

ANNUAL REPORT

TURKS AND CAICOS ISLANDS

PORTS AUTHORITY

For the Year Ended March 31st 2021



PORTS
AUTHORITY
BELLEFIELD
LANDING

WELCOME
CENTER &
OFFICE
COMPLEX



Tender Reference Number TR 20/38

Contract: TCIPA 05/20

PORTS IN THE TURKS AND CAICOS ISLANDS



Port of Provo



Port of South Caicos



Port of Grand Turk



Port of North Caicos



OUR VISION:

To become one of the Caribbean's leading ports by providing professional and quality services to the people and businesses of the Turks and Caicos Islands.

OUR MISSION:

A financially self-sustaining public service that provides the most efficient maritime transportation facilities to the people and businesses of the Turks and Caicos Islands.



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BOARD OF DIRECTORS

- Mr. Urban Jason Francis.....Chairman
Ms. Artavia Bassett.....Deputy Chairman
Mr. Derek Rolle.....Director
Mr. E. Lavardo EwingDirector
Mr. Correy Forbes.....Director
Mrs. Athenee Harvey-Basden.....Permanent Secretary, Finance
Mr. Garvin Thomas.....Director of Public Works Department
Mrs. Kathleen Forbes.....Director of Strategic Policy & Planning
Ms. Chawa WilliamsCollector of Customs
Mr. Stuart TaylorDeputy Secretary of Finance
Mr. Delton Jones.....Director of Ports
Mrs. Paula MyersBoard Secretary



BOARD OF DIRECTORS



Mr. Jason Francis



Ms. Artavia Bassett



Mr. Derek Rolle



Mr. E. Lavardo Ewing



Mr. Correy Forbes



Mrs. Kathleen Forbes



Mr. Stuart Taylor



Mrs. Paula Myers



Mr. Gavin Thomas



MANAGEMENT TEAM



**Mr. Delton Jones,
Director**



**Ms. Shawna Lewis,
Financial Controller**



Ms. Deleria Simms,



**Ms. Paula Stewart,
Business & Communications Manager**



Mr. Dudley Been,



**Mr. Walter Hanchell.
Snr. PFSO Officer**



**Mr. Dwayne Simons
Project Manager**



**Mr. Urban Jason Francis,
Chairman**

CHAIRMAN'S REPORT

On behalf of Board of Directors and Management of the Turks and Caicos Islands Ports Authority, I am very pleased to present to you the report on our financial and operational performance during the period April 1st 2020 to March 31st 2021.

We began the year during a national lockdown in response to the Covid-19 pandemic. No one could have foreseen the impacts of the Corona Virus pandemic on global and national economies.

The Ports Authority had to make the necessary adjustments to protect the health and safety of its staff and the public who visit the ports; while minimizing adverse impacts on operations. There was a marked decline in shipping, compared to earlier years. In response our fiscal targets and work plans were revised, downwards.

The Board and staff demonstrated great adaptability during year. We successfully migrated to 'virtual' meetings, introduced and enforced new safety protocols and adjusted operating hours in response to changes in national curfews; while at the same time making efforts to implement critical work plans.

There have been obvious impacts on our operations during the year, particularly in delivering capital projects. However, we made reasonable progress on implementing our Strategic Plan (2019/20-2022/23). In this Report we are pleased to introduce a section to measure progress on implementing the Strategic Plan. We also were able to appraise all our capital projects for 'approval' by Cabinet, although project implementation was delayed in most instances. Importantly we launched the tendering for the Redevelopment of South Dock Provo.

Progress during 2020/21 will lay the basis for sustained progress in building our port infrastructure, on all Islands, during the next few years. We have also focused developing our staff capacity, introducing standard operating procedures and have been responsive to the needs of the communities we serve through our Community Outreach Program which we launched during the pandemic. Our actions in these areas are reflected in this Annual Report.

Finally, I would like to commend the Directors and Staff of the Ports Authority, and thank the government of the Turks and Caicos Islands and its departments and our stakeholders for their support during the financial year. Your contributions have been vital to our success.

Urban Jason Francis



I. GOVERNANCE AND ACCOUNTABILITY

The Ports Authority manages its affairs in accordance with an Annual Sponsorship Letter issued by the Minister of Finance in accordance with Public Financial Management Ordinance 2012. During the reporting period considerable strides were made to comply with the Sponsorship Letter and improve accountability and governance within the organization.

Day to day work plans and budget prioritization are based on the Strategic Plan (2019/20 – 2022/23) which was prepared organically, with inputs from Management, Stakeholders and the Board. The Strategic Plan was approved by the Board in May 2019.

As part of Board governance improvements, Chairman Francis and Director Jones completed the Certified Directors training course in October 2020. This course which was held virtually for statutory bodies was sponsored by the Ministry of Finance and facilitated by the Caribbean Governance Training Institute.

Several members of the Board, participated in the Annual Convention of the America Association of Port Authorities which was held virtually during September 2020. This convention exposed Directors to a variety of issues affecting shipping and ports such as post-covid forecasts, building port climate resilience and technology and port efficiency.

Board Activities in the time of Covid 19

- The Board met physically, only once, during the year, due to restrictions posed by the Covid-19 pandemic. This notwithstanding, the Board of Directors embraced new virtual communications technology (Zoom) and met every month, as required by the Ports Authority Ordinance. In this way the oversight responsibility of the Board was not impacted. Information on Board deliberations are uploaded on the port's website, as required by the Sponsorship Letter.
- The Finance Committee and HR Committee were very active during the year. Virtual meetings of the HR Committee were held to review key staff recruitments. On the recommendation of the HR Committee, the Board approved a revised Awards and Recognition Policy for staff.
- The Finance Committee met several times to review the 2019/20 Financial Audit Statement and Management Letter; review the revised 2020/21 Budget; and also review and recommend approval of the draft 2021/22 Budget by the full Board.

The Goals/ Strategic Objectives 2019-2021

1. **Secure ports**—Ensure ports comply with international security conventions and codes to protect the reputation of TCI.
2. **Safe ports**-Build safety culture to enhance safety of port workers and visitors to the ports.
3. **Resilient ports**-Develop port infrastructure based on economic and technical appraisals.
4. **Self supporting ports**-Develop sustainable financial and HRM frameworks.
5. **Partnerships and collaboration**
Collaborate with stakeholders to increase awareness of importance of the maritime sector.



- The Infrastructure Committee was particularly active. Meetings were held to review project variations and to advance the appraisal of the project for the redevelopment and modernization of South Dock, Providenciales and capital projects on North Caicos and South Caicos. The committee reviewed and recommended approval of several policies associated with the upcoming Coastal State Audit of the TCI; including
 - Port Oil Spill Plan
 - Port Waste Management Plan
 - Aids to Navigation Management Policy
 - Maritime Safety Information (MSI) Coordination Policy
- Directors approved the Community Outreach Program in July 2020 and were actively involved in programs undertaken during the year.
- The Board Chairman presided over the first-joined up staff meeting which was held ‘virtually’ in October to recognized staff who celebrate 10 years of employment with the Ports Authority.
- Directors attended the first Port Open Day which was held on December 15th 2020. Former Premier Hon. Sharlene Cartwright-Robinson was the guest of honor for the Port Open Day. This event marked the ‘opening’ of the port following substantial completion of all post-hurricane completion projects from 2017; and commissioning of The Grand Turk Pavement Project.

TCI Ports Authority Board of Directors Engagements





PROGRESS REPORT ON STRATEGIC PLAN



Notwithstanding disruptions caused by the response to the COVID-19 pandemic, our work plans were geared toward implementation of the Strategic Plan (2019-2022).

Beginning with this Annual Report, we will discuss progress on implementing the Strategic Plan. Accordingly, the progress report for 2020/21 under each of the five (5) goals is presented below.

Goal 1- Secure Port - Ensure ports comply with international security conventions and codes to protect the reputation of TCI.

1. New Port Facility Security Plans (PFSPs) were approved by the UK Department of Transport for Five (5) years from December 2020. The new PFSPs were prepared with inputs from security staff, address emerging security issues and present a regime for ongoing security staff training.
2. Regular security trainings were conducted ‘virtually’ in accordance with the (revised) Staff Training and Development Plan.
3. Introduction of a new port management system (Unitrack) commenced. This should improve accountability of imported and exported containers and production of performance statistics.

Goal 2- Safe Ports - Build safety culture to enhance safety of port workers and visitors to ports

While not foreseen in the Strategic Plan, safety protocols were introduced and enforced at all ports in response to Covid-19.

As part of preparation for the Coastal State Audit of the PATCI staff collaborated in preparing the following port safety/ safety of navigation plans/ policies:

- Port Oil Spill Plan
- Port Waste Management Plan
- Aids to Navigation Management Policy
- Maritime Safety Information (MSI) Coordination Policy

Oil Spill containment equipment for all ports in the Turks and Caicos Islands was procured. Virtual training on use of the equipment was also held. A recruitment exercise for a Ports Safety Officer was also launched.

Navigation lights throughout the Turks and Caicos were rehabilitated and new computer linked lights installed.



Goal 3 Resilient Port - Develop port infrastructure based on economic and technical appraisals

Progress was made to advance rebuilding of port infrastructure on all islands. All projects contained in the 2020/21 capital budget were appraised and tendering completed; resulting in Cabinet approval for projects on the Islands of North Caicos and South Caicos.

Financial arrangements for the redevelopment and modernization of South Dock, Provo were agreed with the Ministry of Finance; and the prequalification exercise to select a contractor to undertake Phases 1 and 2 of the project was launched. Appraisal work commenced for the new ports office block at South Dock.

Climate considerations were incorporated into project designs.

Goal 4: Self-supporting Ports - Develop sustainable financial and HRM frameworks

The Ports Authority 2019/20 Financial Audit was completed within the statutory timeframe. A work plan was agreed to address Audit queries.

Renewed effort was made to resolve outstanding issues associated with vesting of properties from the Crown to the Ports Authority.

A revamped employee recognition and awards program was approved by the Board. This was revised with input from staff, with stronger emphasis on self-development and community service.

Gold 5: Partnerships and collaboration - Collaborate with stakeholders to increase awareness of importance of maritime sector

The Ports Authority's Community Outreach program was launched in July. The program was responsive to community needs during the Covid 19 pandemic. As its first activity, 'Tablets' were provided to school children to support virtual learning. In November face to face learning resumed for Grades 5 and 6 students, they were gifted with backpacks, notebooks, pens and pencils. Care packages and Christmas gifts were distributed to Welfare recipients throughout the islands in the month of December.

The Ports Stakeholder's Committee was formally incorporated as a Non-profit Organization. Regular dialogue was held with port stakeholders. A Stakeholder survey was launched but was not concluded. The survey instrument will be reviewed to increase the response rate.

The Ports Authority participated in the Ports Management Association of the Caribbean (PMAC) and Association of American Port Authorities (AAPA) annual meetings, which were held virtually.

Conclusion

It is important to focus staff attention on the Strategic Plan both to promote accountability and inspire commitment to a shared vision. Accordingly, 'Culture Cards' summarizing salient aspects of the Strategic Plan were prepared and distributed to all staff.

Progress on implementing the Strategic Plan was delayed in 2020. During 2021/22, the Strategic Plan would be reviewed to make adjustments and revise implementation timelines for activities.



NEW MINISTER WITH RESPONSIBILITY FOR THE PORTS AUTHORITY

General elections were held in the Turks and Caicos Islands on February 19, 2021. The Progressive National Party under the leadership of Hon. Charles Washington Misick was elected as the new government for the TCI.

As part of the changes following the general elections, ministerial responsibility for the Ports Authority was transferred from the Ministry of Finance, Trade and Investment to the new Ministry of Immigration and Border Services.

The new Minister with responsibility for ports is Hon. Arlington Alexander Musgrove. Since his appointment Hon. Musgrove has visited the ports on Grand Turk and Providenciales where he met the Chairman and staff; and was briefed on current work plans.



Hon. A. Musgrove and Chairman Urban Francis



Hon. A. Musgrove, Chairman Francis, Director of Ports, Delton Jones, PS Desmond Wilson and DPS James Astwood



II. SHIPPING

Overview

Covid-19 was undoubtedly the Big story for 2020/21. The COVID-19 Economic impact barometer developed by the International Association of Ports and Harbors (IAPH) revealed that, at the global level since March, Week 12 of 2020, about 45% of ports faced a drop of more than 5% in the number of container ship calls in comparison to a situation of normal conditions. As a response to Covid-19, the TCI imposed a national lockdown and closed its borders at the end of March to July 2020, while imposing other measures to reduce the spread of the virus throughout the islands. These measures reduced economic activity, which did not rebound by the end of the financial year. This had a significant impact on the international trade and shipping sector within the islands, which is an underlying theme in this year's shipping report.

Vessel Calls

The Turks and Caicos Islands Port Authority handled 621 vessels during the Financial Year 2020/21, a 21% decline from the previous year which reported the arrival of 787 vessels. As shown in table 1 vessel calls which are broken down into four main categories; compliant, non-compliant, local vessels and pleasure crafts. Vessel calls, declined significantly at the onset of the COVID-19 pandemic, and did not recover.

