

Taurus Services Limited

Financial Statements

30 September 2019

(Expressed in Trinidad and Tobago Dollars)

Taurus Services Limited

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Taurus Services Limited

Statement of Management's Responsibilities


Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of Taurus Services Limited (the Company) which comprise the statement of financial position as at 30 September 2019 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- Ensuring that the Company keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Company's assets, detection/prevention of fraud, and the achievement of Company operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these audited financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Company will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.



Management
23 March 2022



Management
23 March 2022



Independent auditor's report

To the shareholders of Taurus Services Limited

Report on the audit of the financial statements

Our qualified opinion

In our opinion, except for the effects of the matters described in the Basis for qualified opinion section of our report, the financial statements present fairly, in all material respects the financial position of Taurus Services Limited (the Company) as at 30 September 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 30 September 2019;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for qualified opinion

The loan portfolio consists of non-performing loans that were transferred to the Company from a number of financial institutions. As described in Note 5 to the financial statements, due to the number of loans and the Company's existing systems, an assessment of the provision was done on an overall portfolio basis and a provision was booked based on this assessment. In addition, the Company has recognised interest income on these loans on the receipts basis instead of the effective interest method.

The determination of the provision for impairment together with the basis for interest recognition recorded by the Company on the non-performing loan portfolio are not in accordance with International Financial Reporting Standard (IFRS) 9: Financial Instruments.

Due to the basis adopted by the Company in estimating the provision for impairment, we were unable to determine the extent of the provision that may be necessary as well as the interest income that should have been recognised had a proper assessment been performed. The Company also did not include all of the necessary accounting policy disclosures relating to the classification and measurement of financial assets as required under IFRS 9: Financial Instruments. The Company also did not include all of the financial risk disclosures relating to credit risk, market risk and liquidity risk for the non-performing loans as required by International Financial Reporting Standard (IFRS) 7: Financial Instruments – Disclosures.

The above matters also resulted in a qualification of our audit report in the prior year.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Material uncertainty relating to going concern

We draw attention to Note 3 in the financial statements, which indicates that the Company incurred a net loss of (\$29,514,709) during the year ended 30 September 2019 (2018: loss of \$35,67,354) and, as of that date, the Company's total liabilities exceeded its total assets by \$155,476,524 (2018: \$223,976,442). We also draw attention to Notes 8 in the financial statements, which indicates that the Company is reliant on capital contributions from the Government of the Republic of Trinidad and Tobago to meet its obligations of interest and principal on notes payable. We draw further attention to notes 12 and 20 in the financial statements which indicate that at the reporting date there were 546 loan accounts outstanding at the reporting date, of which, a total of 214 loans have been written off subsequent to the balance sheet date.

These events or conditions indicate that a material uncertainty exists that may cast significant doubt about the Company's ability to continue as a going concern. The ability of the Company to service its liabilities is dependent on guarantees provided by the Government of the Republic of Trinidad and Tobago. The Government of the Republic of Trinidad and Tobago has guaranteed the loan notes and bonds issued by the Company. Our opinion is not modified in respect of this matter.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.


Priscilla House Cooper
Port of Spain
Trinidad, West Indies
12 April 2022

Taurus Services Limited

Statement of Financial Position

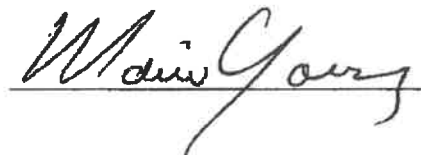
(Expressed in Trinidad and Tobago Dollars)

