

National Road Authority

Financial Statements

June 30, 2014

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National Roads Authority
Financial Statements
30 June 2014

STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

We accept responsibility for the accuracy and integrity of the financial information in these financial statements and their compliance with the *Public Management and Finance Law (2013 Revision).*

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

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

The financial statements fairly present the statement of financial position, statement of comprehensive income, statement of cash flows and statement of changes in equity for the financial year ended 30 June 2014.

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

(a) are completely and reliably reflect the financial transactions of National Roads Authority for the year ended 30 June 2014;

(b) fairly reflect the financial position as at 30 June 2014 and comprehensive income for the year ended 30 June 2014; and

(c) comply with International Financial Reporting Standards under the responsibility of the International Accounting Standards Board.

The Office of the Auditor General conducts an independent audit and expresses an opinion on the accompanying financial statements. The Office of the Auditor General has been provided access to all the information necessary to conduct an audit in accordance with International Standards on Auditing.

Mr. Donovan Ebanks
Chairman
National Roads Authority

Date- 30.10.14

Mr. Paul Parchment
Managing Director
National Roads Authority

Date- 30.10.14

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AUDITOR GENERAL'S REPORT

To the Board of Directors of National Roads Authority

I have audited the accompanying financial statements of National Roads Authority, (the "Authority"), which comprise the statement of financial position as at 30 June 2014 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 4 to 24 in accordance with the provisions of Section 60(1)(a) of the *Public Management and Finance Law (2013 Revision)*.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of National Roads Authority, (the "Authority") as at 30 June 2014 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



Alastair Swarbrick, MA (Hons), CPFA
Auditor General

30 October 2014
Cayman Islands

NATIONAL ROADS AUTHORITY

National Roads Authority
Statement of Financial Position
As at 30 June 2014
(Stated in Cayman Islands Dollars)

	Note	2013/14	2012/13 (As restated)
ASSETS			
Current Assets			
Cash and cash equivalents	3	$3,188,347	$2,056,197
Accounts receivable and prepayments	4	1,640,048	2,814,500
Inventories	5	158,529	158,508
Total Current Assets		**4,986,924**	**5,029,205**
Non-Current Assets			
Property, plant and equipment	6	1,164,418	1,310,204
Total Assets		**6,151,342**	**6,339,409**
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable	7	650,349	1,050,051
Retirement pension liability	11	1,256,000	1,372,000
Employee entitlements	8	128,937	105,357
Total Current Liabilities		**2,035,286**	**2,527,408**
Equity			
Contributed capital	9	4,541,535	4,541,535
Retained earnings		(425,479)	(729,534)
Total Equity		**4,116,056**	**3,812,001**
Total Liabilities and Equity		**$6,151,342**	**$6,339,409**

The accompanying notes on pages 8-24 form an integral part of these financial statements.

Approved on behalf of the Board on the 30th of OCTOBER 2014

Mr. Donovan Ebanks
Chairman

Mr. Paul Parchment
Managing Director

National Roads Authority
Statement of Comprehensive Income
For the year ended 30 June 2014
(Stated in Cayman Islands Dollars)

	Note	2013/14	2012/13 (As restated)
SALES	12	**$9,576,065**	**$10,712,073**
COST OF SALES			
Labour		1,953,762	2,138,228
Materials		838,734	1,489,758
Subcontractors		767,112	575,109
Hired equipment		18,654	1,082
Total Cost of Sales		**3,578,262**	**4,204,177**
GROSS INCOME		**5,997,803**	**6,507,896**
Other income		-	100
NET SALES		**5,997,803**	**6,507,996**
OPERATING EXPENSES			
Personnel costs	10	3,008,900	3,045,942
Utilities		1,641,061	1,544,973
Motor vehicle expenses (including insurance)		510,608	420,811
Depreciation	6	278,411	321,160
Computer maintenance and fees		100,951	91,846
Professional fees		75,053	115,122
Building maintenance		68,972	59,424
Office rental	16	50,928	55,172
Telephone		32,595	33,766
Supplies and consumables		21,335	20,843
Insurance		16,077	16,201
Bank charges		4,977	2,557
Advertising and promotion		(120)	13,720
Past service pension	11	186,000	513,000
Total Operating Expenses		**5,995,748**	**6,254,537**
Income (Loss) before Other Comprehensive Income		**2,055**	**253,459**
Other Comprehensive Income			
Remeasurements of employment benefits obligations	11	302,000	(351,000)
COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		**$304,055**	**$($97,541)**

