



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 2014

The accompanying Financial Statements of the Public Transport Service Corporation for the year ended 30th September 2014 have been audited. The Statements comprise a Statement of Financial Position as at 30th September 2014, a Statement of Comprehensive Income, a Statement of Changes in Equity and a Statement of Cash Flows for the year ended 30th September 2014 and Notes to the Financial Statements outlined at pages 7 to 28.

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 which 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, was conducted in accordance with 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 2013:

- (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 30th 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 30th September, 2011.

PROPERTY, PLANT AND EQUIPMENT \$113,589,279.00

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, 2014 and its financial performance and cash flows for the year ended 30th September, 2014 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.

**22ND JULY, 2019
PORT OF SPAIN**

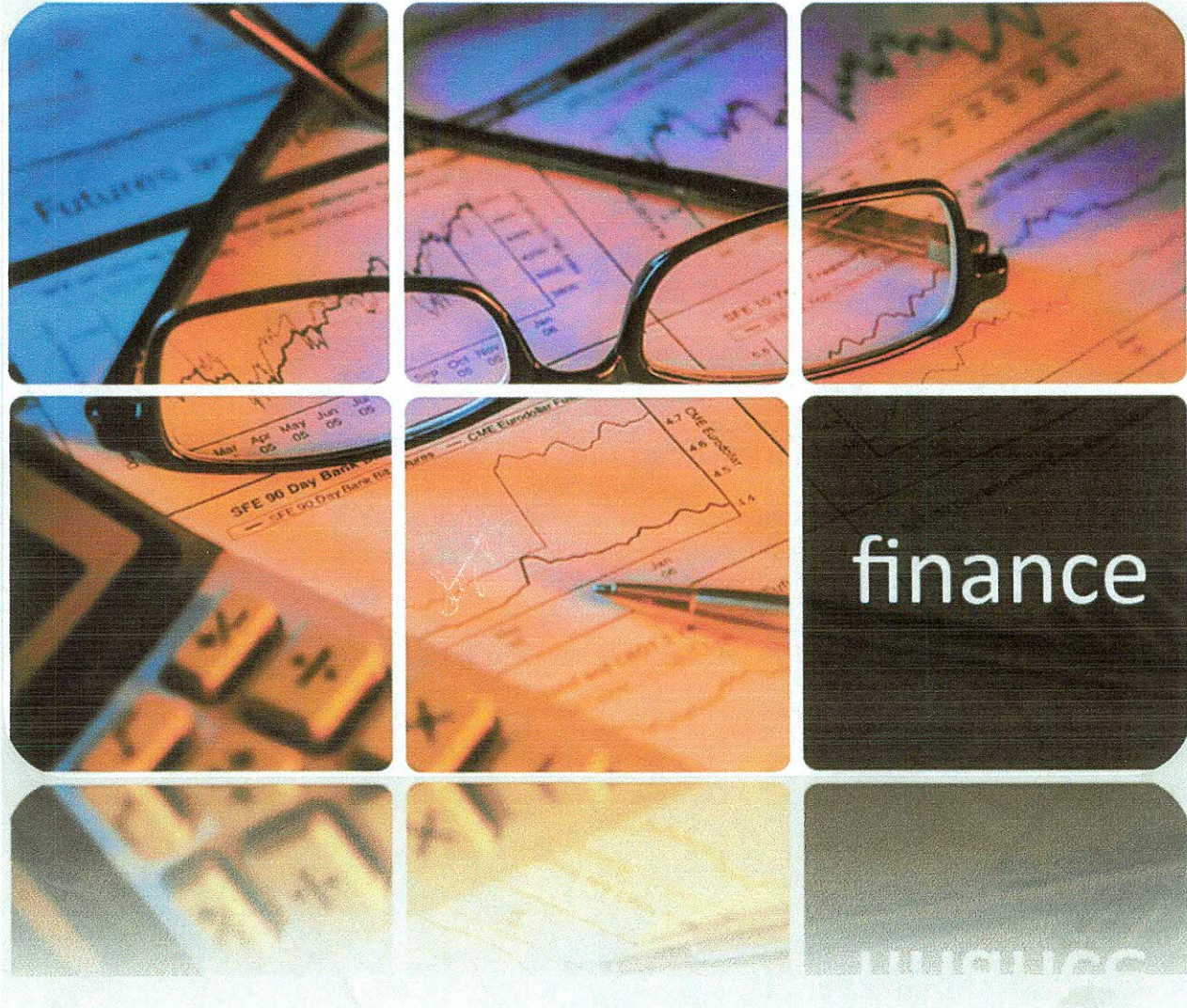



**LORELY PUJADAS
AUDITOR GENERAL**

SS20190722



PUBLIC TRANSPORT SERVICE CORPORATION



FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2014

**PUBLIC TRANSPORT SERVICE CORPORATION
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FOR THE YEAR ENDED 30TH SEPTEMBER , 2014**

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**PUBLIC TRANSPORT SERVICE CORPORATION
STATEMENT OF FINANCIAL POSITION
AS AT 30TH SEPTEMBER, 2014**

		AS AT SEPTEMBER 2014	Restated AS AT SEPTEMBER 2013
ASSETS	NOTES		
NON-CURRENT ASSETS		\$	\$
PROPERTY PLANT AND EQUIPMENT	12	113,589,279	147,071,083