		As at	
	Notes	2019	2018
		\$	\$
Assets			
Cash and cash equivalents	4	51,918,925	52,089,468
Interest receivable		7,247	1,226
Funds held in Trust		372,476	136,610
Loans and advances	5	--	--
Property and equipment	6	<u>2,099</u>	<u>6,042</u>
Total assets		<u>52,300,748</u>	<u>52,233,346</u>
Equity			
<i>Capital and reserves</i>			
Share capital	7	5,398	5,398
Capital contributions	8	4,405,790,350	4,307,775,738
Accumulated deficit		<u>(4,561,272,272)</u>	<u>(4,531,757,578)</u>
		<u>(155,476,524)</u>	<u>(223,976,442)</u>
Liabilities			
Interest and accounts payable	10	1,590,388	1,522,685
Other liabilities and accrued charges		730,105	744,728
Notes payable to First Citizens Bank Limited	11	<u>205,456,781</u>	<u>273,942,375</u>
Total liabilities		<u>207,777,272</u>	<u>276,209,788</u>
Total equity and liabilities		<u>52,300,748</u>	<u>52,233,346</u>

The notes on pages 8 to 25 are an integral part of these financial statements.

On 23 March 2022, the Board of Directors of Taurus Services Limited authorised these financial statements for issue.

 Director

 Director

Taurus Services Limited

Statement of Comprehensive Income

(Expressed in Trinidad and Tobago Dollars)

	Notes	Year ended 30 September	
		2019 \$	2018 \$
Interest income	14	502,472	425,490
Interest expense	15	<u>(29,529,018)</u>	<u>(37,404,861)</u>
Net interest expense		(29,026,546)	(36,979,371)
Other income	16	931,851	4,273,614
Recoveries on loans written off	5	<u>5,112,796</u>	<u>4,149,101</u>
Net interest and other expense		(22,981,899)	(28,556,656)
Operating expenses	17	(6,423,120)	(6,685,610)
Administrative expenses	17	<u>(90,360)</u>	<u>(90,730)</u>
Loss before taxation		(29,495,379)	(35,332,996)
Taxation	18	<u>(19,330)</u>	<u>(34,358)</u>
Loss for the year		<u>(29,514,709)</u>	<u>(35,367,354)</u>

The notes on pages 8 to 25 are an integral part of these financial statements.

Taurus Services Limited

Statement of Changes in Equity

(Expressed in Trinidad and Tobago Dollars)

	Note	Share capital \$	Capital contributions \$	Accumulated deficit \$	Total shareholders' equity \$
Balance at 1 October 2018		<u>5,398</u>	<u>4,307,775,738</u>	<u>(4,531,757,578)</u>	<u>(223,976,442)</u>
Prior year adjustment		--	--	15	15
Loss for the year		--	--	(29,514,709)	(29,514,709)
Capital contributions for the year	8	--	98,014,612	--	98,014,612
Balance at 30 September 2019		<u>5,398</u>	<u>4,405,790,350</u>	<u>(4,561,272,272)</u>	<u>(155,476,524)</u>
Balance at 1 October 2017		<u>5,398</u>	<u>4,201,885,283</u>	<u>(4,496,390,224)</u>	<u>(294,499,543)</u>
Loss for the year		--	--	(35,367,354)	(35,367,354)
Capital contributions for the year	8	--	105,890,455	--	105,890,455
Balance at 30 September 2018		<u>5,398</u>	<u>4,307,775,738</u>	<u>(4,531,757,578)</u>	<u>(223,976,442)</u>

The notes on pages 8 to 25 are an integral part of these financial statements.

Taurus Services Limited

Statement of Cash Flows

(Expressed in Trinidad and Tobago Dollars)

