff members to additional pavement management training classes later in the year.
- c. **Safety Training** was conducted during the first week of December 2008 for all road works crews. Mr. Thomas McDonald from the Center for Transportation Research and Engineering at Iowa State University conducted a 4-hour class each morning. Each class was attended by 25-35 employees from the NRA, the Water Authority, Cable and Wireless, the Cayman Water Company, and ABC Trenching. We intend to make this an annual event.
- d. At the end of December 2008, the NRA switched its **health insurance** coverage from Cinico to Sagicor General Insurance (Cayman) Ltd. Employees were given the option of continuing with the same level of benefits they have enjoyed in the past – e.g. coverage at the George Town Hospital for no out-of-pocket cost; or

they can upgrade to being able to go to other, private health care providers if they pay the deductible and a modest monthly fee. All employees were also given the option of upgrading their coverage further which will allow them to visit overseas health care providers and enjoy other benefits. This option is available for a nominal monthly fee that would be paid through payroll deduction. The NRA saved approximately \$30,000 on the first month's premium. The future savings will be somewhat less depending on which level of coverage is selected by each employee but is forecast to be a minimum of approximately \$20,000 per month.

e. A **Business Staffing Plan** was approved in May 2009.

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

Accomplishments:

a. The Deputy Managing Director for Planning and Administration gave a presentation on the development of a long-range transportation plan for Grand Cayman to the Minister of Communications, Works and Infrastructure and the NRA Board of Directors on 21 January 2009. It was very well received. The Minister requested maps and documents be prepared for publication in accordance with Section 26 of the Roads Law to reserve the road corridors under the Development and Planning Law before the end of the current Government's term. The Minister later decided not to publish the plan prior to the General Elections in May 2009.

3. Goal: Continue the Traffic Improvement and Roads Development Programme.

Accomplishments:

- a. **East-West Arterial Highway:** Accommodation works along the existing stretch of the East – West Arterial Road were completed. 1 August 2008 saw the official opening of the E-W arterial from Crewe Road in George Town near the Lion's Centre to Hirst Road in Savannah.
- b. **Esterley Tibbetts Highway:** A contract for \$135,600 was executed with C&R Building and Renovation Company for the construction of the Jersey barrier along the Esterley Tibbetts Highway near the Strand Shopping Centre and the Coral Stone Roundabout. The median curbs will be done by NRA crews next financial year after they finish the sidewalk at the Lower End of the Bay project in East End.
- c. **Traffic Calming:** Under this financial heading, a contract was awarded to ARCP for the reconstruction of Dorcy Drive from the Airport Post Office to Kirk Motors. Cabinet approved funds for this under section 11 (5) of the PMF Law for spending in FY 2008/09. The project was completed in November 2008.
- d. **Road Surface Upgrades:** NRA Road Crews continued to repair and upgrade existing roadways around Grand Cayman. The work was coordinated with the outputs from the Pavement Management System and is part of the drive to raise the average Pavement Condition Index of all Cayman roads.

The following is a list of the roads paved with hot mix asphalt this fiscal year.

District	Road
<b>East End</b>	Queen's Highway
	Farm Road
<b>George Town</b>	Crewe Rd at the end of the runway
	Butterfield RAB
	North Sound Road
	South Sound Road
	Owen Roberts Drive
	Boilers Road
	Walkers Road
<b>West Bay</b>	Town Hall Road
	Fosters Re-Publix lay by
	West Bay Police Station Parking Lot +
	Wrangler Road
<b>Bodden Town</b>	Leeward Drive

+ At the request of the Ministry – not a road.

The following is a list of the roads repaired under the district roads maintenance programme:

DISTRICT	ROAD NAME	TYPE OF WORK
George Town	Annie Bonnie Crescent	Rip & Relay
	Mary Reid Crescent	Rip & Relay
	Orchid Lane	Rip & Relay
	Marigold Close	S&C
	Ella Mae Gardens	Rip & Relay
	Alamo Drive	Rip & Relay
	Bowie Close	S&C
	Canal Lane	S&C
	Crocket Lane	S&C
	Hibiscus Lane	S&C
	Winfern Close	S&C
	Coemer Drive	S&C
	Stafford Lane	S&C
	Zeedah Crescent	S&C
	Selkirk Drive	Rip & Relay
	Woodstock	Rip & Relay

