



2025

Annual Report for National Roads Authority



For the 2025 Financial Year
(Jan 1, 2025 to Dec 31, 2025)



National Roads Authority

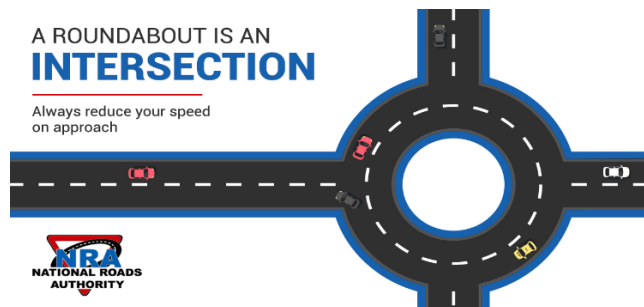
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Section 1 – Foreword

This annual report is for the National Roads Authority of the Cayman Islands ('The NRA'). The report outlines the NRA's performance during the **2025** 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 Act (2020 Revision) (PMFA) Section 52 states:

In respect of each financial year, each statutory authority or government company shall within two months after the end of each financial year:

- a) prepare an annual report for the year, and*
- b) submit the report to the Auditor General for review.*

An **annual report** shall:

- a) state details of the entity's activities during the year
- b) summarize the extent to which the ownership performance targets under the relevant ownership agreement were achieved during the year;
- c) include the amount of the following during the year:
 - (i) Cabinet equity investments into the entity,
 - (ii) Cabinet capital withdrawals from the entity,
 - (iii) Cabinet loans to the entity, and
 - (iv) The entity's dividends or profit distributions.
- d) Include details of any Cabinet guarantees relating to the entity made during the year;

- e) Include details of any Cabinet guarantees relating to entity made during the year;
- f) Compare the actual performance shown by the financial statements with the performance proposed in the relevant ownership agreement.

Financial statements shall be prepared on a basis consistent with the forecast financial statements in the relevant ownership agreement

This annual report complies with the requirements of the PMFA and covers service delivery, financial performance, and governance.

The service delivery section outlines the contributions made by the NRA in furtherance of the Government's strategic policy 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 2025 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.



Message from the Minister

The NRA plays an integral role in this administration's goal to build modern smart infrastructure. In my role as Minister of Infrastructure with direct oversight of the NRA, I have been blessed to work with a highly committed Board and management who have achieved significant milestones in the enhancement of the public road network. I am especially proud of the progress made this year with the upgrades of the CUC Roundabout and Edgewater Link. I am especially grateful to the NRA team for the successful completion of the East-West Arterial Environmental Impact Assessment.

I am therefore pleased to present this 2025 annual report which outlines the Authority's achievements during the year; and provides an account for its use of public funds.

Infrastructure investments that facilitate trade and interconnectivity are key components of a thriving economy; indeed, the role of the road network as the backbone of commerce is more evident in the Cayman Islands than in many other countries.

Our roads connect our children to schools; workers to their jobs; and efficiently move goods and services across the Island. It facilitates our power, water, and telecommunication infrastructures while providing hundreds of jobs through its continual maintenance and expansion.

Through road infrastructure investment, opportunities are created for new communities, economic development, a more efficient workforce and a greater



sense of well-being among the Islands' population. The road network is the single largest, and most valuable man-made asset owned by the people of the Cayman Islands.

It therefore gives me great comfort to have a team of highly skilled, committed, and capable individuals at the helm managing this important asset and delivering this important work.

Through our policy framework, the Government will continue to support the creation of modern, smart infrastructure as a key to future growth and prosperity.

Yours sincerely,

Hon. Johany (Jay) Ebanks, MP

Minister for Planning, Agriculture, Housing
& Infrastructure

Message from the Chairman

This annual report outlines the NRA's performance in 2025 in relation to the required outputs highlighted in the Ownership Agreement with Cabinet. The Board's main focus during the period was to ensure stability, focus, and direction as the organization delivered on its legislative mandate while supporting the Government's policy outcome goals.

I am particularly proud to be chairman of the Board during such a time when transformational roadway developments are taking place. Not only are there major lane capacity upgrades like those on Linford Pierson Highway and by Grand Harbour but there is active engagement in the planning and environmental stages of the proposed East-West Arterial (Newlands to Frank Sound Road).

The Board firmly endorses a proactive strategy for the management of the road network. The development of a 3-year road development programme stipulated by the NRA Act ensures that the NRA makes sound strategic planning and investments in projects that will ensure sustainable development in these islands for decades to come.

Another area that the Board is intently focused on is the maintenance programme for the road network. As we build more roads we inevitably have more to maintain. The Board is elated that the NRA already has a fully developed pavement management system that catalogues and forecasts future maintenance requirements both time-wise and budget-wise. The pavement management system is most effective in



helping Government to reduce future road maintenance costs by proactively forecasting repair needs and recommending repair strategies or countermeasures for key sections of the network before they reach the point of critical failure.

The Board is grateful to our private sector partners and to the management and staff of the NRA for the excellent work carried out in 2025 which made possible the achievements highlighted in this report.

We would also like to recognize the support of the Government in providing the policy framework and resources necessary to do our work. The Board remains committed to the continued development of the NRA, and reaffirm its support for the organization and its efforts to deliver the best transportation infrastructure to the people of the Cayman Islands.

Richard (Lonny) Parchment
Chairman, NRA Board of Directors

Message from the Managing Director

I am pleased to present the National Roads Authority (NRA) Annual Report 2025.

This report highlights the NRA's accomplishments via the NRA Act (2024 Revision) and the goals and priorities set by the Board and Cabinet via the Ownership Agreement.

Roads contribute greatly to the economic stability of the country by providing both access and mobility options. In short, roads allow the movement of people, goods and services.

NRA's continued success in this endeavor is largely dependent on the Authority being adequately funded both in the area of new capital development projects (via Cabinet) but also in the area of recurrent revenue (via the Road Fund).

The pace of land development and the growth in vehicles now have the Island at a critical decision phase; there has never been a more critical time than now for the Government to develop a sustainable, long-range ground transportation plan that offers multi-pronged solutions to the ground transportation needs of this country for decades to come.

In response to the high rate of serious and fatal collisions, the NRA and the Government have made road safety a top priority. By leveraging our partnership with the International Road Federation (IRF) and deepening our engagement with public and private stakeholders, we continue to champion the "Five E's" strategy of Road Safety: **Engineering, Education, Enforcement, Emergency Response, and Evaluation**. Throughout 2025, we further expanded this mission through active



collaboration with the National Road Safety Committee.

We remain intently focused on delivering roadway solutions that promote a long-term multimodal corridor strategy. As Cayman develops livability and sustainability principles become engraved with management and operation practices. The newly proposed East-West Arterial represents a prime example of our vision of multi-modal corridor strategy. This corridor incorporates an interconnected system of projects that can be implemented incrementally – project-by-project, over time, as funding is available. Collector roads and local streets serviced by the main corridor can be built by developers as new developments occur, or as part of NRA's future roads plan. The East-West Corridor is being designed to feature individual projects such as motor vehicle lanes, a segregated bus rapid transit facility, segregated micro-mobility lanes, and integrated solar array platforms.

I wish to thank the Board and Minister for the continued confidence entrusted in me to lead the Authority during this fiscal year and into the foreseeable future.

Edward Howard Jr.
Managing Director

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, design, construction, and maintenance of public roads. In addition, the NRA has several specific functions under Section 5 of the National Roads Authority Act 2024, including:

- Provision of street lighting.
- Maintaining and updating a list of public roads.
- 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 concerning 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 stormwater 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 roads, in partnership with our Board of Directors, our Ministry, 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

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 scope of activities specified in the Ownership Agreement for the year.



2025 Significant Events

- The final East-West Arterial environmental impact assessment (EIA) including the Environmental Statement & Environmental Management Plan was completed in early January 2025 followed by final public presentations of the EIA in late January 2025.
- A new Deputy Managing Director of Operations joined the NRA in September 2025
- Substantial completion was had on the Frank Sound/Seaview Road intersection and Savannah Oval/Bus Park in Q2025

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 2025 financial year as stated in the Ownership Agreement were as follows:

1. Continue the 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

The NRA complied with the above approved strategic goals and objectives as summarised below. Total revenue for FY2025 budget cycle (Jan 1, 2025, to Dec 1, 2025) was \$35.6M with NRA operating expenses accounting for \$12.5M.

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

The NRA Management team supported by the Board continue to strive for betterment in the areas of administrative, financial and management information systems.

Sound administration is important as it functions as a connecting link between the senior management and the employees. To that end the NRA continues to strive to provide adequate administrative staffing levels along with the tools and techniques required to ensure that the administrative arm of the Authority can carry out its role in achieving a high level of workplace productivity and efficiency.

The NRA in 2025 continued steady progress on key capital road improvement projects as well as routine maintenance and rehabilitation of local access roads. Capital road improvement highlights included 1) Completion of the six-lane expansion of the Linford Pierson Highway, 2) Continued redevelopment of the CUC Roundabout and expanded link road to Grand Harbour North, and 3) Development of Segment 1 of the East-West Arterial which includes a 1.5-mile crescent linking Hirst Road and Agricola Drive.

NRA completed major upgrades to the intersection of Frank Sound Road and Seaview Road, and also assisted various other Government agencies with special projects such as 1) The Kaibo Beach Restoration Project, 2) NHDT affordable housing in Northside, 3) Scranton Community Park, 4) George Town Revitalization Project, and others.

The NRA was able to complete approximately \$1.4M in upgrades to local access roads across Grand Cayman under its district roads programme. An additional \$3.9M was spent on hot-mixed asphalt pavement rehabilitation of major sections of the primary road network including Austin Conolly Drive, Frank Sound Road, Shamrock Road in Lower Valley, and Shedden Road.

In addition to this, the NRA's routine operations costs included approximately \$600K on new drain well installations across the Island, \$1.2M on streetlighting, and approximately \$460K on safety countermeasures such as guardrails, crosswalks, speed humps, etc. The East-West Arterial continued to be a major focus for the NRA and Government. Milestones for this project include:

- Completion of the EIA's Environmental Statement (ES) and Environmental Management Plan (EMP) in February 2025. The ES document qualitatively and quantitatively evaluates the effects of the selected road alignment on the natural and social environment. The EMP document establishes the guidance for avoidance, minimization, and mitigation to be used in the detailed design, construction and operation of the project.
- A series of public presentations on the final EIA document were held in January 2025. This included a report on final route selection, summary of social and environmental impacts, key mitigation considerations, and various cost alternatives.
- Interim opening of a 1.5-mile collector that links Hirst Road to Agricola Drive allowing motorists to bypass the Savannah "Tall-Tree" area.

Road safety continues to be at the forefront of NRA's strategic goals. In 2025 work continued in earnest on the National Road Safety Strategy (NRSS), a multi-agency effort aimed at reducing the number of people killed and seriously injured on Cayman's roads. Special emphasis was paid to reducing the risk of road fatalities through the implementation of engineering countermeasures such as additional safety guardrails, widening of roadside shoulders, increased roadway lighting, enhanced line markings, and removal of hazard roadside objects and encroachments.

On the human resources side, the NRA hired a new Deputy Managing Director of Operations and added three new comprehensive workshops for select engineering and operations staff. The workshops involved week-long training on:

- 1) Roadside Barriers and Maintenance
- 2) Road Maintenance & Operations
- 3) Road Construction Projects Supervision



HUMAN RESOURCES

At December 31, 2025 NRA boasted a staff complement of 133 full time employees along with 6 temporary employees (< 1year) hired as and when needed throughout the year.

The NRA staffing complement is over 90% male and less than 10% female. Six percent of staff members are educated to a graduate level, a further six percent hold undergraduate degrees, and 87% are educated to a high school diploma level. Forty (40) percent of all full-time employees have been with the Authority for more than 10 years, with 26% having a tenure of 25 years or more. Average annual take home pay for NRA employees is approximately \$48,400. The average employee age is 42 years, and average tenure is 12 years. Approximately 43% of NRA personnel costs are attributed to healthcare (CINICO) and the average annual health care premium per employee in 2025 is approximately \$19,768.

Turnover Rates at sample ages:

Age	Males	Females
20-24	7.5%	12.5%
25-29	5.0%	12.5%
30-34	3.5%	7.5%
35-39	2.5%	4.5%
40-44	1.5%	2.5%
45-49	0.5%	0.5%
50+	0%	0%

Retirement rates:

Age	%
Below 55	0%
55-59	8%
60	15%
61-64	100%







Management Team Profile



Name: Edward Howard

Title: Managing Director

Qualifications: Bachelors in Civil Engineering - Howard University; Masters in Civil Engineering (Transportation) – University of Illinois Urbana Champaign; MBA (Corporate Finance) – University of Leicester, UK. More than twenty (25) years of educational experience and practical know-how in urban and regional planning, and transportation engineering.



Name: Nafeesa Rafeeq

Title: Deputy Managing Director – Operations

Qualifications: Diploma - Project Management – Institute of Commercial Management; BSc. Civil and Environmental Engineering – University of West Indies; Masters in Civil Engineering – University of The West Indies; MBA (Strategy & Competitiveness) – Heriot-Watt University, UK. Registered Engineer (Trinidad) with 15+ years public and private sector experience in project management, roads programme development and policies.



Name: Olsen Bush

Title: Chief Financial Officer

Qualifications: Masters in Business Administration- International Collage of the Cayman Islands

More than 30 years of financial experience in the private and public sectors.



