



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, 2006

The accompanying Financial Statements of the Public Transport Service Corporation (the Corporation) for the year ended 30th September, 2006 have been audited. The Statements comprise a Balance Sheet as at 30th September, 2006, a Statement of Income, a Statement of Changes in Equity and a Cash Flow Statement for the year ended 30th September, 2006 and Notes to the financial statements numbered 1 to 19.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The management of the Corporation is responsible for the preparation and fair presentation of these financial statements in accordance with accepted accounting principles 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.

AUDITOR'S RESPONSIBILITY

3. The Auditor General's responsibility is to express an opinion on these financial statements based on the audit. The audit was carried out 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. It was conducted in accordance with accepted auditing standards which require that ethical requirements be complied with and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. It is my view that the audit evidence obtained is sufficient and appropriate to provide a basis for the qualified audit opinion.

BASIS FOR QUALIFIED OPINION

BALANCE SHEET

PROPERTY, PLANT AND EQUIPMENT - \$55,021,446

6. Land with a reported value of \$21,438,131 was under-stated by \$2,179,262. The understatement relates to accumulated depreciation brought forward from previous years which was erroneously deducted from the value of Land.

6.1 A Fixed Assets Register showing the value of assets, date of acquisition and other details to determine depreciation and valuation was not produced.

INVENTORY - \$14,410,812

7. Year-end Stock Count sheets for inventories valued at \$14,410,812 were not produced to verify this balance.

QUALIFIED OPINION

8. In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion at paragraphs six to seven above, the financial statements present fairly, in all material respects, the financial position of the Public Transport Service Corporation as at 30th September, 2006, and of its financial performance and its cash flows for the year then ended in accordance with accepted accounting principles referred at Note 2 to the financial statements.

SUBMISSION OF REPORT

9. 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.

