

Turks & Caicos Islands



2013-14 Fourth Quarter Financial Report

January to March, 2014

For Financial year April 2013 to March 2014

Prepared by the Office of the Accountant General

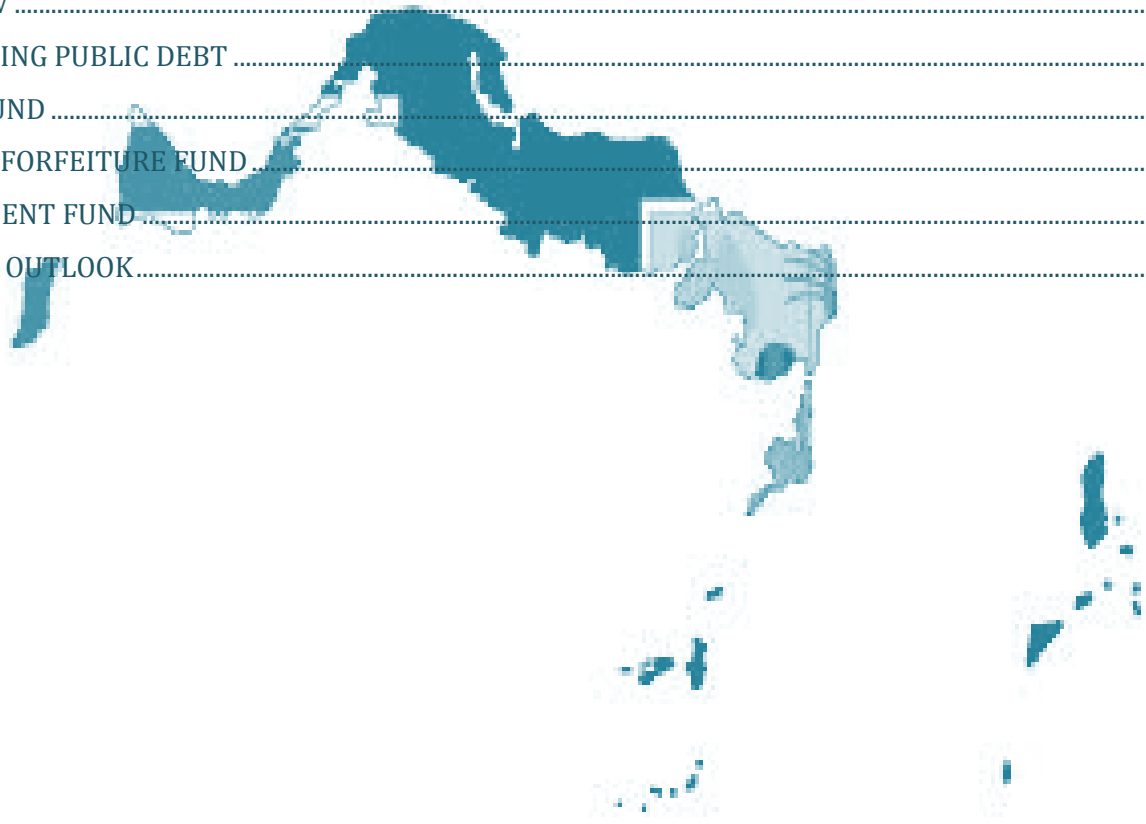
April 28rd, 2014

Information presented in this Fourth Quarter Financial Report is not audited

March 31, 2014

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March 31, 2014

FOREWORD

The fourth quarter of FY2013/14 Financial Report (Unaudited) presents a summary of the results of operations of the Government of the Turks and Caicos Islands for the last three months of this financial year ending March 31, 2014. The report has been prepared in adherence to the Public Finance Management Ordinance 2012 (Section 46. 01) which requires that the Accountant General prepares and submits unaudited budget report within 28 days after the quarter end.

The preparation and publication of this report stem from Government's commitment to transparent reporting of the Turks and Caicos Islands Government's (TCIG) finances, contributing to the overall accountability arrangement and an improved quality of governance & decision making.

This enables the Government to monitor more closely the usage of public funds and the associated risks and challenges, so that where corrective measures may be needed, they are undertaken on a timely basis.

Likewise, the public, financial institutions and other stakeholders are able to monitor the finances of the Government to be assured that financial decisions are made in accordance with prudent fiscal management.