Name: Shena Ebanks

Title: Chief Human Resources Officer

Qualifications: Master in Human Resource Management- University College of the Cayman Islands

Over 15 years of Human Resources experience, Shena holds the dual role of Chief HR and Office Manager.



Name: Brian Chin Yee

Title: Chief Engineering & Operations Officer

Qualifications: Bachelors in Electrical Engineering B.Sc. – Florida Institute of Technology University (1993 -1997)

20 years of engineering experience with PWD and NRA.



Name: Denis Thibeault

Title: Chief Planning & Transportation Officer

Qualifications: Bachelor of Environmental Studies in Urban & Regional Planning (Honors)- University of Waterloo

Over 33 years of experience in transportation and planning

Goal 2: 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, Agriculture, Housing and Infrastructure (PAH&I) will purchase the services of the Authority (called executive assets) as agreed upon in the Ownership Agreements. The service of the Authority is not only measured in terms of input cost but also in quantity, quality, timeliness and location.

Goal 3: Continue the Traffic Improvement and Roads Development Programme

The achievements in this area are highlighted in Section 3.3 which follows:

3.1 Transportation Planning Activities:

3.1.1 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) national roads plan. From the long term plan a short-term plan is developed; this short-term plan consists of road and roads improvements that are deemed as critical within 3 to 5 years.

3.1.2 Recurrent Activities – Some of the main activities of the transportation unit for FY2025 (covering the period of January 1, 2025, to December 31, 2025) were as follows:

- i. In addition to numerous meetings and correspondence 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 four-hundred and fourteen (414) planning applications during 2025.

- ii. The following table provides a breakdown by quarter for the current Fiscal Year:

Quarter	Month	Plan Reviews	SWM/ Drainage Plan Reviews	Inspections
1	January	22	10	9
	February	38	9	10
	March	35	6	5
Sub-Total		95	25	24
2	April	25	4	8
	May	38	8	6
	June	51	10	3
Sub-Total		114	22	17
3	July	46	11	8
	August	25	16	4
	September	13	11	18
Sub-Total		90	30	30
4	October	45	6	5
	November	26	6	3
	December	44	11	6
Sub-Total		115	23	14
Total		414	100	85



- iii. The following table provides a breakdown of the type of developments in 2025.

Development Type	Plan Reviews	SWM/ Drainage Plan Reviews	Inspections
Commercial	40	11	5
Government	17	5	1
Hotel	2	0	0
Industrial	12	4	7
Institutional	9	3	3
Residential	159	46	51
Subdivisions/ Road Base	103	22	16
Mixed-Used Development	10	7	1
Miscellaneous	62	2	1
Running Total	414	100	85

3.1.3 Road Gazette Plans (Roads Act 2005R) were either started and/or completed for the following:

- a) Gazette Scheme for Extension of LPH from Outpost Street to Olympic Way – Section 3 and 6 – January 2025;
- b) Gazette Scheme for Owen Roberts Drive Extension to North Sound Rd with Connector Shedden Road and Cargo Distribution Centre – January 2025;
- c) Proposed Gazette Scheme for Lizette Lane in West Bay – BP/PCM – January 2025;
- d) BP653 for gazettal – Capt. Joe & Osbert widening - Modification for Plan to Include Cinder Lane – January 2025;
- e) Gazette for Planned Improvement to Intersection of Ebanks Road and Watercourse Road – March 2025;
- f) Gazette Plan for EWA Extension - from Woodland Drive to 1 mile east of Lookout Road Section 2 – April 2025;
- g) Gazette to Declare Peterson Rd a Public Road – August 2025;

- h) Gazette for Discontinuation and Vesting of a Portion of Macaw Drive near Block 32C Parcel 111 – August 2025;
- i) Gazette Scheme for Connecting Annie Coe Drive to Spectrum Drive – October 2025; and,
- j) Gazette Scheme for Access onto Block 14C Parcel 307 from ETH – October 2025.

3.1.4 Traffic Data Collection Programme

In 2025, the NRA resumed its traffic data collection program on Grand Cayman's roadways. A total of 109 traffic data collection surveys were carried out for the year. Typically, the traffic surveys were conducted for a duration of seven days. Seven Mile Beach Corridor, George Town and the eastern portion of the Bodden Town district.

The following table provides a breakdown of the number of traffic surveys carried out for the year by type of roadway facility

Roadway Facility	Tourism Season (September to May)	Summer Months (June to August)	Total
Primary Arterial	6	3	9
Secondary Arterial	19	39	58
Collector Roads	14	17	31
Access Roads	5	4	9
Commercial Development	0	2	2
Total	44	65	109

3.1.5 Strategic Communication and Public Engagement

NRA developed concise, consistent and objective-aligned press releases and media materials to reinforce our credibility and transparency. A templated approach enabled efficient dissemination of time-sensitive updates, while long-form releases provided depth for major announcements, project launches, leadership statements. In collaboration with our media partners these efforts strengthened public trusts and ensured the NRA's messaging remained consistent, authoritative and widely accessible across all media channels.

2025 Press Release Distribution

<u>Month</u>	<u>Releases Issued</u>
January	4
February	0
March	8
April	0
May	4
June	3
July	3
August	1
September	1
October	4
November	8
December	6
Total	42



Digital and Social Media Statistics

This NRA's digital presence continued to expand with strong audience growth, engagement and reach across key platforms.

Facebook: Driving Local Engagement and Visibility

- 2,823 followers (steady growth throughout the year)
- 4.3 million video views, demonstrating high community reach
- 1.37% click-through rate (above industry average), reflecting strong audience interest
- Highly local audience (primarily Cayman-based), with consistent engagement on roadwork updates, infrastructure projects, and community initiatives
- Top-performing posts generated significant interaction, reinforcing the NRA's role as a trusted source of information

Instagram: Strengthening Visual Storytelling & Community Connection

- 1,125 followers (17.9% year-on-year growth)
- 33.9K reach, with 1,434 interactions driven by consistent, high-quality content
- Core audience: Cayman-based (25–44 age group), with strong interest in road updates, infrastructure progress, and behind-the-scenes content
- Top-performing posts highlighted visual project updates and human-centric storytelling, deepening public connection to the NRA's work.

Video Content Highlights

Our most impactful video content included:

- New countermeasures on Spotts section of Shamrock Rd
- Proper use of lighted crosswalks (Pedestrian POV)
- NRA by the numbers – highlight of past 4 year achievements
- Proper use of lighted crosswalks (Driver POV)



3.1.6 IRAP Assessment

NRA collaborated with the International Roads Assessment Program (IRAP) for a revised safety evaluation of the Cayman Islands road network. This IRAP safety audit builds upon an initial IRAP audit performed in 2014 by offering a more comprehensive and data-driven evaluation. The 2025 audit covered approximately 250 km of roads including the first-ever assessment of the Cayman Brac's road network. To ensure a rigorous and comparable analysis, the following methodology was applied:

Methodology: Ensuring Fair Comparison

1. Network Selection

- Focused on 205.6 km of roads assessed in both 2014 and 2025 (excluding Cayman Brac, which was evaluated only in 2025).
- Matched road sections with 99.8% accuracy (205.2 km in 2014 vs. 205.6 km in 2025), with minor discrepancies (0.4 km) due to refined start/end points.

2. Star Rating System

- Evaluated safety for four road user groups: vehicle occupants, motorcyclists, pedestrians, and cyclists.
- 3-Star or higher indicates good to better safety rating; Star rating of 2 or less signal areas requiring intervention.

Key Findings: Significant Improvements in Road Safety

The 2025 assessment reveals substantial progress in infrastructure safety, particularly in urban areas, where targeted upgrades have enhanced protection for all road users.

1. Vehicle Occupants

- 3-Star or better: 87.7% (2025) vs. 78.7% (2014) – a 9-percentage-point increase.
- 5-Star roads: Expanded from 11.0% to 14.0% of the network.

2. Motorcyclists

- 3-Star or better: 75.8% (2025) vs. 72.4% (2014) – modest but meaningful improvement.
- 4-Star roads: Grew from 15.0% to 28.0%, reflecting enhanced lane separation and signage.

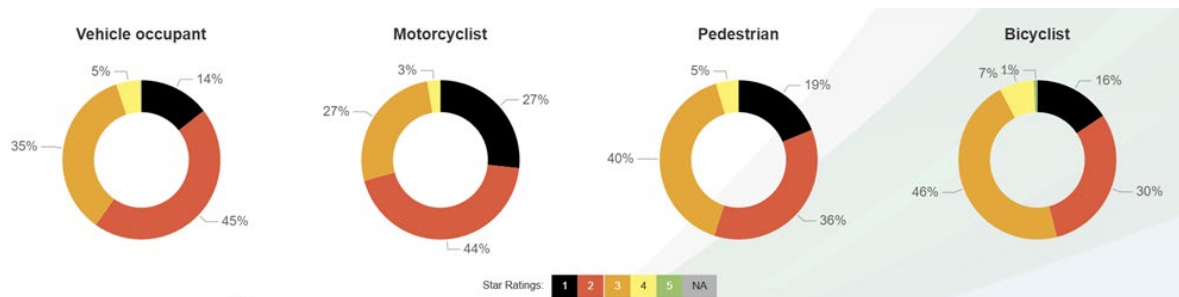
3. Pedestrians

- 3-Star or better: 81.8% (2025) vs. 50.1% (2014) – a 31.7-percentage-point surge, driven by sidewalk expansions, crosswalk upgrades, and traffic-calming measures.
- 5-Star pedestrian zones: Increased from 0.5% to 2.4% of the network.

4. Cyclists

- 3-Star or better: 88.8% (2025) vs. 74.8% (2014) – a 14-percentage-point rise, supported by dedicated bike lanes and improved road markings.
- 5-Star cycling routes: Expanded from 17.0% to 8.2% (note: shift reflects stricter safety criteria in 2025).

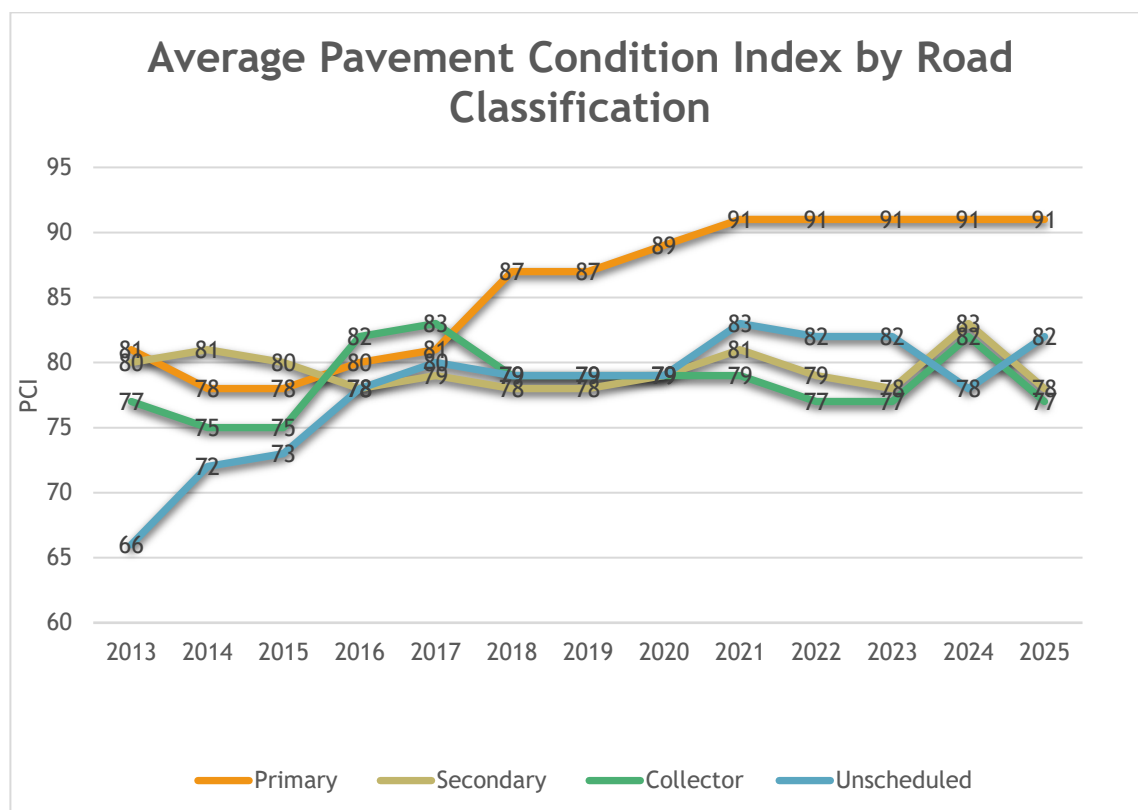
2025 Star Ratings



User	%
Vehicle Occupants	40
Motorcyclists	29
Pedestrians	45
Cyclists	54

3.2 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 most of the roadway traffic throughout the island and as such are prescribed a higher maintenance protocol.