DISTRICT	ROAD NAME	TYPE OF WORK
	Lords Way (portion)	Rip & Relay
	Spinnaker (portion)	Rip & Relay
	Prospect Dr	Rip & Relay
	Prospect Dr/Bonnie Ave. view to cul-de-sac	Rip & Relay
	Holly Dr to Bonnie/Prospect Intersection	Reapply S&C
	Courts Rd	Rip & Relay
	Sussex Dr	Rip & Relay
	Wiltshire Dr	Rip & Relay
	Rockhole	Rip & Relay
	Fairview	Rip & Relay
	Fern Circle	Rip & Relay
	Moxam Road	2 <sup>nd</sup> Appl.
	Keturah Rd	2 <sup>nd</sup> Appl. SC
	Rockshire rd	2 <sup>nd</sup> Appl. SC
	Newport ave	2 <sup>nd</sup> Appl. SC
	Palm rd	2 <sup>nd</sup> Appl. SC
	Gwent Way	2 <sup>nd</sup> Appl. SC
Bodden Town	Woodland Drive	2 <sup>nd</sup> Appl. SC
	Agricola Drive	2 <sup>nd</sup> Appl. SC
	Antigua Drive	2 <sup>nd</sup> Appl. SC
	Puffin Road	2 <sup>nd</sup> Appl. SC
	Frenchman's Dr	2 <sup>nd</sup> Appl. SC
	Noel Dr	2 <sup>nd</sup> Appl. SC
	Merrimac Crescent	R & R, SC
	Clearwater Avenue	R & R, SC
	Eiffel Drive	R & R, SC
	Pinto Drive	R & R, SC
	Timberland Close	R & R, SC
	Will T rd: Canberra to N.E.	2 <sup>nd</sup> Appl. SC
	MiJall rd	R&R, SC
	Champs Fleur: Hirst to EOR	R&R, SC
	Ellicot Ave	R&R, SC
	Harvest Ave	R&R, SC
East End	Blu Hill	2 <sup>nd</sup> Appl. SC
	Gun Bluff	2 <sup>nd</sup> Appl. SC
	High Rock Rd	2 <sup>nd</sup> Appl. SC
	Knot St	2 <sup>nd</sup> Appl. SC
	Quantum Dr	2 <sup>nd</sup> Appl. SC



DISTRICT	ROAD NAME	TYPE OF WORK
	Tangelo Ln	2 <sup>nd</sup> Appl. SC
North Side	McCoy Ln	2 <sup>nd</sup> Appl. SC
	Uncle Berts Ln.	2 <sup>nd</sup> Appl. SC
West Bay	Bonaventure Rd	2 <sup>nd</sup> Appl. SC
	Genevieve Bodden Dr	R&R, SC
	Jibe Cl	R&R, SC
	Bonaventure Rd	2 <sup>nd</sup> Appl. SC
	Vixville Dr	2 <sup>nd</sup> Appl. SC
	Meadow Ave	2 <sup>nd</sup> Appl. SC
	Hetties Ln	2 <sup>nd</sup> Appl. SC
	Powell Smith Dr	2 <sup>nd</sup> Appl. SC
	John Bush Rd	R&R, SC

Abbreviations: R&R = Rip and Relay (Reconstruct the Road Base)

Reconst = Reconstruction

SC = Spray and Chip (Surface Treatment)

2<sup>nd</sup> Appl = Second Application of Spray and Chip (Surface Treatment)

- e. **Linford Pierson Highway Extension:** Scheduled for construction from March 2008 to June 2009, the Linford Pierson Highway link from Bobby Thompson Way to Walkers Road was halted. Concerns were raised about the 'Ironwood Forest', a habitat for endangered ghost orchids, which sits in the area planned for the final leg of the highway. With the exception of the section containing the orchids, the NRA had already Gazetted, completed a geotechnical survey, and cleared most of the route. Funds that were appropriated for FY 2008/9 went unspent and were diverted to other projects.

- f. **The Seawall at Clarinda Beach:** Clarinda Beach is an area of scenic coastline just west of the Blow Holes in East End. Sections of Seaview Road, which runs along the stretch, are highly vulnerable to washout during hurricanes. The most recent and severe damage occurred during Hurricane Ivan in 2004. After temporarily reinstating part of the roadway in 2005, the NRA built a gravity wall to help reinforce the most heavily damaged sections. NRA engineers by 2006 had finished some 400 feet of the stone and concrete seawall which included an extra wide base keyed into existing bedrock and rising to a tapered height of around 15 feet. In 2007, at the behest of Honourable Minister Arden McLean, the NRA added 800 feet to the existing wall, putting the total length at Clarinda Beach at 1200 feet. The new section was constructed using high tensile interlocking steel sheet piles driven into the bedrock and reinforced with horizontal steel H beams at 50 foot intervals. The structure was then clad with poured concrete and a quarry stone finish to seamlessly match the original 400 foot section.

Cabinet approved funds for the completion of this under section 11 (5) of the PMF Law for spending in FY 2008/09. Facey's Stone Wall Construction completed the work in September 2008.

- g. **The Seawall at Lower End of the Bay:** The NRA began work on 1700 feet of new seawall at the entrance to East End Village. As at Clarinda Beach, steel sheet piling construction provides both coastal protection and security for the

roadway. An ashlar stone print, new parallel parking bays, resurfaced roadway and coconut palms are added aesthetic features.

Cabinet approved funds for this under section 11 (5) of the PMF Law for spending in FY 2008/09. K&M Limited completed the work in June 2008. The NRA was still finishing the related road and sidewalk work at the end of FY 2008/9.

- h. Walter H. Keller & Associates (WHK) is continuing work on developing a **traffic operations model** for the East – West Arterial Corridor.

Conceptual designs were submitted for consideration for **mini roundabouts** at the intersections of Dorcy Drive - North Sound Road and Seymour Drive – North Sound Road – Mirco Centre entrance. These were incorporated into our paving plans for North Sound Road. To date, almost all comments received about the new mini roundabouts have been positive. We are expecting more intersection traffic improvement ideas from WHK in the coming months.