The accompanying notes on pages 8-24 form an integral part of these financial statements

National Roads Authority
Statement of Changes in Equity
For the Year Ended 30 June 2014
(Stated in Cayman Islands Dollars)

	Note	Retained Earnings (As restated)	Contributed Capital	Total
Balance at 30 June 2012		**($631,993)**	**$4,541,535**	**$3,909,542**
Income before other comprehensive income 12/13, as restated		253,459		253,459
Other comprehensive income - Remeasurement of employment benefit obligation, as restated	11	(351,000)	-	(351,000)
Balance at 30 June 2013, as restated		**(729,534)**	**4,541,535**	**3,812,001**
Income before other comprehensive income 13/14		2,055	-	2,055
Other comprehensive income - Remeasurement of employment benefit obligation	11	302,000	-	302,000
BALANCE at 30 JUNE 2014		**($425,479)**	**$4,541,535**	**$4,116,056**

The accompanying notes on pages 8-24 form an integral part of these financial statements.

National Roads Authority
Statement of Cash Flows
For the Year Ended 30 June 2014
(Stated in Cayman Islands Dollars)

	Note	2013/14	2012/13 (As restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Comprehensive Income (Loss)		**$304,055**	**$(97,541)**
Adjustment for non-cash transactions:			
Depreciation	6	278,411	321,160
Gain on sale of fixed assets		-	(100)
Total		582,466	223,519
Net change in working capital			
Decrease /(increase) in accounts receivable		1,174,452	251,846
(Increase)/decrease in inventories		(21)	126,740
(Decrease)in accounts payable and accrued liabilities		(492,122)	613,127
Net cash flows generated from operating activities		**1,264,775**	**1,215,232**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets	6	(132,625)	(1,065)
Net cash flows used from investing activities		**(132,625)**	**(1,065)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Contributed capital from Government	10	-	-
Net cash flows from financing activities		-	-
Net increase in cash and cash equivalents during the year		1,132,150	1,214,167
Cash and cash equivalents at the beginning of the year		2,056,197	842,030
CASH AND CASH EQUIVALENTS AT END OF YEAR	3	**$3,188,347**	**$2,056,197**

The accompanying notes on pages 8-24 form an integral part of these financial statements

1. Establishment and Principal Activity

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

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

As at 30 June 2014, the NRA had 85 employees (30 June 2013: 88 employees). The NRA is located at 342B Dorcy Drive, P.O. Box 10426, Grand Cayman KY1-1004, Cayman Islands.

2. Significant Accounting Policies

(a) Basis of preparation

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

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

(b) Cash and cash equivalents

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

(c) Foreign currency translation

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

2. Significant Accounting Policies (continued)

(d) Property, plant and equipment/depreciation

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

Annual rates are as follows:

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

(e) Receivables

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

(f) Allowance for bad debts

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

(g) Inventory

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

(h) Accounts Payable

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

(i) Employee entitlements

Pension Plans

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

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

2. Significant Accounting Policies (continued)

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

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

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

(j) Revenue recognition

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

(k) Expense recognition

Expenses are recognised when incurred.

(l) Financial Instruments

(i) Classification

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

2. Significant Accounting Policies (continued)

(ii) Recognition

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

(iii) Measurement

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

(iv) Derecognition

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

(v) Credit Risk

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

(vi) Interest Rate Risk

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

(m) Classification

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

(n) Changes in International Financial Reporting Standards

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

(i) IAS 32 Offsetting Financial Assets and Financial Liabilities — Amendments to IAS 32 (Effective for annual periods beginning on or after 1 January 2014)

The amendments to IAS 32 clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems), which apply gross settlement mechanisms that are not simultaneous. The amendments clarify that rights of set-off must not only be legally enforceable in the normal course of business, but must also be enforceable in the event of default and the event of bankruptcy or insolvency of all of the counterparties to the contract, including the reporting entity itself.