Table 1: VESSEL CALLS BY CATEGORY				
Vessel Type	2020/21	2019/20	2018/19	2017/18
Compliant	370	493	505	518
Non-Compliant	128	137	145	138
Local Vessels	122	157	154	210
Pleasure Crafts	1	0	5	4
Total	621	787	809	870
%Increase/Decrease	-21%	-3%	-7%	15%

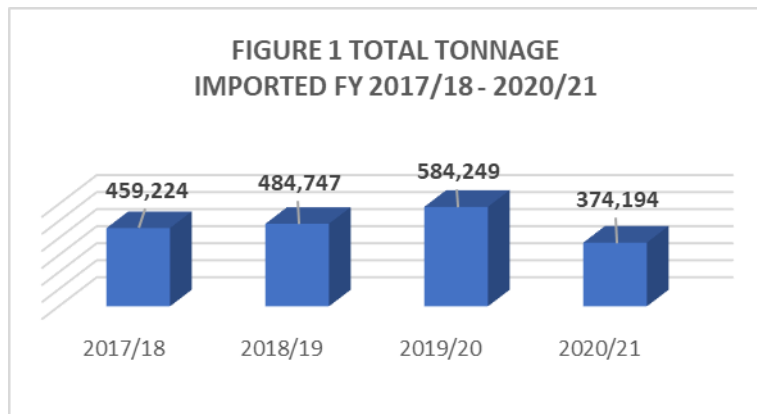
All categories of vessels declined during the year. However, compliant Vessel calls, comprised mostly of Container Ships, had the most significant change contracting by 25% from the previous year, while Non-Compliant and Local Vessels contracted by 7% and 22% respectively.

The 21% reduction in vessel calls in the financial year 2020-21 can be attributed to measures instituted to contain the COVID-19 pandemic. These measures restricted movement of non-compliant vessels, and reduced operational time slots for port operations. In order to comply with government mandated curfews port operations were reduced from 24 hours to 15 hours per day. Accordingly, the Providenciales port, which typically receives 75% of total vessel calls in a financial year, experienced a 45% decrease in vessel arrivals in comparison to the previous year.



Cargo Movements

The Turks and Caicos Islands Ports Authority recorded 374,194 tons of imported cargo for the financial year 2020-21, a 36% decline from the previous year as depicted in Figure 1. This result again reflects the national response to Covid-19 and the impact on economic activity.



25,700 tons of throughput was handled by the port during the 2020-21 financial year, a decline of 37% from the previous year which recorded 41,078 tons. TEUs are categorized into four (4) main categories; Containers, Flat Racks, Reefers and ISO Tanks (see figure 2). Of the total TEUs handled in FY 2020-21, imports via Containers accounted for 56% of cargo volumes while Reefers were 21%. ISO Tanks and Flat Racks were 14% and 9% respectively.

The sharp decline in container volumes for the period can also be attributed to a number of factors directly related to the Covid-19 pandemic response. This includes disruptions in the global supply chain which affected the availability and shipment of essential goods. Additionally, economic downturn brought on by the virus containment measures, caused blank sailings and ship cancellations. Local shipping companies such as Seacor Island Lines and Tropical Shipping, reduced weekly schedule from twice weekly to once per week and consolidated cargo because of reduced volumes.

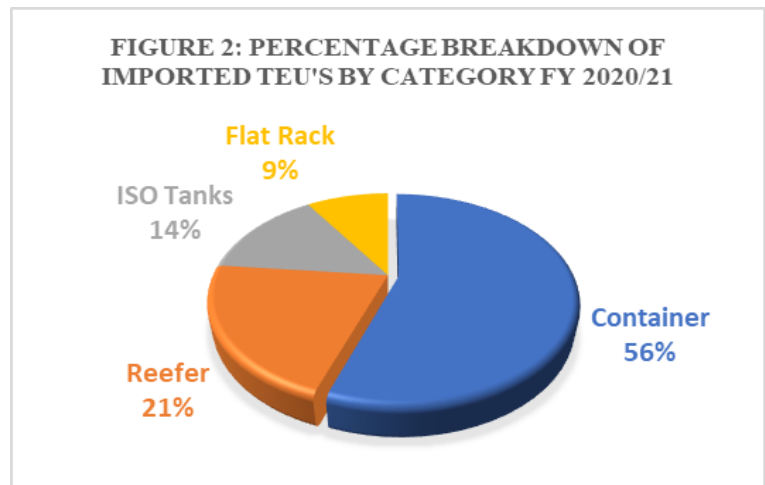


Figure 3 illustrates the dramatic decline in Containerized imports to Providenciales at the onset of the Covid-19 pandemic in 2020. By April 2020, Providenciales, which receives approximately 92% of the island's imports, saw a 57% drop in cargo volumes from the previous month. By December 2020, overall containerized cargo volumes to Providenciales fell by 21% from the previous year.

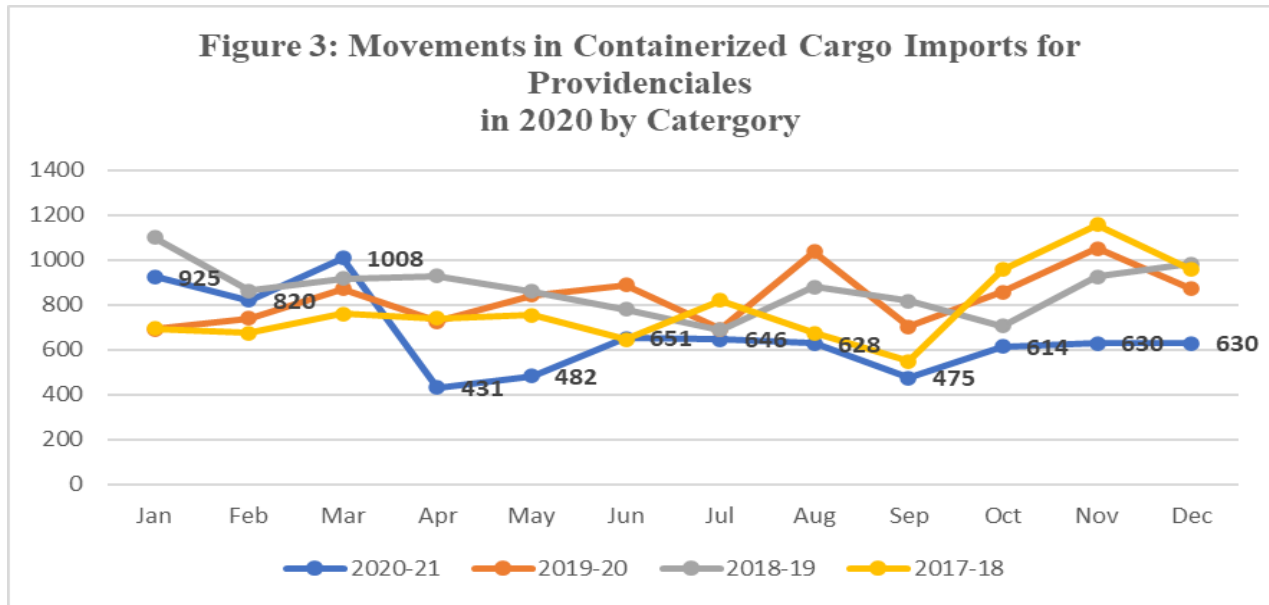
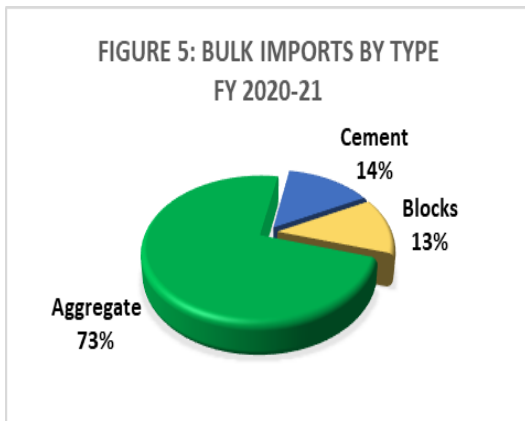
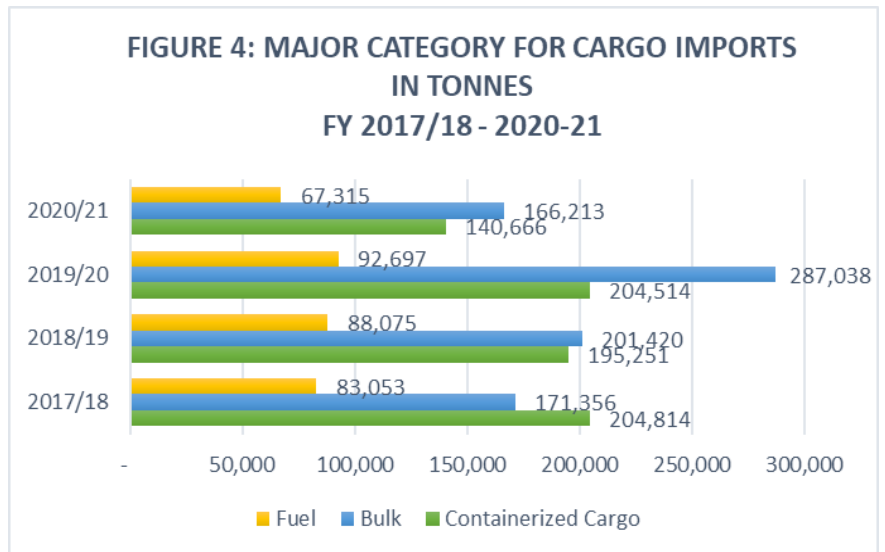


Figure 4 illustrates the major categories of imported general cargo during the financial year, for all islands over a four-year period. Of the total cargo handled in FY 2020-21, containerized cargo fell by 31% from the previous year and accounted for 140,666 or 31% of total imported tonnage. Petroleum and fuel imports also decreased by 21% from the previous year and accounted for 18% of total imports during the period.

Consistent with last financial year, Bulk Cargo recorded the largest volume of imports in tons for the period ending March 31 2021, 44% of total imports or 166,213 tons, falling by 42% from the previous year.



Bulk Cargo is categorized into three (3) major categories; Cement (14%), Blocks (13%) and Aggregate (73%) for the period ending March 2021 (see figure 5). The decline in bulk cargo is due to stoppage of construction activity for most of year, which only now rebounding.



III. FINANCIAL ANALYSIS

Overview

The financial performance of the Turks and Caicos Islands Ports Authority (TCIPA) for FY 2020/21 was dominated by the impacts of COVID-19. The national borders were closed during the first quarter of the fiscal year which in turn adversely affected TCIPA’s revenue. A revised budget was agreed mid-way during the year that reflected an average 20% reduction in expenditure, a 37% decrease in budgeted revenue and a 56% decrease in the expected operating surplus.

TCIPA’s revenue is mainly driven by the importation of building materials for the construction sector. Revenues have increased, on average by 10.5% over the past six years and this upward trend was expected to continue as new hotel and villa developments commenced. Following the opening of the borders, monthly revenue gradually increased but not to the levels from previous years. The monthly revenue comparisons between FY’s 2019/20 and 2020/21 are shown below in *Figure 1*.

Expenses were decreased, on average, by 20% in the revised budget. As a result, expenses were closely monitored and spending was prioritized. The capital projects budget was not revised and 20% of this budget was capitalized during the year.

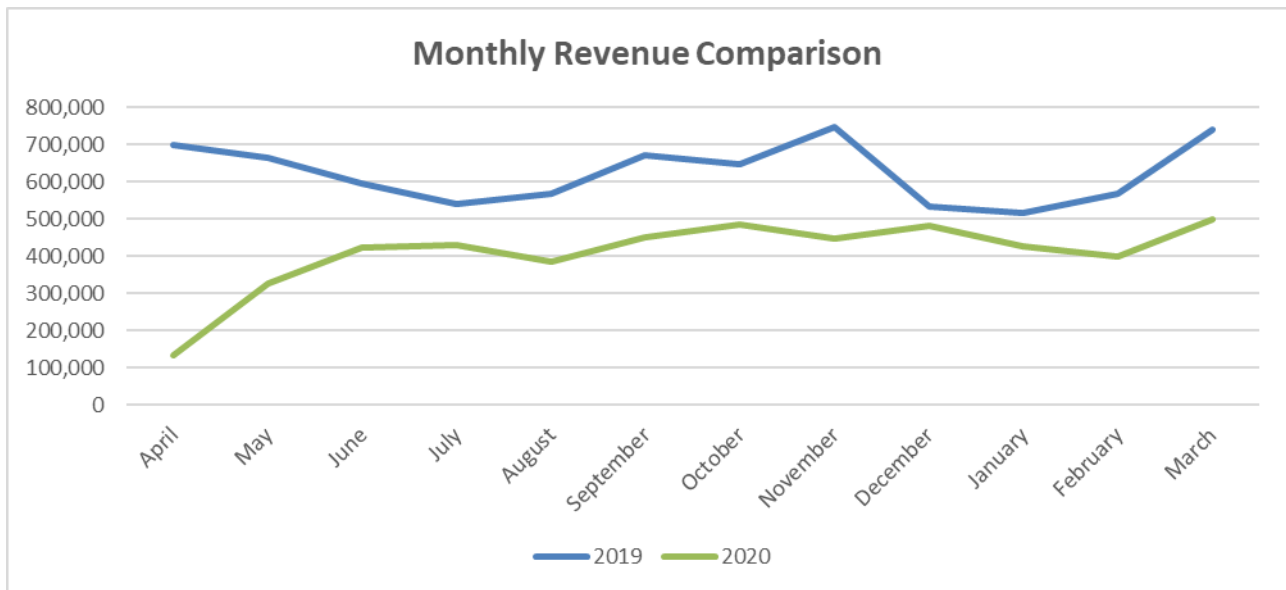


Figure 1

Financial Performance

TCIPA’s total unaudited revenues for FY 2020/21 were \$4,840,662.83, which is \$2,662,659 or 35% lower than the prior year. This was largely attributable to the global pandemic which resulted in the closing of the country’s borders. For the year ended March 31, 2021 TCIPA processed 14,092 TEUs inbound. This represents a 30% decrease in container imports over the 2020’s volume of 20,261 TEUs.