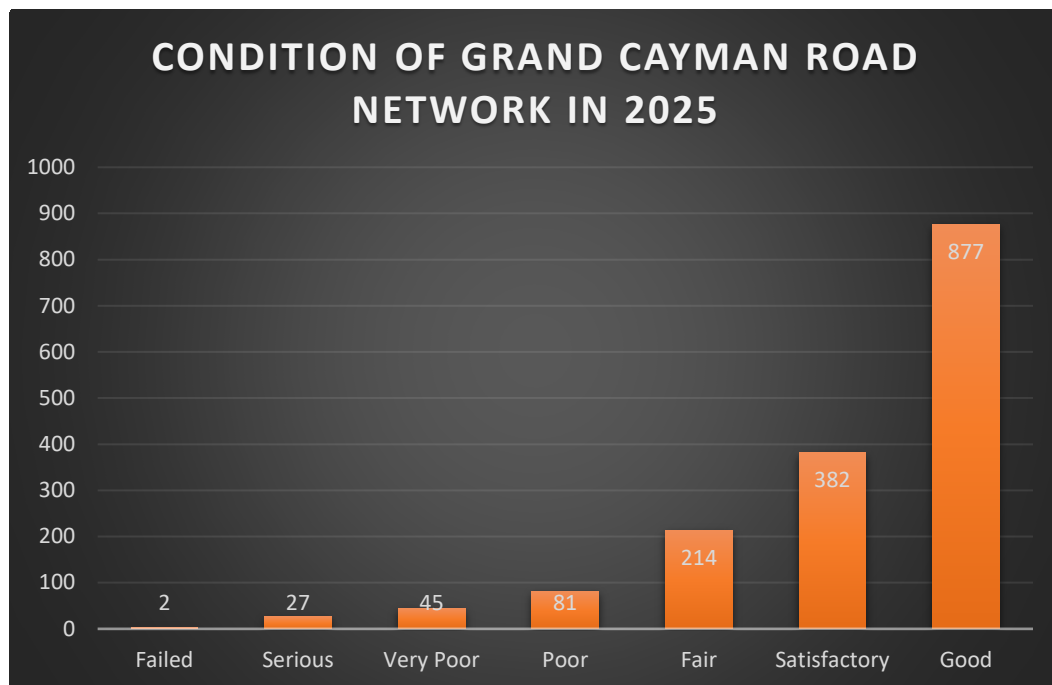


The above chart shows that at the end of FY 2025 pavement types on Grand Cayman are in primarily 'good' condition. The goal for primary and secondary pavements is that of an average PCI of no less than 80.

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 efforts on subdivision roads have been effective in raising the average PCI level of these roads from fair to good. The term, local private road, however, is a bit misleading as under the Roads Act these roads (except for a few) do not involve restriction of access to the public as a right.

PCI by Surface Type

- 543 lane miles of roads have hot mix asphalt surface.
- 190 lane miles of roads have spray and chip surface.
- < 2 miles of roads are unsurfaced.



Overall condition rating of the Grand Cayman Road Network in 2025

In 2025 a total of 1628 road segments in the network had condition ratings as follows:

Condition Category	No# of Sections
Failed	2
Serious	27
Very Poor	45
Poor	81
Fair	214
Satisfactory	382
Good	877

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 of the Government who over the years has cleaned, repaired, installed 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 satisfactory and good levels.

3.5 Engineering and Operations Activities:

An operations chief, two engineers, two superintendents, and a fleet manager 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.

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 Act and Regulations.

In 2025 the NRA carries out its road construction and maintenance function using various forms of heavy equipment and machinery with a net book value of approximately \$3.7M.

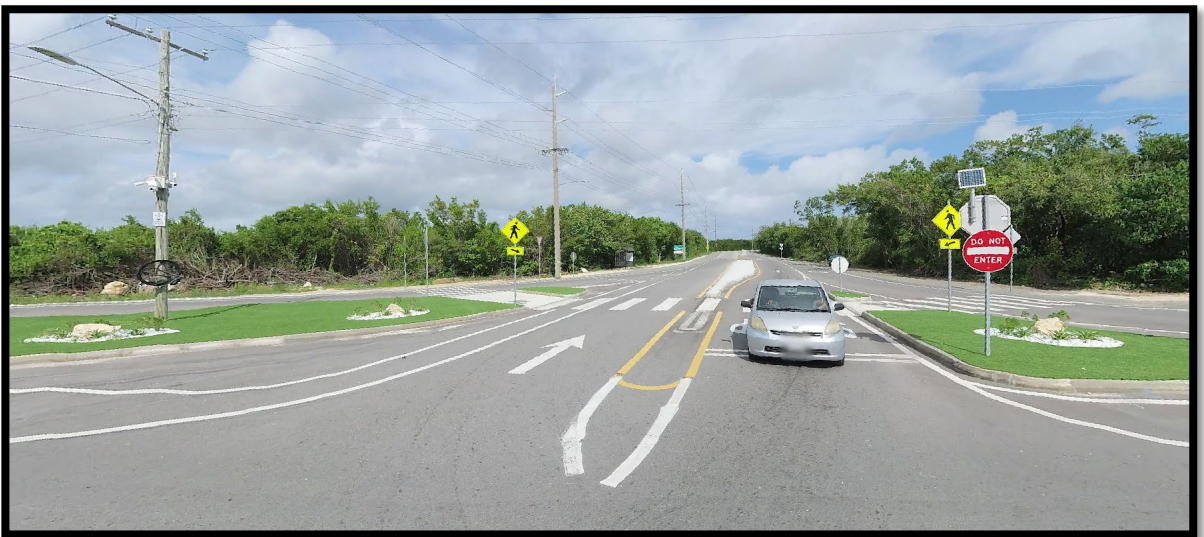


3.6 Executive Assets: Capital Works & Road Surface Upgrades

New Capital Works and rehabilitation of roads surfaces on major arterials are systematically funded via Cabinet as “Executive Assets”. This year’s list of major EA’s funded via Cabinet includes:

3.6.1 Frank Sound and Seaview Road Intersection Upgrades

Upgrades to the intersection of Frank Sound Road and Seaview Road were completed in Q4 of 2025. The intersection upgrades include the addition of an eastbound left turn pocket for vehicles manoeuvring from Seaview Road unto Frank Sound Road. Other improvements include enhanced street lighting, segregated centre median and landscaped splitter islands along with bicycle lanes and lighted crosswalks for safer pedestrian access at the intersection.



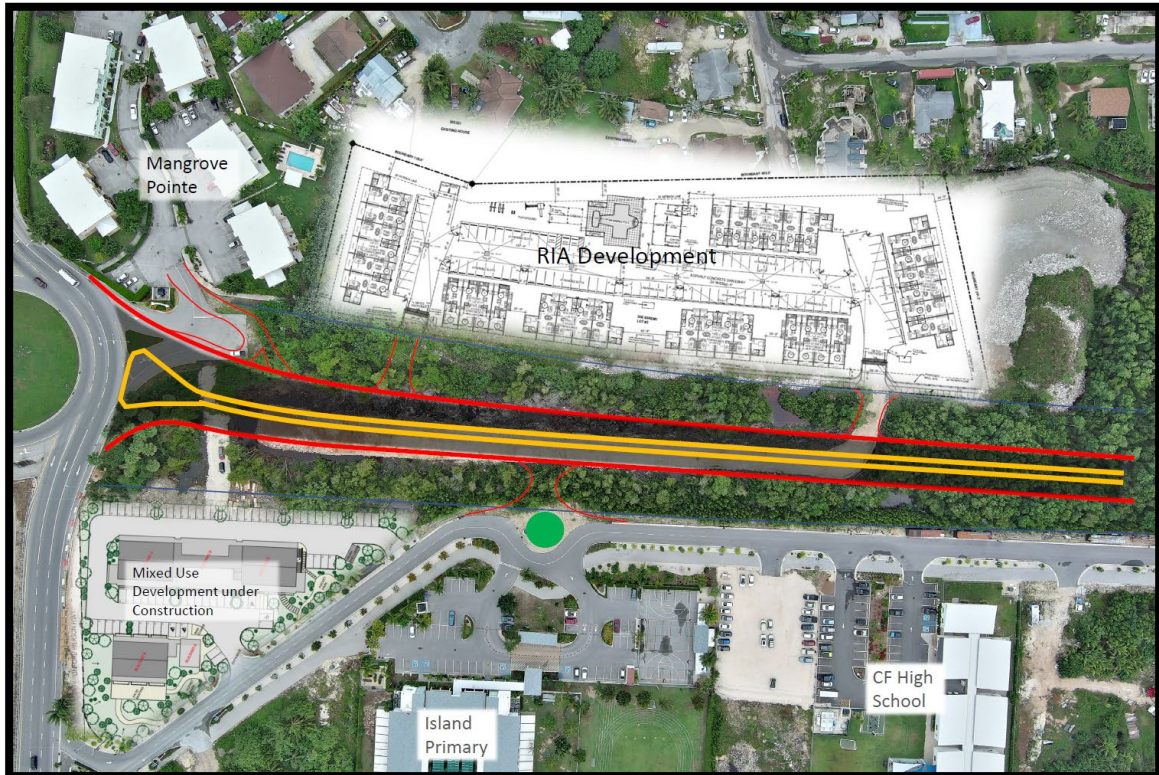
3.6.2 Savannah Oval/Bus Park ~\$400K

This project included a remix of the existing oval design to include new pavement surface and pedestrian safety countermeasures such as new crosswalks, as well as a new central public bus pick up and drop off point in the oval's centre.



3.6.3 Agnes Way Southward Extension

Clearing and muck-and-fill activities began on a planned southern leg extension to the existing Linford Pierson/Agnes Way Roundabout. The extension will be completed in several phases with full build to include connection to the future South Sound Bypass and South Sound Road. The extension has potential to function as a four-lane median divided collector however the initial phase will feature a central median/centre turn lane with one travel lane in each direction. The new extension provides access to the planned RIA Condo development, Buttonwood Park, and will also connect to Cayman Enterprise City and Fairbanks Road.



3.6.4 Hirst to Agricola Loop ~\$1.8M

Construction continued in 2025 on this 1.5-mile bypass loop that links Hirst Road with Shamrock Road in the vicinity of Agricola Drive. The road forms part of the initial phases of the East-West Arterial for which an EIA is being done. The road, though not yet surfaced, was opened to traffic in early 2025 as an interim relief road. Major utilities, new modern intersections, and an increase in height to above flood stage is still required. The Agricola Collector is one of several other major collectors to the East-West Arterial. This road in particular will act as a collector road and access for a newly planned 300+ lot residential community with added adjacent neighbourhood-commercial development.



3.6.5 Kings Roundabout & Edgewater Link Rd ~\$1.45M

Substantial progress was made on the continued redevelopment of the CUC Roundabout including completion of CUC underground electrical ducting, Water Authority's water mains, and concrete curbing to form the perimeter splitter islands and central circle for the new roundabout. At December 2025 NRA completed renovations to the Kings Sports Centre parking lot, and fully completed the new link road between the roundabout and Edgewater Rd.



3.6.6 Hot Mix Asphalt Surface Upgrades on Main Roads (\$3.9M)

NRA completed hot mix surface upgrades to 15 major roadway segments as highlighted below:

Hot Mix Asphalt Resurfacing Projects 2025		
1	Austin Conolly Dr	\$290,560
2	Frank Sound Road - Fire Station to Botanic Park Rd	\$560,450
3	Fort Street	\$86,220
4	Goring Avenue & Lousie Llewellyn Way	\$105,163
5	Milton Drive	\$168,351
6	Olympic Way	\$50,360
7	Poindexter Road	\$46,173
8	Galleria Roundabout - Southbound entry lane	\$51,348
9	Walkers Road - Boilers Rd to Vampt Motors	\$609,192
10	Bodden Town Rd - Anton Bodden to Lakeview Dr	\$580,780
11	Shamrock Rd - Discovery Drive to Beach Bay Rd	\$726,100
12	Shamrock Rd - Agricola Dr to Discover Dr	\$232,371
13	Shamrock Rd - Savannah Primary to Ottos Ave	\$187,411
14	Edward St	\$121,387
15	West Bay - 4 Way Stop	\$62,144
		\$3,878,010



3.6.7 NRA District Roads Rehabilitation Programme

NRA completed spray 'n' chip upgrades on various road segments across 17 constituencies

Spray n Chip is used extensively by road agencies worldwide as:

- a. A semi-permanent surface for minor roads, and
- b. A preventative maintenance (surface treatment) for existing paved roads.

Typically, roads having low daily traffic volumes (less than 5,000 ADT) will be prime candidates for spray n chip. Some jurisdictions however have experimented with spray n chip (aka Chip Seal) on roads with daily volumes of up to 20,000 ADT. The most significant benefit of spray n chip is that is between 20% to 25% of the cost of hot mix asphalt so governments are able to get more roads done utilizing spray n chip methods. If done correctly and/or if good quality gravel ('chips') can be sourced then spray n chip roads can last between 5 to 7 years.

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)



The NRA's policy is to apply spray-and-chip surfacing to local access/subdivision roads with low traffic and posted speeds of no more than 25 mph. Spray n Chip application may be applied to primary arterial roads but only as a temporary measure during major construction.

