



**REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF TRINIDAD AND TOBAGO ON THE FINANCIAL STATEMENTS OF THE PUBLIC TRANSPORT SERVICE CORPORATION FOR THE YEAR ENDED 30TH SEPTEMBER, 2019**

**ADVERSE OPINION**

The Financial Statements of the Public Transport Service Corporation (the Corporation) for the year ended 30<sup>th</sup> September, 2019 have been audited. The Statements as set out on pages 1 to 32 as seen in the Financial Statements comprise a Statement of Financial Position as at 30<sup>th</sup> September, 2019, and a Statement of Comprehensive Income, a Statement of Changes in Equity and a Statement of Cash Flows for the year ended, and Notes to the Financial Statements numbered 1 to 28, including a summary of significant accounting policies.

2. In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of this report, the accompanying Financial Statements do not present fairly, the financial position of the Corporation as at 30<sup>th</sup> September, 2019 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

**BASIS FOR ADVERSE OPINION**

**STATEMENT OF FINANCIAL POSITION**

<b>ACCUMULATED DEFICIT</b>	<b>\$324,365,783</b>
<b>NON-CURRENT LIABILITIES-GOVERNMENT GRANTS</b>	<b>\$489,145,359</b>

3. Documentary evidence produced and explanations provided were insufficient to verify the correctness of the Accumulated Deficit balance of \$324,365,783 and the – Government Grant figure of \$489,145,359.

4. The audit was conducted in accordance with the principles and concepts of International Standards of Supreme Audit Institutions (ISSAIs). The Auditor General's responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. The Auditor General is independent of the Corporation in accordance with the ethical requirements that are relevant to the audit of the financial statements and other ethical responsibilities have been fulfilled in accordance with these requirements. It is my view that the audit evidence obtained is sufficient and appropriate to provide a basis for the above adverse opinion.

## **RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS**

5. Management of the Corporation is responsible for the preparation and fair presentation of these financial statements 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.

6. In preparing the financial statements, management is responsible for assessing the ability of the Corporation 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 Corporation or to cease operations, or has no realistic alternative but to do so.

7. Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

## **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

8. The Auditor General's responsibility is to express an opinion on these financial statements based on the audit and to report thereon in accordance with section 116 of the Constitution of the Republic of Trinidad and Tobago and Section 28 (2) of the Public Transport Service Act, Chapter 48:02 (the Act).

9. The Auditor General's 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 audit report that includes his opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the principles and concepts of ISSAIs 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.

10. As part of an audit in accordance with the principles and concepts of ISSAIs, the Auditor General exercises professional judgment and maintains professional skepticism throughout the audit. The Auditor General also:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risk, and obtains audit evidence that is sufficient and appropriate to provide a basis for an 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.

- Obtains 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 internal control of the Corporation for the year ended 30<sup>th</sup> September, 2019
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concludes 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 ability of the Corporation to continue as a going concern. If the Auditor General concludes that a material uncertainty exists, the Auditor General is required to draw attention in his audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify his opinion. The Auditor General's conclusions are based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluates 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.

11. The Auditor General communicates 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 were identified during the audit.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

12. A Pension Scheme has not been established by the Corporation as required by section 18 of the Act which states that:

“The Corporation shall within a period of three years of its establishment, by rules confirmed by the Minister, provide for the establishment and maintenance of a Pension Scheme or Provident Fund for the benefit of the officers and employees of the Corporation.”

**SUBMISSION OF REPORT**

13. This Report is being submitted to the Speaker of the House of Representatives, the President of the Senate and the Minister of Finance in accordance with the requirements of sections 116 and 119 of the Constitution of the Republic of Trinidad and Tobago.

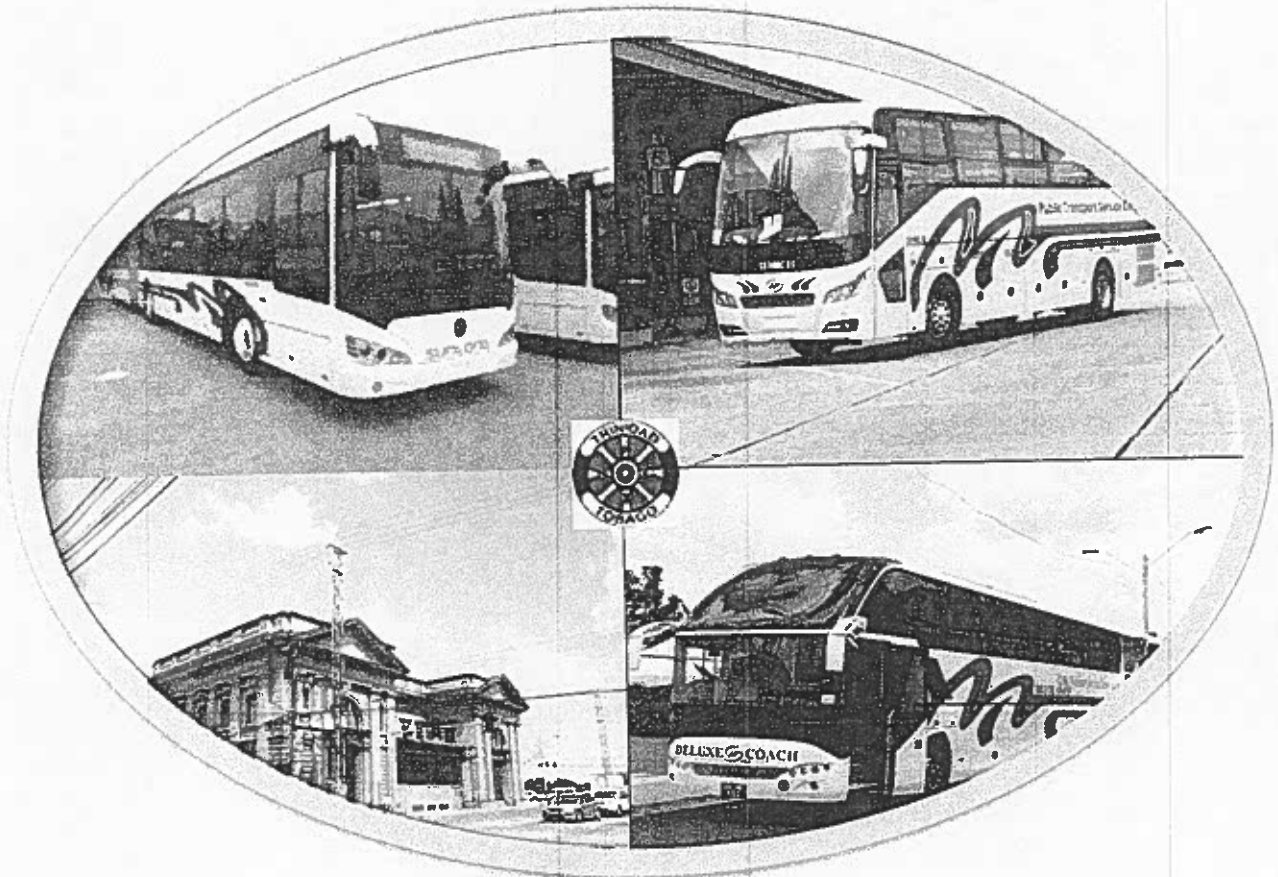
**20<sup>TH</sup> SEPTEMBER, 2023**  
**PORT OF SPAIN**



