



TOLL AUTHORITY

ANNUAL REPORT

Financial Year
2016-2017



CONTENTS

| | |
|--|-------|
| Mission..... | 2 |
| Scope & Mandate | 2 |
| Message from the Minister..... | 3 |
| Message from the Chairman | 4 |
| Corporate Governance..... | 6-10 |
| Management and Staff..... | 11 |
| Report of the Board of Directors | 12-29 |
| Financial Performance | 30 |
| Financial Forecast for 2017/2018 | 31 |
| Audited Financial Statements for 2016/2017 | 33 |



Mission

To ensure that Jamaica's toll roads are effectively and efficiently developed and managed in accordance with agreed performance and safety standards, service levels and practices and assist in creating an enabling environment for all stakeholders.

Scope & Mandate

The Toll Authority's major functions are:

- To regulate the operation and maintenance of toll roads and such other facilities as may be deemed necessary on or adjacent to toll roads;
- To monitor compliance of concessionaires with the terms and conditions of concession agreements;
- To advise the Minister on matters of general policy relating to the design, construction, safety, regulation, operation and maintenance of the toll roads in Jamaica.

MESSAGE FROM THE MINISTER

As a Government, we recognize that for the country to move forward we must ensure that there is sustained growth in the economy. However, for this to happen, we must ensure that all the elements are in place to facilitate this much-needed growth. Key to this strategy is the need to have communication links to all parts of the island and our highways play a vital role in this.

Highways have been shown as having a positive impact on the economy through a number of factors including expanding the market area, expanding the pool of suppliers and buyers due to ease of access and efficiency in bringing products to market. It has also been shown that the impact of the infrastructure may be felt beyond its geographic location inducing economic benefits beyond the immediate boundaries. Jamaica has been benefiting in this regard, due in part to the significant investments.



Transport operators, truckers and others now benefit from shorter times travelling between the North and South Coasts. The savings in time ensures there could be multiple trips free from the road blocks, caused by collisions, a blocked gorge and other occurrences that would restrict movement on this vital corridor. While this has not been studied, I am sure that there has been an uptick in the number of persons who will now make a quick trip to access the beach and other attractions for the day because of the ease of access.

Access along the South Coast has also been improved with reduced travelling time as a result of the Highway East-West. It is for this reason that we are working apace to commence the May Pen to Williamsfield leg of the highway, which will open up more of the centre of the island to the commercial heart of the country. With approximately fifty minutes cut from the travelling time this will redound to the benefit of the users of the highway and the economy in general. I look forward to being there to open this new leg.

Highways are key to our economic development and I applaud the work that is being done by the Toll Authority in ensuring that Jamaica becomes the place to do business and raise families, while ensuring that economic development is achieved. Our investment today is the highway to growth in the future.

A handwritten signature in black ink, appearing to be 'Lester Michael Henry'.

Hon. Lester Michael Henry CD, MP
Ministry of Transport and Mining

MESSAGE FROM THE CHAIRMAN

The Toll Authority shares the objective of the Government that all elements should be put in place to ensure the country moves to a position of economic growth that will drive the country forward. Key to this growth is the availability of suitable infrastructure to ensure that the country can go about its business with efficiency.

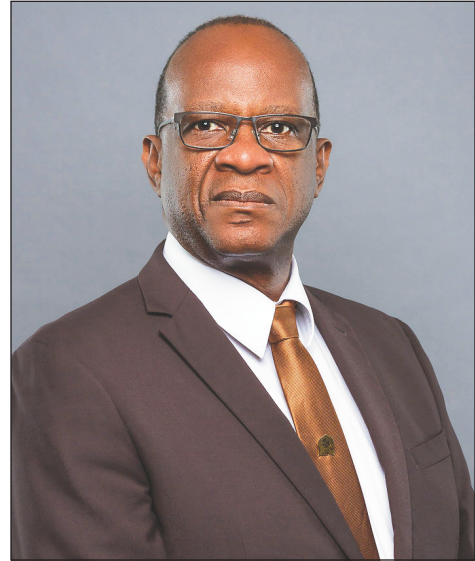
The Toll Authority is keen to see the start of the Segment 1C of the highway from May Pen to Williamsfield. This 28 km segment of the highway will provide the travelling public with an alternative to the current route into the centre of the island and its principal town of Mandeville reducing the travel time from Kingston by an estimated fifty minutes. This we know will benefit the residents of the area and will bring additional developments with individuals and businesses seeking to capitalise on opportunities that will be opened from this development.

As with the construction of the other legs of the highway, our inspectors will be on hand to ensure that the necessary safety and security measures are put in place to provide the travelling public with utmost peace of mind while using the thoroughfare. Additionally, we will be working with the developers to include the latest innovations for monitoring and where possible aid in the reduction of incidents on the roadway.

After the first full year of operation, the North-South Highway operator identified a number of areas that needed remedial work. While the major works have been completed, we continue monitoring to ensure that the travelling public are not hindered and that everyone completes their journey safely. We are pleased with the maintenance work that continues along the East-West corridor and also their initiatives to encourage more users.

The Toll Authority notes the continued high number of collisions along the thoroughfares and applauds initiatives that are implemented by the operators to reduce these occurrences. We continue to work with our partners, the National Road Operating and Constructing Company, the National Road Safety Council and the highway operators in this regard.

I am pleased that the team here at the Authority continues to rise to the challenges which an expanding highway network presents. We commit to adhering to our mission to ensure that users of our highways do so safely even as we provide a safe and secure traveling environment. We further commit to facilitating the growth in our economy by working together to deliver a highway network that will cause development to flourish.



A handwritten signature in black ink that reads "Hugh Faulkner". The signature is fluid and cursive.

Hugh Faulkner
CHAIRMAN

CURRENT BOARD OF DIRECTORS

Mr. Hugh Faulkner
Mr. Fitzbert Mattis
Mr. Patrick Rose
Ms. Shernette Guthrie
Mr. David Lazarus

Ms. Tanya Bedward
Ms. Daphne Taylor
Mr. Assan Thompson
Mr. Stephen Edwards
Mrs. Paula Fletcher

COMMITTEES OF THE BOARD

Finance Committee

Mr. Fitzbert Mattis – Chair
Mr. Patrick Rose
Ms. Shernette Guthrie

Audit Committee

Mrs. Paula Fletcher – Chair
Mr. Stephen Edwards
Ms. Daphne Taylor

Legal Committee

Mr. Hugh Faulkner – Chair
Ms. Tanya Bedward

Technical Committee

Mr. Stephen Edwards – Chair
Mr. Assan Thompson
Ms. Tanya Bedward
Mr. David Lazarus
Mr. Patrick Rose



CORPORATE GOVERNANCE

The Board of Directors and the Management of the Toll Authority continue to ensure that there is consistent adherence to the governing Toll Roads Act and Regulations, the Public Bodies Management and Accountability Act and the Financial Administration and Audit Act. Through these efforts, efficient and effective corporate governance is continually ensured.

In order to conduct the business of the Authority, the Board of Directors, which is comprised of ten (10) members, carried out its functions through the holding of scheduled Board meetings. In addition, four (4) Committees, namely Audit Committee, Legal Committee, Finance Committee and Technical Committee, were established for the effective operation of the Board. The following refers:

BOARD MEETING ATTENDANCE APRIL 1, 2016 - MARCH 31, 2017

| Name of Director | Number of Meetings | Number of Meetings Attended |
|-----------------------|--------------------|-----------------------------|
| Mr. Hugh Faulkner | 9 | 8 |
| Mr. Fitzbert Mattis | 9 | 8 |
| Mr. Patrick Rose | 9 | 5 |
| Ms. Shernette Guthrie | 9 | 7 |
| Mr. David Lazarus | 9 | 7 |
| Ms. Tanya Bedward | 9 | 7 |
| Ms. Daphne Taylor | 9 | 2 |
| Mr. Assan Thompson | 9 | 4 |
| Mr. Stephen Edwards | 9 | 6 |
| Mrs. Paula Fletcher | 9 | 3 |

COMMITTEES OF THE BOARD

| Name of Director | Finance Committee | Legal Committee | Technical Committee | Audit Committee |
|-----------------------|-------------------|-----------------|---------------------|-----------------|
| Mr. Hugh Faulkner | | *Chair | | |
| Mr. Fitzbert Mattis | *Chair | | | |
| Mr. Patrick Rose | * | | * | |
| Ms. Shernette Guthrie | * | | | |
| Mr. David Lazarus | | | * | |
| Ms. Tanya Bedward | | * | * | |
| Ms. Daphne Taylor | | | | * |
| Mr. Assan Thompson | | | * | |
| Mr. Stephen Edwards | | | *Chair | * |
| Mrs. Paula Fletcher | | | | *Chair |

Mrs. Sheryl Shirley-Haynes sits on the Legal Committee as an invited guest.

COMMITTEE REPORTS

FINANCE COMMITTEE

The Finance Committee, which was chaired by Mr. Fitzbert Mattis, comprised of three (3) members. During the year 2016/2017, the Finance Committee met six (6) times and addressed the following:

1. Appointment of External Auditors Crowe Horwath Jamaica, (previously UHY Dawgen Chartered Accountants)
2. Appointment of Corporate Secretary
3. Reviewed the Monthly Financials
4. Reviewed the 2016/2017 Strategic Plan
5. Reviewed the Annual Draft Budget and made recommendations for its approval
6. Considered the requirement for a Corporate Secretary
7. Reviewed Audited Financials and made recommendations to the Board of Directors
8. Reviewed the draft Annual Report
9. Reviewed and approved the draft Investment Policy
10. Reviewed the Authority's expenditures

The Toll Authority continues to maintain a reliable, transparent, and effective accounting system, while ensuring that the Government of Jamaica Procurement Guidelines as well as other guidelines and policies relating to financial management are consistently adhered to. The audited accounts for financial year 2016/2017 were prepared by the registered auditors, Crowe Horwath Jamaica.



LEGAL COMMITTEE

During the year under review, the Legal Committee, which was comprised of four (4) members, was chaired by Mr. Hugh Faulkner. The Committee was responsible for:

1. Advising the Board of Directors on –
 - a. The legislative framework governing the Authority; and
 - b. Recommendations and suggestions for amendments.
2. Reviewing the laws and related documentation.
3. Making recommendations on policies which would have legal implications.

During the 2016/2017 financial year, the Legal Committee met twice to re-examine the following regulations before they were sent to the Ministry of Transport and Mining Legal Department for submission to the Chief Parliamentary Council:

1. The Toll Roads (Technical Designs, Operations & Maintenance Standards) Regulations, 2016; and
2. The Toll Roads (Returns and Registers) Regulations, 2016.

The Toll Roads (Technical Designs, Operations & Maintenance Standards) Regulations were revisited in order to consider inserting further pecuniary sanctions for breaches committed by the concessionaire, since the system that exists for applying penalty points has been ineffective in achieving compliance to the terms of the Concession Agreement, in certain instances.

In addition, the Committee agreed to defer the “Returns” portion of the Toll Roads (Returns and Registers) Regulations to finalize the “Register” clauses and treat same as a separate Regulation. The returns portion would be delayed until amendments are made to the Toll Roads Act to synchronize its provision with the current practice of monthly returns/reports.

TECHNICAL COMMITTEE REPORT

The Technical Committee is responsible for:-

1. Considering applications from the Concessionaires for the closure of toll lanes and to give direction for the general traffic management and safety issues.
2. Reviewing and considering all technical matters requiring the input of the Toll Authority. These include:-
 - a. Technical standards
 - b. Toll road safety issues
 - c. Design related issues
3. Reviewing and considering issues relating to the use, benefit and optimization of the highway.





During the period under review, the Technical Committee met three (3) times to:

1. Review traffic management plans for slope repair of sections of the North-South leg of the Highway. This was done to ensure that:
 - a. Adequate plans are in place for the construction;
 - b. Repairs would be carried out in a safe controllable way; and
 - c. There are adequate measures in place for smooth traffic flow.
2. Address safety concerns on the North-South leg of the Highway. In September 2016, the Toll Authority joined the Road Safety Unit, the Jamaica Constabulary Force, National Works Agency and the National Road Safety Council to carry out an assessment of the land slippage area of the North South leg of Highway 2000, which was a source of concern by stakeholders.
3. Discuss issues relating to the crafting of a National Toll Road Plan, in keeping with the requirement of the Toll Road Act. The plan is expected to be completed by the end of financial year 2018/2019.

AUDIT COMMITTEE

The Audit Committee did not meet during the financial year.



BOARD OF DIRECTORS' COMPENSATION

Payments were made to the Board of Directors in keeping with the PBMA Act. Below is a summary of the payments made:-

| Board Member | Position of Director | Fees (\$) | Motor Vehicle Upkeep/Travelling or Value or Assigned Motor Vehicle | Honoraria | All Other Compensation including Non-Cash Benefits Applicable | Total (\$) |
|--------------|----------------------|--------------------|--|-----------|---|--------------------|
| 1 | Board Chairman | 90,000.00 | N/A | N/A | N/A | 90,000.00 |
| 2 | Board Member | 98,600.00 | N/A | N/A | N/A | 98,600.00 |
| 3 | Board Member | 38,600.00 | N/A | N/A | N/A | 38,600.00 |
| 4 | Board Member | 7,000.00 | N/A | N/A | N/A | 7,000.00 |
| 5 | Board Member | 49,200.00 | N/A | N/A | N/A | 49,200.00 |
| 6 | Board Member | 60,200.00 | N/A | N/A | N/A | 60,200.00 |
| 7 | Board Member | 39,000.00 | N/A | N/A | N/A | 39,000.00 |
| 8 | Board Member | 74,200.00 | N/A | N/A | N/A | 74,200.00 |
| 9 | Board Member | 56,600.00 | N/A | N/A | N/A | 56,600.00 |
| 10 | Board Member | 66,000.00 | N/A | N/A | N/A | 66,000.00 |
| | GRAND TOTAL | 579,400.00* | | | | 579,400.00* |

**The difference of (\$188,420) between this total (\$579,400.00) and the total of \$767,820.00 reflected in Schedule of Administrative and Other Expenses in the Audited Financials, accounts for the sums paid to Mrs. Sheryl Shirley-Haynes who though not a Board member, sits on the Legal Committee and other Board meeting related costs.*

MANAGEMENT AND STAFF

HUMAN RESOURCE

During the financial year 2016/2017, the core functions of the Toll Authority were carried out by three (3) staff members and a temporary Accountant. The Ministry of Transport and Mining carried out the other functions such as Human Resource Management and Information Technology.