Revenues were fueled by 140,666 tons of containerized cargo, 121,196 bulk aggregate tons, 45,018 break bulk tons and 67,315 tons of fuel. Figure 2 shows the breakdown of revenue generated by commodity. Containers accounted for 38% of the total revenue, bulk aggregate accounted for 32%, followed by fuel at 18%, and break bulk at 12%. For the FY 2021/22, TCIPA is budgeting gross revenue of \$5,528,692.

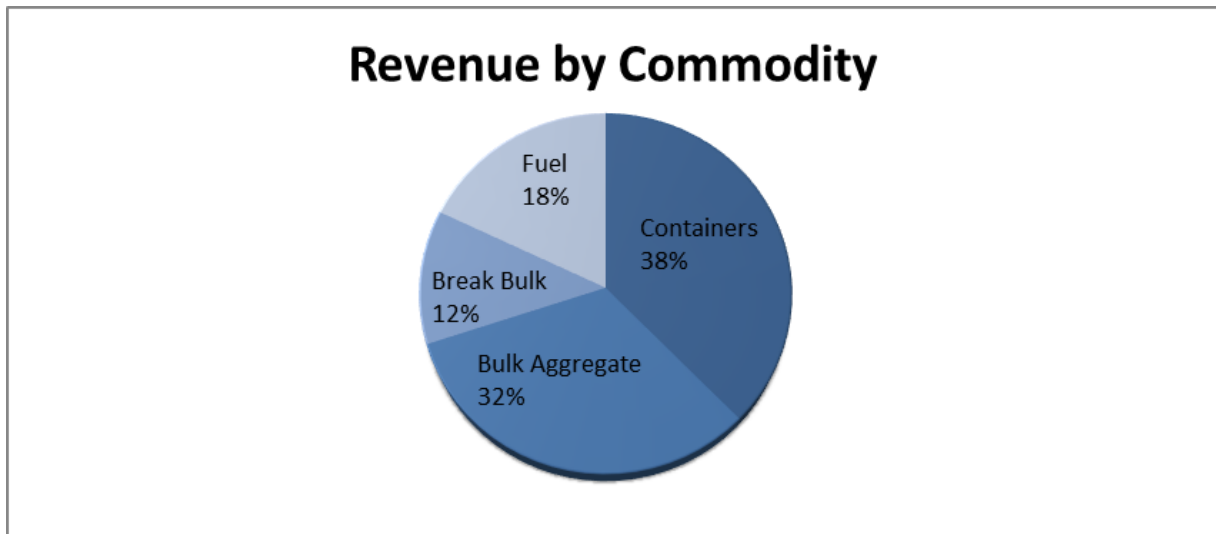


Figure 2

As shown in Figure 3, TCIPA's net ordinary income over the past five years has increased but recognized a downfall in FY 2020/21. The revised budgeted net ordinary income was \$1,419,804 while the unaudited amount for FY 2020/21 was \$1,875,750 which is \$455,946 or 32% more than budget. Net ordinary income before the transfer to TCIG for FY 2021/22 is projected to be \$1,934,541 or \$68,705 higher than the FY 2020/21 unaudited actual net income. Operating expenses including depreciation and amortization of \$2,964,913 for the period ended March 31, 2021 were 6% higher than the budgeted operating expenses of \$2,790,407.

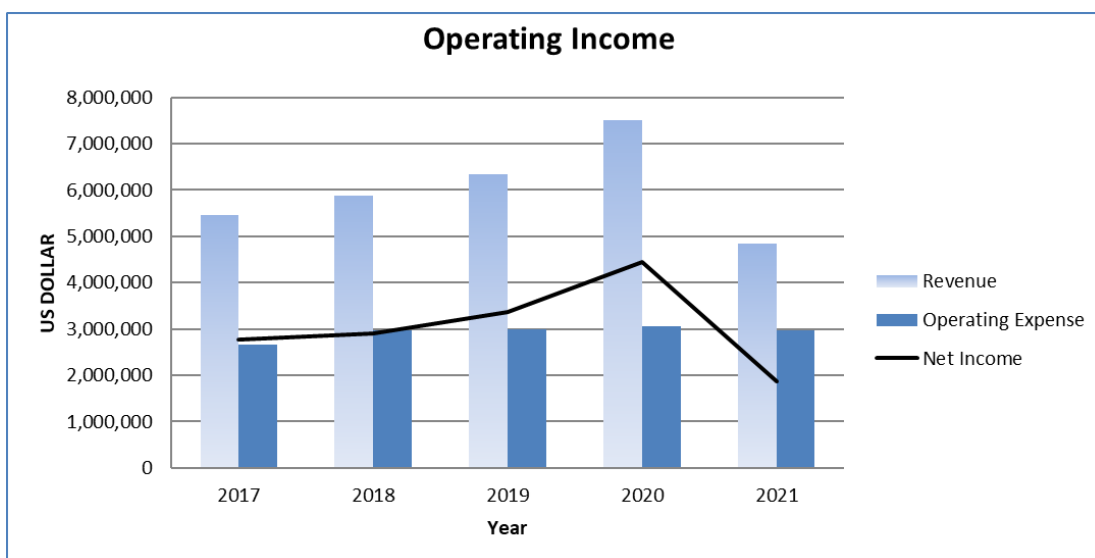


Figure 3



The comparative balances for the income statement and balance sheet for fiscal years 2017 to 2021 is shown in Table 1. Total current assets decreased from \$11,472,915 (2020) to \$6,260,379 (2021) or a decrease of 45%. Cash and cash equivalents decreased by \$4,964,357 or 47% as a result of transferring to TCIG accumulated excess revenue of \$5.1 million. Gross accounts receivables decreased by \$263,825 during FY 2020/21. Capital expenses for FY 2021/22 are budgeted at \$3,663,357. However, for FY 2020/21, TCIPA incurred capital expenses totaling \$612,000, due to cessation of project during the national lockdown during April to July 2020. Increase in property, plant and equipment as at 31st March 2021 represents costs incurred for the purchase of a new vehicle, design costs for Bellefield Landing Welcome Centre and the Providenciales' new office building, installation of the CCTV in Grand Turk and South Caicos and the Grand Turk Port Pavement project. There was a significant decrease in liabilities as result of the payment of excess revenue made to TCIG.

Financial Summary

Income Statement	2021 Unaudited	2020	2019	2018	2017
	\$	\$	\$	\$	\$
Total Revenue	4,840	7,503	6,346	5,872	5,447
Total Operating Expenses	2,964	3,052	2,989	2,858	2,667
Total Income	1,876	4,450	3,357	3,014	2,780
Balance Sheet	2020 Unau- dited		2019	2018	2017
Assets					
Total Current Assets	6,260	11,473	9,283	9,623	8,431
Net PP&E	4,892	4,260	2,220	941	666
Non-Current Assets	34	25	25	23	23
Total Assets	11,186	15,758	11,529	10,587	9,120
Liabilities & Shareholder's Equity					
Total current Liabilities	640	5,620	5,642	2,885	1,517
Total Liabilities	640	5,620	5,642	2,885	1,517
Total Equity	10,546	10,138	5,887	7,702	7,602

Table 2.3 (In Millions)



Liquidity and Capital Resources

The TCIPA's primary source of operating liquidity is cash flows generated from operations. In June 2018, TCIPA obtained a one year \$1,202,700 fixed term deposit from Scotia Bank for its reserve fund. TCIPA's principal use of cash is to fund budgeted operating expenditures, capital expenditures and excess revenue transfers to TCIG. Despite the economic downfall due to the pandemic, the resumption of construction activity and increased imports for the tourism sector whilst monitoring and containing expenditure has enabled TCIPA to exceed its net revenue target. At the present time, TCIPA does not have any long-term debt outstanding. With a favorable cash balance and ability to generate revenue from operations as the economy rebounds, TCIPA has sufficient liquidity to meet its ongoing needs for the financial year.

Critical Accounting Estimates

Management determines the estimated useful lives of the properties, plant and equipment, based on the period over which the assets are expected to be available for use. Depreciation is recorded monthly for each Property, Plant and Equipment category.

Controls and Procedures

The Government's management requirements for statutory bodies are outlined in an annual Sponsorship Letter which is issued by the respective Minister. The annual Sponsorship Letter requires statutory bodies to provide a Statement on Internal Control as part of their financial statements that explains the how the control environment has operated throughout the year and the Board's assurances from its governance arrangements. The TCIPA's Board of Directors recognizes the importance of sound internal controls and risk management practices to good corporate governance. Accordingly, the Board of Directors can provide reasonable assurance against misstatement of management and financial information and records. The management of the TCIPA is responsible for the establishment and maintenance of its system of internal control in order to identify and manage risks. To this end, the management has established an organizational structure which clearly defines lines of accountability and delegated authority.

Changes in Internal Control over Financial Reporting

There have been no material changes in internal control over the financial reporting period to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Conclusion

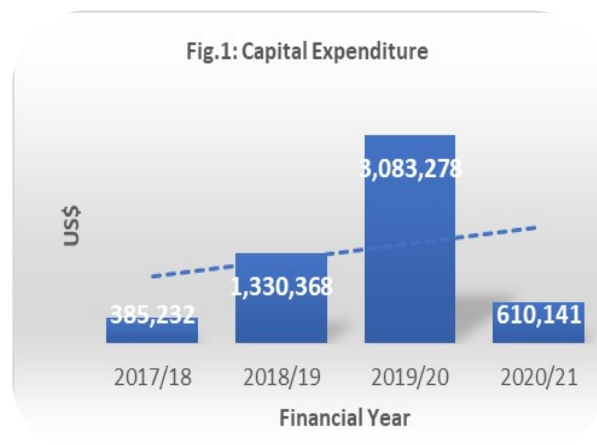
The Board and Management continue to work on ensuring ongoing efforts will be made to enhance budgeting, reporting, and accountability of the Turk Caicos Islands Ports Authority and therefore fulfill its mission to be a financially self-sustaining public service providing efficient transportation facilities to its users.



IV. CAPITAL PROJECTS

1. Absorption of capital projects

Recent absorption of capital projects by the Ports Authority is shown in Figure 1. As shown in figure 1, there was a marked decline in absorption of capital projects during the year. This was due to the national lockdown during April to July 2020. During this period all capital projects came to a halt. Following the reopening of the economy, projects under implementation resumed. Five (5) projects were under active implementation during the year. These have been substantively completed. Total expenditure on these projects was \$610,141. Accordingly capital expenditure was only 21% of the total approved budget (\$2,936,063). However, priority was placed on expanding our capacity to implement capital projects and completing project appraisals to ensure a pipeline of 'shovel ready' projects for the new financial year.



Mr. Dwayne Simons was recruited to fill the, long vacant, Project Engineer position. Capital projects for North Caicos and South Caicos were tendered, and approved by the Cabinet. Appraisals for projects associated with the redevelopment of South Dock, Provo were completed and tendering commenced. Absorption of capital project should recover in 2021/22.

The Ports Authority is grateful for the support of the Procurement Office, Public Works Department, Ministry of Finance and framework contractors and contractors in improving the delivery of capital projects.

2. Capital projects results

Expanding port infrastructure supports the Government's Vision 2040 and Goal 3 (Resilient Ports) of the Ports Authority's Strategic Plan. Highlights of capital projects advanced during 2020/21 are presented in this section of the Annual Report, as follows:



Grand Turk, CCTV Project

⇒ **Projects completed/ under implementation**

- (a) Port safety enhancement project – this project enabled the deployment of Tier 1 Oil Spill containment equipment at all ports. Virtual training for staff on use of the equipment was also conducted.
- (b) Port security enhancement project – this project which is being piloted at South Dock, Grand Turk will enable the digitization of several port project functions through introduction of the Unitrack system to improve security of containers and performance related statistical reporting.



- (c.) Bellefield Landing Clean-up – Bellefield Landing is the gateway to North/ Middle Caicos. As part of this project scrap metal was removed from the port to improve the aesthetics of the facility. This project is the first phase of the development of Bellefield Landing into a community port, which should take place during the next few years. A masterplan will be prepared to guide the development of the port.
- (d.) South Caicos and Grand Turk CCTV Project – This project was implemented to restore CCTV superstructure which was destroyed during Hurricane Maria in 2017.
- (e.) South Dock, Grand Turk, Pavement Project - This project included supplying and placing about 1,000 cubic yards of concrete and over 20,000 square yards of hot mix asphalt. Dedicated storage areas are provided for general containers and Hazmat items. An improved drainage system was also installed. The port is now capable of safely handling 540 triple stacked 20 feet containers. This should allow increased container throughput for several years, as the port only receives about 20 containers each week. This completion of this project was delayed due to the COVID-19 national lockdown.
- (f) Navigational lights on Salt Cay, Sand Cay, Grand Turk Dock, East Caicos, French Cay, Bird Rock and Northwest Point Provo were rehabilitated.

⇒ ***Port Infrastructure Supporting prosperity on all Islands***

The reconstruction of South Dock, Grand Turk represents a standard which PATCI's aims to replicate at all ports. During the year the following results toward that objective were achieved.



Completed, South Dock Pavement Project

A tender for construction of Bellefield Landing Office Block/ Welcome Center was successfully tendered and the award of a contract for this project was approved by the Cabinet. This project will see construction of a port office and tourism facilities (several shops and a restaurant) at the port, which is a hub for Middle Caicos and North Caicos. The project should commence early in the new fiscal year, and has a duration of 1 year.

South Caicos Port Rehabilitation Project was successfully tendered and the award of a contract for this project was approved by the Cabinet. This project will repair the bulkhead of the berth, construct coastal defenses and grade the port yard. The project should commence early in the new fiscal year, and has a duration of 1 year.