INTANGIBLE ASSET	13	376,451	48,760
		<u>113,965,730</u>	<u>147,119,843</u>
CURRENT ASSETS			
INVENTORIES	14	41,115,442	39,422,541
DEBTORS AND PREPAYMENTS	15	32,572,764	32,852,050
SHORT TERM INVESTMENTS	16	8,669,316	8,579,351
CASH AND CASH EQUIVALENTS	17	3,052,202	3,847,104
		<u>85,409,725</u>	<u>84,701,046</u>
TOTAL ASSETS		<u><u>199,375,455</u></u>	<u><u>231,820,889</u></u>
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
REVALUATION RESERVE	19	7,181,390	7,181,390
ACCUMULATED DEFICIT		<u>(455,478,180)</u>	<u>(398,949,657)</u>
		(448,296,790)	(391,768,267)
NON-CURRENT LIABILITIES			
LOANS & BONDS - LONG TERM	21	50,611,517	61,164,852
GOVERNMENT GRANTS	27	436,918,499	466,549,202
		<u>487,530,016</u>	<u>527,714,054</u>
CURRENT LIABILITIES			
BANK OVERDRAFT	18	564,283	4,400,035
CREDITORS AND ACCRUALS	20	149,024,612	80,921,732
LOANS AND BONDS - CURRENT	21	10,553,334	10,553,334
		<u>160,142,229</u>	<u>95,875,101</u>
TOTAL EQUITY AND LIABILITIES		<u><u>199,375,455</u></u>	<u><u>231,820,889</u></u>

VICE CHAIRMAN

CHAIRMAN



GENERAL MANAGER

DATE

**PUBLIC TRANSPORT SERVICE CORPORATION
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH SEPTEMBER, 2014**

	Notes ()	AS AT SEPTEMBER 2014 \$	AS AT SEPTEMBER 2013 \$
OPERATING INCOME	5	75,625,915	82,338,397
COST OF OPERATIONS	6	(271,385,846)	(253,261,654)
GROSS PROFIT/(LOSS) ON OPERATIONS		<u>(195,759,932)</u>	<u>(170,923,258)</u>
GOVERNMENT GRANTS	8	312,954,059	301,615,420
OTHER COMPREHENSIVE INCOME	9	4,980,303	4,255,575
DISTRIBUTION EXPENSES	7	(2,599,930)	(2,796,690)
ADMINISTRATIVE EXPENSES	10	(138,122,352)	(127,688,499)
FINANCE COST	11	(4,884,221)	(5,647,508)
NET PROFIT/(LOSS)		<u><u>(23,432,073)</u></u>	<u><u>(1,184,960)</u></u>