2. Significant Accounting Policies (continued)

The amendments also clarify that rights of set-off must not be contingent on a future event. The IAS 32 offsetting criteria require the reporting entity to intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The amendments clarify that only gross settlement mechanisms with features that eliminate or result in insignificant credit and liquidity risk and that process receivables and payables in a single settlement process or cycle would be, in effect, equivalent to net settlement and, therefore, meet the net settlement criterion.

(ii) IFRS 10, IFRS 12 and IAS 27 Investment Entities (Amendments) (Effective for annual periods beginning on or after 1 January 2014)

The investment entities amendments apply to investments in subsidiaries, joint ventures and associates held by a reporting entity that meets the definition of an investment entity. The key amendments include: • 'Investment entity' is defined • An investment entity must meet three elements of the definition and consider four typical characteristics, in order to qualify as an investment entity • An entity must consider all facts and circumstances, including its purpose and design, in making its assessment • An investment entity accounts for its investments in subsidiaries, associates and joint ventures at fair value through profit or loss in accordance with IFRS 9 (or IAS 39, as applicable), except for investments in subsidiaries, associates and joint ventures that provide services that relate only to the investment entity, which must be consolidated (investments in subsidiaries) or accounted for using the equity method (investments in associates or joint ventures) • An investment entity must measure its investment in another controlled investment entity at fair value • A non-investment entity parent of an investment entity is not permitted to retain the fair value accounting that the investment entity subsidiary applies to its controlled investees • For venture capital organisations, mutual funds, unit trusts and others that do not qualify as investment entities, the existing option in IAS 28, to measure investments in associates and joint ventures at fair value through profit or loss, is retained.

(iii) IAS 39 Novation of Derivatives and Continuation of Hedge Accounting — Amendments to IAS 39 (Effective for annual periods beginning on or after 1 January 2014)

The amendments provide an exception to the requirement to discontinue hedge accounting in certain circumstances in which there is a change in counterparty to a hedging instrument in order to achieve clearing for that instrument. The amendments cover novations: • That arise as a consequence of laws or regulations, or the introduction of laws or regulations • Where the parties to the hedging instrument agree that one or more clearing counterparties replace the original counterparty to become the new counterparty to each of the parties • That did not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. All of the above criteria must be met to continue hedge accounting under this exception. The amendments cover novations to central counterparties, as well as to intermediaries such as clearing members, or clients of the latter that are themselves intermediaries.

2. Significant Accounting Policies (continued)

For novations that do not meet the criteria for the exception, entities have to assess the changes to the hedging instrument against the derecognition criteria for financial instruments and the general conditions for continuation of hedge accounting.

(iv) IAS 36 Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36 (Effective for annual periods beginning on or after 1 January 2014)

The amendments clarify the disclosure requirements in respect of fair value less costs of disposal. When IAS 36 Impairment of Assets was originally changed as a consequence of IFRS 13, the IASB intended to require disclosure of information about the recoverable amount of impaired assets if that amount was based on fair value less costs to sell. An unintended consequence of the issuance of IFRS 13 was that an entity would be required to disclose the recoverable amount for each cash-generating unit for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit was significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives. This requirement has been deleted by the amendments to IAS 36.

In addition, the IASB added two disclosure requirements: • Additional information about the fair value measurement of impaired assets when the recoverable amount is based on fair value less costs of disposal. • Information about the discount rates that have been used when the recoverable amount is based on fair value less costs of disposal using a present value technique. The amendments harmonise disclosure requirements between value in use and fair value less costs of disposal.

(v) IFRIC 21 Levies(Effective for annual periods beginning on or after 1 January 2014)

IFRIC 21 is applicable to all levies other than outflows that are within the scope of other standards (e.g., IAS 12) and fines or other penalties for breaches of legislation. Levies are defined in the interpretation as outflows of resources embodying economic benefits imposed by government on entities in accordance with legislation. The interpretation clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability is recognised before the specified minimum threshold is reached. The interpretation does not address the accounting for the debit side of the transaction that arises from recognising a liability to pay a levy. Entities look to other standards to decide whether the recognition of a liability to pay a levy would give rise to an asset or an expense under the relevant standards.

