

AUDIT DISCLAIMER CERTIFICATE

To the House of Assembly of the Turks and Caicos Islands

The NAO were engaged to audit the accompanying financial statements of the Turks & Caicos Islands Government (TCIG), which comprise the statement of financial position as at March 31, 2014, the statements of financial performance, cash flows, changes in net assets by fund and comparative statement of actual and budget amounts for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. The financial statements collectively comprise the government's financial statements, as detailed in this report, but exclude all statutory bodies and other institutions, the operations of which may impose or create a liability upon the public funds of TCIG.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting practice (GAAP) (Section 45 of the PFMO) 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. Management is also responsible for ensuring that the financial position and performance of the Government is fully disclosed to the House of Assembly (Section 52 (5) of the PFMR).

In this regard, management is responsible for ensuring transactions are recorded properly in the accounting system and for establishing and maintaining an internal control system sufficient to permit the preparation of financial statements in conformity with GAAP. This audit of the financial statements does not relieve management of this responsibility. Management is also responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us;

- about all known or suspected fraud affecting TCIG involving
 - management;
 - employees who have significant roles over financial reporting;
 - others where fraud could have a material effect on the financial statements;and
- of its knowledge of any allegations of fraud or suspected fraud affecting TCIG received in communications from current employees, former employees, the public, or others.

Management is responsible for

- addressing all significant deficiencies in the design or operation of internal controls over financial reporting that are reasonably likely to adversely affect the ability to record, process, summarize and report financial data externally on a reliable basis; and
- identifying and ensuring compliance with the laws and regulations applicable to its activities.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Our audit was conducted in accordance with International Standards on Auditing. We planned and performed our audit to obtain reasonable assurance in accordance with Section 18 of the NAO Ordinance.

Because of the matters described in the Bases for Disclaimer of Opinion paragraphs, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Bases for Disclaimer of Opinion

The material control deficiencies and weaknesses identified in this audit report along with the failure to comply with GAAP (required under Section 45 of the PFMO) and with the fundamental requirement to ensure that the financial position and performance of the TCIG is fully disclosed to the House of Assembly (required under Section 52 [5] of the PFMR) had a material and pervasive impact on the financial statements.

The main issues of concern are as follows;

Revenue

- There is a high risk that TCIG may not be collecting all revenue to which it is legally entitled. Due to the absence of a robust compliance program, including enforcement, and the lack of adequate supporting information I cannot fully assess the extent of the possible loss of revenue. However it does appear that revenues may be lost annually as a result of under-reporting, lack of assessments, weak controls and a lack of compliance resources to marshal and enforce the laws. This impacts several revenue streams including Hotel and Restaurant Tax, Business Licensing, Work Permits and Import Duties, amongst others.
- Revenue arrears such as scholarship fund contributions of \$19 million and business licencing of \$38 million, were not properly substantiated and are not currently included on the statement of financial position. All revenues due to TCIG that are not deemed recoverable should be submitted to the House of Assembly for write-off on a timely

basis. However this is not currently happening as arrears are not currently reported on the statement of financial position.

- The reduction in scholarship fund arrears due to TCIG from \$19 million (\$20 in a recent statement) in 2012/13 to \$3 million in 2013/14 has not been properly explained. As these receivables were not recorded as assets on the statement of financial position they were not submitted to the House of Assembly for write-off.
- Revenue foregone during the year of \$28 million (\$31 million in revised financials at 15 Jan, 2015) via concessions granted was not appropriately managed to ensure TCIG was obtaining sufficient economic benefit in exchange for the concessions granted. Documentation to support the concessions and transparency concerning the granting of concessions was limited. Some entities who received concessions owe amounts to TCIG which were not settled prior to, or as a condition of, the granting of the concessions.
- There is an understatement of revenue and expenditure due to netting of hospital co-payment and third party revenues against hospital expenditure.

Expenditure

- There were several expenditure control exceptions and repeat audit findings. While there was evidence of improvement in some of the smaller departments and a significant reduction in excess expenditure from \$19 million per line item in 2012/13 to \$426,000 in 2013/14, weaknesses still existed in the larger departments and ministries where the repeated exceptions impacted approximately \$21 million of expenditures.
- Healthcare expenditures are split between TCIG and NHIB and, as a result of non-consolidation, total healthcare expenditures are not fully presented to the public. NHIB paid to IHC, on behalf of TCIG, \$4 million over and above the amounts granted to NHIB from TCIG which increases reported total healthcare costs reported by TCIG. In addition NHIB paid \$14 million of other healthcare costs in the year ended March 31, 2014.
- Journals recorded of \$6.6 million did not have sufficient supporting documentation to assure the NAO that these were appropriate expenditures.

Assets

- A large number of assets are reported at higher than their likely recoverable amount including TCI Bank Limited deposits, TOLCO loans, other loans, loans and advances recommended for write off and other assets. These should be provided against to reduce them to their recoverable amount. Where deemed appropriate, permission to write-off these amounts should be requested from the House of Assembly.

- The financial statements do not include some major assets such as property, land, infrastructure assets, investment property and intangible assets.
- Other amounts due to TCIG are not recorded. These include stamp duty and other receivables. While they were disclosed upon identification of the NAO, it needs to be clarified whether or not they are revenue arrears written off or a concession granted. All amounts due to TCIG, including arrears, should be recorded as a receivable to ensure that any subsequent write offs receive the appropriate approval from the House of Assembly.
- Journals totalling \$86 million were entered to write off a \$2.5 million balance reported as being held at Belize Bank (British Caribbean Bank). These accounting entries are currently unsubstantiated and should be written back until the basis for the write-off is determined and approval is obtained from the House of Assembly.
- Prior year adjustments made of \$4.6 million [net] (2011), \$1.2 million [net] (2012) and \$81K in 2013-2014 were not accounted for correctly and need to be substantiated.
- Insufficient audit evidence was provided in the time allowed thus limiting the scope of the audit.

Liabilities

- Amounts due under the Public Private Partnership with IHC for the two hospitals have not been properly dealt with in accordance with the PFMO to establish the proper accounting treatment in the financial statements. The estimated debt is \$116 million. Insufficient evidence was provided in time to enable a reconciliation of the loan amounts to the costs of building the hospital, ring-fenced equipment, project management fees, professional fees, accommodation expenses and capitalized interest. Contract management of the health services contract is inadequate.
- Information technology costs may be understated. One contract entered into for \$1.8 million was subsequently increased to \$3.5 million. In addition, included in contingent liabilities is \$6 million, some of which may have already been incurred and should have been expensed. The increase in the contract may also have constituted an alternative financing arrangement which requires specific approvals per the PFMO.
- There is considerable inconsistency in the treatment of creditors, contingent liabilities and other amounts due. Certain specific amounts have been included in creditors despite the stated cash basis of accounting.

- Insufficient audit evidence was provided in the time allowed, including loan agreements, thus limiting the scope of the audit.

Disclosures

- Non-recording and non-disclosure of economic value transactions, including those in relation to stamp duty foregone of approximately \$3 million on a \$53 million property sale. This was subsequently disclosed in the revised financial statements but it is still to be determined whether or not this is revenue arrears written off or a concession granted.
- Financial instrument disclosures are insufficient, including the various loan agreements including those for the hospitals. The hospital loans in particular represent significant amounts which, together with their terms and conditions, can impact decision making.
- Related party transactions, including those with statutory bodies, are not properly captured and disclosed. Attempts were made at improving these but significant comparative disclosures are not made.
- Third party payments and in-kind services not disclosed. Various bodies have funded a wide range of assistance however this support has not been disclosed.
- Land incentives or concessions included leased lands at preferential rates are not disclosed. This economic value foregone should be combined with concessions and proper monitoring performed.
- Far greater accuracy and detail is needed for the contingent liabilities disclosures including retirement benefits which is significant and needs proper validation and verification.

Other

- Several audit findings from prior years were not corrected.
- The financial statements are required, per the PFMO, to comply with GAAP. The modified basis of accounting adopted by TCIG is not a recognized GAAP. It is also considered to be an inadequate basis of accounting given the needs of the various users of TCIG's financial statements, such as the House of Assembly, credit agencies and lenders. As the financial statements do not follow a recognized GAAP they are vulnerable to the application of discretion and adjustment based on the requirements of TCIG. Changes to accounting policies are not clearly disclosed or correctly accounted for.

- There was no consolidation of all entities controlled by government as required by GAAP. A complete understanding of the total financial performance and financial position of government is required for more informed decision making.
- The financial statements presented for audit contained a large number of errors including, but not limited to, typographical errors, addition errors unclear accounting policies and treatments, classification errors, incomplete and/or inadequate disclosures and omission of accounts specifically required under Schedule 2 of the PFMO. The revised set of financial statements corrected some, but not all, errors.

Furthermore there was a limitation in scope caused by the absence of an opinion on the effectiveness of the internal controls required under the PFMR as well as limitation in the NAO's ability to perform much needed work to opine on the efficiency, effectiveness and economy of the TCIG's operations as well as fraud, abuse and wastage. No assurance is provided on VFM and fraud.

I also draw to the attention of the reader of the TCIG's financial statements that due to the disclaimer of opinion, no further consideration was given to the overall presentation of the financial statements. Sufficiency and compliance with the relevant GAAP has not been properly evaluated to achieve an agreeable presentation of these financial statements.

Because of the significance of the matters identified in the Bases for Disclaimer of Opinion Paragraphs, I do not express an opinion on these financial statements.



Anand Heeraman FCCA, Auditor General – 17 February, 2015

A background image of a sunset with a bright sun low on the horizon, casting a warm orange and yellow glow across the sky.

ANNUAL STATEMENT OF PUBLIC ACCOUNTS

2013-14

A background image of two pink flamingos in a pond. One flamingo is in the foreground, facing left, and the other is behind it, facing right. The water is calm, and there are some rocks and plants in the background.

Turks and Caicos Islands

Financial Statements outlined in pages 7 - 94 are disclaimed. Page 7 of 94.



Government of the Turks and Caicos Islands

ANNUAL STATEMENT OF PUBLIC ACCOUNTS (Unadited) FOR THE FINANCIAL YEAR 2013 – 2014



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STATEMENT OF RESPONSIBILITY

The Annual Statements of Public Accounts have been prepared by the Accountant General in accordance with the provisions of the Public Financial Management (PFM) Ordinance (Ordinance 6 of 2012), 19th March 2012.

The Minister of Finance under the PFM Ordinance 2012 is responsible for the management of public moneys and the debts and other liabilities of the Government, ensuring that they are regulated, controlled and supervised in accordance with the law. In that regard, the Minister of Finance may make regulations, give instructions and issue such directives for the better carrying out of the intent and purposes of the House of Assembly, and for the safety, economy and advantage of the public revenue and public property.

The Permanent Secretary, Finance provides support to the Minister of Finance in carrying out his or her duties under the law and he or she is responsible for the effective application of the Public Financial Management Ordinance and any regulations made or any instructions given or any directives issued under that Ordinance.

The Accountant General is responsible for the compilation and management of the accounts of the Government, and for the custody and safety of public moneys and other resources of the Government. He or she is responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance that the transactions recorded are within the specified authority and the use of all public funds by the Government of the Turks and Caicos Islands (TCIG) are appropriately recorded.

In preparing these Annual Statements of Public Accounts, the most appropriate accounting policies have been consistently applied and supported by reasonable and prudent judgments and estimates. To the best of my knowledge, the Report and Annual Statements of Public Accounts give a true and fair view of the state of affairs of the Government of the Turks and Caicos Islands as at 31st March 2014 and of the Surplus for the financial year ended 31st March 2014.

Arnold Ainsley (Mr)
Accountant General

January 15th 2014

**MINISTRY OF FINANCE, TRADE AND INVESTMENT****NJS Francis Building****Grand Turk, Turks and Caicos Islands**Telephone : (649) 946 1587, Fax: (649) 946 1498, Email: min_finance@gov.tcJanuary 15th 2014**MANAGEMENT REPRESENTATION LETTER**

Auditor General
National Audit Office
South Base, Grand Turk
Turks & Caicos Islands

We are providing this letter in connection with your audit of the financial statements of the Turks and Caicos Islands Government for the period ended March 31st, 2014 for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows in conformity with the modified cash basis of accounting. We confirm that we are responsible for the fair presentation in the financial statements of financial position, results of operations, and cash flows in conformity with the modified cash basis of accounting.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of January 15th, 2014 the following representations made to you during your audit;

1. The financial statements referred to above are fairly presented in conformity with the modified cash basis of accounting,
2. We have made available to you all financial records and related data except for those not received or where no documentation available,
3. There have been no communications from regulatory agencies concerning non-compliance with or deficiencies in financial reporting practices,
4. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements,
5. We believe that the effects of the uncorrected financial statement misstatements summarized in the accompanying schedule are immaterial both individually and in the aggregate, to the



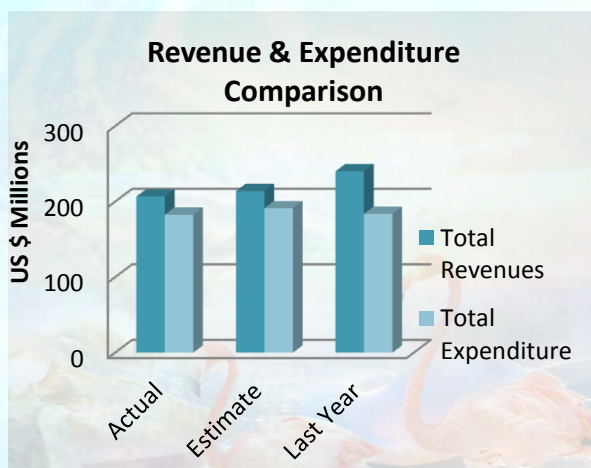
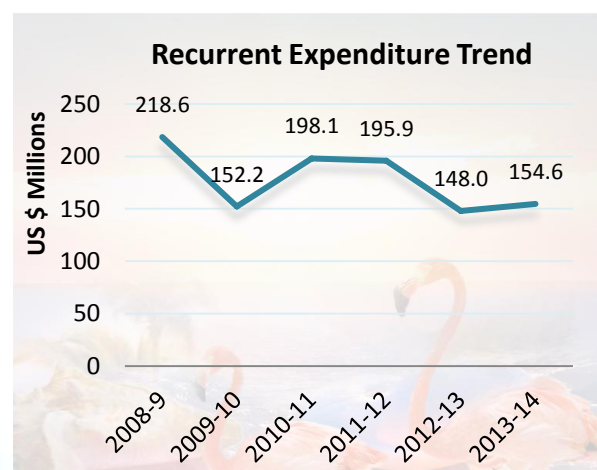
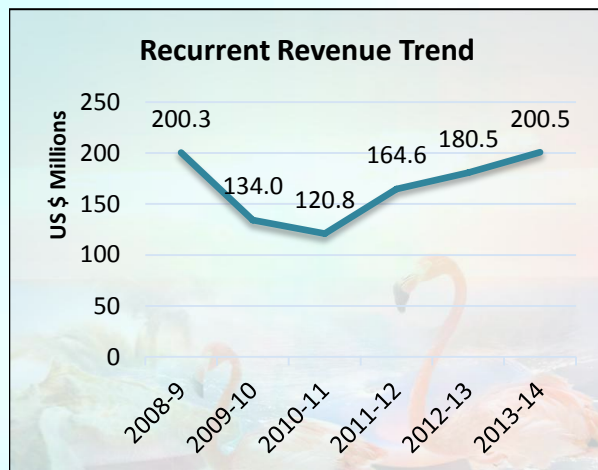
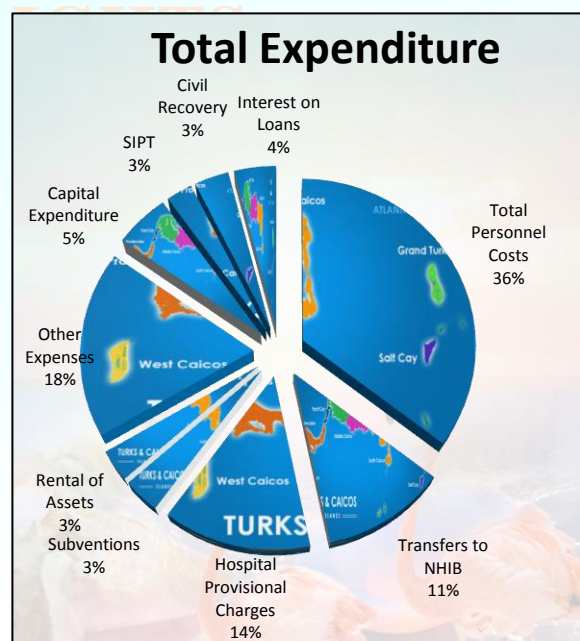
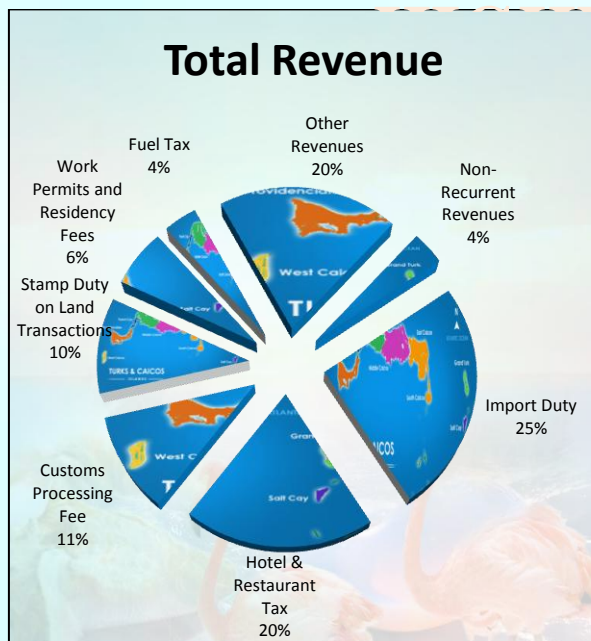
financial statements taken as a whole except for those specifically identified by the National Audit Office.

6. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud,
7. We have no knowledge of any fraud or suspected fraud affecting the entity involving:
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
8. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees (current and former) or any other individuals,
9. There are no plans or intentions that may materially affect the carrying value or classification of any assets and liabilities.
10. The transactions, material issues known to management and other significant estimates during April 1st 2013 – March 31, 2014 have been properly recorded or disclosed in the financial statements.
11. There are no known violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements except for those identified by the National Audit Office and,
12. There has been compliance with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance, except for those identified by the National Audit Office.

To the best of our knowledge and belief, no events have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

Athenee Harvey
Permanent Secretary
Ministry of Finance, Trade and Investment

Arnold Ainsley
Accountant General
Ministry of Finance, Trade and Investment





REPORT OF THE ACCOUNTANT GENERAL

Introduction

The Annual Statement of Public Accounts of the Government of the Turks and Caicos Islands for the financial year ended March 31st 2014 has been prepared in accordance with the Public Finance Management Ordinance 2012 (Section 44.01).

The Annual Statements of Public Accounts have been prepared using the modified cash basis of accounting. These statements are designed useful information to the public that should assist any assessment being undertaken in regards to the financial activities of the Government during the year and its financial position at the end of the year. It is envisioned that it will meet the needs of stakeholders including, taxpayers, members of the legislature, investors and creditors, and the public at large.

Financial Overview of Fiscal 2013-14

Operating Surplus

The results of the fiscal year ended March 31st 2014 presents an operating surplus \$24.0 million compared to a budgeted surplus of \$22.7 million, an outturn that was 6% better than expected.

	Actual	Budget	Prior Year	Budget		Prior Year	
	\$ 000's	\$ 000's	\$ 000's	\$ 000's	%	\$ 000's	%
Recurrent Revenue	200,495.2	189,447.3	174,305.8	11,048.0	6%	26,189.5	15%
Recurrent Expenditure	162,356.8	170,163.6	155,487.7	7,806.8	5%	(6,869.1)	-4%
Net Recurrent Surplus/(Deficit)	38,138.4	19,283.6	18,818.0	18,854.8	98%	19,320.4	103%
Non-Recurrent Revenue	6,307.0	24,542.0	65,931.6	(18,235.0)	(74%)	(59,624.6)	(90%)
Non-Recurrent Expenditure	20,446.9	21,115.5	28,461.4	668.6	3%	8,014.4	28%
Operating Surplus/(Deficit)	23,998,496	22,710,099	56,288,300	1,288,397	6%	(32,289,804)	-57%

Total revenue for the year amounted to \$206.8 million, which was \$7.3 million or 3% below the budget estimates and \$33.4 or 14% million below last year's results, however this significant variance year over year is due primarily to large non recurrent receipts in the previous financial year.

