



## **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 2013**

The accompanying financial statements of the Public Transport Service Corporation for the year ended 2013 have been audited. The statements as set out on pages 1 to 28 comprise a Statement of Financial Position as at 30th September, 2013, a Statement of Comprehensive Income, a Statement of Changes in Equity and a Statement of Cash Flows for the year then ended, and Notes to the Financial Statements numbered 1 to 21.

### **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 International Financial Reporting Standards, 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. The audit 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 audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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 adverse audit opinion.

### **BASIS FOR ADVERSE OPINION**

#### **PRIOR YEARS' BALANCES**

6. The prior years' balances for Fixed Assets could not be verified for reasons identified in prior years ending 30th September, 2005 to 2012:

- (i) There was a limitation of scope in terms of acquisitions and depreciation charged on Fixed Assets;
- (ii) Depreciation charged on the acquisition of Revenue Vehicles during the year ended 30<sup>th</sup> September, 2010 was not calculated in accordance with the Corporation's depreciation policy; and
- (iii) General Journals and supporting documents totaling \$5,472,925.00 were not provided for verification in year ending 30<sup>th</sup> September, 2011.

**PROPERTY, PLANT AND EQUIPMENT                      \$147,119,843.00**

7. International Accounting Standard 16 requires that an entity use the cost model or revaluation model as its accounting policy which shall be applied to an entire class of property, plant and equipment. In addition, the Standard states that after recognition as an asset, an item of property, plant and equipment whose fair value can be measured reliably shall be carried at a revalued amount. The carrying amount of Land and Buildings shown at Note 8 to the financial statements includes both valuation and cost measurements. The valuations are dated back to the year 1973. Note 2 (f) to the financial statements is relevant.

### **ADVERSE OPINION**


8. In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion at paragraphs 6 and 7, the Financial Statements do not present fairly, the financial position of the Public Transport Service Corporation as at 30th September, 2013 and its financial performance and cash flows for the year ended 30th September, 2013 in accordance with International Financial Reporting Standards.

**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 provisions of sections 116 and 119 of the Constitution of the Republic of Trinidad and Tobago.