*Jaiwantie Ramdass*  
**JAIWANTIE RAMDASS**  
**AUDITOR GENERAL (Ag.)**



# PUBLIC TRANSPORT SERVICE CORPORATION



## Unaudited Financial Statements

FOR THE YEAR ENDED 30<sup>TH</sup> SEPTEMBER 2019

6/12/2019



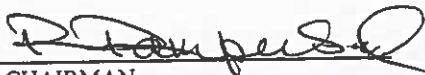
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FOR THE YEAR ENDED 30TH SEPTEMBER, 2019

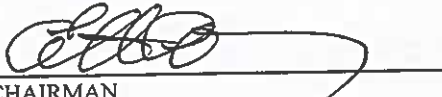
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**PUBLIC TRANSPORT SERVICE CORPORATION**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30TH SEPTEMBER, 2019**

ASSETS	NOTES	AS AT SEPT 2019	AS AT SEPT 2018 REVISED
<b>NON-CURRENT ASSETS</b>		<b>\$</b>	<b>\$</b>
PROPERTY PLANT AND EQUIPMENT	12	112,736,548	108,765,615
INTANGIBLE ASSETS	13	1,054,789	214,233
		<u>113,791,337</u>	<u>108,979,848</u>
<b>CURRENT ASSETS</b>			
INVENTORIES	14	48,192,924	50,599,918
DEBTORS AND PREPAYMENTS	15	45,545,389	27,818,827
SHORT TERM INVESTMENT	16	5,992,432	5,945,398
CASH AND CASH EQUIVALENTS	17	35,319,645	28,634,134
		<u>135,050,389</u>	<u>112,998,277</u>
<b>TOTAL ASSETS</b>		<u><u>248,841,723</u></u>	<u><u>221,978,125</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
REVALUATION RESERVE	18	7,181,390	7,181,390
ACCUMULATED DEFICIT		<u>(324,365,783)</u>	<u>(314,968,101)</u>
		(317,184,393)	(307,786,711)
<b>NON-CURRENT LIABILITIES</b>			
LOANS & BONDS - LONG TERM		-	10,463,176
GOVERNMENT GRANTS	23	<u>489,145,359</u>	<u>449,902,066</u>
		489,145,359	460,365,242
<b>CURRENT LIABILITIES</b>			
CREDITORS AND ACCRUALS	19	66,417,582	54,716,260
LOANS AND BONDS - CURRENT	20	<u>10,463,175</u>	<u>14,683,334</u>
		<u>76,880,757</u>	<u>69,399,594</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>248,841,723</u></u>	<u><u>221,978,125</u></u>

  
 VICE CHAIRMAN

  
 CHAIRMAN



  
 GENERAL MANAGER

Dec 20 2019  
 DATE

**PUBLIC TRANSPORT SERVICE CORPORATION  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30TH SEPTEMBER, 2019**

	Notes ( )	AS AT SEPT 2019 \$	AS AT SEPT 2018 REVISED \$
OPERATING INCOME	5	72,047,663	76,298,841
COST OF OPERATIONS	6	(209,297,867)	(223,072,576)
GROSS PROFIT/(LOSS) ON OPERATIONS		<u>(137,250,204)</u>	<u>(146,773,735)</u>
OTHER COMPREHENSIVE INCOME	9	4,076,413	4,348,020
DISTRIBUTION EXPENSES	7	(2,516,006)	(1,284,708)
ADMINISTRATIVE EXPENSES	10	(129,304,579)	(125,920,282)
FINANCE COST	11	<u>(1,215,799)</u>	<u>(1,710,835)</u>
OPERATING NET LOSS BEFORE GOVERNMENT GRANT		(266,210,173)	(271,341,539)
GOVERNMENT GRANTS	8, 22	<u>256,812,492</u>	<u>271,408,722</u>
SURPLUS / (DEFICIT) AFTER GOVERNMENT GRANT		<u><u>(9,397,682)</u></u>	<u><u>67,183</u></u>



**PUBLIC TRANSPORT SERVICE CORPORATION  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH SEPTEMBER 2019**

	CAPITAL RESERVE	ACCUMULATED DEFICIT	CAPITAL AND RESERVES
	\$	\$	\$
<b>FOR THE YEAR ENDED 30TH SEPTEMBER, 2018</b>			
BALANCE AS AT 1ST OCTOBER, 2018	7,181,390	(314,968,101)	(307,786,711)
SURPLUS FOR THE YEAR		(9,397,682)	(9,397,682)
<b>BALANCE AS AT 30TH SEPTEMBER, 2019</b>	<u><u>7,181,390</u></u>	<u><u>(324,365,782)</u></u>	<u><u>(317,184,393)</u></u>
<b>FOR THE YEAR ENDED 30TH SEPTEMBER, 2018</b>			
BALANCE AS AT 1ST OCTOBER, 2017	7,181,390	(315,035,283)	(307,853,893)
SURPLUS FOR THE YEAR		67,183	67,183
<b>BALANCE AS AT 30TH SEPTEMBER, 2018</b>	<u><u>7,181,390</u></u>	<u><u>(314,968,101)</u></u>	<u><u>(307,786,711)</u></u>