2. Significant Accounting Policies (continued)

(vi) IAS 19 Defined Benefit Plans: Employee Contributions — Amendments to IAS 19 (Effective for annual periods beginning on or after 1 July 2014)

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. IAS 19 requires such contributions that are linked to service to be attributed to periods of service as a negative benefit. The amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. Examples of such contributions include those that are a fixed percentage of the employee's salary, a fixed amount of contributions throughout the service period, or contributions that depend on the employee's age.

3. Cash and Cash Equivalents

	2013/14	2012/13
Bank accounts	$3,188,347	$2,056,197
Term deposits	-	-
Total Cash & Cash Equivalents	**$3,188,347**	**$2,056,197**

4. Accounts Receivable and Prepayments

	2013/14	2012/13
Outputs to Cabinet	$1,550,656	$2,569,475
Outputs to other government agencies	7,586	24,828
Accounts Receivable Others and Prepayment	76,536	213,162
Staff loans	5,270	7,036
Total Accounts Receivable and Prepayments	**$1,640,048**	**$2,814,500**

5. Inventories

	2013/14	2012/13
Finished Goods - Cayman Rock	$128,537	$141,787
Finished Goods - AE60	17,690	12,087
Finished Goods - Crusher Run	3,621	2,000
Finished Goods - 3/8 Washed Chips	8,637	2,175
Finished Goods – Sand	44	459
Total	**$158,529**	**$158,508**

6. Fixed Assets

	Vehicles & Heavy Equipment	Furniture & Fixtures & Office Equipment	IT Equipment	Other Plant & Equipment	Leasehold Improvement	Total
Cost						
Opening 2011/12	$2,990,237	$137,272	$312,762	$1,526,236	$219,275	$5,185,782
Additions 2012/13	-	-	1,165	-	-	1,165
As at 2012/13	2,990,237	137,272	313,927	1,526,236	219,275	5,186,947
Additions 2013/14	(100)		8,164	7,176	117,385	132,625
As at 2013/14	$2,990,137	$137,272	$322,091	$1,533,412	$336,660	$5,319,572
Accumulated Depreciation						
Opening 2011/12	$2,326,527	$126,191	$291,319	$623,878	$187,669	$3,555,584
Depreciation 2012/13	161,556	1,936	9,147	132,768	15,752	321,159
As at 2012/13	2,488,083	128,127	300,466	756,646	203,421	3,876,743
Depreciation 2013/14	137,745	4,076	5,841	114,897	15,852	278,411
As at 2013/14	$2,625,828	$132,203	$306,307	$871,543	$219,273	$4,155,154
Net Book Value - 2014	**$364,309**	**$5,069**	**$15,784**	**$661,869**	**$117,388**	**$1,164,418**
Net Book Value - 2013	**$502,154**	**$9,145**	**$13,461**	**$769,590**	**$15,854**	**$1,310,204**

7. Accounts Payable and Accrued Liabilities

	2013/14	2012/13
Trade creditors	$563,949	$999,472
Accruals	86,400	50,579
Total Accounts Payable and Accrued Liabilities	**$650,349**	**$1,050,051**

8. Employee Entitlements

The leave entitlements are calculated based on current salary paid to those employees who are eligible for this benefit. During the year, accrued vacation leave amounted to $128,937 (2012/13: $105,357)

9. Contributed Capital

During the year the Authority received no equity injection. (2013: nil).