12TH JULY, 2018
PORT OF SPAIN

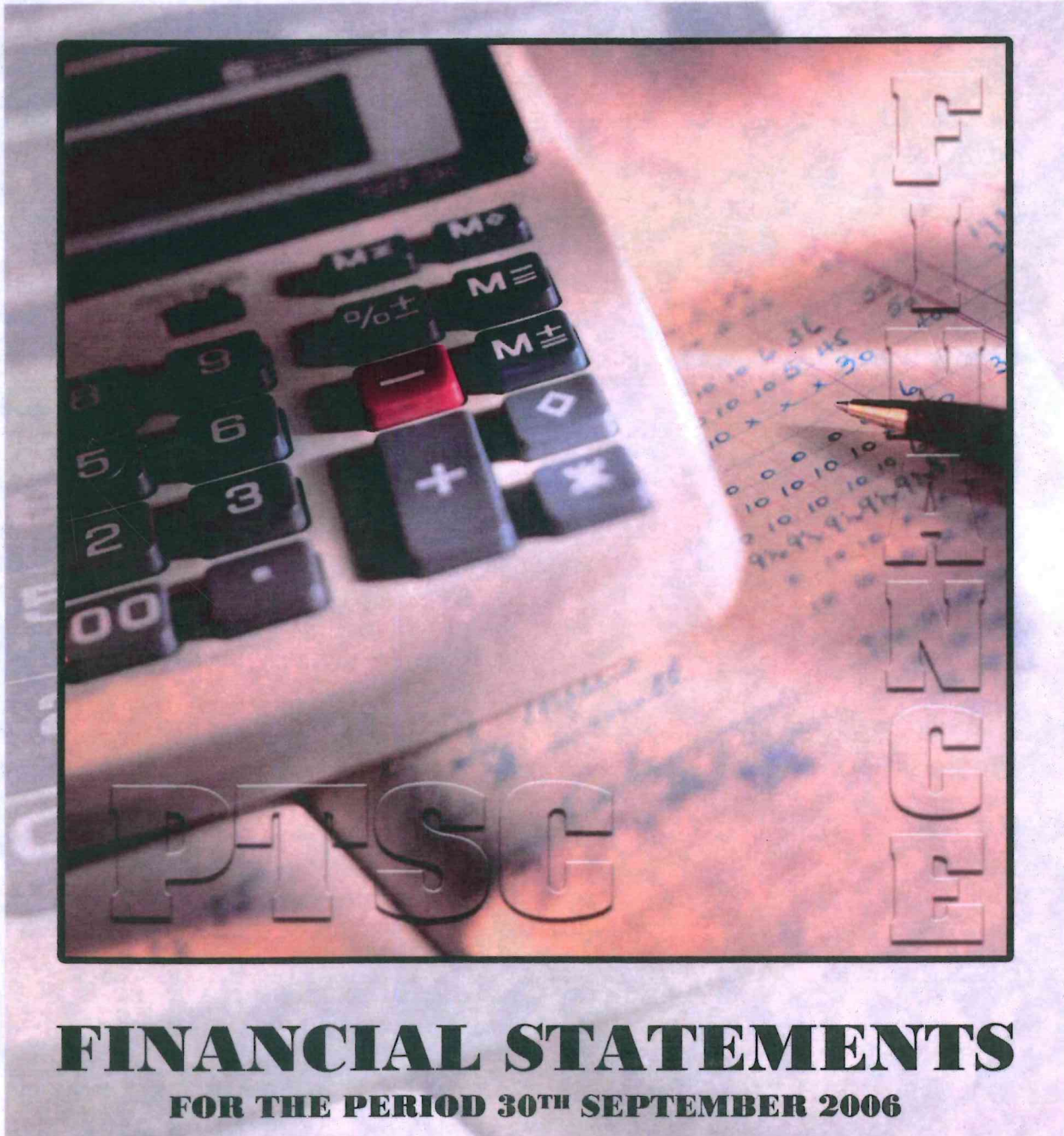


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AUDITOR GENERAL

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PUBLIC TRANSPORT SERVICE CORPORATION



FINANCIAL STATEMENTS

FOR THE PERIOD 30TH SEPTEMBER 2006

**PUBLIC TRANSPORT SERVICE CORPORATION
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FOR THE YEAR ENDED 30TH SEPTEMBER , 2006**

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**PUBLIC TRANSPORT SERVICE CORPORATION
BALANCE SHEET
AS AT 30TH SEPTEMBER, 2006**

ASSETS	NOTES	2006	2005
NON - CURRENT ASSETS			
PROPERTY PLANT AND EQUIPMENT	8	\$ 55,021,446	\$ 45,196,227
		<u>\$ 55,021,446</u>	<u>\$ 45,196,227</u>
CURRENT ASSETS			
INVENTORY	9	\$ 14,410,812	\$ 6,798,835
DEBTORS AND PREPAYMENTS	10	\$ 11,755,633	\$ 9,021,372
SHORT - TERM INVESTMENTS	11	\$ 7,177,654	\$ 18,891,501
CASH ON HAND AND AT BANK	12	\$ 4,042,289	\$ 2,708,805
		<u>\$ 37,386,388</u>	<u>\$ 37,420,512</u>
TOTAL ASSETS		<u>\$ 92,407,834</u>	<u>\$ 82,616,740</u>
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
CAPITAL RESERVES	13	\$ 7,181,390	\$ 7,181,390
ACCUMULATED DEFICIT BROUGHT FORWARD		\$ (148,400,552)	\$ (200,682,272)
		<u>\$ (141,219,162)</u>	<u>\$ (193,500,882)</u>
NON - CURRENT LIABILITIES			
LOANS AND BONDS - LONG TERM PORTION	16	\$ 183,859,803	\$ 220,246,749
CURRENT LIABILITIES			
BANK OVERDRAFT	14	\$ 2,393,511	\$ 5,609,983
CREDITORS AND ACCRUALS	15	\$ 6,877,032	\$ 11,388,724
LOANS AND BONDS - CURRENT PORTION	16	\$ 40,496,650	\$ 38,872,167
		<u>\$ 49,767,193</u>	<u>\$ 55,870,873</u>
TOTAL EQUITY AND LIABILITIES		<u>\$ 92,407,834</u>	<u>\$ 82,616,740</u>



[Signature]
CHIEF EXECUTIVE OFFICER

[Signature]
VICE CHAIRMAN

CHAIRMAN

**PUBLIC TRANSPORT SERVICE CORPORATION
STATEMENT OF INCOME
FOR THE YEAR ENDED 30TH SEPTEMBER , 2006**

	NOTES	2006	2005
OPERATING INCOME	3	\$ 69,803,450	\$ 41,875,499
COST OF OPERATIONS	4	\$ (80,942,915)	\$ (51,154,785)
GROSS PROFIT / (LOSS) ON OPERATIONS		\$ (11,139,466)	\$ (9,279,286)
GOVERNMENT GRANTS	19	\$ 116,298,338	\$ 113,587,762
OTHER INCOME	3	\$ 4,895,926	\$ 3,397,727
DISTRIBUTION EXPENSES	5	\$ (1,161,819)	\$ (1,089,733)
ADMINISTRATIVE EXPENSES	6	\$ (39,201,736)	\$ (36,142,884)
FINANCIAL COSTS	7	\$ (17,409,523)	\$ (23,277,796)
NET PROFIT / (LOSS) FOR THE YEAR		\$ 52,281,720	\$ 47,195,790
CAPITAL REPAYMENT OF LOANS AND BONDS		\$ 34,762,462	\$ 26,709,152
ACQUISITION OF BUSES		\$ 19,472,871	\$ 20,105,501
TOTAL CASH PAYMENTS NOT IN INCOME STATEMENT		\$ 54,235,333	\$ 46,814,653
ACTUAL NET PROFIT / (LOSS)		\$ (1,953,613)	\$ 381,137