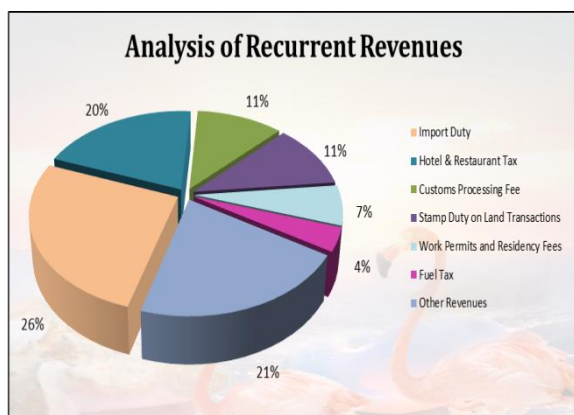
Total Government expenditure for the year was \$182.8 million, which compared favourably with both the budget estimates and prior year's results, being \$8.5 million or 5% below budget estimates and \$1.1 million or 1% below the results for the prior year



Revenues

Recurrent Revenue	FY2013-14 Actual	FY2013-14 Estimates	FY2012-13 Actual	FY2012-13 Actual Vs Budget		Actual FY2013-14 vs FY2012-13	
	US \$	US \$	US \$	US \$	%	US \$	%
Import Duty	52,701,566	50,735,000	48,581,744	1,966,566	3.9%	4,119,822	8%
Hotel & Restaurant Tax	40,948,209	37,869,450	34,025,085	3,078,759	8.1%	6,923,123	20%
Customs Processing Fee	22,573,957	19,821,000	18,967,088	2,752,957	13.9%	3,606,869	19%
Stamp Duty on Land Transactions	21,944,493	15,124,400	13,927,486	6,820,093	45.1%	8,017,007	58%
Work Permits and Residency Fees	13,321,269	11,639,000	10,912,994	1,682,269	14.5%	2,408,275	22%
Fuel Tax	7,681,224	7,254,245	6,917,250	426,979	5.9%	763,975	11%
Other Revenues	41,324,498	47,004,167	47,124,113	(5,679,668)	-12.1%	(5,799,615)	-12%
Total Recurrent Revenues	200,495,216	189,447,262	180,455,760	11,047,954	6%	20,039,456	11%

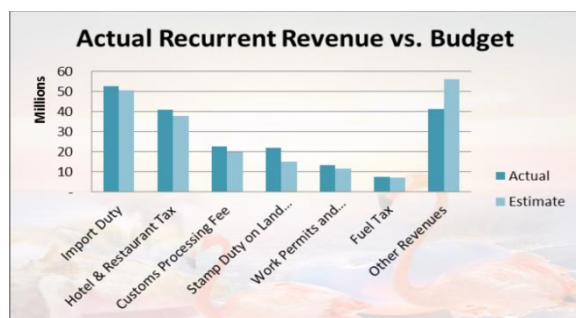
Recurrent revenue for the twelve months was \$200.5 million, compared to a budget of \$189.4 million, a positive variance of \$11.0 million or 6%. Recurrent revenues also out-performed prior year's receipts significantly by \$20.0 million or 11%.



Import duties, which accounted for 26.3 % of recurrent revenues came in \$2.0 million above budget estimates and saw a \$4.1 million improvement over last year's results.

Hotel & Restaurant tax, which accounted for a further 20.4% of recurrent revenues, was \$40.9 million for the year. This amount exceeded budgetary targets by \$3.1 million or 8.1% and last year's results by 20%.

This significant increase is mainly attributable to the tax rate increase from 11% to 12% during the financial year and a very successful winter tourist season.



Customs Processing Fees accounted for 11.3% of recurrent revenues for the year. This outturn was \$22.6 million which exceeded budget estimates by \$2.8 million and last year's results by \$3.6 million. This positive result can also be partially attributed to the rate increase from 6% to 7.5% during this financial year.

Total **Stamp Duty on Land Transactions** collected for the year were \$21.9 million, which exceeded budget estimates by \$6.8 million or 45% and last year's results by \$8.0 million or 58%. This outturn,



which accounted for 11% of recurrent revenues, indicates a significant increase in activity the real estate industry, and augers well for continued recovery in the sector.

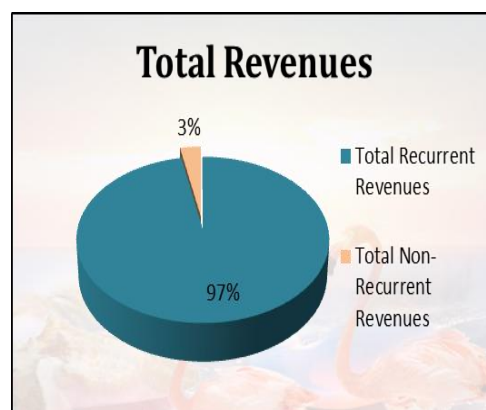
Receipts from *Work Permits & Residency Fees* totalled \$13.3 Million for the year, accounting for 7% of recurrent revenues. This result was \$1.7 million or 14.5% above budget estimates of \$11.6 million and \$2.4 million or 22% above the prior year's outturn.

Fuel tax receipts of \$7.7 million was above the budget estimates by \$0.4 million or 6% and above the previous year by \$0.8 million or 11% due to the effects of the 10 cents increase in October 2013 and a very positive winter season.

Other Revenues collected amounted to \$41.3 million, which was \$5.7 million or 12% below budget estimates and \$5.8 million below last year's receipts. The major variances can be seen in the table below:

Other Revenues	FY2013-14 Actual	FY2013-14 Estimates	FY2012-13 Actual	FY2012-13 Actual Vs Budget		Actual FY2013-14 vs FY2012-13	
	US \$	US \$	US \$	US \$	%	US \$	%
Vehicle License Renewals	2,873,833	3,330,000	2,992,326	(456,167)	-13.7%	(118,493)	-4%
Telecommunication Licenses	2,417,939	3,250,000	3,172,532	(832,061)	-25.6%	(754,593)	-24%
Financial Services Commission Net Revenue	2,384,966	2,500,000	1,734,698	(115,034)	-4.6%	650,268	37%
Overtime Cost recovered	2,185,704	2,060,000	1,872,381	125,704	6.1%	313,323	17%
Bank Service Tax	2,031,765	1,996,676	1,980,103	35,089	1.8%	51,661	3%
Communication Tax	1,860,521	3,305,980	2,428,541	(1,445,459)	-43.7%	(568,020)	-23%
Gaming Machine Tax	1,820,854	2,283,040	2,243,041	(462,186)	-20.2%	(422,186)	-19%
Seaport Departure Tax	1,685,761	1,350,776	1,320,778	334,985	24.8%	364,984	28%
Port Authority Excess Revenue	1,428,884	1,074,450	1,013,739	354,434	33.0%	415,145	41%
Other Revenue	22,634,270	25,853,245	28,365,974	(3,218,974)	-12.5%	(5,731,704)	-20%
Total Other Revenues	41,324,498	47,004,167	47,124,113	(5,679,668)	-12.1%	(5,799,615)	-12%

Non Recurrent revenues of \$6.3 million accounted for 3% of total revenues collected and were 74% below budget and a significant \$53.5 million or 89% below last year's results, due to a number of large one-off receipts during the prior year. Of the total \$6.3 million collected, \$3.3 million or 52% came from contribution from the National Forfeiture fund, while \$1.1 million and \$1.8 million came from civil recoveries and land sales respectively.



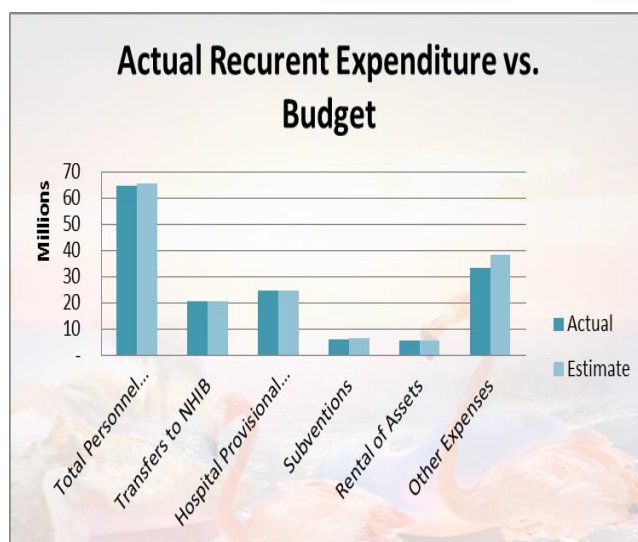


Non-Recurrent Revenues	FY2013-14 Actual	FY2013-14 Estimates	FY2012-13 Actual	FY2012-13 Actual Vs Budget		Actual FY2013-14 vs FY2012-13	
	US \$	US \$	US \$	US \$	%	US \$	%
Civil Recovery Income	1,143,520	5,000,000	28,180,528	(3,856,480)	-77.1%	(27,037,008)	-96%
Criminal Recovery Income	-	8,000,000	-				
Capital Receipts	1,821,744	4,445,988	11,161,356	(2,624,244)	-59.0%	(9,339,611)	-84%
Revenue from Grants	59,034	4,000,000	12,939,806	(3,940,966)	-98.5%	(12,880,772)	-100%
National Forfeiture fund Contributions	3,282,706	2,096,017	-	1,186,689	56.6%	3,282,706	-
NIB Revenue	-	1,000,000	-				
Sale of Shares	-	-	7,499,954	-	0.0%	(7,499,954)	-100%
Total Non-Recurrent Revenues	6,307,005	24,542,005	59,781,644	(18,235,000)	-74%	(53,474,639)	-89%

Expenditure

Total Government expenditure for the year was \$182.8 million, which compared favourably with both the budget estimates and prior year's results. The year's outturn was \$7.4 Million or 4% below budget estimates and \$1.2 million or 1% below the results for the prior year.

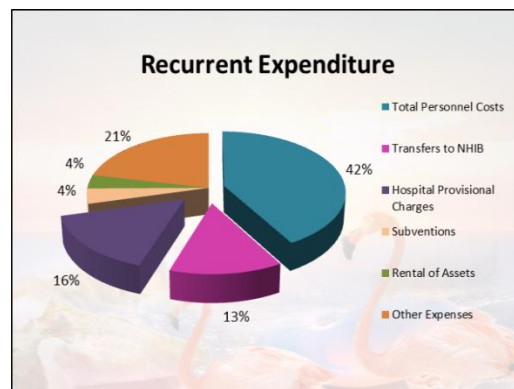
Recurrent Expenditures, while showing an increase of \$7.0 million or 5% when compared to the prior year, came \$6.6 million or 4.1% below budget estimates.



RECURRENT EXPENDITURE	FY2013-14 Actual	FY2013-14 Estimates	FY2012-13 Actual	FY2012-13 Actual Vs Budget		Actual FY2013-14 vs FY2012-13	
	US \$	US \$	US \$	US \$	%	US \$	%
Total Personnel Costs	64,618,708	65,433,289	57,292,139	814,581	1%	(7,326,569)	-13%
Transfers to NHIB	20,625,279	20,718,000	18,206,818	92,721	0%	(2,418,460)	-13%
Hospital Provisional Charges	24,529,153	24,720,060	24,295,007	190,907	1%	(234,146)	-1%
Finance Cost	7,420,969	7,694,000	7,505,490	273,031	4%	84,521	1%
Subventions	6,188,361	6,517,260	6,406,656	328,899	5%	218,294	3%
Rental of Assets	5,614,704	5,711,303	4,980,385	96,599	2%	(634,319)	-13%
Other Expenses	33,359,631	39,369,709	36,801,254	6,010,079	15%	3,441,624	9%
Total Recurrent Expenditure	162,356,804	170,163,621	155,487,749	7,806,817	5%	(6,869,055)	-4%



Personnel Costs for the year, which accounted for 42% of recurrent expenditure, totaled \$64.6 million. This amount was \$0.8m or 1% below budget estimates and \$7.3 million or 13% above last year costs. The major contributor to this negative variance against last year's costs is the full effect of the 10% reinstatement on salaries and wages. The positive performance against the budget is due primarily to delays in recruitment during the year.



Transfers to NHIB accounted for 13% of recurrent expenditures. The outturn for the year was \$20.6 million which was marginally below budget and \$2.4 million or 13% above last year, primarily due to increase subventions to NHIB for the financial year.

Hospital Provision Charges, which accounted for 16% of recurrent expenditure, totaled \$24.5 million for the year which were \$0.2 million or 1% below budget while being \$0.2 million or 1% above last year's outturn.



Finance Cost, amounting to \$7.4 million for the year, accounted for 5% of recurrent expenditures. This amount came in \$0.3 million or 4% below the budgeted amount while being marginally below cost for the prior year.

Total **Subventions** costs for the year totaled \$6.2 million which were 5% below the budgeted figure of \$6.5 million and were below last year's outturn by \$0.2 million or 3%.

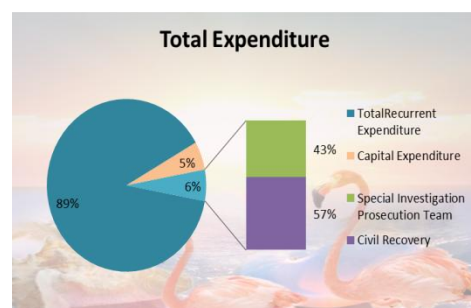
Rental of Assets cost totaled \$5.6 million for the year, which was 2% below budget estimates and \$0.6 million or 13% above the last year's outturn.

Other Recurrent Expenditure totals for the year were \$33.4 million, which was \$6.0 million or 15% below budget estimates and \$3.4 million or 9% below last year's outturn. The major variances can be seen in the table below.



OTHER RECURRENT EXPENDITURE	FY2013-14 Actual	FY2013-14 Estimates	FY2012-13 Actual	FY2012-13 Actual Vs Budget		Actual FY2013-14 vs FY2012-13	
	US \$	US \$	US \$	US \$	%	US \$	%
Operating Expenses	11,267,918	6,851,607	2,984,337	(4,416,311)	-64%	(8,283,581)	-278%
Maintenance Expenses	6,275,086	6,516,503	6,423,793	241,417	4%	148,707	2%
Professional and Consultancy Services	2,081,696	2,582,978	2,120,304	501,282	19%	38,608	2%
Scholarships & Grants	3,493,355	3,687,196	3,407,505	193,841	5%	(85,850)	-3%
Utilities	3,819,845	3,959,302	3,222,762	139,457	4%	(597,083)	-19%
Other Recurrent Expenditure	6,421,730	15,772,123	18,642,553	9,350,393	59%	12,220,823	66%
Total Other Recurrent Expenditure	33,359,631	39,369,709	36,801,254	6,010,079	18%	3,441,624	9%

Non-recurrent expenditure for the year totalled \$20.4 million. This amount was \$0.7 million or 3% below budget estimates and \$8.0 million or 28% below the results of the prior year. Of the total spent 47% was on capital expenditure while 30% and 23% were spent on Civil Recovery and Special Investigation Prosecution Team (SIPT) expenses respectively.



NON-RECURRENT EXPENDITURE	FY2013-14 Actual	FY2013-14 Estimates	FY2012-13 Actual	FY2012-13 Actual Vs Budget		Actual FY2013-14 vs FY2012-13	
	US \$	US \$	US \$	US \$	%	US \$	%
Capital Expenditure	9,711,143	9,872,682	15,162,266	161,539	2%	5,451,123	36%
Special Investigation Prosecution Team	4,662,984	4,850,000	5,968,003	187,016	4%	1,305,019	22%
Civil Recovery	6,072,794	6,392,865	7,331,087	320,071	5%	1,258,293	17%
Total Other Expenditure	20,446,921	21,115,547	28,461,356	668,626	3.3%	8,014,435	28%

Public Debts

The Government of the Turks and Caicos Islands debts includes both local and International borrowings. Government debts stood at US \$207.6 million as at March 31, 2014. Total debt servicing during the year totalled approximately US\$16.7 million, which consisted of US\$9.3 million in principal repayments and US\$7.4 million in interest payments.

Debt Type	Opening	March 31, 2014	
	01-Apr-13	Principal Repayment	Outstanding Principal
	\$ 000's	\$ 000's	\$ 000's
RBTT Bonds 2016 - Guaranteed	170,000.0	-	170,000.0
Scotia Bank Loan 2016 - Guaranteed	9,000.0	-	9,000.0
Other TCIG Bank Loans - Unsecured	23,779.3	(5,807.5)	17,971.8
TCInvest Loans - Unsecured	12,254.1	(1,657.5)	10,596.6
Total Bonds & Loans	215,033.4	(7,465.0)	207,568.4
Other Debt	1,832.8	(1,832.8)	-
Total Outstanding Public Debt	216,866.2	(9,297.8)	207,568.4



The total debt of US \$207.6 million at 31st March 2014 includes an amount of \$170 million for Bonds issued under the guarantee arrangement with the UK Government. The guaranteed loans are secured by a United Kingdom/DFID guarantee in the amount of \$260 million. These bonds were issued in April 2011 to be repaid in February 2016.

Conclusion

TCIG was able to achieve another year of fiscal surplus for the financial year ending March 31, 2014. The financial overview above presents a fiscal surplus of US\$24.0 million for the financial year, generated from total revenues of \$206.8 million and total expenditure of \$182.8 million.

The Government remains committed to prudent fiscal management, ensuring improvements in revenue collection and that expenditure control measures continued to be carried out in a manner that enhances financial performance. Many challenges are still envisaged for the new financial year but great efforts will be made to continue and entrench the gains of the past year, while delivering more efficient public services at costs that give a better value for money and maximum benefits to all stakeholders.

The Annual Consolidated Fund Account for the financial year ended 31st March 2014 should be read in conjunction with the underlying notes and supplementary disclosures for better understanding and interpretation.

A handwritten signature in black ink, enclosed within an oval shape.

Arnold Ainsley (Mr)
Accountant General
January 15th 2014



ANNUAL STATEMENTS OF PUBLIC ACCOUNTS



GOVERNMENT OF THE TURKS AND CAICOS ISLANDS
STATEMENT OF FINANCIAL POSITION
For Budgetary Entities Only
As At 31 March 2014

	Notes	As at 31-Mar-14 US \$	As at 31-Mar-13 US \$
ASSETS			
Current Assets			
Cash and cash equivalent	3	70,924,483	51,726,426
Accounts receivable	5	2,872,297	2,946,837
Total Current Assets		73,796,780	54,673,263
Non-Current Assets			
Investments	6	4,385,878	7,215,367
Loans receivable	4	12,051,659	12,768,253
Total Non-Current Assets		16,437,537	19,983,621
TOTAL ASSETS		90,234,317	74,656,884
LIABILITIES			
Current Liabilities			
Accounts payable	8	1,946,705	2,402,762
Current portion of borrowings	7	6,708,900	5,807,387
Bank overdraft	3	-	499,692
Total Current Liabilities		8,655,605	8,709,841
Non-current liabilities			
Borrowings	7	200,859,220	209,226,047
Total Non-Current Liabilities		200,859,220	209,226,047
TOTAL LIABILITIES		209,514,825	217,935,888
NET ASSETS		(119,280,508)	(143,279,004)
SUPPORTED BY			
FUND BALANCES			
Consolidated Fund		(180,428,005)	(188,837,519)
Development Fund		967,209	1,268,215
Sinking Fund	10	58,180,265	41,009,348
National Forfeiture Fund	11	2,000,023	3,280,953
TOTAL FUND BALANCES		(119,280,508)	(143,279,004)



GOVERNMENT OF THE TURKS AND CAICOS ISLANDS
STATEMENT OF FINANCIAL PERFORMANCE
For Budgetary Entities Only
For Year Ended 31 March 2014

	Notes	Financial Year Ended 31-Mar-14 US \$	Financial Year Ended 31-Mar-13 US \$
REVENUE			
Recurrent Revenue			
Taxes on goods and services	9.1.1	72,574,718	58,073,223
Duties (excluding stamp duty)	9.1.2	87,266,395	76,152,088
Licences	9.1.3	9,094,049	10,195,984
Fees, fines and permits	9.1.4	20,481,614	16,456,313
Transfers from Controlled Entities	9.1.5	3,813,850	4,248,437
Finance income	9.1.6	1,369,318	792,612
Other recurrent revenues	9.1.7	5,895,271	8,387,103
Total Recurrent Revenue		200,495,216	174,305,761
Nonrecurrent Revenue			
National Forfeiture Fund (NFF) Contribution	9.2.1	3,282,706	-
Land Sales	9.2.2	1,821,744	11,161,356
Civil Recovery	9.2.3	1,143,520	28,180,528
Grants and external assistance	9.2.4	59,034	12,939,806
National Insurance Board (NIB)	9.2.5	-	6,150,000
Sale of shares	9.2.6	-	7,499,954
Total Non-recurrent Revenue		6,307,005	65,931,644
TOTAL REVENUE RECEIVED		206,802,220	240,237,405
EXPENDITURE			
Recurrent Expenditure			
Compensation of employees	10.1.1	57,621,928	51,766,908
Compensation of House of Assembly members	10.1.2	2,068,251	765,163
Pensions and gratuities	10.1.3	4,928,529	5,525,231
Finance costs	7	7,420,969	7,505,490
Subvention to Controlled Entities	12	6,188,361	6,406,656
Other operating expenses	10.1.4	84,128,766	83,518,301
Total Recurrent Expenditure		162,356,804	155,487,749
Nonrecurrent Expenditure			
Special Investigation and Prosecution Team (SIPT)	10.2.1	4,662,984	5,968,003
Civil recovery	10.2.2	6,072,794	7,331,087
Total Non-recurrent Expenditure		10,735,778	13,299,090
Capital expenditure		9,711,143	15,162,266
TOTAL EXPENDITURE		182,803,725	183,949,105
Surplus for the period		23,998,495	56,288,300