10. Salaries and Benefits

	2013/14	2012/13
Salaries and wages	$1,759,764	$1,781,703
Health Insurance	918,516	1,004,002
Employer and Employee pension expenses	245,047	245,047
Vacation due	23,580	(32,767)
Other personnel costs	61,993	47,957
Total Salaries and Benefits	**$3,008,900**	**$3,045,942**

11. Pensions

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

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

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

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

11. Pensions (continued)

In March 2005, the Financial Secretary of the Government of the Cayman Islands informed the Authority that the decision to keep the unfunded past service liability a central liability of the Government has now been reversed and the Authority recognizes the unfunded past service liability as a liability in its financial statements. The most recent actuarial valuations for IAS 19 reporting were conducted as at 30 June 2014 and 2013 (October 2014). The last accounting valuation of the NRA was prepared with an effective date of June 30, 2012 by the former actuary of the plan, Glactuary Inc. The information contained in those reports in the preparation of the information was relied upon by the new actuary. In particular, the closing asset values and accrued benefit obligation as at June 30, 2012; the funded position of the plan as at June 30, 2012; the benefit cost for the period July 1, 2012 to June 30, 2013 and the benefit cost for the period July 1, 2013 to June 30, 2014.

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

	2013/14 $000	2012/13 $000
Defined benefit obligation	3,984	3,512
Fair value of plan assets	2,728	2,140
Funded status	1,256	1,372
Effect of asset ceiling/onerous liability	-	-
Net liability (asset)	1,256	1,372

The change in defined benefit obligation is as follows:

	2013/14 $000	2012/13 $000
Defined benefit obligation at end of prior year	3,512	2,569
Service Cost	221	225
Interest expense	183	134
Cash flows	87	87
Other significant events	-	-
Remeasurements	(19)	497
Effect of changes in foreign exchange rates	-	-
Defined benefit obligation at end of year	3,984	3,512

2013 Retrospective Application

	For the year ended 30 June 2013		
Statement of comprehensive income:	As previously reported	Adjustment required	As Restated
Past service pension expense	132,000	381,000	513,000
Total Operating expenses	5,873,537	381,000	6,254,537
Income before other comprehensive loss	634,459	(381,000)	253,459
Other comprehensive loss:			
Re-measurement of defined benefit pension	-	(351,000)	(351,000)
Total Comprehensive Loss for the Year	634,459	(732,000)	97,541

11. Pensions (continued)

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

	2013/14 $000	2012/13 $000
Fair value of plan assets at end of prior year	2,140	1,727
Interest Income	117	93
Cash flows – employer and participant contributions	188	174
Other significant events	-	-
Remeasurements	283	146
Effect of changes in foreign exchange rates	-	-
Fair value of plan assets at end of year	2,728	2,140

The net defined benefit liability (asset) reconciliation:

	2013/14 $000	2012/13 $000
Net defined benefit liability as of beginning of year	1,372	842
Defined benefit cost included in P&L	287	280
Total remeasurements included in OCI	(302)	351
Other significant events	-	-
Cash flows	(101)	(101)
Credit to reimbursements	-	-
Effect of changes in foreign exchange rates	-	-
Net defined benefit liability as of end of year	1,256	1,372

The components of defined benefit cost is as follows:

	2013/14 $000	2012/13 $000
Service Cost	221	225
Net interest cost		
Interest expense on DBO	183	134
Interest (income) on plan assets	(117)	(93)
Total net interest cost	66	41
Remeasurements of Other Long Term Benefits	-	-
Administrative expenses and taxes	-	14
Defined benefit cost included in P & L	287	280
Remeasurements (recognized in other comprehensive income)		
Effect of changes in demographic assumptions	-	225
Effect of changes in financial assumptions	595	41
Effect of experience adjustments	(614)	231
(Return) on plan assets (excluding interest income)	(283)	(146)
(Return) on reimbursement rights (excluding interest income)	-	-
Changes in asset ceiling/onerous liability (excluding interest income)	-	-
Total remeasurements included in OCI	(302)	351
Total defined benefit cost recognized in P&L and OCI	(15)	631

11. Pensions (continued)

The sensitivity analysis on defined benefit obligation is shown below:

	2013/14	2012/13
1. Discount rate		
a. Discount rate – 25 basis points	4,217	-
b. Discount rate + 25 basis points	3,767	-
2. Inflation rate		
a. Inflation rate – 25 basis points	3,774	-
b. Inflation rate + 25 basis points	4,209	-
3. Mortality		
a. Mortality - 10% of current rates	4,053	-
b. Mortality + 10% of current rates	3,918	-