**PUBLIC TRANSPORT SERVICE CORPORATION
STATEMENT OF CHANGES IN EQUITY
AS AT 30TH SEPTEMBER, 2006**

	CAPITAL RESERVE	ACCUMULATED DEFICIT	SHAREHOLDERS' EQUITY
YEAR ENDED 30TH SEPTEMBER , 2006			
BALANCE AS AT 1ST OCTOBER, 2005	\$ 7,181,390	\$ (200,682,272)	\$ (193,500,882)
PROFIT FOR THE YEAR		\$ 52,281,720	\$ 52,281,720
BALANCE AS AT 30TH SEPTEMBER , 2006	\$ 7,181,390	\$ (148,400,552)	\$ (141,219,162)
YEAR ENDED 30TH SEPTEMBER , 2005			
BALANCE AS AT 1ST OCTOBER, 2004	\$ 7,181,390	\$ (247,878,062)	\$ (240,696,672)
PROFIT FOR THE YEAR		\$ 47,195,790	\$ 47,195,790
BALANCE AS AT 30TH SEPTEMBER , 2005	\$ 7,181,390	\$ (200,682,272)	\$ (193,500,882)

**PUBLIC TRANSPORT SERVICE CORPORATION
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH SEPTEMBER , 2006**

	2006	2005
OPERATING ACTIVITIES		
NET PROFIT FOR THE YEAR	\$ 52,281,720	\$ 47,195,790
ADJUSTMENTS TO RECONCILE NET PROFIT AFTER TAX TO NET CASH PROVIDED :		
DEPRECIATION	\$ 12,361,880	\$ 9,656,566
LOSS ON DISPOSAL OF BUSES	\$ -	\$ 401,861
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	\$ 64,643,600	\$ 57,254,217
CHANGES IN WORKING CAPITAL		
NET CHANGE IN INVENTORY	\$ (7,611,977)	\$ (1,232,584)
NET CHANGE IN SHORT TERM INVESTMENTS	\$ 11,713,847	\$ (11,759,117)
NET CHANGE IN ACCOUNTS RECEIVABLE	\$ (2,734,261)	\$ 692,539
NET CHANGE IN ACCOUNTS PAYABLE	\$ (4,511,692)	\$ (10,657,466)
	<hr/>	<hr/>
NET CASH FROM OPERATING ACTIVITIES	\$ 61,499,516	\$ 34,297,589
INVESTING ACTIVITIES		
PURCHASE OF FIXED ASSETS	\$ (22,187,099)	\$ (25,683,771)
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NET CASH USED IN INVESTING ACTIVITIES	\$ (22,187,099)	\$ (25,683,771)
FINANCING ACTIVITIES		
LOANS AND BONDS	\$ (34,762,462)	\$ (1,074,311)
	<hr/>	<hr/>
NET CASH PROVIDED FROM FINANCING ACTIVITIES	\$ (34,762,462)	\$ (1,074,311)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS		
	\$ 4,549,955	\$ 7,539,507
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	\$ (2,901,178)	\$ (10,440,684)
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CASH AND CASH EQUIVALENTS AT END OF THE YEAR	\$ 1,648,778	\$ (2,901,178)
CASH ON HAND AND AT BANK		
	\$ 4,042,289	\$ 2,708,805
BANK OVERDRAFT	\$ (2,393,511)	\$ (5,609,983)
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	\$ 1,648,778	\$ (2,901,178)
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**PUBLIC TRANSPORT SERVICE CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30TH SEPTEMBER, 2006**

1 INCORPORATION AND PRINCIPAL ACTIVITY

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 POLICES

(a) BASIS OF ACCOUNTING :

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 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.

(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 AS FOLLOWS :

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%

(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.

**PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2006**

2 SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

(f) FINANCIAL INSTRUMENTS :

FINANCIAL INSTRUMENTS CARRIED ON THE BALANCE SHEET INCLUDE CASH AND BANK BALANCES, RECEIVABLES AND PAYABLES. THE PARTICULAR RECOGNITION METHODS ADOPTED ARE DISCLOSED IN THE INDIVIDUAL POLICY STATEMENTS ASSOCIATED WITH EACH ITEM.

(g) 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.

INVESTMENT INCOME EARNED ON THE TEMPORARY INVESTMENT OF SPECIFIC BORROWINGS PENDING THEIR EXPENDITURE ON QUALIFYING ASSETS IS DEDUCTED FROM THE BORROWING COSTS ELIGIBLE FOR CAPITALIZATION.