**PUBLIC TRANSPORT SERVICE CORPORATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30th SEPTEMBER, 2019**

	SEPT 2019	SEPT 2018 REVISED
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
NET SURPLUS/(DEFICIT) FOR THE YEAR	(9,397,682)	67,183
ADJUSTMENTS FOR :		
DEPRECIATION	16,776,527	21,496,472
	<u>7,378,846</u>	<u>21,563,655</u>
<b>CHANGES IN WORKING CAPITAL</b>		
NET CHANGE IN INVENTORIES	2,406,994	2,230,509
NET CHANGE IN DEBTORS AND PREPAYMENTS	(17,726,562)	22,468,827
NET CHANGE IN SHORT TERM INVESTMENTS	(47,033)	(62,587)
NET CHANGE IN CREDITORS AND ACCURALS	11,701,322	757,417
NET CHANGE IN GOVERNMENT GRANTS	39,243,293	17,009,058
	<u>42,956,859</u>	<u>63,966,879</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
PURCHASE OF PROPERTY ,PLANT AND EQUIPMENT	(21,588,016)	(36,476,647)
	<u>(21,588,016)</u>	<u>(36,476,647)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
PAYMENTS OF LOANS AND BONDS	(14,683,335)	(14,683,335)
	<u>(14,683,335)</u>	<u>(14,683,335)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	6,685,508	12,806,897
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE YEAR	28,634,134	15,827,235
	<u>35,319,645</u>	<u>28,634,134</u>
CASH AND CASH EQUIVALENTS AS AT END OF THE YEAR	<u>35,319,645</u>	<u>28,634,134</u>
REPRESENTED BY		
CASH IN HAND AND AT BANK	35,319,645	28,634,134
	<u>35,319,645</u>	<u>28,634,134</u>

# **PUBLIC TRANSPORT SERVICE CORPORATION**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

### **1. Incorporation and Principal Activities**

The Public Transport Service Corporation (PTSC) was incorporated by an Act of Parliament no. 11 of 1965 to operate public service vehicles so as to ensure the provision of a safe, adequate, economic and efficient public transport system.

### **2. Significant Accounting Policies**

#### **(a) Basis of financial statements preparation**

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), and are stated in Trinidad and Tobago dollars. These financial statements have been prepared under the historical cost convention using the accruals basis and no adjustment has been taken into account for the effects of inflation.

#### **(b) Foreign currency transactions**

Foreign currency transactions are translated into the measurement currency using the exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in the Statement of Comprehensive Income.

#### **(c) Cash and cash equivalents**

Cash and cash equivalents are carried in the Balance Sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise balances held as cash on hand and at bank. Cash resources also consist of highly liquid investments that are carried at cost, which approximates market value.

# PUBLIC TRANSPORT SERVICE CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

### 2. Significant Accounting Policies :( Cont'd)

#### (d) Fixed assets and depreciation

Lands and buildings owned by the Corporation on the 31st December, 1973 are shown at their valuation as at that date. Subsequent additions to lands and building and other fixed assets are valued at cost.

Renewals, improvements and major repairs that materially extend the life of property, plant and equipment are capitalized, while major maintenance, repairs and improvements are charged to income as incurred.

Depreciation is provided for on a straight line basis designed to write - off the assets' costs over their estimated useful economic lives . Assets are depreciated at the following rates:

Buildings	5%
Furniture and fittings	15%
Plant, machinery and equipment	15%
Air condition equipment	15%
Revenue vehicles	12.50%
Computer equipment	33.33%
Non-revenue vehicles	25%
Computer software	33.33%

**PUBLIC TRANSPORT SERVICE CORPORATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

**2. Significant Accounting Policies :( Cont'd)**

**(e) Inventories**

Inventories are valued at the lower of cost and net realizable value . The inventory items are valued using first in first out basis.

**(f) Financial instruments**

Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognized on the Corporation's Statement of Financial Position when the Corporation becomes a party to the contractual provisions of the instrument.

All regular way purchases and sales of financial assets are recognised or derecognized on the trade date that is the date on which the Corporation commits itself to purchase or sell an asset.

A regular way purchase and sale of financial assets is a purchase or sale of an asset under a contract whose terms require delivery of the asset within the timeframe established generally by regulation or convention in the marketplace concerned. When financial assets are recognised initially, they are measured at fair value of the consideration given plus transaction costs directly attributable to the acquisition of the asset.

Financial assets are derecognized when the contractual rights to receive the cash flows expire or where the risks and rewards of ownership of the assets have been transferred

# PUBLIC TRANSPORT SERVICE CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

### 2. Significant Accounting Policies :( Cont'd)

#### (g) Impairment of financial assets

The Corporation assesses at each Statement of Financial Position date whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or group of financial assets is impaired and impairment losses are incurred if and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "Loss event") and that event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset or group of financial assets is impaired includes observable data that comes to the attention of the Corporation about the following loss events:

- i. Significant financial difficulty of the issuer or obligor.
- ii. A breach of contract, such as default or delinquency in interest or principal payments.
- iii. It becoming probable that the borrower will enter in bankruptcy or other financial reorganization.
- iv. The disappearance of an active market for that financial asset because of financial difficulties.
- v. Observable data indicating that there is a measurable decrease in the estimated cash-flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with individual financial assets in the group, including adverse changes in the payment status of borrowers in the Corporation or national or economic conditions that correlate with defaults on assets in the Corporation.

# **PUBLIC TRANSPORT SERVICE CORPORATION**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

### **2. Significant Accounting Policies :( Cont'd)**

#### **(h) Impairment of financial assets Cont'd**

The Corporation first assesses whether the objective evidence of impairment exists individually for financial assets are individually significant. If the Corporation determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Assets that are individually assessed for impairment and for which an impairment losses continues to be recognized are not included in a collective assessment of impairment

The difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate is recognized in the Statement of Comprehensive Income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as improvement in the debtor's credit rating), the previously recognized loss is reversed to the extent that the carrying amount of the financial asset does not exceed what the amortized cost would have been had the impairment not been recognized at the date that the impairment is reversed. The amount of the reversal is recognized in the Statement of Comprehensive Income.



**PUBLIC TRANSPORT SERVICE CORPORATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

**2. Significant Accounting Policies :( Cont'd)**

**(i) Financial assets measured at cost**

The difference between the assets' carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the current market's rate of return for similar financial assets is recognized in the Statement of Comprehensive Income. These losses are not reversed.