- i. We received a draft report from Orth Rodgers and Associates (ORA) about possible solutions to the **flooding problems in Cumber Ave and Prospect** dated 15 May 2009. We are reviewing the report with ORA and finalizing cost estimates for the possible solutions that have been identified. We intend to present the final report to the NRA Board of Directors and the Ministry of DAW&GA this summer. In the meantime, we cleaned up the junk and debris on the Crown parcel adjacent to Daffodil St. That will increase its capacity to hold more storm water but will not provide a solution to the flooding problem in that area. During the clean up effort, it was noted that there were 2 illegal septic tanks discharging effluent onto the site. The Water Authority was contacted and they are dealing with that problem.
- j. A supplemental appropriation of \$526,368 was approved by Finance Committee on 20 March 2009 for the construction of the **Winters Land Farm Road** in East End. Tenders were received 24 April 2009 and a contract was subsequently awarded to KP's Heavy Equipment and Aggregate Ltd. for \$464,013.90. This project was finished at the end of the financial year at at cost of \$462,420.

### c) Ownership Performance Targets

The ownership performance targets achieved (as specified in the *Fifth Schedule to the Public Management and Finance Law (2005 Revision)* for the National Roads Authority for the 2008/9 financial year were as follows.

#### Financial Performance

Financial Performance Measure	2008/9 Actual \$	2008/9 Budget \$	Annual Variance \$
Revenue from Cabinet Note 1	18,976,782	13,397,217	5,579,565
Revenue from ministries, portfolios, statutory authorities and government companies Note 1	1,214,447	NIL	1,214,447
Revenue from other persons or organisations	26,621	NIL	26,621
Surplus/deficit from outputs	NIL	NIL	NIL
Other expenses	NIL	NIL	NIL
Net Surplus/Deficit	(1,583,922)	NIL	(1,583,922)
Total Assets	8,200,033	9,885,538	1,685,505
Total Liabilities	3,337,124	2,380,639	956,485
Net Worth	4,862,909	7,504,899	2,641,990
Cash flows from operating activities	(941,817)	0	(941,817)
Cash flows from investing activities	(733,288)	(896,400)	(163,112)
Cash flows from financing activities	138,932	896,400	757,468
Change in cash balances	(1,536,173)	0	(1,536,173)
Current Assets: Current Liabilities	1.69	2.7	(1.01)
Total Assets: Total Liabilities	2.46	4.15	(1.69)

Note 1: The Ownership Agreement listed the Outputs budget (NRA1-4) as Revenue from Cabinet in the amount of \$5,730,375 and a balancing figure as Revenue from ministries, etc in the amount of \$7,666,842.

Explanation of Variances

Revenue from Cabinet: The expansion of the capital works programme for year accounted for the variances. The capital projects that were expanded are tabulated below and explained under Major Capital Expenditure Projects.

			Approved Budget 2008/09 \$	Appropriated Emergency Funds section 11 (5) of the PMF Law \$	First Supp \$	Revised Budget \$	Total Invoiced \$
Esterley Tibbetts Highway	10	-			790,392	790,392	165,093
Traffic Calming	35			933,000		933,000	933,000
Road Surface Upgrades	36	4,750,000				4,750,000	4,749,999
East/West Arterial Road – Extension Design Only	77	-			347,987	347,987	347,987
Linford Pierson Hwy	90	500,000			(278,790)	221,210	-
Coastal Protection Project (Sea- Walls)	91	660,000	2,015,000			2,675,000	2,674,999
Airport Connector Road – Design Only	113	-			376,938	376,938	376,938
Wintersland Farm Road	114	-			526,368	526,368	462,420
Note2		5,910,000	4,027,620	1,343,274	10,620,894	9,710,435	

Note 2: The Approved Budget varies by (\$1,756,842) when compared to amount shown in the Ownership Agreement under Revenue from ministries, etc in the amount of \$7,666,842.

Description		Approved Budget 2008/2009 \$	First Supp \$	Revised Budget \$	Total Invoiced \$
Development of Public Roads	NRA 1	185,707	-	185,707	185,707
Road Maintenance (including St. Lights)	NRA 2	5,268,761	3,536,000	8,804,761	8,804,760
Policy Advice to Ministry	NRA 3	10,612	-	10,612	10,544
Storm Water Management	NRA 4	265,295	-	265,295	265,336
	Note3	5,730,375	3,536,000	9,266,375	9,266,347

Note 3: The Approved Budget agrees with the amount shown in the Ownership Agreement under Revenue from Cabinet.