Staffing at the Toll Authority

| | | |
|---------------------|---|--------------------------|
| Mrs. Joan Fletcher | – | Toll Administrator/CEO |
| Mr. Delon Wauchope | – | Senior Toll Inspector |
| Ms. Laura McPherson | – | Administrative Secretary |

SENIOR EXECUTIVE COMPENSATION

| Position of Senior Executive | Year | Salary (\$) | Gratuity or Performance Incentive (\$) | Travelling Allowance or Value of Assignment of Vehicle | Pension or Other Retirement Benefits (\$) | Other Allowances (\$) | Non-Cash Benefits (\$) | Total (\$) |
|------------------------------|-------|---------------------|--|--|---|-----------------------|------------------------|---------------------|
| Chief Executive Officer | 16/17 | 3,569,347.70 | 1,767,209.16 | 1,341,624.00 | 0.00 | 0.00 | 0.00 | 6,678,180.86 |
| Senior Inspector | 16/17 | 2,509,784.33 | 0.00 | 684,859.00 | 0.00 | 0.00 | 0.00 | 3,194,643.33 |
| GRAND TOTAL | | 6,079,132.03 | 1,767,209.16 | 2,026,483.00 | 0.00 | 0.00 | 0.00 | 9,872,824.19 |

The sum of \$1,767,209.16 forms a part of the sum of \$2,535,600.00 referred to as Staff Allowance and Other Benefits in Note 13 of the Audited Financial Statements. This comprises the gratuity for the Chief Executive Officer.

REPORT OF THE BOARD OF DIRECTORS

TOLL ROADS OF JAMAICA

The Jamaican toll roads are comprised of three (3) sections as follows:-

The East West Link

1. Vineyards, Spanish Town and May Pen Toll Roads (T1): From Mandela Highway to May Pen – approximately 45 kilometers (*includes Phase 1B ~ 12 kilometers from Sandy Bay to May Pen*);
2. Portmore Toll Road (T2): From Marcus Garvey to Portmore- approximately 6 kilometers; and

The North South Link

3. The approximately 64 km long North South Highway (NSH) is divided into 5 distinct sections: Caymanas to Angels, Angels to Linstead, Linstead to Unity Valley, Unity Valley to Lydford and Lydford to Mammee Bay (Ocho Rios).

OPERATIONS & MAINTENANCE HIGHLIGHTS

THE CONDITION OF THE INFRASTRUCTURE – THE EAST WEST TOLL ROADS (TRANS JAMAICA HIGHWAY – TJH)

Road Surface: The road surface remains in generally good condition. A dip developed at K34+800 East during the year but the TJH addressed this issue in their scheduled maintenance repairs. Some minor raveling had started to occur at the start of the year in some areas on the east bound section resulting in the eastbound section having the majority of the settlement issues and cracks. Micro surfacing work was therefore conducted; this was completed on the Old Harbour and Freetown ramps. The micro surfacing works on the westbound section of the highway will commence in the first quarter of the 2017-2018 year.

Bridges: The structural condition of the bridges on the highway is in good condition. The heightened fences are maintaining well. TJH has repaired the settlement issues on Dawkins Drive on-ramp and there were no major concerns during the year 2016-2017.

Drainage Structures: The drainage structures are in seemingly good functional condition. Flooding has not been an issue for the past few years. The earth drains need to be maintained properly by keeping the grass low so that inspections can be carried out more easily.

Fences: Vandalism of fences continues to be a serious concern for all stakeholders. The JCF has stated that it intends to make more arrests for theft of fences in order to try and curb this trend. Stolen and damaged chain link fence is replaced with barbed wire on T1. Hog wire in combination with barbed wire is installed in certain areas to deter animals entering the corridor.

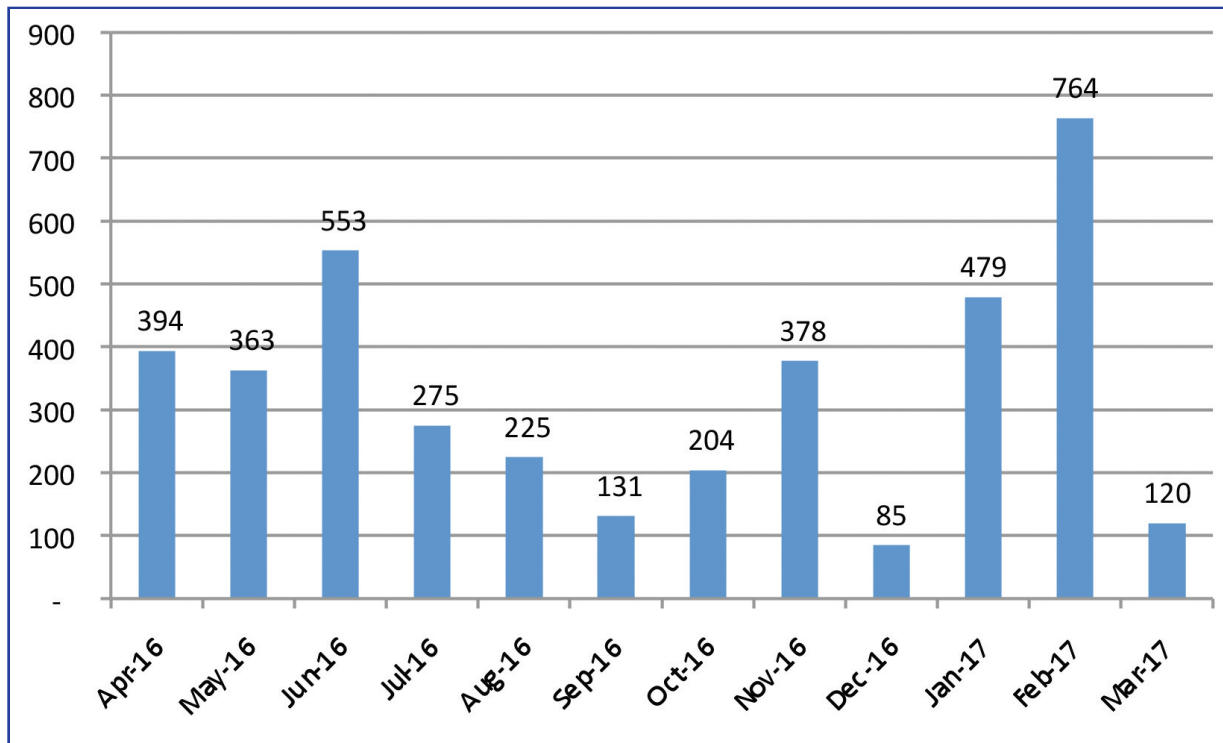


During the financial year 2016-2017, a total of 5,523 meters of fence was damaged and 3,971 meters of fence was stolen. Though these are still high numbers, the figures show significant improvement when compared to the previous financial year (2015-2016) when 6,860 meters of fence was damaged and 6,101 meters of fence was stolen: a reduction of 20% and 35% respectively. The reductions can be attributed to the use of concrete instead of metal posts, as well as the increased presence of the police in the adjacent communities to the highway. However, it should be noted that for March 2017 the quantity of damaged fence (1363 m) was unusually high; this was due to damage from heavy rainfall and high winds for the month of March (*refer to the charts overleaf*).

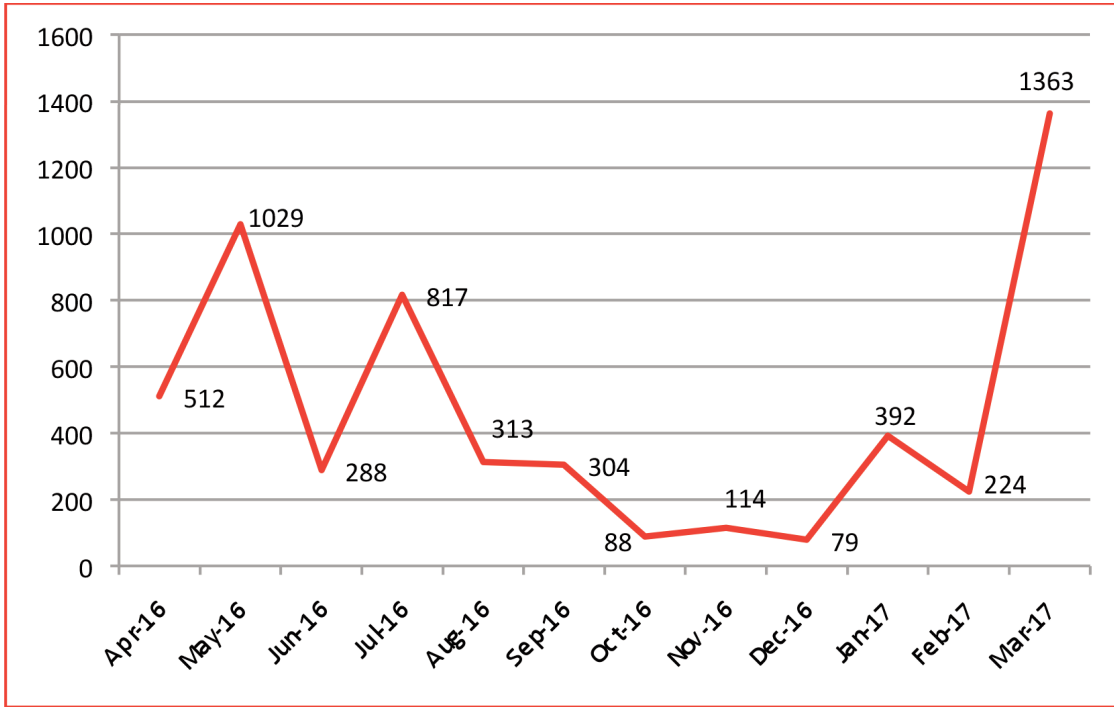
DAMAGED/STOLEN FENCE – EAST WEST HIGHWAY

The graphs below give details of fences stolen and damaged during the year.

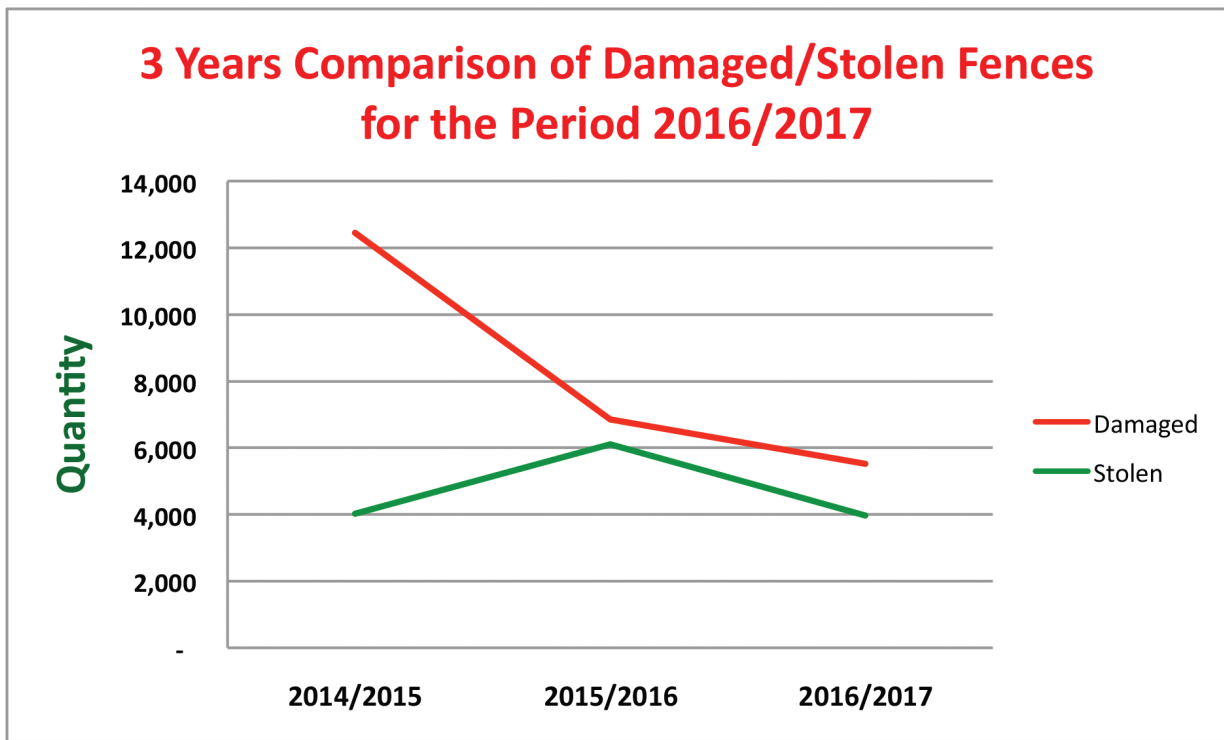
STOLEN FENCE 2016/2017



DAMAGED FENCE 2016/2017



The following chart shows three-years comparison of damaged/stolen fences on the East West Highway for the period 2014/2015, 2015/2016, and 2016/2017:



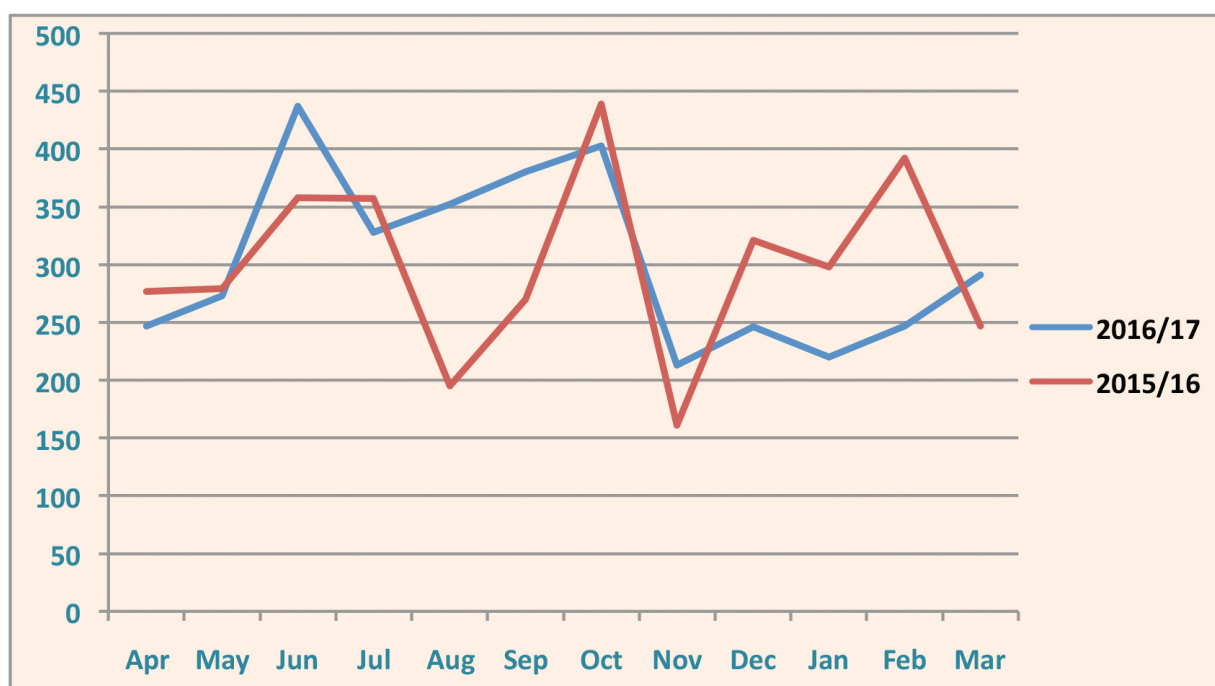


ANIMALS ON THE TOLL ROAD – EAST WEST HIGHWAY

During the period April 2016 to March 2017, a total of 3,099 animals were reportedly seen on the East West Highway; this compares to a total of 3,594 for the same period in the previous year. Though this constitutes a slight decrease in the number of animals, the concern still persists as animals cause collisions and generally impact safety on the motorway.

The chart and supporting table below show the comparison of the presence of animals on the highway for the financial years 2015/2016 and 2016/2017:

Comparison of Animals sighted on the Toll Roads 2015/16 and 2016/17



| YEAR | APR | MAY | JUN | JUL | AUG | SEPT | OCT | NOV | DEC | JAN | FEB | MAR | TOTAL |
|---------|-----|-----|-----|-----|-----|------|-----|-----|-----|-----|-----|-----|-------|
| 2016/17 | 247 | 273 | 437 | 328 | 352 | 380 | 403 | 213 | 246 | 220 | 247 | 291 | 3,099 |
| 2015/16 | 277 | 279 | 358 | 357 | 195 | 270 | 439 | 161 | 321 | 298 | 392 | 247 | 3,594 |

Road Markings and Signs:

Sign theft is a constant issue and needs to be addressed by the police. The police has stated that investigations are ongoing but there has been no recorded arrests made since the opening of the toll roads. The JCF has, therefore, stated that it is working on new techniques to improve their policing against theft on the highways. Pavement marking will commence in the first quarter of the 2017-2018 year.



Shoulder, Buffer and Planted Area Maintenance:

Bushing and cutting of grassed areas with bush whackers close to the carriageway, creates a potentially hazardous situation for motorists due to debris being flung onto the carriageway by the whacker. Routine maintenance works were constantly carried out on both T1 and T2 by the concessionaire.

THE CONDITION OF THE INFRASTRUCTURE – THE NORTH SOUTH TOLL ROADS (JAMAICA NORTH SOUTH HIGHWAY, JNSH)

Road Surface: The road surfaces are in generally good condition thereby allowing smooth and safe traverse. However a major landslide at KM 33+100 southbound, in May 2016, resulted in closure of the southbound leg of the highway between KM 31-33 to facilitate emergency works to stabilize the slope. The repairs took almost nine months, with opening of all lanes in February 2017. During the period of closure, motorists experienced several inconveniences due to a failure of the concessionaire to administer the traffic management tools and equipment along the repair area.

A dip at K26+500 was developed and the JNSHC applied for a temporary lane closure to facilitate remedial works at this location on both northbound and southbound lanes. This was approved and subsequently monitored by the Toll Authority.

Bridges: There was no observed structural issue associated with bridges for the year 2016-2017.

Drainage Structures: Falling stones from the slopes continue to damage the concrete drains for all sections of the highway. Settling and scouring of cuts cause frequent blocking of open drains in several areas. Silt draining into Mammee Bay has caused major issues for home owners along the coast.

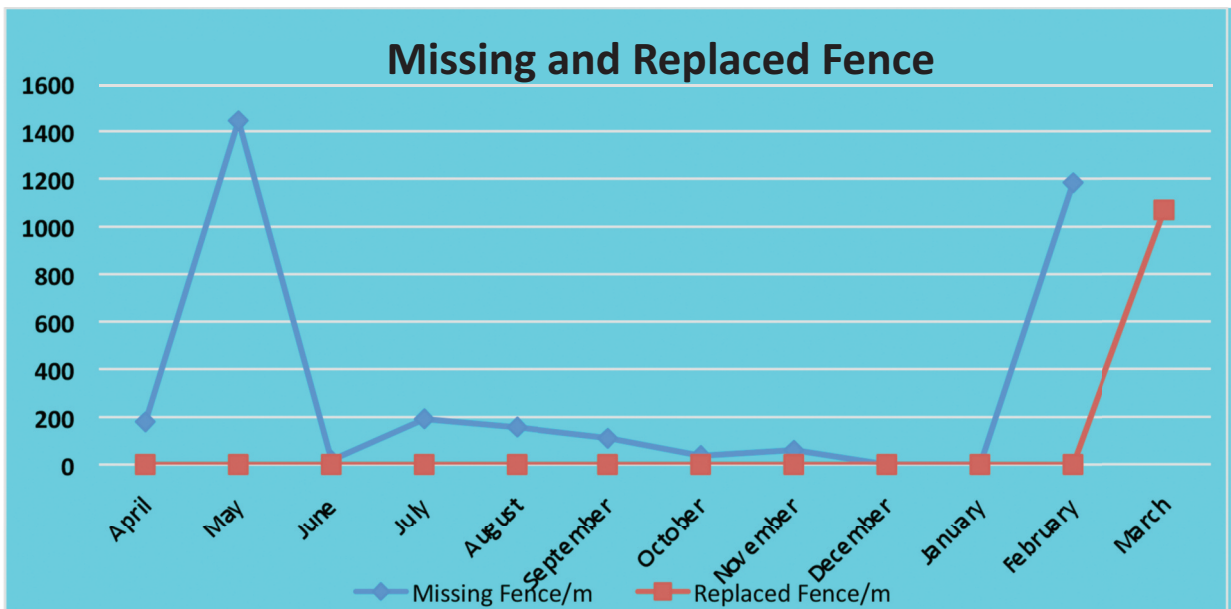
Road Marking and Signs: Road markings were generally good. Additional signs to warn motorists of the presence of animals on the carriageway are advised. Fog warning signs to warn motorists of fog prone areas have been implemented by the JNSHC. Signs warning motorists to approach the toll plazas with caution due to the implementation of speed bumps at each plaza, have been installed by the JNSHC.

Fencing: Fence theft continued to be a serious concern for all stakeholders. Replacement of fence is being carried out with barbed wire (painted blue and white in an effort to deter theft) and the replacement of missing posts with concrete posts.

The chart overleaf gives details of the incidence of stolen fences during the year. A total of 2,200 meters of fencing was stolen during the 2016/2017 financial year. This represented a reduction of 2,230m and 2,186m of fencing when compared with financial year 2014/2015 and 2015/2016 respectively.

TABLE 1 – STOLEN FENCE – NORTH SOUTH HIGHWAY
Stolen Fence Mount Rosser in Meters –
2014/15, 2015/16 and 2016/17

| Month | Length (M) 2014/15 | Length (M) 2015/16 | Length (M) 2016/17 |
|--------------|-----------------------|-----------------------|-----------------------|
| April | - | - | 180 |
| May | - | - | 1,444 |
| June | - | - | 18 |
| July | - | 111 | 192 |
| August | - | 812 | 158 |
| September | 2,031 | 1800 | 111 |
| October | - | 705 | 37 |
| November | 1,116 | 978 | 60 |
| December | 660 | 24 | - |
| January | 135 | - | - |
| February | 300 | - | - |
| March | 144 | - | - |
| Total | 4,386 | 4,430 | 2,200 |



| Missing Fences April 2016-March 2017 | | | | | | | | | | | | |
|--------------------------------------|-------|------|------|------|--------|-----------|---------|----------|----------|---------|----------|-------|
| | April | May | June | July | August | September | October | November | December | January | February | March |
| Missing Fence/m | 180 | 1444 | 18 | 192 | 158 | 111 | 37 | 60 | 0 | 0 | 1184 | 0 |
| Replaced Fence/m | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1068 |

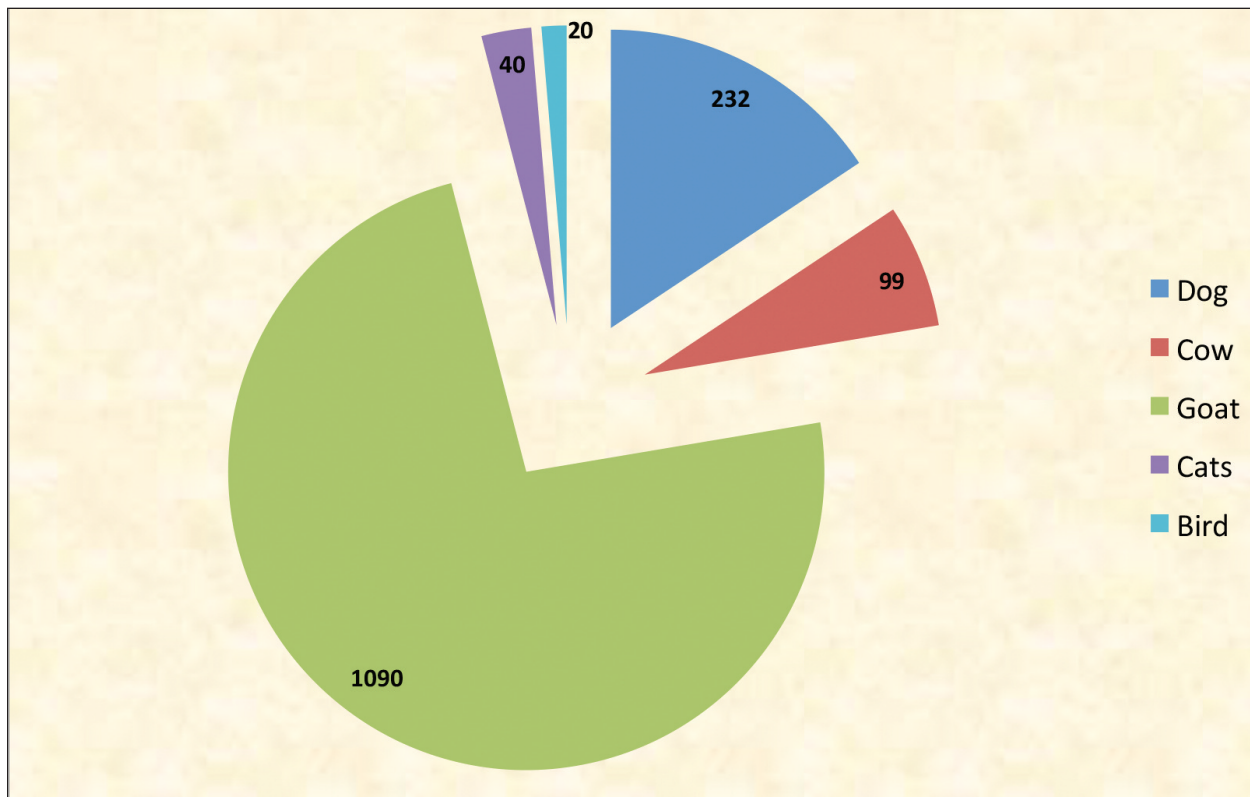
ANIMALS ON THE HIGHWAY – NORTH SOUTH HIGHWAY

Similar to East West Highway, the North South Highway (NSH) has had to deal with the problem of animals entering the roadway. A total of 1,481 animals were reportedly seen on the NSH during the period being reviewed. Goats account for the highest number of animals that were on the highway, and March 2017 accounted for the month with the highest number of animals seen. Table 2 below gives details of the incidences and the pie chart below gives a graphical representation of the total number seen during the year.

TABLE 2 – ANIMALS ON NORTH SOUTH HIGHWAY 2016/17

| Animal | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Total |
|------------------|------------|------------|-----------|-----------|------------|------------|------------|-----------|-----------|-----------|-----------|------------|--------------|
| Dog | 20 | 28 | 18 | 5 | 24 | 23 | 39 | 10 | 3 | 13 | 7 | 42 | 232 |
| Cow | 7 | 2 | 2 | - | 16 | 41 | 12 | 11 | 8 | - | - | - | 99 |
| Goat | 154 | 148 | 50 | 28 | 98 | 74 | 79 | 56 | 76 | 30 | 83 | 248 | 1,090 |
| Cats | 4 | 6 | 4 | 3 | 11 | - | - | - | -- | - | 5 | 7 | 40 |
| Bird | 8 | 5 | 3 | - | - | - | - | - | - | - | 1 | 3 | 20 |
| 2016/2017 | 193 | 189 | 73 | 36 | 149 | 138 | 130 | 77 | 87 | 43 | 96 | 300 | 1,481 |

Breakdown of Animal on the North South Highway 2016/2017



TOLL ROAD SAFETY – THE EAST WEST TOLL ROADS (TRANS JAMAICA HIGHWAY)

Collisions: There were a total of 230 collisions during the financial year 2016/2017. This represented a 23% and 24.32% increase over the financial years 2014/2015 and 2015/2016 respectively. The number of collisions recorded during the year is the second highest number recorded for the past five (5) years, as the financial year 2013/2014 recorded 238 collisions.