**(j) Financial Liabilities**

When financial liabilities are recognized initially, they are measured at fair value of the consideration given plus transaction costs directly attributable to the acquisition of the liability. Financial liabilities are derecognized when they are extinguished that is when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability extinguished and the consideration paid is recognized in the Statement of Comprehensive Income.

**(k) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned in the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in net profit or loss in the period in

**PUBLIC TRANSPORT SERVICE CORPORATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

which they are incurred.

**2. Significant Accounting Policies :( Cont'd)**

**(l) Government grants**

Government grants are recognized as income over the periods necessary to match them with related costs which they are intended to compensate, on a systematic basis.

Government grants related to assets and capital expenditure are presented as deferred income on the Statement of Financial Position and are transferred to the Statement of Comprehensive Income when the related expenditure is recognized.

Government grants related to recurrent expenditure are presented as government grants on the Statement of Comprehensive Income when the related expenditure is recognized.

**(m) Bonds**

These are stated at principal outstanding. Interest is accrued on the outstanding balance.

**(n) Revenue recognition**

Revenue from the provision of services, goods and disposal of other assets is recognized when the Corporation has contractually provided the services, goods or other assets to the customer. Such revenue is recognized and reported in the period to which it relates. Income is recognized at the point of ticket sales.

# **PUBLIC TRANSPORT SERVICE CORPORATION**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

### **2. Significant Accounting Policies :( Cont'd)**

#### **(o) Taxation**

Taxation has not been provided for the financial statements. Section 45 of the Public Transport Service Act states that "The President may by order exempt the Corporation in the whole or in part from payment of any tax imposed by or under any written law".

The Corporation is registered for Value Added Tax (VAT) and generally receives VAT refunds as bus travel is treated as a zero rated service. Pursuant to the exemption of tax stated above the Corporation is not required to provide deferred tax.

Section 3A sub section (2) d of the Finance Act of 1998 states that the Public Transport Service Corporation is exempted from the payment of Business Levy.

#### **(p) Provisions**

Provisions are recognized when the Corporation has a present legal or constructive obligation as a result of past events. It is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the Statement of Financial Position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

# PUBLIC TRANSPORT SERVICE CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

### 2. Significant Accounting Policies :( Cont'd)

#### (q) Comparatives

Where necessary comparative figures have been adjusted to conform to changes in presentation in the current year.

### 3. Financial Risk Management:

#### Financial risk factors

The Corporation is exposed to interest rate risk, credit risk, liquidity risk, currency risk, operational risk, compliance risk and reputation risk arising from the loans and bonds that it holds. The risk management policies employed by the Corporation to manage these risks are discussed below:

#### a) Interest rate risk-

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Corporation is exposed to interest rate risk through the effect of fluctuations in the prevailing levels of interest rates on interest bearing financial assets and liabilities, including investments in bonds, loans and other funding instruments.

The exposure is managed through the matching of funding products with financial services and monitoring market conditions and yields.

#### i) Bonds

The Corporation is liable to long term bonds consisting of both floating rate and fixed rate instruments. The market values of the fixed rate bonds are not very sensitive to changes in interest rates. The market values of the floating rate bonds are sensitive to changes in interest rates. The longer the maturity of the bonds, the greater is the sensitivity to changes in interest rates. These are funded solely by government grants.

# PUBLIC TRANSPORT SERVICE CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

### 3. Financial Risk Management (Cont'd)

#### ii) Loans

The Corporation is liable to fixed rate loans which are solely funded by government grants.

#### b) Credit risk-

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the Statement of Financial Position date.

Cash balances are held with high credit quality financial institutions and the Corporation has policies to limit the amount of exposure to any single financial institution.

The Corporation also actively monitors global economic developments and government policies that may affect the growth rate of the local economy.

#### c) Liquidity risk-

Liquidity risk is the risk that arises when the maturity dates of assets and liabilities do not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Corporation has procedures with the object of minimizing such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities. The Corporation is able to make daily calls on its available cash resources to settle financial and other liabilities.

#### **Risk Management**

The matching and controlling mismatching of the maturities and interest rates of assets and liabilities are fundamental to the management of the Corporation. The Corporation employs various asset/liability techniques to manage liquidity gaps.

**PUBLIC TRANSPORT SERVICE CORPORATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

**3. Financial Risk Management (Cont'd)**

Liquidity gaps are mitigated by the marketable nature of a substantial segment of the Corporation's assets as well as generating sufficient cash from government grants.

To manage and reduce liquidity risk the Corporation's management actively seeks to match cash inflows with liability requirements.

**d) Currency risk-**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risks arise when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Corporation's measurement currency. The Corporation is not exposed to foreign exchange risk arising from various currency exposures.

**e) Operational risk-**

Operational risk is the risk derived from deficiencies relating to the Corporation's information technology and control systems, as well as the risk of human error and natural disasters. The Corporation's systems are evaluated, maintained and upgraded continuously. Supervisory controls are installed to minimize human error.

Additionally, staff is often rotated and trained on an on-going basis.

**f) Compliance risk-**

Compliance risk is the risk of financial loss, including fines and other penalties, which arise from non-compliance with laws and regulations of the state. The risk is limited to a significant extent due to the supervision applied by the Attorney General, as well as by the monitoring controls applied by the Corporation. The Corporation has an Internal Audit Department which does routine reviews on compliance.

# PUBLIC TRANSPORT SERVICE CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

### 3. Financial Risk Management (Cont'd)

g) Reputation risk-

The risk of loss of reputation arising from the negative publicity relating to the Corporation's operations (whether true or false) may result in a reduction of its clientele, reduction in revenue and legal cases against the Corporation. The Corporation engages in public social endeavors to engender trust and minimize this risk.

### 4. Critical Accounting Estimates and Judgments:

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make judgments, estimates and assumptions in the process of applying the Corporation's accounting policies. See Note 2(b).

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Corporation makes estimates and assumptions concerning the future. However, actual results could differ from those estimates as the resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Changes in accounting estimates are recognised in the Statement of Comprehensive Income in the period in which the estimate is changed, if the change affects that period only, or in the period of the change and future periods if the change affects both current and future periods.