Total Assets: The variance in total assets was primarily attributed to the increase in cash and cash equivalents. It is broken down as follows:

	2008/9 Actual \$	2008/9 Budget \$	Annual Variance \$
Cash and cash equivalents	3,410,264	1,346,692	2,063,572
Marketable securities and deposits		-	
Accounts receivable	2,019,983	4,159,866	(2,139,883)
Inventories	187,402	-	187,402
Other current assets		-	
Total Current Assets	5,617,649	5,506,558	111,091
Non-Current Assets			
Loans		-	
Other investments		-	
Net Worth of SA/GCs ( Org 41-54 only)		-	
Net Worth of Mins/Portfolios& Exec Orgs		-	
Property, plant and equipment	2,582,384	4,378,980	(1,796,596)
Total Assets	8,200,033	9,885,538	(1,685,505)

Total Liabilities: The variance in total liabilities was primarily attributed to the accounts payable. It is broken down as follows:

	2008/9 Actual \$	2008/9 Budget \$	Annual Variance \$
Accounts Payable and Accrued	2,905,574	2,065,282	840,292
Liabilities			
Retirement Pension Liability	249,000	139,000	110,000
Employee Entitlements	182,550	176,357	6,193
Total Current Liabilities	3,337,124	2,380,639	956,485

### Capital Maintenance

Human Capital Measures	2008/9 Actual	2008/9 Budget	Annual Variance
Total full time equivalent staff	132	138	6
Staff turnover (%)	1.5%	Nil	
Average length of service senior management (Note 3)	13.35		
Significant changes to personnel management system	None		

Note 3: Length of service is calculated based on time of employment with NRA and formerly with PWD.

Physical Capital Measures	2008/9 Actual \$	2008/9 Budget \$	Annual Variance \$
Value of total assets	8,200,033	3,436,980	4,763,053
Asset replacements: total assets	N/A	N/A	
Book value of depreciated assets: initial cost of those assets	0.57	0.18	0.39
Depreciation: Cash flow on asset purchases	0.90		
Changes to asset management policies	None		

Value of Total assets: The variance in total assets was primarily attributed to the increase in cash and cash equivalents; decrease in accounts receivable; and decrease in property, plant, and equipment as explained under the heading Financial Performance.

Major Capital Expenditure Projects	2008/9 Actual \$	2008/9 Budget \$	Annual Variance \$
	Nil	Nil	Nil

## Risk Management

Key risks	Status of Risk	Actions taken during 2008/9 to Manage risk	Financial Value of risk
Work related injuries to persons	Reduced - ongoing	Training and implementation of safety standards for heavy equipment machinery and workforce personnel.	Unquantifiable
Drivers of vehicles and heavy equipment	Reduced - ongoing	Driver-training courses attended by operators in operation of vehicle to reduce operational misuse of the vehicle.	Unquantifiable

## d) Summarised Financial Statements

A full set of financial statements for The National Roads Authority is provided in the Appendix to this Ownership Agreement.

A summary of those is as follows.

Operating Statement	2008/9 Actual \$	2008/9 Budget \$	Annual Variance \$
Revenue	20,217,850	10,730,375	9,487,475
Operating Expenses	21,801,772	10,730,375	(11,071,397)
Net Deficit	1,583,922	NIL	(1,583,922)

Balance Sheet	2008/9 Actual \$	2008/9 Budget \$	Annual Variance \$
Assets	8,200,033	9,885,538	1,685,505
Liabilities	3,337,124	2,380,639	956,485
Net Worth	4,862,909	7,504,899	2,641,990

Statement of Cash Flows	2008/9 Actual \$	2008/9 Budget \$	Annual Variance \$
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Net cash flows from operating activities	(941,817)	0	(941,817)
Net cash flows from investing activities	(733,288)	(896,400)	(163,112)
Net cash flows from financing activities	138,932	896,400	757,468

### e) Equity Investments

Transaction	2008/9 Actual \$	2008/9 Budget \$	Annual Variance \$
El 8: Equity Investments into National Roads Authority	138,932	150,000	11,068

The equity injection for the purchase of new equipment was cut from the budget, save for the few items we purchased in December 2008 and January 2009 which included: a CAT Roller, an Ingersoll Rand Compressor, two Bush Hogs, a New Holland Tractor, and two Suncoast Trailers.

### f) Capital Withdrawals

Transaction	2008/9 Actual \$	2008/9 Budget \$	Annual Variance \$
Capital Withdrawals from National Roads Authority.	Nil	Nil	

### g) Dividends or Profit Distributions

Transaction	2008/9 Actual \$	2008/9 Budget \$	Annual Variance \$
Dividend or Profit Distributions to be made by National Roads Authority.	Nil	Nil	

### h) Loans

Transaction	2008/9 Actual \$	2008/9 Budget \$	Annual Variance \$
Government Loans to be made to National Roads Authority.	Nil	Nil	

### i) Guarantees

Transaction	2008/9 Actual \$	2008/9 Budget \$	Annual Variance \$
Government Guarantees to be issued in relation to National Roads Authority.	Nil	Nil	



**j) 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).

Transaction	2008/9 Actual \$	2008/9 Budget \$	Annual Variance \$
Related Party Payments (Non Remuneration) made to Key Management Personnel	Nil	Nil	-
Remuneration Payments made to Key Management Personnel	694,158	707,166	13,008
Remuneration Payments made to Senior Management	676,908	668,766	8,142
No of Key Management Personnel	17	17	0
No of Senior Management	7	7	0

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

Senior management posts include: Managing Director, Deputy Managing Director, Assistant Director Finance and Administration, Assistant Director Engineering and Operations, Assistant Director Transportation Planning, Human Resource Manager, and the Senior Engineer Special Projects.

## **Appendix: Financial Statements for the Year Ended 30 June 2009**

### **NATIONAL ROADS AUTHORITY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

#### **STATEMENT OF RESPONSIBILITY FOR 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, (2005 Revision)*. The financial statements comply with generally accepted accounting practice as defined in International Public Sector Accounting Standards and International Financial Reporting Standards.

