



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 2017

ADVERSE OPINION

The financial statements of the Public Transport Service Corporation (the Corporation) for the year ended 30th September 2017 have been audited. The statements as set out on pages 1 to 28 as seen in the Financial Statements comprise a Statement of Financial Position as at 30th September 2017, and the 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 26, 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 30th September 2017 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

PROPERTY, PLANT AND EQUIPMENT \$95,679,341

3. The Asset Register recorded a composite figure for both Land \$23,617,393 and Buildings \$26,186,879. A listing of the individual assets by acquisition cost in both categories of Land and Buildings was not produced for audit. Therefore the balances relating to the Land and the Buildings categories of Property Plant and Equipment could not be verified.

CAPITAL AND RESERVES – ACCUMULATED DEFICIT BALANCE OF \$315,035,284

NON-CURRENT LIABILITIES - GOVERNMENT GRANTS (Note 23) \$434,659,007

4. The Corporation's treatment of Government Grants differed over several years. Because of the cumulative effect of different treatment of Government Grants recognized in the Statement of Comprehensive Income, and the lack of supporting documents, I was unable to verify the Accumulated Deficit balance of \$315,035,284 and the Non-Current Liabilities – Government Grant balance of \$434,659,007.

5. 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

6. 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.

7. 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.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

9. 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.

10. 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.

11. 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 risks, 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 30th September, 2017
- 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.

12. 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

13. 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

14. 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.

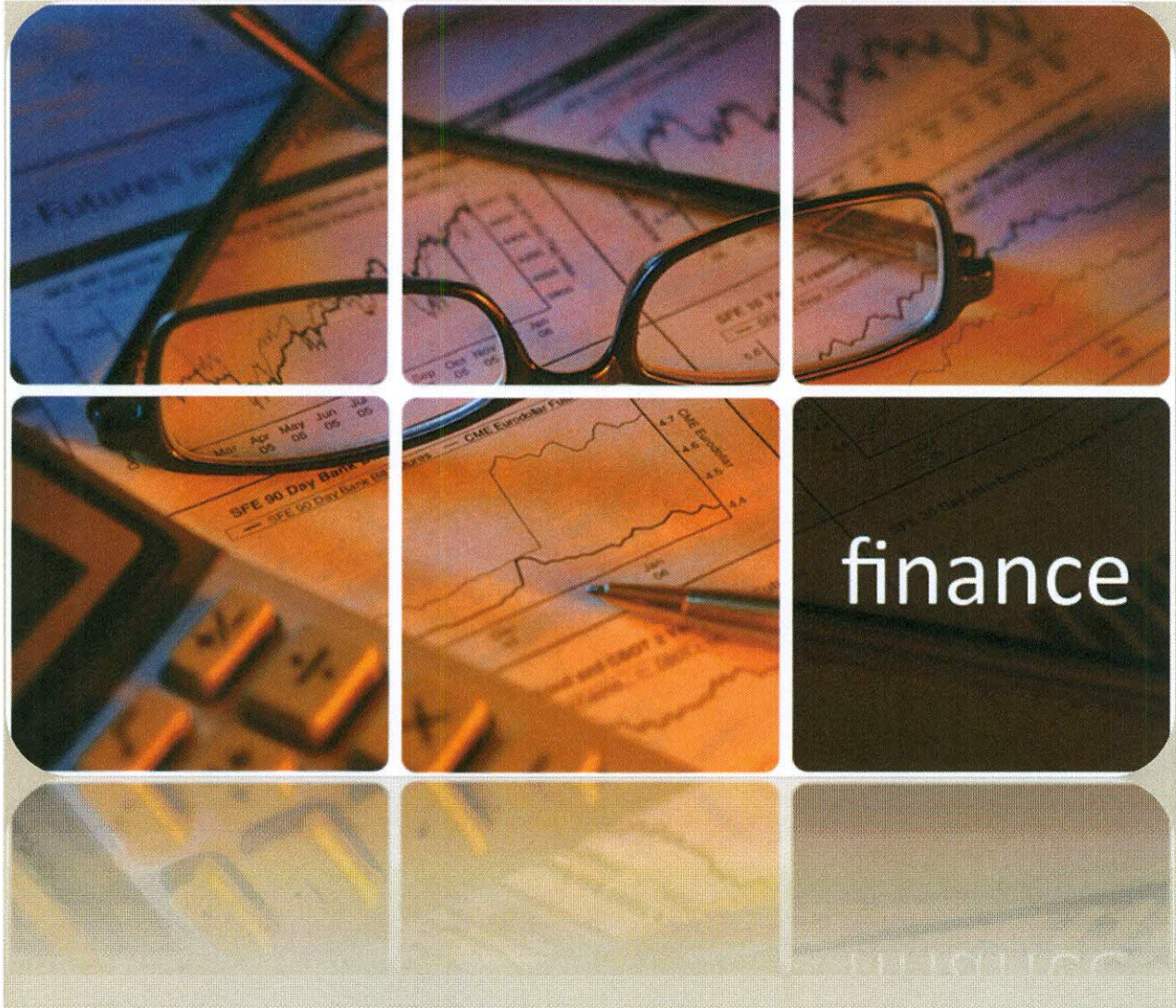
**18TH FEBRUARY 2022
PORT OF SPAIN**




**LORELLY PUJADAS
AUDITOR GENERAL**



PUBLIC TRANSPORT SERVICE CORPORATION



FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2017

**PUBLIC TRANSPORT SERVICE CORPORATION
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FOR THE YEAR ENDED 30TH SEPTEMBER , 2017**