East End Roads FY2025

No.	Completed Projects - EAST END	Constituency	Road Class	Type of Work	Cost
1	BP657 - Road next to EE Civic Centre	EE	PUB	<i>New build</i>	\$109,000

North Side Roads FY2025

No.	Completed Projects - NORTH SIDE	Constituency	Road Class	Type of Work	Cost
1	MASTIC RD	NS	PUB	HMA	\$253,412
2	NICEVILLE RD	NS	PUB	HMA	\$31,157
3	HALKEITH RD	NS	PUB	HMA	\$142,560

Bodden Town Roads FY2025

No.	Completed Projects - BODDEN TOWN WEST	Constituency	Road Class	Type of Work	Cost
1	WILL T RD	BTW	PUB	HMA	\$111,873
2	PLUM TREE RD	BTW	PUB	HMA	\$55,422
No.	Completed Projects - NEWLANDS	Constituency	Road Class	Type of Work	Cost
1	ANNIE COE DR	NWS	UPR	HMA	\$80,000
2	SPEED TABLES - LEEWARD ST	NWS	PUB	<i>Speed Table</i>	\$7,655
3	LAKEPORT ST	NWS	PUB	HMA	\$51,256

George Town Roads FY2025

No.	Completed Projects - GEORGE TOWN CENTRAL	Constituency	Road Class	Type of Work	Cost
1	HALPINE ST	GTC	PUB	HMA	\$15,136
2	SCHOOL ROAD/MCFIELD LN JUNCTION	GTC	PUB	HMA	\$53,635
No.	Completed Projects - GEORGE TOWN WEST	Constituency	Road Class	Type of Work	Cost
1	MANGO TURN	GTW	PUB	HMA	\$45,212
No.	Completed Projects - GEORGE TOWN NORTH	Constituency	Road Class	Type of Work	Cost
1	BODDEN ROAD	GTN	PUB	HMA	\$166,100
2	WATLERS ROAD	GTN	PUB	HMA	\$69,796

WEST BAY ROADS 2025

No.	Completed Projects - WEST BAY NORTH	Constituency	Road Class	Type of Work	Cost
1	BONAVENTURE RD	WBN	PUB	HMA	\$111,687
2	ANNIE AGNES CL	WBN	UPR	HMA	\$54,733
3	DUXIE LN	WBN	UPR	<i>S/C</i>	\$42,274
4	SPEED TABLES - Birch Tree Hill & Hell Rd	WBN	PUB	<i>Speed Tables</i>	\$21,478

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 PMFA 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 also allows 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. 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 road related infrastructure to the people of the Cayman Islands.

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

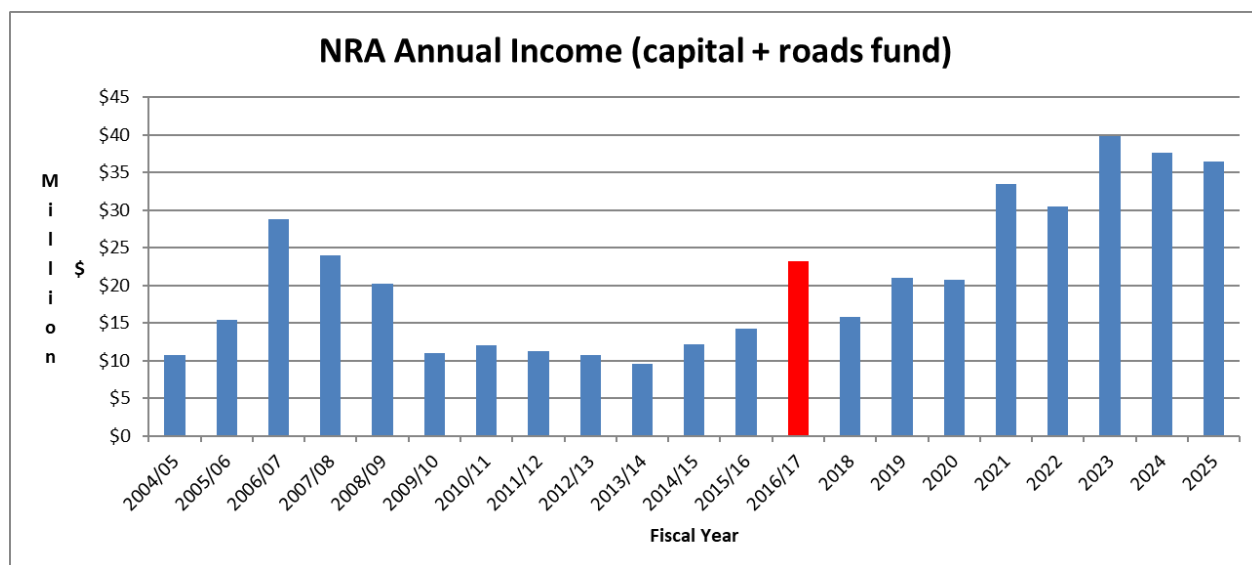
- Necessary amendments to the NRA Act and Roads Act;
- Adaptation of the organizational structure to meet future demands;
- Development of effective administrative, financial and management systems
- Attraction of young professional and technical employees that will

pursue career development with the NRA;

- Removal of the cap restriction on the NRA's Road Fund Revenue to allow for a measured increase in the Authority's operations budget.
- The Road Fund and other road user fees and/or charges to be further established as the 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.



In 2015 an amendment to the NRA Act placed a \$10M cap restriction on the recurrent funding for the NRA. That limit was raised to \$14M at the end of 2022 however with rising costs this \$14M annual allotment still presents fiscal challenges for the NRA.

Restriction of NRA Operations Budget:

1. Limits the potential of the NRA to address its increasing maintenance budget;
2. Results in an increase of unfunded maintenance projects (backlog);
3. Prevents the NRA from addressing staffing shortfalls;
4. Limits NRA's ability to adequately address long-term liability needs such as Post-Retirement Healthcare for its employees.

The NRA as the statutory authority responsible for the maintenance of roads has a mandate to ensure that it delivers to the public on behalf of the Government, safe and well-maintained roadways.

The cap on the NRA's recurrent revenue has meant that certain key operations and maintenance activities cannot be achieved. The Ministry of Planning, Agriculture, Housing, Infrastructure and Transport Development has in the interim been able to offset the problem temporarily by funding mostly all the District Roads rehabilitation projects and the hot mix asphalt programme. The cap however will continue to pose a serious threat to the NRA as personnel, materials, and overhead costs continue to rise significantly.

National Roads Authority Board of Directors 2025



Section 5 – Executive Assets & Output Accounts

A summary of the Road Fund (i.e. Operations) Output accounts as recorded at the fiscal year ending December 31st, 2025 were as shown below:

NATIONAL ROADS AUTHORITY
FUNDS AVAILABLE
FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2025

	Services to be provided from NRA Road Fund	Current Budget	Total Invoiced To Date C/F	Funds Available
		\$	\$	\$
Planning & Development of New Public Roads	NRA 5	50,000	53,521	(3,521)
Storm Water Drain Wells	NRA 8	1,950,000	1,374,646	575,354
Routine Maintenance of Public Roads	NRA 9	9,170,000	10,584,520	(1,414,520)
Government Street Lighting Programme	NRA 10	1,250,000	1,176,113	73,887
Pavement Management & Other Roads Asset Mangt. Programme	NRA 11	30,000	31,277	(1,277)
Explosive & Blasting Management	NRA 13	50,000	49,193	807
Provisions for Other Costs	NRA 15	1,500,000	1,500,000	-
		14,000,000	14,769,270	(769,270)

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	2025 Actual \$	2024 Actual \$
Revenue	35,636,079	37,610,062
Operating Expenses	12,540,739	11,813,383
Net Surplus (Deficit)	1,349,771	2,340,052

Balance Sheet	2025 Actual \$	2024 Actual \$
Total Assets	37,311,596	33,067,499
Total Liabilities	36,038,333	27,850,007
Total Net Worth	1,273,263	5,217,492

Statement of Cash Flows	2025 Actual \$	2024 Actual \$
Net cash flows from operating activities	1,647,093	9,027,762
Net cash flows from investing activities	(3,020,470)	(15,691,477)
Net cash flows from financing activities	—	—
Cash & Cash Equivalents at End of Year	7,014,692	8,388,068

Equity Investments

Transaction	2025 Actual \$	2024 Actual \$
EI 8: Equity Investments into National Roads Authority	Nil	Nil

Capital Withdrawals

Transaction	2025 Actual \$	2024 Actual \$
Capital Withdrawals from National Roads Authority.	Nil	Nil

Dividends or Profit Distributions

Transaction	2025 Actual \$	2024 Actual \$
Dividend or Profit Distributions to be made by National Roads Authority.	Nil	Nil

Loans

Transaction	2025 Actual \$	2024 Actual \$
Government Loans to be made to National Roads Authority.	Nil	Nil

Guarantees

Transaction	2025 Actual \$	2024 Actual \$
Government Guarantees to be issued in relation to National Roads Authority.	Nil	Nil

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 Act (2020 Revision).

Related Party Payments (Non-Remuneration) made to Key Management Personnel	Nil
Remuneration Payments made to Board of Directors was \$23K being \$150.00 per Board Meeting	\$960K
No of Key Management Personnel (8 Directors + 6 key managers)	14
No of Senior Management	3

Key management includes all the key managers plus voting members of the Board of Directors.

Senior management personnel in 2025 included: Managing Director (1), Deputy Managing Director (1), and Chief Financial Officer (1).

Capital Maintenance

Human Capital Measures	2025 Actual \$
Total full-time equivalent staff	133 Fulltime: 133 Temporary: 6
Staff turnover (%)	-
Average length of service (Number) Senior management Professional staff Administrative staff	14.33(2) 14.71(29) 13.22(50)
Significant changes to personnel management system	-

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

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

Appendix A – Audited Financial Statements



National Roads Authority

Audited Financial Statements

December 31, 2025

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Statement of Financial Performance.....	5
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Statement of Cash Flows	7
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**National Roads Authority
Financial Statements
31 December 2025**

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 Act (2020 Revision)* and referenced to Section 26 (1b) of the *National Roads Authority Act (2024 Revision)*.

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

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

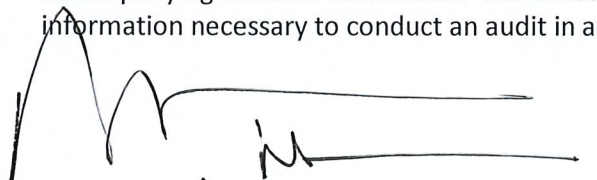
As Chairman and Managing Director we are responsible for the preparation of the National Roads Authority financial statements and for the judgements made in them.

The financial statements fairly present the statement of financial position, statement of financial performance, statement of cash flows and statement of changes in net worth for the year ended 31 December 2025.

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

- (a) completely and reliably reflect the financial transactions of National Roads Authority for the year ended 31 December 2025;
- (b) fairly reflect the financial position as at 31 December 2025 and performance for the year ended 31 December 2025; and
- (c) comply with International Public Sector Accounting Standards as set out by the International Public Sector Accounting Standards Board. Where guidance is not available, the financial statements comply with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board or accounting practice that is generally accepted in the United Kingdom as appropriate for reporting in the public sector.

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.



Chairman **ANTHONY TRAVERS**
National Roads Authority

Date- **27th APRIL 2026**



Edward Howard
Managing Director
National Roads Authority

Date- **27th April 2026**

AUDITOR GENERAL'S REPORT

To the Board of Directors of the National Roads Authority

Opinion

I have audited the financial statements of the National Roads Authority (the "Authority"), which comprise the statement of financial position as at 31 December 2025, and the statement of financial performance, statement of changes in net worth and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 8 to 39.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at 31 December 2025, and its financial performance and cash flows for the year then ended, in accordance with International Public Sector Accounting Standards.

Basis for Opinion

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

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

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

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

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

AUDITOR GENERAL'S REPORT (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



Patrick Smith, CPA, CFE
Auditor General

27 April 2026
Cayman Islands



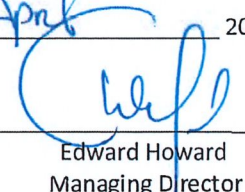
National Roads Authority
Statement of Financial Position
As at 31 December 2025
(Stated in Cayman Islands Dollars)

	Note	2025 \$	2024 \$
ASSETS			
Current Assets			
Cash and cash equivalents	3	7,014,692	8,388,069
Short-term investment	4	17,181,217	15,005,948.80
Accounts receivable and prepayments	5	7,257,879	4,831,138
Inventories	6	66,481	44,747
Total Current Assets		31,520,268	28,269,903
Non-Current Assets			
DB pension asset	13	1,933,000	1,149,000.00
Property, plant, and equipment	7	3,796,208	3,648,596
Right-of-use asset	8	62,120	-
Total Assets		37,311,596	33,067,499
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities	9	2,178,109	2,020,690
Lease Liability	8	44,027	-
Employee entitlements	10	150,197	101,317
Total Current Liabilities		2,372,333	2,122,007
Non-Current Liability			
Pension liability	13	-	-
Post-retirement health liability	14	33,666,000	25,728,000
Total Non-Current Liabilities		33,666,000	25,728,000
Total Liabilities		36,038,333	27,850,007
Net Assets		1,273,263	5,217,492
Net Worth			
Contributed capital	11	4,653,535	4,653,535
Accumulated surplus/ (Deficit)		(3,380,272)	563,957
Total Net Worth		1,273,263	5,217,492

The accompanying notes on pages 8 - 39 form an integral part of these financial statements.

Approved on behalf of the Board on the 27th of April 2026


Anthony Travers
Chairman


Edward Howard
Managing Director

National Roads Authority
Statement of Financial Performance
For the year ended 31 December 2025
(Stated in Cayman Islands Dollars)

	Note	2025 \$	2024 \$
REVENUE	14	35,636,079	37,610,062
COST OF GOODS SOLD			
Subcontractors		12,612,847	14,139,740
Materials		3,677,521	4,474,025
Labour		5,322,296	4,750,727
Hired equipment		132,905	92,135
Total Cost of Goods Sold		21,745,569	23,456,627
NET REVENUE		13,890,510	14,153,435
OPERATING EXPENSES			
Personnel costs	12	6,597,311	5,850,830
Post-retirement health liability	14	1,890,000	2,257,000
Utilities (Streetlights)		1,215,123	1,236,607
Motor vehicle expenses (including insurance)		1,474,688	1,131,196
Depreciation	7,8	679,497	614,822
Professional fees		131,387	99,010
Computer maintenance and fees		239,151	236,335
Past service pension	13	(30,000)	42,000
Bad debt expense		-	-
Building maintenance		81,331	71,413
Advertising and promotion		82,953	95,703
Supplies and consumables		48,906	58,073
Telephone		54,861	46,296
Electricity and water		42,544	41,571
Insurance		17,667	17,875
Bank charges		11,418	13,002
Office rental		2,573	1,650
Interest Expense - Lease		1,328	-
Total Operating Expenses		12,540,739	11,813,383
Net Surplus		1,349,771	2,340,052

The accompanying notes on pages 8 - 39 form an integral part of these financial statements.