The chart below shows a comparison of collisions for the past five (5) years.

Collisions for the Year 2012/2013 to 2016/2017

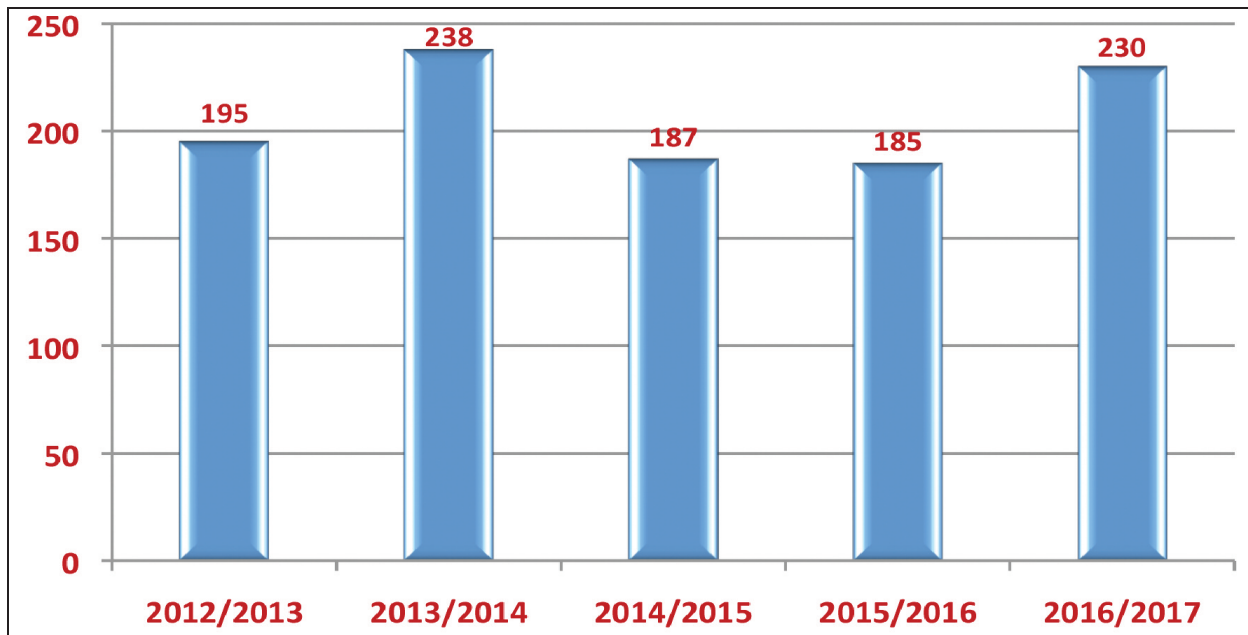


Table 3 gives a comparative breakdown of collisions by month for the period 2012/2013 to 2016/2017:

**TABLE 3 – COLLISIONS FOR THE FIVE-YEAR PERIOD
2012/2013 TO 2016/2017**

| Period | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Total |
|---------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|
| 2012/13 | 12 | 16 | 20 | 10 | 16 | 17 | 16 | 15 | 21 | 18 | 13 | 21 | 195 |
| 2013/14 | 13 | 28 | 23 | 20 | 20 | 11 | 25 | 22 | 18 | 26 | 13 | 19 | 238 |
| 2014/15 | 11 | 12 | 18 | 10 | 21 | 9 | 21 | 19 | 17 | 15 | 13 | 21 | 187 |
| 2015/16 | 14 | 20 | 10 | 12 | 9 | 9 | 20 | 14 | 22 | 20 | 16 | 19 | 185 |
| 2016/17 | 31 | 22 | 19 | 18 | 16 | 18 | 16 | 24 | 21 | 16 | 11 | 18 | 230 |

Resulting from the 230 collisions recorded during the 2016/2017 year, there were eight (8) fatalities. This is the highest number of fatalities recorded in the past three (3) years. In financial years 2014/2015 and 2015/2016, five (5) and four (4) fatalities were recorded in both years respectively.

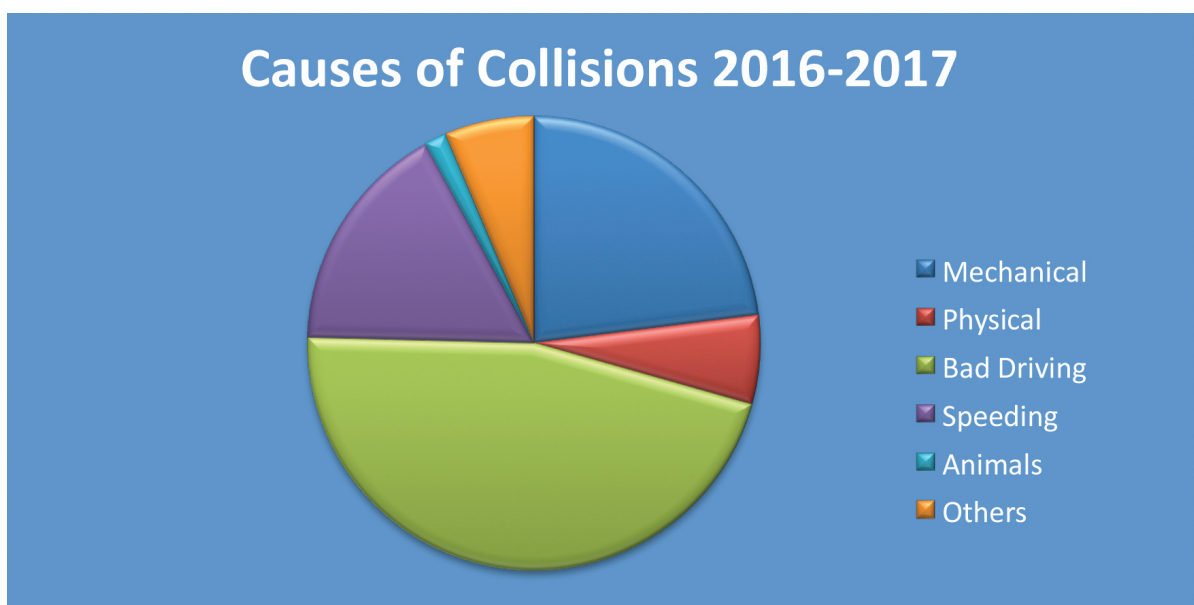
TABLE 4 – CLASSIFICATION OF INJURIES

| | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|-----------------|---------|---------|---------|---------|---------|---------|---------|
| Light | 32 | 32 | 18 | 49 | 12 | 37 | 41 |
| Serious | 29 | 53 | 76 | 55 | 33 | 36 | 68 |
| Fatality | 4 | 6 | 3 | 11 | 5 | 6 | 8 |

The causes for the collisions are shown in the table below. Bad driving, mechanical defects and speeding were the main reasons for collisions on the toll road during the period. Table 5 below gives details of the causes and the chart which follows gives a graphical representation of the causes.

TABLE 5 – IDENTIFIABLE CAUSES OF COLLISIONS FOR THE FINANCIAL YEAR 2016/2017

| CAUSES | APR | MAY | JUNE | JULY | AUG | SEPT | OCT | NOV | DEC | JAN | FEB | MAR | TOTAL |
|--------------------|-----|-----|------|------|-----|------|-----|-----|-----|-----|-----|-----|------------|
| Mechanical | 4 | 5 | 9 | 5 | 4 | 2 | 4 | 4 | 9 | 1 | 1 | 7 | 55 |
| Physical | 4 | - | 1 | 2 | - | 1 | - | - | 1 | 1 | 0 | 1 | 11 |
| Bad Driving | 17 | 10 | 7 | 9 | 7 | 6 | 9 | 14 | 10 | 9 | 5 | 7 | 110 |
| Speeding | 6 | 6 | - | 2 | 4 | 3 | 4 | 3 | 1 | 4 | 2 | 2 | 37 |
| Animals | - | - | 1 | - | - | 1 | - | - | - | 0 | 0 | 0 | 2 |
| Other | - | 1 | 1 | - | 3 | 3 | - | 3 | - | 1 | 3 | 1 | 16 |



Traffic control management & safety in public domain:

During the period under review, the following were observed:

1. The tyre deflation devices are all in good working order.
2. Toll lane indicator signs at the Toll Plazas were easily seen from afar.
3. Most solar lights on both T1 and T2 were working satisfactorily. Trans Jamaica Highway reported that they have ordered replacement batteries for the lights; in addition to some spare batteries.
4. Additional speed humps were installed at the Portmore Interchange on-ramp and at the exit and entry ramps at Hill Run.

TOLL ROAD SAFETY – THE NORTH SOUTH TOLL ROADS (JAMAICA NORTH SOUTH HIGHWAY)

Collisions: A total of 259 collisions were recorded during the period 2016/2017. This figure covers the period since the opening of all segments of the NSH in March 2016, which resulted in an increase in infrastructure from 19 km to 64 km. As a result of the collisions during the year 2016/2017, there were 74 injuries and 2 fatalities. In the prior year, 2015/2016, there were 54 collisions which resulted in 18 injuries and 1 fatality.

The Chart below shows collisions for the financial year 2016/2017 and Table 6 gives a comparison of collisions for 2016/2017 and 2015/2016 (before the full stretch of the NSH was commissioned).

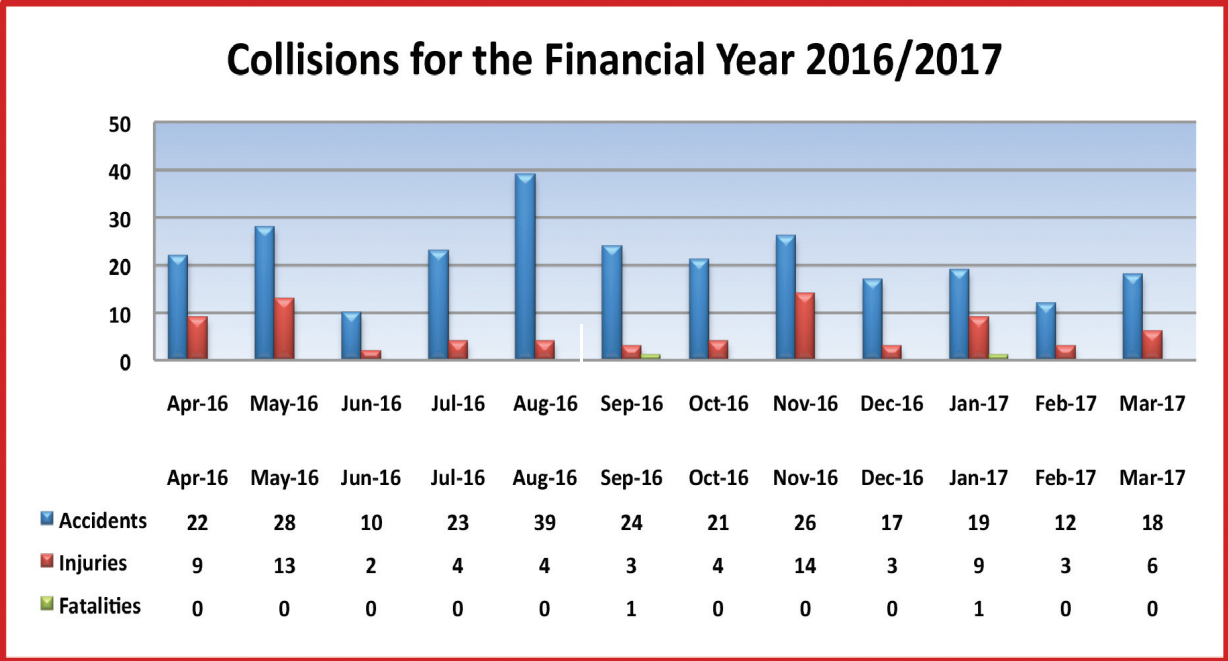
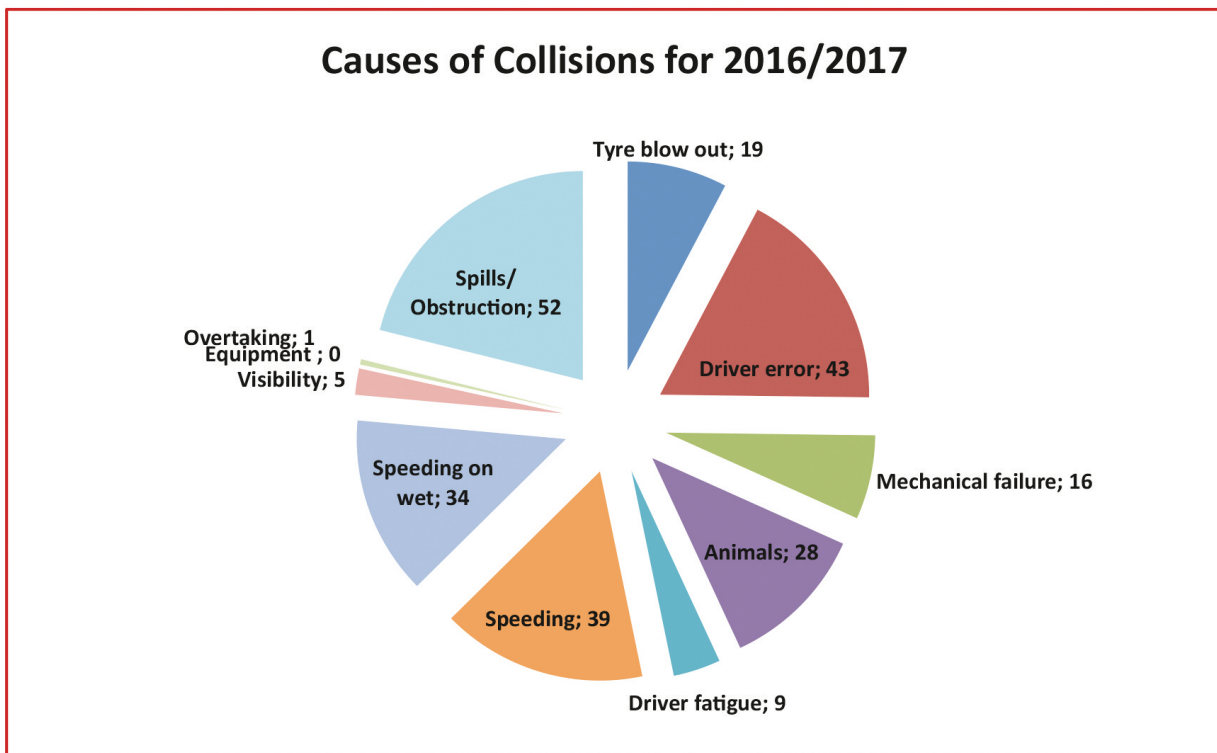