	Notes	Year ended 30 September	
		2019 \$	2018 \$
Cash flows from operating activities			
Loss before taxation		(29,495,379)	(35,332,996)
Adjustments to reconcile loss to net cash used in operating activities:			
Depreciation	6	3,952	3,951
Interest income	14	(502,472)	(425,490)
Interest income received		160,116	425,024
Interest expense	15	29,529,018	37,404,861
Interest paid		<u>(29,529,018)</u>	<u>(37,404,861)</u>
		(29,833,783)	(35,329,511)
Net change in accounts payable		(67,701)	(4,342,153)
Net change in other current liabilities and accrued charges		(14,613)	161,991
Net change in funds held in Trust		235,866	2,650
Taxation paid		<u>(19,330)</u>	<u>(34,358)</u>
Net cash outflow from operating activities		<u>(29,699,561)</u>	<u>(39,541,371)</u>
Cash flows from investing activities			
Purchase of property and equipment	6	<u> --</u>	<u> --</u>
Net cash outflow from investing activities		<u> --</u>	<u> --</u>
Cash flows from financing activities			
Capital contributions received		98,014,612	105,890,455
Repayment of note payable to First Citizens Bank Limited		<u>(68,485,594)</u>	<u>(68,485,594)</u>
Net cash inflow from financing activities		<u>29,529,018</u>	<u>37,404,861</u>
Decrease in cash and cash equivalents		<u>(170,543)</u>	<u>(2,136,510)</u>
Cash and cash equivalents			
At beginning of year		52,089,468	54,225,978
Decrease for the year		<u>(170,543)</u>	<u>(2,136,510)</u>
End of year		<u>51,918,925</u>	<u>52,089,468</u>
Represented by:			
Cash and cash equivalents	4	<u>51,918,925</u>	<u>52,089,468</u>

The notes on pages 8 to 25 are an integral part of these financial statements.

Taurus Services Limited

Notes to the Financial Statements 30 September 2019

(Expressed in Trinidad and Tobago Dollars)

1 Incorporation and principal activity

Taurus Services Limited is incorporated in Trinidad and Tobago and is owned by the Government of the Republic of Trinidad and Tobago (GORTT). The Company's registered office is #34 Southern Main Road, Curepe. The Company was formed for the acquisition and recovery of some of the assets of Workers' Bank (1989) Limited, National Commercial Bank of Trinidad and Tobago Limited and Trinidad Co-operative Bank Limited (now part of First Citizens Bank Limited) and other assets subsequently acquired through collections, sale of security or by any other means. The Company's principal business activity is recovery of delinquent debts.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

a. *Basis of preparation*

The financial statements have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS, under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

(i) *Changes in accounting policies and disclosures*

(a) *New standards, amendments and interpretations adopted by the Company*

New or revised accounting standards and interpretations only need to be disclosed if they result in change in accounting policy which had an impact in the current year or could impact on foreseeable future period. There is no need to disclose pronouncements that did not have any impact on the entity's accounting policies and amounts recognised in the financial statements.

Taurus Services Limited

Notes to the Financial Statements (continued)

30 September 2019

(Expressed in Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

a. Basis of preparation (continued)

(i) Changes in accounting policies and disclosures (continued)

(b) New standards and interpretations not yet adopted:

Certain new accounting standards and interpretations have been published that are mandatory for 30 September 2019 reporting periods:

- IFRS 9 – 'Financial Instruments' (effective 1 January 2018). The financial instruments of the entity continues to be classified as POCI "purchased or Originated Credit Impaired
- IFRS 15 – 'Revenue from contracts with customers' (effective 1 January 2018). The entity is not under any contractual arrangement with customers.
- IFRS 16 – 'Leases' (effective 1 January 2019). This standard specifies how IFRS reporter will recognise, present and disclose leases to which the entity is not a lessor. The entity continues to recognise leases as operating.
- Amendment to IAS 7 – Statement of Cash Flows (effective 1 January 2017).

There are no other standards that are not yet effective that would be expected to have a material change/impact on the Company's operations.

b. Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates, the 'functional currency'. The financial statements are presented in Trinidad and Tobago Dollars, which is the Company's functional and presentation currency.

c. Financial assets

The Company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this at every reporting date.

Loans and receivables

Regular purchases and sales of financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transactions costs. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Company has transferred substantially all risks and rewards of ownership. Loans and receivable are subsequently carried at amortised cost.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than:

- (i) those that the Company upon initial recognition designates as Purchased or Originated Credit impaired (POCI)
- (ii) those for which the holder may not recover substantially all its investment, other than because of credit deterioration.

Taurus Services Limited

Notes to the Financial Statements (continued)

30 September 2019

(Expressed in Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

d. *Impairment of assets*

(i) *Impairment of non-financial assets*

Assets that have an indefinite useful life, for example land, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(ii) *Impairment of loans and receivables*

The company assessed at the end of each reporting period, whether there are objective evidence that the loans and receivables was impaired. The company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for loans and receivables. Note 5, provides details about the calculation of the allowance.

e. *Current and deferred income taxes*

The tax expense for the period comprises current and deferred tax. The current income tax charge is calculated on the basis of the laws enacted at the balance sheet date.