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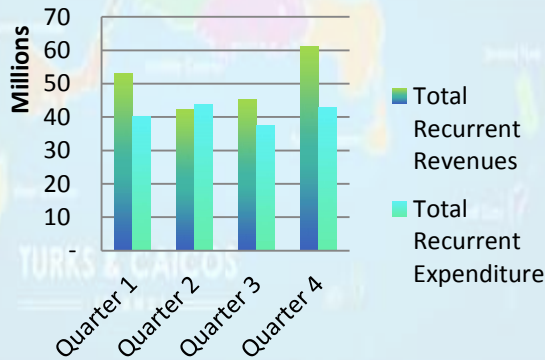
Arnold Ainsley (Mr)
Accountant General

April 28, 2014

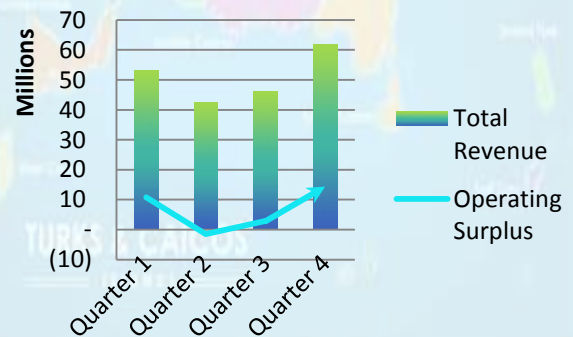
March 31, 2014

HIGHLIGHTS QUARTER 4 FY2013-14

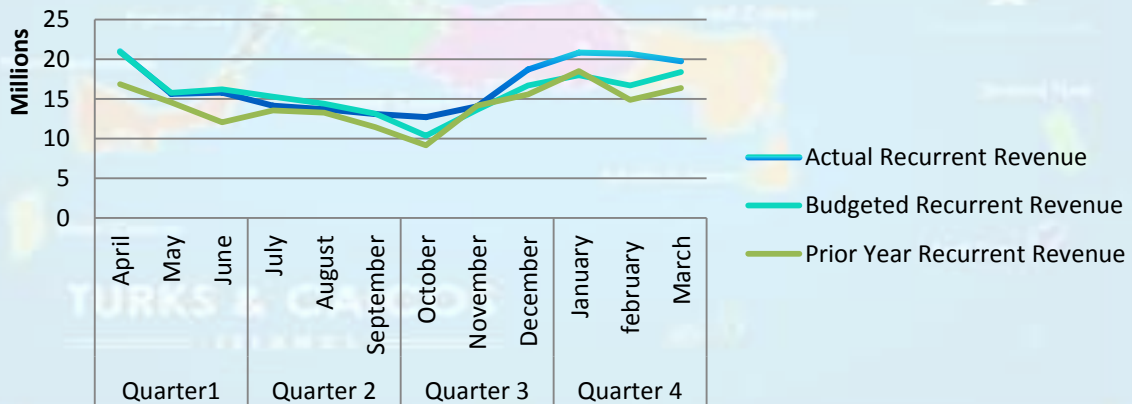
Total Recurrent Revenue & Expenditure by Quarter