National Roads Authority
Statement of Changes in Net Worth
For the year ended 31 December 2025
(Stated in Cayman Islands Dollars)

	Note	Accumulated Surplus (Deficits) \$	Contributed Capital \$	Total \$
Balance at 31 December 2023		(6,653,095)	4,653,535	(1,999,560)
2024 surplus		2,340,052	-	2,340,052
Remeasurement of employment benefit obligation	12	1,437,000	-	1,437,000
Remeasurement of post-retirement health obligation	13	3,440,000	-	3,440,000
Balance at 31 December 2024		563,957	4,653,535	5,217,492
2025 surplus		1,349,771	-	1,349,771
Remeasurement of employment benefit obligation	12	754,000	-	754,000
Remeasurement of post-retirement health obligation	13	(6,048,000)	-	(6,048,000)
Balance at 31 December 2025		(3,380,272)	4,653,535	1,273,263

The accompanying notes on pages 8 - 39 form an integral part of these financial statements.

National Roads Authority
Statement of Cash Flows
For the year ended 31 December 2025
(Stated in Cayman Islands Dollars)

	Note	2025 \$	2024 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Surplus		1,349,771	2,340,052
Adjustment for non-cash transactions:			
Depreciation	7	653,918	614,822
Amortisation of ROU asset	8	25,579	
Post-retirement health liability – Defined benefit		2,257,000	2,576,000
Past service pension – Defined benefit cost		118,000	235,000
Loss on disposal of property, plant and equipment		-	53,836
Total		4,404,268	5,819,711
Net change in working capital			
Decrease/ (Increase) in accounts receivable and prepayments		(2,426,740)	4,383,212
Decrease/(Increase) in inventories		(21,734)	1,209
(Decrease)/ Increase in accounts payable and accrued liabilities		206,299	(664,370)
Decrease in Post-retirement health liability – Employer contributions		(367,000)	(319,000)
Decrease in Past service pension – Employer contributions		(148,000)	(193,000)
Net cash generated from operating activities		1,647,093	9,027,762
CASH FLOWS USED IN INVESTING ACTIVITIES			
Purchase of property, plant and equipment	7	(801,530)	(816,875)
Acquisition of ROU asset	8	(43,672)	-
Proceeds on sale of property, plant and equipment		-	131,347
Short-term Investment		(2,175,268)	(15,005,949)
Net cash flows used in investing activities		(3,020,470)	(15,691,477)
Net decrease in cash and cash equivalents		(1,373,377)	(6,663,715)
Cash and cash equivalents at the beginning of the year		8,388,068	15,051,783
CASH AND CASH EQUIVALENTS AT END OF YEAR	3	7,014,691	8,388,068

The accompanying notes on pages 8-39 form an integral part of these financial statements.

National Roads Authority
Notes to the Financial Statements
For the year ended 31 December 2025
(Stated in Cayman Islands Dollars)

1. Establishment and Principal Activity

The National Roads Authority (“NRA” or “Authority”) is an independent Statutory Authority established on 1 July 2004 by the National Roads Authority Act, 2004. The Authority reports on its operations to the Ministry of Planning, Lands, Agriculture, Housing and Infrastructure of the Cayman Islands Government.

The Authority 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 scope of activities of the Authority includes 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 Act 2024 Revision* provides for the Authority to be funded from the Roads Fund and makes way for the Cabinet to authorize the transfer of revenue, not exceeding \$14 million, 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 31 December 2025, the Authority had 133 employees (31 December 2024: 129 employees). The Authority 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 Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants and its International Accounting Standards Board using the accrual basis of accounting. Where additional guidance is required, International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board are used.

New and revised accounting standards that are effective January 1, 2025:

The Authority adopted IPSAS 43, Leases, as of the transition date of 1 January 2025, replacing IPSAS 13, Leases.

IPSAS 43 primarily affects the accounting by lessees and will result in the recognition of almost all leases on the Statement of Financial Position. At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset, which will generally result in a higher charge being recorded in the Statement of Financial Performance compared to IAS 17. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events (e.g, a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to

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2. Significant Accounting Policies (*continued*)

determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Upon adoption, the Authority applied a single recognition and measurement approach for all leases and leases of low-value assets. The Authority applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain purchase option). Lease payments for short-term leases are recognized as an expense on a straight-line basis over the lease term.

In applying the modified retrospective approach available under IPSAS 43, the Authority has used the following practical expedients:

- A single discount rate has been applied to the portfolio of leases with reasonably similar characteristics
- Leases with a remaining term of twelve months or less from the date of application have been accounted for as short-term leases (i.e., not recognized on the statement of Financial Position) even though the initial term, if the leases from the lease commencement date, may have been more than twelve months.
- Used hindsight when determining the lease term where the contract contains options to extend the lease.

IPSAS 44, Non-current assets held for sale issued in Discontinued Operations (effective for periods beginning on or after January 1, 2025), specifies the accounting for assets held for sale and the presentation and disclosure of discontinued operations. During the financial year, it was assessed that IPSAS 44, Non-Current Assets Held for Sale and Discontinued Operations, doesn't significantly impact the Authority's Financial Statement.

IPSAS 45, Property, Plant, and Equipment (effective for periods beginning on or after January 1, 2025) provides comprehensive guidance on the accounting treatment for property, plant, and equipment (PPE), including specific guidance for heritage assets and infrastructure assets held by public sector entities. The standard replaces IPSAS 17, Property, Plant and Equipment. During the financial year, the Authority adopted IPSAS 45, and implementation did not have a significant impact on the Authority's financial statements.

IPSAS 46, Measurement (effective for periods beginning on or after January 1, 2025), provided new guidance in a single standard addressing how commonly used measurement bases should be applied in practice. During the financial year, it was assessed that IPSAS 46, Measurement, doesn't have any significant impact on the Authority's financial statements.

New and revised accounting standards issued that are not yet effective for the financial year beginning 1 January 2025 and not early adopted.

IPSAS 47, Revenue (Effective for periods beginning on or after January 1, 2026), replaces IPSAS 9, Revenue from Exchange Transaction, IPSAS 11, Construction Contract, and IPSAS 23, Revenue from Non-Exchange Transaction, and is a single source for revenue accounting guidance in the public sector, which presents two accounting models based on the existence of a binding

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2. Significant Accounting Policies (*continued*)

arrangement. It is anticipated that IPSAS 47 will not have an impact on the Authority's financial statements.

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

IPSAS 49, Retirement Benefit Plans (issued in November 2023 and effective for periods beginning on or after January 1, 2026) provides a principle-based approach to accounting for retirement benefit plans, offering a complete view of their financial activities, assets, and obligations, and establishes comprehensive accounting and reporting requirements for the financial statements of retirement benefit plans. It is anticipated that IPSAS 49 will not have an impact on the Authority's financial statements.

IPSAS 50, Exploration for and Evaluation of Mineral Resources, provides guidance related to the costs incurred for exploration for and evaluation of mineral resources, as well as the costs of determining the technical feasibility and commercial viability of extracting the mineral resources. Amendments to IPSAS 12, Stripping Costs in the Production Phase of a Surface Mine, provide interpretive guidance on accounting for waste removal costs that are incurred in surface mining activities during the production phase of the mine. IPSAS 50 and Amendments to IPSAS 12 were issued in November 2024 and effective for periods beginning on or after January 1, 2027. It is anticipated that IPSAS 50 and IPSAS 12 amendments will not have an impact on the Authority's financial statements.

The financial statements have been prepared on a going concern basis and the accounting policies set out below have been applied consistently to all periods presented. The Authority's financial statements are presented in Cayman Islands dollars and prepared on an accrual basis under the historical cost convention.

Corresponding amounts

The corresponding amounts are the audited amounts for the year ended 31 December 2024. When presentation or classification of items in the financial statements is amended, or accounting policies are changed, corresponding figures are restated to ensure consistency with the current year unless it is impracticable to do so.

The significant accounting policies adopted by the Authority in these financial statements are as follows:

(a) Judgments and Estimates

The preparation of financial statements is in conformity with IPSAS, which requires judgments, estimates, and assumptions affecting the application of policies and reported amounts of assets and liabilities, revenue, and expenses. The estimates and associated

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2. Significant Accounting Policies (*continued*)

assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

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

(b) Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash in-transit. Cash and cash equivalents at 31 December 2025 are subject to any expected credit loss requirements of IPSAS 41.

(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 financial performance.

(d) Property, plant, and equipment/depreciation

Property, plant, and equipment include motor vehicles, heavy equipment, dump trucks, furniture and fixtures, 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 - 20 Years

(e) Accounts receivable

Receivables are stated at original invoice amounts less allowance for credit losses.

(f) Accounts payable and accrued liabilities

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

(g) Employee entitlements

Pension Plans

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2. Significant Accounting Policies (*continued*)

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 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 financial performance 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 recognised as an expense in the statement of financial performance 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 recognised as a liability.

(h) Revenue recognition

Revenue from sale of services to other government agencies is recognised when it is earned. 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 recognised as revenue in the statement of financial performance 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.

(i) Expense recognition

Expenses are recognised when incurred.

National Roads Authority
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2. Significant Accounting Policies (*continued*)

(j) Financial instruments

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

Initial Recognition

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

Subsequent measurement and classification

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

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

Cash and cash equivalents, short-term investments, trade receivables, and payables are recorded at amortised cost using the effective interest method less any impairment.

Derecognition

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

3. Cash and Cash Equivalents

National Roads Authority's cash and cash equivalents bank accounts are maintained at Royal Bank of Canada in the Cayman Islands. As of 31 December 2025, they are subject to the expected credit loss requirements of IPSAS 41. No allowance has been recognised, as the estimated allowance is negligible due to the high credit quality of the counterparty banks. The Authority's unrestricted cash balances were as presented below.

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3. Cash and Cash Equivalents (*continues*)

	2025	2024
	\$	\$
Bank account	7,014,692	8,388,069
Total Cash and Cash Equivalents	<u>7,014,692</u>	<u>8,388,069</u>

4. Short-term Investment

As of 31 December 2025, short-term investment comprises a fixed-term deposit with Royal Bank of Canada in the Cayman Islands, with an original maturity date of 12 months (2024: 15,005,949). The Board of Directors resolved to fund the post-retirement liability with annual contributions, as advised by the Actuaries in 2016, with an annual minimum of \$1,500,000. In 2025, management approved a \$1,500,000 contribution. In addition, due to the term deposit maturing annually and renewal taking place in December 2025, it was increased by \$1,500,000 for the 2025 contribution.

The funds held in the term deposit account do not qualify as a “plan Asset” as defined by IPSAS 39, Employee Benefits, and therefore have not been offset against the year-end post-retirement liability of \$33,666,000. The Authority is pursuing steps to place the funds in a qualifying financial vehicle to meet the requirements of IPSAS 39, Employee Benefits.

5. Accounts Receivable and Prepayments

Trade receivables are amounts due from customers for items sold or services performed in the ordinary course of business. Trade receivables and other receivables comprise balances due from other Government entities and balances due from third parties. The simplified approach to providing for expected credit losses, as prescribed by IPSAS 41, is applied to trade and other receivables. The simplified approach involves making a provision equal to lifetime expected credit losses.

	2025	2024
	\$	\$
Receivables from Core Government	6,696,178	4,260,530
Receivables from other government agencies	3,835	302,732
Other accounts receivable and prepayments	530,323	265,376
Staff loans	27,543	2,500
Total Accounts Receivable and Prepayments	<u>7,257,879</u>	<u>4,831,138</u>

Prepayments amount to \$392,811 (2024: \$240,225) net of 137,512 (2024: \$24,813) other receivables.

National Roads Authority
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5. Accounts Receivable and Prepayments (*continued*)

In measuring ECLs for third-party receivables, the estimated loss allowance for individually significant or other specific trade and other receivable balances are determined on an individual basis. Thereafter, the remaining third-party trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. The expected credit loss rate/s for third-party receivables are based on the Authority's historical credit loss over the prior two years.

The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Authority's customers. Given the short period of credit risk exposure, the impact of macroeconomic factors is not considered significant.

The Authority performed an individual/specific ECL assessment on any related party debtors with qualitative or quantitative factors indicating doubts around collectability. Given the low risk of default on the remaining related party receivables held by the Authority, the impact of the expected credit losses on these have been estimated to be negligible. These have a low risk of default due to the Cayman Islands Government's high credit rating, and absence of historical losses on amounts due. The Authority believes that the amounts outstanding on related-party receivables are recoverable.

The Authority's policy is to recognise ECL of 100% for receivables over 180 days past due, as historical experience indicates that these receivables are generally not recoverable. Receivables are written off and or fully provided for when there is no reasonable expectation of recovery.

The \$73,523 provision relates to StreetLight raised under the previous Ministry of District Administration, Works, Lands, and Agriculture in 2014. The invoice amount was \$128,645, but of that amount, only \$55,122 was received in July 2014, leaving a balance of \$73,523 uncollected.