Deferred income tax is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax. The principal temporary difference arises from the Company's tax losses carried forward. Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

f. *Property and equipment*

All property and equipment are stated at historical cost less depreciation.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Taurus Services Limited

Notes to the Financial Statements (continued)

30 September 2019

(Expressed in Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

f. *Property and equipment (continued)*

Depreciation is calculated on the straight-line method to write off the cost of each asset to its residual value over its estimated useful life as follows:

The annual depreciation rates used are:

Motor vehicles	25%
Computer equipment	33.33%
Leasehold improvements	5 years
Other equipment	20%

The assets' residual values and useful lives are reviewed at each balance sheet date and adjusted if appropriate.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property and equipment are determined by comparing the proceeds to their carrying amounts and are taken into account in determining the loss for the year.

Repairs and maintenance are charged to the statement of comprehensive income during the financial year in which they are incurred.

g. *Revenue recognition*

Revenue is recognised as follows:

(i) *Investment income*

Investment income is recognised for all deposits and interest bearing instruments using the effective interest method.

(ii) *Interest income*

Interest income includes:

- (a) Advances to customers: which relate to interest earned on loans and receivables made to customers from the Company. Interest is only credited to income when received.

h. *Cash and cash equivalents*

For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with other banks and short term highly liquid investments with maturities of three months or less.

Taurus Services Limited

Notes to the Financial Statements (continued)

30 September 2019

(Expressed in Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

i. Borrowings

Borrowings are initially stated at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

j. Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of the obligation as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligation may be small.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessment of the time value of money and the rate specific to the obligation. The increase in the obligation due to the passage of time is recognised as interest expense.

k. Share capital and capital contribution

- (i) Ordinary shares are classified as equity when there is no obligation to transfer cash or other assets.
- (ii) Payments made by the Government of the Republic of Trinidad and Tobago (GORTT) on behalf of the Company towards its loan obligations are treated as capital contributions since the GORTT has indicated that the Company will not be required to repay these amounts.

l. Leases

Leases in which a significant portion of the risk and rewards are retained by the lessor are classified as operating leases.

The Company has entered into operating leases where the total payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease. When an operating lease is terminated before the period has expired, any penalty payment made to the lessor is recognised as an expense in the period in which the termination takes place.

3 Going concern

These financial statements have been prepared on a going concern basis. The Company incurred a loss of (\$29,514,709 in 2019 (2018: loss of \$35,367,354) and at that date the Company's total liabilities exceeded its assets by \$155,476,524 in 2019 (2018: \$223,976,442). The existence of these factors may cast significant doubt about the Company's ability to continue as a going concern and therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business. The ability of the Company to service its liabilities is dependent on guarantees provided by the GORTT. The GORTT has guaranteed the loan notes and bonds issued by the Company.

Taurus Services Limited

Notes to the Financial Statements (continued)

30 September 2019

(Expressed in Trinidad and Tobago Dollars)

4 Cash and cash equivalents	2019 \$	2018 \$
Money market accounts	48,751,150	45,254,702
Bank balances	<u>3,167,775</u>	<u>6,834,766</u>
	<u>51,918,925</u>	<u>52,089,468</u>

The average effective interest rate was 1.40% in 2019 (2018: 0.90%). These deposits have an average maturity of 30 days (2018: 30 days).