ALL OTHER BORROWING COSTS ARE RECOGNIZED IN THE STATEMENT OF INCOME IN THE PERIOD IN WHICH THEY ARE INCURRED.

(h) GOVERNMENT LOANS AND ADVANCES :

THESE ARE STATED AT PRINCIPAL OUTSTANDING. INTEREST IS NOT ACCRUED ON THE OUTSTANDING BALANCE .

(i) BONDS :

THESE ARE STATED AT PRINCIPAL OUTSTANDING. INTEREST IS ACCRUED ON THE OUTSTANDING BALANCE .

PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2006
(continued)

3 REVENUE	2006	2005
OPERATING REVENUE		
ECS SERVICE	\$ -	\$ 6,762,185
CITY SERVICE - POS	\$ 261,484	\$ 194,238
CITY SERVICE - S'FDO	\$ 230,513	\$ 193,404
KNOW YOUR COUNTRY TOURS - TRIN	\$ 59,273	\$ 47,117
MAXI FACILITY USER FEE	\$ 1,124,160	\$ 1,297,989
MAXI TAXI INSPECTION FEES	\$ 40,575	\$ 25,920
MAXI TAXI FEES - TRINIDAD	\$ 28,940,973	\$ 7,636,964
MAXI TAXI FEES - TOBAGO	\$ 2,970,485	\$ 117,134
MIN OF ED- SCHOOL BUS SERVICE	\$ 10,625,928	\$ 10,527,166
MIN OF SOC DEV- PENSIONERS	\$ 5,130,000	\$ 5,130,000
MONTHLY/WEEKLY TRAVEL	\$ 105,103	\$ 108,599
RURAL TRANSPORT SERVICE	\$ 229,193	\$ 428,147
SALES DISCOUNTS	\$ (697,353)	\$ (525,793)
SALE OF TICKETS - POS	\$ 8,151,299	\$ -
SALE OF TICKETS - SAN FERNANDO	\$ 4,288,680	\$ -
SALE OF TICKETS - TOBAGO	\$ 1,507,077	\$ -
SPEC EVENTS/TOURS/CHARTERS	\$ 4,677,694	\$ 4,218,833
SPEC EVENTS/TOURS - TOBAGO	\$ 17,762	\$ 210,055
THA SCHOOL BUS SREVICE	\$ 2,140,604	\$ 467,359
THA TRANSIT BUS SREVICE	\$ -	\$ 126,220
TRANSIT SERVICE	\$ -	\$ 3,266,795
TRANSIT SERVICE - TOBAGO	\$ -	\$ 1,643,167
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	\$ 69,803,450	\$ 41,875,499
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OTHER INCOME		
BANK INTEREST	\$ 624,840	\$ 632,009
BILLBOARD AND WALL ADS	\$ 1,374,878	\$ 257,742
CAR PARK	\$ 50,735	\$ 45,460
COMMERCIAL SERVICES	\$ 7,500	\$ 24,601
CONCESSIONAIRE BOOTHS	\$ 2,154,556	\$ 1,472,229
DIFFERENTLY ABLED	\$ 1,727	\$ 1,479
DISTRIB FEES (SCHOLAR)	\$ 20,756	\$ 20,756
INSURANCE CLAIMS	\$ 1,291	\$ 4,753
MOBILE ADVERTISING	\$ 243,600	\$ -
OTHER MISC - TOBAGO	\$ 400	\$ 4,135
OTHER MISC INC	\$ 61,142	\$ 66,593
PUB SERV VEH LICENSE FEE	\$ 75,000	\$ 118,500
PURCHASES DISCOUNTS	\$ -	\$ 7,696
SALE OF ASSETS	\$ 9,241	\$ 4,315
LOSS ON DISPOSAL OF BUSES	\$ -	\$ (401,861)
SHORT TERM RENTAL	\$ 53,543	\$ 45,917
TENANCY CONTRACTS	\$ 47,284	\$ 783,473
TRAINING SERVICES	\$ 169,434	\$ 309,932
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	\$ 4,895,926	\$ 3,397,727
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TOTAL INCOME	\$ 74,699,376	\$ 45,273,227

PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2006
(continued)