TABLE 6 – COMPARISON OF COLLISIONS FOR 2015/2016 AND 2016/2017

| Months | 2015/2016 | | | 2016/2017 | | |
|--------------|------------|-----------|------------|------------|-----------|------------|
| | Collisions | Injuries | Fatalities | Collisions | Injuries | Fatalities |
| April | 3 | 0 | 0 | 22 | 9 | 0 |
| May | 4 | 8 | 0 | 28 | 13 | 0 |
| June | 3 | 3 | 0 | 10 | 2 | 0 |
| July | 6 | 0 | 0 | 23 | 4 | 0 |
| August | 6 | 4 | 0 | 39 | 4 | 0 |
| September | 5 | 0 | 0 | 24 | 3 | 0 |
| October | 4 | 0 | 0 | 21 | 4 | 1 |
| November | 3 | 0 | 0 | 26 | 14 | 0 |
| December | 3 | 0 | 0 | 17 | 3 | 0 |
| January | 6 | 0 | 0 | 19 | 9 | 1 |
| February | 5 | 0 | 0 | 12 | 3 | 0 |
| March | 6 | 3 | 1 | 18 | 6 | 0 |
| Total | 54 | 18 | 1 | 259 | 74 | 2 |

The Pie Chart below depicts the identifiable causes of collisions for April 2016 – March 2017:





Traffic control management & safety in public domain

During the period under review, the following were observed:

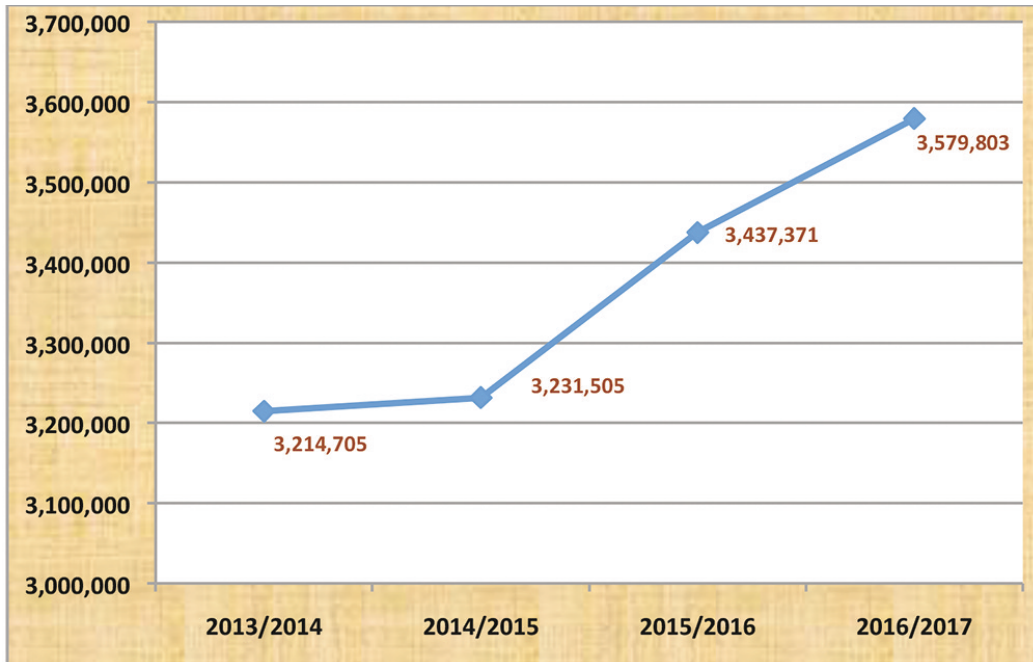
1. Motorists were exposed to serious safety risks during the repair period at K31-33. This was however dramatically reduced as the construction ended and all lanes were reopened.
2. From time to time safety was compromised by employees who walk riskily outside designated work zones on the carriageway.
3. Toll lane indicator signs at the Toll Plazas were easily seen from afar.

USAGE PERFORMANCE – THE EAST WEST TOLL ROADS (TRANS JAMAICA HIGHWAY)

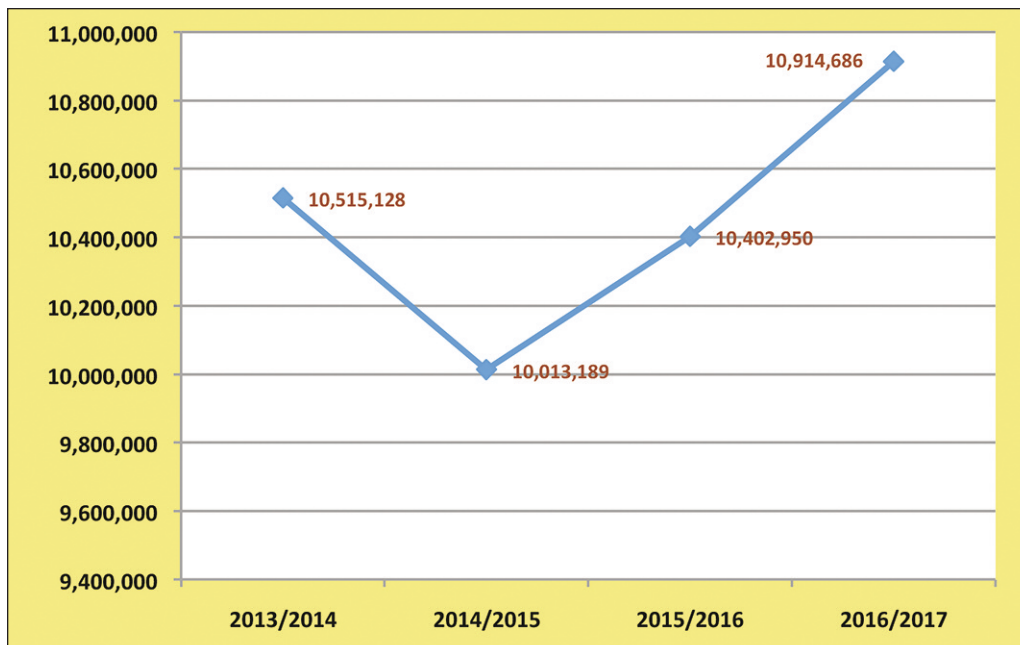
There was an increase in the flow of traffic on the East West at Vineyards, Portmore and May Pen toll roads during the year. The level of usage has increased when compared with the past three (3) years. On the other hand, traffic on the Spanish Town toll has been declining since March 2016, with an all-time low in August and October of 103,696 and 104,979 respectively.

Below is a graphical representation of the increase in the flow of traffic on the East West at Vineyards, Portmore and May Pen toll roads as well as a graph showing the decline at the Spanish Town toll.

VINEYARDS TOLL PLAZA – TRAFFIC TREND

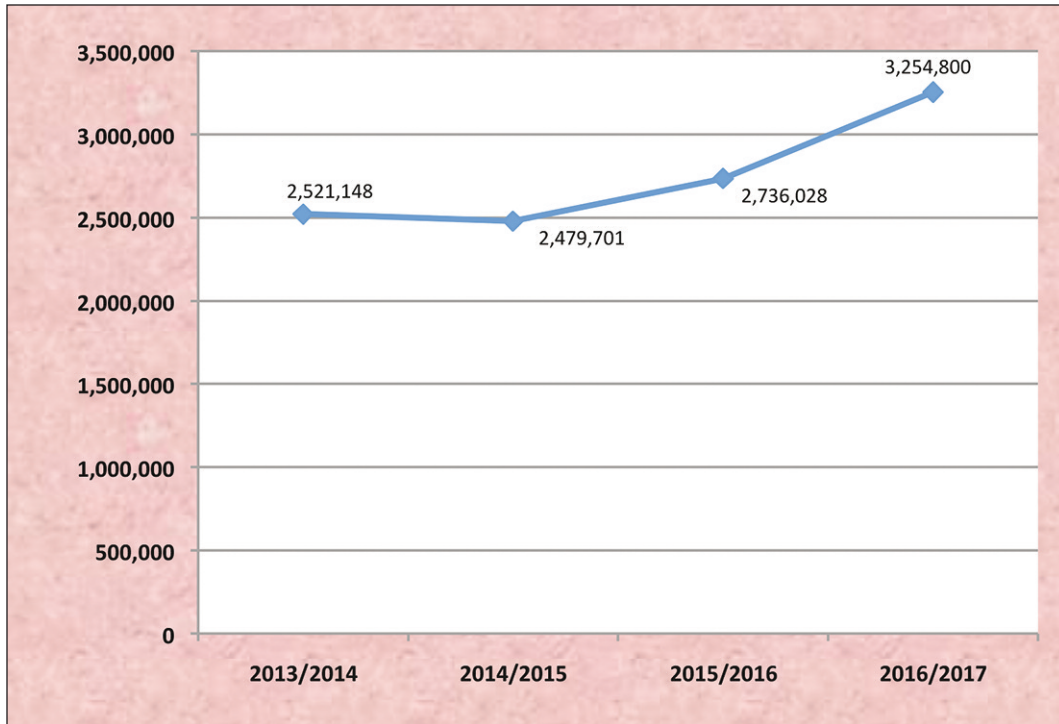


PORTMORE TOLL PLAZA – TRAFFIC TREND

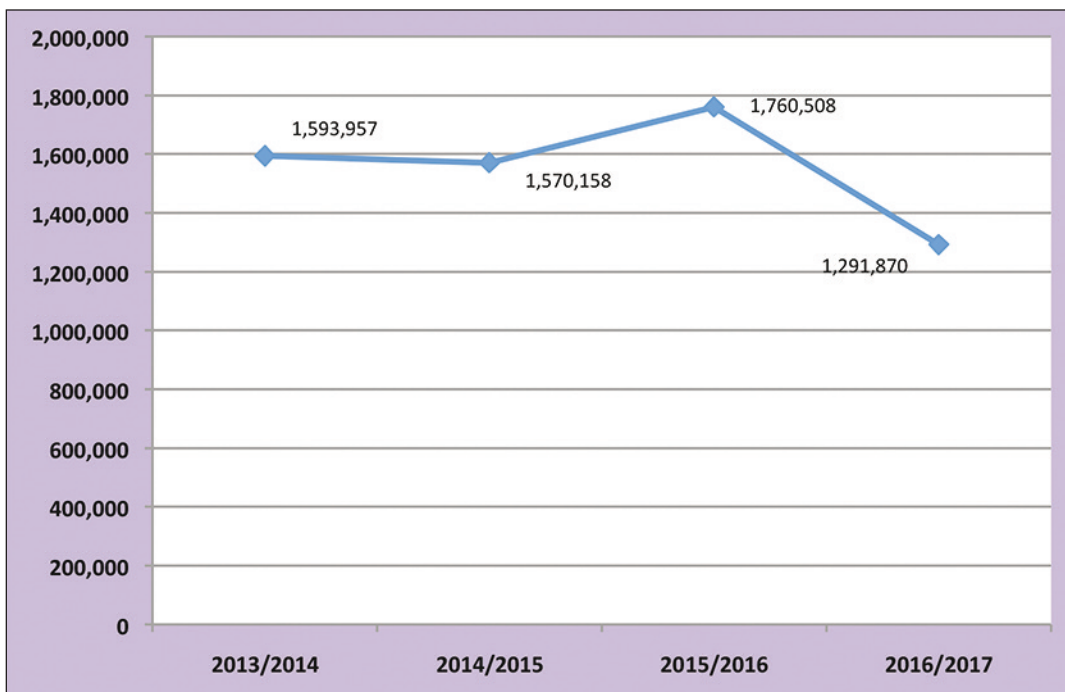





MAY PEN TOLL PLAZA – TRAFFIC TREND



SPANISH TOWN TOLL PLAZA – TRAFFIC TREND





The data recorded shows that the average daily traffic by plaza increased by 7% during the financial year 2016/2017 when compared with the previous financial year and increased by 12% over financial year 2014/2015.

Table 7 below shows a comparison of the average daily traffic for the three-year period 2014/2015 to 2016/2017.

TABLE 7 – AVERAGE DAILY TRAFFIC BY PLAZA

| PLAZA | 2014/2015 | 2015/2016 | 2016/2017 |
|--------------|---------------|---------------|---------------|
| Vineyards | 9,615 | 10,090 | 11,498 |
| Spanish Town | 4,692 | 5,188 | 3,868 |
| Portmore | 29,943 | 30,847 | 32,564 |
| May Pen | 7,378 | 7,720 | 9,675 |
| TOTAL | 51,628 | 53,845 | 57,605 |

USAGE PERFORMANCE – THE NORTH SOUTH TOLL ROADS (JAMAICA NORTH SOUTH HIGHWAY)

Tables 8 and 9 below provide the traffic data for 2015/2016 (when only Mount Rosser was opened) and for the year 2016/2017 since the opening of all sections of the approximately 64 km long North South Highway (NSH).