**22<sup>ND</sup> JULY, 2019  
PORT OF SPAIN**

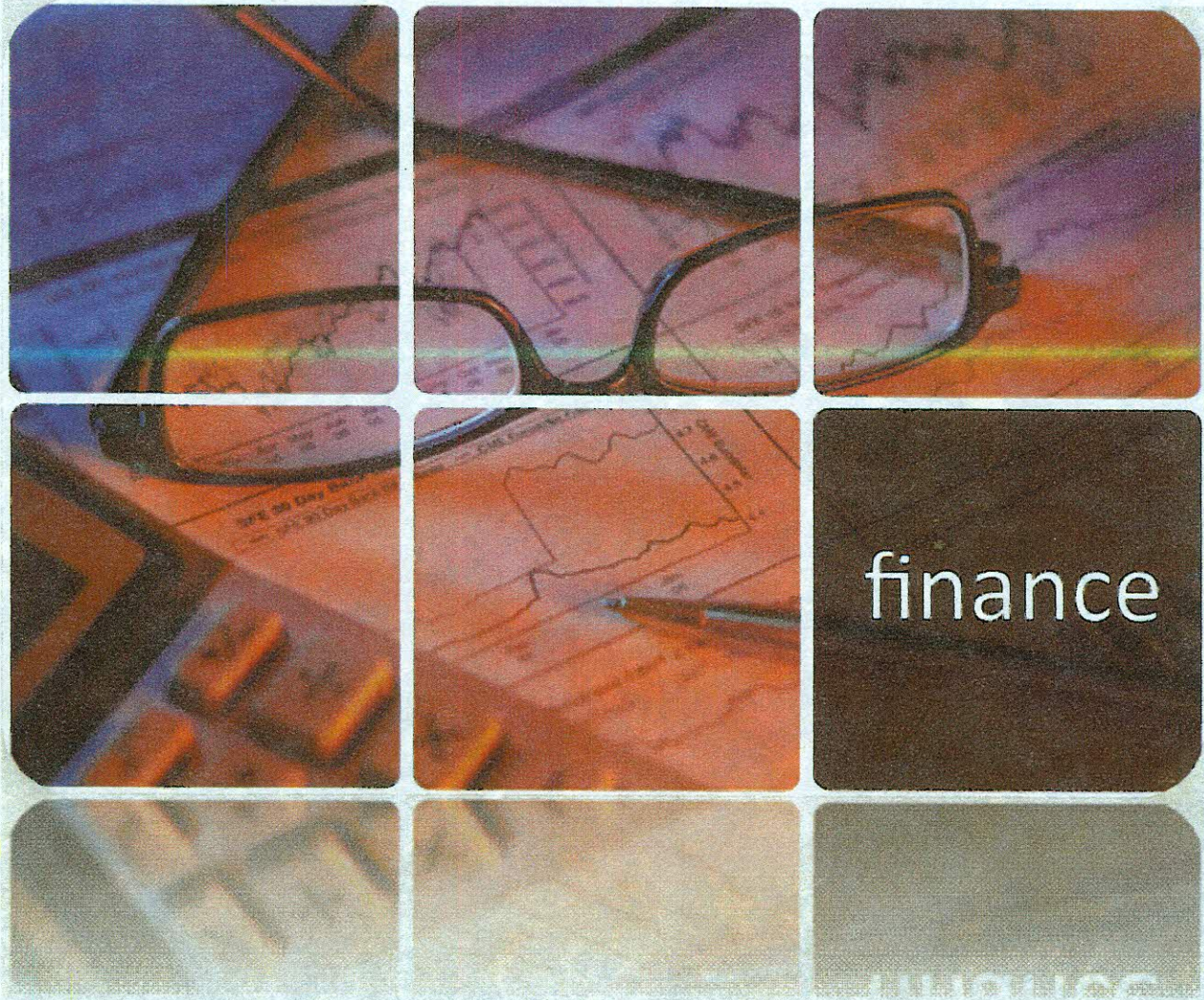


  
**LORELY PUJADAS  
AUDITOR GENERAL**

SS  
20190722



# PUBLIC TRANSPORT SERVICE CORPORATION



## FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30<sup>TH</sup> SEPTEMBER 2013

**PUBLIC TRANSPORT SERVICE CORPORATION  
TABLE OF CONTENTS  
FOR THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH SEPTEMBER , 2013**

<b>CONTENTS</b>	<b>PAGE NO</b>
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF COMPREHENSIVE INCOME	4
STATEMENT OF CHANGES IN EQUITY	5
STATEMENT OF CASH FLOWS	6
NOTES TO THE FINANCIAL STATEMENTS	7 TO 28

**PUBLIC TRANSPORT SERVICE CORPORATION  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2013**

		AS AT SEPTEMBER 2013 \$'000	AS AT SEPTEMBER 2012 \$'000
<b>ASSETS</b>	<b>NOTES</b>		
<b>NON-CURRENT ASSETS</b>		<b>\$</b>	<b>\$</b>
PROPERTY PLANT AND EQUIPMENT	8	147,119,843	181,117,367
<b>CURRENT ASSETS</b>			
INVENTORY	9	39,422,541	37,376,004
DEBTORS AND PREPAYMENTS	10	29,575,503	13,092,822
SHORT TERM INVESTMENT	11	8,579,351	8,491,448
CASH ON HAND AND BANK	12	(552,931)	4,715,815
		<u>77,024,464</u>	<u>63,676,089</u>
<b>TOTAL ASSETS</b>		<b><u>224,144,307</u></b>	<b><u>244,793,456</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
REVALUATION RESERVE	13	7,181,390	7,181,390
ACCUMULATED DEFICIT		<u>(398,949,657)</u>	<u>(494,564,696)</u>
		<b>(391,768,267)</b>	<b>(487,383,306)</b>
<b>NON-CURRENT LIABILITIES</b>			
LOANS & BONDS - LONG TERM	17	61,164,852	71,718,187
GOVERNMENT GRANTS	21	<u>466,549,202</u>	<u>482,800,539</u>
		<b>527,714,054</b>	<b>554,518,726</b>
<b>CURRENT LIABILITIES</b>			
CREDITORS AND ACCRUALS	15	77,645,185	161,798,638
LOANS AND BONDS - CURRENT	17	<u>10,553,334</u>	<u>15,859,398</u>
		<b>88,198,519</b>	<b>177,658,036</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>224,144,307</u></b>	<b><u>244,793,456</u></b>

*Carl Muth*

VICE CHAIRMAN

*Vincent D. Lasse*

CHAIRMAN



*J. P. ...*

GENERAL MANAGER



**PUBLIC TRANSPORT SERVICE CORPORATION**  
Railway Buildings South Quay, Port of Spain  
Trinidad W.I.

**PUBLIC TRANSPORT SERVICE CORPORATION  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDING 30 SEPTEMBER 2013**

	Notes ( )	AS AT SEPTEMBER 2013 \$'000	AS AT SEPTEMBER 2012 \$'000
OPERATING INCOME	3	82,338,397	80,222,770
COST OF OPERATIONS	4	(253,261,654)	(237,618,392)
GROSS PROFIT/(LOSS) ON OPERATIONS		<u>(170,923,258)</u>	<u>(157,395,622)</u>
GOVERNMENT GRANTS	3	301,615,420	278,927,709
OTHER INCOME	3	4,255,575	2,470,158
DISTRIBUTION EXPENSES	5	(2,796,690)	(7,596,484)
ADMINISTRATIVE EXPENSES	6	(127,688,499)	(121,957,659)
FINANCIAL COSTS	7	(5,647,508)	(7,844,430)
NET PROFIT/(LOSS)		<u><u>(1,184,960)</u></u>	<u><u>(13,396,329)</u></u>