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**PUBLIC TRANSPORT SERVICE CORPORATION
STATEMENT OF FINANCIAL POSITION
AS AT 30TH SEPTEMBER, 2017**

		AS AT SEPT 2017	AS AT SEPT 2016
ASSETS	NOTES		
NON-CURRENT ASSETS		\$	\$
PROPERTY PLANT AND EQUIPMENT	12	95,679,341	110,826,472
INTANGIBLE ASSETS	13	86,333	144,999
		<u>95,765,674</u>	<u>110,971,471</u>
CURRENT ASSETS			
INVENTORIES	14	52,830,427	52,325,665
DEBTORS AND PREPAYMENTS	15	50,287,654	26,560,324
SHORT TERM INVESTMENT	16	5,882,812	5,822,140
CASH AND CASH EQUIVALENTS	17	15,827,235	8,436,662
		<u>124,828,128</u>	<u>93,144,791</u>
TOTAL ASSETS		<u><u>220,593,802</u></u>	<u><u>204,116,262</u></u>
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
REVALUATION RESERVE	18	7,181,390	7,181,390
ACCUMULATED DEFICIT		<u>(315,035,284)</u>	<u>(362,441,719)</u>
		(307,853,894)	(355,260,329)
NON-CURRENT LIABILITIES			
LOANS & BONDS - LONG TERM	20, 24	25,146,511	39,829,847
GOVERNMENT GRANTS	23	434,659,007	428,018,546
		<u>459,805,518</u>	<u>467,848,393</u>
CURRENT LIABILITIES			
CREDITORS AND ACCRUALS	19	53,958,844	76,844,864
LOANS AND BONDS - CURRENT	20, 24	14,683,334	14,683,334
		<u>68,642,178</u>	<u>91,528,198</u>
TOTAL EQUITY AND LIABILITIES		<u><u>220,593,802</u></u>	<u><u>204,116,262</u></u>

VICE CHAIRMAN

CHAIRMAN



GENERAL MANAGER (A.g)

DATE

**PUBLIC TRANSPORT SERVICE CORPORATION
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH SEPTEMBER, 2017**

	Notes ()	AS AT SEPT 2017 \$	AS AT SEPT 2016 \$
OPERATING INCOME	5	85,225,555	84,979,443
COST OF OPERATIONS	6	(236,616,499)	(242,505,857)
		<hr/>	<hr/>
GROSS PROFIT/(LOSS) ON OPERATIONS		<u>(151,390,944)</u>	<u>(157,526,413)</u>
OTHER COMPREHENSIVE INCOME	9	3,323,287	3,749,948
DISTRIBUTION EXPENSES	7	(1,254,646)	(1,926,613)
ADMINISTRATIVE EXPENSES	10	(118,358,832)	(130,467,779)
FINANCE COST	11	<u>(2,688,071)</u>	<u>(3,975,678)</u>
OPERATING NET LOSS BEFORE GOVERNMENT GRANT		(270,369,205)	(290,146,536)
GOVERNMENT GRANTS	8, 22	<u>317,775,640</u>	<u>327,830,289</u>
SURPLUS / (DEFICIT) AFTER GOVERNMENT GRANT		<u>47,406,435</u>	<u>37,683,753</u>

The surplus of \$47.4m in 2017 represents a timing difference in the receipt of government subvention and the accounting period for recording of expenditure.

Expenditure	Amount \$
Principal repayment on \$130.1m Bond	4,310,315
Principal repayment on \$93.6m Bond	<u>6,243,019</u>
Sub total	10,553,334
Wages and salaries ,Severance pay/Gratuity -expensed in 2016	13,500,000
Creditors- expensed in 2016	<u>23,353,101</u>
Total	<u>47,406,435</u>