**PUBLIC TRANSPORT SERVICE CORPORATION
STATEMENT OF CHANGES IN EQUITY
AS AT 30TH SEPTEMBER, 2014**

	CAPITAL RESERVE	ACCUMULATED DEFICIT	CAPITAL AND RESERVES
	\$	\$	\$
FOR THE YEAR ENDED 30TH SEPTEMBER, 2014			
BALANCE AS AT 1ST OCTOBER, 2013	7,181,390	(398,949,657)	(391,768,267)
DEFICIT FOR THE YEAR		(23,432,073)	(23,432,073)
PRIOR PERIOD ADJUSTMENTS - SEE NOTE 22		(33,096,450)	(33,096,450)
BALANCE AS AT 30TH SEPTEMBER, 2014	<u><u>7,181,390</u></u>	<u><u>(455,478,180)</u></u>	<u><u>(448,296,790)</u></u>
FOR THE YEAR ENDED 30TH SEPTEMBER, 2013			
BALANCE AS AT 1ST OCTOBER, 2012	7,181,390	(494,564,696)	(487,383,306)
DEFICIT FOR THE YEAR		(1,184,961)	(1,184,961)
PRIOR PERIOD ADJUSTMENTS		96,800,000	96,800,000
BALANCE AS AT 30TH SEPTEMBER, 2013	<u><u>7,181,390</u></u>	<u><u>(398,949,657)</u></u>	<u><u>(391,768,267)</u></u>

**PUBLIC TRANSPORT SERVICE CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2014**

	2014	Restated 2013
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
NET SURPLUS/(DEFICIT) FOR THE YEAR	(23,432,073)	(1,184,961)
ADJUSTMENTS FOR :		
DEPRECIATION	40,399,497	40,493,806
PRIOR YEAR ADJUSTMENTS - NOTE 22	(33,096,450)	96,800,000
INTEREST EXPENSE	4,501,657	5,338,095
	<u>(11,627,369)</u>	<u>141,446,941</u>
CHANGES IN WORKING CAPITAL		
NET CHANGE IN INVENTORIES	(1,692,901)	(2,046,537)
NET CHANGE IN SHORT TERM INVESTMENTS	(89,965)	(87,903)
NET CHANGE IN DEBTORS AND PREPAYMENTS	279,285	(16,482,681)
NET CHANGE IN CREDITORS AND ACCURALS	68,102,880	(84,153,453)
NET CHANGE IN GOVERNMENT GRANTS	(29,630,703)	(16,251,337)
	<u>25,341,226</u>	<u>22,425,030</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
PURCHASE OF PROPERTY ,PLANT AND EQUIPMENT	(7,245,385)	(6,496,282)
	<u>(7,245,385)</u>	<u>(6,496,282)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
PAYMENTS OF LOANS AND BONDS	(15,054,991)	(21,197,494)
	<u>(15,054,991)</u>	<u>(21,197,494)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	3,040,850	(5,268,746)
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE YEAR	(552,931)	(552,931)
	<u>2,487,919</u>	<u>(552,931)</u>
REPRESENTED BY		
CASH IN HAND AND AT BANK	3,052,202	3,847,104
BANK OVERDRAFT	(564,283)	(4,400,035)
	<u>2,487,919</u>	<u>(552,931)</u>

PUBLIC TRANSPORT SERVICE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2014

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 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

30 SEPTEMBER 2014

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

30 SEPTEMBER 2014

2 Significant Accounting Policies: (Cont'd):

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

(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

30 SEPTEMBER 2014

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

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2014

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

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.

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

30 SEPTEMBER 2014

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

PUBLIC TRANSPORT SERVICE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2014

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 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.

PUBLIC TRANSPORT SERVICE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2014

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.