Credit risk exposures relating to statement of financial position financial assets are as follows:

	Gross maximum exposure 2019 \$	Gross maximum exposure 2018 \$
Cash and cash equivalents	51,918,925	52,089,468
Interest receivable	7,247	1,226
Funds held in trust	<u>372,476</u>	<u>136,610</u>
	<u>52,298,648</u>	<u>52,227,304</u>

5 Loans and advances

Loans and advances

Loans and advances	95,816,220	148,304,590
Allowance for loan loss	<u>(95,816,220)</u>	<u>(148,304,590)</u>
Carrying value at end of year	<u>---</u>	<u>---</u>

(i) *Allowance for loan losses*

Allowance at beginning of year	(148,304,590)	(175,404,412)
Loans charged off/written off for the year	47,375,574	22,950,721
Recoveries for the year	<u>5,112,796</u>	<u>4,149,101</u>
Allowance at end of year	<u>(95,816,220)</u>	<u>(148,304,590)</u>

(ii) *Recoveries on loans net of impairment loss*

Amount recovered during the year	<u>5,112,796</u>	<u>4,149,101</u>
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The assessment of the loan loss provision above was established in accordance with the requirement of IFRS 9 loan provisioning. IFRS9 simplified approach for recognising expected credit losses is a credit loss simplified approach that applies to all loans as they have been treated as credit impaired at initial recognition. The allowance for any expected credit losses at our balance sheet date is calculated by possible defaults for the next twelve months but for the entire life of the asset.

Taurus Services Limited

Notes to the Financial Statements (continued)

30 September 2019

(Expressed in Trinidad and Tobago Dollars)

6 Property and equipment

	Motor vehicles \$	Computer equipment \$	Leasehold improvements \$	Other equipment \$	Land \$	Total \$
Year ended 30 September 2019						
Opening net book amount	--	6,042	1	--	1	6,042
Depreciation charge	--	(3,943)	--	--	--	(3,943)
Closing net book amount	--	2,097	1	--	1	2,099
At 30 September 2019						
Cost	353,855	321,189	1,923,197	14,889	1	2,613,131
Accumulated depreciation	(353,855)	(319,092)	(1,923,196)	(14,889)	--	(2,611,032)
Closing net book amount	--	2,097	1	--	1	2,099
Year ended 30 September 2018						
Opening net book amount	--	9,991	1	--	1	9,993
Depreciation charge	--	(3,951)	--	--	--	(3,951)
Closing net book amount	--	6,040	1	--	1	6,042
At 30 September 2018						
Cost	353,855	321,189	1,923,197	14,889	1	2,613,131
Accumulated depreciation	(353,855)	(315,149)	(1,923,196)	(14,889)	--	(2,607,089)
Closing net book amount	--	6,040	1	--	1	6,042
At 30 September 2017						
Cost	353,855	321,189	1,923,197	14,889	1	2,613,131
Accumulated depreciation	(353,855)	(311,198)	(1,923,196)	(14,889)	--	(2,603,138)
Closing net book amount	--	9,991	1	--	1	9,993

Taurus Services Limited

Notes to the Financial Statements (continued)

30 September 2019

(Expressed in Trinidad and Tobago Dollars)

7	Share capital	2019	2018
		\$	\$
	Authorised		
	An unlimited number of shares of no par value		
	Issued and fully paid		
	5,398 ordinary shares of no par value	<u>5,398</u>	<u>5,398</u>
8	Capital contributions		
		In respect of	
		Notes payable to First Citizens Bank Limited	Debt instruments due to Fincor
		\$	\$
		Total	\$
	Capital contributions at 1 October 2018	<u>2,457,079,809</u>	<u>1,850,695,929</u>
	Capital contributions for the year	<u>98,014,612</u>	<u>--</u>
	Capital contributions at 30 September 2019	<u>2,555,094,421</u>	<u>1,850,695,929</u>
	Capital contributions at 1 October 2017	<u>2,351,189,354</u>	<u>1,850,695,929</u>
	Capital contributions for the year	<u>105,890,455</u>	<u>--</u>
	Capital contributions at 30 September 2018	<u>2,457,079,809</u>	<u>1,850,695,929</u>

These represent payments made by the Government of the Republic of Trinidad and Tobago (GORTT) directly to First Citizens Bank Limited under its guarantee of the interest and principal on the notes payable.

9 Deferred taxation

As stated in Note 3, the Company is in a loss making position and it is not likely that taxable profits would be made in the future. As a result, no deferred income tax asset is recognised in these financial statements. The Company has unrecognised tax losses of over \$3.65 billion (2018: \$3.62 billion) which have not been recognised due to the uncertainty of their recovery. These losses have not yet been agreed with the Board of Inland Revenue.