**PUBLIC TRANSPORT SERVICE CORPORATION
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH SEPTEMBER 2017**

	CAPITAL RESERVE	ACCUMULATED DEFICIT	CAPITAL AND RESERVES
	\$'000	\$'000	\$'000
FOR THE YEAR ENDED 30TH SEPTEMBER, 2017			
BALANCE AS AT 1ST OCTOBER, 2016	7,181,390	(362,441,718)	(355,260,328)
SURPLUS FOR THE YEAR		47,406,435	47,406,435
BALANCE AS AT 30TH SEPTEMBER, 2017	<u><u>7,181,390</u></u>	<u><u>(315,035,284)</u></u>	<u><u>(307,853,894)</u></u>
FOR THE YEAR ENDED 30TH SEPTEMBER, 2016			
BALANCE AS AT 1ST OCTOBER, 2015	7,181,390	(457,125,471)	(449,944,081)
DEFICIT FOR THE YEAR		37,683,753	37,683,753
PRIOR PERIOD ADJUSTMENTS- Note 25		57,000,000	57,000,000
BALANCE AS AT 30TH SEPTEMBER, 2016	<u><u>7,181,390</u></u>	<u><u>(362,441,718)</u></u>	<u><u>(355,260,328)</u></u>

**PUBLIC TRANSPORT SERVICE CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30th SEPTEMBER, 2017**

	SEPT 2017 \$	SEPT 2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
NET SURPLUS/(DEFICIT) FOR THE YEAR	47,406,435	37,683,753
ADJUSTMENTS FOR :		
DEPRECIATION	20,633,713	24,860,163
PRIOR YEAR ADJUSTMENTS - Note 25		57,000,000
INTEREST EXPENSE	2,617,560	3,873,387
	<u>70,657,707</u>	<u>123,417,302</u>
CHANGES IN WORKING CAPITAL		
NET CHANGE IN INVENTORIES	(504,762)	(47,685)
NET CHANGE IN SHORT TERM INVESTMENTS	(60,672)	(57,911)
NET CHANGE IN DEBTORS AND PREPAYMENTS	(23,727,330)	(3,155,041)
NET CHANGE IN CREDITORS AND ACCURALS	(22,886,020)	(51,675,306)
NET CHANGE IN GOVERNMENT GRANTS	6,640,461	(17,323,771)
TRANSFER OF LOAN FROM ACCURALS- Note 24(3)	-	14,455,000
NET CASH FROM OPERATING ACTIVITIES	<u>30,119,384</u>	<u>65,612,589</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
PURCHASE OF PROPERTY ,PLANT AND EQUIPMENT	(5,427,917)	(3,598,634)
NET CASH USED IN INVESTING ACTIVITIES	<u>(5,427,917)</u>	<u>(3,598,634)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
PAYMENTS OF LOANS AND BONDS	(17,300,894)	(71,426,722)
ACQUISITION OF LOANS	-	-
NET CASH USED IN FINANCING ACTIVITIES	<u>(17,300,894)</u>	<u>(71,426,722)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	7,390,573	(9,412,767)
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE YEAR	8,436,662	17,849,428
CASH AND CASH EQUIVALENTS AS AT END OF THE YEAR	<u>15,827,235</u>	<u>8,436,662</u>
REPRESENTED BY		
CASH IN HAND AND AT BANK	15,827,235	8,436,662
	<u>15,827,235</u>	<u>8,436,662</u>

PUBLIC TRANSPORT SERVICE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

30TH SEPTEMBER 2017

1. **Incorporation and Principal Activities:**

The Public Transport Service Corporation (PTSC) was incorporated by 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 & Tobago dollars. These financial statements are prepared under the historical cost convention.

(b) **Use of estimates-**

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgement in the process of applying the Corporation's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

(c) **Adoption of new and revised IFRSs and IFRICs-**

During the current year the Corporation adopted all the new and revised International Financial Reporting Standards (IFRSs) and International Financial Reporting Interpretations (IFRICs) which are relevant to its operations and are effective for accounting periods commencing on or before 1 January 2012. The adoption of these Standards did not have a material effect on the financial statements. At the date of authorisation of these financial statements, some standards were in issue but not yet effective. The Board of Directors expects that the adoption of these Standards in future periods will not have a material effect on the financial statements of the Corporation.

PUBLIC TRANSPORT SERVICE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

30TH SEPTEMBER 2017

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

(d) **Cash and Cash Equivalents**

Cash and Cash Equivalents include cash in hand and at bank and for the purpose of the statement of cash flows, bank overdrafts .

(e) **Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs of the inventories are determined on a first-in-first-out basis. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling, marketing and distribution expenses.

(f) **Property, Plant and Equipment**

Lands and Buildings owned by the Corporation on 31 December 1973 are shown at their valuation as at that date. Subsequent additions to Lands and Building and are valued at cost.

Property, Plant and Equipment are stated at historical cost less accumulated depreciation. Depreciation is calculated using the straight line method to allocate their cost over their estimated useful life. The following annual rates are used for the depreciation of property, plant and equipment:

Building and Improvements	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%		

Property, Plant and Equipment under construction are recorded as construction in progress until ready for their intended use; thereafter they are transferred to the related category of Property, Plant and Equipment and depreciated over their estimated useful lives.

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.