The critical judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements, are as follows:

- i) Whether leases are classified as operating leases or finance leases.
- ii) Which depreciation method for plant and equipment is used.



**PUBLIC TRANSPORT SERVICE CORPORATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

**4. Critical Accounting Estimates and Judgments:**

The key assumptions concerning the future and other key sources of estimation uncertainty at the Statement of Financial Position date (requiring management's most difficult, subjective or complex judgments ) that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities with the next financial year are as follows:

i) **Impairment of assets**

Management assesses at each Statement of Financial Position date whether assets are impaired. An asset is impaired when the carrying value is greater than its recoverable amount and there is objective evidence of impairment. Recoverable amount is the present value of the future cash flows. Provisions are made for the excess of the carrying value over its recoverable amount.

ii) **Plant and equipment**

Management exercises judgment in determining whether future economic benefits can be derived from expenditures to be capitalized and in estimating the useful lives and residual values of these assets.

**PUBLIC TRANSPORT SERVICE CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30TH SEPTEMBER 2019**

**5. OPERATING INCOME**

	AS AT SEPT 2019	AS AT SEPT 2018 REVISED
	\$	\$
KNOW YOUR COUNTRY TOURS - TRINIDAD	528,226	696,420
MAXI TAXI INSPECTION FEES - PORT OF SPAIN	40,650	40,619
MAXI TAXI INSPECTION FEES -TOBAGO	5,100	4,380
MAXI TAXI FEES - TRINIDAD	38,699,351	42,594,975
MAXI TAXI FEES - TOBAGO	6,160,942	6,354,123
MIN. OF SOCIAL DEVELOPMENT - PENSIONERS	5,130,000	5,130,000
MONTHLY/WEEKLY TRAVEL	85,052	44,375
SALE OF TICKETS - POINT FORTIN	318,178	315,343
SALE OF TICKETS - PORT OF SPAIN	2,705,913	2,645,265
SALE OF TICKETS - SAN FERNANDO	576,896	616,015
SALE OF TICKETS - TOBAGO	650,511	535,593
SPEC EVENTS/TOURS - PORT OF SPAIN	6,616,765	6,885,995
SPEC EVENTS/TOURS - SAN FERNANDO	48,310	34,275
SPEC EVENTS/TOURS/CHARTERS - TOBAGO	212,120	36,610
TICKET SALE - IN HOUSE -CHAGUANAS	75,327	71,176
TICKET SALE - IN HOUSE -POINT FORTIN	5,346	6,007
TICKET SALE - IN HOUSE -SANGRE GRANDE	457,261	482,222
TICKET SALE - IN HOUSE- PORT OF SPAIN	6,323,460	6,410,931
TICKET SALE - IN HOUSE CUREPE	20,526	105,890
TICKET SALE - IN HOUSE -SAN FERNANDO	3,387,731	3,288,630
<b>TOTAL OPERATING INCOME</b>	<b><u>72,047,663</u></b>	<b><u>76,298,841</u></b>

**PUBLIC TRANSPORT SERVICE CORPORATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30TH SEPTEMBER 2019**

**6. COST OF OPERATIONS**

	AS AT SEPT 2019	AS AT SEPT 2018 REVISED
	\$	\$
DEPRECIATION REVENUE VEHICLES	10,997,815	16,312,576
FUEL AND OIL	12,593,722	13,461,364
INSURANCE - REVENUE VEHICLES	865,657	864,447
MAXI TAXI DIRECT	39,384,629	43,791,872
REPAIR /MAINTENANCE - REVENUE VEHICLE	22,117,949	21,222,936
KNOW YOUR COUNTRY	5,000	55,040
WAGES	111,570,515	116,851,000
NIS	9,636,987	10,081,076
TICKETS	263,995	263,265
UNIFORMS	1,861,599	168,999
	<u>209,297,867</u>	<u>223,072,576</u>

**7. DISTRIBUTION EXPENSES**

	\$	\$
ADVERTISING	431,366	447,889
MOTOR VEHICLE	34,776	48,723
BAD DEBTS	1,391,541	
DONATIONS	3,500	6,883
TRAVEL	654,823	781,212
	<u>2,516,006</u>	<u>1,284,708</u>

**PUBLIC TRANSPORT SERVICE CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH SEPTEMBER 2019**

	AS AT SEPT 2019	AS AT SEPT 2018 REVISED
	\$	\$
<b><u>8. GOVERNMENT GRANT</u></b>	256,812,492	271,408,722
<b>TOTAL</b>	<u><u>256,812,492</u></u>	<u><u>271,408,722</u></u>

**9. OTHER INCOME**

BANK INTEREST	53,478	65,659
BAD DEBT RECOVERED	-	-
BILLBOARD AND WALL ADVERTISEMENTS	204,765	607,523
COMMERCIAL SERVICES - PORT OF SPAIN	169,802	127,231
CONCESSIONAIRE BOOTHS	2,031,281	2,525,919
GAIN ON CURRENCY EXCHANGE	16,515	
INSURANCE CLAIMS	172,737	
OTHER MISC INC- PORT OF SPAIN	10,201	1,217
OTHER MISC INC -SAN FERNANDO	630	540
OTHER MISC INC - TOBAGO	80	
PUB SERV VEH LICENSE FEE	243,300	217,500
GAIN OR LOSS ON DISPOSAL	75,000	
SALE OF ASSETS	82,900	41,275
SHORT TERM RENTAL	67,467	22,094
TENANCY CONTRACTS	211,468	118,461
RENT TRANSIT MALL- SAN JUAN	388,891	345,764
RENT TRANSIT MALL- CUREPE	183,278	173,262
RENT TRANSIT MALL- ARIMA	62,609	62,609
RENT TRANSIT MALL- TUNAPUNA	94,968	30,939
RENT TRANSIT MALL- SAN FERNANDO	7,044	7,044
TRAINING SERVICES	-	984
<b>TOTAL</b>	<u><u>4,076,413</u></u>	<u><u>4,348,020</u></u>