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, (2005 Revision)*.

To the best of my knowledge the statements are:

- (a) complete and reliable;
- (b) fairly reflect the financial position as at 30 June 2009 and performance for the financial year ended 30 June 2009; and
- (c) comply with generally accepted accounting practice



Mr. Colford Scott  
Chairman  
National Roads Authority

Date: 21 December 2009.



Mr. Brian Tomlinson  
Managing Director  
National Roads Authority

Date: 21 December 2009.



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## **Auditor General's Report**

### **To the Board of Directors of the National Road Authority of the Cayman Islands**

I have audited the accompanying financial statements of the National Road Authority of the Cayman Islands, which comprise of the statement of financial position as at 30 June 2009, the statement of comprehensive income and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes in pages 4 to 17 in accordance with the provisions of Section 17(1) of the *National Road Authority Law (2006 Revision)*, and Section 60(a) of the *Public Management and Finance Law (2005 Revision)*.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on our 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 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 upon 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.

As disclosed in Note 10 of the financial statements, pension contributions for eligible employees of the Authority are paid to the Public Services Pension Fund which is administered by the Public Service Pensions Board. Prior to 1 January 2000, the scheme underlying the Fund was a defined benefit scheme. With effect from 1 January 2000, the Fund has both a defined benefit and a defined contribution element. In March 2005, the Honourable Financial Secretary of the Cayman Islands instructed the Authority to recognize its own portion of the past service pension liability from the date of incorporation. The Authority, however, is not able to quantify the liability as at 30 June 2009 as an actuarial valuation has not been completed for this date. As a result, I was unable to determine if the amount of \$249,000 that the Authority has established as a past service pension liability in these financial statements is fairly stated.

**Opinion**

In my opinion, except for the possible effects of the adjustments necessary for recording the past service pension liability, these financial statements present fairly, in all material respects, the financial position of the National Road Authority of the Cayman Islands as at 30 June 2009, and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



Dan Duguay, MBA, FCGA  
Auditor General

Cayman Islands  
21 December 2009

**National Roads Authority  
Statement of Financial Position  
As At 30 June 2009  
(in Cayman Islands dollars)**

<b>CURRENT ASSETS</b>		<b>2009</b>	<b>2008</b>
	<b>NOTES</b>		
Cash and cash equivalents	<b>2b, 3</b>	\$3,410,264	\$4,946,437
Accounts receivable and prepaid expenses	<b>2e, 2f, 4</b>	2,019,983	2,561,510
Inventory	<b>2g</b>	187,402	187,754
<b>Total current assets</b>		<b>\$5,617,649</b>	<b>\$7,695,701</b>
<b>FIXED ASSETS</b>			
Property, plant & equipment	<b>2d, 5</b>	\$2,582,384	\$2,503,129
<b>TOTAL ASSETS</b>		<b>\$8,200,033</b>	<b>\$10,198,830</b>
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued liabilities	<b>2h, 6</b>	2,905,574	3,575,574
Pension liability	<b>10</b>	249,000	139,000
Employee entitlements	<b>2i, 7</b>	182,550	176,357
<b>Total Current Liabilities</b>		<b>\$3,337,124</b>	<b>\$3,890,931</b>
<b>NET ASSETS</b>		<b>\$4,862,909</b>	<b>\$6,307,899</b>
<b>EQUITY</b>		<b>\$4,862,909</b>	<b>\$6,307,899</b>

Approved on behalf of the Board on the 21st of December 2009

  
Mr. Colford Scott  
Chairman

  
Mr. Brian Tomlinson  
Managing Director

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

**National Roads Authority  
Statement of Comprehensive Income  
For the Year Ended 30 June 2009  
(in Cayman Islands dollars)**

	<u>Notes</u>	<b>2009</b>	<b>2008</b>
<b>SALES</b>		\$ 20,191,229	\$ 23,932,022
<b>COST OF SALES</b>			
Materials		6,054,211	10,324,236
Labour		3,517,771	3,358,015
Contractors		4,708,726	3,008,862
Equipment rentals		31,447	694,988
	<b>15</b>	<u>\$ 14,312,155</u>	<u>\$ 17,386,101</u>
<b>GROSS OPERATING SURPLUS</b>		<u>\$ 5,879,074</u>	<u>\$6,545,921</u>
<b>OTHER INCOME</b>		<u>\$ 26,621</u>	<u>\$94,231</u>
		<u>\$ 5,905,695</u>	<u>\$ 6,640,152</u>
<b>ADMINISTRATION EXPENSES</b>			
Salaries and Benefits	<b>9, 15</b>	3,384,055	2,769,849
Motor vehicle expenses (including insurance)		1,078,399	1,130,941
Utilities		1,018,245	911,767
Depreciation	<b>5</b>	655,433	459,948
Professional fees		666,560	137,361
Computer maintenance and fees		131,464	116,831
Office rental		146,050	70,416
Past service pension	<b>10</b>	110,000	-
Supplies		76,084	57,161
Building maintenance		81,730	75,780
Telephone		92,886	42,019
Advertising and promotion		11,248	38,959
Insurance		21,416	14,172
Travel and subsistence		12,815	13,986
Bank fees		3,232	832
		<u>\$ 7,489,617</u>	<u>\$ 5,840,022</u>
<b>NET (LOSS)/INCOME FOR YEAR</b>		<u>\$ (1,583,922)</u>	<u>\$800,130</u>