GOVERNMENT OF THE TURKS AND CAICOS ISLANDS
STATEMENT OF CASH FLOWS
For Budgetary Entities Only
For Year Ended 31 March 2014

	Financial Year Ended 31-Mar-14 US \$	Financial Year Ended 31-Mar-13 US \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Recurrent revenue	199,125,898	173,513,149
Finance income	1,369,318	792,612
Non-recurrent revenue	6,307,005	65,931,644
	206,802,221	240,237,405
Payments		
Compensation of employees	57,621,928	51,766,908
Compensation of House of Assembly members	2,068,251	765,163
Pensions and gratuities	4,928,529	5,525,231
Finance costs	7,420,969	7,505,490
Subvention to Controlled Entities	6,188,361	6,406,656
Other operating expenses	84,128,766	83,518,301
Non-recurrent expenditure	10,735,778	13,299,090
Capital expenditure	9,711,143	15,162,266
	182,803,725	183,949,105
Net Cash Flows from Operating Activities	23,998,496	56,288,300
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in investments	2,829,490	6,170,415
Decrease in accounts payable	(456,057)	(1,823,198)
Decrease in loans receivable	716,594	0
Decrease in accounts receivable	74,540	231,294
Net Cash Flows from Investing Activities	3,164,567	4,578,511
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(7,465,314)	(12,359,888)
Net Cash Flows from Financing Activities	(7,465,314)	(12,359,888)
Net Increase in Cash and Cash Equivalents	19,697,749	48,506,923
Net Cash and Cash Equivalents at beginning of the year	51,226,734	2,719,811
Net Cash and Cash Equivalents at end of the year	70,924,483	51,226,734



GOVERNMENT OF THE TURKS AND CAICOS ISLANDS
STATEMENT OF CASH FLOWS
For the Consolidated Fund
For Year Ended 31 March 2014

	Financial Year Ended 31-Mar-14 US \$	Financial Year Ended 31-Mar-13 US \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Recurrent revenue	199,125,898	173,513,149
Finance income	1,369,318	792,612
Non-recurrent revenue	6,247,971	64,085,963
National Forfeiture Fund contributions	1,280,930	-
	208,024,116	238,391,724
Payments		
Compensation of employees	57,621,928	51,766,908
Compensation of House of Assembly members	2,068,251	765,163
Pensions and gratuities	4,928,529	5,525,231
Finance costs	7,420,969	7,505,490
Subvention to Controlled Entities	6,188,361	6,406,656
Other operating expenses	84,128,766	83,518,301
Non-recurrent expenditure	10,735,778	13,299,090
Capital expenditure	9,351,103	14,211,943
Transfers to Sinking Fund	17,170,911	41,009,348
Transfers to National Forfeiture Fund	-	3,280,953
	199,614,596	227,289,083
Net Cash Flows from Operating Activities	8,409,520	11,102,641
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in investments	2,829,490	6,170,415
Decrease in accounts payable	(456,057)	(1,823,198)
Decrease in loans receivable	716,594	-
Decrease in accounts receivable	74,540	231,294
Net Cash Flows From Investing Activities	3,164,567	4,578,511
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(7,465,314)	(12,359,888)
Net Cash Flows from Financing Activities	(7,465,314)	(12,359,888)
Net Increase in Cash and Cash Equivalents	4,108,773	3,554,211
Net Cash and Cash Equivalents at beginning of the year	5,668,218	2,114,007
Net Cash and Cash Equivalents at end of the year	9,776,991	5,668,218



GOVERNMENT OF THE TURKS AND CAICOS ISLANDS
STATEMENT OF CASH FLOWS
For the Development Fund
For Year Ended 31 March 2014

	TCIG Funded Projects	UK DFID Programme Education & Health	UK/TCI Development Aid No 2 Account	Other UK Development Programmes	CDB Basic Needs Trust Fund Programmes	Grants from Other Private Sources	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Receipts							
Consolidated Fund Contribution	8,536,103	-	-	-	-	-	8,536,103
National Forfeiture Fund Transfer	815,000	-	-	-	-	-	815,000
Grants Received	-	-	-	-	-	59,034	59,034
Total Receipts	9,351,103	-	-	-	-	59,034	9,410,137
Payments							
Furniture for Deputy Governor's Office	13,138						13,138
Additional Toilet Block for CHHS	221,095						221,095
Balance on Counter-part Contribution for BNTF 5					7,991		7,991
Belonger Status Card Service Project	2,100						2,100
BNTF Office Cost					1,991		1,991
Bombarra Docks Extension	24,341						24,341
Border Management Information System	93,119						93,119
Carnival Infrastructure Projects	291,573						291,573
Cholera Treatment Project		163,956					163,956
Communication Radios for Police	42						42
Construction of Bathroom Block for Ianthe Pratt Primary School	83,550						83,550
Construction of Building to House New RO Plant - Salt Cay	26,020						26,020
Construction of Fish Market for West Road	17,493						17,493
Construction of New Block Ona Ginton Primary School	1,218,451						1,218,451
Construction of South Caicos Community Centre and Disaster Management Command Centre	80,088						80,088
Construction of Warehouse and Office for Customs - GDT	245,689						245,689
Digicel Contract Capital Costs	949,700						949,700
EU Housing Initiative	264,199						264,199
Furniture for Premier's Office PLS	7,500						7,500
Generator for Wellness Centre and Green Door	15,026						15,026
Healthy Lifestyle Curriculum						9,502	9,502
HIES/CPI Project	28,979						28,979
HJRHS New Administrative Block	828,483						828,483
Implementation of Value Added Tax-Non IT costs	4,029						4,029
Installation of Generators	6,064						6,064
Installation of Shutters on Gov't Buildings - all Islands	27,119						27,119
Introduction of a Healthy Lifestyle Curriculum	5,293						5,293
National Tree for TCI						52,783	52,783
New RO plants and Equipment for Water Dept.	679,303						679,303
New Vehicles for Police	672,024						672,024
North Caicos Land	552,500						552,500
Police Accommodations at TCICC	43,914						43,914
Providenciales Airport Land Acquisition	700,000						700,000
Provision for CDB Shares	70,370						70,370
Queen Conch Visual Survey and Local Consumption Study	6,158						6,158
Radar System for Turks & Caicos Islands	22,874						22,874
Refurbishment of Home Ec. Dept. MBHS	33,170						33,170
Renovation of MRHC for SIPT Trials				257,395			257,395
Repairs to Causeway Bridge	1,524,235						1,524,235
Repairs to former Customs Office South Base	25,543						25,543
Repairs to former Immigration Office-South Base	24,924						24,924
Repairs to Water Catchment in GDT, XSC and Salt Cay- Phase 1	61,624						61,624
Replacement Dock for South Caicos	96,778						96,778
Replacement Engines for DECR	20,000						20,000
SIPT Court Outfitting	73,650						73,650
Strengthening of the Public Health Delivery System						9,397	9,397
Upgrade of Salt Cay Island Clinic	40,340						40,340
Vector Control Vehicle - XNC/MC	25,000						25,000
Vehicle for Premier	35,400						35,400
Vehicles for Revenue Control	38,000						38,000
Video-linking and Cell Pods	2,310						2,310
Well Drilling Salt Cay	6,918						6,918
Total Payments	9,208,128	163,956	-	257,395	9,982	71,682	9,711,143
Net Increase/(Decrease) In Fund Balance	142,976	(163,956)	-	(257,395)	(9,982)	(12,648)	(301,006)
Fund Balances at Beginning of Year	-	209,426	93,507	338,001	128,540	498,741	1,268,215
Closing Development Fund balance at end of the year	142,976	45,470	93,507	80,606	118,558	486,093	967,209



GOVERNMENT OF THE TURKS AND CAICOS ISLANDS
STATEMENT OF CHANGES IN NET ASSETS BY FUND
For Year ended 31 March 2014

	Consolidated Fund US \$	Development Fund US \$	Sinking Fund US \$	National Forfeiture Fund US \$	Total Net Assets/Fund Balances US \$
Balance as at 1st April 2012	(205,763,848)	605,905	-	1,280,953	(203,876,990)
Changes in Net Assets/Fund Balances for the financial year ended 31st March 2013					
TC Invest - opening balances brought in	4,228,744	-	-	-	4,228,744
Surplus for the year - Statement of Financial Performance	67,795,386	(13,549,633)	42,547	2,000,000	56,288,300
Transfer to Development Fund	(14,211,943)	14,211,943	-	-	-
Transfer to Sinking Fund	(40,966,801)	-	40,966,801	-	-
	16,845,386	662,310	41,009,348	2,000,000	60,517,044
Balance as at 31st March 2013	(188,918,462)	1,268,215	41,009,348	3,280,953	(143,359,946)
Other Prior Year Adjustments	80,943	-	-	-	80,943
Restated Balance	(188,837,519)	1,268,215	41,009,348	3,280,953	(143,279,004)
Changes in Net Assets/Fund Balances for the financial year ended 31st March 2014					
Surplus for the year - Statement of Financial Performance	30,078,266	(9,652,109)	177,978	3,394,360	23,998,496
Transfer to Development Fund	(8,536,103)	8,536,103	-	-	-
Transfer from NFF	3,860,290	815,000	-	(4,675,290)	-
Transfer to Sinking Fund	(16,992,939)	-	16,992,939	-	-
	8,409,515	(301,006)	17,170,917	(1,280,930)	23,998,496
Balance as at 31st March 2014	(180,428,005)	967,209	58,180,265	2,000,023	(119,280,508)



GOVERNMENT OF THE TURKS AND CAICOS ISLANDS
COMPARATIVE STATEMENT OF ACTUAL AND BUDGET AMOUNTS
For Budgetary Entities Only
For Year ended 31 March 2014

	Original Budget	Final Budget	Actual Performance	Difference
	US \$	US \$	US \$	US \$
Recurrent Revenue				
Taxes on Transactions	48,941,964	48,941,964	49,531,282	589,318
Taxes on Domestic Goods & Transactions	16,102,576	16,102,576	23,043,437	6,940,861
Licenses	11,460,218	11,460,218	9,094,048	(2,366,170)
Duties (Excluding Stamp Duty)	79,559,912	79,559,912	87,266,395	7,706,483
Fees, Fines and Permits	21,334,050	21,334,050	24,295,464	2,961,414
Interest Rents and Dividends	2,630,931	2,630,931	2,089,159	(541,772)
Other Revenues	9,417,611	9,417,611	5,175,431	(4,242,179)
Total Recurrent Revenue	189,447,262	189,447,262	200,495,216	11,047,955
Non-Recurrent Revenue	24,542,005	24,542,005	6,307,004	(18,235,001)
Total Revenue	213,989,267	213,989,267	206,802,220	(7,187,046)
Recurrent Expenditure				
Compensation of Employees	61,845,075	57,506,267	57,621,928	(115,661)
Compensation of House of Assembly members	2,039,978	1,894,268	2,068,251	(173,983)
Pensions and Gratuities	5,701,040	6,032,754	4,928,529	1,104,225
Hospital Provisional Charges	23,968,060	24,720,060	24,529,153	190,907
NHIB Transfers	18,270,000	20,718,000	20,625,278	92,722
Finance costs	7,534,000	7,694,000	7,420,969	273,031
Maintenance Expenses	6,547,019	6,516,503	6,275,086	241,417
Subventions	6,521,760	6,517,260	6,188,361	328,899
Rental of Assets	5,326,258	5,711,303	5,614,704	96,599
Operating Expenses	6,645,280	6,851,607	4,631,089	2,220,518
Utilities	3,869,265	3,959,302	3,819,845	139,457
Other Payments	25,120,866	22,042,297	18,633,611	3,408,686
Total Recurrent Expenditure	173,388,601	170,163,621	162,356,804	7,806,817
Non-Recurrent Expenditure	26,376,757	21,115,547	20,446,921	668,626
Total Expenditure	199,765,358	191,279,168	182,803,725	8,475,443
Surplus for the Year	14,223,909	22,710,099	23,998,495	1,288,397



NOTES TO THE PUBLIC ACCOUNTS

1. ACCOUNTING POLICIES

1.1 Basis of preparation

The preparation of the Turks and Caicos Islands Government (TCIG) Annual Statement of Public Accounts is largely governed by the Public Financial Management Ordinance 2012 (PFM) and have been prepared under the historical costs convention and on a cash basis modified to comply with the requirements under Schedule 2 of the PFM and reported in line with the International Public Sector Accounting Standards (IPSAS) financial reporting under the cash basis of accounting and encouraged additional disclosures. Whilst IPSAS cash basis of accounting has not been formally adopted, this standard and the encouraged additional disclosures have been used as a guide with the intention to move to the formal adoption of IPSAS cash in the future.

The modified cash basis of accounting applied recognizes revenue when collected through the Treasury operations and not when earned, expenditure in the period it is incurred.

1.2 Reporting Entity

The Annual Statement of Public Accounts are prepared for TCIG and includes all ministries and administrative units of TCIG, which are managed by Accounting Officers that are appointed by the Governor under Section 17 of the PFM. The Annual Statements of Public Accounts reflect the financial performance of TCIG for the financial year ended 31st March 2014 on the basis of moneys received by, held in or paid out of the public funds of TCIG during the financial year. Ministries and Administrative Units included in the Annual Statement of Public Accounts are:

- Office of the Governor
- Royal Turks and Caicos Islands Police Force
- Office of the Attorney General
- The Judiciary
- Office of the Premier and Ministry of Tourism, Culture and Gaming
- Ministry of Border Control and Labour
- Ministry of Environment and Home Affairs
- Ministry of Government Support Services
- Ministry of Finance, Trade and Investment
- Ministry of Health and Human Services
- Ministry of Education, youth and Sports
- Office of the Deputy Governor
- Office of the Director of Public Prosecutions
- Statutory Charges

Section 44 and Paragraph 1 of the Schedule 2 of the PFM requires all public monies to be accounted for in the public accounts. All public funds of TCIG are therefore included in the Annual Statements of Public Accounts and these comprise of:

- Consolidated Fund. (as defined in Section 112 of the Turks and Caicos Islands Constitution Order 2011 and Section 7 of the PFM)
- Development Fund – established under Schedule 8 of the PFM to account for capital (or development) projects financed through transfers from the Consolidated Fund.



- Sinking Fund - established under Section 9 of the PFM to meet future loans and bonds repayment.
- National Forfeiture Fund - established under the Proceeds of Crime Ordinance 2009.
- Contingency Fund – not in operation

The Annual Statement of Public Accounts are not consolidated to include the Statutory Bodies controlled by TCIG due to the differing accounting policies applied by each entity. These entities prepare their own financial statements, which are audited and made available to the public. A list of these controlled entities is shown below in Note 18.1.

1.3 External assistance

TCIG received external assistance in the form of grants from multilateral and bilateral donor agencies under agreements specifying the purposes for which the assistance will be utilized. External assistance received in cash are recorded in the Statement of Financial Performance.

TCIG benefits from goods and services purchased on its behalf as a result of cash payments and contribution of services made by external third parties during the reporting period.

The payments made and technical assistance provided by third parties do not constitute cash receipts or payments by TCIG but TCIG benefitted from the goods and services provided. IPSAS financial reporting under the cash basis of accounting Paragraph 1.10, requires that a disclosure should only be made, if during the reporting period the information has been provided by the third party verifying that such payment has been made. During this reporting period no external third party provided any information verifying any payments made on behalf of TCIG.

1.4 Reporting Period

The reporting period for these Annual Statements of Public Accounts is 1st April 2013 to 31st March 2014.

1.5 Reporting currency

The Annual Statement of Public Accounts are presented in United States Dollars (USD), which is the legal tender of the Turks and Caicos Islands (TCI) and the functional and reporting currency. All values have been rounded to the nearest dollar.

1.6 Foreign currency transactions

Transactions in currencies other than the USD are initially recorded at the rates of exchange prevailing at the time of transactions.

At the Statement of Financial Position date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than USD are recognized in the Statement of Financial Performance.



1.7 Classification of Accounts

The Statement of Public Accounts are classified in the same form as the National Budget and in accordance with the approved Chart of Accounts.

1.8 Borrowings

All loans owed by TCIG are recorded as liabilities in the Statement of Financial Position when the fund is accessed. Undrawn credit facilities are not recorded in the Annual Statement of Public Accounts but are disclosed as a note under Public Debt. Loan are no longer recognised when the obligation is fully discharged.

1.9 Employee benefits

Employee benefits include salaries, wages, allowances, pensions and other related-employment costs.

TCIG operates a discretionary non-contributory pension scheme for staff employed before the 5th April 1992 under the Pensions Ordinance. The costs for this scheme are statutory charges against the revenues of TCIG. Staff eligible under the scheme may be entitled to receive a pension based on salary and length of service of which a proportion can be converted to a lump sum gratuity payment, which is being phased out. Pensions are awarded at the discretion of the Governor. Eligibility to the scheme ceased following the introduction of the National Insurance Ordinance on the 5th April 1992 when all new employee pension entitlements were to be met from the National Insurance Board (NIB) scheme, with TCIG and employees, both contributing to the NIB scheme to ensure that an employee's entitlement is met during the period of employment.

2. STATEMENT OF COMPARISON OF ACTUAL AND BUDGET AMOUNTS

The approved budget is developed on the same accounting basis (cash basis), same classification basis, and for the same period (from 1 April 2013 to 31 March 2014) as for the Annual Statement of Public Accounts. It encompasses the same entities as the Statement of Financial Performance – these are identified in Note 1.2 above. The original budget was approved by the House of Assembly on July 25, 2013 and two supplemental appropriations were approved by the House of Assembly on December 16, 2013 and March 28, 2014, in the amount of an increase of \$945,120 and a decrease of \$9,431,308 respectively.

The overall shortfall in revenue against the final budget of \$7.2 million or 3.36% was due primarily to significantly less revenue collected for non-recurrent items such as civil recovery which was down \$3.7 million or 74%, NFF contribution, down \$4.7 million or 59%, grants and external assistance, down \$5.4 million or 87%, in addition to loss of revenue from the general sales tax not being implemented. While the freight and insurance tax was implemented, there was a shortfall of \$2.3 million in collections. These shortfalls were however offset by addition revenue collect for duties, above the budget by \$7.7 million, taxes on domestic goods and transactions, up \$6.9 million.



The difference of actual expenditure against the final budget of \$8.5 million or 4.43% (4.24% over original budget) was due to delays in the start of SIPT court cases, resulting in savings of about \$1.8 million and, pension and gratuity payments to former government, resulting in saving of about \$1.1 million and general under-expenditure in other expense codes.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, cash at bank and deposits on call with maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. For the purpose of the Statement of Cash Flows, cash and cash equivalent consist of cash and short term deposits as defined above, net of outstanding bank overdrafts.

Cash and cash equivalents represent amounts held in local and international bank accounts by TCIG as at March 31, 2014.

TCIG's bank balances totalling \$70,924,483 (2013 - \$51,726,426) includes an amount of \$824,233 (2013 - \$1,268,215) which must be used on donor sponsored capital development projects and deposits in the National Forfeiture Funds (NFF) bank account of \$2,000,023 (2013 - \$3,280,953) which can only be used in accordance with the Proceeds of Crime Ordinance 2009 and also balances in the Sinking Fund account of \$58,180,265 (2013 - \$41,009,348) which is reported separately and may only be used for a purpose other than paying down public debts if directed by the Governor, in accordance with Section 9 (5) of the PFM.

The TCI Bank Limited was placed in provisional liquidation on April 9, 2010 and liquidation on October 29, 2010. The balances held at the TCI Bank Limited are shown at cost without a provision for impairment. To date 20% of the full amounts have been repaid but based on reports published by the liquidator, TCIG does not expect to recover the full amounts shown.