There have been no changes during the reporting in the estimation techniques or significant assumptions used in measuring the loss allowance.

The movement in the allowance for credit losses is as follows:

	2025	2024
Allowance for credit losses as at 1 January 2024, calculated under IPSAS 29	73,523	73,523
IPSAS 41 expected credit loss adjustment - through opening accumulated surplus/deficit	-	-
Opening allowance for credit losses as at 1 January 2024	73,523	73,523
Revision in loss allowance made during the year	-	-
Receivables written off during the year	-	-
Balance at 31 December	73,523	73,523

National Roads Authority
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5. Accounts Receivable and Prepayments (*continued*)

As at 31 December 2025, the aging analysis of trade receivables and other receivables are as follows:

2024	Description	2025
-	Current	-
2,574,713	Past due 1-30 days	3,801,722
1,821,277	Past due 31-60 days	1,565,030
188,248	Past due 61-90 days	1,131,042
77,358	Past due 90 and above	339,730
4,661,597	Total	6,837,524

6. Inventories

	2025	2024
	\$	\$
Finished Goods - AE60	31,120	17,813
Finished Goods - 3/8 Washed Chips	12,265	8,913
Finished Goods - Cayman Rock	5,769	8,232
Finished Goods - Crusher Run	7,608	-
Finished Goods - Concrete Stone	353	1,576
Finished Goods - Sand	1,328	3,327
Finished Goods - ¾ Jamaican Stone	8,038	4,886
Total Inventories	66,481	44,747

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7. Property, Plant, and Equipment

	Vehicles & Heavy Equipment	Furniture & Fixtures & Office Equipment	IT Equipment	Other Plant & Equipment	Leasehold Improvement	Total
Cost	\$	\$	\$	\$	\$	\$
Opening 2024	4,526,766	277,750	358,050	4,618,072	273,837	10,054,475
Additions 2024	335,591	1,295	28,354	451,634	-	816,874
Disposals 2024	(217,205)	-	-	-	-	(217,205)
As at 2024	4,645,152	279,045	386,404	5,069,706	273,837	10,654,144
Additions 2025	272,640	25,438	18,758	453,294	31,400	801,530
As at 2025	4,917,792	304,483	405,162	5,523,000	305,237	11,455,674
Accumulated Depreciation						
Opening 2024	2,914,363	228,600	295,814	2,710,134	273,837	6,422,748
Depreciation 2024	246,184	15,174	28,685	324,780	-	614,823
Depreciation on Disposal 2024	(32,022)	-	-	-	-	(32,022)
As at 2024	3,128,525	243,774	324,499	3,034,914	273,837	7,005,549
Depreciation 2025	263,628	16,190	24,912	347,355	1,832	653,917
As at 2025	3,392,153	259,964	349,411	3,382,269	275,669	7,659,466
Net Book Value - 2024	1,516,627	35,271	61,905	2,034,792	-	3,648,595
Net Book Value - 2025	1,525,639	44,519	55,751	2,140,731	29,568	3,796,208

Other Plant & Equipment includes all other equipment not categorized as Vehicles & Heavy Equipment and utilised in maintenance of road works by the National Roads Authority, such as Graders, Loaders, Road Sweepers, Bush Cutting Tractors, in addition to smaller equipment utilised for works such as line painting.

8. Right-of-Use Assets and Lease Liabilities

On transition to IPSAS 43, the Authority recognized \$88k in right-of-use assets and \$43k of lease liabilities, recognising the difference in accumulated surpluses/ (deficits). The next book value and lease obligation are shown below.

Right-of-Use Assets

Description	Cost \$	Accumulated Depreciation \$	Net Book Value \$
Parking Lot	87,699	25,579	62,120
Total	87,699	25,579	62,120

National Roads Authority
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8. Right-of-Use Assets and Lease Liabilities (*continued*)

Lease Liability

Description	Beginning balance	Principal payment	Interest expense	Ending Balance
Parking Lot	87,699	(45,000)	1,328	44,027
Total	87,699	(45,000)	1,328	44,027

Right-of-use asset is depreciated on a straight-line basis over the term of the lease. The Authority applies IPSAS 26 Impairment of cash-generating assets on the right-of-use asset the same way as in property, plant and equipment.

Lease Liability	Actual Current Year
Balance at the start of the year	-
As at 1 June 2025	87,699
Principal Payment - 1 June 2025	(45,000)
Interest Expense	1,328
	<u>44,027</u>

Maturity Analysis as at 31 December 2025

Contractual maturities of financial liabilities

	Less than 1 year	1-5 years	Over 5 years Total	Total
Lease liability	44	-	-	44

The lease liability represents the present value of expected future lease payments by the Authority to the Lessors. The discounting rate applied by the Authority is 5.39% per annum, which is assumed to be representative of the Cayman Islands Government's incremental borrowing rate. The leased assets assessed under this section are assumed to be a similar class and hence application of a standard incremental borrowing rate.

9. Accounts Payable and Accrued Liabilities

	2025	2024
	\$	\$
Trade creditors	2,178,109	2,020,690
Total Accounts Payable and Accrued Liabilities	<u>2,178,109</u>	<u>2,020,690</u>

National Roads Authority
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10. 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 \$150,197 (2024: \$101,317).

11. Contributed Capital

During the year, the Authority received no equity injections (2024: NIL).

12. Personnel Costs

	2025	2024
	\$	\$
Salaries and wages	2,764,767	2,573,050
Health Insurance	3,060,163	2,550,132
Employer and Employee pension expenses	360,126	384,631
Severance Payments	2,390	23,526
Training	236,536	194,770
Uniforms	68,870	36,124
Vacation due	30,057	33,227
Other personnel costs	74,402	55,369
Total Personnel Costs	<u>6,597,311</u>	<u>5,850,829</u>

13. Pensions Liability

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 Fund's scheme 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.

National Roads Authority
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13. Pensions Liability (continued)

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

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

	2025	2024
	\$000	\$000
Defined benefit obligation	5,979	5,657
Fair value of plan assets	7,912	6,806
Funded status	(1,933)	(1,149)
Net Asset	(1,933)	(1,149)

The change in defined benefit obligation is as follows:

	2025	2024
	\$000	\$000
Defined benefit obligation at beginning of the year	5,657	6,149
Service cost	187	228
Interest expense	308	314
Cash flows	(270)	(253)
Remeasurements	97	(781)
Defined benefit obligation at end of year	5,979	5,657

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

	2025	2024
	\$000	\$000
Fair value of plan assets at beginning of the year	6,806	5,903
Interest Income	377	307
Cash flows – employer and participant contributions	218	263
Benefit payments from plan assets/Transfer other Employers	(270)	(323)
Other Significant events-Business combinations/divestitures/transfers	-	-
Remeasurements	781	656
Fair value of plan assets at end of year	7,912	6,806

The net defined benefit liability (asset) reconciliation:

	2025	2024
	\$000	\$000
Net defined benefit asset at beginning of the year	(1,149)	246
Defined benefit cost included in the Profit & Loss	118	235
Total remeasurements included in the Statement of Changes in Net Worth	(754)	(1,437)

National Roads Authority
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Other Significant events-Business combinations/divestitures/transfers	-	-
Cash flows	(148)	(193)
Net defined benefit asset as of end of year	<u>(1,933)</u>	<u>(1,149)</u>

The components of defined benefit cost are as follows:

	2025	2024
	\$000	\$000
Service cost	187	228
Net interest cost		
Interest expense on DBO	308	314
Interest (income) on plan assets	(377)	(307)
Total net interest cost	(69)	7
Defined benefit cost included in Profit & Loss (P&L)	118	235
Effect of changes in demographic assumptions	-	-
Effect of changes in financial assumptions	151	(805)
Effect of experience adjustments	(124)	24
(Return) on plan assets (excluding interest income)	(781)	(656)
(Return) on reimbursement rights (excluding interest income)	-	-
Changes in asset ceiling/onerous liability (excluding interest income)	-	-
Total remeasurements included in the Statement of Changes in Net Worth (SCNW)	<u>(754)</u>	<u>(1,437)</u>
Total defined benefit cost recognized in the P&L and SCNW	<u>(636)</u>	<u>(1,202)</u>

The sensitivity analysis on defined benefit obligation is shown below:

	2025	2024
1. Discount rate		
a. Discount rate – 25 basis points	6,232	5,906
b. Discount rate + 25 basis points	5,741	5,423
2. Inflation rate		
a. Inflation rate – 25 basis points	5,850	5,434
b. Inflation rate + 25 basis points	6,114	5,894
3. Mortality		
a. Mortality - 10% of current rates	6,086	5,755
b. Mortality + 10% of current rates	5,880	5,567

Amount (\$000)

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

	2025	2024
Expected employer contributions	144	141

National Roads Authority
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13. Pensions Liability (continued)

The significant actuarial assumptions are presented below:

Weighted-average assumptions to determine defined benefit obligations

	2025	2024
1. Effective discount rate for defined benefit obligation	5.65%	5.75%
2. Rate of salary increase 3.00% 2026 and 6.50% in 2027 and 2.50% thereafter	5.00%	4.00%
3. Rate of price inflation 3.10% 2026, 2.40% 2027 and 2.2% thereafter	2.90%	2.50%
4. Rate of pension increase 3.10% 2026, 2.40% 2027 and 2.2% thereafter	2.90%	2.50%
5. Post-retirement mortality table	100% RP-2014 generationally Projected using Scale MP-2021	100% RP-2014 generationally Projected using Scale MP-2021
6. Cost Method	Projected Unit Credit	Projected Unit Credit
7. Asset valuation method	Market Value	Market Value

Weighted-average assumptions to determine defined benefit cost

	2025	2024
1. Effective rate for net interest cost	5.45%	5.10%
2. Effective discount rate for service cost	5.80%	5.10%
3. Effective rate for interest on service cost	5.65%	5.15%
4. Rate of salary increase	5.00%	4.00%
5. Rate of price inflation	2.90%	2.50%
6. Rate of pension increases	2.90%	2.50%
7. Post-retirement mortality table	100%	100%

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 2025 was 16.80% and 16.40% for fiscal 2024.

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13. Pensions Liability (continued)

Similar internal accounting is used for developing each participating entity's share of the asset portfolio of the Fund.

The valuations are based on the asset values as at 31 December 25 as well as asset value as at 31 December 2024 provided by PSPB, along with cash flow and other supplemental asset information. The assets are held in trust by CIBC Mellon.

The Fund currently has investment policy with a target asset mix of 80% equities and 20% bonds. As at 31 December 2025 and 31 December 2024, the Fund was invested as follows:

Plan Assets by Asset Category	2025		2024	
	(\$000)	Percentage	(\$000)	Percentage
Global equities securities	1,041,620	67%	1,050,497	78%
Debt securities	384,189	24%	237,485	18%
Real Estate	67,410	4%	0	0%
Infrastructure	67,639	4%	44,457	3%
Cash	16,015	1%	11,850	1%
Total	1,575,873	100%	1,344,289	100%

For fiscal 2024, the Defined Contribution portion of the Fund totaled to \$753,599,600 as at 31 December 2025 and \$651,887,200 as at 31 December 2024 as provided by PSPB. The share of the Fund that has been notionally allocated to Authority with regards to its participation in the Defined Benefit Part of the Plan is \$7,912,300 as at 31 December 2025 (2024: \$7,155,700).

The Actuarial Assumptions

The actuarial assumptions have been approved by the Financial Secretary, the main sponsor of the Plan. The principal financial and demographic assumptions used at 31 December 2023 and 31 December 2022 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 period.

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%

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13. Pensions Liability (continued)

Retirement Rates:

Age	%
Below 55	0%
55-59	8%
60-64	15%
65	100%

Measurement Date	2025	2024
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Discount rate

-BOY benefit obligation disclosure	5.75%	5.15%
-EOY benefit obligation disclosure	5.65%	5.75%
-Following year current service cost	5.80%	5.80%
-Rate used to determine interest on defined benefit obligation and plan assets for following year expenses	5.25%	5.45%
-Rate used to determine interest on current service cost for following year expenses	5.40%	5.65%
-Increases in pensionable earnings 3.00% 2026, 6.50% in 2027 and 2.50% per year thereafter	5.00%	4.00%
-Rate of Pension Increases 3.10% 2026, 2.40% in 2027, and 2.20% per year thereafter	2.90%	2.50%

Measurement Date	2025	2024
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Mortality

BOY disclosure and current year expense	100% of the rates of RP-2014 Mortality Table, generationally projected using Scale MP-2021	100% of the rates of RP-2014 Mortality Table, generationally projected using Scale MP-2021
	100% of the rates of RP-2014 Mortality Table,	100% of the rates of RP-2014 Mortality Table,
EOY disclosure and following year expense	generationally projected using Scale MP-2021	generationally projected using Scale MP-2021
Disability	None	None

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Turnover Rates	See turnover rates in table above	See turnover rates in table above
Retirement	See retirement rates in table above	See retirement rates in table above
Assumed life expectations on retirement	Retiring today (member age 57) 29.02 Retiring in 25 years (at age 57): 31.13	Retiring today (member age 57) 28.87 Retiring in 25 years (at age 57): 31.00
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.

14. Post-Retirement Health Liability

The Authority provides health care benefits to staff members that transferred from Public Works Department in accordance to the NRA Act. The benefit is in the form of continuation of their health insurance coverage on the medical plan in force for active employees. The premiums for this health insurance coverage are paid for by the Authority for all eligible retirees until the end of their lives. This coverage falls within the definition of a defined benefit by the IPSAS and as such represents a future liability of the Authority. The Authority is required to use the actuarial valuation method to determine the present value of its health insurance benefit obligations for its former workers, as well as future retirees, and the related current service costs. IPSAS 39 directs that funded or unfunded post-employment benefits must be recognized in the statement of financial position (in the case of net defined liability or asset) and the statement of financial performance (for the annual expense).