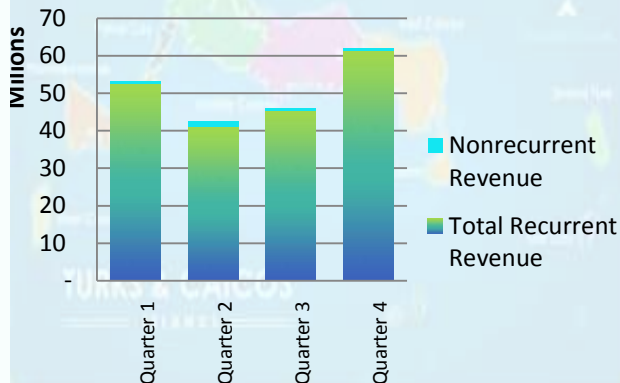
Total Revenue & Operating Surplus



Recurrent Revenue by Quarter



Total Revenue



Total Expenditure



March 31, 2014

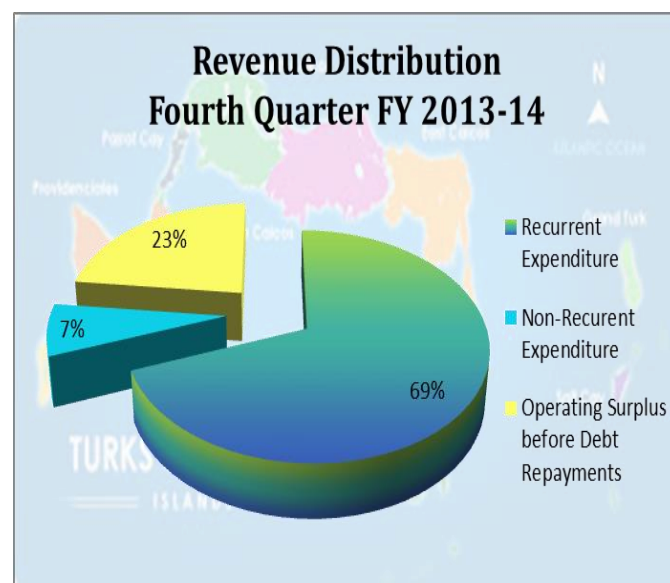
SUMMARY

The unaudited year to date result for the last three months of the fiscal year showed an operating surplus of \$30.7 million, a positive variance of \$7.4 million over the estimated surplus of \$23.3 million for the year. Year to date recurrent revenues of \$200.3 million had a positive variance of \$9.9 million or 5% above the budget estimates and was \$20.3 million or 11% above last year's results. Year to date recurrent expenditure of \$154.6 million was \$7.0 million or 4% lower than the budgeted amounts, which were primarily as a result of savings in personnel cost and other operating expenses.

	Quarter 4 2013			Variance				Year to Date			Variance			
	Actual	Budget	Prior Year	Budget		Prior Year		Actual	Budget	Prior Year	Budget		Prior Year	
	\$ 000's	\$ 000's	\$ 000's	\$ 000's	%	\$ 000's	%	\$ 000's	\$ 000's	\$ 000's	\$ 000's	%	\$ 000's	%
Recurrent Revenue	61,228.2	53,010.0	49,598.9	8,218.2	16%	11,629.3	23%	200,345.9	190,447.3	180,051.0	9,898.6	5%	20,294.9	11%
Recurrent Expenditure	42,967.9	36,549.1	33,957.8	(6,418.8)	(18%)	(9,010.1)	(27%)	154,618.3	161,612.1	140,187.0	6,993.8	4%	(14,431.3)	(10%)
Net Recurrent Surplus/(Deficit)	18,260.2	16,460.9	15,641.0	1,799.3	11%	2,619.2	17%	45,727.5	28,835.2	39,863.9	16,892.4	59%	5,863.6	15%
Non-Recurrent Revenue	743.6	9,045.3	12,620.8	(8,301.7)	(92%)	(11,877.2)	(94%)	3,139.0	13,446.0	58,293.0	(10,306.9)	-77%	(55,153.9)	(95%)
Non-Recurrent Expenditure	4,617.2	6,086.4	7,755.4	1,469.2	24%	3,138.1	40%	18,135.0	18,936.9	28,502.6	801.9	4%	10,367.6	36%
Operating Surplus/(Deficit)	14,386.6	19,419.8	20,506.5	(5,033.2)	-26%	(6,119.9)	-30%	30,731.6	23,344.3	69,654.3	7,387.3	32%	(38,922.7)	-56%

Quarter four net operating balance for the consolidated fund showed a surplus of \$14.4 million, compared to an estimated surplus of \$19.4 million, and a surplus of \$20.5 million in the same quarter last year.