**PUBLIC TRANSPORT SERVICE CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH SEPTEMBER 2019**

**10. ADMINISTRATIVE EXPENSES**

	AS AT SEPT 2019	AS AT SEPT 2018 REVISED
	\$	\$
SALARIES	30,807,743	28,695,649
WAGES	13,236,095	13,243,210
CONTRACT SALARIES	7,108,997	6,607,814
CONTRACT WAGES	49,683	2,632
COLA	1,165,172	1,193,215
SHIFT BONUS	200,169	192,552
OVERTIME	360,753	883,294
NIS	4,137,413	4,104,154
PENSION	9,273,677	8,690,597
GRATURITY	6,973,562	3,433,771
MEDICAL EXPENSES	54,221	107,400
GROUP LIFE	2,802,310	2,301,814
OTHER ALLOWANCE	124,748	127,759
TRAINING	407,758	150,713
DIRECTORS EXPENSES	708,512	573,416
UNRECOVERABLE INPUT TAX	9,825,831	13,379,987
AUDIT FEES	441,815	-
LEGAL FEES	1,506,645	1,210,792
CONSULTING FEES	1,611,595	898,355
MEMBERSHIP FEES	15,116	20,253
CELLULAR CHARGES	226,775	248,865
ELECTRICITY	1,994,838	2,155,654
TELEPHONE	584,682	481,731
WATER RATES	113,154	130,161
INTERNET	349,989	525,386
CABLE	40,175	38,672
INSURANCE	890,093	795,546
RENT	2,366,711	3,043,461
REPAIRS & MAINTENANCE	6,543,106	6,313,754
SECURITY	16,788,703	19,430,437
BOOKS/NEWSPAPERS/PERIODICALS	16,359	15,522
POSTAGE	7,191	4,825
STATIONERY	368,905	268,895
COURIER	2,240	1,935
COMPUTER PARTS & ACCESSORIES	628,699	468,392
SAFETY ATTIRE EQUIPMENT	53,401	227,177
OTHER OFFICE EXPENSES	143,251	98,865
DEPRECIATION	5,778,713	5,184,009
OBSOLESCENCE	620,993	-
ENTERTAINMENT	318,030	212,279
FREIGHT	567,120	409,058
COMMERCIAL REPAIRS	4,095	23,647
DISPOSAL OF TYRES	16,095	24,635
LOSS ON FOREIGN EXCHANGE	69,447	-
TOTAL	<u>129,304,579</u>	<u>125,920,282</u>

**PUBLIC TRANSPORT SERVICE CORPORATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30TH SEPTEMBER 2019**

<u>11. FINANCE COST</u>	AS AT SEPT 2019	AS AT SEPT 2018 REVISED
	\$	\$
LOAN INTEREST - BANK	252,824	455,194
CITICORP \$130.1M BOND INTEREST	237,725	341,520
FCB \$93.6M BOND INTEREST	704,601	881,061
OVERDRAFT INTEREST - REPUBLIC	-	702
OVERDRAFT INTEREST - FCB	-	7,243
	<hr/>	<hr/>
LOAN & BOND INTEREST	1,195,150	1,685,720
	<hr/>	<hr/>
BANK CHARGES	20,648	25,116
	<hr/>	<hr/>
BANK CHARGES	20,648	25,116
	<hr/>	<hr/>
TOTAL	<u>1,215,799</u>	<u>1,710,835</u>

PUBLIC TRANSPORT SERVICE CORPORATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30TH SEPTEMBER 2019  
 (continued)

12. PROPERTY, PLANT AND EQUIPMENT

ORIGINAL COST	LAND	BUILDINGS	PLANT & EQUIPMENT	REVENUE VEHICLES	NON-REVENUE VEHICLES	FURNITURE & FITTINGS	CAPITAL WORK IN PROGRESS	TOTAL
COST AT 30/9/2018	\$ 23,617,393	\$ 112,444,007	\$ 43,161,973	\$ 520,640,026	\$ 3,247,582	\$ 12,822,204	\$ 1,832,045	\$ 717,765,230
ADDITIONS	\$ -	\$ 362,489	\$ 5,210,812	\$ -	\$ -	\$ 359,597	\$ 14,212,507	\$ 20,145,405
DISPOSALS	\$ -	\$ -	\$ -	\$ -	\$ (275,175)	\$ -	\$ -	\$ (275,175)
COST AT 30/9/2019	\$ 23,617,393	\$ 112,806,496	\$ 48,372,785	\$ 520,640,026	\$ 2,972,407	\$ 13,181,801	\$ 16,044,552	\$ 737,635,460

ACCUMULATED DEPRECIATION

BALANCE B/F 30/9/2018	\$ -	\$ (88,174,856)	\$ (37,391,797)	\$ (468,325,175)	\$ (3,247,582)	\$ (11,860,201)	\$ -	\$ (608,999,611)
CHARGE FOR THE PERIOD	\$ -	\$ (1,935,851)	\$ (2,879,782)	\$ (10,997,815)	\$ -	\$ (361,026)	\$ -	\$ (16,174,473)
DISPOSALS	\$ -	\$ -	\$ -	\$ -	\$ 275,175	\$ -	\$ -	\$ 275,175
BALANCE C/F30/9/2019	\$ -	\$ (90,110,707)	\$ (40,271,579)	\$ (479,322,989)	\$ (2,972,407)	\$ (12,221,227)	\$ -	\$ (624,898,909)

NET BOOK VALUE

AS AT 30/09/2019	\$ 23,617,393	\$ 22,695,788	\$ 8,101,206	\$ 41,317,037	\$ 0	\$ 960,574	\$ 16,044,552	\$ 112,736,548
AS AT 30/09/2018 REVISED	\$ 23,617,393	\$ 24,269,151	\$ 5,770,175	\$ 52,314,852	\$ 0	\$ 962,003	\$ 1,832,045	\$ 108,765,618



**PUBLIC TRANSPORT SERVICE CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH SEPTEMBER 2019  
(continued)**

**13. INTANGIBLE ASSETS**

	<b>COMPUTER SOFTWARE</b>
<b>ORIGINAL COST</b>	
COST AT 30/09/2018	\$ 3,182,231
ADDITIONS	\$ 1,442,611
DISPOSALS	<u>\$ -</u>
COST AT 30/09/2019	<u>\$ 4,624,842</u>
<b>ACCUMULATED AMORTISATION</b>	33.33%
BALANCE C/F 30/09/2018	\$ (2,967,998)
CHARGE FOR THE PERIOD DISPOSALS	\$ (602,055)
BALANCE C/F 30/09/2019	<u>\$ (3,570,053)</u>
<b>NET BOOK VALUE</b>	
AS AT 30/09/2019	<u>\$ 1,054,789</u>
AS AT 30/09/2018 REVISED	<u>\$ 214,233</u>