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

	Amount ($000)
Expected employer contributions	101

The significant actuarial assumptions are presented below:

Weighted-average assumptions to determine defined benefit obligations

	2013/14	2012/13
1. Discount rate	4.50%	5.20%
2. Rate of salary increase	3.50%	3.50%
3. Rate of price inflation	2.50%	2.50%
4. Rate of pension increases	2.50%	2.50%
5. Post-retirement mortality table	UP-94 projected on a generational basis using Scale BB	UP-94 projected on a generational basis using Scale BB
6. Cost Method	Projected Unit Credit	Projected Unit Credit
7. Asset valuation method	Market Value	Market Value

Weighted-average assumptions to determine defined benefit cost

	2013/14	2012/13
1. Discount rate	5.20%	5.20%
2. Rate of salary increase	3.50%	3.50%
3. Rate of price inflation	2.50%	2.50%
4. Rate of pension increases	2.50%	2.50%
5. Post-retirement mortality table		

11. Pensions (continued)

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 2013/14 was 16.1% and 12.3% for fiscal 2012/13. Similar internal accounting is used for developing each participating entity's share of the asset portfolio of the Fund.

The valuations are based on the draft financial statements as at June 30, 2013 as well as asset value as at June 30, 2014 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 June 30, 2014, the Fund was invested as follows:

	2013/14		2012/13	
Plan Assets by Asset Category	**($000)**	**Percentage**	**($000)**	**Percentage**
Global equities securities	381,162	79%	272,074	66%
Debt securities	95,602	20%	112,387	27%
Real estate / Infrastructure	-	-	12,430	3%
Cash	6,871	1%	17,840	4%
Total	483,635	100%	414,731	100%

For fiscal 2013/14, the Defined Contribution portion of the Fund totaled to $195,701,000 and $161,985,000 as at June 30, 2013 as provided by PSPB. The share of the Fund that been notionally allocated to NRA with regards to its participation in the Defined Benefit Part of the Plan is $2.14 million as at June 30, 2014 (2013 - $2.728 million).

The Actuarial Assumptions

The actuarial assumptions have been approved by the Financial Secretary, the main sponsor of the Plan. The principal financial and demographic assumptions used at June 30, 2014 and June 30, 2013 are shown in the table below. The assumptions as at the reporting date are used to determine the present value of the benefit obligation at that date and the pension expense for the following year.

Measurement Date	**2013/14**	**2012/13**
Discount rate		
- BOY disclosure and current year expense	5.20% per year	5.25% per year
- EOY disclosure and following year expense	4.50% per year	5.20% per year
Increases in pensionable earnings	3.50% per year	3.50% per year
Rate of Pension Increases	2.50% per year	2.50% per year
Rate of Indexation	2.50% per year	2.50% per year

11. Pensions (continued)

Measurement Date	2013/14	2012/13
Expected long-term rate of return on assets (net of expenses) for purposes of IFRIC only	7.00% per year	7.00% per year
Mortality		
- BOY disclosure and current year expense	UP-94 generationally projected using Scale BB	UP-94 projected to 2011 using Scale AA
- EOY disclosure and following year expense	UP-94 generationally projected using Scale BB	UP-94 generationally projected using Scale BB
Disability	None	None
Turnover Rates	Same as 2013	Age and gender based rates. See table below.
Retirement	Same as 2013	Age 57 & 10 years of service
Assumed life expectations on retirement	Retiring today (member age 57) 29.93 Retiring in 25 years (at age 32): 32.43	Retiring today (member age 57) 29.82 Retiring in 25 years (at age 32): 32.43
Liability Cost Method	Projected unit credit method	Projected unit credit method
Asset Value Method	Market Value of Assets	Market Value of Assets
Commutation of pension	All members commute 25% at retirement	All members commute 25% at retirement

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%

11. Pensions (continued)

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

The discount rate as at June 30, 2014 and June 30, 2013 were determined in accordance with IAS 19. In accordance with IAS 19R paragraph 83, determined by reference to market yields on high quality corporate bonds (consistent with the term of the benefit obligations) at the fiscal year end date. The Mercer US Above Mean Yield Curve (referencing US corporate bond yields) was used to determine discount rates due to strong economic and currency links between the US and the Cayman Islands.