	2006	2005
4 COST OF OPERATIONS		
DEPRECIATION	\$ 10,728,837	\$ 8,188,060
FUEL AND OIL	\$ 4,883,817	\$ 3,660,907
INSURANCE	\$ 1,235,562	\$ 1,009,481
MAXI TAXI DIRECT EXPENSES	\$ 28,090,476	\$ 1,861,522
REPAIRS AND MAINTENANCE	\$ 6,107,276	\$ 7,397,309
SALARIES AND WAGES	\$ 29,636,939	\$ 28,636,035
TICKETS	\$ 251,509	\$ 308,092
UNIFORMS	\$ 8,500	\$ 93,381
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	\$ 80,942,915	\$ 51,154,785
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5 DISTRIBUTION EXPENSES		
ADVERTISING AND PROMOTIONS	\$ 682,635	\$ 298,954
DONATIONS	\$ 75,120	\$ -
MOTOR VEHICLES EXPENSE	\$ 62,538	\$ 163,487
TRAVELING	\$ 341,526	\$ 627,293
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	\$ 1,161,819	\$ 1,089,733
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6 ADMINISTRATIVE EXPENSES		
ACCOUNTING FEES	\$ 278,250	\$ 44,000
AUDIT FEES	\$ 60,000	\$ 50,000
DEPRECIATION EXPENSE	\$ 1,633,043	\$ 1,468,506
DIRECTORS' FEES AND EXPENSES	\$ 340,200	\$ 288,000
ELECTRICITY	\$ 1,047,870	\$ 1,352,547
FREIGHT	\$ 816,036	\$ 263,898
INSURANCE	\$ 1,659,083	\$ 1,281,378
LAND AND BUILDING TAXES	\$ 307,416	\$ 344,543
MAXI TAXI USER FEE	\$ 245,876	\$ 134,921
OFFICE EXPENSES	\$ 311,261	\$ 136,765
PENSIONS	\$ 5,508,855	\$ 5,548,974
PROFESSIONAL AND LEGAL FEES	\$ 2,519,824	\$ 1,000,299
RENT	\$ 377,743	\$ 743,837
REPAIRS	\$ 3,275,079	\$ 2,483,298
SALARIES AND WAGES	\$ 14,765,206	\$ 13,907,678
SECURITY	\$ 3,519,222	\$ 3,835,092
SEVERANCE	\$ 1,259,278	\$ 1,905,155
STATIONERY	\$ 319,809	\$ 389,102
TELEPHONE	\$ 586,709	\$ 491,656
TRAINING	\$ 236,090	\$ 318,957
WATER RATES	\$ 134,887	\$ 154,278
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	\$ 39,201,736	\$ 36,142,884
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7 FINANCE COST		
BANK CHARGES	\$ 27,007	\$ 41,024
LOAN AND BOND INTEREST	\$ 16,885,773	\$ 22,432,661
OVERDRAFT INTEREST	\$ 496,744	\$ 804,111
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	\$ 17,409,523	\$ 23,277,796
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PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER , 2006
(continued)

8 PROPERTY , PLANT AND EQUIPMENT

	LAND	BUILDINGS	PLANT & EQUIPMENT	REVENUE VEHICLES	NON-REVENUE VEHICLES	FURNITURE & FITTINGS	TOTAL
ORIGINAL COST							
COST AT 30/09/2005	\$ 23,617,393	\$ 75,353,259	\$ 14,866,492	\$ 189,452,515	\$ 2,807,906	\$ 6,325,217	\$ 312,422,782
ADDITIONS	\$ -	\$ -	\$ 1,505,902	\$ 20,473,800	\$ -	\$ 207,396	\$ 22,187,099
DISPOSALS							\$ -
COST AT 30/09/2006	\$ 23,617,393	\$ 75,353,259	\$ 16,372,394	\$ 209,926,315	\$ 2,807,906	\$ 6,532,614	\$ 334,609,881
ACCUMULATED DEPRECIATION							
BALANCE B/F 30/09/2005	\$ (2,179,262)	\$ (74,223,494)	\$ (12,874,901)	\$ (169,533,102)	\$ (2,311,870)	\$ (6,103,926)	\$ (267,226,555)
CHARGE FOR THE PERIOD	\$ -	\$ (63,189)	\$ (1,248,779)	\$ (10,728,837)	\$ (234,259)	\$ (86,817)	\$ (12,361,880)
DISPOSALS							
BALANCE C/F 30/09/2006	\$ (2,179,262)	\$ (74,286,682)	\$ (14,123,680)	\$ (180,261,939)	\$ (2,546,129)	\$ (6,190,743)	\$ (279,588,435)
NET BOOK VALUE							
AS AT 30/09/2006	\$ 21,438,131	\$ 1,066,576	\$ 2,248,714	\$ 29,664,377	\$ 261,777	\$ 341,870	\$ 55,021,446
AS AT 30/09/2005	\$ 21,438,131	\$ 1,129,765	\$ 1,991,591	\$ 19,919,413	\$ 496,036	\$ 221,291	\$ 45,196,227

**PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2006
(continued)**

	2006	2005
9 INVENTORY		
OIL STOCK	\$ 77,420	\$ 108,310
FUEL STOCK	\$ 238,914	\$ 163,625
TRADER TICKETS	\$ 129,052	\$ 44,100
TIRES	\$ 890,889	\$ 243,776
SPARES	\$ 12,548,430	\$ 5,918,362
STATIONERY	\$ 177,303	\$ 55,549
SMART CARDS	\$ -	\$ 6,340
MATERIALS	\$ 262,554	\$ 258,772
UNIFORMS	\$ 86,250	\$ -
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	\$ 14,410,812	\$ 6,798,835
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10 DEBTORS AND PREPAYMENTS		
TRADE DEBTORS	\$ 9,914,293	\$ 7,366,457
PREPAYMENTS	\$ 260,045	\$ 232,685
EMPLOYEE LOANS	\$ 386,174	\$ 296,826
VAT	\$ 1,195,122	\$ 1,125,403
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	\$ 11,755,633	\$ 9,021,372
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11 SHORT-TERM INVESTMENTS		
REPUBLIC BANK LIMITED	\$ 4,720,066	\$ 10,560,760
UNIT TRUST CORPORATION	\$ 2,457,588	\$ 8,330,741
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	\$ 7,177,654	\$ 18,891,501
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12 CASH ON HAND AND AT BANK		
PETTY CASH FLOATS	\$ 20,700	\$ 15,400
REPUBLIC BANK LIMITED	\$ 266,122	\$ 2,566,789
FIRST CITIZEN'S BANK LIMITED	\$ 3,755,466	\$ 126,616
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	\$ 4,042,289	\$ 2,708,805
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**PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER , 2006
(continued)**

	2006	2005
13 CAPITAL RESERVES		
CAPITAL RESERVE	\$ 7,181,390	\$ 7,181,390
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	\$ 7,181,390	\$ 7,181,390
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14 BANK OVERDRAFT		
REPUBLIC BANK LIMITED	\$ 2,393,511	\$ 3,727,260
FIRST CITIZEN'S BANK LIMITED	\$ -	\$ 1,882,723
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	\$ 2,393,511	\$ 5,609,983
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15 CREDITORS		
TRADE CREDITORS	\$ 2,089,500	\$ 4,184,852
STATUTORY DEDUCTIONS	\$ 382,140	\$ 1,918,821
ACCRUALS	\$ 4,405,392	\$ 5,285,050
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	\$ 6,877,032	\$ 11,388,724
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PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER , 2006
(continued)

	2006	2005	
16 LOANS AND BONDS			
BONDS			
1	CITICORP TT \$40 MILLION BOND ISSUE	\$ 8,235,294	\$ 10,588,235
2	FINCOR TT \$75.3 MILLION BOND ISSUE	\$ 37,142,543	\$ 42,448,610
3	CITICORP TT \$130.1 MILLION BOND ISSUE	\$ 58,189,267	\$ 62,499,575
4	FINCOR TT \$42 MILLION BOND ISSUE	\$ 17,481,032	\$ 23,308,078
5	FCB LTD. TT \$20 MILLION BOND ISSUE	\$ 6,977,479	\$ 11,629,132
6	FCB LTD. TT \$93.6 MILLION BOND ISSUE	\$ 87,402,267	\$ 93,645,286
	TOTAL BONDS	\$ 215,427,882	\$ 244,118,916
LOANS			
7	FIRST CITIZEN'S BANK LIMITED - 25 MILLION	\$ 8,928,571	\$ 12,500,000
8	FIRST CITIZEN'S BANK LIMITED - 10 MILLION	\$ -	\$ 2,500,000
	TOTAL LOANS	\$ 8,928,571	\$ 15,000,000
	TOTAL LOANS AND BONDS	\$ 224,356,453	\$ 259,118,916
	CURRENT - PORTION	\$ 40,496,650	\$ 38,872,167
	LONG TERM PORTION	\$ 183,859,803	\$ 220,246,749

1 THE PTSC BORROWED TT **\$40 MILLION** UNDER GOVERNMENT GUARANTEE FROM CITIBANK TRINIDAD AND TOBAGO LIMITED. THE ARRANGEMENT INVOLVED THE ISSUE AND SALE OF FLOATING AND FIXED RATE BONDS 1989 - 2009. THE FULL AMOUNT OF THIS LOAN HAS BEEN DRAWN DOWN. INTEREST PAYMENTS ARE SEMI-ANNUAL , DUE IN APRIL 5 AND OCTOBER 5 EACH YEAR. THE PRINCIPAL IS PAYABLE IN THIRTY-FOUR SEMI-ANNUAL PAYMENTS OF \$1,176,470 FROM APRIL 1993. THIS BOND WAS TAKEN TO FINANCE THE RETRENCHMENT OF STAFF IN 1990.

