



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 2015

The accompanying financial statements of the Public Transport Service Corporation (the Corporation) for the year ended 30th September 2015 have been audited. The statements as set out on pages 1 to 28 comprise a Statement of Financial Position as at 30th September 2015, and the Statement of Comprehensive Income, a Statement of Changes in Equity and a Statement of Cash Flows for the year ended 30th September 2015 and Notes to the Financial Statements outlined at pages 7 to 28, including a summary of significant accounting policies.

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 evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

BASIS FOR ADVERSE OPINION

STATEMENT OF FINANCIAL POSITION

PROPERTY PLANT AND EQUIPMENT (Note 12) \$132,005,608

6. The Asset Register recorded a composite figure for both Land \$23,617,393 and Buildings \$21,310,245. A listing of the individual assets by acquisition cost in both categories of Land and of Buildings was not produced for audit. Therefore the correctness of the Land and the Buildings categories of assets were not verified.

INVENTORIES (Note 14) \$52,277,980

6.1 Audit was not present at the year-end stock count. Supporting records such as the physical Stock Count Report at year-end, stock sheets, stock requisition forms, stock issue forms and payment vouchers were not properly preserved for audit to verify the correctness of the closing balance.

NON-CURRENT LIABILITIES - GOVERNMENT GRANTS (Note 26) \$445,342,317

6.2 Documentary evidence produced and explanation provided were insufficient to verify the correctness of the reported balance.

SALARIES AND WAGES- ADMINISTRATIVE EXPENSES (Note 10) \$94,561,030

6.3 Documentary evidence such as payroll records, payment vouchers, Annual Return of Remuneration Paid and Income Tax and Health Surcharge Deducted and Remitted for the Income Year records were not properly preserved for audit.

ADVERSE OPINION

7. In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion at paragraphs 6 to 6.3 above, the financial statements do not present fairly, the financial position of the Public Transport Service Corporation as at 30th September 2015 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

SUBMISSION OF REPORT

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.