**PUBLIC TRANSPORT SERVICE CORPORATION  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH SEPTEMBER 2013**

	<b>CAPITAL RESERVE</b>	<b>ACCUMULATED DEFICIT</b>	<b>SHAREHOLDERS' EQUITY</b>
	\$'000	\$'000	\$'000
<b>FOR THE YEAR ENDED 30TH SEPTEMBER, 2013</b>			
BALANCE AS AT 1ST OCTOBER, 2012	7,181,390	(494,564,696)	(487,383,306)
LOSS FOR THE YEAR		(1,184,961)	(1,184,961)
PRIOR PERIOD ADJUSTMENTS - See note 16		96,800,000	96,800,000
<b>BALANCE AS AT 30TH SEPTEMBER, 2013</b>	<b><u>7,181,390</u></b>	<b><u>(398,949,657)</u></b>	<b><u>(391,768,267)</u></b>

**FOR THE YEAR ENDED 30TH SEPTEMBER, 2012**

BALANCE AS AT 1ST OCTOBER, 2011	7,181,390	(424,357,470)	(417,176,080)
LOSS FOR THE YEAR		(13,396,329)	(13,396,329)
		(56,810,897)	(56,810,897)
<b>BALANCE AS AT 30TH SEPTEMBER, 2012</b>	<b><u>7,181,390</u></b>	<b><u>(494,564,696)</u></b>	<b><u>(487,383,306)</u></b>



**PUBLIC TRANSPORT SERVICE CORPORATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH SEPTEMBER, 2013**

	2013 \$'000	2012 \$'000
<b>OPERATING ACTIVITIES</b>		
NET PROFIT FOR THE YEAR	(1,184,961)	(13,396,329)
ADJUSTMENTS FOR NON - CASH ITEMS:		
DEPRECIATION	40,493,806	40,263,546
LOSS ON DISPOSAL OF VEHICLES	-	208,683
PRIOR YEAR ADJUSTMENTS - NOTE 16	96,800,000	(56,810,897)
	<u>136,108,846</u>	<u>(29,734,997)</u>
<b>CHANGES IN WORKING CAPITAL</b>		
NET CHANGE IN INVENTORY	(2,046,537)	(4,490,274)
NET CHANGE IN SHORT TERM INVESTMENTS	(87,903)	(138,735)
NET CHANGE IN ACCOUNTS RECEIVABLE	(16,482,681)	5,834,205
NET CHANGE IN ACCOUNTS PAYABLE	(84,153,453)	59,748,010
NET CHANGE IN GOVERNMENT GRANTS	(16,251,337)	3,493,647
	<u>17,086,935</u>	<u>34,711,856</u>
<b>INVESTING ACTIVITIES</b>		
PURCHASE OF FIXED ASSETS	(6,496,282)	(20,889,400)
PROCEEDS FROM WRITTEN OFF ASSETS	-	513,913
	<u>(6,496,282)</u>	<u>(20,375,487)</u>
<b>FINANCING ACTIVITIES</b>		
LOANS AND BONDS	(15,859,399)	(29,067,995)
	<u>(15,859,399)</u>	<u>(29,067,995)</u>
<b>NET (INCREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(5,268,746)</b>	<b>(14,731,626)</b>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	4,715,815	19,447,441
	<u>(552,931)</u>	<u>4,715,815</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<b>(552,931)</b>	<b>4,715,815</b>
	<u>(552,931)</u>	<u>4,715,815</u>
CASH IN HAND AND AT BANK	(552,931)	4,715,815
	<u>(552,931)</u>	<u>4,715,815</u>

# PUBLIC TRANSPORT SERVICE CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013

### **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, as modified by the revaluation of investment property and equity investments at fair value.

#### **(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 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**

30 SEPTEMBER 2013

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

**(d) Cash and Cash Equivalents**

Cash and Cash Equivalents include cash in hand and at bank and short-term investments.

**(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%	Computer Software	33.33%

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) 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

**PUBLIC TRANSPORT SERVICE CORPORATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**30 SEPTEMBER 2013**

and losses resulting from the settlement of such transactions are recognised in the statement of Comprehensive Income.

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

**(h) 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 receive the cash flows expire or where the risks and rewards of ownership of the assets have been transferred.