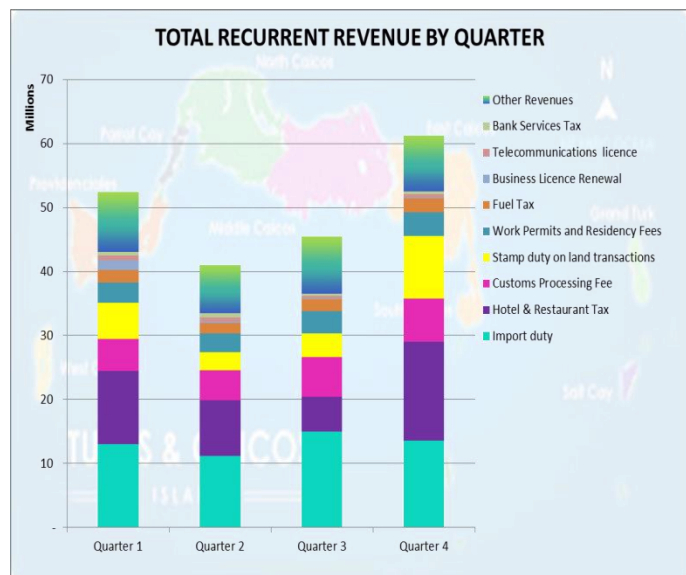
Recurrent Revenue outturn for the quarter was \$8.2 million or 16% above budget estimates. As there were significant increases in nearly all revenue streams when compared to results of last year, total recurrent revenues for the quarter came in at 23% above last year's results.



Nonrecurrent revenue was however \$11.9 million or 94% below last year's results due to large one-off receipts, such as civil recoveries, land sales and revenue from grants.

Recurrent expenditure which came in at \$43.0 million was \$6.4 million or 18% above budget estimates which included adjustment for virements and \$9.0 million or 27% above last year's results.

Nonrecurrent expenditure of \$4.6 million was about 24% below the budget and 40% below last year's results.



March 31, 2014

REVENUE & EXPENDITURE**Fourth Quarter Results - January to March 2014**

Revenue	Quarter 4		
	Actual	Budget	Prior Year
Import duty	13,571	13,466	12,481
Hotel & Restaurant Tax	15,412	12,476	11,568
Customs Processing Fee	6,712	5,163	4,961
Stamp duty on land transactions	9,768	2,679	1,930
Work Permits and Residency Fees	3,748	2,892	2,895
Other Revenues	12,016	16,334	15,764
Total Recurrent Revenue	61,228	53,010	49,599
Nonrecurrent Revenue	744	9,045	12,621
Total Revenue	61,971	62,055	62,220

Total Recurrent Revenue outturn for the quarter was \$61.2 million. Of the total collected during the fourth quarter, 22% or \$13.6 million was derived from Import Duties, while \$15.4 million came in for Hotel & Restaurant Tax and \$6.7 million for Customs Processing Fee, together accounting for 58% of recurrent revenues.

Non recurrent revenues were \$0.7 million for the fourth quarter, falling short of budgeted amounts by 92% or \$8.3 million, including the \$4.0 EU Grant which came in April.

Expenditure	Quarter 4		
	Actual	Budget	Prior Year
Personnel Costs	16,171	13,266	15,612
Transfers to NHIB	6,184	7,016	4,604
Hospital Provisional Charges	7,156	6,576	5,850
Subventions	1,861	1,620	1,467
Rental of Assets	2,012	1,721	883
Other Recurrent Expenditure	9,583	6,351	5,541
Total Recurrent Expenditure	42,968	36,549	33,958
Nonrecurrent Expenditure	4,617	6,086	7,755
Total Expenditure	47,585	42,635	41,713

Recurrent expenditure outturn for the quarter was \$43 million, which was \$6.4 million or 17.5% higher than budget estimates, due the supplementary appropriation in March 2014 and \$9.0 million or 27% above last year's results.

Personnel costs stood at \$16.1 million for the quarter and were \$2.9 million or 22% above the budgeted amount of \$13.3 million and 4% or \$0.6 million above the same period last financial year.

Non Recurrent Expenditure amounted to \$4.6 million in the fourth quarter, which included interest payment on \$170 million bonds, civil recoveries and SIPT costs.

Year to Date Results – April to March 2014

Revenue	Year to Date		
	Actual	Budget	Prior Year
Import duty	52,699	50,735	48,529
Hotel & Restaurant Tax	40,948	37,869	34,009
Customs Processing Fee	22,573	19,821	18,960
Stamp duty on land transactions	21,944	15,124	13,927
Work Permits and Residency Fees	13,320	11,639	10,892
Other Revenues	48,862	55,258	53,733
Total Recurrent Revenue	200,346	190,447	180,051
Nonrecurrent Revenue	3,139	13,446	58,293
Total Revenue	203,485	203,893	238,344

Total Revenue for the year to date amounted to \$203.5 million, which was \$0.4 million below the budget and \$34.9 million below last year's results, due to large non recurrent receipts the previous year.