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

30 SEPTEMBER 2014

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

30 SEPTEMBER 2014

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, 2014**

5. OPERATING INCOME

	AS AT SEPTEMBER 2014 \$	AS AT SEPTEMBER 2013 \$
KNOW YOUR COUNTRY TOURS - TRIN	868,570	736,278
MAXI TAXI INSPECTION FEES - PO	43,030	40,880
MAXI TAXI INSPECTION FEES -TGO	3,860	4,280
MAXI TAXI FEES - TRINIDAD	39,091,872	40,467,047
MAXI TAXI FEES - TOBAGO	4,152,798	4,054,571
MIN OF SOC DEV- PENSIONERS	5,130,000	5,130,000
MONTHLY/WEEKLY TRAVEL	122,585	161,886
RTS - SANGRE GRANDE	391	11,557
SALE OF TICKETS - POINT FORTIN	490,257	495,294
SALE OF TICKETS - POS	4,264,371	4,482,702
SALE OF TICKETS - SAN FERNANDO	1,218,263	1,320,527
SALE OF TICKETS - TOBAGO	903,651	1,434,701
SALE OF TICKETS - DELUXE COACH- GRANDE	322,340	185,630
SALE OF TICKETS - DELUXE COACH- POS	2,911,380	3,114,200
SALE OF TICKETS - DELUXE COACH- SAN SDO	2,794,750	2,615,820
SPEC EVENTS/TOURS - POS	4,449,468	6,684,694
SPEC EVENTS/TOURS/CHARTERS - T	30,665	565,300
TICKET SALE - IN HOUSE -CHG	185,062	173,855
TICKET SALE - IN HOUSE -GDE	258,132	497,389
TICKET SALE - IN HOUSE POS	6,554,009	7,139,793
TICKET SALE - IN HOUSE CUREPE	335,791	443,686
TICKET SALE - IN HOUSE -SDO	1,494,670	2,578,308
TOTAL OPERATING INCOME	<u>75,625,915</u>	<u>82,338,397</u>

**PUBLIC TRANSPORT SERVICE CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30TH SEPTEMBER, 2014**

6. COST OF OPERATIONS

	AS AT SEPTEMBER 2014	AS AT SEPTEMBER 2013
	\$	\$
DEPN REVENUE VEHICLES	35,813,775	35,813,775
FUEL AND OIL	11,199,573	11,200,539
INSURANCE - REVENUE VEHICLES	4,057,672	4,354,187
MAXI TAXI DIRECT	36,219,574	35,941,066
REP MAIN - REV VECHICLE	30,079,107	30,168,714
KNOW YOUR COUNTRY	97,410	91,080
WAGES	143,359,754	126,205,014
NIS	8,907,089	9,014,100
TICKETS	236,700	304,200
UNIFORMS	1,415,190	168,980
	<u>271,385,846</u>	<u>253,261,654</u>

7. DISTRIBUTION EXPENSES

	\$	\$
ADVERTISING	1,069,494	1,350,579
MOTOR VEHICLE	199,984	235,740
BAD DEBTS	.	32,022
DONATIONS	116,703	154,908
TRAVEL	1,213,750	1,023,441
	<u>2,599,930</u>	<u>2,796,690</u>

**PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2014**

	AS AT SEPTEMBER 2014 \$	AS AT SEPTEMBER 2013 \$
8. GOVERNMENT GRANT	312,954,059	301,615,420
TOTAL	<u><u>312,954,059</u></u>	<u><u>301,615,420</u></u>

9. OTHER INCOME

BANK INTEREST	90,575	94,618
BAD DEBT RECOVERED	12,075	-
BILLBOARD AND WALL ADS	894,194	1,582,525
COMMERCIAL SERV POS	1,233,146	71,015
CONCESSIONAIRE BOOTHS	1,499,228	1,446,531
INSURANCE CLAIMS	269,503	144,865
OTHER MISC - POS	23,423	16,465
OTHER MISC INC -SFD	1,432	1,450
OTHER MISC INC - TGO	405	2,440
PUB SERV VEH LICENSE FEE	39,000	48,000
SALE OF ASSETS	14,030	9,521
SHORT TERM RENTAL	80,444	76,611
TENANCY CONTRACTS	159,100	48,853
RENT TRANSIT MALL- S/JUAN	307,023	306,918
RENT TRANSIT MALL- CUREPE	172,008	169,543
RENT TRANSIT MALL- ARIMA	59,478	57,391
RENT TRANSIT MALL- TPUNA	83,416	87,823
RENT TRANSIT MALL- SDO	4,544	
TRAINING SERVICES	37,280	91,006
TOTAL	<u><u>4,980,303</u></u>	<u><u>4,255,575</u></u>

**PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2014**

10. ADMINISTRATIVE EXPENSES

	AS AT SEPTEMBER 2014	AS AT SEPTEMBER 2013
	\$	\$
SALARIES	29,046,869	21,672,110
WAGES	14,216,669	5,142,882
CONTRACT SALARIES	19,008,499	22,980,668
CONTRACT WAGES	291,905	5,998,018
COLA	1,033,118	922,327
SHIFT BONUS	222,550	186,074
OVERTIME	1,704,533	1,732,623
NIS	4,098,777	3,981,330
PENSION	7,870,718	7,924,184
GRATURITY	10,294,633	6,638,848
GROUP LIFE	2,025,951	2,000,318
OTHER ALLOWANCE	180,615	139,878
TRAINING	723,788	343,624
DIRECTORS EXPENSES	703,651	918,521
LEGAL FEES	622,920	11,592
CONSULTING FEES	1,637,768	1,970,999
MEMBERSHIP FEES	70,660	13,880
CELLULAR CHARGES	513,596	454,699
ELECTRICITY	1,906,779	2,138,641
TELEPHONE	691,679	701,081
WATER RATES	140,231	121,894
INTERNET	491,141	501,547
CABLE	32,730	27,549
INSURANCE	1,422,975	1,501,386
LAND & BUILDING TAXES	3,850	-
RENT	2,101,578	1,985,114
REPAIRS & MAINTENANCE	5,945,749	5,133,941
SECURITY	22,010,691	23,317,948
BOOKS/NEWS/PERIODICALS	18,048	20,439
POSTAGE	7,151	5,867
STATIONERY	428,514	506,252
COURIER	2,431	2,769
COMPUTER PARTS & ACCESSORIES	479,894	525,146
SAFETY ATTIRE EQUIPMENT	436,821	124,682
OTHER OFFICE EXPENSES	662,345	606,815
DEPRECIATION	4,585,723	4,680,031
OBSOLESCENCE	-	102,648
ENTERTAINMENT	700,429	732,077
FREIGHT	1,304,836	1,582,406
COMMERCIAL REPAIRS	424,614	299,045
DISPOSAL OF TYRES	55,425	36,645
MISCELLANEOUS	1,501	2,000
TOTAL	<u>138,122,352</u>	<u>127,688,499</u>

**PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2014**

11. FINANCE COST	AS AT SEPTEMBER 2014	AS AT SEPTEMBER 2013
	\$	\$
LOAN INTEREST - BANK	1,264,674	1,467,044
FINCOR \$75.3M BOND INTEREST	-	81,113
CITICORP \$130.1M BOND INTEREST	869,652	1,071,242
FCB \$93.6M BOND INTEREST	2,367,332	2,718,696
OVERDRAFT INTEREST - REPUBLIC	288,356	178,475
OVERDRAFT INTEREST - FCB	16,216	3,244
	<hr/>	<hr/>
LOAN & BOND INTEREST	4,806,229	5,519,815
	<hr/>	<hr/>
BANK CHARGES -F&A	77,991	127,694
	<hr/>	<hr/>
BANK CHARGES	77,991	127,694
	<hr/>	<hr/>
TOTAL	<u>4,884,221</u>	<u>5,647,508</u>

PUBLIC TRANSPORT SERVICE CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30TH SEPTEMBER, 2014
 (continued)