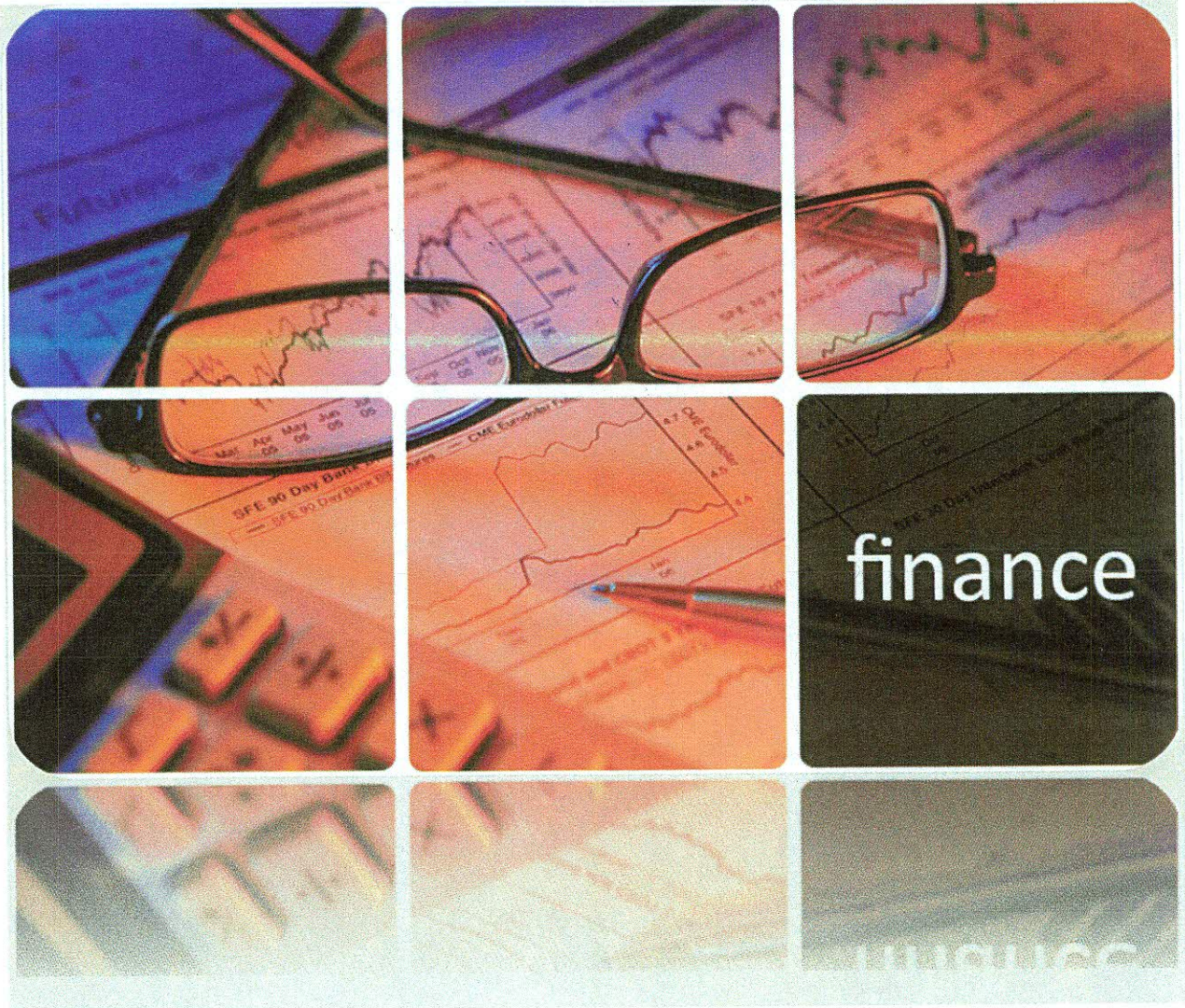


25TH OCTOBER, 2019
PORT OF SPAIN


LORELY PUJADAS
AUDITOR GENERAL



PUBLIC TRANSPORT SERVICE CORPORATION



FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2015

**PUBLIC TRANSPORT SERVICE CORPORATION
TABLE OF CONTENTS
FOR THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER , 2015**

CONTENTS	PAGE NO
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 30TH SEPTEMBER, 2015**

		AS AT SEPTEMBER 2015	AS AT SEPTEMBER 2014
ASSETS	NOTES		
NON-CURRENT ASSETS		\$	\$
PROPERTY PLANT AND EQUIPMENT	12	132,005,608	113,589,279
INTANGIBLE ASSET	13	227,393	376,451
		<u>132,233,001</u>	<u>113,965,730</u>
CURRENT ASSETS			
INVENTORIES	14	52,277,980	41,115,442
DEBTORS AND PREPAYMENTS	15	23,405,283	32,572,764
SHORT TERM INVESTMENT	16	5,764,229	8,669,316
CASH AND CASH EQUIVALENTS	17	17,849,428	3,052,202
		<u>99,296,920</u>	<u>85,409,725</u>
TOTAL ASSETS		<u><u>231,529,921</u></u>	<u><u>199,375,455</u></u>
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
REVALUATION RESERVE	19	7,181,390	7,181,390
ACCUMULATED DEFICIT		<u>(457,125,472)</u>	<u>(455,478,180)</u>
		<u>(449,944,082)</u>	<u>(448,296,790)</u>
NON-CURRENT LIABILITIES			
LOANS & BONDS - LONG TERM	21	40,058,182	50,611,517
GOVERNMENT GRANTS	26	445,342,317	436,918,499
		<u>485,400,498</u>	<u>487,530,016</u>
CURRENT LIABILITIES			
BANK OVERDRAFT	18	-	564,283
CREDITORS AND ACCRUALS	20	128,520,170	149,024,612
SHORT TERM LOAN	21	57,000,000	-
LOANS AND BONDS - CURRENT	21	10,553,334	10,553,334
		<u>196,073,504</u>	<u>160,142,229</u>
TOTAL EQUITY AND LIABILITIES		<u><u>231,529,921</u></u>	<u><u>199,375,455</u></u>