Recurrent revenue for the twelve months was \$200.3 million, compared to a budget of \$190.4 million, appositive variance of \$9.9 million or 5% and prior year outturn of \$180.1 million.

Year to Date Non Recurrent revenues of \$3.1 million were 77% below budget and a significant \$55.2 million below last year's results, due to some large one-off receipts.

Expenditure	Year to Date		
	Actual	Budget	Prior Year
Personnel Costs	64,648	65,441	57,347
Transfers to NHIB	20,625	20,718	18,214
Hospital Provisional Charges	24,529	24,720	24,295
Subventions	6,187	6,517	6,413
Rental of Assets	5,624	5,711	4,980
Other Recurrent Expenditure	33,004	38,505	28,937
Total Recurrent Expenditure	154,618	161,612	140,187
Nonrecurrent Expenditure	18,135	18,937	28,503
Total Expenditure	172,753	180,549	168,690

Total expenditure to date was \$172.8 million, \$7.8 million below budget and \$4.1 million above last year's results.

Year to date recurrent expenditure outturn was \$7.0 million or 14% below the budget estimates of \$161.6 million and 6% above last year's results of \$140.2 million.

Non-recurrent expenditure, year to date, came in at \$18.1 million, \$0.4 million less than the budgeted amount and \$10.4 million or 36% less than last year's results.

March 31, 2014

CASH FLOW

	Quarter 4 2013			Variance				Year to Date			Variance			
	Actual	Budget	Prior Year	Budget		Prior Year		Actual	Budget	Prior Year	Budget		Prior Year	
	\$ 000's	\$ 000's	\$ 000's	\$ 000's	%	\$ 000's	%	\$ 000's	\$ 000's	\$ 000's	\$ 000's	%	\$ 000's	%
Cash Flow from Operations	14,386.6	19,419.8	20,506.5	(5,033.2)	-26%	(6,119.9)	(30%)	30,731.6	23,344.3	69,654.3	7,387.3	32%	(38,922.7)	(56%)
Less:														
Capital Contributions	(3,594.6)	1,392.7	(9,418.4)	(4,987.4)	(358%)	5,823.8	(62%)	(9,712.1)	(11,189.8)	(15,162.6)	1,477.7	(13%)	5,450.5	(36%)
Debt Repayments	(1,556.5)	(1,434.9)	(1,302.6)	(121.6)	8%	(253.9)	19%	(7,465.3)	(7,441.0)	(11,786.2)	(24.3)	0%	4,320.9	(37%)
Bond Inflows	1,452.7	750.1	926.2	702.6	94%	526.5	57%	3,579.5	2,617.0	1,826.2	962.5	37%	1,753.3	96%
Herzog Payment	(329.8)	(501.0)	(501.0)	171.2	(34%)	171.2	(34%)	(1,832.8)	(2,004.0)	(2,004.0)	171.2	(9%)	171.2	(9%)
Transfers from/(to) NFF	2,579.3	8,815.1	(2,000.0)	(6,235.8)	(71%)	4,579.3	(229%)	4,675.2	10,096.0	(2,000.0)	(5,420.8)	(54%)	6,675.2	(334%)
Transfers to Sinking Fund	(14,473.4)	(5,058.6)	(25,445.8)	(9,414.7)	186%	10,972.5	(43%)	(17,170.9)	(11,757.0)	(41,009.3)	(5,413.9)	46%	23,838.4	(58%)
Net Workin Capital	(1,627.2)	-	(1,872.6)	(1,627.2)	-	245.4	(13%)	617.9	-	(3,359.9)	617.9	-	3,977.8	(118%)
Net Cash Flow	(3,162.8)	23,383.2	(19,107.7)	(26,546.0)	(114%)	15,944.9	(83%)	3,423.1	3,665.5	(3,841.4)	(242.3)	(7%)	7,264.6	(189%)

The fourth quarter of FY2013-14 recorded a net cash flow deficit of \$3.2 million relative to a budgeted surplus of \$23.4 million and prior year deficit of \$6.8million.