	31-Mar-14	31-Mar-13
	US \$	US \$
CASH AND CASH EQUIVALENTS		
Cash & Domestic Banks		
Cash Accounts	484,139	526,353
CIBC First Caribbean International Bank (Bahamas) Limited	4,790,983	7,251,903
Scotiabank (Turks and Caicos) Limited	64,659,223	43,005,592
TCI Bank Limited	965,889	938,256
Eastern Caribbean Central Bank	359	359
Total Cash and Domestic Bank balances	70,900,593	51,722,464
International Bank Accounts		
Crown Agents Bank - Pounds Sterling	17,594	2,886
Crown Agents Bank - USD	6,296	1,076
Total International Bank Accounts	23,890	3,962
TOTAL CASH AND BANK	70,924,483	51,726,426
BANK OVERDRAFTS		
Scotiabank (Turks and Caicos) Limited	-	(499,579)
Scotiabank (Turks and Caicos) Limited	-	(113)
TOTAL BANK OVERDRAFTS	-	(499,692)
NET TOTAL CASH AND BANK	70,924,483	51,226,734

4. LOAN RECEIVABLES

Loan receivables are outstanding balances on the former TCInvest loan portfolio, which is now being managed by the Accountant General Department. These are primarily consumer and mortgage loans which are secured by real estate assets. TCIG maintains a life insurance policy for each borrower and the properties used as collateral are insured by reputable insurance carriers, with TCIG being the primary beneficiary on both policies.

Total Outstanding Loan Company (TOLCO) acquired the non-performing loan portfolio of the former TCInvest as at September 30, 2012 for future consideration. TCIG is compensated at forty cents out of every dollar collected from that portfolio, until it is fully liquidated. These loans are recorded in the Statement of Financial Position at 40% of historical cost at the date of the sale, which is the maximum amount payable to TCIG by TOLCO, under the terms of the sales agreement with TCIG.

	31-Mar-14	31-Mar-13
	US\$	US\$
LOANS RECEIVABLE		
Loans receivable - TCIG	9,299,237	9,923,435
Loans receivable - TOLCO	2,752,422	2,844,819
TOTAL LOANS RECEIVABLE	12,051,659	12,768,253



5. ACCOUNTS RECEIVABLE

Accounts receivables primarily includes staff loans and advances to provide assist with emergency support. These receivables are recorded on the historical cost basis in the Statement of Financial Position when issued, with any irrecoverable amounts written off and recorded in the Statement of Financial Performance.

Accounts receivable of \$2,872,297 as at March 31, 2014 (2013:\$2,946,837) includes an amount of \$2,573,918 which has been submitted to the House of Assembly for approval to write off these loan as irrecoverable but no provision for impairment has been made.

6. INVESTMENTS

Investments includes shares allocated to TCIG by the Caribbean Development Bank (CDB) as a member country and also includes TCIG Bonds originally issued through RBTT Bank in 2011. Investments are recorded at cost without any provision for increase in the value or for any impairments, under the cash basis of accounting.

The bond repurchase programme originally cost \$8,784,747 in 2011, with nominal interest rate ranging from 7.25% to 8.75% per annum and maturity dates from January 2014 to September 2020. Based on the cash value of the principal amount outstanding, the current value of these bonds is \$3,680,164 at March 31, 2014 (2013: \$6,509,654).

Bond Purchasers	Bond Details	Currency	Purchased Dates	Maturity Dates	Nominal Interest Rate	Original Cost	Current Value
Sagicor Financials	TCIB \$6.5m 8%	US \$	7/22/11	11/1/20	8.00%	3,000,000	2,246,363
NIS Barbados	RBTT \$15m 7.25%	US \$	5/26/11	1/29/14	7.25%	2,513,942	-
United Reinsurance	RBTT \$15m 7.25%/TCIB	US \$	7/1/11	4/29/14	7.25%	1,812,474	214,081
United Reinsurance	Citi \$10m 8.75%	US \$	7/1/11	2/8/16	8.75%	1,041,665	895,672
United Reinsurance	TCIB \$5m 7.5%	US \$	7/1/11	11/1/20	7.50%	416,666	324,048
GRAND TOTAL						\$8,784,747	\$3,680,164

The Caribbean Development Bank is a private financial institution, therefore there is no publicly available valuation of the shares of the bank. The original cost of the shares of \$705,714 recorded in the Statement of Financial Position is therefore shown as the current value.

7. STATEMENT OF PUBLIC DEBT

Public debt comprises loans from commercial and development banks, bonds and other financial institutions.

Total finance cost for the year ended March 31, 2014 was \$7,420,969 (2013:\$7,543,448)



Statement of Outstanding Public Debt	Outstanding Balance 01-Apr-13 US \$	Repayment During 2013/14 US \$	Outstanding Balance 31-Mar-14 US \$	Finance Cost 2013/14 US \$	Current Portion 2014/15 US \$
Bank and Financial Institutions					
Caribbean Development Bank	11,258,751	1,307,401	9,951,349	366,205	1,282,413
Citibank Trinidad and Tobago	3,958,333	833,333	3,125,000	319,010	833,333
RBC Royal Bank	8,027,778	3,555,556	4,472,222	345,180	2,805,556
TCI Bank Limited	8,741,667	1,066,667	7,675,000	657,092	1,066,667
Scotiabank (Turks and Caicos) Limited	9,000,000	-	9,000,000	84,860	-
HSBC Bank USA	170,000,000	-	170,000,000	5,440,010	-
European Investment Bank (EIB)	1,322,764	324,663	998,101	74,184	324,509
National Insurance Board (NIB)	2,724,142	377,694	2,346,448	134,428	396,422
TOTAL LOANS OUTSTANDING	215,033,434	7,465,314	207,568,120	7,420,969	6,708,900

In February 2011, TCIG established a Revolving Credit Facility (RCF) of \$60.0 million with Scotiabank (Turks and Caicos) Limited at an interest rate of 0.25% per annum. Advances under the RCF may be used by TCIG to fund activities such as operational expenses and refinance more expensive debt. At the reporting date there were no funds drawn on this facility.

8. ACCOUNTS PAYABLE

Accounts payable are non-interest bearing and are normally settled within a maximum of one year.

Accounts payable at March 31, 2014 totaled \$1,946,705 (2013:2,402,762). The balance at March 31, 2014 primarily includes accruals for liabilities relating to claims against TCIG, ongoing capital projects and refundable deposits.

9. REVENUE

The amounts provided in the Statement of Financial Performance as recurrent revenue represent actual collections during the period under various recurrent revenue heads. Total revenue collected for the year ended March 31, 2014 was \$206,802,220, (2013: \$240,237,405).

9.1 Recurrent Revenue

Recurrent Revenue is that portion of a TCIG's revenue that is collected in the normal course of operations, is usually predictable, stable and is highly likely to continue in the future. Total recurrent revenue collected for the year ended March 31, 2014 was \$200,495,216 (2013: \$174,305,761).

**9.1.1 Taxes on goods and services**

	31-Mar-14	31-Mar-13
	US \$	US \$
Hotel and Restaurant Tax	40,948,209	34,025,086
Stamp Duty on Land Transactions	21,944,493	13,927,486
Bank Services Tax	2,031,765	1,980,103
Communications Tax	1,860,521	2,428,541
Gaming Machine Tax	1,820,854	2,243,041
Seaport Departure Tax	1,685,761	1,320,778
Stamp Duty - Vehicle Hire	912,632	761,019
Insurance Premium Tax	809,710	760,394
Other Taxes	560,773	626,775
Total Taxes on Goods and Services	72,574,718	58,073,223

9.1.2 Duties (excluding stamp duty)

	31-Mar-14	31-Mar-13
	US \$	US \$
Import Duties	52,701,566	48,581,744
Customs Processing Fees	22,573,957	18,967,088
Fuel Tax	7,681,224	6,917,250
Freight and Insurance Tax	2,395,348	-
Duty Free Shops Royalties	1,443,851	1,323,937
Aviation Fuel Royalties	470,268	357,394
Export Duties	181	4,675
Total Duties (excluding Stamp Duty)	87,266,395	76,152,088

9.1.3 Licences

	31-Mar-14	31-Mar-13
	US \$	US \$
Vehicle Licences	2,873,833	2,992,326
Telecommunications Licences	2,417,939	3,172,532
Business Licence Renewals	1,879,100	2,545,367
Drivers Licences	651,836	523,762
Gaming Location Licences	289,500	111,500
Fishing Licences	264,165	235,466
Business Licence Applications	261,260	231,766
Casino Licences	175,300	100,200
Liquor Licences	149,869	167,783
Other Licences	131,247	115,282
Total Licences	9,094,049	10,195,984

**9.1.4 Fees, fines and permits**

	31-Mar-14	31-Mar-13
	US \$	US \$
Work Permits and Residency Fees	13,321,269	10,912,994
Permanent Residency Fees	1,538,245	851,520
Work Permits Repatriation Program	1,130,285	425,730
Labour Clearance Fees	664,044	569,405
PDA Application Fees	655,579	543,075
Temporary Work Permit Fees	629,500	790,095
Fines and Forfeitures	488,374	309,259
Court and Office Fees	365,842	241,759
National Parks Fees	295,886	241,234
Naturalisation Fees	275,080	444,869
Migrant Processing Fee	237,391	-
Registration Fees	188,113	501,363
Fees for Official Searches and Inspections	181,887	183,574
Sand and Quarry Royalties	138,501	41,422
Other fees and charges	371,618	400,014
Total Fees, Fines and Permits	20,481,614	16,456,313

9.1.5 Finance Income

Interest income is primarily related to earnings on TCIG's loan portfolio, listed under Loans Receivable, Note 4. Bond interest relates to interest on the bond repurchase programme listed under Investments, Note 6.

	31-Mar-14	31-Mar-13
	US \$	US \$
Interest Income	835,677	527,029
Bond Interest	533,641	265,583
Total Finance Income	1,369,318	792,612

9.1.6 Other Recurrent Revenue

	31-Mar-14	31-Mar-13
	US \$	US \$
Overtime Costs Recovered	2,185,704	1,872,381
Other Receipts	954,212	3,646,609
Sale of Water	694,674	611,858
Crown Land Rents	578,485	1,068,276
Scholarship Contributions	535,937	221,332
Visas	256,805	194,225
Legal Fees Recovered	238,530	241,524
Travel Documents	228,820	292,545
Printing for Third Parties	111,568	115,807
Sale of Stamps	110,535	122,547
Total Other Recurrent Revenue	5,895,271	8,387,103



9.2 Non-recurrent Revenue

Non-recurrent Revenue are receipts of an infrequent or unique nature that is unlikely to occur again in the normal course of business. Total non-recurrent revenue collected for the financial year ended March 31, 2014 was \$6,307,004 (2013: \$65,931,644).

9.2.1 National Forfeiture Fund (NFF) Contribution

The Fiscal Framework Document (FFD) requires that the NFF transfers to the Consolidated Fund all amounts over and above \$2.0 million in the fund at the end of each financial year. The NFF transferred \$3,282,706 to the Consolidated Fund for the year ended March 31, 2014, (2013: \$0).

9.2.2 Land Sales

Land sales represents the amount received during the financial year for the sale of land within the Turks and Caicos Islands. Land sales amounted to \$1,821,744 for the year ended March 31, 2014, (2013: \$11,161,356).

9.2.3 Civil Recovery

Civil recovery primarily includes funds collected as part of the settlement of civil cases. A total of \$1,143,520 was collected for the year ended March 31, 2014, (2013: \$28,180,528)

9.2.4 Grants and External Assistance

Grants and external assistance provided by the UK in the previous year was discontinued. Support from the EU continues but was no funds were received during this financial year.

	31-Mar-14 US \$	31-Mar-13 US \$
United Kingdom (UK) Budgetary support	-	7,429,870
European Union (EU) - Budgetary support	-	5,094,126
Other grants and external assistance	59,034	415,810
Total Grants and External Assistance	59,034	12,939,806

9.2.5 National Insurance Board (NIB)

NIB is required to cover the costs associated with medical expenses incurred by TCIG arising from employment injury and occupational diseases. No payments were received by TCIG or NHIB during the financial year ended March 31, 2014 but \$6,150,000 was collected in the previous year. NIB is now required to make all future payments directly to NHIB.



9.2.6 Sale of Shares

During financial year ended March 31, 2013 an amount of \$7.5 million was collected as final proceeds for the sale of TCIG's 46% shareholdings in the Provo Water Company Limited. This resulted in a gain on disposal of \$7,499,954, based on a \$46 book value of the shares.

10. EXPENDITURE

The amounts provided in the Public Accounts as Expenditure represent actual payments during the period as expenses under various heads of expenditure. Total expenditure for the financial year ended March 31, 2014 was \$182,803,725, (2013: \$183,949,105).

10.1 Recurrent Expenditure

Recurrent Expenditure is that portion of a TCIG's expenses that occurs in the normal course of operations, is usually predictable and is highly likely to continue in the future. Total recurrent expenditure for the financial year ended March 31, 2014 was \$162,356,804 (2013: \$155,487,749).

10.1.1 Compensation of Employees

	31-Mar-14 US \$	31-Mar-13 US \$
Salaries and Wages	45,847,968	40,704,925
Contribution to Pension and Health Plans	3,431,802	3,171,762
Housing Allowances	2,800,463	3,017,521
Telephone Allowances	225,612	181,581
Transport Allowances	614,345	483,242
Other Allowances	4,701,738	4,207,877
Total Compensation of Employees	57,621,928	51,766,908

10.1.2 Compensation of House of Assembly Members

	31-Mar-14 US \$	31-Mar-13 US \$
Salaries	1,744,889	660,531
Contribution to Pension and Health Plans	79,562	25,211
Allowances	243,800	79,421
Total Compensation of House of Assembly Members	2,068,251	765,163

**10.1.3 Pensions and Gratuities**

	31-Mar-14	31-Mar-13
	US \$	US \$
Pensions	3,978,356	3,962,048
Gratuities	950,173	1,563,183
Total Pensions and Gratuities	4,928,529	5,525,231

10.1.4 Other Operating Expenses

	31-Mar-14	31-Mar-13
	US \$	US \$
Hospital Provisional Charges	24,529,153	24,295,007
Medical Treatment - Transfers to NHIB	20,625,279	18,206,818
Other Operating Expenses	11,267,918	9,446,579
Maintenance Expenses	6,275,086	6,423,793
Rental of Assets	5,614,704	4,980,385
Utilities	3,819,845	3,222,762
Grants and Contributions	3,493,355	3,407,505
Professional and Consultancy Services	2,081,696	2,120,304
Communications Expenses	1,536,835	1,527,026
Local Travel and Subsistence	1,390,032	1,339,524
Office Expenses	1,249,681	1,058,223
Social Welfare	1,230,989	1,139,494
Recurrent Sub Programmes and Projects	1,014,193	646,853
Provision or Investment Milestones	-	5,704,029
Total Other Operating Expenses	84,128,766	83,518,301

10.2 Non-recurrent Expenditure

Non-recurrent expenditure are expenses of an infrequent or unique nature that do not occur in the normal course of a business. Total non-recurrent expenditure for the year ended March 31, 2014 was \$10,735,778 (2013: \$13,299,090).

10.2.1 Special Investigations and Prosecutions Team (SIPT)

The SIPT was set up to look into allegations of corruption and is charged with the responsibility of undertaking independent criminal investigations in the Turks and Caicos Islands.

SIPT operating expenses for the year ended March 31, 2014 was \$4,662,984 (2013:\$5,968,003)

10.2.2 Civil Recovery

The civil recovery programme was setup to investigate suspected cases for civil misconduct in the Turks and Caicos Islands. The civil recovery operating expenses for the year ended March 31, 2014 was \$6,072,794 (2013:\$7,331,087)



11. SINKING FUND

The Sinking Fund was created for the purpose of paying down the public debt. Moneys are paid into the fund from surpluses accrued in the Consolidated Fund, above the \$2.0 million threshold specified by (FFD). The Sinking Fund is accounted for separately and held in a special bank account at Scotiabank. The bank account balance as at March 31, 2014 was \$58,180,265 (2013: \$41,009,348).

12. NATIONAL FORFEITURE FUND (NFF)

The NFF was established to hold moneys recovered under confiscation or forfeiture orders. The funds may only be withdrawn for purposes defined by the Proceeds of Crime Ordinance 2009. The NFF is accounted for separately and held in a special bank account at Scotiabank. The bank account balance as at March 31, 2014 was \$2,000,023 (2013: \$3,280,953).

13. STATEMENT OF STORES AND OTHER ASSETS

Unallocated stores and other assets totalled as at March 31, 2014 was \$1,738,732 (2013 - \$398,855, including items held at the Central Purchasing Unit (CPU) and other ministries. The consumable items are expensed at the time of purchase under the cash basis of accounting.

STATEMENT OF UNALLOCATED STORES AND OTHER ASSETS		
	31-Mar-14	31-Mar-13
BY MINISTRIES	US \$	US \$
Ministry of Border Control and Labour	38,800	-
Ministry of Environment and Home Affairs	16,118	-
Ministry of Government Support Services	1,604,760	398,855
Ministry of Health and Human Services	17,935	-
Ministry of Education, Youth, Sports and Culture	61,119	-
Total Unallocated Stores and Other Assets	1,738,732	398,855

14. STATEMENT OF ARREARS OF REVENUE

Revenue Arrears at 31st March 2014 totalled \$14,565,326 (2013 - \$26,558,336) as outlined in the table below.

A major review of the Scholarship Contributions was undertaken which revealed that the amount disclosed for financial year 2012/13 was significantly overstated. This overstatement was due to many of the projects included in the Statement of Arrears of Revenue being terminated or the development did not begin amounting to \$1,130,250 and a substantial amount is in litigation with SIPT amounting to \$9,058,000. In addition, some of the amounts listed were for accruals amounting to \$2,643,720, which went beyond the completion date provided in the development agreement and other projects are in receivership, for which the amounts collectable, if any, is indeterminable.



STATEMENT OF ARREARS OF REVENUE			
MINISTRY	DESCRIPTION	31-Mar-14 US \$	31-Mar-13 US \$
Office of the Governor	National Audit Office - Audit Fees	7,000	-
	Crown Land Rents	3,348,858	-
	Stamp Duties on Land Transactions	-	1,192,500
Total Attorney General's Chambers		3,348,858	1,192,500
Ministry of Government Support Services	Commercial Water Customers	1,400,578	-
	Residential Water Customers	1,399,184	-
Total Ministry of Government Support Services		2,799,762	-
Ministry of Finance, Trade and Investment	Import Duties	322,551	852,882
	Customs Processing Fees	30,482	-
	Freight and Insurance Tax	7,256	-
	Unpaid Declarations	379,731	-
	Hotel and Restaurant Tax	262,990	102,571
	Dishonoured Cheques	61,738	222,886
	Communication Tax	923,351	-
	Business License Renewals	3,009,425	3,435,655
	Gaming Machine Tax	-	448,271
	Casino Winning Tax	-	615,013
	Casino Permits	-	4,900
	Casino Location Licences	-	54,000
	Casino Certificates	-	12,150
	Casino Business Licence	-	25,000
	Bank Services Tax	-	1,455
	Port Authority	-	200,000
Total Ministry of Finance, Trade and Investment		4,997,524	5,974,783
Ministry of Environment and Home Affairs			
	Vehicle Licence	-	683
	National Parks Fees	-	35,250
	Road Safety	-	9,367
	Other Receipts	-	30,150
Total Ministry of Environment and Home Affairs		-	75,450
Ministry of Education, Youth, Sports and Culture	Scholarship Contributions	3,236,887	19,306,236
	Student Fees	168,170	-
	Other Fees	7,125	-
Total Ministry of Education, Youth, Sports and Culture		3,412,182	19,306,236
Vehicle License		497,676	
Driver's License		125,582	
Road Safety Fines		50,000	
Total Ministry of Environment and Home Affairs		673,258	-
Ministry of Border Control and Labour	Work Permits and Residency Fees	-	9,367
Total Arrears of Revenue		15,238,584	26,558,336



15. STATEMENT OF COMMITMENTS AND CONTINGENT LIABILITIES

Estimates of quantifiable commitments and contingent liabilities stood at \$11,746,034 as at March 31, 2014.

TCIG is subject to claims and potential claims related to breach of contract, damages to persons and property and like items. The effect of legal claims cannot be determined until they are settled or dismissed. No liability has been admitted or is foreseen, and no provision for claims is included in the Annual Statement of Public Accounts. Any resulting costs to the Government will be recorded in the year when an amount can reasonably be determined or ordered.

The Digicel contract relates to a five year agreement between TCIG and Digicel (Turks and Caicos) Limited (Digicel), which started in November 2012, for the supply of WAN, LAN and managed services in support of TCIGs information technology needs.

There is no current actuarial valuation of the Government's unfunded pension scheme; however a valuation is in progress and is expected to be completed by the end of January 2015.

STATEMENT OF COMMITMENTS AND CONTINGENT LIABILITIES			
COMMITMENTS AND CONTINGENT LIABILITIES	DESCRIPTION	AMOUNT \$	AMOUNT \$
Office of the Governor	Transport and installation of equipment for the Office of the Internal Auditor		300
Total Office of the Attorney General	Various litigations		4,535,762
Total Ministry of Finance, Trade & Investment	Remaining cost of the Digicel contract		5,992,756
Ministry of Health and Human Services	Reconciliation & Windstorm (ICL Contract)	998,594	
	Professional & Consultancy services	182,750	
	Other commitments	35,872	
Total Ministry of Health and Human Services			1,217,216
Total Commitments and Contingent Liabilities			11,746,034

16. STATEMENT OF LOSSES OF PUBLIC MONEYS AND STORES REPORTED

Losses of public moneys and stores relate to direct losses during the financial year due to theft and spoilage in addition to items which became obsolete and no longer usable.