VICE CHAIRMAN

CHAIRMAN



GENERAL MANAGER

DATE

**PUBLIC TRANSPORT SERVICE CORPORATION
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH SEPTEMBER, 2015**

	Notes ()	AS AT SEPTEMBER 2015 \$	AS AT SEPTEMBER 2014 \$
OPERATING INCOME	5	80,849,623	75,625,915
COST OF OPERATIONS	6	(252,392,047)	(271,385,846)
GROSS PROFIT/(LOSS) ON OPERATIONS		<u>(171,542,424)</u>	<u>(195,759,932)</u>
GOVERNMENT GRANTS	8	318,212,797	312,954,059
OTHER COMPREHENSIVE INCOME	9	4,924,067	4,980,303
DISTRIBUTION EXPENSES	7	(2,172,450)	(2,599,930)
ADMINISTRATIVE EXPENSES	10	(146,702,146)	(138,122,352)
FINANCE COST	11	(4,367,136)	(4,884,221)
NET PROFIT/(LOSS)		<u><u>(1,647,291)</u></u>	<u><u>(23,432,073)</u></u>

**PUBLIC TRANSPORT SERVICE CORPORATION
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH SEPTEMBER 2015**

	CAPITAL RESERVE	ACCUMULATED DEFICIT	CAPITAL AND RESERVES
	\$'000	\$'000	\$'000
FOR THE YEAR ENDED 30TH SEPTEMBER, 2015			
BALANCE AS AT 1ST OCTOBER, 2014	7,181,390	(455,478,180)	(448,296,790)
DEFICIT FOR THE YEAR		(1,647,291)	(1,647,291)
BALANCE AS AT 30TH SEPTEMBER, 2015	<u><u>7,181,390</u></u>	<u><u>(457,125,471)</u></u>	<u><u>(449,944,081)</u></u>
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 21		(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>

**PUBLIC TRANSPORT SERVICE CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2015**

	2015 \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
NET SURPLUS/(DEFICIT) FOR THE YEAR	(1,647,294)	(23,432,073)
ADJUSTMENTS FOR :		
DEPRECIATION	29,405,041	40,399,497
LOSS ON DISPOSALS	6	
PRIOR YEAR ADJUSTMENTS - NOTE 21	-	(33,096,450)
INTEREST EXPENSE	3,980,959	4,501,657
	<u>31,738,712</u>	<u>(11,627,369)</u>
CHANGES IN WORKING CAPITAL		
NET CHANGE IN INVENTORIES	(11,162,538)	(1,692,901)
NET CHANGE IN SHORT TERM INVESTMENTS	2,905,087	(89,965)
NET CHANGE IN DEBTORS AND PREPAYMENTS	9,167,481	279,285
NET CHANGE IN CREDITORS AND ACCURALS	(20,504,442)	68,102,880
NET CHANGE IN GOVERNMENT GRANTS	8,423,818	(29,630,703)
	<u>20,568,118</u>	<u>25,341,226</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
PURCHASE OF PROPERTY ,PLANT AND EQUIPMENT	(47,672,317)	(7,245,385)
	<u>(47,672,317)</u>	<u>(7,245,385)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
PAYMENTS OF LOANS AND BONDS	(14,534,292)	(15,054,991)
SHORT TERM LOAN FACILITY	57,000,000	
	<u>42,465,708</u>	<u>(15,054,991)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	15,361,509	3,040,850
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE YEAR	2,487,919	(552,931)
	<u>17,849,428</u>	<u>2,487,919</u>
REPRESENTED BY		
CASH IN HAND AND AT BANK	17,849,428	3,052,202
BANK OVERDRAFT	-	(564,283)
	<u>17,849,428</u>	<u>2,487,919</u>

PUBLIC TRANSPORT SERVICE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

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 2015

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 2015

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

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

(h) Foreign currency transactions-

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

(i) Financial instruments-

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

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

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date that is the date on which the Corporation commits itself to purchase or sell an asset. A regular way purchase and sale of financial assets is a purchase or sale of an asset under a contract whose terms require delivery of the asset within the timeframe established generally by regulation or convention in the marketplace concerned.

When financial assets are recognised initially, they are measured at fair value of the consideration given plus transaction costs directly attributable to the acquisition of the asset.