South Dock, Provo

⇒ ***Progress Report on Redevelopment of South Dock, Providenciales***

- (a.) Tendering for phases 1 and 2 of South Redevelopment Project commenced with launch of a prequalification exercise to shortlist bidders for the next stage of the project. A shortlist of prequalified tenderers is being finalized, before technical and price evaluation. A revised project timeline was prepared; which envisage selecting a successful tenderer by the end of summer.
- (b.) In parallel with the prequalification exercise, a Framework Contractor was engaged to prepare designs and costing for the construction of a new port office building at South Dock. Tenders for construction of the new office block should be launched during the second quarter of 2021. The new office building, which would be located outside of the main port facility, replaces the existing office building which to be demolished during phase 2 of the redevelopment project.

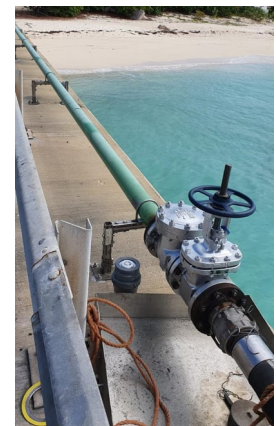
(c.) Geotechnical Survey from South Dock Redevelopment Project – This project which contributes to reducing price risks associated with project was successfully tendered and the award of a contract for this project was approved by the Cabinet.

⇒ ***Public-Private Sector Collaboration/ Fortis Pipeline, South Dock, Grand Turk***



Commissioning of the new fuel pipeline

The Ports Authority facilitated the construction of a new fuel pipeline at South Dock, Grand Turk by Fortis TCI. The commissioning of the new fuel pipeline is consistent with our Strategic Plan: Goal 2 - Safe Ports. The new pipeline replaces a regime where fuel was transferred using hoes which floated on the sea. This had inherent environmental/ safety risks. The new pipeline is a ‘win-win’ and a good example of a mutually beneficial public and private sector collaboration - it protects the environment as well as increases the fuel discharge rate.





CAPITAL PROJECTS PHOTO GALLERY



Future Site for Bellefield Landing Port





Oil Spill Equipment



Navigational Lights on East Caicos



Installation of lights at South Caicos Port



V. Human Resources Development

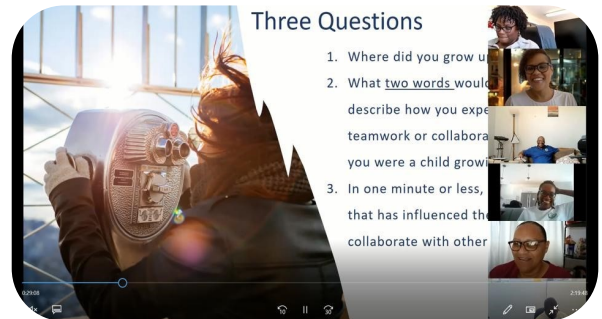
As we expand our capital infrastructure, it is important to have equipped staff for the modern port which we are striving to build. This year the Human Resources Department endeavored to maintain its commitment to provide the support needed for enhancing performance by building staff capacity and keeping staff motivated despite the challenges brought on by COVID-19. Restrictions on travel, quarantine orders, social distancing requirements and other health protocols led to the utilizing of video conferencing technology to facilitate training, awards and recognition and staff meetings. On a whole, these virtual meetings and trainings were successful and could become mainstream in the future.

⇒ Organizational Restructuring

We recognize the need to review our organizational structure with the aim to match qualifications, skills and competencies of staff with the right positions. This will set the direction for performance that aligns with organizational goals and strategies. During the last quarter of the financial year, management engaged staff in an exercise to determine a functional structure of the Ports Authority. A work plan for the organizational restructuring is included in the 2021/22 budget.

⇒ Team work

Efforts are ongoing to improve teamwork and build collegiality within the Ports Authority. To ensure staff get to know each other better and develop good working relations 'ice breakers' are included in the staff weekly management meetings. Additionally, a half-day seminar on Collaboration was facilitated by Mrs. Sheba Wilson, coach and leadership and development trainer with the Maxwell Group, at the end of the 2020/21 Financial Year.



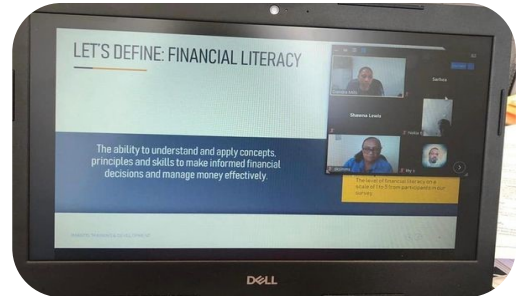
PATCI Culture Card

Organizational Culture cards which capture our Vision, Missions, Values, Strategic Goals and common credos were designed and have been distributed to all staff so we are working toward a common endeavor. Follow up team building seminars are proposed for 2021/22 to involve all categories of staff, as well the Board of Directors.



⇒ General Training

In April 2020 PATCI held a Financial Management Workshop facilitated by Diandra Mills of Imantis Training and Development. This virtual training served to equip staff “with the basic knowledge and skills needed to manage money effectively in order to become self-sufficient so that they can achieve financial stability.” The training was offered to all staff across the board and saw 66% staff participation.



Financial Management Workshop via Zoom with Imantis Training and Development

As part of efforts to empower our staff, the Finance Department also led on training in the procurement process, attended by administrative staff and security supervisors, as well as Billing and Accounts Receivable for PFSOs and PFCOs.

⇒ Security Training

As mandated by the Port Facility Security Plan (PFSP), a series of refresher trainings for security officers commenced in June 2020 and covered access control, search and patrol and explosives. PFSOs and Supervisors with training certification facilitated these training sessions via Zoom. Human Resources also used the opportunity to assess presentation skills and provide feedback to the trainers. All security officers received training in the use of personal protective equipment (PPE). This training required physical presence and followed the prescribed health protocols and was conducted by Inspector Drexwell Porter of the Royal Turks and Caicos Islands Police Force.





Our Security Officers also participated in the Ministry of Health Infection Prevention and Control and Proper Use of COVID-PPE training in preparation for the reopening of the country's borders.

Security and Finance staff received training in Unitrack container tracking system and the pilot program is now in place at the Grand Turk port facility.



⇒ **Online Training**

PATCI benefited from free online training through our association with PMAC. Security Manager Dudley Been and Supervisor Javar Grey successfully completed a course in Port Security Management: Effective Techniques for Security Operations Improvement with 57 academic hours. Mr. Been along with Business and Communication Manager, Paula Stewart also completed 16 hours of online Management Development Training: Strategic Planning for Managers and the Human Resource Manager received a certificate of participation in Performance Management for Managers course.



Dorothy Malcolm



Derliser Youth

⇒ **Scholarships**

PA to the Director, Dorothy Malcolm, completed her Associates Degree in Human Resource Administration with Ashworth College and PFCO Derliser Youth completes her Bachelors in Finance and Business with the Council of Community Colleges of Jamaica through the Turks and Caicos Islands Community College in May of this year.

⇒ **Awards and Recognition**

A panel from the general staff was selected to review our awards and recognition program. The new program retains the Employee of the Quarter award, the Chairman's Award replaces the Supervisor of the Year Award and introduces a Director's Award opened to Administrative staff previously not included in the program. Each award will receive an increased monetary benefit commencing in the new financial year. Additionally, a one-time award (the Spirit Award) was given to officers who were most consistent in their willingness to fill in for short shifts during the pandemic.



Virtual technology was used to facilitate the first ever joint staff meeting for staff stationed at all Ports. This meeting hosted by Chairman Jason Francis on December 22, 2020 who informed staff of key port plans and encouraged staff to work with excellence, so that they can be in a position to seize opportunities in the new port system.



Employees receiving Culture Cards

NEW HIRE: DWAYNE SIMONS, PROJECT ENGINEER

Dwayne Simons was appointed Ports Project Engineer, in November 2020 to support appraisal and improve implementation, monitoring and reporting on capital projects.

Mr. Simons is responsible for planning, organizing, integrating and overseeing the engineering/construction work of the Ports Authority. He graduated from Everglades University in Orlando Florida with a Bachelor's degree in Construction Management. Mr. Simons was previously employed with the Grand Turk Cruise Center.

Now six months into his tenure, Mr. Simons is already making an impact. Mr. Simons says he came to the position with great expectations and he has not been disappointed.



Mr. Dwayne Simons,
Ports Project Manager



Employee of the Quarter FY 2020/21

June 2020



Bianca Morris



Fris Rigby Forbes

September 2020



Mauqueita Carter



Jarrad Forbes

December 2020



Shavard Seymour



Ronadio Roberts

March 2021



Jarrad Forbes



Lisa Robinson

Supervisors of the Year



Agatha Walkin



Lavado Simmons

Team Spirit Award Winners



Logan Quelch



Agatha Walkin

Congratulations, Job Well Done



VACCINATED STAFF AT PORTS AUTHORITY



TCI COVID-19 VACCINE OBJECTIVES

01

Protect the integrity of the health care system and infrastructure for the continuity of essential services:

Vaccination of health care workers (HCW) is paramount at all levels of care and other essential services established by the country.

02

Reduce severe morbidity and mortality associated with COVID-19 by protecting populations at greater risk:

All groups that are at greater risk according to epidemiological evidence of risk of serious or fatal disease outcomes e.g. (persons with chronic non-communicable diseases (CNCs), elderly).

03

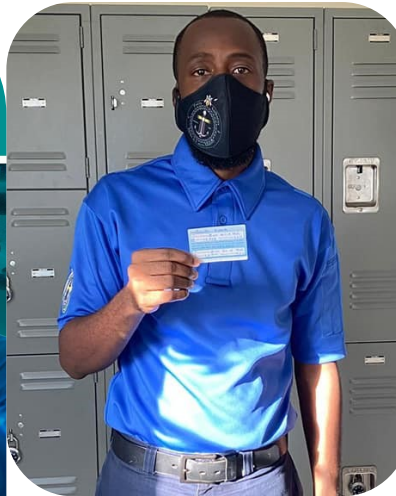
Reduce transmission of infection in the community and generate herd immunity.

Once the priority groups are vaccinated, the vaccination plan can be expanded to other population groups.

The vaccine is voluntary.



FOR MORE INFORMATION VISIT www.gov.tc/moh/coronavirus





COMMUNITY OUTREACH GALLERY





Celebrating 10 years with TCI Ports Authority



Walter Hanchell



Paula Stewart



Keith Simons



Dudley Been



Karen Faye Forbes



Lavado Simmons



Anita Clare



Taurain James



Roseanna Henry



Greggory Wilson



Vasco Selver



Jamal Williams



Lisa Robinson



Camallo Lewis



Khyron Simmons



Annie Stubbs



Vitvory Fluery



Sanciette Fluery



Thank You

The TCI Ports Authority recognizes and appreciates our security team for their dedication in keeping our ports operational and the supply chain uninterrupted during this Covid-19 pandemic.

We Salute You!



STAY SAFE & STAY HEALTHY



VI. AWARENESS, PARTNERSHIPS AND COLLABORATION

Overview

National and global responses to COVID-19 has significantly changed our lives. Ports have globally have had to make adjustments to support national Covid-19 containment efforts. The Ports Authority was supportive of national efforts to limit the spread of the virus and implemented social protocols and varying levels of restrictions. These affected our operations, including awareness programs and related work plans.



Supporting Communities
Open Hands, Open Hearts

Community Outreach Program

The Ports Authority is set on building relationships and expanding opportunities in local communities. This is why Directors approved a Good Corporate Citizenship/ Community Outreach Program at their July meeting. The Community Outreach Program presents a structured way to demonstrate our support for community based development initiatives. This commitment is captured in the motto of the Outreach Program.

Communities and household in the TCI experienced hardships due to the national lockdown and other restrictions imposed to limit Covid-19. The Community Outreach Program enabled the Ports Authority to response to needs of the communities we serve. We have been motivated and inspired by how our staff responded, coming together to help others. Through pooling of personal resources, to new commitments to develop opportunities for creative outlets, we realised how much we can achieve together.

The Community Outreach was launched with a donation of Tablets to school children to support virtual learning when schools were closed during the national lockdown. Chairman, U. Jason presented Tablets to members of staff with school-aged children. Chairman Francis also presented ten (10) tablets with internet connectivity to former Minister of Education, Hon. Karen Malcolm for distribution by the Education Department to assist students throughout the TCI disadvantaged by impacts of COVID-19. Funds for the tablets were raised by personal contributions of staff and directors.



Hon. Karen Malcolm and Chairman Urban Francis



Chairman U. Jason Francis handing tablets to members of Port Staff to support virtual learning

At the second initiative under the Community Outreach Program, PATCI presented students of fifth and sixth grades of the public primary schools on Providenciales, Grand Turk, North Caicos, South Caicos, and Middle Caicos, with backpacks containing essential school supplies. This initiative was launched at a ceremony where the Ministry of Education was represented by Director of Education, Mr. Mark Garland and Mrs. Atkinson from the Vocational Department.



Ports Authority visits Oseta Jolly Primary (Providenciales), Ona Glington Primary (Grand Turk) and Charles Hubert James (North Caicos)



As the final Community Outreach program for 2020, Directors and staff launched a fooddrive and distributed Christmas Care packages to needy citizens and persons housed at wellness centers throughout the TCI.



Christmas Care packages distributed by Ports Staff in collaboration with stakeholders Sun Oil and Do it Center

As part of first Community Outreach program for 2021, staff at ports on South Caicos and Grand Turk provided Sunday dinner to over 50 household on February 28th, 2021.