The year to date net cash flow was a \$3.4 million surplus, increasing the Consolidated Fund by the same amount. The year to date net cash flow was \$3.4 million, compared to the projected cash flow surplus for the year to date of \$3.7 million, but was \$7.3 million above prior year cash deficit of \$3.8 million, primarily due to funds retained in the bank accounts to cover cheques outstanding at March 31, 2014.

Recurrent payments for Inter-Health Canada, National Health Insurance Board, and debt servicing payments were made during the quarter, as scheduled. The cash flow forecast for ensuing months indicates that flows should remain positive and there should not be a need to draw on the credit facility.

OUTSTANDING PUBLIC DEBT

The Turks and Caicos Government's outstanding debt as of March 31, 2014 is \$207.6 million, as shown in the adjacent table. Total debt repayments for the financial year were \$9.3 million.

The guaranteed loans are secured by a United Kingdom/DFID guarantee in the amount of \$260 million.

All loan principal and interest payments are up to date for the year ended March 31, 2014.

Debt Type	Opening	Quarter 4 2013	
	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)	.0
Total Outstanding Public Debt	216,866.2	(9,297.8)	207,568.4

SINKING FUND

The Sinking Fund balance as at end March 2014 stood at \$58.2 million. Net public debt outstanding at the end of March 2014 is therefore about \$149.4 million, when the Sinking Fund is taken into consideration.

NATIONAL FORFEITURE FUND

The National Forfeiture Fund had a balance of \$2.0 million at the end of March 2014. This is due to \$2.3 million being transferred to the Consolidated Fund during the month of February and immediately transferred to the Sinking Fund.

March 31, 2014

DEVELOPMENT FUND

Development Fund	Quarter 4 2013			Variance				Year to Date			Variance			
	Actual	Budget	Prior Year	Budget	%	Prior Year	%	Actual	Budget	Prior Year	Budget	%	Prior Year	%
	\$ 000's	\$ 000's	\$ 000's	\$ 000's	%	\$ 000's	%	\$ 000's	\$ 000's	\$ 000's	\$ 000's	%	\$ 000's	%
Capital Contributions	3,594.6	2,010.0	3,875.3	1,584.6	79%	(280.7)	(7%)	9,712.1	14,592.6	9,619.5	(4,880.5)	(2%)	92.6	1%
Capital Expenditure	(3,594.6)	(3,432.2)	(3,875.3)	162.5	-5%	(280.7)	8%	(9,712.1)	(11,267.2)	(5,744.2)	(1,555.1)	16%	3,968.0	(41%)
Net Capital Surplus/(Deficit)	-	(1,422.2)	-	1,422.2	-	-	-	-	3,325.4	3,875.3	(3,325.4)	-	-	-

The total amount spent on capital projects in the fourth quarter of FY2013-14 was \$3.6 million, which was funded by capital contributions totaling \$3.6 million provided by the Consolidated Fund. The capital expenditure of \$3.6 million in the fourth quarter was \$0.2 million below the budget and \$0.3 million less than the amount spent in the same period last year.

The total capital expenditure for the twelve months to March stood at \$9.7 million, which was \$1.6 million below the budget of \$11.3 million and \$4.0 million ahead of the amount spent for the same period last financial year. Major capital projects for the year included the Construction of a new block for both the H J Robinson High School and the Ona Grinton Primary School, while the repairs to the causeway bridge are ongoing.

FINANCIAL OUTLOOK

For the financial year ending March 31, 2014, TCIG was able to achieve its fiscal surplus. The unaudited financial analysis presents a fiscal surplus of US \$30.7 million generated by the Government from its operations during the financial year ending 31st March 2014

Recurrent revenue outturn for the year has been impressive coming in well above both budget estimates and prior year's amounts. Some contributors to this were the increase in the rate of customs processing fee from 6% to 7.5% and also the increase in fuel tax from 75 cents to 85 cents per gallon.

Recurrent expenditure for the year also came in favorable being 14% below budget estimates. This is as a result of enforced compliance with the both Public Finance Management and the Public Procurement Ordinances.

The Government remains committed to prudent fiscal management, ensuring improvements in revenue collection and that expenditure control measures are continued to be carried out to enhance its financial performance. Significant challenges are still envisaged and great efforts will be made in improving compliance in revenue collection while at the same time deriving value for money and maximum benefits from amounts spent on Government operations.