**TABLE 8 – MONTHLY USAGE – NORTH SOUTH HIGHWAY
COMPARISON FOR 2015/2016 AND 2016/17**

| Month | 2015/16 | 2016/17 |
|-------------------------------------|---------|---------|
| April | 133,191 | 246,620 |
| May | 131,821 | 257,026 |
| June | 126,515 | 256,485 |
| July | 143,971 | 287,343 |
| August | 154,625 | 291,372 |
| September (<i>Toll increased</i>) | 111,416 | 230,418 |
| October | 112,713 | 229,216 |
| November | 108,609 | 235,127 |
| December | 136,791 | 287,880 |
| January | 123,127 | 260,683 |
| February | 122,877 | 224,543 |
| March | 108,906 | 259,406 |

**TABLE 9 – AVERAGE DAILY TRAFFIC – NORTH SOUTH HIGHWAY
COMPARISON FOR 2015/16 AND 2016/17**

| Month | 2015/16 | 2016/17 |
|-------------------------------------|---------|---------|
| April | 4,439 | 8,203 |
| May | 4,252 | 8,567 |
| June | 4,081 | 8,550 |
| July | 4,644 | 9,287 |
| August | 4,988 | 9,341 |
| September (<i>Toll increased</i>) | 3,714 | 7,433 |
| October | 3,635 | 7,330 |
| November | 3,620 | 7,572 |
| December | 4,412 | 9,310 |
| January | 3,973 | 8,332 |
| February | 4,237 | 8,014 |
| March | 4,960 | 8,327 |



KEY PERFORMANCE TARGETS

The Toll Authority is mandated, inter alia, to monitor the concessionaires' compliance with the terms and conditions of the concession agreements. In order to carry out this function, the Authority embarked on several programs as outlined in the table below. The data revealed that the Authority achieved all its targets. Also included are the forecasted targets for the 2017/2018 year.

PROGRAMS FOR MONITORING THE OPERATION & MAINTENANCE OF THE TOLL ROAD

| MAINTENANCE MONITORING PROGRAMS | Target | 2016/2017 Actual | % Achieved | Target for 2017/2018 |
|--|---------------|-------------------------|-------------------|-----------------------------|
| Request, inspect and review Developer's Timetable of programmed operational and maintenance activities | 2 | 2 | 100% | 2 |
| Inspect, review works and records on activities carried out under Developer's Timetable of programmed activities. | 4 | 4 | 100% | 4 |
| Review results/reports on Operator's inspections. Follow-up on expected actions. | Ongoing | Ongoing | Ongoing | Ongoing |
| Verify whether there is any case of serious hazard requiring emergency repairs. | Ongoing | Ongoing | Ongoing | Ongoing |
| Review and verify whether measures taken by the Operators are adequate. | Ongoing | Ongoing | Ongoing | Ongoing |
| OPERATIONS MONITORING PROGRAMS | Target | 2016/2017 Actual | % Achieved | Target for 2017/2018 |
| Garner information from road users | Ongoing | Ongoing | 100% | Ongoing |
| Inspect Operators register of written queries/complaints to determine level of successfully determined complaints. | 12 | 12 | 100% | 12 |
| Review traffic levels data. | 24 | 24 | 100% | 24 |
| Review service levels data to determine whether acceptable levels of service are being maintained/achieved. | 24 | 24 | 100% | 24 |
| Review frequency of accidents and incidents | 24 | 24 | 100% | 24 |
| Review policing activities and efficiency of strategies and measures. | 8 | 8 | 100% | 8 |

Inspection Target for the Toll Road

| INSPECTION PROGRAMS | Inspections 2016/2017 | | % Achieved | Target for 2017/2018 |
|--|-----------------------|----------|------------|----------------------|
| | Target | Actual | | |
| Conduct routine inspection of infrastructure | 216 | 216 | 100 | 216 |
| Conduct service level reviews. | 24 | 24 | 100 | 24 |
| Review Operator's report against observations. | 24 | 24 | 100 | 216 |
| Inspection of employee safety practices | 216 | 216 | 100 | 216 |
| Inspect traffic control management and safety in the public domain | 216 | 216 | 100 | 216 |
| Review effectiveness of general safety systems and equipment. | 216 | 216 | 100 | 216 |
| Investigate, verify and research claims and complaints - assist in initiating conciliation and resolution. | On going | On going | On going | On going |

INSTITUTIONAL BUILDING

In May, the Senior Inspector participated in the International Bridge, Tunnel and Turnpike Association (IBTTA's) Maintenance & Roadway Operation Workshop. This workshop explored innovations in technology and management.

Following on his participation in this workshop, the Toll Authority, made recommendations to both Toll Operators to attend the IBTTA Summit on All Electronic Tolling in July; this was in an effort to assist in the understanding and knowledge base of interoperability of toll roads.

FINANCIAL PERFORMANCE

Revenue for the financial year 2016/2017 totaled Forty Two Million One Hundred and Sixty Five Thousand Eight Hundred and Sixteen Dollars (\$42,165,816), which represents Nine Million Eight Hundred and Eighty Two Thousand Five Hundred and Forty Six Dollars (\$9,882,546) from Government Grant, Thirty One Million Eight Hundred and Twenty Thousand Seven Hundred and Two Dollars (\$31,820,702) from Jamaica North South Highway monitoring fees, and Four Hundred and Sixty Two Thousand Five Hundred and Sixty Eight Dollars (\$462,568) from other income.

Though a sum of Eighteen Million Five Hundred and Thirty One Thousand Nine Hundred and Forty Dollars (\$18,531,940) was budgeted for administrative expenses for the financial year 2016/2017, a total of Twenty Million Eight Hundred and Sixty Six Thousand Seven Hundred and Ninety Two Dollars (\$20,866,792) was expended. The variance was caused from an increase in Government's Grant to cover retroactive salaries and gratuity during the year. Surplus for the financial year totaled Twenty One Million Two Hundred and Ninety Nine Thousand and Twenty Four Dollars (\$21,299,024).

The Authority also increased its assets by purchasing necessary software and fixed assets at a cost of Forty Nine Thousand Eight Hundred and Eighty Nine Dollars (\$49,889) and Two Hundred and Twenty Nine Thousand Eight Hundred and Sixty Five Dollars (\$229,865) respectively.

See attached audited financials for details.

FINANCIAL FORECAST FOR 2017/2018

The Toll Authority's budget continues to be a line item within the Ministry of Transport and Mining's budget. The sum of Thirty Nine Million Five Hundred and Fifty Five Thousand Dollars (\$39,555,000) was approved for the financial year 2017/2018; inclusive of Capital Expenditure amounting to Fourteen Million and Ninety Four Thousand Dollars (\$14,094,000) and Recurring Expenditure of Twenty Five Million Four Hundred and Sixty Thousand Dollars (\$25,460,000). The approved sum includes a sum of Seven Million Seven Hundred and One Thousand Dollars (\$7,701,000) for employees' compensation, to be funded by the Ministry of Finance and the Public Service, and a sum of Thirty One Million Eight Hundred and Fifty Three Thousand Dollars (\$31,853,000) to be funded by monitoring fees.





AUDITED FINANCIALS 2016/2017

*Smart decisions.
Lasting value.*

*Toll Authority
Financial Statements
for the year ended
31st March 2017*

TOLL AUTHORITY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

**TOLL AUTHORITY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

| | <u>PAGE</u> |
|---|--------------------|
| REPORT OF THE INDEPENDENT AUDITORS TO THE BOARD OF DIRECTORS | 1 – 1b |
| <u>FINANCIAL STATEMENTS:</u> | |
| Statement of Financial Position | 2 |
| Statement of Comprehensive Income | 3 |
| Statement of Changes in Reserves | 4 |
| Statement of Cash Flows | 5 |
| Notes to the Financial Statements | 6 - 21 |

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Web www.crowehorwath.com.jm**REPORT OF THE INDEPENDENT AUDITORS
TO THE BOARD OF DIRECTORS OF
TOLL AUTHORITY**

Opinion

We have audited the financial statements of Toll Authority ("the Authority"), which comprise the statement of financial position as at 31st March 2017, the statement of comprehensive income, statements of changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Authority as at 31st March 2017, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Authority, in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement in this other information, we are required to report that matter to those charged with governance.

KINGSTON
Unit 34
Winchester Business Centre
15 Hope Road,Oxford House
2nd Floor
6 Oxford Road**MANDEVILLE**
Shop 2B (Upstairs)
Caledonia Mall
Mandeville**RUNAWAY BAY**
Lot 33 & 34
Cardiff Hall
Runaway Bay**MONTEGO BAY**
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F: +876-9533058

**REPORT OF THE INDEPENDENT AUDITORS
TO THE BOARD OF DIRECTORS OF
TOLL AUTHORITY**

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

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs, 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA's 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, we exercise professional judgement and maintain professional skepticism throughout the audit. We 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 our 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.

**REPORT OF THE INDEPENDENT AUDITORS
TO THE BOARD OF DIRECTORS OF
TOLL AUTHORITY**

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

We also (cont'd):

- 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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 the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We 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 we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Additional Matters as Required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.

Crowe Horwath Jamaica

Crowe Horwath Jamaica

Unit 34, Winchester Business Centre
15 Hope Road
Kingston 10

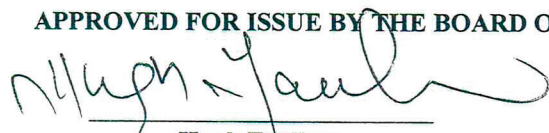
21st July 2017

TOLL AUTHORITY
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

| | <u>Notes</u> | 2017 \$ | 2016 \$ |
|-------------------------------------|--------------|-------------------|------------------|
| ASSETS | | | |
| Non-Current Assets | | | |
| Property, Plant and Equipment | 4 | <u>1,444,598</u> | <u>1,877,608</u> |
| Current Assets | | | |
| Due from Related Party | 5 | - | 782,229 |
| Trade & Other Receivables | 6 | 32,175,975 | 2,218 |
| Cash and Cash Equivalents | 7 | <u>17,826,123</u> | <u>2,565,966</u> |
| | | <u>50,002,098</u> | <u>3,350,413</u> |
| Total Assets | | <u>51,446,696</u> | <u>5,228,021</u> |
| EQUITY AND LIABILITIES | | | |
| Reserves | | | |
| Accumulated Surplus | | <u>25,501,437</u> | <u>4,202,413</u> |
| Current Liabilities | | | |
| Trade and Other Payables | 8 | 1,896,509 | 1,025,608 |
| Deferred Income | 9 | <u>24,048,750</u> | - |
| | | <u>25,945,259</u> | <u>1,025,608</u> |
| Total Equity and Liabilities | | <u>51,446,696</u> | <u>5,228,021</u> |

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

APPROVED FOR ISSUE BY THE BOARD ON JULY 21, 2017 AND SIGNED ON ITS BEHALF



Hugh Faulkner
Chairman



Joan Fletcher
Chief Executive Director

TOLL AUTHORITY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

| | <u>Notes</u> | 2017 \$ | 2016 \$ |
|--|--------------|---------------------|---------------------|
| Revenue | | | |
| Government Grants | 10 | 9,882,546 | 9,766,321 |
| Monitoring Fee | 11 | 31,820,702 | 8,291,630 |
| Other Income | 12 | <u>462,568</u> | <u>154,786</u> |
| | | 42,165,816 | 18,212,737 |
| Administrative Expenses and Finance Costs | | <u>(20,866,792)</u> | <u>(17,526,066)</u> |
| Surplus which represents Total Comprehensive Income for the Year | | <u>21,299,024</u> | <u>686,671</u> |

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

TOLL AUTHORITY
STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

| | Accumulated Surplus | Total |
|---|--------------------------------|--------------------------|
| | <u>₤</u> | <u>₤</u> |
| Balance at 31st March 2015 | 3,515,742 | 3,515,742 |
| Total Comprehensive Income for the Year | <u>686,671</u> | <u>686,671</u> |
| Balance at 31st March 2016 | 4,202,413 | 4,202,413 |
| Total Comprehensive Income for the Year | <u>21,299,024</u> | <u>21,299,024</u> |
| Balance at 31st March 2017 | <u>25,501,437</u> | <u>25,501,437</u> |

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

TOLL AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

| | 2017 | 2016 |
|---|--------------------------|-------------------------|
| | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Total Comprehensive Income for the Year | 21,299,024 | 686,671 |
| Adjustments to reconcile Surplus for the year to Net Cash provided by Operating Activities: | | |
| Depreciation | 482,901 | 297,259 |
| Interest earned | 25,068 | 12,647 |
| Operating Cash Flow before movements in Working Capital | <u>21,806,993</u> | <u>996,577</u> |
| Decrease/(Increase) in Current Assets: | | |
| Due from Related Party | 782,229 | 2,994,765 |
| Trade and Other Receivables | (32,173,759) | (2,218) |
| (Decrease)/Increase in Current Liabilities: | | |
| Deferred Income | 24,048,750 | - |
| Trade and Other Payables | 870,901 | 610,208 |
| Net cash provided by Operating Activities | <u>15,335,114</u> | <u>4,599,332</u> |
| Cash flows from Investing Activities: | | |
| Purchase of property, plant and equipment | (49,889) | (2,020,719) |
| Interest received | (25,068) | (12,647) |
| Net cash used in Investing Activities | <u>(74,957)</u> | <u>(2,033,366)</u> |
| Net Increase in Cash and Cash Equivalents | 15,260,157 | 2,565,966 |
| Cash and Cash Equivalents at beginning of year | <u>2,565,966</u> | <u>-</u> |
| Cash and Cash Equivalents at end of year | <u><u>17,826,123</u></u> | <u><u>2,565,966</u></u> |

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

TOLL AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017
 (Expressed in Jamaican Dollars unless otherwise indicated)

1. Identification:

The Toll Authority ("the Authority") is a Statutory body, established in February 2002 under the Toll Roads Act 2002. The Toll Authority's has been mandated to regulate the operation and maintenance of toll roads and such other facilities as may be deemed necessary, on or adjacent to toll roads; to monitor compliance of concessionaires with the terms and conditions of concession agreements; to advise the Minister of Transport and Mining on matters of general policy relating to the design, construction, safety, regulation, operation and maintenance of the toll roads in Jamaica.

The Toll Authority's activities are funded mainly by the Government of Jamaica and monitoring fees paid by the Jamaica North South Highway Company Limited as per Concession Agreement between National Road Operating and Construction Company and Jamaica North South Highway Company Limited dated 21st June 2012. The Toll Authority's head office operates from premises rented at 11A-15 Oxford Road, Kingston 5.

The Toll Authority, as a public body and in accordance with Section 12 (1) (b) of the Income Tax Act, is exempt from Income Tax. The Authority is also exempt from Stamp duty under Section 30 of the Toll Roads Act.