**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.**

# PUBLIC TRANSPORT SERVICE CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013

- ii) A breach of contract, such as default or delinquency in interest or principal payments.

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

- 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 or continues to be recognised are not included in a collective assessment of impairment.

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

#### 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.

**PUBLIC TRANSPORT SERVICE CORPORATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**30 SEPTEMBER 2013**

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

**ii) 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.

**(i) 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.

**PUBLIC TRANSPORT SERVICE CORPORATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**30 SEPTEMBER 2013**

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

**(j) 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.

**(k) Bonds-**

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

**(l) 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.

**(m) 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 Bossiness Levy. The Corporation is registered for Value Added Tax 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.

**(n) 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.

**PUBLIC TRANSPORT SERVICE CORPORATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**30 SEPTEMBER 2013**

**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.

**ii) Loans**

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



**PUBLIC TRANSPORT SERVICE CORPORATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**30 SEPTEMBER 2013**

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

**Financial risk factors – ( Cont'd)**

**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. A 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. 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.

**PUBLIC TRANSPORT SERVICE CORPORATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**30 SEPTEMBER 2013**

**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

30 SEPTEMBER 2013

#### 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 a causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year as 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 assess 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 PERIOD ENDING 30 SEPTEMBER 2013**

**3. OPERATING REVENUE**

	AS AT SEPTEMBER 2013 \$'000	AS AT SEPTEMBER 2012 \$'000
CITY SERVICE - SFDO	-	280
KNOW YOUR COUNTRY TOURS - TRIN	736,278	633,380
MAXI TAXI INSPECTION FEES - PO	40,880	39,940
MAXI TAXI INSPECTION FEES -TGO	4,280	4,280
MAXI TAXI FEES - TRINIDAD	40,467,047	38,028,835
MAXI TAXI FEES - TOBAGO	4,054,571	4,517,909
MIN OF SOC DEV- PENSIONERS	5,130,000	5,130,000
MONTHLY/WEEKLY TRAVEL	161,886	202,034
RTS - POINT FORTIN	-	126
RTS - SANGRE GRANDE	11,557	16,352
RTS - POS	-	2,235
RTS - SAN FERNANDO	-	12,584
SALE OF TICKETS - CHAGUANAS	-	4,967
SALE OF TICKETS - POINT FORTIN	495,294	452,606
SALE OF TICKETS - POS	4,482,702	5,986,498
SALE OF TICKETS - SAN FERNANDO	1,320,527	1,528,649
SALE OF TICKETS - TOBAGO	1,434,701	1,374,987
SALE OF TICKETS - DELUXE COACH- GRANDE	185,630	176,560
SALE OF TICKETS - DELUXE COACH- POS	3,114,200	2,657,330
SALE OF TICKETS - DELUXE COACH- SAN SDO	2,615,820	2,424,330
SPEC EVENTS/TOURS - POS	6,684,694	5,000,770
SPEC EVENTS/TOURS/CHARTERS - T	565,300	132,300
SPEC EVENTS/TOURS/CHARTERS - D	-	3,500
TICKET SALE - IN HOUSE -CHG	173,855	234,806
TICKET SALE - IN HOUSE -GDE	497,389	711,295
TICKET SALE - IN HOUSE POS	7,139,793	8,090,969
TICKET SALE - IN HOUSE CUREPE	443,686	116,405
TICKET SALE - IN HOUSE -SDO	2,578,308	2,738,844
<b>TOTAL OPERATING INCOME</b>	<b><u>82,338,397</u></b>	<b><u>80,222,770</u></b>

**PUBLIC TRANSPORT SERVICE CORPORATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE PERIOD ENDING 30 SEPTEMBER 2013**

**4. Cost of operations**

	<b>AS AT SEPTEMBER 2013</b>	<b>AS AT SEPTEMBER 2012</b>
	<b>\$'000</b>	<b>\$'000</b>
DEPN REVENUE VEHICLES	35,813,775	36,054,632
FUEL AND OIL	11,200,539	10,839,178
INSURANCE - REVENUE VEHICLES	4,354,187	4,443,744
MAXI TAXI DIRECT	35,941,066	34,506,866
REP MAIN - REV VECHICLE	30,168,714	19,821,372
KNOW YOUR COUNTRY	91,080	79,955
WAGES	135,219,114	128,964,575
TICKETS	304,200	360,734
UNIFORMS	168,980	2,547,336
	<u>253,261,654</u>	<u>237,618,393</u>

**5. Distribution Expenses**

	<b>\$</b>	<b>\$</b>
ADVERTISING	1,350,579	2,225,535
MOTOR VEHICLE	235,740	230,342
BAD DEBTS	32,022	3,394,553
DONATIONS	154,908	115,808
TRAVEL	1,023,441	1,630,246
	<u>2,796,690</u>	<u>7,596,484</u>