12.PROPERTY, PLANT AND EQUIPMENT

	LAND	BUILDINGS	PLANT & EQUIPMENT	REVENUE VEHICLES	NON- REVENUE VEHICLES	FURNITURE & FITTINGS	CAPITAL WORK IN PROGRESS	TOTAL
ORIGINAL COST								
COST AT 30/09/2013	\$ 23,617,393	\$ 101,365,775	\$ 32,127,950	\$ 452,844,861	\$ 3,247,582	\$ 11,402,817	\$ 1,854,691	\$ 626,461,068
ADDITIONS	\$ -	\$ 364,575	\$ 2,969,096	\$ -		\$ 240,827	\$ 3,284,887	\$ 6,859,385
DISPOSALS								\$ -
COST AT 30/09/2014	\$ 23,617,393	\$ 101,730,350	\$ 35,097,046	\$ 452,844,861	\$ 3,247,582	\$ 11,643,644	\$ 5,139,578	\$ 633,320,453
ACCUMULATED DEPRECIATION								
		5%	15%	12.5%	25%	15%		
BALANCE B/F 30/09/2013	\$ -	\$ (79,245,180)	\$ (23,919,442)	\$ (364,128,964)	\$ (3,247,582)	\$ (8,848,819)	\$ -	\$ (479,389,986)
CHARGE FOR THE PERIOD	\$ -	\$ (1,375,918)	\$ (2,434,431)	\$ (35,813,775)	\$ -	\$ (717,065)	\$ -	\$ (40,341,189)
DISPOSALS								\$ -
BALANCE C/F 30/09/2014	\$ -	\$ (80,621,098)	\$ (26,353,872)	\$ (399,942,738)	\$ (3,247,582)	\$ (9,565,884)	\$ -	\$ (519,731,175)
NET BOOK VALUE								
AS AT 30/09/2014	\$ 23,617,393	\$ 21,109,252	\$ 8,743,174	\$ 52,902,122	\$ 0	\$ 2,077,760	\$ 5,139,578	\$ 113,589,279
AS AT 30/09/2013	\$ 23,617,393	\$ 22,120,595	\$ 8,208,509	\$ 88,715,897	\$ (0)	\$ 2,553,998	\$ 1,854,691	\$ 147,071,083

**PUBLIC TRANSPORT SERVICE CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30TH SEPTEMBER, 2014
 (continued)**

13. INTANGIBLE ASSET

ORIGINAL COST	COMPUTER SOFTWARE
COST AT 30/09/2013	\$ 2,384,365
ADDITIONS	\$ 386,000
DISPOSALS	<hr/>
COST AT 30/09/2014	\$ 2,770,365 <hr/>
ACCUMULATED AMORTISATION	33.33%
BALANCE B/F 30/09/2013	\$ (2,335,605)
CHARGE FOR THE PERIOD	\$ (58,309)
DISPOSALS	<hr/>
BALANCE C/F 30/09/2014	\$ (2,393,914) <hr/>
NET BOOK VALUE	
AS AT 30/09/2014	\$ 376,451 <hr/> <hr/>
AS AT 30/09/2013	\$ 48,760 <hr/> <hr/>

**PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30TH SEPTEMBER, 2014**

	AS AT SEPTEMBER 2014 \$	AS AT SEPTEMBER 2013 \$
14. INVENTORIES		
OIL STOCK	338,725	207,586
FUEL STOCK	217,040	221,713
TRADERS TICKETS	277,183	244,258
TIRES	851,129	609,005
SPARES	38,524,481	37,996,293
STATIONERY	186,544	187,766
MATERIALS	716,366	742,365
UNIFORMS	3,975	3,975
PROV FOR DAMAGE/OBSOLESCENCE	-	(790,421)
	<u>41,115,442</u>	<u>39,422,541</u>
15. DEBTORS & PREPAYMENTS		
DEBTORS	15,182,113	18,684,311
PROV FOR DOUBTFUL DEBTS	(7,144,125)	(11,616,041)
LOANS TO OFFICERS	66,135	137,113
SALARY ADVANCE	366,118	358,497
VACATION ADVANCE	169,638	241,635
INTEREST RECEIVABLE	3,315	3,372
VAT RECEIVED	(90,058,691)	(79,365,753)
VAT INPUT RECOVERABLE	100,939,617	88,733,555
VAT ON SALES	(4,469,060)	(3,883,720)
PREPAID INSURANCE	1,415,705	1,459,320
PREPAID EXPENSES (OTHER)	14,529,334	14,529,334
PREPAID EXPENSES	1,572,665	3,570,426
	<u>32,572,764</u>	<u>32,852,050</u>
16. SHORT TERM INVESTMENTS		
FIXED DEPOSIT- TRUSTEE POOL	4,252,148	4,202,553
UTC NO 2214864-2	4,417,168	4,376,798
	<u>8,669,316</u>	<u>8,579,351</u>

PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30TH SEPTEMBER, 2014

	AS AT SEPTEMBER 2014	AS AT SEPTEMBER 2013
	\$	\$
17. CASH ON HAND & BANK		
FACILITY ADMIN CASHIER	6,030	6,030
PETTY CASH ENGINEERING	15,000	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	241,847	731,570
REPUBLIC NO 150244241601	139	41
REPUBLIC NO 150244240801	92	-
FCB LINX 2008733	141,456	419,144
FCB NO 1112882	2,600,140	2,627,819
	<u>3,052,202</u>	<u>3,847,104</u>
18. BANK OVERDRAFT		
REPUBLIC NO 150244234301	(564,283)	(4,400,030)
REPUBLIC NO 150244240801	-	(6)
	<u>(564,283)</u>	<u>(4,400,035)</u>
19. REVALUATION RESERVE		
REVALUATION RESERVE	<u>7,181,390</u>	<u>7,181,390</u>
20. CREDITORS AND ACCRUALS		
CREDITORS	29,706,268	23,198,599
ACCRUALS	38,180,360	42,026,856
SALARIES / WAGES PAYABLE	66,216,212	6,326,843
PENSIONS PAYABLE	363,157	126,864
SEVERANCE PAYABLE	5,415,385	960,195
GRATUTITY PAYABLE	655,243	117,847
OTHER DEDUCTIONS PAYABLE	2,230	39,216
MAXI TAXI TDAD PAYABLE	2,322,370	1,594,521
MAXI TAXI TGO PAYABLE	452,482	331,055
PAYE PAYABLE	1,393,051	1,656,704
NIS PAYABLE	1,574,515	1,607,583
HEALTH SURCHARGE PAYABLE	68,071	69,598
UNION DUES PAYABLE	286	43,991
CREDIT UNION DEDUCTION - PAYAB	1,000,903	1,024,649
MORTGAGE DEDUCTION PAYABLE	43,625	26,734
TAX GARNISHEE	897	1,110
INSURANCE PAYABLE	1,076	76,191
COURT MAINTENANCE	-	5,865
ACCRUED INTEREST	1,180,291	1,392,851
STALEDATED CHEQUES PAYABLE	354,765	196,875
REFUNDABLE DEPOSITS	93,426	97,584
	<u>149,024,612</u>	<u>80,921,732</u>

PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2014
(continued)

20 CREDITORS AND ACCURALS

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. CABINET NOTE NO 496 DATED AUGUST 12,2010 THE OWNERSHIP OF THESE BUSES WAS TRANSFERRED TO PTSC .THE LOAN OF \$41.3M IS RECORDED AS AN ACCURAL PAYBALE OVER A TEN YEAR PERIOD TO 2020 .INTEREST PAYMENTS AND PRINCIPAL PAID BY PTSC SEMI - ANNUALLY IN MARCH AND SEPTEMBER EACH YEAR .THE CORPORATION IS AWAITING THE RELEVANT DOCUMENTS TO TRANSFER THE LIABILITY TO PTSC FROM VMCOTT.

21 LOANS AND BONDS

	2014	2013
	\$	\$
BONDS		
1 CITICORP TT \$130.1 MILLION BOND ISSUE	23,706,738	28,017,054
2 FCB LTD. TT \$93.6 MILLION BOND ISSUE	37,458,114	43,701,133
TOTAL BONDS	61,164,852	71,718,187
CURRENT - PORTION	10,553,335	10,553,335
LONG TERM PORTION	50,611,517	61,164,852

1 THE PTSC BORROWED TT \$130.1 MILLION UNDER GOVERNMENT GUARANTEE FROM REPUBLIC FINANCE AND MERCHANT BANK 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 130 MILLION DOLLAR BOND AND TO PAY OUTSTANDING CREDITORS.

22 PRIOR YEAR ADJUSTMENT

THE AMOUNT OF \$33.0M REPRESENT SALARY AND WAGE ARREARS ARISING FROM PSA/ TIWU AGREEMENT FOR THE PERIOD 2011-2013 and 2012-2014 RESPECTIVELY

23 CONTINGENT LIABILITIES AND COMMITMENTS

AT THE YEAR END , THE CORPORATION HAD CONTINGENT LIABILITIES OF \$6.250MILLION ARISING IN THE ORDINARY COURSE OF BUSINESS.