The accompanying notes form an integral part of these financial statements

**National Roads Authority  
Statement of Changes in Equity  
For the year ended 30 June 2009  
(in Cayman Islands dollars)**

	Retained Earnings	Contributed Capital	Total
<b>BALANCE AT 1 JULY 2008</b>	<b>\$1,905,296</b>	<b>\$4,402,603</b>	<b>\$6,307,899</b>
Net /(Deficit)/Surplus	( 1,583,922)		(1,583,922)
Equity investment from Cabinet		138,932	138,932
<b>BALANCE AT 30 JUNE 2009</b>	<b>\$ 321,374</b>	<b>\$4,541,535</b>	<b>\$4,862,909</b>

The accompanying notes form an integral part of these financial statements



**National Roads Authority  
Statement of Cash Flows  
For the Year Ended 30 June 2009  
(in Cayman Islands Dollars)**

	<u>Notes</u>	<b>2009</b>	<b>2008</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net (Loss)/Income		\$(1,583,922)	\$800,130
Adjustments for non- cash transactions:			
Gain on sale of property, plant & equipment		(1,400)	-
Depreciation	<b>5</b>	655,433	459,948
		(929,889)	1,260,078
Net change in working capital			
Decrease/ (Increase) in accounts receivable		541,527	(227,640)
Decrease in inventory		352	153,063
(Decrease)/Increase in accounts payable and accrued liabilities		(553,806)	211,844
<b>Net Cash (Used)/Provided by Operating Activities</b>		<b>(941,817)</b>	<b>1,397,345</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets	<b>5</b>	(734,788)	(766,451)
Proceeds from sale of property, plant & equipment		1,500	-
<b>Net Cash Used by Investing Activities</b>		<b>(733,288)</b>	<b>(766,451)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Contributed capital from Government	<b>8</b>	138,932	474,500
<b>Net Cash Provided by Financing Activities</b>		<b>138,932</b>	<b>474,500</b>
Net (Decrease)/Increase in Cash and Cash Equivalents		(1,536,173)	1,105,394
Cash and cash equivalents - beginning of the Year		4,946,437	3,841,043
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>3</b>	<b>\$3,410,264</b>	<b>\$4,946,437</b>

The accompanying notes form an integral part of these financial statements



**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 Communication, Works and Infrastructure of the Cayman Islands Government.

The NRA was 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 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.

As at 30 June 2009, the NRA had 132 employees (2008: 130 employees). The NRA is located at 342B Dorcy Drive, P.O. Box 10426, Grand Cayman KY1-1004, Cayman Islands.

**2. Significant Accounting Policies**

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:

*(a) Basis of preparation*

- i. The financial statements of the NRA are presented in Cayman Island’s dollars and are prepared on the accrual basis under the historical cost convention.
- ii. IAS 1 (Revised), presentation of Financial Statements and IAS 1 (Amendment), Presentation of Financial Statements (effective for periods beginning on or after 1 January 2009). IAS 1 now requires recognised income and expenses to be presented in a single statement (a statement of comprehensive income) separately from owner changes in equity. The Balance sheet will be referred to as the ‘statement of financial position’ and the cash flow statement is referred to as the ‘statement of Cash flow’. NRA made a decision to implement early adoption of the changes to IAS 1 (Revised) in these financial statements.

*(b) Cash & cash equivalents*

These comprise cash in bank and short term investments with an original maturity 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 statement of 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.

*(d) Fixed assets/depreciation*

Fixed assets including motor vehicles, heavy equipment, dump trucks, furniture and fixtures and computer hardware and software are stated at historical cost less accumulated depreciation and impairment losses.

Depreciation is calculated on a straight-line basis at annual rates estimated to allocate the value of each asset over the period of its expected useful life.

**2. Significant Accounting Policies (continued)**

Annual depreciation rates are as follows:

Vehicles and Heavy Equipments	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 impairment

*(f) Allowance for bad debts*

The allowance for bad debts is estimate of what management believes will be adequate to cover any future 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. Cost is determine on an average cost 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.

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 balance sheet 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 Income Statement so as to spread the regular cost over the service lives of employees in accordance with advise 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 income statement as incurred. (See also Note 10).

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.

**2. Significant Accounting Policies (continued)**

*(j) Revenue recognition*

Revenue sales is recognised when services are rendered by the authority. (see also Related Party Note 11). 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 goods are received and/or services are rendered.

*(l) Use of estimates*

The preparation of Financial Statements, in conformity with International Financial Reporting Standards, requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities and disclose contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Actual results could differ from those estimates.

*(m) 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 payables and employee entitlements.

*(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 expires.

*(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.