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

PUBLIC TRANSPORT SERVICE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

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 2015

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

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

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

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

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

i) **Financial assets measured at cost**

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

Financial Liabilities

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

Cash resources

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

PUBLIC TRANSPORT SERVICE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

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 2015

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 2015

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 2015

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 2015

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, 2015**

5. OPERATING INCOME

	AS AT SEPTEMBER 2015 \$	AS AT SEPTEMBER 2014 \$
KNOW YOUR COUNTRY TOURS - TRIN	854,513	868,570
MAXI TAXI INSPECTION FEES - PO	45,370	43,030
MAXI TAXI INSPECTION FEES -TGO	4,970	3,860
MAXI TAXI FEES - TRINIDAD	47,858,595	39,091,872
MAXI TAXI FEES - TOBAGO	5,494,133	4,152,798
MIN OF SOC DEV- PENSIONERS	5,130,000	5,130,000
MONTHLY/WEEKLY TRAVEL	75,482	122,585
RTS - SANGRE GRANDE	-	391
SALE OF TICKETS - POINT FORTIN	383,345	490,257
SALE OF TICKETS - POS	3,315,182	4,264,371
SALE OF TICKETS - SAN FERNANDO	880,802	1,218,263
SALE OF TICKETS - TOBAGO	461,208	903,651
SALE OF TICKETS - DELUXE COACH- GRANDE	264,073	322,340
SALE OF TICKETS - DELUXE COACH- POS	2,140,361	2,911,380
SALE OF TICKETS - DELUXE COACH- SAN SDO	2,003,579	2,794,750
SPEC EVENTS/TOURS - POS	4,920,756	4,449,468
SPEC EVENTS/TOURS/CHARTERS - T	114,870	30,665
TICKET SALE - IN HOUSE -CHG	110,695	185,062
TICKET SALE - IN HOUSE -PTF	5,600	
TICKET SALE - IN HOUSE -GDE	153,478	258,132
TICKET SALE - IN HOUSE POS	5,347,107	6,554,009
TICKET SALE - IN HOUSE CUREPE	136,238	335,791
TICKET SALE - IN HOUSE -SDO	1,149,267	1,494,670
	<u>80,849,623</u>	<u>75,625,915</u>
TOTAL OPERATING INCOME		

**PUBLIC TRANSPORT SERVICE CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30TH SEPTEMBER, 2015**

6. COST OF OPERATIONS

	AS AT SEPTEMBER 2015	AS AT SEPTEMBER 2014
	\$	\$
DEPN REVENUE VEHICLES	24,468,764	35,813,775
FUEL AND OIL	8,148,575	11,199,573
INSURANCE - REVENUE VEHICLES	3,735,884	4,057,672
MAXI TAXI DIRECT	46,134,375	36,219,574
REP MAIN - REV VECHICLE	25,635,262	30,079,107
KNOW YOUR COUNTRY	94,669	97,410
WAGES	133,960,077	143,359,754
NIS	9,418,403	8,907,089
TICKETS	167,416	236,700
UNIFORMS	628,623	1,415,190
	<u>252,392,047</u>	<u>271,385,846</u>

7. DISTRIBUTION EXPENSES

	\$	\$
ADVERTISING	1,089,608	1,069,494
MOTOR VEHICLE	98,655	199,984
DONATIONS	121,277	116,703
TRAVEL	862,910	1,213,750
	<u>2,172,450</u>	<u>2,599,930</u>

**PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2015**

	AS AT SEPTEMBER 2015 \$	AS AT SEPTEMBER 2014 \$
8. GOVERNMENT GRANT	318,212,797	312,954,059
TOTAL	<u><u>318,212,797</u></u>	<u><u>312,954,059</u></u>
9. OTHER INCOME		
BANK INTEREST	93,627	90,575
BAD DEBT RECOVERED	-	12,075
BILLBOARD AND WALL ADS	2,152,900	894,194
COMMERCIAL SERV POS	17,175	1,233,146
CONCESSIONAIRE BOOTHS	1,828,019	1,499,228
INSURANCE CLAIMS	-	269,503
OTHER MISC - POS	37,777	23,423
OTHER MISC INC -SFD	1,512	1,432
OTHER MISC INC - TGO	630	405
PUB SERV VEH LICENSE FEE	189,000	39,000
GAIN OR LOSS ON DISPOSAL	(6)	
SALE OF ASSETS	11,680	14,030
SHORT TERM RENTAL	76,909	80,444
TENANCY CONTRACTS	25,544	159,100
RENT TRANSIT MALL- S/JUAN	219,582	307,023
RENT TRANSIT MALL- CUREPE	119,797	172,008
RENT TRANSIT MALL- ARIMA	46,957	59,478
RENT TRANSIT MALL- TPUNA	75,590	83,416
RENT TRANSIT MALL- SDO	7,044	4,544
TRAINING SERVICES	20,329	37,280
TOTAL	<u><u>4,924,067</u></u>	<u><u>4,980,303</u></u>

**PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2015**

10.ADMINISTRATIVE EXPENSES

	AS AT SEPTEMBER 2015	AS AT SEPTEMBER 2014
	\$	\$
SALARIES	35,854,709	29,046,869
WAGES	14,402,172	14,216,669
CONTRACT SALARIES	14,354,616	19,008,499
CONTRACT WAGES	180,028	291,905
COLA	1,182,866	1,033,118
SHIFT BONUS	249,328	222,550
OVERTIME	1,836,671	1,704,533
NIS	4,311,617	4,098,777
PENSION	9,280,552	7,870,718
GRATURITY	10,272,637	10,294,633
EX-GRATIA PAYMENT	54,492	-
GROUP LIFE	2,413,657	2,025,951
OTHER ALLOWANCE	167,685	180,615
TRAINING	600,627	723,788
DIRECTORS EXPENSES	510,280	703,651
AUDIT FEES	129,806	-
LEGAL FEES	722,108	622,920
CONSULTING FEES	1,859,259	1,637,768
MEMBERSHIP FEES	71,034	70,660
CELLULAR CHARGES	466,654	513,596
ELECTRICITY	2,155,821	1,906,779
TELEPHONE	745,206	691,679
WATER RATES	172,641	140,231
INTERNET	470,874	491,141
CABLE	38,421	32,730
INSURANCE	1,491,662	1,422,975
LAND & BUILDING TAXES	-	3,850
RENT	3,403,578	2,101,578
REPAIRS & MAINTENANCE	7,348,423	5,945,749
SECURITY	22,473,390	22,010,691
BOOKS/NEWS/PERIODICALS	17,060	18,048
POSTAGE	5,239	7,151
STATIONERY	398,821	428,514
COURIER	3,319	2,431
COMPUTER PARTS & ACCESSORIES	528,561	479,894
SAFETY ATTIRE EQUIPMENT	189,549	436,821
OTHER OFFICE EXPENSES	509,372	662,345
DEPRECIATION	4,936,278	4,585,723
ENTERTAINMENT	583,142	700,429
FREIGHT	2,128,222	1,304,836
COMMERCIAL REPAIRS	144,663	424,614
DISPOSAL OF TYRES	37,110	55,425
MISCELLANEOUS	-	1,501
TOTAL	<u>146,702,146</u>	<u>138,122,352</u>

**PUBLIC TRANSPORT SERVICE CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30TH SEPTEMBER, 2015**

<u>II. FINANCE COST</u>	AS AT SEPTEMBER 2015	AS AT SEPTEMBER 2014
	\$	\$
LOAN INTEREST - BANK	1,265,708	1,264,674
CITICORP \$130.1M BOND INTEREST	761,982	869,652
FCB \$93.6M BOND INTEREST	1,953,269	2,367,332
OVERDRAFT INTEREST - REPUBLIC	273,681	288,356
OVERDRAFT INTEREST - FCB	18,689	16,216
	<hr/>	<hr/>
LOAN & BOND INTEREST	4,273,329	4,806,229
	<hr/>	<hr/>
BANK CHARGES -F&A	93,806	77,991
	<hr/>	<hr/>
BANK CHARGES	93,806	77,991
	<hr/>	<hr/>
TOTAL	<u>4,367,136</u>	<u>4,884,221</u>

PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2015
 (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 30/09/2014	\$ 23,617,393	\$ 101,730,350	\$ 35,097,046	\$ 452,844,861	\$ 3,247,582	\$ 11,643,644	\$ 5,139,578	\$ 633,320,454
ADDITIONS	\$ -	\$ 1,640,569	\$ 2,930,999	\$ 40,689,884		\$ 423,912	\$ 1,986,953	\$ 47,672,317
DISPOSALS				\$ (8,318,873)				\$ (8,318,873)
COST AT 30/09/2015	\$ 23,617,393	\$ 103,370,919	\$ 38,028,045	\$ 485,215,872	\$ 3,247,582	\$ 12,067,556	\$ 7,126,531	\$ 672,673,898
ACCUMULATED DEPRECIATION								
		5%	15%	12.5%	25%	15%		
BALANCE B/F 30/09/2014	\$ -	\$ (80,621,098)	\$ (26,353,872)	\$ (399,942,738)	\$ (3,247,582)	\$ (9,565,884)	\$ -	\$ (519,731,175)
CHARGE FOR THE PERIOD	\$ -	\$ (1,439,576)	\$ (2,630,017)	\$ (24,468,763)	\$ -	\$ (717,626)	\$ -	\$ (29,255,983)
DISPOSALS				\$ 8,318,867				\$ 8,318,867
BALANCE C/F 30/09/2015	\$ -	\$ (82,060,674)	\$ (28,983,889)	\$ (416,092,634)	\$ (3,247,582)	\$ (10,283,510)	\$ -	\$ (540,668,291)
NET BOOK VALUE								
AS AT 30/09/2015	\$ 23,617,393	\$ 21,310,245	\$ 9,044,156	\$ 69,123,237	\$ 0	\$ 1,784,046	\$ 7,126,531	\$ 132,005,608
AS AT 30/09/2014	\$ 23,617,393	\$ 21,109,252	\$ 8,743,174	\$ 52,902,123	\$ (0)	\$ 2,077,760	\$ 5,139,578	\$ 113,589,279

**PUBLIC TRANSPORT SERVICE CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30TH SEPTEMBER, 2015
 (continued)**

13. INTANGIBLE ASSET

ORIGINAL COST	COMPUTER SOFTWARE
COST AT 30/09/2014	\$ 2,770,365
ADDITIONS	\$ -
DISPOSALS	<hr/>
COST AT 30/09/2015	\$ 2,770,365 <hr/>
ACCUMULATED AMORTISATION	33.33%
BALANCE B/F 30/09/2014	\$ (2,393,914)
CHARGE FOR THE PERIOD DISPOSALS	\$ (149,058) <hr/>
BALANCE C/F 30/09/2015	\$ (2,542,972) <hr/>
NET BOOK VALUE	
AS AT 30/09/2015	\$ 227,393 <hr/> <hr/>
AS AT 30/09/2014	\$ 376,451 <hr/> <hr/>

PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30TH SEPTEMBER, 2015

	AS AT SEPTEMBER 2015 \$	AS AT SEPTEMBER 2014 \$
14. INVENTORIES		
OIL STOCK	539,263	338,725
FUEL STOCK	201,922	217,040
TRADERS TICKETS	397,471	277,183
TIRES	1,087,941	851,129
SPARES	48,974,423	38,524,481
STATIONERY	166,767	186,544
MATERIALS	910,194	716,366
UNIFORMS	-	3,975
PROV FOR DAMAGE/OBSOLESCENCE	-	-
	<u>52,277,980</u>	<u>41,115,442</u>
15. DEBTORS & PREPAYMENTS		
DEBTORS	15,316,522	15,182,113
PROV FOR DOUBTFUL DEBTS	(7,144,125)	(7,144,125)
LOANS TO OFFICERS	33,784	66,135
SALARY ADVANCE	190,810	366,118
VACATION ADVANCE	129,097	169,638
INTEREST RECEIVABLE	1,089	3,315
VAT RECEIVED	(103,088,928)	(90,058,691)
VAT INPUT RECOVERABLE	114,625,617	100,939,617
VAT ON SALES	(4,977,370)	(4,469,060)
PREPAID INSURANCE	1,266,191	1,415,705
PREPAID EXPENSES (OTHER)	2,290,713	14,529,334
INSURANCE CLAIM RECEIVABLE	54,840	-
PREPAID EXPENSES	<u>4,707,043</u>	<u>1,572,665</u>
	<u>23,405,283</u>	<u>32,572,764</u>
16. SHORT TERM INVESTMENTS		
FIXED DEPOSIT- TRUSTEE POOL	4,313,720	4,252,148
UTC NO 2214864-2	<u>1,450,509</u>	<u>4,417,168</u>
	<u>5,764,229</u>	<u>8,669,316</u>

**PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30TH SEPTEMBER, 2015**

	AS AT SEPTEMBER 2015 \$	AS AT SEPTEMBER 2014 \$
17. CASH ON HAND & BANK		
FACILITY ADMIN CASHIER	6,230	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	139,876	241,847
REPUBLIC NO 150244234301	101,460	-
REPUBLIC NO 150244241601	38	139
REPUBLIC NO 150244240801	191	92
FCB LINX 2008733	205,216	141,456
FCB NO 1112882	17,333,918	2,600,140
	<u>17,849,428</u>	<u>3,052,202</u>
18 .BANK OVERDRAFT		
REPUBLIC NO 150244234301	-	(564,283)
	<u>-</u>	<u>(564,283)</u>
19. REVALUATION RESERVE		
REVALUATION RESERVE	<u>7,181,390</u>	<u>7,181,390</u>
20. CREDITORS AND ACCRUALS		
CREDITORS	41,109,241	29,706,268
ACCRUALS	34,180,136	38,180,360
SALARIES / WAGES PAYABLE	22,325,397	66,216,212
PENSIONS PAYABLE	421,635	363,157
SEVERANCE PAYABLE	5,100,438	5,415,385
GRATUTITY PAYABLE	767,484	655,243
OTHER DEDUCTIONS PAYABLE	7,628	2,230
MAXI TAXI TDAD PAYABLE	4,025,312	2,322,370
MAXI TAXI TGO PAYABLE	434,873	452,482
PAYE PAYABLE	16,401,998	1,393,051
NIS PAYABLE	1,663,635	1,574,515
HEALTH SURCHARGE PAYABLE	134,203	68,071
UNION DUES PAYABLE	1,039	286
CREDIT UNION DEDUCTION - PAYAB	188,157	1,000,903
MORTGAGE DEDUCTION PAYABLE	-	43,625
TAX GARNISHEE	1,139	897
INSURANCE PAYABLE	3,291	1,076
ACCRUED INTEREST	964,952	1,180,291
STALEDATED CHEQUES PAYABLE	683,419	354,765
REFUNDABLE DEPOSITS	106,194	93,426
	<u>128,520,170</u>	<u>149,024,612</u>

**PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2015
(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. BY 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 IS PAYABLE 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

	2015	2014
	\$	\$
BONDS		
1 CITICORP TT \$130.1 MILLION BOND ISSUE	19,396,422	23,706,738
2 FCB LTD. TT \$93.6 MILLION BOND ISSUE	31,215,095	37,458,114
TOTAL BONDS	<u>50,611,517</u>	<u>61,164,852</u>
CURRENT - PORTION	10,553,335	10,553,335
LONG TERM PORTION	40,058,182	50,611,517
LOANS		
3 REPUBLIC BANK LIMITED - SHORT TERM LOAN FACILITY	57,000,000	-
1 THE PTSC BORROWED TT \$130.1 MILLION UNDER GOVERNMENT GUARANTEE FROM REPUBLIC FINANCE AND MERCHANT LIMITED. THE ARRANGEMENT INVOLVED THE ISSUE AND SALE OF FLOATING AND FIXED RATE BONDS 1994 - 2019. THE FULL AMOUNT OF THIS LOAN HAS BEEN DRAWN DOWN AND THE ISSUE DATE WAS DECEMBER 21ST 1994. DURING THE FIRST THREE YEARS OF ISSUE, INTEREST WAS ACCRUED AND ADDED TO THE PRINCIPAL IN JUNE 1998 THE PRINCIPAL AND CAPITALIZED INTEREST WOULD BE REPAID. INTEREST PAYMENTS ARE SEMI-ANNUAL , DUE IN JUNE AND DECEMBER EACH YEAR. THE PRINCIPAL IS PAYABLE IN FORTY-FOUR SEMI-ANNUAL PAYMENTS OF \$2,155,158 FROM JUNE 1998. THIS BOND WAS TAKEN TO FINANCE THE VESP PACKAGE OFFERED TO STAFF IN 1994.		
2 THE PTSC BORROWED TT \$93.6 MILLION UNDER GOVERNMENT GUARANTEE FROM FIRST CITIZENS BANK LIMITED. THE ARRANGEMENT INVOLVED THE ISSUE AND SALE OF FIXED RATE BONDS 2005 - 2020. THE FULL AMOUNT OF THIS BOND HAS BEEN DRAWN DOWN AND THE ISSUE DATE WAS APRIL 29TH 2005. INTEREST PAYMENTS ARE SEMI-ANNUAL , DUE IN APRIL AND OCTOBER EACH YEAR. THE PRINCIPAL IS PAYABLE IN THIRTY SEMI-ANNUAL PAYMENTS OF \$3,121,509 FROM OCTOBER 2005. THE ANNUAL INTEREST RATE IS 5.95%. THIS BOND WAS TAKEN TO REFINANCE THE FIXED PORTION OF THE 130 MILLION DOLLAR BOND AND TO PAY OUTSTANDING CREDITORS.		
3 THE CORPORATION SECURED A SHORT TERM LOAN FACILITY OF \$57.0M IN SEPTEMBER 2015 FROM THE REPUBLIC BANK LTD TO ASSIST WITH RETROACTIVE WAGES PAYMENTS FOR THE PERIOD 2012 - 2014 AGREED WITH THE TRANSPORT AND INDUSTRIAL WORKERS UNION. (TIWU) LOAN PAYABLE IN 90 DAYS WITH CURRENT EFFECTIVE INTEREST RATE 3.25% PER ANNUM. ACCURED INTEREST PAYABLE MONTHLY WITH PRINCIPAL TO BE REPAID IN FULL ON EXPIRY IN THREE(3) MONTHS.		

**PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2015
(continued)**

22 PRIOR YEAR ADJUSTMENT

PRIOR YEAR ADJUSTMENT YE 2014 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 \$5.658MILLION ARISING IN THE ORDINARY COURSE OF BUSINESS.

24 GOVERNMENT GRANTS RECEIVED

	2015	2014
	\$	\$
ACQUISITION OF BUSES	28,451,263	-
PSIP- CONSTRUCTION PROJECTS	6,356,418	3,776,641
CONTRACT EMPLOYMENT FEES	-	5,705,000
FLEET MAINTENANCE	49,766,000	50,539,000
IT DEVELOPMENT PROJECT	1,059,095	1,112,496
LOANS AND BONDS - CITICORP 130.1M 06/21	5,158,304	5,232,613
LOANS AND BONDS - 41.3M LOAN	5,192,304	5,370,774
LOANS AND BONDS - FCB 93.645 M BOND	8,379,167	8,751,481
MAXI TAXI SUPPORT	1,300,000	907,932
MINOR EQUIPMENT	-	115,964
NIS CONTRIBUTION	12,548,000	11,104,000
OSHA	769,842	5,373,454
PENSIONS	8,914,000	7,295,000
SALARIES & COLA	36,795,000	34,723,000
SECURITY	25,137,225	24,725,000
SEVERANCE	15,000,000	10,000,000
INSURANCE	6,300,000	9,800,000
WAGES	115,510,000	98,141,000
TOTAL	<u>326,636,618</u>	<u>283,323,356</u>

**PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2015
(continued)**

25 GOVERNMENT GRANTS RECOGNIZED AS INCOME	2015	2014
OPERATIONAL EXPENSES FUNDED BY GOVERNMENT GRANTS:		
	\$	\$
PSIP- CONSTRUCTION PROJECTS	3,126,251	2,809,514
CONTRACT EMPLOYMENT	-	5,705,000
FEEES	-	650,000
FLEET MAINTENANCE	49,766,000	50,539,000
MAXI TAXI SUPPORT	1,300,000	907,932
NIS CONTRIBUTION	12,548,000	11,104,000
PENSIONS	8,914,000	7,295,000
SALARIES & COLA	36,795,000	34,723,000
SECURITY	25,137,225	24,725,000
SEVERANCE	15,000,000	10,000,000
INSURANCE	6,300,000	9,800,000
WAGES	115,510,000	98,141,000
TOTAL - RECURRENT AMOUNT	<u>274,396,476</u>	<u>256,399,446</u>
CAPITAL PORTION OF GRANTS EXPENSED IN THIS PERIOD :		
DEPRECIATION	29,216,547	41,329,745
LOAN AND BOND INTEREST	4,045,607	4,670,682
BONDS CAPITAL PORTION	10,554,168	10,554,186
TOTAL - CAPITAL PORTION	<u>43,816,322</u>	<u>56,554,613</u>
TOTAL GOVERNMENT GRANTS RECOGNIZED AS INCOME	<u>318,212,797</u>	<u>312,954,059</u>
26 GOVERNMENT GRANTS		
BALANCE BROUGHT FORWARD	436,918,499	466,549,202
ADD AMOUNTS RECEIVED	326,636,618	283,323,356
LESS AMOUNTS TRANSFERRED TO INCOME	(318,212,797)	(312,954,059)
BALANCE CARRIED FORWARD	<u>445,342,317</u>	<u>436,918,499</u>