2. Adoption of Standards, Interpretations and Amendments:

a) **Standards, Interpretations and Amendments to published standards that are in effect:**

The International Accounting Standards Board (IASB) issued certain new standards and interpretations as well as amendments to existing standards, which became effective during the year under review. Management has assessed the relevance of these new standards, interpretations and amendments and has adopted and applied in these financial statements, those standards which are considered relevant to its operations.

Improvements to IFRS 2012–2014 cycle contains amendments to certain standards and interpretations and are effective for accounting periods beginning on or after January 1, 2016. The main amendments are as follows:

- **IFRS 5: Non-current Assets Held for Sale and Discontinued Operations (Effective January 2016)**

Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

- **IFRS 7: Financial Instruments: Disclosures (Effective January 2016)**

Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.

- **IAS 19: Employee Benefits (Effective January 2016)**

Clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.

TOLL AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2017
 (Expressed in Jamaican Dollars unless otherwise indicated)

2. Adoption of Standards, Interpretations and Amendments (cont'd):

a) Standards, Interpretations and Amendments to published standards that are in effect (cont'd):

IAS 1: Presentation of Financial Statement (Effective January 2016)

The amendment addresses perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes.

Clarifies that information should not be obscured by aggregating or by providing immaterial information materiality consideration apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply;

Clarifies that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregated as single line items based on whether or not it will subsequently be reclassified to profit or loss;

Provides additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need to be presented in the order so far listed in paragraph 114 of IAS 1.

IAS 16: Property, Plant and Equipment and IAS 38 Intangible Assets (Effective January 2016)

- Clarifies that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment;
- Introduces a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated;
- Adds guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

IAS 27: Separate Financial Statements (Effective January 2016)

Amends IAS 27: Separate Financial Statements to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements

These affected the financial statements for accounting periods beginning on or after the first day of the months stated. The adoption of these Standards and amendments had no material impact on the Authority's financial statements.

TOLL AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

2. Adoption of Standards, Interpretations and Amendments (cont'd):

(b) Standards and interpretations in respect of published standards that are not in effect:

Certain new, revised and amended standards and interpretations have been issued which are not yet effective for the current year and which the Authority has not early-adopted. The Authority has assessed the relevance of all the new standards, amendments and interpretations with respect to the Authority's operations and has determined that the following are likely to have an effect on the Authority's financial statements:

IFRS 9: Financial Instruments (2014) (Effective January 2018)

A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

Classification and measurement: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Hence, financial assets are to be classified into three measurement categories: those measured at amortised cost, those to be measured subsequently at fair value through other profit and loss (FVPL) and those to be measured subsequently at fair value through other comprehensive income (FVOCI). Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.

Impairment: The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised

Hedge accounting: Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk

Derecognition: The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Note: Depending on the chosen approach to applying IFRS 9, the transition can involve one or more than one date of initial application for different requirements.

Management has determined that the standard is relevant to existing policies for its current operations, but has not yet assessed the impact on adoption.

IFRS 16 - Leases (Effective January 2019)

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

TOLL AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2017
 (Expressed in Jamaican Dollars unless otherwise indicated)

2. Adoption of Standards, Interpretations and Amendments (cont'd):

b) Standards, Interpretations and Amendments to published standards that are not in effect (cont'd):

Amendments to IAS 7 - Statement of Cash Flows (Effective January 2017)

Amends IAS 7, Statement of Cash Flows to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

IFRS 15: Revenue from Contracts with Customers (IAS 18 will be superseded by IFRS 15 Revenue from Contracts with Customers.) (Effective January 1, 2018)

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Clarifications to IFRS 15 : Revenue from Contracts with Customers (Effective January 2018)

Amends IFRS 15 Revenue from Contracts with Customers to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.

Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

Improvements to IFRS 2014–2016 cycle contains amendments to certain standards and interpretations and are effective for accounting periods beginning on or after January 1, 2017 and 2018. The main relevant amendments are as follows:

Makes amendments to the following standards:

• **IFRS 12: Disclosure of Interests in Other Entities (Effective January 2017)**

Clarifies the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10–B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5: *Non-current Assets Held for Sale and Discontinued Operations*

These affect financial statements for accounting periods beginning on or after the first day of the month stated. The Authority is assessing the impact these amendments will have on its financial statements.

TOLL AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2017
 (Expressed in Jamaican Dollars unless otherwise indicated)

3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies:

(a) Statement of Compliance and Basis of Preparation-

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations as adopted by the International Accounting Standards Board (IASB), and comply with the requirements of the Jamaican Companies Act. They have been prepared under the historical cost convention.

(b) Significant Accounting Policies:

(i) Use of Estimates and Judgements -

The preparation of the financial statements in conformity with International Financial Reporting Standards (IFRS) required management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

The Financial statements are presented in Jamaican Dollars.

(ii) Property, plant and equipment -

Property, plant and equipment are stated at historical cost less depreciation less any impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied in the part will flow to the Authority and its cost can be reliably measured. The costs of day-to-day servicing of property, plant and equipment are recognised in surplus or loss as incurred.

Depreciation of property, plant and equipment is provided on the straight-line basis calculated at annual rates estimated to write off the cost of each asset over the term of its useful life. The rates of depreciation in use are as follows:-

| | |
|--|--------|
| Furniture and Fixtures and Other Equipment | 10% |
| Computer Equipment Hardware | 20 % |
| Computer Software | 33 ⅓ % |

Property, plant and equipment are periodically reviewed for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to the recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating surplus or deficit.

TOLL AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (Cont'd):

(b) Significant Accounting Policies (Cont'd):

(iii) Impairment -

The carrying amounts of the Authority's assets are reviewed whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Impairment losses are recognised in the statement of comprehensive income.

(iv) Trade and Other Receivables -

Other receivables consist of withholding tax deducted by the bank pending submission of a claim to recover due to its tax-free status.

(v) Foreign Currency Transactions -

During the year, transactions in foreign currencies are converted into Jamaican dollars at the rates of exchange ruling on the dates of those transactions as per Bank of Jamaica Historic rate listing where actual transaction rate is not known. Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the reporting date. Gains or losses arising from fluctuation in the exchange rates are reflected in the Statement of Comprehensive Income.

(vi) Trade and Other Payables -

Trade and other payables are stated at their nominal value.

(vii) Revenue -

Monitoring fee is recognized based on the degree of completion of the North South toll road. Government grants are accounted for as revenue for the period in which they are received. Interest income is recognized when earned, from balances with financial institutions.

(viii) Cash and Cash Equivalents -

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash in hand and in current accounts held at bank, foreign and local savings accounts deposits and short-term highly liquid investments with original maturities of three months or less from the date of acquisition.

TOLL AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2017
 (Expressed in Jamaican Dollars unless otherwise indicated)

3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (Cont'd):

(b) Significant Accounting Policies (Cont'd):

(ix) Financial Instruments

Financial instruments carried in the statement of financial position include cash and cash equivalents, amounts due from related party, other receivables and accounts payable. The carrying value of these financial instruments approximates their fair value due to their short-term nature.

• **Classification**

Financial assets that are classified as loans and receivables are carried at amortized cost and include due from related party and other receivables. Financial liabilities that are not at fair value through profit and loss are carried at amortized cost and include accounts payable.

• **Measurement**

Financial instruments are measured initially at fair value (transaction price) plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability.

Subsequent to initial recognition, all instruments classified at fair value through profit and loss are measured at fair value with changes in their fair value recognized in the statement of comprehensive income.

(x) Taxation

The Toll Authority, as a public body and in accordance with Section 12 (1) (b) of the Income Tax Act, is exempt from Income Tax.

(xi) Comparative Information -

Where necessary, comparative figures have been re-classified to conform to changes in presentation in the current year. In particular, comparatives have been adjusted to take into account the requirements of IFRS.

(xii) Related Party Balances

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24, Related Party Disclosures as the “reporting entity”).

- (a) A person or a close member of that person’s family is related to the reporting entity if that person:
- (i) has control or joint control over the reporting entity;
 - (ii) has significant influence over the reporting entity; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to the reporting entity if any of the following conditions applies:
- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

TOLL AUTHORITY**NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)****FOR THE YEAR ENDED 31 MARCH 2016**

(Expressed in Jamaican Dollars unless otherwise indicated)

3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (Cont'd):**(b) Significant Accounting Policies (Cont'd):****(m) Related Party Balances (cont'd)**

- (b) An entity is related to the reporting entity if any of the following conditions applies (cont'd):
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (vi) The entity is controlled, or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

The Authority has a related party relationship with the Government of Jamaica and its agencies, directors and other key management personnel.

**TOLL AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2017**

(Expressed in Jamaican Dollars unless otherwise indicated)

4. Property, Plant and Equipment:

| <u>At Cost or Valuation:</u> | <u>Computer Hardware</u> \$ | <u>Computer Software</u> \$ | <u>Office Equipment</u> \$ | <u>Furniture and Fixtures</u> \$ | <u>Total</u> \$ |
|---|------------------------------------|------------------------------------|-----------------------------------|---|--------------------|
| 31st March 2015 | 740,000 | - | 148,228 | 332,944 | 1,221,172 |
| Additions | <u>1,790,854</u> | <u>229,865</u> | - | - | <u>2,020,719</u> |
| 31st March 2016 | 2,530,854 | 229,865 | 148,228 | 332,944 | 3,241,891 |
| Additions | - | - | 49,889 | - | 49,889 |
| Disposal | <u>(480,000)</u> | - | - | - | <u>(480,000)</u> |
| 31st March 2017 | <u>2,050,854</u> | <u>229,865</u> | <u>198,117</u> | <u>332,944</u> | <u>2,811,780</u> |
| <u>Accumulated Depreciation:</u> | | | | | |
| 31st March 2015 | 740,000 | - | 107,929 | 219,095 | 1,067,024 |
| Charge for the year | <u>208,444</u> | <u>44,030</u> | <u>12,029</u> | <u>32,756</u> | <u>297,259</u> |
| 31st March 2016 | 948,444 | 44,030 | 119,958 | 251,851 | 1,364,283 |
| Charge for the year | 358,170 | 76,621 | 15,001 | 33,107 | 482,899 |
| Released on Disposal | <u>(480,000)</u> | - | - | - | <u>(480,000)</u> |
| 31st March 2017 | <u>826,614</u> | <u>120,651</u> | <u>134,959</u> | <u>284,958</u> | <u>1,367,182</u> |
| <u>Net Book Value:</u> | | | | | |
| 31st March 2017 | <u>1,224,240</u> | <u>109,214</u> | <u>63,158</u> | <u>47,986</u> | <u>1,444,598</u> |
| 31st March 2016 | <u>1,582,410</u> | <u>185,835</u> | <u>28,270</u> | <u>81,093</u> | <u>1,877,608</u> |
| 31st March 2015 | - | - | 40,299 | 113,849 | 154,148 |

The Authority is awaiting approval from the Ministry of Transport, Works & Housing for the disposal of fully depreciated, obsolete computer equipment which originally cost \$480,000. The equipment obsolete equipment will still be physically stored at the Authority until the approval has been obtained.

TOLL AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

5. Due from Related Party:

This represents the remainder of monies held by the Ministry of Transport and Mining of in their bank account on Toll Authority's behalf. The Toll Authority did not have its own bank account in the prior year, hence the Ministry held their funds collected for Monitoring Fees.

| | 2017 | 2016 |
|--------------------------------|-------------|----------------|
| | \$ | \$ |
| Ministry of Transport & Mining | - | 782,229 |
| | <u>-</u> | <u>782,229</u> |

6. Trade and Other Receivables:

| | 2017 | 2016 |
|-------------------|-------------------|--------------|
| | \$ | \$ |
| Trade Receivables | 32,167,500 | - |
| Other Receivables | 8,475 | 2,218 |
| | <u>32,175,975</u> | <u>2,218</u> |

Other receivables consist of withholding tax deducted by the bank pending submission of a claim to recover due to the Authority's tax-free status.

7. Cash and Cash Equivalents:

| | 2017 | 2016 |
|--|-------------------|------------------|
| | \$ | \$ |
| Main - Current Account | 946,733 | 414,123 |
| US\$ Saving Account (2017: US\$131,106; 2016 - US\$17,550) | 16,869,390 | 2,141,843 |
| Imprest (Cash) | 10,000 | 10,000 |
| | <u>17,826,123</u> | <u>2,565,966</u> |

8. Trade and Other Payables:

| | 2017 | 2016 |
|-----------------------------|------------------|------------------|
| | \$ | \$ |
| Trade Payables | 195,980 | 146,056 |
| Other Payables and Accruals | 1,700,529 | 879,552 |
| | <u>1,896,509</u> | <u>1,025,608</u> |

9. Deferred Income:

| | 2017 | 2016 |
|-----------------|-------------|-------------|
| | \$ | \$ |
| Monitoring Fees | 24,048,750 | - |

This represents monitoring fees which are due on 1st January each year and transferred to income on a monthly basis.

10. Government Grants:

This represents cash received from the Government of Jamaica for salaries.

TOLL AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

11. Monitoring Fee:

This represents annual monitoring fees of US\$ 250,000 as per the concession agreement between the National Road Operating and Construction Company Limited and Jamaica North-South Highway Company Limited signed in June 2012.

12. Other Income:

| | 2017 | 2016 |
|--------------------------|----------------|----------------|
| | \$ | \$ |
| Interest Income | 25,068 | 12,647 |
| Gain on Foreign Exchange | 437,500 | 142,139 |
| | <u>462,568</u> | <u>154,786</u> |

13. Payroll and Other Related Costs:

| | 2017 | 2016 |
|------------------------------------|-------------------|------------------|
| | \$ | \$ |
| Salaries and Wages | 7,778,620 | 7,622,044 |
| Statutory Contributions | 341,494 | 339,374 |
| Staff Allowance and Other Benefits | 2,535,600 | 1,862,390 |
| | <u>10,655,714</u> | <u>9,823,808</u> |

14. Financial Instruments & Financial Instruments Risk Management:

A financial instrument is a contract that gives rise to both a financial asset of one enterprise and a financial liability of another enterprise. For the purpose of the financial statements, financial assets have been determined to include cash and cash equivalents and trade and other receivables. Financial liabilities have been determined to include trade and other payables.