**3. Cash & Cash Equivalents**

	<b>2009</b>	<b>2008</b>
Bank accounts	\$2,022,726	\$2,584,120
Term deposits	1,387,538	2,362,317
<b>Total Cash &amp; Cash Equivalents</b>	<b>\$3,410,264</b>	<b>\$4,946,437</b>

**4. Accounts Receivable & Prepaid Expenses**

	<b>2009</b>	<b>2008</b>
Sales to Cabinet	\$1,813,457	\$1,960,175
Sales to other government entities	143,199	267,610
Others	58,977	329,740
Staff loans	4,350	3,985
<b>Total Accounts Receivable &amp; Prepaid expenses</b>	<b>\$2,019,983</b>	<b>\$2,561,510</b>

**5. Fixed Assets**

	<b>Vehicles and Heavy Equipments</b>	<b>Furniture and Fixtures and Office Equipment</b>	<b>IT Equipment</b>	<b>Other Plant and Equipment</b>	<b>Leasehold Improvement</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$
<b>Cost</b>						
Opening Balance	2,974,445	43,160	168,788	693,556	-	3,879,949
Additions	57,207	94,112	106,279	289,422	187,769	734,788
Disposals	(21,600)	-	-	-	-	(21,600)
Balance at 30 June 2009	3,010,052	137,272	275,067	982,978	187,769	4,593,137
<b>Accumulated Depreciation</b>						
Opening Balance	1,111,051	9,151	120,778	135,840	-	1,376,820
Depreciation expenses	339,254	54,306	64,867	103,122	93,884	655,433
Disposals	(21,500)	-	-	-	-	(21,500)
Balance at 30 June 2009	1,428,805	63,457	185,645	238,962	93,884	2,010,753
<b>Net Book Value At 30 June 2009</b>	<b>\$1,581,247</b>	<b>\$73,815</b>	<b>\$89,422</b>	<b>\$744,015</b>	<b>\$93,884</b>	<b>\$2,582,384</b>
<b>Net Book Value At 30 June 2008</b>	<b>\$1,863,394</b>	<b>\$34,009</b>	<b>\$48,010</b>	<b>\$557,716</b>	<b>\$-</b>	<b>\$2,503,129</b>

**6. Accounts Payable and Accrued Liabilities**

	<b>2009</b>	<b>2008</b>
Trade creditors	\$2,864,504	\$3,533,574
Accrued liabilities	41,070	42,000
<b>Total Accounts Payable and Accrued Liabilities</b>	<b>\$2,905,574</b>	<b>\$3,575,574</b>

**7. Employee Entitlements**

	<b>2009</b>	<b>2008</b>
Accrued Vacation Leave	\$182,550	\$176,357

**8. Contributed Capital**

During the year the Authority received equity injection of \$138,932 (2008: \$474,500).

**9. Salaries and Benefits**

	<b>2009</b>	<b>2008</b> ( Restated)
Salaries and wages	\$2,091,372	\$1,947,724
Pension expenses	208,726	285,352
Health Insurance	888,832	587,798
Vacation due	6,192	(123,187)
Other personnel costs	188,934	172,161
<b>Total Salaries and benefits</b>	<b>\$3,384,056</b>	<b>\$2,869,848</b>

**10. Pensions**

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 benefits scheme. 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.

Using the projected unit credit method of measuring costs and obligations, the actuarial assessment for the Authority assessed the minimum normal annual contribution to be 12 % in for the year fiscal year 2008-09 (2007-08: 12%).

The Plans are funded at rates of: -

		<b>2009</b>	<b>2008</b>
Defined Contribution Plans	- Employer	6%	6%
	- Employee	6%	6%
Defined Benefit Plans	- Employer	6%	6%
	- Employee	6%	6%

The pension plan has been accounted for under paragraphs 44-46 of International Accounting Standard 19 as if it were a defined contribution plan, as sufficient information is not available on the Fund to fully use defined benefit accounting. The Fund has been valued by the Actuary 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 total amount recognised as a pension expense in personnel costs for the year ending 30 June 2009 was \$540,739 (30 June 2008: \$441,965). The Authority paid both the employee and employers contributions. The actual amount of pension expense relating to the defined benefits for staff should also include the effect of the changes in the actuarial determined liability. However, since such information is not yet available from the actuary of the PSPB, management is unable to determine the impact on the recorded expense for the years ended 30 June 2008 and 2009.

**10. Pensions (continued)**

The Authority recognises the unfunded past service liability as a liability on its financial statements once the actuarial valuation is completed and the actual liability since 1990 (date of establishment) is determined.

The most recent actuarial valuations was conducted as at 30 June 2008 (dated July 17, 2009) and 30 June 2007 (dated November 21, 2008 which identified the Authority's unfunded past service pension liability as at that date and the profit and loss charges associated with the plan participation for the financial year then ended.

The actuarial position for the following year ends are as follows:

	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Fair value of plan assets	585	458	268	187
Net present value of funded obligation, beginning of year	542	460	539	315
Defined benefit liability	43	(2)	(171)	(128)
Unrecognised actuarial net losses	(292)	(237)	32	32
Net liability, end of year	(249)	(239)	(139)	(96)

Past service pension liability valuations for the periods ending 30 June 2007 and 30 June 2008, in the amounts of \$10,000 and \$100,000 respectively, were made available to the Authority during the current period. The Authority recognized the adjustments in the current period. No valuations were done as at 30 June 2009 and thus the amount recognized as a past service pension liability on the statement of financial position is \$249,000, which reflects the actuarial position as at 30 June 2008.