**PUBLIC TRANSPORT SERVICE CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR PERIOD ENDING 30 SEPTEMBER 2013**

	AS AT SEPTEMBER 2013 \$'000	AS AT SEPTEMBER 2012 \$'000
<b><u>3. GOVERNMENT GRANT</u></b>	301,615,420	278,927,709
<b>TOTAL</b>	<b><u>301,615,420</u></b>	<b><u>278,927,709</u></b>
<b><u>3. OTHER INCOME</u></b>		
BANK INTEREST	94,618	127,395
BAD DEBT RECOVERED	-	1,050
BILLBOARD AND WALL ADS	1,582,525	170,385
COMMERCIAL SERV POS	71,015	566,250
CONCESSIONAIRE BOOTHS	1,446,531	1,356,082
DIFFERENTLY ABLED	-	64,535
INSURANCE CLAIMS	144,865	-
MOBILE ADVERTISING	-	45,000
OTHER MISC - POS	16,465	2,912
OTHER MISC INC -SFD	1,450	1,003
OTHER MISC INC - TGO	2,440	965
PUB SERV VEH LICENSE FEE	48,000	78,000
GAIN OR LOSS ON DISPOSAL	-	(208,683)
SALE OF ASSETS	9,521	4,120
SHORT TERM RENTAL	76,611	141,811
TENANCY CONTRACTS	48,853	11,157
RENT TRANSIT MALL- S/JUAN	306,918	13,909
RENT TRANSIT MALL- CUREPE	169,543	13,257
RENT TRANSIT MALL- ARIMA	57,391	12,522
RENT TRANSIT MALL- TPUNA	87,823	4,188
TRAINING SERVICES	91,006	64,300
<b>TOTAL</b>	<b><u>4,255,575</u></b>	<b><u>2,470,158</u></b>

**PUBLIC TRANSPORT SERVICE CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR PERIOD ENDING 30 SEPTEMBER 2013**

**6. Administrative Expenses:**

	AS AT SEPTEMBER 2013	AS AT SEPTEMBER 2012
	\$'000	\$'000
SALARIES	21,672,110	10,561,648
WAGES	5,142,882	2,024,536
CONTRACT SALARIES	22,980,668	28,230,791
CONTRACT WAGES	5,998,018	8,284,524
COLA	922,327	678,150
SHIFT BONUS	186,074	152,757
OVERTIME	1,732,623	1,816,095
NIS	3,981,330	3,033,681
PENSION	7,924,184	8,041,742
GRATURITY	6,638,848	4,856,609
GOOD HEALTH BONUS	-	3,576
GROUP LIFE	2,000,318	1,626,491
OTHER ALLOWANCE	139,878	68,673
TRAINING	343,624	1,129,290
DIRECTORS EXPENSES	918,521	1,089,898
LEGAL FEES	11,592	486,227
CONSULTING FEES	1,970,999	898,241
MEMBERSHIP FEES	13,880	4,724
CELLULAR CHARGES	454,699	536,980
ELECTRICITY	2,138,641	2,015,250
TELEPHONE	701,081	576,421
WATER RATES	121,894	118,653
INTERNET	501,547	570,932
CABLE	27,549	27,709
INSURANCE	1,501,386	1,300,505
RENT	1,985,114	1,615,229
REPAIRS & MAINTENANCE	5,133,941	6,787,088
SECURITY	23,317,948	23,440,363
BOOKS/NEWS/PERIODICALS	20,439	22,983
POSTAGE	5,867	4,669
STATIONERY	506,252	528,459
COURIER	2,769	3,399
COMPUTER PARTS & ACCESSORIES	525,146	775,008
SAFETY ATTIRE EQUIPMENT	124,682	133,875
OTHER OFFICE EXPENSES	606,815	1,180,245
DEPRECIATION	4,680,031	4,208,914
OBSOLESCENCE	102,648	-
ENTERTAINMENT	732,077	769,645
FREIGHT	1,582,406	1,962,966
COMMERCIAL REPAIRS	299,045	369,914
DISPOSAL OF TYRES	36,645	14,700
MISCELLANEOUS	2,000	6,100
	<hr/>	<hr/>
TOTAL	<u>127,688,499</u>	<u>121,937,659</u>

**PUBLIC TRANSPORT SERVICE CORPORATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR PERIOD ENDING 30 SEPTEMBER 2013**