There were no write offs of public moneys and stores or claims abandoned reported during the financial year.



STATEMENT OF LOSSES OF PUBLIC MONEY AND STORES	
	AMOUNT
BY MINISTRIES	\$
Office of the Attorney General	1,500
Judiciary	13,088
Ministry of Environment and Home Affairs	6,100
Ministry of Government Support Services	1,731
Ministry of Health and Human Services	4,157
Ministry of Education, Youth, Sports and Culture	1,050
Total Losses of Public Money and Stores	27,626

17. LONG TERM COMMITMENTS

17.1 Health Services Contract

A Project Agreement was signed on 11th January 2008 with ClinCo and InfraCo. ClinCo subcontracted its services out to InterHealth Canada (TCI) Limited using the ring-fenced service support deed and InfraCo subcontracted its facilities management services contract to InterHealth Canada Construction & Services (TCI) Limited using the FM contract for the provision of various clinical and nonclinical services on the Turks and Caicos Islands including new hospitals in Grand Turk and Providenciales. The Agreement was established to reduce the cost of treatment abroad under the Government's Treatment Abroad Programme.

The Agreement involves the provision of primary and secondary health care services through design, construction, financing, equipping, staffing, maintenance and operation of the Facilities for a period of 25 years, beginning in 2010. At the expiry of the agreement at the end of the project term, the facilities, the ring-fenced equipment and the non-ring-fenced equipment shall revert to TCIG and there will be no residual value payment to be made by TCIG to either Clinco or Infraco.

The original capital cost of the facilities, including all equipment and capitalized interest was \$118,728,678.

	Providenciales Location US\$	Grand Turk Location US\$	Both Locations US\$	Total US\$
Hospital Project Costs				
Pre-construction costs	8,584,154	4,292,076	-	12,876,230
Hospital Buildings	38,572,650	28,437,351	-	67,010,001
Equipment - Medical	6,922,263	3,361,392	-	10,283,655
Equipment - Information Technology	1,733,374	1,199,913	-	2,933,287
Project Management Fees	4,709,023	1,445,412	-	6,154,435
Professional Fees	2,805,657	2,071,950	-	4,877,607
Implementation Management Fees	816,769	388,055	-	1,204,824
Accommodations	-	-	3,600,000	3,600,000
Capitalized Interest	-	-	9,788,638	9,788,638
Total Hospital Project Costs	64,143,890	41,196,149	13,388,638	118,728,678



17.2 Third Party Payments under the Hospital Contract

Under the Agreement, payment is made on a monthly basis as determined by the payment mechanism established and based on the financial model (cash flows) of the service providers. TCIG may under the contract elect to have payment of any amount due to be made by or through the National Health Insurance Board (NHIB) which is a wholly owned Statutory Body of the TCIG; but shall remain liable (as primary obligator) for payment of all such amounts to the relevant provider. Total payment by NHIB on behalf of TCIG for the year ending March 31, 2014 was \$6,264,215 (2013:6,000,000)

Total paid under the hospital contract for the year ended March 31, 2014 was \$51,418,647 (2013:\$48,823,431).

	TCIG Payments	Third Party Payments	TCIG Payments	Third Party Payments
	31-Mar-14	31-Mar-14	31-Mar-13	31-Mar-13
Hospital Contract Payments	US \$	US \$	US \$	US \$
Unitary and Non-clinical Charges	24,529,153	-	24,295,007	-
Medical Treatment - Transfers to NHIB	20,625,279	-	18,528,424	-
Medical Treatment - Paid by NHIB	-	6,264,215	-	6,000,000
Total Hospital Contract Payments	45,154,432	6,264,215	42,501,825	6,000,000

18. RELATED PARTY TRANSACTIONS

Related party transactions represent dealings with the TCIG, senior management of TCIG and entities in which TCIG is the principal owner or over which TCIG exercise significant influence.

Transactions with related parties for the year ended March 31, 2014 included in the Statement of Financial Performance are as follows:



Related Party Transactions	Transfers to Related Parties		Transfers from Related Parties	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
	US \$	US \$	US \$	US \$
National Health Insurance Board	20,625,279	18,206,818	-	-
Turks and Caicos Islands Tourist Board	2,025,000	2,025,000	-	-
Turks and Caicos Islands Community College	1,667,001	1,650,000	-	-
Integrity Commission	1,165,511	487,555	-	-
Turks and Caicos Islands Civil Aviation Authority	843,750	843,750	-	-
National Audit Office	383,440	-	-	-
Turks and Caicos Islands Human Rights Commission	258,203	137,896	-	-
Turks and Caicos Islands National Trust	83,333	100,000	-	-
Turks and Caicos Islands Complaint Commission	77,040	-	-	-
Turks and Caicos Islands Investment Agency	-	167,650	-	-
Library Board	-	102,316	-	-
Sports Commission	-	539,970	-	-
Turks and Caicos islands Broadcasting Commission	-	272,268	-	-
Turks and Caicos Islands Financial Services Commission	-	-	2,384,966	1,734,698
Turks and Caicos Islands Port Authority	-	-	1,428,884	1,013,739
Turks and Caicos Islands Airport Authority	-	-	-	1,500,000
National Insurance Board	-	-	-	6,150,000
Turks and Caicos Telecommunication Commission	-	-	-	-
Total Related Party Transactions	27,128,558	24,533,223	3,813,850	10,398,437

19. GOVERNMENT CONCESSIONS

The Customs Ordinance Section 70 allows the Minister to exempt in particular cases upon written application persons or category of persons as he thinks fit subject to conditions and restrictions as he sees fit. The 2010 Customs General Tariff Order further permits the Collector of Customs to approve exemptions for the purpose associated with Government Institutions and personnel.

Total Customs Department concessions forgone for the year ended March 31, 2014 amounted to \$27,894,871 (2013: \$21,082,691).

Total Immigration Department concessions forgone for the year ended March 31, 2014 amounted to \$30,875 (2013: \$0), which was provided primarily for religious, social and sporting events hosted in the Turks and Caicos Islands.

Total Land Registry Department concession of \$2,385,000 was provided pursuant to Section 32 of the Stamp Duty Ordinance, which states that the Minister of Finance may remit, wholly or in part, the stamp duty payable in respect of any instrument.

Total Statutory Charges concession of \$143,593 represents an interest payment that was abandoned on the redemption of the charges on parcels of development land.

Total concessions forgone for the financial year amounted to \$30,454,339 (2013: \$21,082,691). While it is very difficult to accurately quantify the long term economic paybacks and GDP contributions from these concession, it is believed that new employment opportunities, small business spinoffs, and enhance TCIG revenue are some of the areas that directly benefit.



Statement of Concessions	31-Mar-14 US\$	31-Mar-13 US\$
Customs Department Concessions		
Import Duties	15,731,904	13,113,583
Fuel Tax	11,390,052	7,533,531
Customs Processing Fees	704,962	435,577
Freight and Insurance Tax	67,953	-
Total Customs Department Concessions	27,894,871	21,082,691
Immigration Department Concessions		
Temporary Work Permits	20,300	-
Visas	10,575	-
Total Immigration Department Concessions	30,875	-
Land Registry - Stamp Duty on Land Transactions	2,385,000	-
Statutory Charges - Sale of Land	143,593	-
Total Concessions	30,454,339	21,082,691

Statement of Concessions by Sectors	31-Mar-14 US\$	% of Total	31-Mar-13 US\$	% of Total
Utilities	13,760,337	45%	9,195,945	44%
Tourism Industry	4,998,823	16%	1,580,250	7%
Duty Free Shops	3,489,959	11%	3,484,060	17%
Electrical Industry	2,393,793	8%	2,202,032	10%
Construction Industry	1,950,371	6%	993,844	5%
Other Retail	1,283,433	4%	614,372	3%
Medical & Pharmaceutical	1,102,313	4%	655,934	3%
Motor Vehicles	908,281	3%	668,726	3%
Wine Merchants	284,490	1%	1,588,225	8%
Other	282,539	1%	99,303	0%
Total Concessions	30,454,339	100%	21,082,691	100%



ANNUAL STATEMENT OF PUBLIC ACCOUNTS

2013-14

Financial Statements outlined in pages 7 - 94 are disclaimed. Page 49 of 94

Turks and Caicos Islands





Government of the Turks and Caicos Islands

ANNUAL STATEMENT OF PUBLIC ACCOUNTS

(Unaudited)

FOR THE FINANCIAL YEAR

2013 – 2014



The following statements were prepared in accordance with the **PUBLIC FINANCE MANAGEMENT (PFM) ORDINANCE 2012**, Section 44(1).

NOTE TO READERS

The Report and Annual Statement of Public Accounts for the year ended 31st March 2013 are presented before audit examination by the Auditor General for that financial year



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STATEMENT OF RESPONSIBILITY

The Annual Statements of Public Accounts have been prepared by the Accountant General in accordance with the provisions of the Public Financial Management (PFM) Ordinance (Ordinance 6 of 2012), 19th March 2012.

The Minister of Finance under the PFM Ordinance 2012 is responsible for the management of public moneys and the debts and other liabilities of the Government, ensuring that they are regulated, controlled and supervised in accordance with the law. In that regard, the Minister of Finance may make regulations, give instructions and issue such directives for the better carrying out of the intent and purposes of the House of Assembly, and for the safety, economy and advantage of the public revenue and public property.

The Permanent Secretary, Finance provides support to the Minister of Finance in carrying out his or her duties under the law and he or she is responsible for the effective application of the Public Financial Management Ordinance and any regulations made or any instructions given or any directives issued under that Ordinance.

The Accountant General is responsible for the compilation and management of the accounts of the Government, and for the custody and safety of public moneys and other resources of the Government. He or she is responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance that the transactions recorded are within the specified authority and the use of all public funds by the Government of the Turks and Caicos Islands (TCIG) are appropriately recorded.

In preparing these Annual Statements of Public Accounts, the most appropriate accounting policies have been consistently applied and supported by reasonable and prudent judgments and estimates. To the best of my knowledge, the Report and Annual Statements of Public Accounts give a true and fair view of the state of affairs of the Government of the Turks and Caicos Islands as at 31st March 2014 and of the Surplus for the financial year ended 31st March 2014.

Arnold Ainsley (Mr)
Accountant General

31st July 2014

MINISTRY OF FINANCE, TRADE AND INVESTMENT

NJS Francis Building

Grand Turk, Turks and Caicos Islands

Telephone : (649) 946 1587, Fax: (649) 946 1498, Email: min_finance@gov.tc

July 31st, 2014

MANAGEMENT REPRESENTATION LETTER

Auditor General
National Audit Office
South Base, Grand Turk
Turks & Caicos Islands

We are providing this letter in connection with your audit of the financial statements of the Turks and Caicos Islands Government for the period ended March 31st, 2014 for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows in conformity with the modified cash basis of accounting. We confirm that we are responsible for the fair presentation in the financial statements of financial position, results of operations, and cash flows in conformity with the modified cash basis of accounting.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of July 31, 2014 the following representations made to you during your audit;

1. The financial statements referred to above are fairly presented in conformity with the modified cash basis of accounting,
2. We have made available to you all financial records and related data except for those not received or where no documentation available,
3. There have been no communications from regulatory agencies concerning non-compliance with or deficiencies in financial reporting practices,
4. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements,
5. We believe that the effects of the uncorrected financial statement misstatements summarized in the accompanying schedule are immaterial both individually and in the aggregate, to the financial statements taken as a whole except for those specifically identified by the National Audit Office,
6. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud,



7. We have no knowledge of any fraud or suspected fraud affecting the entity involving:
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
8. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees (current and former) or any other individuals,
9. There are no plans or intentions that may materially affect the carrying value or classification of any assets and liabilities.
10. The transactions, material issues known to management and other significant estimates during April 1st 2013 – March 31, 2014 have been properly recorded or disclosed in the financial statements.
11. There are no known violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements except for those identified by the National Audit Office and,
12. There has been compliance with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance, except for those identified by the National Audit Office.

To the best of our knowledge and belief, no events have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

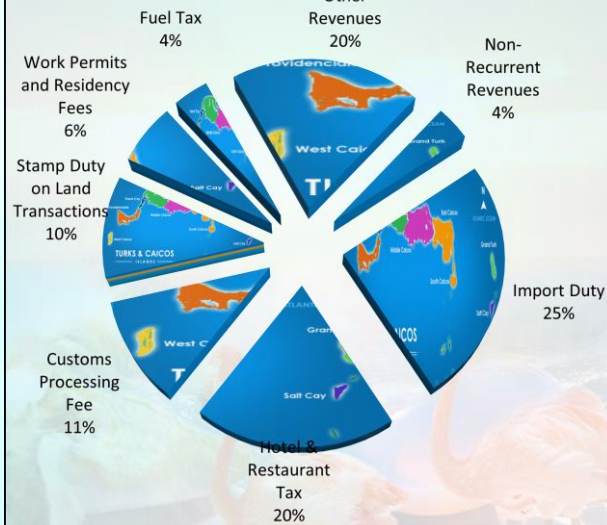
Athenee Harvey
Permanent Secretary
Ministry of Finance, Trade and Investment

Arnold Ainsley
Accountant General
Ministry of Finance, Trade and Investment

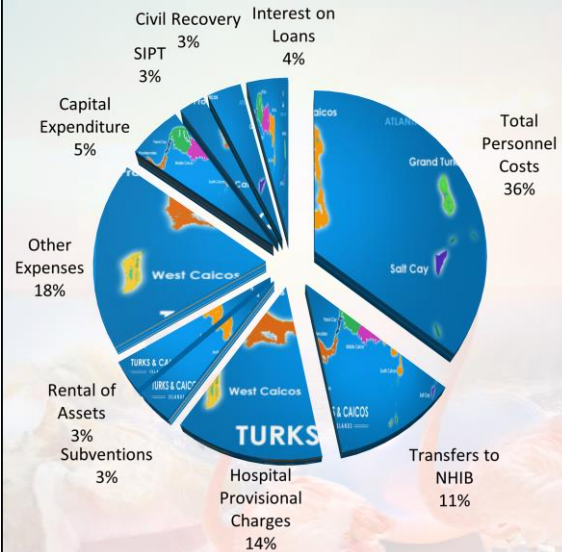


HIGHLIGHTS

Total Revenue



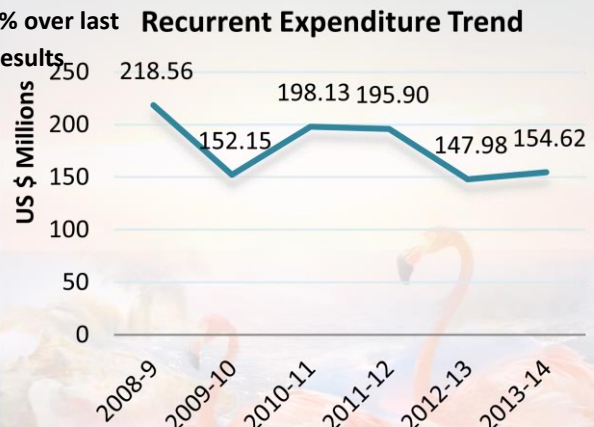
Total Expenditure



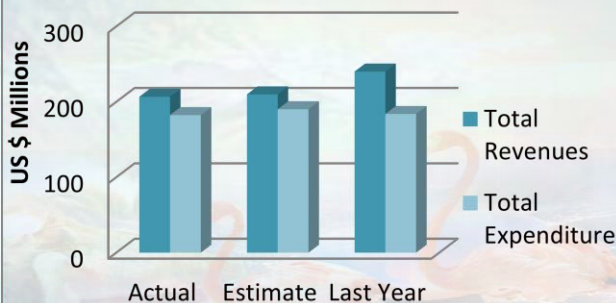
Recurrent Revenue Trend



Recurrent Expenditure Trend



Revenue & Expenditure Comparison



Total Revenue Distribution

- Total Expenditure - \$182.5 million
- Operating Surplus/Deficit - \$24.3 million





REPORT OF THE ACCOUNTANT GENERAL

Introduction

The Annual Statement of Public Accounts of the Government of the Turks and Caicos Islands for the financial year ended March 31st 2014 has been prepared in accordance with the Public Finance Management Ordinance 2012 (Section 44.01).

The Annual Statements of Public Accounts have been prepared using the modified cash basis of accounting. These statements are designed useful information to the public that should assist any assessment being undertaken in regards to the financial activities of the Government during the year and its financial position at the end of the year. It is envisioned that it will meet the needs of stakeholders including, taxpayers, members of the legislature, investors and creditors, and the public at large.

Financial Overview of Fiscal 2013-14

Operating Surplus

The results of the fiscal year ended March 31st 2014 presents an operating surplus \$24.0 million compared to a budgeted surplus of \$19.8 million, an outturn that was 21% better than expected.

	Actual	Budget	Prior Year	Budget		Prior Year	
	\$ 000's	\$ 000's	\$ 000's	\$ 000's	%	\$ 000's	%
Recurrent Revenue	200,495.2	198,447.3	180,455.8	2,048.0	1%	20,039.5	11%
Recurrent Expenditure	154,935.8	161,575.5	147,982.3	6,639.6	4%	(6,953.6)	(5%)
Net Recurrent Surplus/(Deficit)	45,559.4	36,871.8	32,473.5	8,687.6	24%	13,085.9	40%
Non-Recurrent Revenue	6,307.0	11,542.0	59,781.6	(5,235.0)	(45%)	(53,474.6)	(89%)
Non-Recurrent Expenditure	27,867.9	28,648.0	35,966.8	780.1	3%	8,099.0	23%
Operating Surplus	23,998.5	19,765.8	56,288.3	4,232.7	21.4%	(32,289.8)	(57%)

Total revenue for the year amounted to \$206.8 million, which was \$3.2 million or 2% below the budget estimates and \$33.4 or 14% million below last year's results, however this significant variance year over year is due primarily to large non recurrent receipts in the previous financial year.

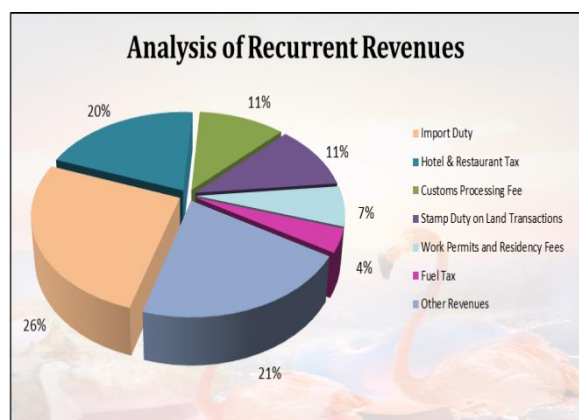


Total Government expenditure for the year was \$182.8 million, which compared favourably with both the budget estimates and prior year's results. The year's outturn was \$7.4 million or 4% below budget estimates and \$1.1 million or 1% below the results for the prior year

Revenues

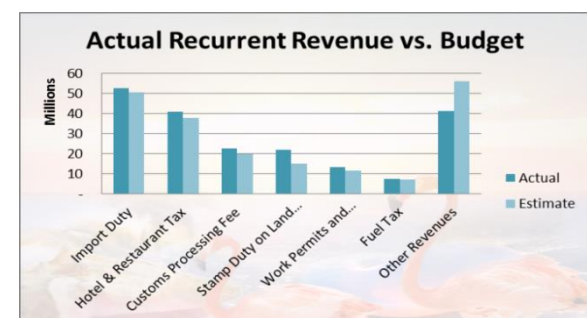
Recurrent Revenue	FY2013-14 Actual	FY2013-14 Estimates	FY2012-13 Actual	FY2012-13 Actual Vs Budget		Actual FY2013-14 vs FY2012-13	
	US \$	US \$	US \$	US \$	%	US \$	%
Import Duty	52,701,565	50,735,000	48,581,744	1,966,565	4%	4,119,822	8%
Hotel & Restaurant Tax	40,948,209	37,869,450	34,025,085	3,078,759	8%	6,923,123	20%
Customs Processing Fee	22,573,957	19,821,000	18,967,088	2,752,957	14%	3,606,869	19%
Stamp Duty on Land Transactions	21,944,493	15,124,400	13,927,486	6,820,093	45%	8,017,007	58%
Work Permits and Residency Fees	13,321,270	11,639,000	10,912,994	1,682,270	14%	2,408,276	22%
Fuel Tax	7,681,224	7,254,245	6,917,250	426,979	6%	763,975	11%
Other Revenues	41,324,498	56,004,168	47,124,113	(14,679,669)	(26%)	(5,799,615)	(12%)
Total Recurrent Revenues	200,495,216	198,447,263	180,455,760	2,047,953	1%	20,039,456	11%

Recurrent revenue for the twelve months was \$200.5 million, compared to a budget of \$198.4 million, a positive variance of \$2.0 million or 1%. Recurrent revenues also out-performed prior year's receipts significantly by \$20.0 million or 11% and budget estimates by \$2.0 million or 1%.