**10. Pensions (continued)**

The movement in the present value of the funded obligation was as follows:

	<b>30 June 2008 \$000</b>	<b>30 June 2007 \$000</b>	<b>30 June 2006 \$000</b>	<b>30 June 2005 \$000</b>
Defined benefit obligation, beginning of year	460	539	315	-
Current service cost	115	205	215	143
Interest cost	29	34	16	(1)
Plan participant contributions	98	92	82	85
Net actuarial (gain)/loss on obligations	(149)	(266)	(59)	88
Transfers between other participating entities	(11)	(144)	(30)	-
Defined benefit obligation, end of year	<u>542</u>	<u>460</u>	<u>539</u>	<u>315</u>

The movement in the fair value of the plan assets during the year was as follows:

	<b>30 June 2008 \$000</b>	<b>30 June 2007 \$000</b>	<b>30 June 2006 \$000</b>	<b>30 June 2005 \$000</b>
At the beginning of year	458	368	187	-
Employer and participant contributions	194	198	190	184
Expected return on assets net of expense	38	33	19	11
Actuarial gain/(loss) on plan assets	(94)	21	2	(8)
Transfers between other participating Entities	(11)	(144)	(30)	-
Other: Impact of restatement of beginning of year assets	-	(18)	-	-
At the end of year	<u>585</u>	<u>458</u>	<u>368</u>	<u>187</u>



**10. Pensions (continued)**

Reconciliation showing movement of past service liability(PSL) during the period:

	<b>\$000</b>
Balance as at 30 June 2006	139
Plus: Reconciliation of PSL 2007	100
Plus: Reconciliation of PSL 2008	<u>10</u>
Balance as at 30 June 2009	<u><u>249</u></u>

Actuarial determination of pension expense as at:

	<b>30 June 2009 \$000</b>	<b>30 June 2008 \$000</b>	<b>30 June 2007 \$000</b>	<b>30 June 2006 \$000</b>
Current service cost, net of employee contributions	89	115	205	215
Interest cost	37	29	34	16
Expected return on assets	(46)	(38)	(33)	(19)
Recognition of net loss	-	-	-	3
Pension Expense	<u><u>80</u></u>	<u><u>106</u></u>	<u><u>206</u></u>	<u><u>215</u></u>

The Distribution of the Plan Assets based on the share of the total Fund allocated to the Authority was as follows:

	<b>30 June 2008</b>	<b>30 June 2007</b>	<b>30 June 2006</b>	<b>30 June 2005</b>
Global Equities	46.50%	59.20%	58.70%	47.80%
Bonds	43.00%	33.90%	37.00%	37.90%
Other - Long-term Deposit/Cash	6.00%	6.90%	4.30%	14.30%
Property	4.50%	0.00%	0.00%	0.00%

The principal Actuarial Assumptions at the date of valuation:

A. Cost Method - Projected Unit Credit

B. Economic Assumptions used to determine the net Benefit Obligations as at:

**10. Pensions (continued)**

	<b>30 June 2008</b>	<b>30 June 2007</b>	<b>30 June 2006</b>	<b>30 June 2005</b>
Discount Rate	6.75%	6.25%	6.25%	5.25%
Expected long-term rate of return (net of Expense)	7.00%	7.00%	7.00%	7.00%
Salary Increase	4.00%	4.00%	4.00%	4.00%
Future Pension Increases	2.50%	2.50%	2.50%	2.50%
Inflation Rate	2.50%	2.50%	2.50%	2.50%
Expected remaining working lives (years)	14.09	14.09	14.14	15.14

C. Other Assumptions –

1. Mortality – Standard U.S. mortality rates
2. Retirement Age – completion of age 57 and 10 years of service

D. Asset Valuation –Fair (Market) Value

**11. Related Party Transactions**

The Authority provided outputs to the Government relating to the development and maintenance of the public roads within the Cayman Islands which amounts to \$8.8 million under the Purchase Agreement (2008: \$5m). 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.

	<b>2009</b>	<b>2008</b>
Sales of Services to Cabinet	\$19,086,117	\$23,226,620
Sales of Services to other government agencies	149,464	705,402
Sales of Services to third parties	955,648	-
	<u>\$ 20,191,229</u>	<u>\$ 23,932,022</u>

During this year the Authority also delivered Capital Expenditure Projects of \$10,118,517 (2008: \$18,261,620) to the Government for the construction of roads under the Ownership Agreement.

Upon creation of the Authority on 1 July 2004, no movable properties were vested to the Authority even up to 30 June 2009. 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 2009, the Authority owes PWD the amount of \$341,030 (2008: \$368,869) 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 \$776,792 (2008: \$551,331).

**12. Contingencies**

Under section 28(1) of the *NRA Law* an annual payment to the core government may be due.

**13. 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.

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 for 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 2009 was \$25k (2008: \$74k)

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 2009, no provision for doubtful debts has been made as none of these assets are impaired and management consider these amounts owing to be recoverable in full (2008: 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 2009 and 2008, all of the financial liabilities were due within one month of the balance sheet dates.

**14. Financial Instruments - Fair Values**

As at 30 June 2009 and 2008, 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 determined 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.

**15. Comparative Figures**

Certain comparative figures have been reclassified to conform to the current year's presentation.