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

The Authority commissioned Mercer actuaries of Canada to provide this service, and the results of their assessment are included hereunder. The Authority has a present value net defined benefit

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14. Post-Retirement Health Liability (*continued*)

obligation of \$33,666,000 at the end of the financial year 31 December 2025 (2024: \$25,728,000). The details of the valuation and the assumptions used are reproduced hereunder in accordance with IPSAS 39.

The Board of Directors resolved to fund the post-retirement health liability with annual contributions as advised during 2016 by the Actuaries with an annual minimal amount of \$1,500,000. NRA holds the funds approved by the Board in a term deposit account held with RBC Royal Bank (Cayman Islands). The funds held in the term deposit account do not qualify as a "Plan Asset" as defined by IPSAS 39, Employee Benefits, and therefore have not been offset against the year-end post-retirement health liability of \$33,666,000. Ongoing steps are being pursued by the Authority to place these funds in a qualifying financial vehicle to allow the funds to meet the requirements of IPSAS 39, Employee Benefits.

Plan Name Financial year ending on:	National Roads Authority	
	31 Dec 2025 \$	31 Dec 2024 \$
A. Change in defined benefit obligation		
1. Defined benefit obligation at end of prior year	25,728,000	26,911,000
2. Service cost		
a. Current service cost	827,000	1,199,000
b. Past service cost	-	-
c. (Gain) / loss on settlements	-	-
3. Interest expense	1,430,000	1,377,000
4. Cash flows		
a. Benefit payments from plan assets	-	-
d. Benefit payments from employer	(367,000)	(319,000)
5. Other significant events		
6. Remeasurements		
a. Effect of changes in demographic assumptions	(2,107,000)	-
b. Effect of changes in financial assumptions	7,439,000	(3,410,000)
c. Effect of experience adjustments	716,000	(30,000)
7. Effect of changes in Foreign exchange rates	-	-
		-
8. Defined benefit obligation at the end of year	33,666,000	25,728,000
B. Change in fair value of plan assets		
1. Fair value of plan assets at end of prior year	-	-
2. Interest income	-	-
3. Cash flows		
a. Total employer contributions		
i. Employer contributions	-	-
ii. Employer direct benefit payments	367,000	319,000
iii. Employer direct settlement payments	-	-
b. Participant contributions	-	-
c. Benefit payments from plan assets	-	-
d. Benefit payments from employers	(367,000)	(319,000)
e. Settlement payments from plan assets	-	-
	-	-
f. Settlement payments from employer	-	-
g. Administrative expenses paid from plan assets	-	-
h. Taxes paid from plan assets	-	-
i. Insurance premiums for risk benefits	-	-
4. Other significant events	-	-

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a. Increase / (decrease) due to effect of any business combinations/ divestitures or transfers	-	-
b. Increase / (decrease) due to plan combinations	-	-
5. Remeasurements	-	-
a. Return on plan assets (excluding interest income)	-	-
6. Effect of change in foreign exchange rates	-	-
7. Fair Value of plan assets at end of year	-	-
C. Amounts recognized in the statement of financial position		
1. Defined benefit obligation	33,666,000	25,728,000
2. Fair value of plan assets	-	-
3. Funded status	33,666,000	25,728,000
4. Effect of asset ceiling/onerous liability	-	-
5. Net defined benefit liability/(asset)	33,666,000	25,728,000

Financial year ending on:

	31 Dec 2025 \$	31 Dec 2024 \$
D. Components of defined benefit cost		
1. Service cost	827,000	1,199,000
a. Current service cost	-	-
b. Reimbursement service cost	-	-
c. Past service cost	-	-
d. (Gain) / loss on settlements	-	-
e. Total service cost	827,000	1,199,000
2. Net interest cost		
a. Interest expense on Defined Benefit Obligation (DBO)	1,430,000	1,377,000
b. Interest /(income) on plan assets	-	-
c. Total net interest cost	-	-
	1,430,000	1,377,000
3. Remeasurements of Other Long-Term Benefits	-	-
4. Administrative expenses and/or taxes (not reserved within DBO)	-	-
5. Defined benefit cost included in Profit and Loss (P&L)	2,257,000	2,576,000
6. Remeasurements (recognized in the Statement of Changes in Net Worth (SCNW))		
a. Effect of changes in demographic assumptions	(2,107,000)	
b. Effect of changes in financial assumptions	7,439,000	(3,410,000)
c. Effect of experience adjustments	716,000	(30,000)
d. Total remeasurement included in the Statement of Changes in Net Worth	-	-
	6,048,000	(3,440,000)
7. Total defined benefit cost recognized in the P&L and SCNW	8,305,000	(864,000)
E. Net defined benefit liability/(asset) reconciliation		
1. Net defined benefit liability/(asset)	25,728,000	26,911,000
2. Defined benefit cost included in P&L	2,257,000	2,576,000
3. Total remeasurement included in OCI	6,048,000	(3,440,000)
4. Other significant events		
a. Net transfer in/(out) (including the effect of any business combinations/divestitures)	-	-

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	b. Amounts recognized due to plan combinations	-	-
5.	Cash Flows		
	a. Employer contributions	-	-
	b. Employer direct benefit payments	(367,000)	(319,000)
	c. Employer direct settlements payments	-	-
6.	Credit to reimbursements	-	-
7.	Effect of changes in Foreign exchange rates	-	-
8.	Net defined benefit liability/(asset) as of end of year	33,666,000	25,728,000
F. Define benefit obligation			
1.	Defined benefit obligation by participant status		
	a. Actives	20,574,000	14,788,000
	b. Vested deferred	-	-
	c. Retirees	13,092,000	10,940,000
	d. Total	33,666,000	25,728,000
Financial year ending on		31 Dec 2025	31 Dec 2024
G. Significant actuarial assumptions			
<i>Weighted-average assumptions to determine defined benefit obligations</i>			
	Discount rate	5.85%	5.80%
	Health care cost trend rates		
	Immediate trend rate	7.22%	5.15%
	Ultimate trend rate	4.00%	4.00%
	Year rate reaches ultimate trend rate	2048	2045
	Post- retirement mortality assumption	RP-2014 Projected w/MP-2021	RP-2014 Projected w/MP-2021
<i>Weighted-average assumptions to determine defined benefit cost</i>			
	Effective discount rate for defined benefit obligation	5.80%	5.15%
	Effective rate for net interest cost	5.60%	5.15%
	Effective discount rate for service cost	5.85%	5.10%
	Effective rate for interest on service cost	5.85%	5.15%
	Health care cost trend rates	-	-
	Immediate trend rate	5.15%	5.19%
	Ultimate trend rate	4.00%	4.00%
	Year rate reaches ultimate trend rate	2045	2045
	Post- retirement mortality assumption	RP-2014Projected w/MP 2021	RP-201Projected w/MP 2021
H. Sensitivity analysis			
<i>Present value of defined benefit obligations</i>			
	Effective Discount rate - 25 basis points	1,791,000	1,241,000
	Effective Discount rate + 25 basis points	(1,608,000)	(1,208,000)
	Health care cost trend rates – 100 basis points	(6,302,000)	(4,286,000)
	Health care cost trend rates + 100 basis points	8,167,000	5,486,000
	Post- retirement mortality assumption + 10%	(1,135,000)	(847,000)
I. Expected cash flows for following year			
	a. Expected employer contributions	484,000	367,000
	b. Expected contributions to reimbursement rights		
	c. Expected total benefit payments		

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Year 1	484,000	367,000
Year 2	544,000	409,000
Year 3	611,000	456,000
Year 4	685,000	508,000
Year 5	786,000	564,000
Next 5 years	5,803,000	4,139,000

The Actuarial Assumptions

The actuarial assumptions as at the reporting date are used to determine the present value of the defined benefit obligation (DBO) at that date and the defined benefit cost for the following year. We have used actuarial assumptions selected by the Authority, which are consistent with the assumptions used to determine the results for the Cayman Islands Government's ("CIG") Post Retirement Healthcare Program. The principal financial and demographic assumptions used at 31 December 2025 and 31 December 2024 are shown in the table below:

Economic Assumptions	Postretirement Healthcare	Basis of Development – Accounting Specific Assumptions
Discount rate benefit obligation(p.a) - 31 December 2024 - 31 December 2025 Discount rate next year service costs(p.a) - 31 December 2024 - 31 December 2025	5.80% per annum 5.85% per annum 5.85% per annum 6.10% per annum	IAS 19 para. 83 determined by reference to market yields on high quality corporate bonds (consistent with the term of the benefit obligations) at the fiscal year end date. Mercer US Above Mean Yield Curve (referencing US corporate bond yields) used to determine discount rates due to strong economic and currency links between the US and Cayman Islands.
Administrative expenses	2.80% (excluded from claim costs below)	
Rate of Medical Inflation at Prior Year End	5.33% per annum in 2021 grading down to 4.00% in and after 2045 for healthcare costs 4.00% per annum for dental care	Based on Mercer U.S. November 2021 Retiree Medical Trend Model
Rate of medical inflation at Year End	12% per annum in 2024 grading down to 4.00% in and after 2048 for drug cost 7.00% per annum in 2024 grading down to 4.00% in and after 2048 for other medical costs 4.00% per annum for dental care	Based on Mercer U.S. September 2025 Retiree Medical Trend Model

Demographic Assumptions	Postretirement Healthcare	Basis of Development – Accounting Specific Assumptions
Current mortality rates	RP-2014 Mortality Table scaled back to 2006 using MP-2014	Recent mortality studies in the U.S. and Canada shows that people are living longer. New mortality tables have been issued by U.S. and Canada. The mortality table has been updated to better reflect actual mortality improvement rates experienced in the US over the last 20 years.
Mortality improvements 31 December 2024	Scale MP-2021	Broad consensus amongst longevity experts that mortality improvement will continue in the future. Scale MP-2014 was released October 2014. In the U.S, the latest future mortality improvement scale issued by the Society of Actuaries is Scale MP-2021.
Turnover rates	Age & gender based rates – see below	

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Disability rates	None	
Retirement Age as per Public Service Pension Plan	Age & gender based rates – see below	
Material assumption	80% married, wife 3 years younger	
Current healthcare claims cost assumption	Based on CIG 2025 premium rates Drug \$1,900 per participant, Health \$14,030 per participant Dental \$190 per participant	The National Roads Authority provides 100% coverage for employees, spouses and dependants and also retires and retires spouses' premiums.
Healthcare coverage – future pensioners	Male 27% single, 73% family Female 50% single, 50% family	Based on CIG experience
Healthcare utilisation changes due to age	Current Mercer standard healthcare aging assumptions for medical and dental	Based on updated analysis of healthcare utilisation for Mercer clients in US

Turnover Rates

Age	Males	Females
20-24	7.5%	12.5%
25-29	5.0%	12.5%
30-34	3.5%	7.5%
35-39	2.5%	4.5%
40-44	1.5%	2.5%
45-49	0.5%	0.5%
50 +	0.0%	0.0%

Retirement Rates:

Age	%
Below 55	0%
55-59	8%
60	15%
61-64	100%

The actuarial valuation results showed that a liability of \$25,728,000 existed at 31 December 2024, represented by accumulated liability of \$25,728,000 as at 31 December 2024 and service costs and adjustments totaling \$7,938,000 for the year ended 31 December 2025, resulting in a closing liability of \$33,666,000 at 31 December 2025.

15. Revenue and 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, which amounts to \$14 million under the Ownership Agreement (2024: \$14 million). The Authority also delivered Capital Expenditure Projects of \$20.3 million (2024: \$22.1 million) to

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15. Revenue and Related Party Transactions (continued)

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.

Sales to unrelated third parties of \$679 thousand (2024: \$610 thousand) include services for drain wells and curbs, installation of signs, paving, and trench reinstatement services.

	2025	2024
	\$	\$
Sale of services to Cabinet	20,312,494	22,078,496
Roads Fund	14,000,000	14,000,000
Sale of services to other government agencies	631,781	920,743
Sales to third parties	691,803	610,823
Total	35,636,079	37,610,062

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 31 December 2025, the Authority owes PWD the amount of \$7 thousand (2024: \$7 thousand) for support services extended by the latter, such as office and workshop accommodation, tenant's requirements, utilities, accounting services, service parking, and compound security.

During the year, the Authority purchased goods and services worth \$152 thousand (2024: \$210 thousand) from companies partially owned or controlled by one of its Board members. These purchases were materials for Ministerial road works as per a supplier framework agreement (as provided for in the Procurement Regulations 2018 Section 9) between the Authority and local major material suppliers for the acquisition of materials.

The remuneration of directors and other members of key management personnel during the year was \$960 thousand. This consists of \$16 thousand for the Board of Directors, being \$150 per member with one meeting per month on average (2024: \$1.088 million consists of \$23 thousand for the Board of Directors, being \$150 per member per meeting with one meeting per month on average). There were 16 personnel categorized in 2025, broken down as 6 key management personnel and 8 Directors (2024: 7 key management personnel and 9 Directors). Only one member of key management personnel (the Managing Director) sits on the board.