Import duties, which accounted for 26.3 % of recurrent revenues came in \$2.0 million above budget estimates and saw a \$4.1 million improvement over last year's results.

Hotel & Restaurant tax, which accounted for a further 20.4% of recurrent revenues, was \$40.9 million for the year. This amount exceeded budgetary targets by \$3.1 million or 8.1% and last year's results by 20%. This significant increase is mainly attributable to the tax rate increase from 11% to 12% during the financial year and a very successful winter tourist season.



Customs Processing Fees accounted for 11.3% of recurrent revenues for the year. This outturn was \$22.6 million which exceeded budget estimates by \$2.8 million and last year's results by \$3.6 million. This positive result can also be partially attributed to the rate increase from 6% to 7.5% during this financial year.



Total **Stamp Duty on Land Transactions** collected for the year were \$21.9 million, which exceeded budget estimates by \$6.8 million or 45% and last year's results by \$8.0 million or 58%. This outturn, which accounted for 11% of recurrent revenues, indicates a significant increase in activity the real estate industry, and augers well for continued recovery in the sector.

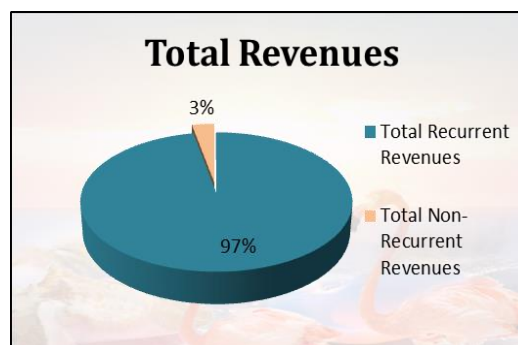
Receipts from **Work Permits & Residency Fees** totalled \$13.3 Million for the year, accounting for 7% of recurrent revenues. This result was \$1.7 million or 14.5% above budget estimates of \$11.6 million and \$2.4 million or 22% above the prior year's outturn.

Fuel tax receipts of \$7.7 million was above the budget estimates by \$0.4 million or 6% and above the previous year by \$0.8 million or 11% due to the effects of the 10 cents increase in October 2013 and a very positive winter season.

Other Revenues collected amounted to \$41.3 million, which was \$14.7 million or 26% below budget estimates and \$5.8 million or 12% below last year's receipts. The major variances can be seen in the table below:

Other Revenues	FY2013-14 Actual	FY2013-14 Estimates	FY2012-13 Actual	FY2012-13 Actual Vs Budget		Actual FY2013-14 vs FY2012-13	
	US \$	US \$	US \$	US \$	%	US \$	%
Vehicle License Renewals	2,873,833	3,330,000	2,992,326	(456,167)	(14%)	(118,493)	(4%)
Telecommunication Licenses	2,417,939	3,250,000	3,172,532	(832,061)	(26%)	(754,593)	(24%)
Financial Services Commission Net Revenue	2,384,966	2,500,000	1,734,698	(115,034)	(5%)	650,268	37%
Overtime Cost recovered	2,185,704	2,060,000	1,872,381	125,704	6%	313,323	17%
Bank Service Tax	2,031,765	1,996,676	1,980,103	35,089	2%	51,661	3%
Communication Tax	1,860,521	3,305,980	2,428,541	(1,445,459)	(44%)	(568,020)	(23%)
Gaming Machine Tax	1,820,854	2,283,040	2,243,041	(462,186)	(20%)	(422,186)	(19%)
Seaport Departure Tax	1,685,761	1,350,776	1,320,778	334,985	25%	364,984	28%
Port Authority Excess Revenue	1,428,884	1,074,450	1,013,739	354,434	33%	415,145	41%
Other Revenue	22,634,270	34,853,246	28,365,974	(12,218,975)	(35%)	(5,731,704)	(20%)
Total Other Revenues	41,324,498	56,004,168	47,124,113	(14,679,669)	(36%)	(5,799,615)	(12%)

Non Recurrent revenues of \$6.3 million accounted for 3% of total revenues collected and were 45% below budget and a significant \$53.5 million or 89% below last year's results, due to a number of large one-off receipts during the prior year. Of the total \$6.3 million collected, \$3.3 million or 52% came from contribution from the National Forfeiture fund, while \$1.1 million and \$1.8 million came from civil recoveries and land sales respectively.



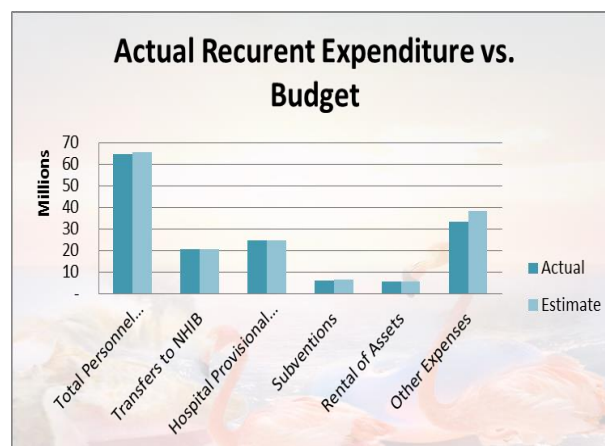


Non-Recurrent Revenues	FY2013-14 Actual	FY2013-14 Estimates	FY2012-13 Actual	FY2012-13 Actual Vs Budget		Actual FY2013-14 vs FY2012-13	
	US \$	US \$	US \$	US \$	%	US \$	%
Civil Recovery Income	1,143,520	5,000,000	28,180,528	(3,856,480)	(77%)	(27,037,008)	(96%)
Land Sales	1,821,744	3,000,000	11,161,356	(1,178,256)	(39%)	(9,339,611)	(84%)
Revenue from Grants	59,034	1,445,988	12,939,806	(1,386,954)	(96%)	(12,880,773)	(100%)
National Forfeiture Fund Contributions	3,282,706	2,096,017	-	1,186,689	57%	3,282,706	-
Sale of Shares	-	-	7,499,954	-	0.0%	(7,499,954)	(100%)
Total Non-Recurrent Revenues	6,307,004	11,542,005	59,781,644	(5,235,000)	(45%)	(53,474,640)	(89%)

Expenditure

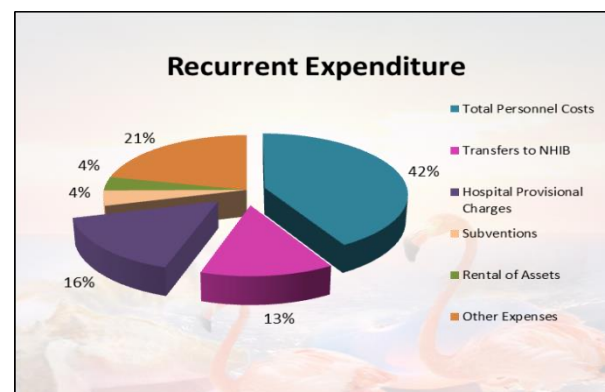
Total Government expenditure for the year was \$182.8 million, which compared favourably with both the budget estimates and prior year's results. The year's outturn was \$7.4 Million or 4% below budget estimates and \$1.2 million or 1% below the results for the prior year.

Recurrent Expenditures, while showing an increase of \$7.0 million or 5% when compared to the prior year, came \$6.6 million or 4.1% below budget estimates.



RECURRENT EXPENDITURE	FY2013-14 Actual	FY2013-14 Estimates	FY2012-13 Actual	FY2012-13 Actual Vs Budget		Actual FY2013-14 vs FY2012-13	
	US \$	US \$	US \$	US \$	%	US \$	%
Total Personnel Costs	64,618,708	65,433,289	57,292,139	814,581	1%	(7,326,569)	(13%)
Transfers to NHIB	20,625,279	20,718,000	18,206,818	92,721	0%	(2,418,460)	(13%)
Hospital Provisional Charges	24,529,153	24,720,060	24,295,007	190,907	1%	(234,146)	(1%)
Subventions	6,188,361	6,517,260	6,406,656	328,899	5%	218,294	3%
Rental of Assets	5,614,704	5,711,303	4,980,385	96,599	2%	(634,319)	(13%)
Other Expenses	33,359,631	38,475,547	36,801,254	5,115,916	13%	3,441,624	9%
Total Recurrent Expenditure	154,935,835	161,575,459	147,982,259	6,639,624	4%	13,593,200	9%

Personnel Costs for the year, which accounted for 42% of recurrent expenditure, totaled \$64.6 million. This amount was \$0.8m or 1% below budget estimates and \$7.3 million or 13% above last year costs. The major contributor to this negative variance against last year's costs is the full effect of the 10% reinstatement on salaries and wages. The positive performance against the budget is due primarily to delays in recruitment during the year.





Transfers to NHIB accounted for 13% of recurrent expenditures. The outturn for the year was \$20.6 million which was marginally below budget and \$2.4 million or 13% above last year, primarily due to increase subventions to NHIB for the financial year.

Hospital Provision Charges, which accounted for 16% of recurrent expenditure, totaled \$24.5 million for the year which were \$0.2 million or 1% below budget while being \$0.2 million or 1% above last year's outturn.

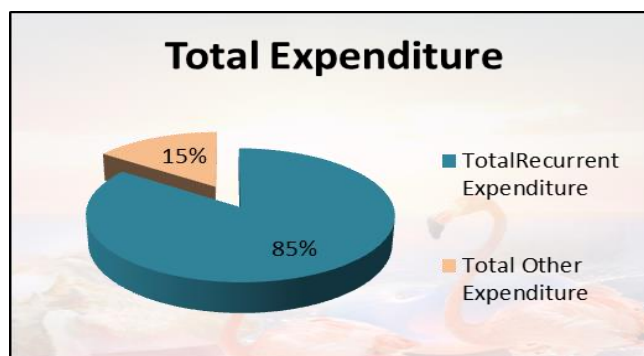
Subventions Total Subvention costs for March 2014 were \$0.5 million, which was marginally above budget estimates and last year costs. Year to date costs were below budget and last year's outturn by \$0.3 million or 5% and \$0.2 million or 4% respectively.

Rental of Assets cost totaled \$5.6 million for the year, which was 2% below budget estimates and \$0.6 million or 13% above the last year's outturn, due to saving from previous year's repair and occupation of government owned facilities.

Other Recurrent Expenditure totals for the year were \$33.4 million, which was \$5.1 million or 15% below budget estimates and \$1.7 million or 5% below last year's receipts. The major variances can be seen in the table below.

OTHER RECURRENT EXPENDITURE	FY2013-14 Actual	FY2013-14 Estimates	FY2012-13 Actual	FY2012-13 Actual Vs Budget		Actual FY2013-14 vs FY2012-13	
	US \$	US \$	US \$	US \$	%	US \$	%
Operating Expenses	4,631,089	6,851,607	2,984,337	2,220,518	32%	(1,646,752)	(55%)
Maintenance Expenses	6,275,086	6,516,503	6,423,793	241,417	4%	148,707	2%
Professional and Consultancy Services	2,081,696	2,582,978	2,120,304	501,282	19%	38,608	2%
Scholarships & Grants	3,493,355	3,687,196	3,407,505	193,841	5%	(85,850)	(3%)
Utilities	3,819,845	3,959,302	3,222,762	139,457	4%	(597,083)	(19%)
Other Recurrent Expenditure	13,058,559	14,877,961	18,642,553	1,819,401	12%	5,583,994	30%
Total Other Recurrent Expenditure	33,359,631	38,475,547	36,801,254	5,115,916	15%	1,674,293	5%

Non-recurrent expenditure for the year totalled \$27.9 million. This amount was \$0.8 million or 3% below budget estimates and \$7.3 million or 20% below the results of the prior year. Debt servicing accounted for 26%, while 22% and 17% were spent on civil recovery and Special investigation prosecution team (SIPT) expenses respectively.





NON-RECURRENT EXPENDITURE	FY2013-14 Actual	FY2013-14 Estimates	FY2012-13 Actual	FY2012-13 Actual Vs Budget		Actual FY2013-14 vs FY2012-13	
	US \$	US \$	US \$	US \$	%	US \$	%
Capital Expenditure	9,711,143	9,711,143	15,162,266	(0)	0%	5,451,124	36%
Special Investigation Prosecution Team	4,662,984	4,850,000	5,968,003	187,016	4%	1,305,019	22%
Civil Recovery	6,072,794	6,392,865	7,331,087	320,071	5%	1,258,293	17%
Interest on Loans	7,420,969	7,694,000	7,505,490	273,031	4%	84,521	1%
Total Other Expenditure	27,867,889	28,648,008	35,966,846	780,118	3%	(7,318,839)	(20%)

Public Debts

The Government of the Turks and Caicos Islands debts includes both local and International borrowings. Government debts stood at US \$207.6 million as at March 31, 2014. Total debt servicing during the year totalled approximately US\$16.7 million, which consisted of US\$9.3 million in principal repayments and US\$7.4 million in interest payments.

Debt Type	Opening	March 31, 2014	
	01-Apr-13	Principal Repayment	Outstanding Principal
	\$ 000's	\$ 000's	\$ 000's
RBTT Bonds 2016 - Guaranteed	170,000.0	-	170,000.0
Scotia Bank Loan 2016 - Guaranteed	9,000.0	-	9,000.0
Other TCIG Bank Loans - Unsecured	23,779.3	(5,807.5)	17,971.8
TCInvest Loans - Unsecured	12,254.1	(1,657.5)	10,596.6
Total Bonds & Loans	215,033.4	(7,465.0)	207,568.4
Other Debt	1,832.8	(1,832.8)	-
Total Outstanding Public Debt	216,866.2	(9,297.8)	207,568.4

The total debt of US \$207.6 million at 31st March 2014 includes an amount of \$170 million for Bonds issued under the guarantee arrangement with the UK Government. The guaranteed loans are secured by a United Kingdom/DFID guarantee in the amount of \$260 million. These bonds were issued in April 2011 to be repaid in February 2016.

Conclusion

TCIG was able to achieve another year of fiscal surplus for the financial year ending March 31, 2014. The financial overview above presents a fiscal surplus of US\$24.0 million for the financial year, generated from total revenues of \$206.8 million and total expenditure of \$182.8 million.

The Government remains committed to prudent fiscal management, ensuring improvements in revenue collection and that expenditure control measures continued to be carried out in a manner that enhances financial performance. Many challenges are still envisaged for the new financial year but great efforts will be made to continue and entrench the gains of the past year, while delivering more efficient public services at costs that give a better value for money and maximum benefits to all stakeholders.



The Annual Consolidated Fund Account for the financial year ended 31st March 2014 should be read in conjunction with the underlying notes and supplementary disclosures for better understanding and interpretation.

A handwritten signature in black ink, enclosed within an oval shape.

Arnold Ainsley (Mr)
Accountant General
31st July 2014



ANNUAL STATEMENTS OF PUBLIC ACCOUNTS



GOVERNMENT OF THE TURKS AND CAICOS ISLANDS
STATEMENT OF FINANCIAL POSITION
As At 31 March 2014

	Notes	As at 31-Mar-14 US \$	As at 31-Mar-13 US \$
ASSETS			
Current Assets			
Cash and cash equivalents	4	70,924,483	51,726,426
Receivables from exchange transactions	5	2,872,297	2,946,837
Total Current Assets		73,796,780	54,673,263
Non-Current Assets			
Investments	6	4,385,878	7,215,367
Long term receivable from exchange transactions	5	12,051,659	12,687,311
Total Non-Current Assets		16,437,537	19,902,678
TOTAL ASSETS		90,234,317	74,575,941
LIABILITIES			
Current Liabilities			
Trade and other payables	7	1,946,705	2,402,762
Current portion of borrowings	8	7,991,313	5,807,387
Bank overdraft	4	-	499,692
Total Current Liabilities		9,938,019	8,709,841
Non-current liabilities			
Borrowings	8	199,576,807	209,226,047
Total Non-Current Liabilities		199,576,807	209,226,047
TOTAL LIABILITIES		209,514,825	217,935,888
NET ASSETS		(119,280,508)	(143,359,947)
FUND BALANCES			
Consolidated Fund	13	(180,428,005)	(188,918,463)
Development Fund	14	967,209	1,268,215
Sinking Fund	15	58,180,265	41,009,348
National Forfeiture Fund	16	2,000,023	3,280,953
TOTAL FUND BALANCES		(119,280,508)	(143,359,947)



GOVERNMENT OF THE TURKS AND CAICOS ISLANDS
STATEMENT OF FINANCIAL PERFORMANCE
For the Financial Year Ended 31 March 2014

	Notes	Financial Year Ended 31-Mar-14 US \$	Financial Year Ended 31-Mar-13 US \$
REVENUE			
Revenue from non-exchange transactions			
Taxes on goods and services	9.1.1	72,574,719	58,073,223
Duties	9.1.2	87,266,395	76,152,087
Licences	9.1.3	9,094,049	10,195,984
Fees, fines and permits	9.1.4	20,481,614	16,456,313
Transfers from other Government Entities	9.1.5	3,813,850	4,248,437
Other revenues	9.1.6	3,944,177	11,955,310
Non-recurrent revenues	10	6,307,004	59,781,644
Total Revenue from Non-Exchange Transactions		203,481,808	236,862,999
Revenue from exchange transactions			
Sale of goods	9.2.1	1,002,414	1,035,153
Rendering of services	9.2.2	228,840	159,612
Rental of facilities & equipment	9.2.3	719,841	1,387,028
Finance income	9.2.4	1,369,318	792,612
Total Revenue from Exchange Transactions		3,320,413	3,374,405
TOTAL REVENUE RECEIVED		206,802,220	240,237,404
EXPENDITURE			
Compensation of employees	11.1	57,621,928	51,766,908
Compensation of House of Assembly members	11.2	2,068,251	765,163
Pensions and Gratuities	11.3	4,928,529	5,525,231
Finance costs	8	7,420,969	7,505,490
Other operating expenditure	11.4	90,317,127	89,924,957
Non-recurrent expenditure	12	20,446,920	28,461,356
TOTAL EXPENDITURE		182,803,724	183,949,105
Surplus/(Deficit) for the period		23,998,496	56,288,299
Attributable to:			
Consolidated Fund		30,078,267	67,795,385
Development Fund		(9,652,109)	(13,549,633)
Sinking Fund		177,978	42,547
National Forfeiture Fund		3,394,360	2,000,000
		23,998,496	56,288,299



GOVERNMENT OF THE TURKS AND CAICOS ISLANDS
STATEMENT OF CASH FLOWS
For the Financial Year Ended 31 March 2014

	Notes	Financial Year Ended 31-Mar-14 US \$	Financial Year Ended 31-Mar-13 US \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Recurrent Revenue		199,125,898	179,663,148
Finance Income		1,369,318	792,612
Non-recurrent revenues		6,307,004	59,781,644
		206,802,220	240,237,404
Payments			
Compensation of employees		57,621,928	51,766,908
Compensation of House of Assembly members		2,068,251	765,163
Pension and Gratuities		4,928,529	5,525,231
Goods and services		110,764,047	118,386,313
Finance cost		7,420,969	7,505,490
		182,803,724	183,949,105
Net Cash Flows from Operating Activities		23,998,496	56,288,299
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease in investments		2,829,490	6,170,415
Decrease in accounts payable		(456,057)	(1,823,198)
Decrease in long term accounts receivable		635,651	0
Decrease in accounts receivable		155,483	231,294
Net Cash Flows used in Investing Activities		3,164,567	4,578,511
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(7,465,314)	(12,359,888)
Net Cash Flows used in Financing Activities		(7,465,314)	(12,359,888)
Net Increase in Cash and Cash Equivalents		19,697,749	48,506,922
Net Cash and Cash Equivalents at beginning of the year		51,226,734	2,719,812
Net Cash and Cash Equivalents at end of the year	4	70,924,483	51,226,734
NET CASH AND CASH EQUIVALENTS			
		31-Mar-14	As at 31-Mar-13 US \$
Cash and Domestic Bank Accounts		70,906,889	51,722,464
Crown Agents Bank Accounts		17,594	3,962
Cash Balances and Fixed Deposits		70,924,483	51,726,426
Less			
Bank Overdrafts		0	(499,692)
Net Cash and Cash Equivalents	4	70,924,483	51,226,734



GOVERNMENT OF THE TURKS AND CAICOS ISLANDS
STATEMENT OF CHANGES IN NET ASSETS/FUND BALANCES
For the Financial Year ended 31 March 2014

	Consolidated Fund US \$	Development Fund US \$	Sinking Fund US \$	National Forfeiture Fund US \$	Total Net Assets/Fund Balances US \$
Balance as at 1st April 2012	(205,763,848)	605,905	-	1,280,953	(203,876,990)
Changes in Net Assets/Fund Balances for the financial year ended 31st March 2013					
TC Invest - opening balances brought in	4,228,744				4,228,744
Surplus/(Deficit) for the year - Statement of Financial Performance	67,795,385	(13,549,633)	42,547	2,000,000	56,288,299
Transfer to Development Fund	(14,211,943)	14,211,943			-
Transfer to Sinking Fund	(40,966,802)		40,966,802		-
	16,845,385	662,310	41,009,348	2,000,000	60,517,043
Balance as at 31st March 2013	(188,918,463)	1,268,215	41,009,348	3,280,953	(143,359,947)
Other Prior Year Adjustments	80,943				80,943
Restated Balance	(188,837,520)	1,268,215	41,009,348	3,280,953	(143,279,004)
Changes in Net Assets/Fund Balances for the financial year ended 31st March 2013					
Surplus/(Deficit) for the year - Statement of Financial Performance	30,078,267	(9,652,109)	177,978	3,394,360	23,998,496
Transfer to Development Fund	(8,536,103)	8,536,103			-
Transfer from NFF	3,860,290	815,000		(4,675,290)	-
Transfer to Sinking Fund	(16,992,939)		16,992,939		-
	8,409,515	(301,006)	17,170,917	(1,280,930)	23,998,496
Balance as at 31st March 2014	(180,428,005)	967,209	58,180,265	2,000,023	(119,280,508)



NOTES TO THE PUBLIC ACCOUNTS

The numbered notes that follow relate directly to the content of the financial statements above and are numbered accordingly.