12. Related Party Transactions

The Authority provided outputs to the Government relating to the development and maintenance of the public roads within the Cayman Islands which amounts to $3.85 million under the Purchase Agreement (2013: $6 million). During this year the Authority also delivered Capital Expenditure Projects of $5.25 million (2013: $4.5 million) to the Government for the construction of roads under the Ownership Agreement. The Authority also engages the services of other government departments of the Cayman Islands Government. Such services are provided at current prevailing market prices on an arm's length basis. Sales to third parties include services for drain wells and curbs, installation of signs, paving and trench reinstatement services.

	2013/14	2012/13
Sales of services to Cabinet	$9,183,356	$9,030,789
Sales of services to other government agencies	282,176	263,147
Sales of services to third parties	110,533	1,418,237
Total	**$9,576,065**	**$10,712,173**

Upon creation of the Authority on 1 July 2004, no movable properties were vested to the Authority. Henceforth, the Public Works Department (PWD) allowed the Authority to use its vehicles and heavy equipment for road construction and maintenance free of charge. As at 30 June 2014, the Authority owes PWD the amount of $15,303 (2013: $20,961) for support services extended to the latter such as office and workshop accommodation, tenant's requirements, utilities, accounting services, service parking and compound security.

The remuneration of directors and other members of key management personnel during the year was $605,486 (2013: $595,803). There were 15 personnel categorized in 2014 broken down as 6 key management personnel and 9 Directors (2013: 6 key management personnel and 9 Directors).

13. Contingencies

a. The NRA is being assisted by their legal adviser in regards to a claim by an individual against the entity. Both parties have agreed in principle to pursue a mediated settlement. At the time of these financial statements, a mediator has been selected and both parties are presently setting the dates for preliminary meetings. It is anticipated that the agreement to mediate will be executed in short order. Management is unable to determine the outcome of this event and provide a reasonable estimate in the financial statements as preliminary meetings of both parties are still to be conducted.

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

14. Financial Risk Management

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

Interest Rate Risk
The Authority is subject to interest rate risk on the cash placed with a local bank which attracts interest. No interest payments are charged to customers on late payments on accounts receivable. The Authority is not exposed to significant interest rate risk as the cash and cash equivalents are placed on call and available on demand. The total interest earned during the year ended 30 June 2014 was nil (2013: nil).

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

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

The Authority is also exposed to a significant concentration of credit risk in relation to accounts receivables, majority of which are due from other Government entities. No credit limits have been established. As at 30 June 2014, no provision for doubtful debts has been made as none of these assets are impaired and management considers these debts to be recoverable in full (2013: Nil).

14. Financial Risk Management (continued)

The carrying amount of financial assets recorded in the financial statements represents the Authority's maximum exposure to credit risk. No collateral is required from the Authority's debtors.

Liquidity Risk
Liquidity risk is the risk that the Authority is unable to meet its payment obligations associated with its financial liabilities when they fall due.

The ability of the Authority to meet its debts and obligations is dependent upon its ability to collect the debts outstanding to the Authority in a timely basis. As at 30 June 2014 and 2013, all of the financial liabilities were due within one month of the financial position dates.

15. Financial Instruments- fair values

As at 30 June 2014 and 2013, the carrying amount of cash deposits, accounts receivable, accounts payables and employee entitlements approximate their fair value due to their short-term maturities.

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

16. Operating Lease

The Authority entered into a five year lease with Heritage Holdings on September 1, 2009 for storage and laboratory. The annual lease payments for the period amount to $50,928 (2013: $55,172). The lease payments are subject to an annual increase of 3%. The total payments for the five year lease including the annual 3% increase is $255,944. The tenant has the option to renew the lease for a further term of one (1) year or more at the expiration of the term and shall give notice in writing to that effect not less than three months before expiration of the term.