16. Contingencies

i) Sections 36(1), 39(2) and 39(3) of the PAA:

The Authority is required to comply with The Public Authorities Act, (2020 Revision), (the "PAA"). Section 36(1) of the PAA requires public authorities to pay an annual capital charge for the use of equity invested by the Government in the authority. The capital charge is set by the Minister of Finance after consultation with the public authority's board. There is no capital charge payable for 2025 (2024: \$0) because the rate for the 2025 financial year was set at 0%. Going forward, the Authority may be required to pay a capital charge in accordance with the PAA.

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16. Contingencies (continued)

The PAA Section 39(2) requires that where a public authority has surplus cash reserves for a period of more than ninety days, the surplus shall be paid to the core government unless otherwise directed by Cabinet, after written consultation with the Board. In prior years, the Cabinet has exempted Public Authorities from paying over surplus cash revenues, and the Authority expects a similar exemption will be made in respect of its surplus.

Section 39(3) of the PAA also requires that a public authority pay dividends in accordance with the formulae established by the Minister of Finance and Economic Development (the “Ministry”) after written consultation with the Board, unless otherwise directed by Cabinet. For all the years through 2025, the Ministry has advised the Authority that it will not be required to pay a dividend from its surplus because its operations are not self-sustaining. The payment conditions are the same as those in prior years, and therefore, the Authority has not made a provision for the dividend payment. Going forward, the Authority may be required to pay dividends in accordance with the Government’s policy for the payment of annual dividends unless the Authority continues to satisfy the exemption criteria noted under the policy.

ii) Section 28(1) of the National Roads Authority Act (2024 Revision):

Under section 28(1) of the National Roads Authority Act (2024 Revision), an annual payment to the core government may be due. At the date of these financial statements, there has been no request made.

iii) Litigations, claims, and assessments

At the date of the audit opinion, the Authority had no ongoing or threatened litigation.

17. 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 cash placed with a local bank that earns interest. No interest payments are charged to customers for late payments on accounts receivable. The Authority is exposed to interest rate risk on its short-term. The total interest earned during the year ended 31 December 2025 was \$675,268 (2024: \$659,410).

Credit Risk

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

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17. Financial Risk Management (continued)

potentially subject the Authority to credit risk consist of cash and cash equivalents, term deposits, trade receivables, and other receivables.

Credit risk is the risk that the counterparty to a transaction with the Authority will fail to discharge its obligations, causing the Authority to incur a financial loss. Financial assets that potentially subject the Authority to credit risk consist of cash and cash equivalents, trade receivables, and other receivables.

The average credit period on sales is 30 days. The Authority manages its Credit risk by transacting only with creditworthy counterparties. Generally, the Authority does not require collateral. Ongoing credit risk is managed through the review of aging analysis and customer credit. Maximum exposures to credit risk as at year end are the carrying value of financial assets in the statement of financial position.

Expected Credit Losses

Expected Credit Losses are calculated on a lifetime basis for Trade Receivables. Please see the trade receivables note for more information on credit risk disclosures for ECL on Trade Receivables. The credit risk on cash and cash equivalents, and short-term investments is limited.

The Authority's main bank is Royal Bank of Canada in the Cayman Islands (RBC), which has an S&P Global Ratings of AA.

Concentrations of credit risk

The Authority does not have any significant credit risk exposure. The credit risk on cash and cash equivalents, and short-term investments is limited. The Authority's main bank is RBC Royal Bank (Cayman) Ltd, which has an S&P Global Rating of AA-.

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 on a timely basis. As at 31 December 2025 and 31 December 2024, all financial liabilities were due within one month of the respective financial position dates.

18. Financial Instruments- fair values

As at 31 December 2025 and 31 December 2024, the carrying amount of cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities, 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 judgment and therefore cannot be determined with precision. Changes in assumptions, economic conditions, and other factors could significantly affected fair value estimates.

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19. Commitments

Commitments by the Authority relate to the environmental impact assessment works related to the East-West Arterial Road. These services were currently \$3.4 million as at 31 December 2025, of which \$3.4 million has been settled at the date of these Financial Statements.

20. Explanations of Major Variances against Budget

Statement of Financial Position

	2025 Actual	2025 Original Budget	2025 Final Budget	Variance Actual vs Budget
	\$	\$	\$	\$
ASSETS				
Current Assets				
Cash and cash equivalents	7,014,692	18,611,066	18,611,066	(11,596,374)
Short-term Investment	17,181,217	-	-	17,181,217
Accounts receivable and prepayments	7,257,879	1,988,477	1,988,477	5,269,402
Inventory	66,481	45,000	45,000	21,481
Total Current Assets	31,520,268	20,644,543	20,644,543	10,875,725
Non-Current Assets				
DB Pension Asset	1,933,000	-	-	1,933,000
Property, plant and equipment	3,796,208	2,522,461	2,522,461	1,273,747
Right-of-Use asset	62,120	-	-	62,120
Total Non-Current Assets	5,791,328	2,522,461	2,522,461	3,268,867
Total Assets	37,311,596	23,167,004	23,167,004	14,144,592
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts payable	2,178,109	1,410,000	1,410,000	768,109
Employee entitlements	150,197	65,000	65,000	85,197
Lease Liability	44,027	-	-	44,027
Total Current Liabilities	2,372,333	1,475,000	1,475,000	897,333
Non-Current Liabilities				
Pension liability	-	1,675,000	1,675,000	(1,675,000)
Post-Retirement Health Liability	33,666,000	31,615,000	31,615,000	2,051,000
Total Non-Current Liabilities	33,666,000	33,290,000	33,290,000	376,000
Total Liabilities	36,038,333	34,765,000	34,765,000	1,273,333
Net Assets/ (Liability)	1,273,263	(11,597,996)	(11,597,996)	12,871,260
EQUITY				
Contributed capital	4,653,535	4,653,535	4,653,535	-
Retained earnings	(3,380,272)	(16,251,531)	(16,251,531)	12,871,259
TOTAL EQUITY	1,273,263	(11,597,996)	(11,597,996)	12,871,259

National Roads Authority
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20. Explanations of Major Variances against Budget (continued)

Management is not aware of any events after the reporting date which will have an impact on financial statements at 31st December 2025.

Statement of Financial Position

Cash and cash equivalents

Cash and cash equivalents realised a negative shift of \$11.6 million driven by the decision to hold short-term deposits for a durations longer than three months.

Short-term investment

The \$17.1 million increase over budget is due to the decision of placing the funds in a term deposit with a duration exceeding three months as explained above.

Accounts receivable and prepayments

The 2.3 million increase in accounts receivable is due to an increase in capital projects in the last quarter of 2025, when billing to MPLAHI. These receivables have been fully paid at the date of the signing of these financials.

Property, plant, and equipment

Property, plant, and equipment reflects \$1.273 million over budget with equipment acquisitions during 2025 of \$802 thousand (2024: \$817 thousand) being additional purchases approved by Management/Board of Directors post budget, driven by demands related to additional Executive Asset works and meeting expanding needs of the Authority.

Accounts payable and accrued liabilities

Accounts payable were \$768 thousand over budgeted figures, primarily due to balances of payments on goods and services delivered near year-end, directly related to late works performed on behalf of MPLAHI. These payments to primary vendors were settled in entirety on the date of these Financials.

Pension liability and Pension asset

There was no pension liability as at 31 December 2025. The authority recognised a pension asset of \$1.93 million, as provided by the Authority's Acturial Valuation expert. This explains the \$1.93 million over nil budget in the pension asset and \$1.67 million under the pension liability

Post-retirement health liability

Post-retirement health liability reflects an increase of \$2 million primarily as a result of the OCI movement at the end of 2025.

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20. Explanations of Major Variances against Budget (continued)

Statement of Financial Performance

	2025 Actual \$	2025 Original Budget \$	2025 Final Budget \$	Variance Budget vs Actual \$
REVENUE	35,636,079	14,425,000	14,425,000	21,211,079
COST OF GOODS SOLD				
Subcontractors	12,612,847	520,000	520,000	(12,092,847)
Materials	3,677,521	520,000	520,000	(3,157,521)
Labour	5,322,296	4,507,025	4,507,025	(815,271)
Hired equipment	132,905	6,050	6,050	(126,855)
Total Cost of Goods Sold	21,745,569	5,553,075	5,553,075	(16,192,494)
NET REVENUE	13,890,510	8,871,925	8,871,925	5,018,585
OPERATING EXPENSES				
Personnel costs	6,597,311	5,813,415	5,813,415	(783,896)
Post- retirement health liability	1,890,000	2,479,000	2,479,000	589,000
Utilities (Streetlights)	1,215,123	1,450,000	1,450,000	234,877
Electricity and Water	42,544	47,805	47,805	5,261
Motor Vehicle expenses(including insurance)	1,474,688	894,460	894,460	(580,228)
Depreciation	679,497	541,552	541,552	(137,945)
Past service pension	(30,000)	235,000	235,000	265,000
Computer maintenance and fees	239,151	200,000	200,000	(39,151)
Professional fees	131,387	100,000	100,000	(31,387)
Building maintenance	81,331	121,569	121,569	40,238
Telephone	54,861	55,000	55,000	139
Supplies and consumables	48,906	72,000	72,000	23,094
Advertising and promotion	82,953	27,500	27,500	(55,453)
Bank charges	11,418	15,000	15,000	3,582
Doubtful Debt Expense	-	-	-	-
Insurance	17,667	16,124	16,124	(1,543)
Office Rental	2,573	2,500	2,500	(73)
Interest Expense - Lease	1,328	-	-	(1,328)
Total Operating Expenses	12,540,739	12,070,925	12,070,925	(469,814)
Surplus/ (Deficit)	1,349,771	(3,199,000)	(3,199,000)	4,548,771

National Roads Authority
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20. Explanations of Major Variances against Budget (continued)

Several categories were presented in summary within the Ownership Agreements, whilst being presented in detail by the Authority in their Financial Statements and throughout the course of the year. The ownership agreement figures shown below represent the budget actually approved by the Parliament, compared with the detailed Financial Statement figures. Note, however, the total Revenue and Expenses remained the same in both formats.

Reconciliation of Ownership Agreement and the Statement of Financial Performance

	Budget	Financial Statements
	2025	2025
REVENUE	<u>14,425,000</u>	<u>14,425,000</u>
COST OF GOODS SOLD		
Subcontractors		520,000
Materials		520,000
Labour		4,507,025
Hired equipment		6,050
Total Cost of Goods Sold	<u>-</u>	<u>5,553,075</u>
NET REVENUE	<u>14,425,000</u>	<u>8,871,925</u>
OPERATING EXPENSES		
Personnel costs	10,555,440	5,813,415
Post-retirement health liability	2,479,000	2,479,000
Utilities (Streetlights)		1,450,000
Electricity and Water		47,805
Motor Vehicle expenses(including insurance)		894,460
Depreciation	541,552	541,552
Past service pension		235,000
Computer maintenance and fees		200,000
Professional fees		100,000
Building maintenance		121,569
Telephone		55,000
Supplies and consumables	4,048,008	72,000
Advertising and promotion		27,500
Bank charges		15,000
Doubtful Debt Expense		-
Insurance		16,124
Office Rental		2,500
Total Operating Expenses	<u>17,624,000</u>	<u>12,070,925</u>
Net Deficit	<u>(3,199,000)</u>	<u>(3,199,000)</u>

National Roads Authority
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20. Explanations of Major Variances against Budget (continued)

Statement of Financial Performance

Revenue

Revenue saw a positive variance of \$21.2 million compared to the budget, primarily driven by the executive asset works, \$20.3 million completed on the directive of the MPLAHI. These projects were within the Ministry's remit and not included in the Authority's initial budgeted works. In addition, works on behalf of other Ministries experienced an upward shift of \$330 thousand due to scheduled works in the year of approximately \$631 thousand, along with additional interest revenue earned of \$688 thousand, resulting in an upward shift of \$573 thousand.

Cost of Sales

The \$16.2 million budget variance in cost of sales is driven by costs incurred to complete the additional works, as detailed in the revenue note above.

Operating expenses

Personnel costs were over budget by \$784 thousand, primarily due to new hires, overtime costs associated with capital projects, and an increase in health insurance costs.

Utilities (Streetlights) costs fell below budget by \$235 thousand despite the addition of additional streetlights to the road infrastructure, as overall costs realised a positive net balance driven by adjustments to CUC monthly unit costs and decreases related to the transition to LED streetlights.

Budgeted Post-retirement healthcare costs and past service defined benefit pension costs were based on Actuarial estimates of cost to be charged to the statement of financial performance, with adjustments based on receiving 2025 Actuarial reports, hence the reduced costs of \$589 thousand and a decrease of \$265 thousand, respectively.

Motor vehicle expenses were over budget by \$580 thousand due to additional fuel and maintenance expenses related to additional work performed over and above the budget (as highlighted in the revenue section above).

Advertising and promotions realised a \$55 thousand increase, driven mainly by an aggressive approach by management and BOD in addressing road safety concerns.

Depreciation expense increased by \$137 thousand, which was directly due to BOD and management-approved acquisitions not budgeted; however, deemed essential, particularly with added demands related to Ministry-required works and the life expiration of fleet being replaced.

**National Roads Authority
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21. Subsequent events

There have been no Board meetings held from January 2026 to date. The Chairman resigned in mid-November 2025. The final meeting in December 2025 was chaired by the Deputy Chairman. On December 31, 2025, two of the remaining Board members' terms expired. A fourth member subsequently resigned in March 2026, leaving the Board not legally constituted as per Section 7(4) of the NRA Act, which states that the Board shall consist of not less than nine nor more than eleven directors.

In April 2026, the Cabinet approved the appointment of a board chair and members to the NRA Board.