**PUBLIC TRANSPORT SERVICE CORPORATION  
 NOTES TO THE STATEMENT OF FINANCIAL POSITION  
 FOR THE YEAR ENDED 30TH SEPTEMBER 2019**

	AS AT SEPT 2019	AS AT SEPT 2018 REVISED
	\$	\$
<b>14. INVENTORIES</b>		
OIL STOCK	522,693	331,016
FUEL STOCK	508,977	189,182
TRADERS TICKETS	118,639	217,405
TIRES	1,476,291	1,217,581
SPARES	45,259,146	48,073,899
STATIONERY	235,705	197,465
MATERIALS	71,472	257,119
UNIFORMS	-	116,250
	<u>48,192,924</u>	<u>50,599,918</u>
<b>15. DEBTORS &amp; PREPAYMENTS</b>		
DEBTORS	24,316,713	17,744,871
PROVISION FOR DOUBTFUL DEBTS	(7,080,125)	(7,080,125)
LOANS TO OFFICERS	50,612	45,309
SALARY ADVANCE	245,754	153,583
VACATION ADVANCE	231,445	332,899
INTEREST RECEIVABLE	1,790	-
VAT RECEIVABLE	365,511	(40,582)
ACCRUED INCOME	5,627,343	3,825,638
PREPAID INSURANCE	1,441,769	1,256,017
PREPAID EXPENSES (OTHER)	2,290,713	2,290,713
INSURANCE CLAIM RECEIVABLE	318,814	154,589
PREPAID EXPENSES	17,735,050	9,135,916
	<u>45,545,389</u>	<u>27,818,827</u>
<b>16. SHORT TERM INVESTMENTS</b>		
FIXED DEPOSIT- TRUSTEE POOL	4,472,013	4,444,964
UTC NO 2214864-2	1,520,419	1,500,434
	<u>5,992,432</u>	<u>5,945,398</u>

**PUBLIC TRANSPORT SERVICE CORPORATION  
NOTES TO THE STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED 30TH SEPTEMBER 2019**

	AS AT SEPT 2019 \$	AS AT SEPT 2018 \$ REVISED
<b>17. CASH AND CASH EQUIVALENTS</b>		
FACILITY ADMIN CASHIER	5,400	6,230
PETTY CASH ENGINEERING	5,000	5,000
PETTY CASH POINT FORTIN	2,500	2,500
PETTY CASH GRANDE	4,000	4,000
PETTY CASH HEAD OFFICE	10,000	10,000
PETTY CASH SAN FERNADO	18,000	18,000
PETTY CASH TOBAGO	13,000	13,000
REPUBLIC NO 150244235101	163,398	65,988
REPUBLIC NO 150244234301	6,411,279	3,321,464
FCB LINX 2008733	835,889	806,983
FCB USD ACCOUNT-2453589	2,041,450	2,379,611
FCB NO 1112882	25,809,728	22,001,358
	<u>35,319,645</u>	<u>28,634,134</u>
<b>18. REVALUATION RESERVE</b>		
REVALUATION RESERVE	<u>7,181,390</u>	<u>7,181,390</u>
<b>19. CREDITORS AND ACCURALS</b>		
CREDITORS	25,806,263	18,254,709
ACCRUALS	16,402,636	14,336,665
SPECIAL PROJECTS	-	2,771,476
SALARIES / WAGES PAYABLE	6,605,476	6,394,387
UNCLAIMED BENEFITS TO DECEASED	297,169	346,638
PENSIONS PAYABLE	368,439	444,657
SEVERANCE PAYABLE	2,389,056	1,027,905
GRATUTITY PAYABLE	626,225	451,505
OTHER DEDUCTIONS PAYABLE	10,317	38,894
MAXI TAXI T'DAD PAYABLE	8,738,513	5,125,495
MAXI TAXI TGO PAYABLE	533,851	559,220
PAYE PAYABLE	1,505,354	1,650,019
NIS PAYABLE	1,751,053	1,686,013
HEALTH SURCHARGE PAYABLE	57,287	55,687
UNION DUES PAYABLE	586	771
CREDIT UNION DEDUCTION - PAYABLE	115,169	159,088
MORTGAGE DEDUCTIONS PAYABLE	1,100	-
INSURANCE PAYABLE	7,862	72,874
COURT MAINTENANCE	600	(1,350)
ACCRUED INTEREST	215,352	399,096
STALE DATED CHEQUES PAYABLE	588,295	585,668
REFUNDABLE DEPOSITS	396,979	352,842
	<u>66,417,582</u>	<u>54,712,260</u>

**PUBLIC TRANSPORT SERVICE CORPORATION  
NOTES TO THE STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED 30TH SEPTEMBER 2019**

	AS AT SEPT 2019	AS AT SEPT 2018 REVISED
<b>20. LOANS /BONDS -LONG TERM</b>		
CITICORP \$130.1M BOND	-	2,155,157
FCB \$93.6M BOND	-	6,243,019
UTC TT \$41.3 M LOAN	-	2,065,000
	<u>-</u>	<u>10,463,176</u>

**20. LOANS/BONDS-CURRENT PORTION**

CITICORP \$130.1M BOND	2,155,155	4,310,315
FCB \$93.6M BOND	6,243,020	6,243,019
UTC TT \$41.3 M LOAN	2,065,000	4,130,000
	<u>10,463,175</u>	<u>14,683,334</u>

**21. GOVERNMENT GRANTS RECEIVED**

ACQUISITION OF BUSES	21,482,472	12,597,267
RELOCATION TO OAS	12,993,137	-
PSIP- CONSTRUCTION PROJECTS	4,518,830	989,176
FLEET MAINTENANCE	32,537,193	36,124,117
IT DEVELOPMENT PROJECT- MAXIMO	562,748	-
LOANS AND BONDS - CITICORP 130.1M 06/21	4,809,615	4,766,334
LOANS AND BONDS - 41.3M LOAN	4,484,286	4,585,194
LOANS AND BONDS - FCB 93.645 M BOND	6,893,327	7,264,787
PENSIONS	8,767,780	9,750,000
SALARIES & WAGES, COLA AND NIS CONTRIBUTION	178,690,920	179,659,900
SECURITY	13,386,735	25,652,000
SEVERANCE	3,522,773	2,029,000
INSURANCE	3,405,970	5,000,000
<b>TOTAL</b>	<u><u>296,055,786</u></u>	<u><u>288,417,775</u></u>