<b>7. FINANCE COST</b>	<b>AS AT SEPTEMBER 2013 \$'000</b>	<b>AS AT SEPTEMBER 2012 \$'000</b>
LOAN INTEREST - BANK	1,467,044	2,587,287
CITICORP \$40M BOND INTEREST		
FINCOR \$75.3M BOND INTEREST	81,113	324,189
CITICORP \$130.1M BOND INTEREST	1,071,242	1,317,828
FCB \$93.6M BOND INTEREST	2,718,696	3,133,806
FCB \$66M LOAN INTEREST	-	343,423
OVERDRAFT INTEREST - REPUBLIC	178,475	30,432
OVERDRAFT INTEREST - FCB	3,244	9,872
	<hr/>	<hr/>
LOAN & BOND INTEREST	5,519,815	7,746,836
	<hr/>	<hr/>
BANK CHARGES -F&A	127,694	97,594
	<hr/>	<hr/>
BANK CHARGES	127,694	97,594
	<hr/>	<hr/>
TOTAL	<u>5,647,508</u>	<u>7,844,430</u>



**PUBLIC TRANSPORT SERVICE CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER, 2013**  
(continued)

**PROPERTY, PLANT AND EQUIPMENT**

	LAND	BUILDINGS	PLANT & EQUIPMENT	REVENUE VEHICLES	NON-REVENUE VEHICLES	FURNITURE & FITTINGS	CAPITAL WORK IN PROGRESS	TOTAL
<b>ORIGINAL COST</b>								
COST AT 30/09/2012	\$ 23,617,393	\$ 98,387,745	\$ 30,660,815	\$ 452,844,861	\$ 3,247,582	\$ 10,655,601	\$ 2,935,155	\$ 622,349,152
ADDITIONS	\$ -	\$ 2,978,030	\$ 3,851,500	\$ -	\$ -	\$ 747,216	\$ (1,080,464)	\$ 6,496,282
DISPOSALS								\$ -
COST AT 30/09/2013	\$ 23,617,393	\$101,365,775	\$ 34,512,315	\$ 452,844,861	\$ 3,247,582	\$ 11,402,817	\$ 1,854,691	\$ 628,845,434
<b>ACCUMULATED DEPRECIATION</b>								
		5%	15%	12.5%	25%	15%		
BALANCE B/F 30/09/2012	\$ -	\$ (77,915,402)	\$ (23,626,270)	\$ (328,315,189)	\$ (3,212,587)	\$ (8,162,338)	\$ -	\$ (441,231,785)
CHARGE FOR THE PERIOD	\$ -	\$ (1,329,778)	\$ (2,628,777)	\$ (35,813,775)	\$ (34,995)	\$ (686,481)	\$ -	\$ (40,493,806)
DISPOSALS								\$ -
BALANCE C/F 30/09/2013	\$ -	\$ (79,245,180)	\$ (26,255,047)	\$ (364,128,964)	\$ (3,247,582)	\$ (8,848,819)	\$ -	\$ (481,725,591)
<b>NET BOOK VALUE</b>								
AS AT 30/09/2013	\$ 23,617,393	\$ 22,120,595	\$ 8,257,269	\$ 88,715,897	\$ (0)	\$ 2,553,998	\$ 1,854,691	\$ 147,119,843
AS AT 30/09/2012	\$ 23,617,393	\$ 20,472,343	\$ 7,034,546	\$ 124,529,672	\$ 34,995	\$ 2,493,263	\$ 2,935,155	\$ 181,117,367

**PUBLIC TRANSPORT SERVICE CORPORATION**  
**NOTES TO THE STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2013**

	AS AT SEPTEMBER 2013 \$'000	AS AT SEPTEMBER 2012 \$'000
<b>9. INVENTORY</b>		
OIL STOCK	207,586	237,530
FUEL STOCK	221,713	129,257
TRADERS TICKETS	244,258	241,161
TIRES	609,005	882,123
SPARES	37,996,293	35,322,343
STATIONERY	187,766	219,954
MATERIALS	742,365	884,300
UNIFORMS	3,975	147,108
PROV FOR DAMAGE/OBSOLESCE	(790,421)	(687,773)
	<u>39,422,541</u>	<u>37,376,004</u>
<b>10. DEBTORS &amp; PREPAYMENTS</b>		
DEBTORS	18,684,311	16,540,505
PROV FOR DOUBTFUL DEBTS	(11,616,041)	(11,588,590)
LOANS TO OFFICERS	137,113	12,044
SALARY ADVANCE	358,497	279,540
VACATION ADVANCE	241,635	201,702
INTEREST RECEIVABLE	3,372	4,676
VAT RECEIVED	(79,365,753)	(67,287,195)
VAT INPUT RECOVERABLE	88,733,555	75,985,534
VAT ON SALES	(3,883,720)	(3,335,371)
PREPAID INSURANCE	1,459,320	1,470,761
PREPAID EXPENSES (OTHER)	14,529,334	-
INSURANCE CLAIMS RECEIVABLE	-	513,913
PREPAID EXPENSES	293,879	295,303
	<u>29,575,503</u>	<u>13,092,822</u>
<b>11. SHORT TERM INVESTMENTS</b>		
FIXED DEPOSIT- TRUSTEE POOL	4,202,553	4,166,612
UTC NO 2214864-2	4,376,798	4,324,836
	<u>8,579,351</u>	<u>8,491,448</u>