2 THE PTSC BORROWED TT **\$75.3 MILLION** UNDER GOVERNMENT GUARANTEE FROM REPUBLIC FINANCE AND MERCHANT LIMITED. THE ARRANGEMENT INVOLVED THE ISSUE AND SALE OF FLOATING AND FIXED RATE BONDS 1993 - 2013. THE FULL AMOUNT OF THIS LOAN HAS BEEN DRAWN DOWN AND THE ISSUE DATE WAS MAY 18TH 1993. DURING THE FIRST TWO YEARS OF ISSUE, INTEREST WAS ACCRUED AND ADDED TO THE PRINCIPAL IN MAY 1995. INTEREST PAYMENTS ARE SEMI-ANNUAL , DUE IN MAY AND NOVEMBER EACH YEAR. THE PRINCIPAL IS PAYABLE IN THIRTY-SIX SEMI-ANNUAL PAYMENTS OF \$2,653,040 FROM NOVEMBER 1995. THIS BOND WAS TAKEN TO FINANCE THE VESP PACKAGE OFFERED TO STAFF IN 1993.

PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER , 2006
(continued)

16 LOANS AND BONDS
(continued)

- 3 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 REPAYED. 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.

- 4 THE PTSC BORROWED TT **\$42 MILLION** UNDER GOVERNMENT GUARANTEE FROM REPUBLIC FINANCE AND MERCHANT LIMITED. THE ARRANGEMENT INVOLVED THE ISSUE AND SALE OF FLOATING AND FIXED RATE BONDS 1999 - 2009. THE FULL AMOUNT OF THIS LOAN HAS BEEN DRAWN DOWN . DURING THE FIRST TWO YEARS OF ISSUE, INTEREST WAS ACCRUED AND ADDED TO THE PRINCIPAL IN NOVEMBER 1999 THE PRINCIPAL AND CAPITALIZED INTEREST WOULD BE REPAYED. INTEREST PAYMENTS ARE SEMI-ANNUAL . THE PRINCIPAL IS PAYABLE FROM MAY 2001. THIS BOND WAS TAKEN TO PURCHASE BUSES.

- 5 THE PTSC BORROWED TT **\$20 MILLION** UNDER GOVERNMENT GUARANTEE FROM FIRST CITIZENS BANK LIMITED. THE ARRANGEMENT INVOLVED THE ISSUE AND SALE OF FLOATING RATE BONDS 2002 - 2007. THE FULL AMOUNT OF THIS LOAN HAS BEEN DRAWN DOWN AND THE ISSUE DATE WAS OCTOBER 9TH 2002. DURING THE FIRST YEAR OF ISSUE, INTEREST WAS ACCRUED AND ADDED TO THE PRINCIPAL IN APRIL 2003 THE PRINCIPAL AND CAPITALIZED INTEREST WOULD BE REPAYED. INTEREST PAYMENTS ARE SEMI-ANNUAL , DUE IN APRIL AND OCTOBER EACH YEAR. THE PRINCIPAL IS PAYABLE IN NINE SEMI-ANNUAL PAYMENTS OF \$2,325,826 FROM OCTOBER 2003. THIS BOND WAS TAKEN TO FINANCE THE OVERDRAFT.

- 6 THE PTSC BORROWED TT **\$93 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 130 MILLION DOLLAR BOND AND TO PAY OUTSTANDING CREDITORS.

PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER , 2006
(continued)

16 LOANS AND BONDS
(continued)

- 7 THIS LOAN WAS GRANTED BY FIRST CITIZENS' BANK TRUST AND MERCHANT BANK LIMITED . IT IS REPAYABLE OVER 8 YEARS AND IT BEARS INTEREST AT 12.75% PER ANNUM. THIS LOAN IS TO BE REPAID BY SEMI-ANNUAL INSTALLMENTS OF \$1,785,714.29 EXCLUSIVE OF INTEREST. THIS LOAN WAS TAKEN TO REFINANCE THE OUTSTANDING OVERDRAFT.
- 8 THIS LOAN WAS GRANTED BY FIRST CITIZENS' BANK TRUST AND MERCHANT BANK LIMITED TO FINANCE AN EXPECTED SHORT FALL IN REVENUE OVER THE PERIOD JULY TO SEPTEMBER 2003. IT IS REPAYABLE OVER 2 YEARS AND IT BEARS INTEREST AT 5.225% PER ANNUM. THIS LOAN IS TO BE REPAID BY SEMI-ANNUAL INSTALLMENTS OF \$2,500,000.00 EXCLUSIVE OF INTEREST.