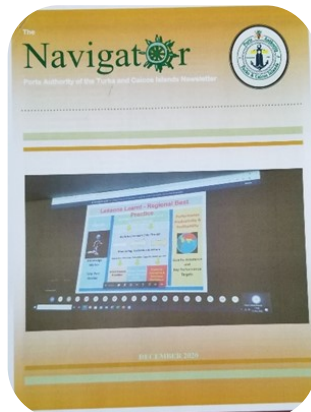
Meals prepared by Ports Authority staff members



Awareness

For the third year, the Ports Authority printed the annual calendar for distribution to the community. The year's calendar commemorated members of staff who achieved their tenth-year anniversary of employment. The calendar also featured pictures from the first year of the Community Outreach Program and our responses to the pandemic.

Four issues of The Navigator were published chronicling the new *modus operandi* as per COVID-19 protocols. Advertising during the second half of the year was suspended to control non-essential spending.



Issues of The Navigator published during the year

World Maritime Day was observed globally under the theme “*Sustainable Shipping for a Sustainable Planet*”. However, there were no formal observances of World Maritime Day due to Covid-19 restrictions. Instead PATCI distributed the World Maritime Day message from IMO Secretary General, Mr Kitack Lim. In Mr Lim's message, he noted that being a necessary element to global economy, shipping must operate sustainably, and not upset “*nature's delicate balance*”.



Partnerships



Stakeholders consultation on Covid 19

The Ports Stakeholder's Committee was formally incorporated as a non-profit organization. Regular dialogue on Covid-19 responses was held with port stakeholders.

A stakeholder's survey was undertaken but was not concluded. The survey instrument will be reviewed to increase the response rate.

Overseas travel to attend conferences were halted during the year. However, through virtual means, the Ports Authority participated in the 2020 AGM of the Port Management Association of the Caribbean (PMAC). Initial plans were for the TCI to host this meeting, however, adjustments were made and as a result of the pandemic the AGM was held virtually. During the AGM, the PATCI was awarded second place in the Novaport Cup award 2019. The Novaport Cup assesses five key port performance indicators (KPIs): viz total cargo volumes, total revenue generated per revenue ton, total expenses per revenue ton, net profit per revenue ton, and total staff per revenue ton. Meanwhile, the TCI was selected to host the 24th AGM of PMAC. This session will also convene virtually. Similarly, attendance of the American Association of Port Authorities of the Americas' 109th Convention was accommodated by virtual means.

Efforts continue to increase awareness of activities undertaken by the Ports Authority and brand identity. The use of social media and the website continue to be used to highlight progress on work plans.



FORWARD LOOK

Several work plans were delayed during 2020/21 due to COVID-19 impacts on operations. As the economy opened up, towards the end of the year several policies and capital projects were approved. The pace of activity will therefore pick up early in 2021/22.

Priority would be accorded to completing current work plans, whilst introducing action plans consistent with the Strategic Plan. The key programs being prioritized in accordance with the Strategic Plan (and emerging issues) are as follows:



Goal 1 - Secure Ports

- Update Port Facility Security Plans/security training and audit plans based on new Port Facility Security Instructions issued by the UK Department of Transport

Goal 2 - Safe Ports

- Expand port safety management capacity and increase safety awareness
- Operationalize port safety management plans approved during 2020/21
- Develop safety Regulations
- Review Ports Authority Ordinance taking into consideration implications of the new Merchant Shipping Ordinance and clarify financial provisions

Goal 3 – Resilient Ports

- Implement approved capital projects on North Caicos and South Caicos and prepare masterplans to guide development of these ports
- Complete tendering for commencement of the Redevelopment of South Dock, Provo; incorporating climate resilience
- Prepare port preventative maintenance plans
- Assess options to insure port buildings and other physical assets

Goal 4 – Self-supporting Ports

- Organizational restructuring to improve functionality, effectiveness, employee job satisfaction to support a modern ports system
- Revise Staff Policies & Procedures
- Introduce electronic port management system;
- Undertake customer satisfaction surveys to improve responsiveness to stakeholders' concerns
- Coordinate arrangements to support vesting of properties from the Crown to the Ports Authority
- Review stevedoring agreement to ensure sustainable successor arrangements are in place
- Review Strategic Plan and update taking into consideration Covid-19 impacts and emerging issues.

Goal 5 – Partnerships and Collaboration

- Implement the MOU with Maritime and Shipping Department and support Coastal State Audit
- Collaborate on trade and supply chains diversification and sustainability initiatives
- Oversee arrangements for hosting of Port Management Association of the Caribbean's Annual General Meeting
- Develop Policy paper to facilitate private sector interest in promoting transshipment in the TCI
- Develop Port Marketing Strategy/ Prospects
- Participate in the activities of the Cruise Ship Steering Committee



**FINANCIAL STATEMENTS
OF THE
PORTS AUTHORITY OF THE
TURKS AND CAICOS ISLANDS**

YEAR ENDED MARCH 31, 2020

(Expressed in US Dollars)



KPMG Ltd.
KPMG Building
18 The Village at Grace Bay
PO Box 357, Providenciales
Turks and Caicos Islands, BWI
Telephone: 649 946 4613, Fax: 649 946 4619

INDEPENDENT AUDITORS' REPORT

To the Directors of the Ports Authority of the Turks and Caicos Islands:

Qualified Opinion

We have audited the financial statements of the Ports Authority of the Turks and Caicos Islands ("the Ports Authority"), which comprise the statement of financial position as at March 31, 2020, the statements of revenue, expenditures and other comprehensive income, changes in reserve and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, except for the effect on the financial statements of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements give a true and fair view of the financial position of the Ports Authority as at March 31, 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Qualified Opinion

As disclosed at note 3 to these financial statements the Ports Authority has continued to apply International Accounting Standard 17 (IAS 17), *Leases*, to account for its leases. Under IAS 17 payments made under operating leases are recognised in the statement of revenue, expenditures and other comprehensive income on a straight-line basis over the term of the lease. In our opinion, this accounting treatment is not in accordance with International Financial Reporting Standard 16 (IFRS 16), *Leases*, which replaced IAS 17 and became effective for the Ports Authority for the year ended March 31, 2020, and provides a single lessee accounting model, requiring lessees to recognise assets and liabilities on the statement of financial position for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The full effect of this departure from IFRS 16 on the Ports Authority's assets, liabilities and reserves at March 31, 2020 and its depreciation expense, finance charges, rent expense and surplus for the year then ended has not been determined as the lease agreement is not available and we were unable to confirm or verify the amounts by alternative means.

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Ports Authority of the Turks and Caicos Islands
Independent Auditors' Report
March 31, 2020

Basis for Qualified Opinion, continued

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

Emphasis of Matter

Without further qualifying our opinion, we draw attention to note 9 to these financial statements.

Section 7 of the Ports Authority Ordinance (the Ordinance) states that as at the commencement of the Ordinance the land with the buildings and works thereon used in connection with ports is vested in the Ports Authority as the Governor of the Turks and Caicos Islands may at any time direct. As at the date of approval of these financial statements, these assets had not yet been legally transferred to the Ports Authority. Accordingly, these assets, together with associated costs such as depreciation, have not been recognised in these financial statements. Once legally transferred the assets vested will be recognised on the statement of financial position at their fair value and as contributed assets on the statement of changes in reserve.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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Ports Authority of the Turks and Caicos Islands
Independent Auditors' Report
March 31, 2020

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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Ports Authority of the Turks and Caicos Islands
Independent Auditors' Report
March 31, 2020

Auditors' Responsibilities for the Audit of the Financial Statements, continued

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Intended Use of Report

This report is intended solely for the information and use of the Minister of Finance for the Turks and Caicos Islands and the Board of Directors of the Ports Authority and should not be relied on by anyone other than these specified parties.

KPMG Ltd.

Chartered Accountants

Providenciales, Turks and Caicos Islands

September 29, 2020

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Financial Statements of

PORTS AUTHORITY OF THE TURKS AND CAICOS ISLANDS

Year ended March 31, 2020



PORTS AUTHORITY OF THE TURKS AND CAICOS ISLANDS
Financial Statements

Year ended March 31, 2020

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Statement of Revenue, Expenditures and Other Comprehensive Income	6
Statement of Changes in Reserve	7
Statement of Cash Flows	8
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PORTS AUTHORITY OF THE TURKS AND CAICOS ISLANDS

Statement of Financial Position

At March 31, 2020
with comparative figures at March 31, 2019

	2020	2019
Assets		
Current assets:		
Cash (note 5)	US\$ 9,245,204	7,164,925
Term deposit (note 6)	1,209,407	1,202,700
Accounts receivable, net (note 7)	868,117	768,928
Other receivables	90,481	96,781
Prepayments	59,706	50,076
Loan receivable, net (note 8)	—	—
	11,472,915	9,283,410
Non-current assets:		
Intangible asset	3,675	3,675
Deposits	21,675	21,675
Property and equipment (note 9)	4,259,869	2,220,453
	4,285,219	2,245,803
	US\$ 15,758,134	11,529,213
Liabilities and Reserve		
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses (note 10)	US\$ 493,818	502,649
Due to TCIG (note 11)	5,125,843	5,139,153
	5,619,661	5,641,802
Reserve		
Reserve fund (note 13)	10,138,473	5,887,411
	US\$ 15,758,134	11,529,213

The accompanying notes are an integral part of these financial statements.

These financial statements were approved
on behalf of the Board of Directors on
September 29, 2020 by the following:

Urban Jason Francis Chairman

Delton Jones Director



PORTS AUTHORITY OF THE TURKS AND CAICOS ISLANDS

Statement of Revenue, Expenditures and Other Comprehensive Income

Year ended March 31, 2020
with comparative figures for year ended March 31, 2019

	2020	2019
Revenue:		
Cargo dues (note 14)	US\$ 5,269,983	4,437,886
Security fees (note 14)	1,754,631	1,480,854
Berthing fees	257,120	231,990
Stevedoring commission	131,741	114,838
Other income	83,140	80,720
Interest income	6,707	–
	7,503,322	6,346,288
Expenditures:		
Salaries and wages (note 15)	(1,957,161)	(2,137,817)
Repairs and maintenance	(215,008)	(120,022)
Depreciation (note 9)	(128,659)	(70,580)
Directors' fees and expenses (note 16)	(96,110)	(91,282)
Utilities (note 17)	(93,419)	(78,839)
Travel expenses	(85,027)	(64,551)
Other operating expenses	(79,681)	(59,731)
Training (note 18)	(71,956)	(105,565)
Professional and consultancy fees	(60,988)	(33,122)
Computer expenses	(56,805)	(45,232)
Loss on disposal of property and equipment	(49,731)	(11,712)
Telephone	(48,779)	(42,713)
Rent	(43,200)	(50,400)
Office and administrative expenses	(39,849)	(49,705)
Impairment loss on accounts receivable (note 7)	(26,025)	(27,848)
	(3,052,398)	(2,989,119)
Surplus before other comprehensive income	4,450,924	3,357,169
Other comprehensive income for year	–	–
Net surplus for year	US\$ 4,450,924	3,357,169
Net surplus for year transferred to:		
Reserve fund	US\$ 4,251,062	100,000
Capital contributions to TCIG (note 14)	199,862	88,045
TCIG (note 11)	–	3,169,124
	US\$ 4,450,924	3,357,169

The accompanying notes are an integral part of these financial statements.



PORTS AUTHORITY OF THE TURKS AND CAICOS ISLANDS

Statement of Changes in Reserve

Year ended March 31, 2020
with comparative figures for year ended March 31, 2019

		Reserve fund
Balance at April 1, 2018	US\$	5,787,411
Net surplus for year		3,357,169
Reserve fund transferred to due to TCIG (note 11)		(3,169,124)
Capital contributions to TCIG (note 14)		(88,045)
Balance at March 31, 2019	US\$	5,887,411
Balance at April 1, 2019	US\$	5,887,411
Net surplus for year		4,450,924
Reserve fund transferred to due to TCIG (note 11)		–
Capital contributions to TCIG (note 14)		(199,862)
Balance at March 31, 2020	US\$	10,138,473

The accompanying notes are an integral part of these financial statements.



PORTS AUTHORITY OF THE TURKS AND CAICOS ISLANDS

Statement of Cash Flows

Year ended March 31, 2020

with comparative figures for year ended March 31, 2019

	2020	2019
Cash flows from operating activities:		
Net surplus for year	US\$ 4,450,924	3,357,169
Adjustments for:		
Depreciation (note 9)	128,659	70,580
Impairment loss on accounts receivable (note 7)	26,025	27,848
Loss on disposal of property and equipment	49,731	11,712
Interest income	(6,707)	–
Capital contributions to TCIG (note 14)	(199,862)	(88,045)
	4,448,770	3,379,264
<i>Changes in operating assets:</i>		
Change in accounts receivable, before impairment loss	(125,214)	175,708
Change in other receivables	6,300	(2,731)
Change in prepayments	(9,630)	(4,776)
Change in deposits	–	(108)
<i>Changes in operating liabilities:</i>		
Change in accounts payable and accrued expenses	(8,831)	187,914
<i>Net cash from operating activities</i>	4,311,395	3,735,271
Cash flows used in investing activities:		
Additions to intangible asset	–	(2,025)
Additions to property and equipment (note 9)	(2,217,806)	(1,361,740)
Purchase of investment	(6,707)	(1,202,700)
Interest received	6,707	–
<i>Net cash used in investing activities</i>	(2,217,806)	(2,566,465)
Cash flows used in financing activity:		
Cash paid to TCIG (note 11)	(13,310)	(2,515,094)
<i>Net cash used in financing activity</i>	(13,310)	(2,515,094)
Net increase/(decrease) in cash	2,080,279	(1,346,288)
Cash at beginning of year	7,164,925	8,511,213
Cash at end of year	US\$ 9,245,204	7,164,925

The accompanying notes are an integral part of these financial statements.