**PUBLIC TRANSPORT SERVICE CORPORATION**  
**NOTES TO THE STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2013**

	AS AT SEPTEMBER 2013	AS AT SEPTEMBER 2012
	\$'000	\$'000
<b>12. CASH ON HAND &amp; BANK INCL O/DRAFT</b>		
FACILITY ADMIN CASHIER	6,030	5,630
PETTY CASH ENGINEERING	15,000	10,000
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	13,000
PETTY CASH TOBAGO	13,000	13,000
REPUBLIC NO 150244235101	731,570	46,507
REPUBLIC NO 150244234301	(4,400,030)	820,408
REPUBLIC NO 150244241601	41	(50)
REPUBLIC NO 150244240801	(6)	95
FCB LINX 2008733	419,144	83,920
FCB NO 1112882	2,627,819	3,706,805
	<u>(552,931)</u>	<u>4,715,815</u>
<b>13. REVALUATION RESERVE</b>		
REVALUATION RESERVE	<u>7,181,390</u>	<u>7,181,390</u>
<b>14. BANK OVERDRAFT</b>	-	-
<b>15. CREDITORS / ACCRUALS</b>		
CREDITORS	23,198,599	15,701,360
CREDITORS PREPAYMENT	(3,276,547)	(3,825,097)
ACCRUALS	42,026,856	46,189,069
SALARIES / WAGES PAYABLE	6,326,843	93,613,616
PENSIONS PAYABLE	126,864	105,000
SEVERANCE PAYABLE	960,195	3,778,763
GRATUTITY PAYABLE	117,847	132,793
OTHER DEDUCTIONS PAYABLE	39,216	8,437
MAXI TAXI TDAD PAYABLE	1,594,521	1,508,259
MAXI TAXI TGO PAYABLE	331,055	347,582
PAYE PAYABLE	1,656,704	973,500
NIS PAYABLE	1,607,583	1,202,452
HEALTH SURCHARGE PAYABLE	69,598	64,523
UNION DUES PAYABLE	43,991	64,915
CREDIT UNION DEDUCTION - PAYAB	1,024,649	37,319
MORTGAGE DEDUCTION PAYABLE	26,734	-
TAX GARNISHEE	1,110	-
INSURANCE PAYABLE	76,191	42,769
COURT MAINTENANCE	5,865	-
ACCRUED INTEREST	1,392,851	1,680,184
STALEDATED CHEQUES PAYABLE	196,875	95,488
DEFERRED REVENUE	97,584	77,707
	<u>77,645,185</u>	<u>161,798,638</u>

**PUBLIC TRANSPORT SERVICE CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 30 SEPTEMBER 2013**  
(continued)

**16 PRIOR YEAR ADJUSTMENT**

THE AMOUNT OF 96.8M REPRESENTS WAGE ARREARS ARISING FROM THE TIWU AGREEMENT FOR THE PERIOD 2009-2011 AS WELL AS WAGE ARREARS TO SEPTEMBER 2012. MATTER SETTLED IN SEPTEMBER 2012. THIS AMOUNT WAS RECEIVED IN FEBRUARY 2013

**17 LOANS AND BONDS**

	2013	2012
	\$'000	\$'000
<b>BONDS</b>		
1 FINCOR TT \$75.3 MILLION BOND ISSUE	-	5,306,063
2 CITICORP TT \$130.1 MILLION BOND ISSUE	28,017,054	32,327,370
3 FCB LTD. TT \$93.6 MILLION BOND ISSUE	43,701,133	49,944,152
<b>TOTAL BONDS</b>	<u><u>71,718,187</u></u>	<u><u>87,577,585</u></u>
<b>LOANS</b>		
4 FIRST CITIZEN'S BANK LIMITED - \$ 66.0 MILLION	-	-
<b>TOTAL LOANS AND BONDS</b>	<u><u>71,718,187</u></u>	<u><u>87,577,585</u></u>
<b>CURRENT - PORTION</b>	10,553,335	15,859,398
<b>LONG TERM PORTION</b>	61,164,852	71,718,187

- 1 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**  
**AS AT 30 SEPTEMBER 2013**  
**(continued)**

**17 LOANS AND BONDS**  
**(continued)**

- 2 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.
  