(g) **Intangible Asset**

The Corporation's intangible assets are initially recorded at cost and subsequently measured at cost less accumulated amortisation and any accumulated impairment losses. Any loss or gain on disposal is reflected in net income for the year. Amortisation is provided on the straight line basis over three years which is

PUBLIC TRANSPORT SERVICE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

30TH SEPTEMBER 2017

estimated to write the costs of the assets over their estimated useful lives. Annual license fees and maintenance costs are expensed as incurred.

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

(h) **Foreign currency transactions-**

Foreign currency transactions are translated into the functional 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 recognised in the Statement of Comprehensive Income.

(i) **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 recognised 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 derecognised 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 derecognised 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

30TH SEPTEMBER 2017

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

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 reorganisation.
- 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.

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 recognised are not included in a collective assessment of impairment.

PUBLIC TRANSPORT SERVICE CORPORATION

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30TH SEPTEMBER 2017

Impairment losses are recorded in an allowance account and are measured and recognised as follows:

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

i) Financial assets measured at amortised cost

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 recognised 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 recognised (such as improvement in the debtor's credit rating), the previously recognised loss is reversed to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised at the date that the impairment is reversed. The amount of the reversal is recognised in the Statement of Comprehensive Income.

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 recognised in the Statement of Comprehensive Income. These losses are not reversed.

Financial Liabilities

When financial liabilities are recognised 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 derecognised 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 recognised in the Statement of Comprehensive Income.

Cash resources

Cash resources consist of cash, bank balances, and highly liquid investments that are carried at cost, which approximates market value.

PUBLIC TRANSPORT SERVICE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

30TH SEPTEMBER 2017

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

(j) **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 capitalisation.

All other borrowing costs are recognised in net profit or loss in the period in which they are incurred.

(k) **Government grants-**

Government grants are recognised 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 recognised.

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

(l) **Bonds-**

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

(m) **Revenue recognition**

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

(n) **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". 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

PUBLIC TRANSPORT SERVICE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

30TH SEPTEMBER 2017

Business Levy. 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.

(o) Provisions-

Provisions are recognised 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 recognised 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.

(p) 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

PUBLIC TRANSPORT SERVICE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

30TH SEPTEMBER 2017

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.

ii) Loans

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

3. Financial Risk Management (Cont'd)

Financial risk factors

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 minimising 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

30TH SEPTEMBER 2017

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.

3. Financial Risk Management (Cont'd)

Financial risk factors –(Cont'd)

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 recognised 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 minimise 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.

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 endeavours to engender trust and minimize this risk.

PUBLIC TRANSPORT SERVICE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

30TH SEPTEMBER 2017

4. Critical Accounting Estimates and Judgements:

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

Estimates and judgements 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 judgements, 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.

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 judgements) 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 capitalised 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, 2017**

5. OPERATING INCOME

	AS AT SEPT 2017 \$	AS AT SEPT 2016 \$
KNOW YOUR COUNTRY TOURS - TRINIDAD	900,302	1,110,379
MAXI TAXI INSPECTION FEES - PORT OF SPAIN	42,160	43,980
MAXI TAXI INSPECTION FEES -TOBAGO	5,080	5,000
MAXI TAXI FEES - TRINIDAD	50,839,459	51,730,571
MAXI TAXI FEES - TOBAGO	5,997,730	6,026,740
MIN. OF SOCIAL DEVELOPMENT - PENSIONERS	5,130,000	5,130,000
MONTHLY/WEEKLY TRAVEL	46,086	58,319
SALE OF TICKETS - POINT FORTIN	314,773	339,337
SALE OF TICKETS - PORT OF SPAIN	2,897,444	3,453,072
SALE OF TICKETS - SAN FERNANDO	655,489	701,483
SALE OF TICKETS - TOBAGO	325,180	464,906
SPEC EVENTS/TOURS - PORT OF SPAIN	7,654,096	4,356,986
SPEC EVENTS/TOURS - SAN FERNANDO	34,490	-
SPEC EVENTS/TOURS/CHARTERS - TOBAGO	27,250	158,160
TICKET SALE - IN HOUSE -CHAGUANAS	76,094	84,846
TICKET SALE - IN HOUSE -POINT FORTIN	7,054	4,300
TICKET SALE - IN HOUSE -SANGRE GRANDE	444,154	427,023
TICKET SALE - IN HOUSE- PORT OF SPAIN	6,702,419	7,687,407
TICKET SALE - IN HOUSE CUREPE	115,111	130,389
TICKET SALE - IN HOUSE -SAN FERNANDO	3,011,185	3,066,546
TOTAL OPERATING INCOME	<u>85,225,555</u>	<u>84,979,443</u>