24 RESTATEMENT OF ACCOUNTS

- a) STATEMENT OF CASH FLOWS YE 2013 RESTATED TO DISCLOSE THE INTEREST EXPENSE ON LOANS AND BONDS INCURRED DURING THE PERIOD.
- b) CREDITOR'S PREPAYMENT PREVIOUSLY RECORDED UNDER CURRENT LIABILITY FOR COMPARATIVE YE 2013 IS INCLUDED IN THE PREPAID EXPENSES UNDER DEBTORS AND PREPAYMENT.
- c) COMPUTER SOFTWARE RECLASSIFIED AS AN INTANGIBLE ASSET PREVIOUSLY DISCLOSED AS PROPERTY, PLANT AND EQUIPMENT.

PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2014
(continued)

25 GOVERNMENT GRANTS RECEIVED	2014	2013
	\$	\$
ACQUISITION OF BUSES		12,238,622
PSIP- CONSTRUCTION PROJECTS	3,776,641	4,223,757
CNG PROJECT		455,484
CONTRACT EMPLOYMENT	5,705,000	28,383,000
FEES	650,000	600,000
FLEET MAINTENANCE	50,539,000	50,300,000
GPS TRACKING SYSTEM		1,262,861
IT DEVELOPMENT PROJECT	1,112,496	1,450,565
LOANS AND BONDS - CITICORP 130.1M 06/21	5,232,613	5,420,828
LOANS AND BONDS - 41.3M LOAN	5,370,774	5,588,043
LOANS AND BONDS - FINCOR 75.3M BOND 05/15	-	5,472,370
LOANS AND BONDS - FCB 93.645 M BOND	8,751,481	9,122,087
MAXI TAXI SUPPORT	907,932	1,000,000
MINOR EQUIPMENT	115,964	256,956
NIS CONTRIBUTION	11,104,000	2,200,000
OSHA	5,373,454	533,509
PENSIONS	7,295,000	8,105,000
SALARIES & COLA	34,723,000	24,041,000
SECURITY	24,725,000	16,860,000
SEVERANCE	10,000,000	12,850,000
INSURANCE	9,800,000	7,600,000
WAGES	98,141,000	184,200,001
TOTAL	<u><u>283,323,356</u></u>	<u><u>382,164,083</u></u>

PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2014
(continued)

26 GOVERNMENT GRANTS RECOGNIZED AS INCOME	2014	2013
OPERATIONAL EXPENSES FUNDED BY GOVERNMENT GRANTS:		
	\$	\$
PSIP- CONSTRUCTION PROJECTS	2,809,514	-
CONTRACT EMPLOYMENT	5,705,000	28,383,000
FEES	650,000	600,000
FLEET MAINTENANCE	50,539,000	50,300,000
GPS TRACKING		1,008,535
MAXI TAXI SUPPORT	907,932	1,000,000
NIS CONTRIBUTION	11,104,000	2,200,000
PENSIONS	7,295,000	8,105,000
SALARIES & COLA	34,723,000	24,041,000
SECURITY	24,725,000	16,860,000
SEVERANCE	10,000,000	12,850,000
INSURANCE	9,800,000	5,843,582
WAGES	98,141,000	184,200,001
TOTAL - RECURRENT AMOUNT	<u>256,399,446</u>	<u>335,391,118</u>
CAPITAL PORTION OF GRANTS EXPENSED IN THIS PERIOD :		
DEPRECIATION	41,329,745	41,550,974
LOAN AND BOND INTEREST	4,670,682	5,613,928
BONDS CAPITAL PORTION	10,554,186	15,859,400
TOTAL - CAPITAL PORTION	56,554,613	63,024,302
TOTAL GOVERNMENT GRANTS RECOGNIZED AS INCOME	<u>312,954,059</u>	<u>398,415,420</u>
NOTE YE 2013 \$96,800,000 ALLOCATED TO PRIOR YEAR ARREARS OF WAGES.		
27 GOVERNMENT GRANTS		
BALANCE BROUGHT FORWARD	466,549,202	482,800,539
ADD AMOUNTS RECEIVED	283,323,356	382,164,083
LESS AMOUNTS TRANSFERRED TO INCOME	(312,954,059)	(398,415,420)
BALANCE CARRIED FORWARD	<u>436,918,499</u>	<u>466,549,202</u>