1. GENERAL INFORMATION

The form and content of the Annual Statements of Public Accounts of the Government of the Turks and Caicos Islands are prescribed in Paragraph 1 of the Schedule 2 of the Public Financial Management (PFM) Ordinance 2012.

The Government Reporting Entities covered in these Financial Statements comprise ministries and departments of Government (excluding statutory bodies) controlled by Accounting Officers that are appointed by the Governor under Section 17 of the Public Financial Management (PFM) Ordinance 2012.

The Annual Statements of Public Accounts reflect the financial performance of the Government of the Turks and Caicos Islands for the financial year ended 31st March 2014 on the basis of moneys received by, held in or paid out of all public funds of the Government during the year under review. The Government through the Accountant General Department operates a centralized treasury function that collects moneys and administers expenditure payments for all ministries and departments of Government.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Public Accounts.

2.1 Statement of Compliance and basis of preparation

The basis of preparation of the Annual Statements of Public Accounts is largely governed by the provisions in the Public Financial Management (PFM) Ordinance 2012, complying with suitable generally accepted accounting principles.

The Annual Statements of Public Accounts of the Government of the Turks and Caicos Islands have been prepared under the historical cost convention and on the modified cash basis of accounting, taking into consideration the Government's legal and regulatory framework in relation to public finances.

The modified cash basis applied recognizes revenue when collected through the Treasury operations and not when earned, expenditure in the period it is incurred and purchases of fixed assets including immovable property, plant and equipment expensed fully in the year of purchase. To comply with the Public Financial Management (PFM) Ordinance 2012 concerning the recognition of and accounting for assets and liabilities, the recognizable values of the Government's outstanding debts are included, with only the debt service payments (such as interests) recognized in the Statement of Financial Performance.



Thus, the surplus/ (deficits) established in the public accounts does not reflect loan principal receipts or debt repayments.

The Annual Statements of Public Accounts are not fully compliant with the International Public Sector Accounting Standards (IPSASs) but they comply with those standards as much as possible.

2.2 Consolidation

The consolidation of the Annual Statements of Public Accounts relate to all public funds (including the Consolidated Fund) and for all ministries and departments of Government that are not considered as statutory bodies.

Section 44 and Paragraph 1 of the Schedule 2 of the Public Financial Management (PFM) Ordinance 2012 requires all public monies to be accounted for in the public accounts. All public funds of the Government are therefore included in the Annual Statements of Public Accounts and these comprise the Consolidated Fund (as defined in Section 112 of the Turks and Caicos Islands Constitution Order 2011 and Section 7 of the Public Financial Management (PFM) Ordinance 2012) and other permitted Funds as spelt out below;

- (i) Development Fund – established under Schedule 8 of the Public Financial Management (PFM) Ordinance 2012 to account for capital (or development) projects financed through transfers from the Consolidated Fund.
- (ii) Sinking Fund - established under Section 9 of the Public Financial Management (PFM) Ordinance 2012 to meet future loans and bonds repayment.
- (iii) National Forfeiture Fund - established under the Proceeds of Crime Ordinance 2009.
- (iv) Contingency Fund – not in operation.

The Annual Statements of Public Accounts do not include the Financial Statements of the Statutory Bodies of the Government of the Turks and Caicos Islands. The Statutory Bodies prepare separate financial statements and lay these before the House of Assembly.

2.3 Reporting Period

The reporting period for these Annual Statements of Public Accounts is 1st April 2013 to 31st March 2014.

2.4 Functional and reporting currency

The functional and reporting currency is the United States Dollar (US \$), which is the legal tender of the Turks and Caicos Islands.

2.5 Foreign currency transactions

Transactions in foreign currency other than the United States Dollar are recorded at the rates of exchange prevailing at the time of transactions.



At 31st March 2014, monetary assets and liabilities that are denominated in other currencies are translated at the rates prevailing at that date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than the United States Dollar are recognized in the Statement of Financial Performance.

2.6 Classification of Accounts

The Public Accounts are classified in the same form as the National Budget and in accordance with the approved Chart of Accounts.

2.7 Borrowings

All loans owed by the Government are recorded as liabilities in the Statement of Financial Position when the fund is accessed, with appropriate disclosure of undrawn facilities.

Interest expense or income on borrowings is recognized in the Statement of Financial Performance only when paid or received.

2.8 Property, Plant and Equipment

Purchases of property, plant and equipment are fully expensed in the year of purchase. Unrealized gains or losses arising from changes in the values of property, plant and equipment are not recognized in the public accounts. Proceeds from disposal of property, plant and equipment are recognized as revenue in the period received.

2.9 Inventories

Consumable supplies are measured at cost and recognized as an expense when deployed for utilization or consumption in the ordinary course of the government's operations.

2.10 Employee benefits

Employee benefits include salaries, wages, allowances, pensions and other related-employment costs. Employee benefits are recognized when payments are made. No provision is made for accrued leave or reimbursable duty allowances.

TCIG operates a discretionary non-contributory pension scheme for staff employed before the 5th April 1992 under the Pensions Ordinance. The costs for this scheme are statutory charges against the revenues of the Turks and Caicos Islands, staff eligible under the scheme may be entitled to receive a pension based on salary and length of service of which a proportion can be converted to a lump sum gratuity payment, which is being phased out. Pensions are awarded at the discretion of the Governor. Eligibility to the scheme ceased following the introduction of the National Insurance Ordinance on the 5th April 1992 when all new employee pension entitlements were to be met from the NIB scheme, the Government and employee, both contribute to the scheme to ensure that an employee's entitlement is subscribed during the period of employment.



2.11 Contingencies

Contingent liabilities are not recognised in the financials but recorded in the Statement of Contingent Liabilities and disclosed in the notes to the financial statements when the contingency becomes evident, unless the possibility of an outflow of financial resources is remote. Contingent assets are neither recognized nor disclosed.

2.12 Commitments

Commitments include operating and capital commitments arising from non-cancellable contractual or statutory obligations. Statements of Outstanding Commitments relating to non-cancellable contractual or statutory obligation where goods have been delivered or services provided are not included in the Statement of Financial Assets and Liabilities.

2.13 Cash and cash equivalent

Cash and cash equivalents comprise cash on hand and cash at bank and deposits on call, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. For the purpose of the Statement of Cash Flows, cash and cash equivalent consist of cash and short term deposits as defined above, net of outstanding bank overdrafts.

2.14 Investments

2.14.1 Shares in Caribbean Development Bank

These are shares allocated to TCIG as a member country and paid up to date.

2.14.2 Bond repurchase program

This balance relates to the amount outstanding on TCIG Bonds originally issued in 2011 for about US\$9 million.

2.15 Receivables from exchange transactions

Receivables from exchange transactions are loan and other receivables with fixed or determinable payments agreements. Losses arising from impairment and other write offs once approved are recognised in the Statement of Financial Performance.

2.15.1 Loan Portfolio

This is the balance outstanding on the former TCInvest loan portfolio, which is now being managed by the Accountant General Department. These loans are primarily consumer and mortgage loans which are fully secured by real assets. TCIG maintains a life insurance policy of each borrower and the properties used as collateral are insured by reputable insurance carriers, with TCIG being the primary beneficiary on both policies.



2.15.2 TOLCO Collections

The Total Outstanding Loan Company (TOLCO) acquired the nonperforming loan portfolio of the former TCInvest as at September 30, 2012 for future consideration, which is compensation of 40 cents out of every dollar collected from that portfolio, until it is fully liquidated.

2.15.3 Staff advances

Staff advances are provided to assist with emergency support. Loans are repayable in a maximum of 3 monthly instalments. Advances are recorded as assets when made and on the historical cost basis with write down for irrecoverable amounts.

2.16 Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on receipt of the funds, if it is free from conditions and the economic benefits related to the asset flows immediately to the government.

2.17 Fees, fines and permits

Fees, fines and permits are recognized as revenues from non-exchange transactions when the funds are collected and the asset recognition criteria are met.

2.18 Other operating revenue

Other operating revenue arises from transactions in the ordinary course of the government activities. Revenue comprises the fair value of the consideration received for the sale of goods and services in the ordinary course of operations.

2.19 Other operating expenditure

Other operating expenditure arises from transactions in the ordinary course of the TCIG activities. This expenditure comprises the fair value of the consideration paid for the goods and services in the ordinary course of TCIG's operations.

2.20 Sale of goods

Revenue for sale of goods is generally recognized based on the services performed to date and the actual funds collected from the public.

2.21 Rendering of services

Revenue for service rendered by TCIG is generally recognized based on the services performed to date and the actual funds collected from the public.



2.22 Interest income

Interest income is recorded based on the amount actually collected during the period from the loan portfolio, bonds outstanding and bank deposits.

2.23 Finance cost

Finance cost is recorded based on the actual interest payments to creditors on the principal amounts outstanding during that period.

2.24 Financial risk management

The government continuously seeks to minimize its exposure to financial risk; therefore the only financial assets that may be purchase are cash, or cash equivalents. There are no new financial liabilities that TCIG may have (other than accounts payable in the ordinary course of operations).

(a) Currency risk

The government manages its bank accounts in United States Dollars, which is the official currency of the Turks and Caicos Islands. Exposure to the risk of changes in foreign exchange rates relates primarily to the daily operating activities (when revenue or expense is denominated in a currency other the functional currency).

Foreign exchange gains and losses resulting from settlement, or translation of mid-year or year-end monetary balances denominated in foreign currencies are recognized in the statement of financial performance.

(b) Interest rate risk

Interest rate risk arises from possible impact of changes in the interest rates relates primarily to long-term debt obligations from the Caribbean Development Bank which uses floating interest rates.

(c) Credit risk

Credit risk is the risk that borrowers will fail to discharge an obligation and cause TCIG to incur a financial loss. TCIG is exposed to credit risk on the former TCInvest loan portfolio. The government seeks to reduce the credit risk by discontinuing new lending, monitoring existing outstanding debtor's balances and pursuing nonperforming debtors to the full extent of the law.

(d) Financial guarantee contracts

The government does not enter into financial guarantee contracts. Financial guarantee contracts are those agreements that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument.



(e) Liquidity risk

Liquidity risk is the risk of TCIG not being able to meet its obligations as they fall due. The current approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet TCIG's liabilities when due, without incurring unacceptable losses or risking damage to TCIG's reputation. TCIG ensures that it has sufficient cash on demand to meet expected operating expenditure through the use of cash flow forecasts.

3. NOTES TO THE STATEMENT OF COMPARISON OF ACTUAL AND BUDGET

- (a) The approved budget is presented on the Cash basis, the same classification basis, and for the same period (from April 1, 2013 to March 31, 2014) as the financial statements.

The original budget for 2013-14 was approved by the House of Assembly, by way of an Appropriation Ordinance. Subsequent virements and additional appropriations were made during the year to the approved budget in accordance with specific approvals from the Permanent Secretary, Finance and the House of Assembly, respectively. The additional appropriations are added to the original budget by TCIG upon receiving the respective approvals in order to conclude the final budget.

- (b) Timing differences occur when the budget period differs from the reporting period reflected in the financial statements. There are no timing differences for TCIG.
- (c) Entity differences occur when the budget omits ministries/departments that are part of TCIG for which the financial statements are prepared. There are no ministries or department differences.



Statement of Comparison of Actual and Budget Notes	Actual Performance	Final Budget	Difference
	US \$	US \$	US \$
Recurrent Revenue			
Taxes on Transactions	49,531,282	48,941,964	589,318
Taxes on Domestic Goods & Transactions	23,043,437	16,102,576	6,940,861
Licenses	9,094,049	11,510,218	(2,416,169)
Duties	87,266,395	84,244,403	3,021,992
Fees, Fines and Permits	24,295,465	21,284,050	3,011,414
Interest Rents and Dividends	2,089,159	2,630,931	(541,772)
Other Revenues	5,175,431	13,733,120	(8,557,690)
Total Recurrent Revenue	200,495,216	198,447,263	2,047,953
Non-Current Revenue	10 6,307,004	11,542,005	(5,235,000)
Total Revenue	206,802,220	209,989,267	(3,187,047)
Recurrent Expenditure			
Compensation of Employees	57,621,928	57,506,267	(115,661)
Compensation of House of Assembly members	2,068,251	1,894,268	(173,983)
Pensions and Gratuities	4,928,529	6,032,754	1,104,225
Hospital Provisional Charges	24,529,153	24,720,060	190,907
NHIB Transfers	20,625,279	20,718,000	92,721
Maintenance Expenses	6,275,086	6,516,503	241,417
Subventions	6,188,361	6,517,260	328,899
Rental of Assets	5,614,704	5,711,303	96,599
Operating Expenses	4,631,089	6,851,607	2,220,518
Utilities	3,819,845	3,959,302	139,457
Other Payments	18,633,611	21,148,135	2,514,524
Total Recurrent Expenditure	154,935,835	161,575,459	6,639,624
Non-Recurrent Expenditure	12 27,867,889	28,648,008	780,118
Total Expenditure	182,803,724	190,223,466	7,419,742
Surplus or the Year	23,998,496	19,765,801	4,232,695

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents held in local and international bank accounts by the TCIG as at March 31, 2014. TCIG's bank balances amounting to \$69.8 million (March 31, 2013 - \$51.7 million) include an



amount of \$1.0 million (March 31, 2013 - \$1.3 million) which must be used on donor sponsored capital development projects.

Deposits in National Forfeiture Funds bank account of \$2.0 million (March 31, 2013 - \$3.3 million) can only be used in accordance with the Proceeds of Crime Ordinance 2009.

Balances in the Sinking Fund bank account of \$58.2 million (March 31, 2013 - \$41.0 million) can only be used to retire TCIG debts in accordance with the Public Finance Management Ordinance 2012.

CASH AND CASH EQUIVALENTS

	As at 31-Mar-14 US \$	As at 31-Mar-13 US \$
CASH AND CASH EQUIVALENTS		
<u>Cash & Domestic Bank Accounts</u>		
Cash Accounts	484,139	526,353
First Caribbean International Bank Accounts	4,790,983	7,251,903
Scotia Bank Accounts	64,659,223	43,005,592
TCI Bank Accounts	965,889	938,256
ECCB AC# 549901-001 - TC Invest	359	359
Total Cash and Domestic Bank balances	70,900,593	51,722,464
<u>Crown Agents Bank Accounts</u>		
Crown Agents Cash	17,594	2,886
Crown Agents USD Account	6,296	1,076
Total International Bank Accounts	23,890	3,962
TOTAL CASH AND CASH EQUIVALENTS	70,924,483	51,726,426
OVERDRAFTS HELD AT BANK		
Scotia Bank Checking Account	-	(499,579)
Scotia Bank Payroll Account	-	(113)
TOTAL BANK OVERDRAFTS	-	(499,692)
NET TOTAL	70,924,483	51,226,734
Analysed by Currencies held		
Cash and Bank balances (in Currencies Held)		
US\$	70,906,889	51,723,540
GBP	17,594	2,886
Total	70,924,483	51,726,426



5. RECEIVABLES

Receivables from exchange transactions are recognized at cost, without a provision for impairment under the Cash Basis of Accounting.

5.1 Receivables from exchange transactions

	As at 31-Mar-14 US\$	As at 31-Mar-13 US\$
RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Staff loans and advances	66,606	67,337
Travel advances	43,022	-
Other receivable and advances	188,750	305,582
loans and advances recommended for write-off	2,573,918	2,573,918
TOTAL RECEIVABLES FROM EXCHANGE TRANSACTIONS	2,872,297	2,946,837

It is important to note that a total amount of US\$2,573,918 has been submitted to the House of Assembly for write off of staff advances that are assessed to be irrecoverable but for which no provision for doubtful debts has been made under the Cash Basis of Accounting.

5.2 Long term receivable from exchange transactions

	As at 31-Mar-14 US\$	As at 31-Mar-13 US\$
LONG TERM RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Loans receivable - general	8,973,303	9,733,368
Loans receivable - insurance	325,933	109,124
Loans receivable - TOLCO	2,752,422	2,844,818
LONG TERM RECEIVABLES FROM EXCHANGE TRANSACTIONS	12,051,659	12,687,311

6. INVESTMENTS

	As at 31-Mar-14 US \$	As at 31-Mar-13 US \$
INVESTMENTS		
Paid Up Shares of the Caribbean Development Bank	705,714	705,714
RBTT Bond Repurchase	3,680,164	6,509,654
TOTAL INVESTMENTS	4,385,878	7,215,367



7. TRADE AND OTHER ACCOUNTS PAYABLE

Accounts payable and refundable deposits are non-interest bearing and are normally settled within the following financial year. Account payables as at March 31, 2013 included an amount of \$1,832,763 that was owed to the Herzog Group of Companies. The Government made total payments of US \$1,832,763 in FY2013/14 (US \$2,004,000 – FY2012/13) in final settlement of the outstanding debt. The balance as at March 31, 2014 includes primarily accruals for liabilities including the claims against Government and on-going capital projects.

	As at 31-Mar-14 US \$	As at 31-Mar-13 US \$
TRADE AND OTHER PAYABLES		
Accounts Payable	1,437,967	2,057,410
Refundable Deposits	508,738	345,352
TOTAL TRADE AND OTHER PAYABLES	1,946,705	2,402,762

8. BORROWINGS

BANKS AND FINANCIAL INSTITUTIONS	OUTSTANDING BALANCE 01-Apr-13 US \$	REPAYMENT DURING THE YEAR US \$	OUTSTANDING BALANCE 31-Mar-14 US \$	FINANCE COST FY2013/14 US \$	CURRENT PORTION FY2014/15 US \$
Caribbean Development Bank	11,258,751	1,307,401	9,951,349	366,205	1,282,413
Citibank Commercial Loan	3,958,333	833,333	3,125,000	319,010	833,333
RBC Royal Bank	8,027,778	3,555,556	4,472,222	345,180	2,805,556
Turks & Caicos Bank Limited	8,741,667	1,066,667	7,675,000	657,092	1,066,667
Scotia Bank Loan	9,000,000	-	9,000,000	84,860	-
HSBC Bonds	170,000,000	-	170,000,000	5,440,010	-
European Investment Bank	1,322,764	324,663	998,101	74,184	324,509
Total Commercial Bank Loans	201,050,542	5,780,219	195,270,323	7,286,541	6,312,478
National Insurance Board	2,724,142	377,694	2,346,448	134,428	396,422
Total Other Loans	2,724,142	377,694	2,346,448	134,428	396,422
TOTAL LOAN OUTSTANDING	215,033,434	7,465,314	207,568,120	7,420,969	7,991,313

9. RECURRENT REVENUE

The amounts provided in the Public Accounts as recurrent revenue represent amounts actually collected during the period under various recurrent revenue heads.



9.1 Revenue from non-exchange transaction

Revenues from non-exchange transactions are recognized on receipt of the cash, if it is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow immediately to TCIG.