PORTS AUTHORITY OF THE TURKS AND CAICOS ISLANDS

Notes to Financial Statements

Year ended March 31, 2020

1. General information

The Ports Authority of the Turks and Caicos Islands (“the Ports Authority”) is a statutory body established in the Turks and Caicos Islands (TCI) pursuant to the Ports Authority Ordinance 2007 which was superseded by the Ports Authority Ordinance of August 2009 (“the Ordinance”) (as amended). The Ports Authority is responsible for the management of maritime affairs and for related matters in TCI.

The Ports Authority’s principal places of business are at Ports Building, South Dock, Providenciales and Lawrence Talbot Building, Grand Turk, TCI.

2. Basis of preparation

(a) Basis of accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Ordinance.

Details of the Ports Authority’s significant accounting policies are included at note 3.

These financial statements have been prepared on a historical cost basis.

The methods used to measure fair values for disclosure purposes are discussed at note 4 to these financial statements.

Changes in significant accounting policies are described at note 2(d). During the year the Ports Authority changed its accounting policy with respect to the recognition of cargo dues and security fees where waivers and/or discounts are given to or by TCI Government (TCIG). Cargo dues and security fees are now recognised at their gross amount. Previously they had been recognised net of waivers and/or discounts.

(b) Functional and presentation currency

These financial statements are presented in United States (US) dollars, which is the Ports Authority’s functional currency. All amounts have been rounded to the nearest dollar, unless otherwise indicated.

(c) Use of estimates and judgements

The preparation of these financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of the Ports Authority’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.



PORTS AUTHORITY OF THE TURKS AND CAICOS ISLANDS

Notes to Financial Statements, continued

Year ended March 31, 2020

2. Basis of preparation, continued

(c) *Use of estimates and judgements, continued*

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the following notes:

- Note 3(g)(i) – Impairment – non-derivative financial assets;
- Note 8 – Loan receivable, net; and
- Note 19(a) – Financial instruments – credit risk

These financial statements have been prepared on a going concern basis. No adjustments or reclassifications have been made that might be necessary if a basis of accounting other than a going concern basis were to be used.

(d) *Change in significant accounting policy*

TCIG is exempt from cargo dues and security fees. In addition, TCIG may, at its own discretion, sign agreements with private entities or with other government bodies to reduce or eliminate cargo dues charged by the Ports Authority.

In prior years, cargo dues and security fees were presented in these financial statements net of waivers given to TCIG and cargo dues were presented in these financial statements net of discounts given to private entities. However, effective April 1, 2019, the Ports Authority changed its accounting policy with respect to the recognition of gross cargo dues and security fees where waivers and/or discounts had been given by TCIG to reflect transactions with TCIG and those entered into by the TCIG on behalf of the Ports Authority. The recognition of gross cargo dues and security fees also allows for a fairer presentation of the economic substance of the transactions with TCIG and those entered into by TCIG on behalf of the Ports Authority. IAS 8 requires this change in accounting policy to be applied retrospectively when the effect of applying the new accounting policy is material. Management decided not to restate the corresponding figures as there was no material impact on the Ports Authority's financial statements.

3. Significant accounting policies

The significant accounting policies set out below have been applied consistently to all periods presented in these financial statements except for the change in accounting policy referred to above at note 2(d).

Certain comparative amounts have been reclassified to conform with the current year's financial statement presentation. Revenue, surplus and capital contributions to TCIG in 2019 were all increased by US\$88,045 to reflect the change in presentation (note 14). This reclassification was not deemed material to the financial statements.



PORTS AUTHORITY OF THE TURKS AND CAICOS ISLANDS

Notes to Financial Statements, continued

Year ended March 31, 2020

3. Significant accounting policies, continued

(a) Financial assets and financial liabilities

(i) Recognition and initial measurement

The Ports Authority initially recognises accounts receivable on the date when they are originated. All other financial assets and financial liabilities (including regular-way purchases and sales of financial assets) are initially recognised on the trade date when the Ports Authority becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is an accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for a financial asset or financial liability not measured at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. An accounts receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (FVOCI) or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition, unless the Ports Authority changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as being measured at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as being measured at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



PORTS AUTHORITY OF THE TURKS AND CAICOS ISLANDS

Notes to Financial Statements, continued

Year ended March 31, 2020

3. Significant accounting policies, continued

(a) *Financial assets and financial liabilities, continued*

(ii) *Classification and subsequent measurement, continued*

Financial assets, continued

All financial assets not classified as measured at amortised cost or FVOCI, as described above, are measured at FVTPL. In addition, on initial recognition the Ports Authority may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Ports Authority has the following financial assets measured at amortised cost; cash, term deposit, accounts receivable, net, other receivables, loan receivable, net and deposits.

Financial assets – Business model assessment

The Ports Authority makes an assessment of the objective of the business model in which a financial asset is held for each portfolio of financial assets because this best reflects the way that the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of assets;
- how the performance of the portfolio is evaluated and reported to Ports Authority's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered as sales for this purpose, consistent with the Ports Authority's continuing recognition of the assets.

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PORTS AUTHORITY OF THE TURKS AND CAICOS ISLANDS

Notes to Financial Statements, continued

Year ended March 31, 2020

3. Significant accounting policies, continued

(a) *Financial assets and financial liabilities, continued*

(ii) *Classification and subsequent measurement, continued*

Financial assets – Business model assessment, continued

Financial assets that are managed and whose performance is evaluated on a fair value basis, which include underlying items of participating contracts, and financial assets that are held for trading, are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, principal is defined as the fair value of the financial asset on initial recognition. However, the principal may change over time - e.g. if there are repayments of principal.

Interest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Ports Authority considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Ports Authority considers:

- contingent events that would change the amount or timing of cash flows;
- prepayment and extension features;
- terms that limit the Ports Authority's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money (e.g. periodic reset of interest rates).

A prepayment feature is consistent with the 'solely payments of principal and interest' criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.



PORTS AUTHORITY OF THE TURKS AND CAICOS ISLANDS

Notes to Financial Statements, continued

Year ended March 31, 2020

3. Significant accounting policies, continued

(a) *Financial assets and financial liabilities, continued*

(ii) *Classification and subsequent measurement, continued*

Financial assets – Subsequent measurement and gains and losses

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest income and impairment losses are recognised in the statement of revenue, expenditures and other comprehensive income. Any gain or loss on derecognition is also recognised in the statement of revenue, expenditures and other comprehensive income.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost. Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Any interest expense is recognised in the statement of revenue, expenditures and other comprehensive income and any gain or loss on derecognition is also recognised in the statement of revenue, expenditures and other comprehensive income.

The Ports Authority has the following financial liabilities measured at amortised cost; accounts payable and accrued expenses and due to TCIG.

The Ports Authority classifies non-derivative financial liabilities as other financial liabilities.

(iii) *Derecognition*

Financial assets

The Ports Authority derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Ports Authority neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Ports Authority enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.



PORTS AUTHORITY OF THE TURKS AND CAICOS ISLANDS

Notes to Financial Statements, continued

Year ended March 31, 2020

3. Significant accounting policies, continued

(a) *Financial assets and financial liabilities, continued*

(iii) *Derecognition, continued*

Financial liabilities

The Ports Authority generally derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Ports Authority also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the statement of revenue, expenditures and other comprehensive income.

(iv) *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented on the statement of financial position when, and only when, the Ports Authority currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when it is required or permitted by a standard.

(b) *Property and equipment*

(i) *Recognition and measurement*

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses (note 3(g)(ii)).

Cost includes expenditures that are directly attributable to the acquisition of the property and equipment.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the statement of revenue, expenditures and other comprehensive income.



PORTS AUTHORITY OF THE TURKS AND CAICOS ISLANDS

Notes to Financial Statements, continued

Year ended March 31, 2020

3. Significant accounting policies, continued

(b) Property and equipment, continued

(ii) Subsequent costs

The cost of replacing an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Ports Authority and its cost can be reliably measured. The carrying amount of the replaced part is derecognised. The cost of the day-to-day servicing of property and equipment is recognised in the statement of revenue, expenditures and other comprehensive income, as incurred.

(iii) Depreciation

Depreciation is recognised in the statement of revenue, expenditures and other comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Building	30 years
Ports improvements	10-30 years
Furniture and fixtures	10 years
Motor vehicles	6 years
Closed circuit TV system	5 years
Computer equipment	5 years

Work in progress is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if necessary.

(c) Provision

A provision is recognised if, as a result of a past event, the Ports Authority has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability.



PORTS AUTHORITY OF THE TURKS AND CAICOS ISLANDS

Notes to Financial Statements, continued

Year ended March 31, 2020

3. Significant accounting policies, continued

(d) Reserve fund

Section 16 of the Ordinance mandates that the Ports Authority maintain a reserve fund. Section 12(3) of the Ordinance states that any surplus revenue of up to US\$100,000 in favour of the Ports Authority after meeting its expenditure during the year may be carried forward to the reserve fund and any balance in excess of that sum shall be paid into the general revenue of TCIG (note 13).

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when amounts can be reliably measured and it is probable that future economic benefits will flow to the Ports Authority.

(i) Cargo dues and security fees

Cargo dues and security fees are recognised as revenue when the cargos are loaded/unloaded at the ports of TCI. In prior years, cargo dues and security fees were presented in these financial statements net of waivers given to TCIG and cargo dues were presented in these financial statements net of discounts given to private entities. However, effective April 1, 2019, the Ports Authority recognises gross cargo dues and security fees where waivers and/or discounts have been given by TCIG at the standard regulated rate with the associated waivers and/or discounts recognised as capital contributions to TCIG. These capital contributions are recognised directly in the reserve and are considered part of the Ports Authority's expenditure for purpose of the calculation at Section 12(3) of the Ordinance (note 3(d)).

(ii) Berthing fees

Berthing fees are recognised as revenue in the period to which they relate, that is the period when the ship docks and leaves the ports of TCI.

(iii) Stevedoring commission

Stevedoring work is outsourced to a third party. The Ports Authority receives a stevedoring commission equal to 2% of the stevedore's gross revenues derived from stevedoring work. Stevedoring commission is recognised as revenue in the period when the gross revenues are recognised by the stevedore.

(iv) Other income

Other income comprises fees charged for temporary and permanent work passes issued to ship crews, trucks and personnel for access to ports facilities during loading and unloading of cargos and for interchange forms to track the arrival and departure of transport trucks.

Other income is recognised as revenue when earned.



PORTS AUTHORITY OF THE TURKS AND CAICOS ISLANDS

Notes to Financial Statements, continued

Year ended March 31, 2020

3. Significant accounting policies, continued

(e) *Revenue recognition, continued*

(v) *Interest income*

Interest income is recognised in the statement of revenue, expenditures and other comprehensive income as it accrues, using the effective interest rate method.

(f) *Employee benefits*

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Ports Authority has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(g) *Impairment*

(i) *Non-derivative financial assets*

The Ports Authority recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

The Ports Authority measures loss allowances at an amount equal to lifetime ECLs.

Loss allowances for accounts receivable are always measured at an amount equal to lifetime ECLs.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Ports Authority is exposed to credit risk.

Measurement of ECL

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the FSC expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.



PORTS AUTHORITY OF THE TURKS AND CAICOS ISLANDS

Notes to Financial Statements, continued

Year ended March 31, 2020

3. Significant accounting policies, continued

(g) Impairment, continued

(i) Non-derivative financial assets, continued

Credit-impaired financial assets

At each reporting date, the Ports Authority assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past-due event;
- the restructuring of an amount due to the Ports Authority on terms that the Ports Authority would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL on the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Ports Authority determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Ports Authority's procedures for recovery of amounts due.

(ii) Non-financial assets

At each reporting date, the Ports Authority reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.



PORTS AUTHORITY OF THE TURKS AND CAICOS ISLANDS

Notes to Financial Statements, continued

Year ended March 31, 2020

3. Significant accounting policies, continued

(g) *Impairment, continued*

(ii) *Non-financial assets, continued*

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGU).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in the statement of revenue, expenditures and other comprehensive income.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(h) *Operating leases*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made under operating leases are recognised in the statement of revenue, expenditures and other comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

(i) *Taxation*

Under current TCI law, the Ports Authority is not required to pay any taxes in TCI on either income or capital gains. Consequently, no tax liability or expense has been recorded in these financial statements.

(j) *Related parties*

A related party is a person or entity that is related to the entity that is preparing its financial statements.



PORTS AUTHORITY OF THE TURKS AND CAICOS ISLANDS

Notes to Financial Statements, continued

Year ended March 31, 2020

3. Significant accounting policies, continued

(j) *Related parties, continued*

(i) A person or a close member of that person's family is related to a reporting entity if that person:

- has control or joint control over the reporting entity;
- has significant influence over the reporting entity; or
- is a member of the key management personnel of the reporting entity, or of a parent of the reporting entity.

(ii) An entity is related to a reporting entity if any of the following conditions apply:

- The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- Both entities are joint ventures of the same third party.
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- The entity is controlled, or jointly controlled, by a person identified above.
- A person identified above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related party transactions pertain to transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

(k) *New standards, amendments to standards and interpretations not yet adopted*

The following are new standards, amendments and interpretations to published standards issued but not effective for the financial year beginning April 1, 2019 and not early adopted by the Ports Authority:



PORTS AUTHORITY OF THE TURKS AND CAICOS ISLANDS

Notes to Financial Statements, continued

Year ended March 31, 2020

3. Significant accounting policies, continued

(k) *New standards, amendments to standards and interpretations not yet adopted, continued*

IFRS 17, Insurance Contracts – IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. IFRS 17 is initially effective for annual reporting periods beginning on or after January 1, 2022, with early adoption permitted only for entities that also apply both IFRS 9 and 15.

IFRS 17 is expected by management to be either not relevant or not significant to the Ports Authority's operations and, accordingly, will not have a material impact on the Ports Authority's financial statements and/or accounting policies.