**PUBLIC TRANSPORT SERVICE CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30th SEPTEMBER, 2017**

6.COST OF OPERATIONS

	AS AT SEPT 2017	AS AT SEPT 2016
	\$	\$
DEPRECIATION REVENUE VEHICLES	14,936,759	19,217,211
FUEL AND OIL	10,885,983	9,978,085
INSURANCE - REVENUE VEHICLES	3,142,115	3,859,824
MAXI TAXI DIRECT	48,713,130	48,825,317
REPAIR /MAINTENANCE - REVENUE VEHICLE	27,424,658	26,313,412
KNOW YOUR COUNTRY	93,600	97,070
WAGES	120,724,086	124,099,711
NIS	10,384,442	9,630,075
TICKETS	160,216	203,587
UNIFORMS	151,510	281,566
	<u>236,616,499</u>	<u>242,505,857</u>

7. DISTRIBUTION EXPENSES

	\$	\$
ADVERTISING	614,806	518,136
MOTOR VEHICLE	30,438	90,583
BAD DEBTS	(64,000)	520,734
DONATIONS	11,700	12,991
TRAVEL	661,702	784,168
	<u>1,254,646</u>	<u>1,926,613</u>

**PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th SEPTEMBER, 2017**

	AS AT SEPT 2017 \$	AS AT SEPT 2016 \$
8. GOVERNMENT GRANT	317,775,640	327,830,289
TOTAL	<u><u>317,775,640</u></u>	<u><u>327,830,289</u></u>

9. OTHER INCOME

BANK INTEREST	59,521	58,444
BAD DEBT RECOVERED	-	79,200
BILLBOARD AND WALL ADVERTISEMENTS	106,767	679,428
COMMERCIAL SERVICES - PORT OF SPAIN	107,991	175,507
COMMERCIAL SERVICES- TOBAGO	80	80
CONCESSIONAIRE BOOTHS	1,851,047	1,617,194
INSURANCE CLAIMS	-	184,119
OTHER MISC INC- PORT OF SPAIN	46,809	15,908
OTHER MISC INC -SAN FERNANDO	4,040	3,009
OTHER MISC INC - TOBAGO	-	170
PUB SERV VEH LICENSE FEE	160,500	167,500
GAIN OR LOSS ON DISPOSAL	-	-
SALE OF ASSETS	38,510	29,544
SHORT TERM RENTAL	56,978	69,991
TENANCY CONTRACTS	240,745	60,640
RENT TRANSIT MALL- SAN JUAN	303,270	312,701
RENT TRANSIT MALL- CUREPE	170,482	171,147
RENT TRANSIT MALL- ARIMA	93,913	37,565
RENT TRANSIT MALL- TUNAPUNA	75,590	75,590
RENT TRANSIT MALL- SAN FERNANDO	7,044	7,044
TRAINING SERVICES	-	5,167
TOTAL	<u><u>3,323,287</u></u>	<u><u>3,749,948</u></u>

**PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th SEPTEMBER, 2017**

<u>10.ADMINISTRATIVE EXPENSES</u>	AS AT SEPT 2017 \$	AS AT SEPT 2016 \$
SALARIES	29,135,157	33,788,713
WAGES	13,928,086	13,912,639
CONTRACT SALARIES	7,767,524	9,263,901
CONTRACT WAGES	2,567	8,665
COLA	1,243,802	1,281,622
SHIFT BONUS	205,161	200,930
OVERTIME	643,468	919,215
NIS	4,248,748	4,241,405
PENSION	8,878,096	9,122,575
GRATURITY	6,309,791	5,567,493
EX-GRATIA PAYMENT	659,161	6,718,198
MEDICAL EXPENSES	235,357	-
GROUP LIFE	2,321,866	2,328,040
OTHER ALLOWANCE	81,743	141,396
TRAINING	415,383	306,587
DIRECTORS EXPENSES	682,068	273,116
AUDIT FEES	-	12,306
LEGAL FEES	1,085,356	679,386
CONSULTING FEES	1,913,445	1,837,675
MEMBERSHIP FEES	84,318	-
CELLULAR CHARGES	360,379	274,870
ELECTRICITY	2,019,135	2,075,214
TELEPHONE	493,955	543,565
WATER RATES	151,543	142,520
INTERNET	510,691	614,508
CABLE	40,183	32,848
INSURANCE	1,168,324	1,173,231
RENT	2,935,102	3,388,576
REPAIRS & MAINTENANCE	3,909,179	4,420,828
SECURITY	18,397,039	18,929,133
BOOKS/NEWSPAPERS/PERIODICALS	13,469	17,347
POSTAGE	4,180	4,364
STATIONERY	504,905	331,932
COURIER	5,738	2,899
COMPUTER PARTS & ACCESSORIES	681,550	525,160
SAFETY ATTIRE EQUIPMENT	163,492	140,786
OTHER OFFICE EXPENSES	171,249	311,051
DEPRECIATION	5,696,953	5,642,953
ENTERTAINMENT	434,219	227,874
FREIGHT	813,655	973,757
COMMERCIAL REPAIRS	17,097	53,422
DISPOSAL OF TYRES	25,700	37,080
TOTAL	118,358,832	130,467,779

**PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th SEPTEMBER, 2017**

11. FINANCE COST	AS AT SEPT 2017	AS AT SEPT 2016
	\$	\$
LOAN INTEREST - BANK	657,564	1,439,279
CITICORP \$130.1M BOND INTEREST	707,475	778,948
FCB \$93.6M BOND INTEREST	1,252,520	1,655,160
OVERDRAFT INTEREST - REPUBLIC	-	20,471
OVERDRAFT INTEREST - FCB	<u>1,848</u>	<u>3,610</u>
LOAN & BOND INTEREST	<u>2,619,407</u>	<u>3,897,467</u>
 BANK CHARGES	 68,664	 78,211
 BANK CHARGES	 <u>68,664</u>	 <u>78,211</u>
 TOTAL	 <u><u>2,688,071</u></u>	 <u><u>3,975,678</u></u>

PUBLIC TRANSPORT SERVICE CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30th SEPTEMBER, 2017
 (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 30/9/2016	\$ 23,617,393	\$ 109,334,056	\$ 39,825,676	\$ 485,215,872	\$ 3,247,582	\$ 12,268,991	\$ 2,698,761	\$ 676,208,331
ADDITIONS	\$ 3,109,951	\$ 1,934,524		\$ 1,020,571	\$ -	\$ 381,335	\$ (1,100,954)	\$ 5,345,427
DISPOSALS	-	-						\$ -
COST AT 30/9/2016	\$ 23,617,393	\$ 112,444,007	\$ 41,760,200	\$ 486,236,443	\$ 3,247,582	\$ 12,650,326	\$ 1,597,807	\$ 681,553,758
ACCUMULATED DEPRECIATION		5%	15%	12.5%	25%	15%		
BALANCE B/F 30/9/2016	\$ -	\$ (84,056,820)	\$ (31,830,360)	\$ (435,309,845)	\$ (3,247,582)	\$ (10,937,252)	\$ -	\$ (565,381,858)
CHARGE FOR THE PERIOD		\$ (2,200,308)	\$ (2,848,406)	\$ (14,936,759)	\$ -	\$ (507,083)		\$ (20,492,555)
DISPOSALS								\$ -
BALANCE C/F 30/9/2017	\$ -	\$ (86,257,127)	\$ (34,678,765)	\$ (450,246,604)	\$ (3,247,581)	\$ (11,444,335)	\$ -	\$ (585,874,414)
NET BOOK VALUE								
AS AT 30/09/2017	\$ 23,617,393	\$ 26,186,879	\$ 7,081,435	\$ 35,989,839	\$ 1	\$ 1,205,991	\$ 1,597,807	\$ 95,679,341
AS AT 30/9/2016	\$ 23,617,393	\$ 25,277,236	\$ 7,995,316	\$ 49,906,027	\$ 0	\$ 1,331,739	\$ 2,698,761	\$ 110,826,472

PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th SEPTEMBER, 2017
(continued)

13. INTANGIBLE ASSETS

ORIGINAL COST	COMPUTER SOFTWARE
COST AT 30/09/2016	\$ 2,834,566
ADDITIONS	\$ 82,490
DISPOSALS	<u>\$ -</u>
COST AT 30/09/2017	<u>\$ 2,917,056</u>
ACCUMULATED AMORTISATION	33.33%
BALANCE B/F 30/09/2016	\$ (2,689,566)
CHARGE FOR THE PERIOD DISPOSALS	<u>\$ (141,157)</u>
BALANCE C/F 30/09/2017	<u>\$ (2,830,723)</u>
NET BOOK VALUE	
AS AT 30/09/2017	<u><u>\$ 86,333</u></u>
AS AT 30/09/2016	<u><u>\$ 144,999</u></u>

**PUBLIC TRANSPORT SERVICE CORPORATION
 NOTES TO THE STATEMENT OF FINANCIAL POSITION
 FOR THE YEAR ENDED 30th SEPTEMBER, 2017**

	AS AT SEPT 2017 \$	AS AT SEPT 2016 \$
14. INVENTORIES		
OIL STOCK	236,340	386,693
FUEL STOCK	228,927	336,269
TRADERS TICKETS	305,671	305,887
TIRES	728,841	962,749
SPARES	50,144,117	49,174,124
STATIONERY	167,194	196,672
MATERIALS	1,019,337	963,272
	<u>52,830,427</u>	<u>52,325,665</u>
15. DEBTORS & PREPAYMENTS		
DEBTORS	22,826,704	15,862,906
PROVISION FOR DOUBTFUL DEBTS	(7,080,125)	(7,668,700)
LOANS TO OFFICERS	19,521	21,285
SALARY ADVANCE	274,739	308,529
VACATION ADVANCE	323,530	129,783
INTEREST RECEIVABLE	-	1,364
VAT RECEIVABLE	8,025,953	8,669,166
PREPAID INSURANCE	1,207,492	1,232,108
PREPAID EXPENSES (OTHER)	2,290,713	2,290,713
INSURANCE CLAIM RECEIVABLE	118,551	204,818
PREPAID EXPENSES	22,280,576	5,508,352
	<u>50,287,654</u>	<u>26,560,324</u>
16. SHORT TERM INVESTMENTS		
FIXED DEPOSIT- TRUSTEE POOL	4,400,874	4,357,139
UTC NO 2214864-2	1,481,938	1,465,001
	<u>5,882,812</u>	<u>5,822,140</u>

PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30th SEPTEMBER, 2017

	AS AT SEPT 2017 \$	AS AT SEPT 2016 \$
17. CASH ON HAND & BANK		
FACILITY ADMIN CASHIER	6,230	6,230
PETTY CASH ENGINEERING	6,145	15,000
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	194,481	103,813
REPUBLIC NO 150244234301	736,015	1,145,962
REPUBLIC NO 150244241601	-	136
REPUBLIC NO 150244240801	-	288
FCB LINX 2008733	731,475	427,578
FCB NO 1112882	14,105,389	6,690,155
	<u>15,827,235</u>	<u>8,436,662</u>
18. REVALUATION RESERVE		
REVALUATION RESERVE	<u>7,181,390</u>	<u>7,181,390</u>
19. CREDITORS AND ACCURALS		
CREDITORS	18,060,436	27,214,445
ACCRUALS	14,416,412	15,910,114
SPECIAL PROJECTS	1,385,738	-
SALARIES / WAGES PAYABLE	6,573,393	21,279,768
UNCLAIMED BENEFITS TO DECEASED	348,083	
PENSIONS PAYABLE	497,249	482,420
SEVERANCE PAYABLE	2,094,724	2,303,340
GRATUTITY PAYABLE	573,244	809,655
OTHER DEDUCTIONS PAYABLE	25,985	8,454
MAXI TAXI TDAD PAYABLE	3,989,046	2,422,481
MAXI TAXI TGO PAYABLE	591,133	536,145
PAYE PAYABLE	1,637,258	2,190,125
NIS PAYABLE	1,689,612	1,711,813
HEALTH SURCHARGE PAYABLE	55,291	58,347
PENSIONS CONTRIBUTION PAYABLE	-	4,843
UNION DUES PAYABLE	1,389	798
CREDIT UNION DEDUCTION - PAYABLE	320,619	66,462
MORTGAGE DEDUCTIONS PAYABLE	6,420	
TAX GARNISHEE	7,143	7,143
INSURANCE PAYABLE	77,283	3,537
COURT MAINTENANCE	13,415	
ACCRUED INTEREST	691,636	828,536
STALE DATED CHEQUES PAYABLE	588,723	793,861
REFUNDABLE DEPOSITS	314,611	212,575
	<u>53,958,844</u>	<u>76,844,864</u>

**PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30th SEPTEMBER, 2017**

	AS AT SEPT 2017	AS AT SEPT 2016
	\$	\$
20. LOANS /BONDS -LONG TERM		
CITICORP \$130.1M BOND	6,465,473	10,775,789
FCB \$93.6M BOND	12,486,038	18,729,057
UTC TT \$41.3 M LOAN	6,195,000	10,325,000
	<u>25,146,511</u>	<u>39,829,847</u>
20. LOANS/BONDS-CURRENT PORTION		
CITICORP \$130.1M BOND	4,310,315	4,310,315
FCB \$93.6M BOND	6,243,019	6,243,019
UTC TT \$41.3 M LOAN	4,130,000	4,130,000
	<u>14,683,334</u>	<u>14,683,334</u>
21. GOVERNMENT GRANTS RECEIVED		
ACQUISITION OF BUSES	17,500,000	-
ACQUISITION OF STANDBY GENERATOR	2,255,202	-
PSIP- CONSTRUCTION PROJECTS	688,752	-
CONTRACT EMPLOYMENT	-	6,120,000
FLEET MAINTENANCE	39,038,513	30,575,000
LOANS AND BONDS - CITICORP 130.1M 06/21	4,993,985	5,046,449
LOANS AND BONDS - 41.3M LOAN	4,787,564	5,043,160
LOANS AND BONDS -REPUBLIC BANK \$57.3LOAN	-	57,776,918
LOANS AND BONDS - FCB 93.645 M BOND	7,636,247	8,012,287
MAXI TAXI SUPPORT	-	4,500,000
NIS CONTRIBUTION	14,639,000	15,696,862
PENSIONS	11,343,000	9,050,000
SALARIES & COLA	54,032,884	41,838,403
SECURITY	21,541,250	20,000,000
SEVERANCE	10,930,000	16,050,000
INSURANCE	6,154,102	8,740,000
WAGES	128,875,603	139,057,439
TOTAL	<u>324,416,102</u>	<u>367,506,518</u>

**PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th SEPTEMBER, 2017**

22 GOVERNMENT GRANTS RECOGNIZED AS INCOME	SEPT 2017	SEPT 2016
OPERATIONAL EXPENSES FUNDED BY GOVERNMENT GRANTS:		
	\$	\$
PSIP- CONSTRUCTION PROJECTS	-	113,675
CONTRACT EMPLOYMENT	-	6,120,000
FLEET MAINTENANCE	39,038,513	30,575,000
MAXI TAXI SUPPORT	-	4,500,000
NIS CONTRIBUTION	14,639,000	15,696,862
PENSIONS	11,343,000	9,050,000
SALARIES & COLA	54,032,884	41,838,403
SECURITY	21,541,250	20,000,000
SEVERANCE	10,930,000	16,050,000
INSURANCE	4,946,610	7,232,316
WAGES	128,875,603	139,057,439
TOTAL	<u>285,346,860</u>	<u>290,233,695</u>
GRANT TO OFFSET COST OF ASSET		
DEPRECIATION ON ASSETS	15,010,984	18,902,770
PRINCIPAL ON \$41.3M LOAN	4,130,000	4,130,000
LOAN INTEREST	657,564	1,575,695
BOND INTEREST	2,076,212	2,434,108
BONDS CAPITAL PORTION	10,554,020	10,554,020
TOTAL	<u>32,428,780</u>	<u>37,596,593</u>
TOTAL GOVERNMENT GRANTS RECOGNIZED AS INCOME	<u>317,775,640</u>	<u>327,830,289</u>
GOVERNMENT GRANT RECEIVED		
RECURRENT EXPENDITURE	293,418,128	299,952,498
CAPITAL LOAN REPAYMENT	10,554,020	10,554,020
FORTNIGHTLY BACK PAY EXPENSED IN PRIOR YEAR	-	57,000,000
PSIP PROJECTS	20,443,954	-
TOTAL GOVERNMENT GRANT RECEIVED	<u>324,416,102</u>	<u>367,506,518</u>
RECONCILIATION OF GOVERNMENT GRANT RECEIVED TO GRANT CREDITED TO INCOME STATEMENT		
GRANT RECEIVED	324,416,102	367,506,518
FORTNIGHTLY BACK PAY EXPENSED IN PRIOR YEAR	-	(57,000,000)
PURCHASE OF BUSES/GENERATOR	(20,443,954)	-
UNEXPIRED INSURANCE OCTOBER -DECEMBER	(1,207,492)	(1,507,684)
TRANSFERRED FROM DEFERRED GOVERNMENT GRANT ACCOUNT:		
DEPRECIATION ON ASSETS	15,010,984	18,902,770
PREVIOUS YEAR PSIP PROJECTS	-	113,675
DIFFERENCE IN INTEREST ON SEMI ANNUAL INSTALLMENT	-	(184,991)
GOVERNMENT GRANTS RECOGNIZED AS INCOME	<u>317,775,640</u>	<u>327,830,289</u>
23 GOVERNMENT GRANTS		
BALANCE BROUGHT FORWARD	428,018,547	445,342,317
ADD AMOUNTS RECEIVED	324,416,102	367,506,518
LESS AMOUNTS TRANSFERRED TO INCOME	(317,775,640)	(327,830,288)
LESS AMOUNTS TRANSFERRED TO RETAINED EARNINGS	-	(57,000,000)
BALANCE CARRIED FORWARD	<u>434,659,007</u>	<u>428,018,547</u>

**PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

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.
- 3) In December 2009, 85 Chinese manufactured Yutong buses were acquired at a cost of \$66.3M of which the government provided \$25M and the balance of \$41.3M funded by the Unit Trust Corporation to VMCOTT being the agency responsible for the acquisition of these buses. By Cabinet Note No. 496 dated August 12, 2010 .the ownership of these buses was transferred to PTSC. At 30th Sept 2016 a balance of \$14.4M was recognised as a loan by the PTSC.

25. CONTINGENT LIABILITIES

At year end, the Corporation had contingent liabilities of \$3.9m arising in the ordinary course of business.

26. 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. As at year ending 30th September, 2017 a 100% physical inventory count was performed and reconciled to the General Ledger. From an initial assessment, it would appear there was an accounting error of \$12.2M. It was also evident that this error was rolled forward from prior years, increasing every financial year. The Corporation is in the process of implementation the following measures to correct this anomaly:

- Revised current procedures and controls for the receiving and issuing of inventory.
- Assessment of current software being used by stores unit as to its ability to properly account for the movement of inventory.
- Review of the General Ledger used by the Finance Department as an inventory control system.
- Provision of appropriate and relevant training for Purchasing and Stores Unit.
- Ensuring the early engagement of a Procurement Manager.