The activities of the Authority does not expose it to financial risks in respect of its financial instruments; market risk (current risk and fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. Operational risks are an inevitable consequence of being in business. The Board of Directors aims to achieve an appropriate balance between risk and return and thereby minimising any potential adverse effects on the Toll Authority's financial performance. The Board of Directors is appointed by the Honourable Prime Minister of Jamaica and is responsible to report to the Office of the Prime Minister and the Ministry of Transport and Mining.

(a) Credit risk:

Credit risk is the risk that one or both parties to a financial instrument will fail to discharge an obligation resulting in financial loss to one or both parties. The Authority faces credit risk in respect of its cash and cash equivalent. There was no significant concentration of credit risk and the maximum exposure to credit risk is represented by the carrying amount of the financial assets on the statement of financial position.

Maximum Exposure to Credit Risk

| | 2017 | 2016 |
|---------------------------|-------------------|------------------|
| | \$ | \$ |
| Due from Related Party | - | 782,229 |
| Other Receivables | 8,475 | 2,218 |
| Cash and Cash Equivalents | 17,816,123 | 2,555,966 |
| | <u>17,824,598</u> | <u>3,340,413</u> |

TOLL AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

14. Financial Instruments & Financial Instruments Risk Management (cont'd):

(a) Credit risk (Cont'd):

(i) Due from Related Party - Ministry of Transport and Mining

This includes funds held by the Ministry of Transport and Mining on behalf of Toll Authority and are used to pay salaries, travelling and upkeep allowances. Related party balance is not considered high risk.

(ii) Other Receivables

Other receivables includes withholding tax deducted erroneously. Credit risk with respect to this item is considered low.

(iii) Cash and Cash Equivalents

The Authority maintains cash at bank with a sound financial institution which minimizes its exposure to

There has been no change in the Authority's exposure to credit risk or the manner in which it measures and manages this risk.

(b) Liquidity risk:

Liquidity risk also referred to as funding risk, is the risk that the Authority will encounter difficulty in raising funds to meet commitments associated with financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to sell assets quickly at or close to fair value to meet obligations to pay creditors and also to complete projects.

The Authority is funded mainly by funds received from the North South Highway in addition to funds from the Government through the Ministry of Transport and Mining which is pre-determined in the fiscal budget. Total income is usually sufficient to cover expenses. At 31st March 2017, the Toll Authority's current assets exceeded its current liabilities by \$24,056,839 (2016: \$2,324,805).

TOLL AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2017

(Expressed in Jamaican Dollars unless otherwise indicated)

14. Financial Instruments & Financial Instruments Risk Management (cont'd):

(b) Liquidity risk (cont'd):

The following are the contractual maturities of financial assets and liabilities including interest payments as at:

31st March 2017

| | Carrying Amount & Contractual | | | No specific maturities |
|---|----------------------------------|--------------------------|-------------------------|---------------------------|
| | Cash Flow | 0 - 6 months | 6 - 12 months | |
| | \$ | \$ | \$ | \$ |
| Related Party and Trade & Other Receivables | | | | |
| Trade | 32,167,500 | - | 32,167,500 | - |
| Other receivables | 8,475 | - | 8,475 | - |
| Cash and Cash Equivalents | <u>17,826,123</u> | <u>17,826,123</u> | <u>-</u> | <u>-</u> |
| | <u>50,002,098</u> | <u>17,826,123</u> | <u>32,175,975</u> | <u>-</u> |
| Deferred Income | 24,048,750 | - | 24,048,750 | - |
| Trade and Other Payables | | | | |
| Trade | 195,980 | - | 195,980 | - |
| Accruals/other payables | <u>1,700,529</u> | <u>-</u> | <u>1,700,529</u> | <u>-</u> |
| | <u>25,945,259</u> | <u>-</u> | <u>25,945,259</u> | <u>-</u> |
| Net Current Assets | <u><u>24,056,839</u></u> | <u><u>17,826,123</u></u> | <u><u>6,230,716</u></u> | <u><u>-</u></u> |

The following are the contractual maturities of financial assets and liabilities including interest payments as at:

31st March 2016

| | Carrying Amount & Contractual | | | No specific Maturity |
|---|----------------------------------|-------------------------|---------------------------|-------------------------|
| | Cash Flow | 0 - 6 Months | 6 - 12 Months | |
| | \$ | \$ | \$ | \$ |
| Related Party and Other Receivables | | | | |
| Related Party | 782,229 | 782,229 | - | - |
| Other | 2,218 | - | 2,218 | - |
| Cash and cash equivalents | <u>2,565,966</u> | <u>2,565,966</u> | <u>-</u> | <u>-</u> |
| | <u>3,350,413</u> | <u>3,348,195</u> | <u>2,218</u> | <u>-</u> |
| Trade and Other Payables | | | | |
| Trade | 146,056 | - | 146,056 | - |
| Accruals/other payables | <u>879,552</u> | <u>-</u> | <u>879,552</u> | <u>-</u> |
| | <u>1,025,608</u> | <u>-</u> | <u>1,025,608</u> | <u>-</u> |
| Net Current Assets/(Liabilities) | <u><u>2,324,805</u></u> | <u><u>3,348,195</u></u> | <u><u>(1,023,390)</u></u> | <u><u>-</u></u> |

TOLL AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2017

(Expressed in Jamaican Dollars unless otherwise indicated)

14. Financial Instruments & Financial Instruments Risk Management (cont'd):

(c) Market Risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. This arises mainly from changes in interest rates, foreign currency rates and equity prices. The Authority's operations are impacted by changes in interest rates and foreign currency movements, but not by changes in equity prices. The effect of these changes however, are not considered significant.

The objective of market risk management is to monitor and control market risk exposures within acceptable parameters, while optimising the return on investments. Market risk exposures are measured using sensitivity analysis.

(i) Interest rate risk

Interest rate risk arises when the value of a financial instrument fluctuates during a specified period due to changes in the market interest rates.

Financial Assets

The Authority's interest bearing financial assets are primarily represented by instruments which are materially contracted at fixed interest rates for the duration of the term. The interest rates paid on savings accounts will fluctuate from time to time but are usually reflective of the market conditions.

At the reporting date, the interest rate profile of the Authority's interest-bearing financial instruments were:

| | Interest Rate | 2017 | Interest Rate | 2016 |
|----------------------|----------------------|-------------------|----------------------|------------------|
| | <u>%</u> | <u>\$</u> | <u>%</u> | <u>\$</u> |
| <u>Bank balances</u> | | | | |
| J\$ Current account | 0.25 - 0.4 | 946,733 | 0.25 - 0.4 | 414,123 |
| USD Savings Account | 0.10 | <u>16,869,390</u> | 0.15 | <u>2,141,843</u> |
| | | <u>17,816,123</u> | | <u>2,555,966</u> |

Financial Liability

The Authority has no interest-bearing liability and therefore is not directly exposed to interest rate risk in this regard.

Interest rate sensitivity analysis

There have been insignificant movements in the interest rates over the last reporting date. Movements in interest rates by the specified rates at the reporting date would have increased/(reduced) the reported surplus and accumulated fund by the amounts shown below:

| | Movement | 2017 | Movement | 2016 |
|--|-----------------|----------------|-----------------|---------------|
| | <u>%</u> | <u>\$</u> | <u>%</u> | <u>\$</u> |
| J\$ Current account | 1 | 9,467 | 1 | 4,141 |
| USD Savings Account | 1 | <u>168,694</u> | 1 | <u>21,418</u> |
| Increase in surplus and accumulated fund | | <u>178,161</u> | | <u>25,560</u> |

TOLL AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2017

(Expressed in Jamaican Dollars unless otherwise indicated)

14. Financial Instruments & Financial Instruments Risk Management (cont'd):

(c) Market Risk (cont'd):

(i) Interest rate risk (cont'd)

Interest rate sensitivity analysis (cont'd)

| | Movement | 2017 | Movement | 2016 |
|--|-----------------|-----------------|-----------------|-----------------|
| | % | \$ | % | \$ |
| J\$ Current account | -1 | (9,467) | -1 | (4,141) |
| USD Savings Account | -0.5 | <u>(84,347)</u> | -0.5 | <u>(10,709)</u> |
| Decrease in surplus and accumulated fund | | <u>(93,814)</u> | | <u>(14,850)</u> |

Between April 2016 and March 2017, the interest rate on Bank of Jamaica 3 - 6 months Commercial bank deposits increased by 35 basis points from 4.4 % to 4.06%. The rate movement subsequent to the year end is expected to be insignificant as there has been some amount of stabilizing of the rates.

This analysis assumes that all other variables, in particular exchange rates, remain constant.

(ii) Foreign currency risk

Foreign currency risk is the risk that the market value of, or the cash flows from financial instruments will vary because of exchange rate fluctuations.

The Authority is exposed to foreign currency risk due to fluctuations in exchange rates on transactions and balances that are denominated in currencies other than the Jamaican dollar. A foreign currency bank account is maintained at a level which partially meets foreign currency obligations.

The Authority's foreign currency asset at the reporting date is as follows:

| | 2017 | 2016 |
|---------------------|----------------|---------------|
| | US\$ | US\$ |
| USD Savings Account | <u>131,106</u> | <u>17,550</u> |

At the reporting date the Authority does not have any foreign currency liabilities.

Foreign Currency Sensitivity analysis

Exchange rates in terms of Jamaican Dollars which is the Authority's reporting currency, were as follows:

| | US\$ |
|-----------------|-------------|
| 31st May 2017 | 129.30 |
| 31st March 2017 | 127.77 |
| 31st March 2016 | 121.36 |

Over the period March 2016 to March 2017 there was a 5.28% depreciation of the Jamaican dollar against the US dollar. Between March 2017 and May 2017 there has been a further 1.20% depreciation of the Jamaican dollar against the US dollar.

TOLL AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2017

(Expressed in Jamaican Dollars unless otherwise indicated)

14. Financial Instruments & Financial Instruments Risk Management (cont'd):

(c) Market Risk (cont'd):

(ii) Foreign currency risk (cont'd)

Foreign Currency Sensitivity analysis (cont'd)

The appreciation of the Jamaican dollar to the extent shown against the United States dollar would have decreased/increased income and reserves by the amounts shown below.

| | Movement | 2017 | Movement | 2016 |
|----------------------|-----------------|------------------|-----------------|-----------------|
| | % | J\$ | % | J\$ |
| United States dollar | 6 | 1,005,056 | 6 | 127,792 |
| United States dollar | -1 | <u>(167,509)</u> | -1 | <u>(21,299)</u> |

The analysis is computed on the same basis for 2017 as for 2016 and assumes that all other variables, in particular, interest rates, remain constant.

It is not anticipated that any appreciation of the Jamaican dollar against the major currencies would be to any significant extent and this should therefore have marginal adverse effect on the Authority's foreign currency financial instruments. Should there be an appreciation of the Jamaican dollar against the United States Dollar by say, 2% this would increase/reduce deficit/surplus and accumulated fund as shown below:

| | Movement | 2017 | 2016 |
|----------------------|-----------------|----------------|---------------|
| | % | J\$ | J\$ |
| United States dollar | 2 | <u>335,019</u> | <u>42,597</u> |

The analysis assumes that all other variables, in particular, interest rates, remain constant. The analysis is performed on the same basis for 2016.

(d) Operational risk:

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Authority's processes, personnel, technology and infrastructure, and from external factors other than financial risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

(e) Cash flow interest rate risk:

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount. The Authority has monetary financial instrument exposed to this risk.

**TOLL AUTHORITY
SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

INDEX

**SUPPLEMENTARY
STATEMENT**

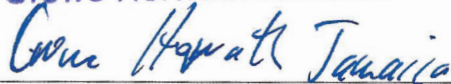
| | |
|--|----------|
| Report of the Independent Auditors to the Directors | 1 |
| Schedule of Recurrent Expenditure and Other Expenses | 2 |

**REPORT OF THE INDEPENDENT AUDITORS
TO THE DIRECTORS OF
TOLL AUTHORITY
ON SUPPLEMENTARY INFORMATION**

The supplementary information presented on statements 2 has been taken from the accounting records of the Authority and has been subjected to the tests and other auditing procedures applied in our examination of the financial statements of the Authority for the year ended 31st March 2017.

In our opinion, the said information is fairly presented in all material respects in relation to the financial statements taken as a whole, although it is not necessary for a fair presentation of the state of affairs of the Authority at 31st March 2017 and of the results of its operations, its changes in reserves and its cash flows for the year then ended.

Crowe Horwath Jamaica



Crowe Horwath Jamaica

21st July 2017

TOLL AUTHORITY
SCHEDULE OF ADMINISTRATIVE AND OTHER EXPENSES
FOR THE YEAR ENDED 31 MARCH 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

Administrative:

| | 2017 | 2016 |
|---------------------------------|-------------------|-------------------|
| | \$ | \$ |
| Auditors' Remuneration | 436,875 | 375,000 |
| Payroll and Other Related costs | 10,655,714 | 9,823,808 |
| Cleaning and Sanitation | 86,107 | 22,679 |
| Upkeep and Subsistence | 3,070,270 | 2,912,924 |
| Food and Drink | 164,405 | 58,769 |
| Telephone and Internet | 343,984 | 347,870 |
| Annual Report | 135,000 | 359,657 |
| Stationery and Office Supplies | 846,557 | 158,885 |
| Repairs and Maintenance | 400 | 14,971 |
| Seminar and Training | 487,968 | 216,303 |
| Dues and Subscription | 27,243 | 25,365 |
| Legal and Professional Fees | 1,185,510 | 863,510 |
| Board Meeting Expense | 767,820 | 470,500 |
| Postage and Courier Services | 27,500 | 42,718 |
| Advertisement and Promotion | 426,202 | - |
| Rental | 1,691,264 | 1,505,018 |
| Depreciation | 482,901 | 297,259 |
| | <u>20,835,720</u> | <u>17,495,236</u> |

Finance Cost:

| | | |
|--------------|-------------------|-------------------|
| Bank Charges | 31,072 | 30,830 |
| | <u>20,866,792</u> | <u>17,526,066</u> |



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