- 3 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 3.95%. THIS BOND WAS TAKEN TO REFINANCE THE FIXED PORTION OF THE 130 MILLION DOLLAR BOND AND TO PAY OUTSTANDING CREDITORS.

**18 CONTINGENT LIABILITIES AND COMMITMENTS**

AT THE YEAR END, THE CORPORATION HAD CONTINGENT LIABILITIES OF \$7.3 MILLION ARISING IN THE ORDINARY COURSE OF BUSINESS.

**PUBLIC TRANSPORT SERVICE CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 30 SEPTEMBER 2013**  
**(continued)**

<b>19 GOVERNMENT GRANTS RECEIVED</b>	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
ACQUISITION OF BUSES	12,238,622	11,868,480
PSIP- CONSTRUCTION PROJECTS	4,223,757	9,396,016
CNG PROJECT	455,484	
CONTRACT EMPLOYMENT	28,383,000	40,422,000
FEES	600,000	1,600,000
FLEET MAINTENANCE	50,300,000	52,262,000
GPS TRACKING SYSTEM	1,262,861	2,255,538
IT DEVELOPMENT PROJECT	1,450,565	867,172
LOANS AND BONDS - CITICORP 130.1M 06/21	5,420,828	5,667,497
LOANS AND BONDS - 41.3M LOAN	5,588,043	8,746,237
LOANS AND BONDS - FINCOR 75.3M BOND 05/15	5,472,370	5,715,488
LOANS AND BONDS - FCB 93.645 M BOND	9,122,087	9,077,187
LOANS AND BONDS - FCB 66 M LOAN	-	14,018,727
MAXI TAXI SUPPORT	1,000,000	3,000,000
MINOR EQUIPMENT	256,956	800,000
NIS CONTRIBUTION	2,200,000	
OSHA	533,509	768,614
OTHER CONTRACTED SERVICES	-	900,000
PENSIONS	8,105,000	7,617,400
REFURBISHMENT OF BUILDING	-	600,000
SALARIES & COLA	24,041,000	20,620,000
SECURITY	16,860,000	22,800,000
SEVERANCE	12,850,000	7,800,000
UNIFORMS	-	700,000
TTEC	-	-
INSURANCE	7,600,000	7,700,000
WAGES	184,200,001	47,219,000
TOTAL	<u><u>382,164,083</u></u>	<u><u>282,421,356</u></u>

**PUBLIC TRANSPORT SERVICE CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 30 SEPTEMBER 2013**  
**(continued)**

<b>20 GOVERNMENT GRANTS RECOGNIZED AS INCOME</b>	<b>2013</b>	<b>2012</b>
OPERATIONAL EXPENSES FUNDED BY GOVERNMENT GRANTS:		
	\$'000	\$'000
PSIP- CONSTRUCTION PROJECTS	-	383,835
CONTRACT EMPLOYMENT	28,383,000	40,422,000
FEEs	600,000	1,600,000
FLEET MAINTENANCE	50,300,000	52,262,000
GPS TRACKING	1,008,535	89,663
MAXI TAXI SUPPORT	1,000,000	3,000,000
NIS CONTRIBUTION	2,200,000	
OTHER CONTRACTED SERVICES	-	900,000
PENSIONS	8,105,000	7,617,400
REFURBISHMENT OF BUILDING	-	600,000
SALARIES & COLA	24,041,000	20,620,000
SECURITY	16,860,000	22,800,000
SEVERANCE	12,850,000	7,800,000
UNIFORM	-	700,000
TTEC	-	-
INSURANCE	5,843,582	7,700,000
WAGES	184,200,001	47,219,000
TOTAL - RECURRENT AMOUNT	<u>335,391,118</u>	<u>213,713,898</u>
CAPITAL PORTION OF GRANTS EXPENSED IN THIS PERIOD :		
DEPRECIATION	41,550,974	41,392,275
LOAN AND BOND INTEREST	5,613,928	7,962,125
BONDS CAPITAL PORTION	15,859,400	15,859,411
TOTAL - CAPITAL PORTION	63,024,302	65,213,811
TOTAL GOVERNMENT GRANTS RECOGNIZED AS INCOME	<u>398,415,420</u>	<u>278,927,709</u>
NOTE \$96,800,000.ALLOCATED TO PRIOR YEAR ARREARS OF WAGES		
<b>21 GOVERNMENT GRANTS</b>		
BALANCE BROUGHT FORWARD	482,800,539	479,306,892
ADD AMOUNTS RECEIVED	382,164,083	282,421,356
LESS AMOUNTS TRANSFERRED TO INCOME	(398,415,420)	(278,927,709)
BALANCE CARRIED FORWARD	<u>466,549,202</u>	<u>482,800,539</u>