**PUBLIC TRANSPORT SERVICE CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH SEPTEMBER 2019**

<b>22 GOVERNMENT GRANTS RECOGNIZED AS INCOME</b>	<b>SEPT 2019</b>	<b>SEPT 2018 REVISED</b>
<b>OPERATIONAL EXPENSES FUNDED BY GOVERNMENT GRANTS:</b>		
	\$	\$
PSIP- CONSTRUCTION PROJECTS	310,442	-
CONTRACT EMPLOYMENT		-
FLEET MAINTENANCE	32,537,193	36,124,117
MAXI TAXI SUPPORT		
PENSIONS	8,767,780	8,690,597
SALARIES & WAGES, COLA AND NIS CONTRIBUTION	178,398,275	179,659,900
SECURITY	13,386,735	21,859,242
SEVERANCE AND GRATUITY	3,522,773	2,029,000
INSURANCE	1,755,749	1,659,992
PREPAID INSURANCE 2018 & 2019 OCT- JUNE	2,463,509	
<b>TOTAL</b>	<u><u>241,142,456</u></u>	<u><u>250,022,848</u></u>
<b>GRANT TO OFFSET COST OF ASSET</b>		
DEPRECIATION ON ASSETS	14,166,144	19,452,894
LOAN INTEREST	354,286	455,194
BOND INTEREST	1,149,606	1,477,786
BONDS CAPITAL PORTION		
<b>TOTAL</b>	<u><u>15,670,036</u></u>	<u><u>21,385,874</u></u>
<b>TOTAL GOVERNMENT GRANTS RECOGNIZED AS INCOME</b>	<u><u>256,812,492</u></u>	<u><u>271,408,722</u></u>
<b>GOVERNMENT GRANT RECEIVED</b>		
RECURRENT EXPENDITURE	241,815,263	260,147,997
CAPITAL LOAN REPAYMENT	14,683,336	14,683,335
PSIP PROJECTS	39,557,187	13,586,443
<b>TOTAL GOVERNMENT GRANT RECEIVED</b>	<u><u>296,055,786</u></u>	<u><u>288,417,775</u></u>
<b>RECONCILIATION OF GOVERNMENT GRANT RECEIVED TO GRANT</b>		
<b>CREDITED TO INCOME STATEMENT</b>		
GRANT RECEIVED	296,055,786	288,417,775
PURCHASE OF BUSES/GENERATOR AND OTHER PSIP	(39,557,187)	(13,586,443)
PRINCIPAL PORTION OF LOANS PAID	(14,683,336)	(14,683,335)
UNEXPIRED INSURANCE OCTOBER -JUNE	(1,650,221)	(3,340,008)
UNEXPIRED GRANT RECEIVED	(292,645)	(4,852,161)
<b>TRANSFERRED FROM DEFERRED GOVERNMENT GRANT ACCOUNT:</b>		
DEPRECIATION ON ASSETS	10,997,815	16,312,576
PREVIOUS YEAR PSIP PROJECTS	3,478,771	3,140,318
PREPAID INSURANCE 2018 & 2019 OCT- JUNE	2,463,509	-
<b>GOVERNMENT GRANTS RECOGNIZED AS INCOME</b>	<u><u>256,812,492</u></u>	<u><u>271,408,722</u></u>
<b>23 GOVERNMENT GRANTS</b>		
BALANCE BROUGHT FORWARD	449,902,066	434,659,008
ADD AMOUNTS RECEIVED	296,055,786	288,417,775
LESS AMOUNTS TRANSFERRED TO INCOME	(256,812,492)	(271,408,722)
LESS AMOUNTS TRANSFERRED TO RETAINED EARNINGS	-	(1,765,994)
<b>BALANCE CARRIED FORWARD</b>	<u><u>489,145,359</u></u>	<u><u>449,902,066</u></u>

# **PUBLIC TRANSPORT SERVICE CORPORATION**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

### **24. LOANS AND BONDS**

- 1) The PTSC borrowed TT\$130.1 million under government guarantee from Republic Finance and Merchant Limited. The arrangement involved the issue and sale of floating and fixed rate bonds 1994 - 2019. The full amount of this loan has been drawn down and the issue date was December 21st 1994. During the first three years of issue, interest was accrued and added to the principal in June 1998 the principal and capitalized interest would be repaid. Interest payments are semi-annual , due in June and December each year. The principal is payable in forty-four semi-annual payments of \$2,155,158 from June 1998. This bond was taken to finance the VESP package offered to staff in 1994.
  
- 2) The PTSC borrowed TT\$93.6 million under government guarantee from First Citizens Bank Limited. The arrangement involved the issue and sale of fixed rate bonds 2005 - 2020. The full amount of this bond has been drawn down and the issue date was April 29th 2005. Interest payments are semi-annual , due in April and October each year. The principal is payable in thirty semi-annual payments of \$3,121,509 from October 2005. The annual interest rate is 5.95%. This bond was taken to refinance the fixed portion of the \$130M bond and to pay outstanding creditors.

### **25. CONTINGENT LIABILITIES**

At year end, the Corporation had contingent liabilities of \$9.0m arising in the ordinary course of business.

### **26. FREE TRAVEL**

The estimated value of free travel for persons over 65 years and school children in Fiscal 2019 amounted to \$10.8m of which \$5.1m is received annually from the Ministry of Social Development. This represents 48% of total free ridership.

**PUBLIC TRANSPORT SERVICE CORPORATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

**27. INVENTORY**

IAS 2 Inventories, requires inventories to be measured at the lower of cost and net realizable value (NRV). PTSC does not hold inventory for resale, however has in store items of spare parts and consumable for the maintenance and efficient running of its service fleet that can be considered material and should be valued as per Standard stated above. 100% inventory count was performed at year-end.

**28. KEY MANAGEMENT PERSONNEL**

Included in the Administration Contracted Salaries is the sum of \$4.3m for key contracted management personnel for the period under review.