4. Determination of fair values

A number of the Ports Authority's accounting policies and disclosures require the determination of fair value. Fair values have been determined for measurement and/or disclosure purposes, as described below. Where applicable, further information about the assumptions made in determining fair value has been disclosed in the notes specific to that asset or liability.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Where an active market exists, market price is used as the best evidence of the fair value of a financial instrument. Where no market price is available, the fair values presented have been estimated using present value or other estimation and valuation techniques based on market conditions existing at the reporting date. The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates.

The Ports Authority regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Ports Authority assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified. Significant valuation issues are reported to the Board.

When measuring the fair value of a financial instrument, the Ports Authority uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:



PORTS AUTHORITY OF THE TURKS AND CAICOS ISLANDS

Notes to Financial Statements, continued

Year ended March 31, 2020

4. Determination of fair values, continued

- Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments;
- Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments using; quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data;
- Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instruments' valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value, discounted cash flow models and comparison with similar instruments for which an observable market exists. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates.

The objective of the valuation technique is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

If the inputs used to measure the fair value of a financial instrument fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Ports Authority recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

No fair value hierarchy disclosures are made in these financial statements as the carrying amounts of the financial assets and liabilities of the Ports Authority approximate their fair value.

5. Cash

		2020	2019
Current account	US\$	9,114,249	6,957,662
Cash and cheques on hand		130,955	207,263
	US\$	9,245,204	7,164,925

The current account is non-interest bearing and is held with Scotiabank (Turks and Caicos) Ltd. (Scotiabank).



PORTS AUTHORITY OF THE TURKS AND CAICOS ISLANDS

Notes to Financial Statements, continued

Year ended March 31, 2020

6. Term deposit

The US\$1,209,407 term deposit at March 31, 2020 (2019: US\$1,202,700) represented a certificate of deposit with Scotiabank which earned interest at an effective rate of 0.55% per annum (2019: 0.55%) and matured on June 6, 2020 (2019: June 6, 2019). The certificate of deposit could not be partially withdrawn or early redeemed.

7. Accounts receivable, net

		2020	2019
Trade receivables	US\$	1,089,855	964,641
Allowance for impairment losses		(221,738)	(195,713)
	US\$	868,117	768,928

Movement in the allowance for impairment losses was:

		2020	2019
Balance at April 1	US\$	195,713	167,865
Impairment loss recognised		26,025	27,848
Write off		-	-
	US\$	221,738	195,713

Included in accounts receivable at March 31, 2020 and 2019 was US\$20,433 due from a former director against which there was an allowance for impairment of US\$18,874 (2019: US\$18,874).

8. Loan receivable, net

In August 2008, the Ports Authority granted its former security service provider a non-interest bearing loan totalling US\$154,983. The loan was due to be repaid in eleven monthly equal instalments commencing August 2008. However, the loan was not repaid in accordance with the agreement and US\$70,447 out of the US\$154,983 remained outstanding as at March 31, 2020 and 2019. The last instalment payment was received in July 2009.

At March 31, 2020 and 2019 the remaining balance of US\$70,447 was fully provided for.

		2020	2019
Original loan balance	US\$	154,983	154,983
Less: accumulated receipts		(84,536)	(84,536)
Less: impairment loss provision		(70,447)	(70,447)
	US\$	-	-



PORTS AUTHORITY OF THE TURKS AND CAICOS ISLANDS

Notes to Financial Statements, continued

Year ended March 31, 2020

9. Property and equipment

	Building and work-in- progress	Ports Improvements and work-in- progress	Furniture and fixtures	Motor vehicles	Closed circuit TV system	Computer equipment	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
<i>Cost:</i>							
April 1, 2018	225,392	559,362	148,178	25,426	171,589	74,062	1,204,009
Additions	150,078	1,085,317	111,237	–	4,900	10,208	1,361,740
Disposal	(15,000)	–	–	–	–	–	(15,000)
March 31, 2019	360,470	1,644,679	259,415	25,426	176,489	84,270	2,550,749
April 1, 2019	360,470	1,644,679	259,415	25,426	176,489	84,270	2,550,749
Additions	145,003	1,942,000	36,989	75,769	–	18,045	2,217,806
Disposal	–	–	–	–	(49,731)	–	(49,731)
March 31, 2020	505,473	3,586,679	296,404	101,195	126,758	102,315	4,718,824
<i>Accumulated depreciation:</i>							
April 1, 2018	43,239	22,052	51,401	25,426	60,094	60,792	263,004
Depreciation	8,570	26,232	19,407	–	10,650	5,721	70,580
Disposal	(3,288)	–	–	–	–	–	(3,288)
March 31, 2019	48,521	48,284	70,808	25,426	70,744	66,513	330,296
April 1, 2019	48,521	48,284	70,808	25,426	70,744	66,513	330,296
Depreciation	14,255	62,308	25,093	9,473	10,650	6,880	128,659
Disposal	–	–	–	–	–	–	–
March 31, 2020	62,776	110,592	95,901	34,899	81,394	73,393	458,955
<i>Carrying amounts:</i>							
March 31, 2019	311,949	1,596,395	188,607	–	105,745	17,757	2,220,453
March 31, 2020	442,697	3,476,087	200,503	66,296	45,364	28,922	4,259,869



PORTS AUTHORITY OF THE TURKS AND CAICOS ISLANDS

Notes to Financial Statements, continued

Year ended March 31, 2020

9. Property and equipment, continued

Ports improvements and work-in-progress

At March 31 the Ports Authority's ports improvements and work-in-progress by geographical location were as follows:

	March 31, 2020				
	Improve- ments	Work-in- progress	Total cost	Accumulated depreciation	Carrying value
	US\$	US\$	US\$	US\$	US\$
Grand Turk	1,281,540	1,146,586	2,428,126	(49,903)	2,378,223
Providenciales	631,512	56,341	687,853	(30,177)	657,676
North Caicos	192,821	62,780	255,601	(25,416)	230,185
South Caicos	215,099	–	215,099	(5,096)	210,003
	<u>2,320,972</u>	<u>1,265,707</u>	<u>3,586,679</u>	<u>(110,592)</u>	<u>3,476,087</u>
	March 31, 2019				
	Improve- ments	Work-in- progress	Total cost	Accumulated depreciation	Carrying value
	US\$	US\$	US\$	US\$	US\$
Grand Turk	375,448	445,586	821,034	(29,240)	791,794
Providenciales	274,088	220,265	494,353	(2,866)	491,487
North Caicos	108,362	74,150	182,512	(14,580)	167,932
South Caicos	84,445	62,335	146,780	(1,598)	145,182
	<u>842,343</u>	<u>802,336</u>	<u>1,644,679</u>	<u>(48,284)</u>	<u>1,596,395</u>

The work-in-progress at March 31 represented costs incurred on the following projects:

	2020	2019
Port pavement, Grand Turk	US\$ 1,146,586	–
Port lighting, Providenciales	56,341	–
Environmental impact assessments, North Caicos	55,565	–
Welcome center Bellefield landing	7,215	–
Rehabilitation of Ro/Ro Ramp, Grand Turk	–	445,586
Fencing project, Providenciales	–	220,265
Environmental impact assessments, North and South Caicos	–	136,485
	<u>US\$ 1,265,707</u>	<u>802,336</u>

Building and work-in-progress

US\$121,365 of the US\$360,470 building and work-in-progress at March 31, 2019 represented costs incurred on the construction of a security gatehouse on Providenciales as at March 31, 2019 which was completed in April 2019.



PORTS AUTHORITY OF THE TURKS AND CAICOS ISLANDS

Notes to Financial Statements, continued

Year ended March 31, 2020

9. Property and equipment, continued

Building and work-in-progress, continued

There was no work-in-progress at March 31, 2020.

Vesting of properties

Section 7 of the Ordinance states that as at the commencement of the Ordinance the land with the buildings and works thereon used in connection with ports is vested in the Ports Authority as the Governor may at any time direct. As at the date of approval of these financial statements, these assets had not yet been legally transferred to the Ports Authority. Accordingly, these assets, together with associated costs such as depreciation, have not been recognised in these financial statements of the Ports Authority.

The Ports Authority owns buildings and improvements constructed on this land and has recorded these assets as part of its property and equipment.

10. Accounts payable and accrued expenses

Accounts payable and accrued expenses comprised the following:

		2020	2019
Accrued expenses	US\$	405,433	447,179
Other payables		57,254	13,800
Accounts payable		31,131	41,670
	US\$	493,818	502,649

Included in accrued expenses at March 31, 2020 is accrued rent of US\$216,000 (2019: US\$172,800), accrued RoRo Ramp rehabilitation costs of US\$44,485 (2019: US\$93,945), accrued vacation pay of US\$79,336 (2019: US\$80,036), accrued Providenciales port pavement costs of US\$15,257 (2019: US\$Nil), accrued professional fees of US\$33,000 (2019: US\$33,250) and other accrued expenses of US\$17,355 (2019: US\$67,148).

11. Due to TCIG

As stated at note 3(d) to these financial statements, Section 12(3) of the Ordinance states that any surplus revenue of up to US\$100,000 in favour of the Ports Authority after meeting its expenditure during the year may be carried forward to the reserve fund and any balance in excess of that sum shall be paid into the general revenue of TCIG. For purpose of this calculation the capital contributions to TCIG (note 14) are considered part of the Ports Authority's expenditure.



PORTS AUTHORITY OF THE TURKS AND CAICOS ISLANDS

Notes to Financial Statements, continued

Year ended March 31, 2020

11. Due to TCIG, continued

In May 2019, the Ports Authority secured TCIG's approval to retain all of its surplus revenue for the 2020 financial year. Accordingly, no transfer of surplus revenue was made during the year. The US\$13,310 payments made during the year represented amounts collected by TCIG Treasury on behalf of the Ports Authority which were applied against the amount due to TCIG.

		2020	2019
Due to TCIG at beginning of year	US\$	5,139,153	4,485,123
Transfer of surplus revenue during the year		–	3,169,124
Payments made during the year		(13,310)	(2,515,094)
Due to TCIG at end of year	US\$	5,125,843	5,139,153

12. Related party balances and transactions

The following are transactions and balances with TCIG, a related party by virtue of significant influence, and its related entities, and transactions with key management personnel:

		2020	2019
Transactions			
National Health Insurance Board (NHIB) contributions	US\$	55,980	57,672
National Insurance Board (NIB) contributions	US\$	79,624	80,416
Payments to TCIG (note 11)	US\$	13,310	2,515,094
Capital contributions to TCIG (note 14)	US\$	199,862	88,045
Balances			
Due from former director (note 7)	US\$	20,433	20,433
Allowance for impairment on due from former director (note 7)	US\$	18,874	18,874
Due to TCIG (note 11)	US\$	5,125,843	5,139,153
NHIB and NIB contributions due	US\$	24,229	3,931
Key management personnel compensation			
Salary of the director	US\$	88,476	114,738
Other benefits of the director	US\$	22,864	5,016
Salaries of other key management personnel	US\$	77,496	165,972
Other benefits of other key management personnel	US\$	9,393	52,250
Directors' fees (note 16)	US\$	77,000	67,500
Directors' expenses (note 16)	US\$	19,110	23,782
Loan to key management personnel	US\$	1,875	1,875



PORTS AUTHORITY OF THE TURKS AND CAICOS ISLANDS

Notes to Financial Statements, continued

Year ended March 31, 2020

12. Related party balances and transactions, continued

The Ports Authority had one other key management personnel for the year ended March 31, 2020 (2019: two).

Various legal assistance is provided to the Ports Authority by the TCI Attorney General's Chambers (AG Chambers) for which there is no charge to the Ports Authority.

13. Reserve fund

As stated at note 3(d) to these financial statements, Section 16 of the Ordinance mandates that the Ports Authority maintains a reserve fund. Section 12(3) of the Ordinance states that any surplus revenue of up to US\$100,000 in favour of the Ports Authority after meeting its expenditure during the year may be carried forward to the reserve fund and any balance in excess of that sum shall be paid into the general revenue of TCIG. For purpose of this calculation the capital contributions to TCIG (note 14) are considered part of the Ports Authority's expenditure.

In May 2019, the Ports Authority secured TCIG's approval to retain all of its surplus revenue for the 2020 financial year.

The reserve fund of US\$10,138,473 at March 31, 2020 (2019: US\$5,887,411) represented the accumulated surplus of the Ports Authority after payments to TCIG, and which may be used for its future capital projects subject to approval from TCIG.

14 Cargo dues and security fees

TCIG is exempt from cargo dues and security fees. In addition, TCIG may, at its own discretion, sign agreements with private entities or with other government bodies to reduce or eliminate cargo dues charged by the Ports Authority.

In prior years, cargo dues and security fees were presented in these financial statements net of waivers given to TCIG and cargo dues were presented in these financial statements net of discounts given to private entities. However, effective April 1, 2019, the Ports Authority changed its accounting policy with respect to the recognition of gross cargo dues and security fees where waivers and/or discounts had been given by TCIG to reflect transactions with TCIG and those entered into by the TCIG on behalf of the Ports Authority. The recognition of gross cargo dues and security fees also allows for a fairer presentation of the economic substance of the transactions with TCIG and those entered into by TCIG on behalf of the Ports Authority.

Under the new accounting policy the Ports Authority recognises gross cargo dues and security fees where waivers and/or discounts have been given by TCIG at the standard regulated rate with the associated waivers and/or discounts recognised as capital contributions to TCIG. These capital contributions are recognised directly in reserve and are considered part of the Ports Authority's expenditure for purpose of the calculation at Section 12(3) of the Ordinance (note 3(d)).