9.1.1 Taxes on goods and services

	As at 31-Mar-14 US \$	As at 31-Mar-13 US \$
Hotel & Restaurant Tax	40,948,209	34,025,085
Stamp duty on Land Transactions	21,944,493	13,927,486
Bank Services Tax	2,031,765	1,980,103
Communications Tax	1,860,521	2,428,541
Gaming Machine Tax	1,820,854	2,243,041
Seaport Departure Tax	1,685,761	1,320,778
Stamp Duty - Vehicle Hire	912,632	761,019
Insurance Premiums Tax	809,710	760,394
Lottery Tax	196,183	228,438
Stamp duty Miscellaneous	186,312	185,155
Casino Winning Tax	178,278	213,182
Total Taxes on Goods and Services	72,574,719	58,073,223

9.1.2 Duties

	As at 31-Mar-14 US \$	As at 31-Mar-13 US \$
Import duty	52,701,565	48,581,744
Customs Processing Fee	22,573,957	18,967,088
Fuel Tax	7,681,224	6,917,250
Freight & Insurance Tax	2,395,348	-
Duty free shops Royalties	1,443,851	1,323,937
Aviation Fuel Royalty	470,268	357,394
Export duty	181	4,675
Total Duties	87,266,395	76,152,087



9.1.3 Licences

	As at 31-Mar-14 US \$	As at 31-Mar-13 US \$
Vehicle Licence	2,873,833	2,992,326
Telecommunications licence	2,417,939	3,172,532
Business Licence Renewal	1,879,100	2,545,367
Drivers Licence	651,836	523,762
Gaming Location Licence	289,500	111,500
Fishing licence	264,165	235,466
Business Licence Application	261,260	231,766
Casino licences	175,300	100,200
Liquor licences	149,869	167,783
Gun Licences	95,400	102,600
Casino Certificates	18,100	300
Sand and Quarry Licences	11,120	9,747
Casino Permits	4,550	1,100
Animal Licence	2,077	1,535
Total Licences	9,094,049	10,195,984

9.1.4 Fees, fines and permits

	As at 31-Mar-14 US \$	As at 31-Mar-13 US \$
Work Permits and Residency Fees	13,321,270	10,912,994
Permanent Residency Fees	1,538,245	851,520
Work Permits Repatriation Program	1,130,285	425,730
Labour Clearance Fees	664,044	569,405
PDA application fees	655,579	543,075
Temporary Work Permits	629,500	790,095
Fines and forfeitures	488,375	309,259
Court and Office fees	365,842	241,759
National Parks Fees	295,886	241,234
Naturalisation Fees	275,080	444,869
Migrant Processing Fee	237,391	-
Registration fees	188,113	501,363
Fees for Official Search, Inspection	181,887	183,574
Sand and Quarry Royalties	138,501	41,423
Other fees and charges	371,618	400,014
Total Fees, Fines and Permits	20,481,614	16,456,313

9.1.5 Transfers from other Government Entities

	As at 31-Mar-14 US \$	As at 31-Mar-13 US \$
Financial Service Commission	2,384,966	1,734,698
Port Authority	1,428,884	1,013,739
Airport Authority	-	1,500,000
Total Transfers from other Government Agencies	3,813,850	4,248,437



9.1.6 Other revenue

	As at 31-Mar-14 US \$	As at 31-Mar-13 US \$
Overtime Cost recovered	2,185,704	1,872,381
Other Receipts	421,743	9,065,575
Scholarship Contributions	535,937	221,332
Visas	256,805	194,225
Legal fees recovered	238,530	241,524
Travel Documents	228,820	292,545
Ship Registration and Tonnage	76,637	67,729
Total Other Revenue	3,944,177	11,955,310

9.2 Revenue from exchange transactions

Revenue from exchange transactions is generally recognized on receipt of cash for the goods or services provided by TCIG, if it is free from conditions and the significant risks and rewards of ownership has been transferred to the buyer, which is usually when the goods or services are delivered.

9.2.1 Sale of goods

	As at 31-Mar-14 US \$	As at 31-Mar-13 US \$
Sale of water	694,674	611,858
Sale of Stamps	110,535	122,547
Sale of Text Books	81,390	20,406
Sale of books	58,763	133,379
Map sales	34,487	23,556
Farm Sales	8,469	559
Sale of Law Books	6,494	48,853
Sale of confiscated goods	4,848	70,008
Commemorative Coins	1,380	846
Circulatory Coins	1,061	932
Sale of Past Papers	312	181
Agricultural Sales	-	2,030
Total Sale of Goods	1,002,414	1,035,153

**9.2.2 Rendering of services**

	As at 31-Mar-14 US \$	As at 31-Mar-13 US \$
Printing for third parties	111,568	115,807
Radio Commercials	66,556	-
Other Postal Services	33,036	37,825
Water and Sewage Related Operations	12,500	200
Garbage Collection	5,180	5,780
Total Rendering of Services	228,840	159,612

9.2.3 Rental of facilities and Equipment

	As at 31-Mar-14 US \$	As at 31-Mar-13 US \$
Crown land rents	578,485	1,068,276
Rent of Government property	75,137	208,079
Mail Box Rental	33,520	62,798
Warehouse rents	32,699	47,875
Total Rental of Facilities and Equipment	719,841	1,387,028

9.2.4 Finance Income

	As at 31-Mar-14 US \$	As at 31-Mar-13 US \$
Interest Income	835,677	527,029
Bond Interest	533,641	265,583
Total Finance Income	1,369,318	792,612

10. RECURRENT REVENUE

The amounts provided in the Public Accounts as non-recurrent revenues represent amounts actually collected during the period under various nonrecurrent revenue heads.

	As at 31-Mar-14 US \$	As at 31-Mar-13 US \$
NFF Contribution	3,282,706	-
Land Sales	1,821,744	11,161,356
Civil Recoveries	1,143,520	28,180,528
Grants	59,034	12,939,806
Sale of Shares	-	7,499,954
TOTAL NON-RECURRENT REVENUE	6,307,004	59,781,644



11. RECURRENT EXPENDITURE

The amounts provided in the Public Accounts as Recurrent Expenditure under represent amounts actually paid out during the period as expenses under various heads of expenditure.

11.1 Compensation of Employees

	As at 31-Mar-14 US \$	As at 31-Mar-13 US \$
Salaries and wages	45,847,968	40,704,925
Contribution to pension and health plans	3,431,802	3,171,762
Housing Allowance	2,800,463	3,017,521
Telephone Allowance	225,612	181,581
Transport Allowance	614,345	483,242
Other allowances	4,701,737	4,207,877
TOTAL COMPENSATION OF EMPLOYEES	57,621,928	51,766,908

11.2 Compensation of House of Assembly Members

	As at 31-Mar-14 US \$	As at 31-Mar-13 US \$
Salaries	1,744,890	660,531
Contribution to pensions and health plan	79,562	25,211
Allowances	243,800	79,421
TOTAL COMPENSATION OF HOUSE OF ASSEMBLY MEMBERS	2,068,251	765,163

11.3 Pensions and Gratuities

	As at 31-Mar-14 US \$	As at 31-Mar-13 US \$
Pensions	3,978,356	3,962,048
Gratuities	950,173	1,563,183
TOTAL PENSION AND GRATUITIES	4,928,529	5,525,231



11.4 Other Operating Expenses

	As at 31-Mar-14 US \$	As at 31-Mar-13 US \$
OTHER OPERATING EXPENSES		
Hospital Provisional Charges	24,529,153	24,295,007
Medical Treatment - Transfers to NHIB	20,625,279	18,206,818
Maintenance Expenses	6,275,086	6,423,793
Subventions	6,188,361	6,406,656
Rental of Assets	5,614,704	4,980,385
Operating Expenses	4,631,089	2,984,337
Utilities	3,819,845	3,222,762
Grants and Contributions	3,493,355	3,407,505
Professional and Consultancy Services	2,081,696	2,120,304
Sundry Expenses	1,652,659	3,331,380
Communications Expenses	1,536,835	1,527,026
Local Travel and Subsistence	1,390,032	1,339,524
Office Expenses	1,249,681	1,058,223
Social Welfare	1,230,989	1,139,493
Recurrent Sub Programmes and Projects	1,014,193	646,853
Provision or Investment Milestones	-	5,704,029
Other operating expenses	4,984,170	3,130,863
TOTAL OTHER OPERATING EXPENSES	90,317,127	89,924,957

12. NON-RECURRENT EXPENDITURE

The amounts provided in the Public Accounts as non-recurrent expenditure represent amounts actually paid out during the period as expenses under various heads of expenditure.

	As at 31-Mar-14 US \$	As at 31-Mar-13 US \$
NON-RECURRENT EXPENDITURE		
Capital Expenditure	9,711,143	15,162,266
Special Investigation Prosecution Team Expenses	4,662,984	5,968,003
Civil Recovery Expenses	6,072,794	7,331,087
TOTAL NON-RECURRENT EXPENDITURE	20,446,920	28,461,356

13. CONSOLIDATED FUND

The Consolidated Fund is the account into which the government deposits taxes, tariffs, excises, fines, fees, other revenues once collected, together with transfers from the statutory bodies and boards, and from which it withdraws the funds required to cover its expenditure.

The Fund is authorized under the Public Finance Ordinance 2012, Section 7.



	As at 31-Mar-14 US \$	As at 31-Mar-13 US \$
Consolidated Fund		
Opening Balance	(188,918,463)	(205,763,848)
Operating Surplus	30,078,267	67,795,385
Transfers to sinking Fund	(16,992,939)	(40,966,802)
Transfers to Development Fund	(8,536,103)	(14,211,943)
Transfers from National Forfeiture Fund	3,860,290	-
TCInvest net assets	-	4,228,744
Prior Year Adjustments	80,943	-
Closing Balance	(180,428,005)	(188,918,463)

14. DEVELOPMENT FUND

Development Fund contains such moneys as may be appropriated by law out of the Consolidated Fund for the specific purpose of funding TCIG capital development programme each year. It also contains moneys received by way of grants as development aid and funds received from the proceeds of loans raised by the Government for any scheme, project or programme or generally for the purpose of the Development Fund.

The total amount of US\$9,711,143 (US\$15,162,366 - FY2012/13) represents amounts spent on Development Fund (Capital Projects) during the period. Development Fund Comprises of unspent balances on Capital Projects as presented below:

	TCIG Funded Projects	UK DFID Programme Education & Health	UK/TCI Development Aid No 2 Account	Other UK Development Programmes	CDB Basic Needs Trust Fund Programmes	Grants from Other Private Sources	Total
	1001	4842 & 4846 - 3030		4911 & 4928 - 3239		3099	
Opening Balance	-	209,426	93,507	338,001	128,540	498,741	1,268,215
Consolidated Fund Contribution	8,536,103	-	-	-	-	-	8,536,103
National Forfeiture Fund Transfer	815,000	-	-	-	-	-	815,000
Grants Received	-	-	-	-	-	59,034	59,034
Capital Expenditure	(9,208,128)	(163,956)	-	(257,395)	(9,982)	(71,682)	(9,711,143)
Closing Balance	142,976	45,470	93,507	80,606	118,558	486,093	967,209

15. SINKING FUND

Sinking Fund was created for the purpose of paying down the public debt and moneys are paid into the fund from surpluses accrued in the Consolidated Fund each year. The Sinking Fund is accounted for separately and held in a special bank account at ScotiaBank Turks and Caicos.



	As at 31-Mar-14 \$US	As at 31-Mar-13 US \$
SINKING FUND		
Opening Balance	41,009,348	-
Transfers from Consolidated Fund	16,992,939	40,966,802
Interest Income	177,978	42,547
Closing Balance	58,180,265	41,009,348

16. NATIONAL FORFEITURE FUND

The National Forfeiture Fund was established to have moneys recovered under confiscation or forfeiture orders held in this account. Funds may only be withdrawn for purposes defined by the Proceeds of Crime Ordinance 2009.

	As at 31-Mar-14 US \$	As at 31-Mar-13 US \$
National Forfeiture Fund		
Opening Balance	3,280,953	1,280,953
Criminal Recoveries	3,394,360	2,000,000
Transfers to Consolidated Fund	(4,675,290)	-
Closing Balance	2,000,023	3,280,953

17. INVENTORIES

Inventories (Unallocated Stores) totalled US \$580,937 at 31st March 2014 (31st March 2013 - 398,855) including items held in stock at the Central Purchasing Unit (CPU) and other government departments. These inventories are valued at the First In, First Out (FIFO) Basis, and presented below:

The information below is compiled from returns provided by Accounting Officers.	
Inventories (Unallocated Stores)	AMOUNT \$
Ministry of Border Control and Labour	38,800
Ministry of Environment and Home Affairs	16,118
Ministry of Government Support Services	502,001
Ministry of Health and Human Services	17,935
Ministry of Education, Youth, Sports and Culture	6,083
Total Inventories (Unallocated Stores)	580,937



18. REVENUE ARREARS

The Revenue Arrears totalled US \$14,570,326 at 31st March 2014 (31st March 2012 - 26,594,270) as outlined in the table below. It is important to note that an analysis was carried out regarding the collectability of these arrears and it is believed that the amount collectible is more than 50%.

The information below is compiled from returns provided by Accounting Officers.			
MINISTRY	DESCRIPTION	AMOUNT \$	AMOUNTS \$
Office of the Governor	National Audit Office - Audit Fees		7,000
Attorney General's Chambers	Arrears in Crown Land*		3,348,858
Ministry of Government Support Services	Commercial Water Customers	1,400,578	
	Residential Water Customers	1,399,184	
Ministry of Government Support Services			2,799,762
Ministry of Finance, Trade and Investment	Import Duty	322,551	
	Customs Processing Fee	30,482	
	Freight & Insurance Tax	7,256	
	Unpaid Declarations	379,731	
	Accommodation Tax	262,990	
	Dishonoured Cheques	61,738	
	Communication Tax	923,351	
	Business License Renewals	3,009,425	
Ministry of Finance, Trade and Investment			4,997,524
Ministry of Education, Youth, Sports and Culture	Scholarship Contributions*	3,241,887	
	Student Fees	168,170	
	Other Fees	7,125	
Ministry of Education, Youth, Sports and Culture Total			3,417,182
Total Arrears of Revenue			14,570,326

19. COMMITMENTS AND CONTINGENT LIABILITIES

Estimates of quantifiable commitments and contingent liabilities stood at US\$26,272,034 as at the end of March 2014. There is no current actuarial valuation of the Government's unfunded pension scheme; however a valuation is commissioned and is expected to proceed in October 2014.



The information below is compiled from returns provided by Accounting Officers.			
COMMITMENTS AND CONTINGENT LIABILITIES	DESCRIPTION	AMOUNT \$	AMOUNT \$
Office of the Governor	Anticipated cost of Transport & Installation of Equipment for Internal Audit		300
Office of the Attorney General	Anticipated court settlements	120,000	
	Provision for refunds where government sold or leased properties in conflict with the National Parks Ordinance.	305,582	
	Compensation for compulsory acquisition for the PLS Airport redevelopment project.	1,721,900	
	Compensation for compulsory acquisition for the expansion of the North Caicos Airport	708,280	
	Various other Litigation Matters	1,680,000	
Total Office of Attorney General			4,535,762
Total Ministry of Finance, Trade & Investment	Remaining cost of the Digicel contract		5,992,756
Ministry of Health and Human Services	Reconciliation & Windstorm (ICL Contract)	998,594	
	Professional & Consultancy services	182,750	
	Medical bills for Southern Health Network	14,976,000	
	Other	35,872	
Total Ministry of Health and Human Services			16,193,216
Total Commitments and Contingent Liabilities			26,722,034

20. LOSSES OF PUBLIC MONEYS AND STORES

Losses of public moneys and stores relate direct losses during the financial year due to theft and spoilage in addition to items which became obsolete and no longer usable.

The information below is compiled from returns provided by Accounting Officers.	
MINISTRY	AMOUNT \$
Office of the Attorney General	1,500
Ministry of Environment and Home Affairs	6,100
Ministry of Government Support Services	1,731
Ministry of Health and Human Services	4,157
Ministry of Education, Youth, Sports and Culture	1,050
Total Losses of Public Money and Stores	14,538



21. EXPENDITURE ARREARS

Expenditure arrears as at March 31, 2014 was \$1,857,480.25 (March 31, 2013 – unavailable) relate primary to known and committed expenditure at the end of the financial year. These expenditure arrears are non-disputed payment obligations that are due but not paid at the end of financial year. They arise on expenditure item including staff costs, utilities, rents and payments for goods and services. The following conditions were also met:

- The Goods and services were actually received.
- Invoice for payments were received
- The due date for payment is passed and the invoice remains unpaid beyond the normal or agreed period of credit.

The information below is compiled from returns provided by Accounting Officers.	
MINISTRY	AMOUNT \$
Office of Governor	1,300
Police	56,603
Office of the Attorney General	354,911
Judiciary	1,590
Ministry of Border Control and Labour	31,431
Ministry of Environment and Home Affairs	12,104
Ministry of Government Support Services	613,900
Ministry of Finance, Trade and Investment	594,134
Ministry of Health and Human Services	126,665
Office of the Deputy Governor	17,502
Ministry of Education, Youth, Sports and Culture	47,339
Total Expenditure Arrears	1,857,480

22. LONG TERM COMMITMENTS

Health Services Contract

A Contract was signed on 11th January 2008 with Interhealth Canada Clinical Services (TCI) Ltd. (Clinco) and Interhealth Canada Infrastructure (TCI) Ltd. (Infraco) for the provision of all health services on the Turks and Caicos Islands with new hospitals in Grand Turk and Providenciales. The Contract was established to minimize the transportation of patients for treatment abroad under the Government's Treatment Abroad Programme (TAP), which was deemed as a very expensive option. It involves the provision of primary and secondary health care services through design, construction, financing, equipping, staffing, maintenance and operation of the Facilities for a period of 25 years. At the expiry of the Agreement at the end of the project term, the Facilities, the Ring-fenced Equipment and the Non-Ring-fenced Equipment shall revert to the Government and there will be no residual value payment to be made by the Government to either Relevant Provider. The capital cost of the Facilities is set at US \$65,500,000 and the capital cost of the Ring-fenced Equipment is set at US \$13,216,942.



Under the Contract, payment is to be made on monthly basis as determined by the payment mechanism established and based on the financial model (cash flows) of the service providers. The Government may under the contract elect to have payment of any amount due to be made by or through the National Health Insurance Body (NHIB) but shall remain liable (as primary obligator) for payment of all such amounts to the Relevant Provider. The monthly payment under the contract commenced in April 2008.

23. PROPERTY, PLANT AND EQUIPMENT

The current fixed asset management process is essentially a manual system but Accounting Officers are responsible under PFM Regulation 131 for the security and maintenance of the assets under their control. In addition, PFM Regulations 127- 128 states that Accounting Officers are also to maintain fixed asset register in an approved form. During the financial year efforts were made to have registered prepared by all Accounting Officer which resulted in many providing a register of their respective ministry. There is currently no value attached to fixed assets and therefore one cannot be provide in this financial report. The government is however in the process of commissioning a valuation of its assets which will be made public once completed and included in future financial reports.

24. RELATED PARTY TRANSACTIONS

While every effort is made to safeguard the financial integrity of all transactions between TCIG and the public, it is very difficult to be able to identify all incidents involving parties related to officers of the government. Therefore, public officers were asked to provide a personal related party and code of conduct compliance declaration to the Accountant General and the Auditor General. These declarations were made with the clear understanding that individuals found to have provided false declarations, could be dealt with to the full extent of the law.

25. GOVERNMENT CONCESSIONS

The Customs Ordinance Section 70 allows the Minister to exempt in particular cases upon written application persons or category of persons as he thinks fit subject to conditions and restrictions as he sees fit. The 2010 Customs General Tariff Order further permits the Collector of Customs to approve exemptions for the purpose associated with Government Institutions and personnel.

The total Customs Department concessions for the financial year 2013/14 amounted \$28,085,005 (FY2012/13 - \$23,886,347). Every effort was made during the year to ensure that concession recipients were indeed qualified and that the relevant legislations and procedures were followed.

The total immigration Department concessions amounted to \$30,875, (FY 2012/13 - Unavailable) which was primary provided for religious, social and sporting events hosted in the Turks and Caicos Islands.

Total concessions forgone for the financial year amounted to \$28,115,880. The Government is cognizant of the amount of the these concession and while it is very difficult to accurately quantify the long term economic benefits and GPD contribution; the employment opportunities, small business spinoffs, and enhance Government revenue in areas such as hotel and restaurant taxes and other sources of Government revenue, makes these concession essential and worthwhile.



		As at 31-Mar-14 US\$
STATEMENT OF CONCESSIONS		
Customs Department Concessions		
Import duty	15,730,383	
Fuel Tax	11,585,679	
Customs processing fees	702,669	
Freight and insurance tax	66,274	
Total Customs Department Concessions		28,085,005
Immigration Department Concessions		
Temporary work permits	20,300	
Visas	10,575	
Total Immigration Department Concessions		30,875
Total TCIG Concessions		28,115,880

26. COMPARATIVE INFORMATION

Certain comparative numbers were reclassified in the statements listed below to conform to the current year presentation. These reclassifications however have no effect on previously reported surplus, deficit or the net assets/funds of TCIG.

Statement of Financial Position

Statement of financial performance

Statement of cash flow

Statement of comparison of budget and actual amounts