17 CONTINGENT LIABILITIES AND COMMITMENTS

AT THE YEAR END , THE CORPORATION HAD THE FOLLOWING CONTINGENT LIABILITIES ARISING IN THE ORDINARY COURSE OF BUSINESS.

- a) **HAC NO. 2270 OF 2004** - THIS IS A CONSTITUTIONAL MOTION REGARDING THE MAXI TAXI USER FEES AND THE POTENTIAL LIABILITY IS \$300,000.00.
- b) **TRADE DISPUTE NO. 325 OF 2004** - UNFAIR DISMISSAL OF AN EMPLOYEE AND THE POTENTIAL LIABILITY IS \$300,000.00
- c) **HAC NO. 4039 OF 1994** - THIS IS A BREACH OF CONTRACT CASE AND THE POTENTIAL LIABILITY IS \$4,000,000.00.
- d) **HAC NO. CV2005-00836** - THIS IS REGARDS PERSONAL INJURIES SUSTAINED AS A RESULT OF NEGLIGENT DRIVING. AND THE POTENTIAL LIABILITY IS \$250,000.00.
- e) **HAC NO. 611 OF 2003** - THIS IS A BREACH OF CONTRACT CASE AND THE POTENTIAL LIABILITY IS \$300,000.00.
- f) **HAC NO. S-192 OF 2003** - THIS IS AN ARREARS OF RENT CASE AND THE POTENTIAL LIABILITY IS \$350,000.00.
- g) THE NEW COLLECTIVE AGREEMENT FOR THE YEAR 2006 FOR WAGE INCREASES IS NOT YET COMPLETED. WE ESTIMATE A 10% INCREASE IN THE WAGES FOR 2006.

PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER , 2006
(continued)

18 TAXATION

TAXATION HAS NOT BEEN PROVIDED FOR IN THE FINANCIAL STATEMENTS . SECTION 45 OF THE PUBLIC TRANSPORT SERVICE ACT STATES THAT "THE PRESIDENT MAY BY ORDER EXEMPT THE CORPORATION IN 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 SERVICE CORPORATION IS EXEMPTED FROM THE PAYMENT OF BUSINESS LEVY.

19 GOVERNMENT GRANTS

	2006	2005
ACQUISITION OF BUSES	\$ 19,472,871	\$ 20,105,501
ARREARS OF WAGES	\$ 5,058,373	\$ -
CONSULTANCY	\$ -	\$ 200,000
FEES	\$ 433,630	\$ 2,396,436
FEES -AUDITOR GENERAL	\$ -	\$ 133,630
FLEET REFURBISHMENT	\$ 9,000,000	\$ 4,715,898
FLEET REFURBISH-P-12/23	\$ -	\$ 5,000,000
IT DEVELOPMENT PROJECT	\$ 730,598	\$ 600,990
LAND & BUILDING-P-07/29	\$ 500,000	\$ 925,123
LOANS AND BONDS - 20M BOND	\$ 5,630,542	\$ 6,065,471
LOANS AND BONDS - CITICORP 130.1M 06/21	\$ 7,595,804	\$ 19,783,758
LOANS AND BONDS - CITICORP 40M BOND 04/03	\$ 3,444,926	\$ 3,710,123
LOANS AND BONDS - F.C. B. 10M LOAN	\$ 2,565,849	\$ 5,327,099
LOANS AND BONDS - FCB 25M LOAN 05/15	\$ 5,051,651	\$ 5,507,008
LOANS AND BONDS - FINCOR 42M BOND 05/15	\$ 8,286,666	\$ 8,942,209
LOANS AND BONDS - FINCOR 75.3M BOND 05/15	\$ 7,667,066	\$ 7,924,684
LOANS AND BONDS - FCB 93.645 M BOND	\$ 11,307,196	\$ -
MAXI TAXI SUPPORT	\$ 3,000,000	\$ 2,250,000
MINOR EQUIPMENT-P-12/13	\$ 310,000	\$ 734,000
OTHER CONTRACTED SERVICES	\$ 10,071,559	\$ 3,000,000
PAYE	\$ 1,955,093	\$ 4,774,921
PENSIONS	\$ 5,399,999	\$ 5,300,000
PREPARATION OF ACCOUNTS	\$ 250,000	\$ 500,000
REFURBISHMENT OF BUILDING	\$ 2,000,000	\$ 1,500,000
SECURITY	\$ 1,257,935	\$ -
SEVERANCE	\$ 1,713,360	\$ 2,000,000
STRATEGIC PLAN	\$ 295,218	\$ 445,218
TTEC	\$ 600,000	\$ 1,745,693
INSURANCE	\$ 2,000,000	\$ -
TRANSFORMATION	\$ 700,000	\$ -
TOTAL	\$ 116,298,338	\$ 113,587,762