PORTS AUTHORITY OF THE TURKS AND CAICOS ISLANDS

Notes to Financial Statements, continued

Year ended March 31, 2020

14 Cargo dues and security fees, continued

IAS 8 requires this change in accounting policy to be applied retrospectively when the effect of applying the new accounting policy is material. Management decided not to restate the corresponding figures as there was no material impact on the Ports Authority's financial statements.

Capital contributions during the year were comprised of:

		2020	2019
Waivers to TCIG	US\$	198,298	88,045
Discounts to private entities		1,564	–
	US\$	199,862	88,045

For the year ended March 31, cargo dues and security fees were comprised of:

	2020		
	Cargo dues US\$	Security fees US\$	Total US\$
Revenue from capital contributions to TCIG	150,288	49,574	199,862
Revenue from contacts with customers	5,119,695	1,705,057	6,824,752
	5,269,983	1,754,631	7,024,614
	2019		
	Cargo dues US\$	Security fees US\$	Total US\$
Revenue from capital contributions to TCIG	76,654	11,391	88,045
Revenue from contacts with customers	4,361,232	1,469,463	5,830,695
	4,437,886	1,480,854	5,918,740

15. Salaries and wages

		2020	2019
Salaries and wages	US\$	1,678,616	1,843,039
Allowances and others		142,941	156,690
Insurance and health benefits		135,604	138,088
	US\$	1,957,161	2,137,817

The Ports Authority had 53 employees during the year ended March 31, 2020 (2019: 53 employees).



PORTS AUTHORITY OF THE TURKS AND CAICOS ISLANDS

Notes to Financial Statements, continued

Year ended March 31, 2020

16. Director's fees and expenses

		2020	2019
Directors fees	US\$	65,000	55,500
Board secretary fees		12,000	12,000
Directors expenses		19,110	23,782
	US\$	96,110	91,282

Directors fees represented fees paid to the Chairman and members of the board. The Chairman receives US\$1,500 each month while the members of the board receive US\$1,000 each month. The Ports Authority had four members of the board during the year ended March 31, 2020 (2019 – five members).

Board secretary fees represented fees paid to the board secretary.

Included in directors expenses are travel expenses and meals and refreshments during board meetings and other related expenses.

17. Utilities

		2020	2019
Water	US\$	86,779	76,724
Electricity		6,640	2,115
	US\$	93,419	78,839

18. Training

		2020	2019
Training courses	US\$	39,371	42,601
Hotel		10,580	15,970
Airfare		9,127	15,144
Subsistence		8,525	22,450
Others		4,353	9,400
	US\$	71,956	105,565



PORTS AUTHORITY OF THE TURKS AND CAICOS ISLANDS

Notes to Financial Statements, continued

Year ended March 31, 2020

19. Financial instruments

The Ports Authority has exposure to the following risks from its use of financial instruments:

- (a) Credit risk
- (b) Liquidity risk
- (c) Market risk

This note presents information about the Ports Authority's exposure to each of the above risks, the Ports Authority's objectives, policies and processes for measuring and managing risk and the Ports Authority's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

The Governor of TCI has responsibility for the Ports Authority and, following nominations from the Minister responsible for ports, appoints the directors of the Ports Authority (the Directors).

The Directors are responsible for developing and monitoring the Ports Authority's risk management policies.

The Ports Authority's risk management policies are established to identify and analyse the risks faced by the Ports Authority, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Ports Authority's activities.

The Directors oversee how management monitors compliance with the Ports Authority's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Ports Authority.

(a) Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Ports Authority, resulting in a financial loss to the Ports Authority.

Cash is placed with a counterparty that is a TCI regulated entity. Management does not expect the counterparty to fail to meet its obligations.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset on the statement of financial position.



PORTS AUTHORITY OF THE TURKS AND CAICOS ISLANDS

Notes to Financial Statements, continued

Year ended March 31, 2020

19. Financial instruments, continued

(a) Credit risk, continued

The maximum exposure to credit risk at the reporting date was:

		Carrying Amount	
		2020	2019
Cash	US\$	9,245,204	7,164,925
Term deposit		1,209,407	1,202,700
Accounts receivable, net		868,117	768,928
Other receivables		90,481	96,781
Loan receivable, net		—	—
Deposits		21,675	21,675
	US\$	11,434,884	9,255,009

At the reporting date, the Ports Authority had a concentration of credit risk as 99% (2019: 98%) of the Ports Authority's total cash account and term deposit were held with Scotiabank in TCI.

The exposure to credit risk for accounts receivable at March 31, by geographical location, was as follows:

		Carrying Amount	
		2020	2019
Providenciales	US\$	782,909	673,670
Grand Turk		53,897	70,651
South Caicos		31,311	24,607
	US\$	868,117	768,928

The Ports Authority's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

The ageing of accounts receivable at March 31 was as follows:

	2020		2019	
	Gross US\$	Impairment US\$	Gross US\$	Impairment US\$
Past due				
Not later than one month	608,853	(12,177)	408,567	(8,171)
Later than one month but not later than three months	90,324	(3,033)	149,934	(4,885)
Later than three months	318,204	(205,803)	300,945	(181,391)
Outstanding but not past due	72,474	(725)	105,195	(1,266)
	1,089,855	(221,738)	964,641	(195,713)



PORTS AUTHORITY OF THE TURKS AND CAICOS ISLANDS

Notes to Financial Statements, continued

Year ended March 31, 2020

19. Financial instruments, continued

(a) Credit risk, continued

The movement on the allowance for impairment on accounts receivable during the year is disclosed at note 7 to these financial statements.

The allowance for impairment reflects estimates of losses arising from the failure or inability of the Ports Authority's customers to make required payments. The allowance is based on specific identification of customer accounts, age of receivables and the Ports Authority's historical write-off experience. Changes to the provision may be required if the status of the customer account improves or deteriorates. An improvement in financial condition may result in lower actual write-offs.

Certain accounts receivable that are disputed and have been long outstanding are fully provided for.

(b) Liquidity risk

Liquidity risk is the risk that the Ports Authority will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Ports Authority.

The Ports Authority's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Ports Authority's reputation.

The Ports Authority ensures that it has sufficient liquid financial assets to meet its current financial liabilities.

The following are the contractual maturities of non-derivative financial instruments excluding the impact of netting agreements:

	2020			
	Carrying amount	Contractual cash flows	Under 1 year	> 1 year
	US\$	US\$	US\$	US\$
Cash	9,245,204	9,245,204	9,245,204	–
Term deposit	1,209,407	1,216,059	1,216,059	–
Accounts receivable, net	868,117	868,117	868,117	–
Other receivables	90,481	90,481	90,481	–
Loan receivable, net	–	–	–	–
Deposits	21,675	21,675	21,675	–
Accounts payable and accrued expenses	(493,818)	(493,818)	(493,818)	–
Due to TCIG	(5,125,843)	(5,125,843)	(5,125,843)	–
	5,815,223	5,821,875	5,821,875	–



PORTS AUTHORITY OF THE TURKS AND CAICOS ISLANDS

Notes to Financial Statements, continued

Year ended March 31, 2020

19. Financial instruments, continued

(b) Liquidity risk, continued

	2019			
	Carrying amount	Contractual cash flows	Under 1 year	> 1 year
	US\$	US\$	US\$	US\$
Cash	7,164,925	7,164,925	7,164,925	–
Term deposit	1,202,700	1,209,407	1,209,407	–
Accounts receivable, net	768,928	768,928	768,928	–
Other receivables	96,781	96,781	96,781	–
Loan receivable, net	–	–	–	–
Deposits	21,675	21,675	21,675	–
Accounts payable and accrued expenses	(502,649)	(502,649)	(502,649)	–
Due to TCIG	(5,139,153)	(5,139,153)	(5,139,153)	–
	3,613,207	3,619,914	3,619,914	–

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates and debt security prices, will affect the Ports Authority's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Ports Authority had no transactions or balances in foreign currencies.

Interest rate risk

The Ports Authority's operations are subject to the risk of interest rate fluctuation to the extent that interest-earning assets mature or reprice at different times or in differing amounts. Risk management activities are aimed at optimising net interest income, given market interest rate levels consistent with the Ports Authority's strategies.

At March 31 the interest rate profile of the Ports Authority's interest-bearing financial instrument was:

	2020		2019
Fixed rate instrument:			
Financial asset			
Term deposit	US\$	1,209,407	1,202,700
	US\$	1,209,407	1,202,700



PORTS AUTHORITY OF THE TURKS AND CAICOS ISLANDS

Notes to Financial Statements, continued

Year ended March 31, 2020

19. Financial instruments, continued

(c) Market risk, continued

Interest rate risk, continued

Cash flow sensitivity analysis for fixed rate instruments

A change of 100 basis points in interest rates for the fixed rate instrument at March 31 would have increased/(decreased) surplus in the statement of revenue, expenditures and other comprehensive income by US\$12,094/(US\$12,027) (2019: US\$12,027/(US\$12,027)) assuming all other variables remained constant.

20. Contingent liabilities

Section 5 of the Ordinance lists all the functions of the Ports Authority, one of which is the general supervision of territorial waters and vessels and wrecks located therein. Section 36 of the Ordinance further states that the Ports Authority is not a bailee for reward with respect to property entrusted to its care and has no liability for loss or damage unless such loss or damage is due to the wilful neglect or default of the Ports Authority or its agents.

The Ports Authority was not aware of any contingent liabilities at March 31, 2020.

21. Capital commitments

Port Pavement, Grand Turk

In June 2019 the Ports Authority entered into a US\$1,440,649 contract with Olympic Construction for the port pavement project in Grand Turk.

Of the US\$1,440,649 contract value, US\$1,146,586 of costs had been incurred as at March 31, 2020.

Environmental Impact Assessments (EIAs)

In July 2018 the Ports Authority entered into a US\$147,000 contract with Coastal Design & Engineering Ltd for the EIAs for Sandy Point and Bellefield Landing in North Caicos and the South Caicos dredging project.

The EIAs were completed during the financial year and an extended contract for US\$62,000 was signed in October 2019 for the preliminary works carried out to support upcoming larger development projects.

Of the US\$62,000 additional contract value, US\$55,565 of costs had been incurred as at March 31, 2020.



PORTS AUTHORITY OF THE TURKS AND CAICOS ISLANDS

Notes to Financial Statements, continued

Year ended March 31, 2020

21. Capital commitments, continued

Port Lighting, Providenciales

In January 2020 the Ports Authority entered into a US\$85,280 contract with L&L Construction Ltd for the port lighting project in Providenciales.

Of the US\$85,280 contract value, US\$56,341 of costs had been incurred as at March 31, 2020.

Welcome Center Bellefield Landing

In March 2020 the Ports Authority entered into a US\$36,075 framework contract with Conservative Architects for the design concept of the welcome center Bellefield landing in North Caicos.

Of the US\$36,075 additional contract value, US\$7,215 of costs had been incurred as at March 31, 2020.

Port Safety Enhancement Project

In January and March 2020 the Ports Authority entered into a contract with Ideal Business Solutions for the Port Security Enhancement project valued at US\$33,447. Additionally, a contract was entered into with Elastec Inc. for the Port Safety Enhancement project. The total project was valued at US\$165,322 of which US\$137,524 was sponsored by the UK government.

Due to COVID 19, the commencement of the project has been delayed. No costs had been incurred as at March 31, 2020.

Caicos Islands Development

In March 2020 the Ports Authority entered into a US\$57,512 framework contract with Lew 1 for emergency dredging works to Bellefield landing in North Caicos.

Due to COVID 19, the commencement of the project has been delayed. No costs had been incurred as at March 31, 2020.

22. Subsequent events

Capital projects 2020/2021

The capital expenditure of US\$46,710 for new vehicles was tendered and evaluated before the reporting date however the relevant contract was not finalised with the contract awardee until May 2020.



PORTS AUTHORITY OF THE TURKS AND CAICOS ISLANDS

Notes to Financial Statements, continued

Year ended March 31, 2020

22. Subsequent events, continued

Transfers of surplus revenue to TCIG

During the budget address 2019/2020 delivered on May 1, 2019 by the Premier and Minister of Finance, it was announced that TCIG had accepted the Ports Authority's recommendations for the development and modernisation of South Dock, Providenciales. To support the implementation of this project, TCIG indicated they would allow the Ports Authority a five year moratorium on transfers of surplus revenue to TCIG effective from the 2019/2020 financial year.

No transfer of surplus revenue to TCIG was therefore made during the financial year 2019/2020.

Subsequent to the year end, on July 23, 2020, the Permanent Secretary of Finance advised the Ports Authority that TCIG had agreed to cover costs up to US\$32 million for the South Dock Port Redevelopment project during the financial years 2020/2021 to 2022/2023. To facilitate this undertaking TCIG instructed the Ports Authority to resume the transfer of surplus revenue to TCIG from April 30, 2020. Furthermore, TCIG agreed that the Ports Authority will remit no less than US\$4 million to TCIG for financial year 2020/2021.

In April 2020 the Ports Authority paid TCIG US\$5.1 million of the amount due to TCIG at March 31, 2020.

COVID19 outbreak

On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization causing significant disruption in the global and local economies. As a result, economic uncertainties have arisen which are likely to negatively impact the financial performance of the Ports Authority for the year ended March 31, 2021 and possibly beyond. Due to the significant level of uncertainty regarding this matter as at the date of approval of these financial statements the financial impact on the Ports Authority could not be reasonably ascertained.

23. Going concern

As disclosed at note 22 to these financial statements the COVID-19 pandemic has caused significant disruption in both global and local economies. However, on the basis of various assessment, forecasts and representations, management believes the risk that the Ports Authority will not be able to meet its obligations as they fall due is low and the Ports Authority will continue as a going concern for the foreseeable future.



TURKS AND CAICOS ISLANDS PORTS AUTHORITY

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