10	Interest and accounts payable	2019	2018
		\$	\$
	Amount due to Central Bank of Trinidad and Tobago	372,476	136,610
	Amounts due to Wallenvale Estates Management services fee payable to First Citizens Bank Limited	--	--
		<u>1,217,910</u>	<u>1,386,075</u>
		<u>1,590,386</u>	<u>1,522,685</u>

Taurus Services Limited

Notes to the Financial Statements (continued)

30 September 2019

(Expressed in Trinidad and Tobago Dollars)

11 Notes payable to First Citizens Bank Limited	2019 \$	2018 \$
Current portion	68,485,594	68,485,594
Non-current portion	<u>136,971,187</u>	<u>205,456,781</u>
Total	<u>205,456,781</u>	<u>273,942,375</u>

This balance represents several interest bearing notes issued to First Citizens Bank Limited as consideration for loans and notes purchased. These notes were restructured in October 2000. The new notes are to be repaid over 20 years commencing in 2002 and are guaranteed by the Government of the Republic of Trinidad and Tobago (GORTT), with an interest rate of 4.5% below prime with a floor rate of 11.5%. These notes are callable and are non-transferable.

12 Financial instruments

a. Credit risk

Credit exposures arise principally from the recovery of loans and advances and in investment activities that bring debt securities and other bills into the Company's asset portfolio. This risk relates to the possibility that a counter party will cause a financial loss to the Company by failing to discharge an obligation. There are accounts that are collectable based on the collateral held whether it is mortgage of a property or land and in some cases judgement on the debt.

(i) Maximum exposure to credit risk before collateral held or other credit enhancement

Below is an analysis of financial assets bearing credit risk:

	Loans and advances \$	Funds held in Trust \$	Cash and cash equivalents \$
As at 30 September 2019			
Neither past due nor impaired	--	372,476	51,918,925
Individually impaired	--	--	--
Gross	95,816,220	372,476	51,918,925
Less: Allowance for impairment	<u>(95,816,220)</u>	--	--
Net	<u>--</u>	<u>372,476</u>	<u>51,918,925</u>
As at 30 September 2018			
Neither past due nor impaired	--	136,610	52,089,468
Individually impaired	<u>148,304,590</u>	--	--
Gross	148,304,590	136,610	52,089,468
Less: Allowance for impairment	<u>(148,304,590)</u>	--	--
Net	<u>--</u>	<u>136,610</u>	<u>52,089,468</u>

Taurus Services Limited

Notes to the Financial Statements (continued)

30 September 2019

(Expressed in Trinidad and Tobago Dollars)

12 Financial instruments (continued)

a. Credit risk (continued)

(ii) Repossessed collateral

Repossessed properties are sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness. The Company does not assume title of these assets, and as a result, they are not included in the statement of financial position. The Company, in every effort to recover loans, will foreclose on the collateral and apply the proceeds to the outstanding indebtedness.

The number of loan accounts outstanding stands at 546 for the reporting period compared to 819 for the comparative period 2018. Though the loans may be bad and doubtful, the company makes every effort to recover on the loans or write off balances.

There were no changes in the policies and procedures for managing credit risk from the prior year.

b. Market risk

The Company takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks comprise three types of risk, currency risk, interest rate risk and other price risk.

(i) Interest rate risk

The Company takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and future cash flows. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of the changes in market interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company takes on exposure to the effects of fluctuations in the prevailing level of market interest rates on both its fair value and cash flow risks.

There were no changes in the policies and procedures for managing interest rate risk from the prior year.

The Company's interest rate risk arises mainly from its long term borrowings. Borrowings issued at floating rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

The table below summarises the Company's exposure to interest rate risk.

Taurus Services Limited

Notes to the Financial Statements (continued)

30 September 2019

(Expressed in Trinidad and Tobago Dollars)

12 Financial instruments (continued)

b. Market risk (continued)

(i) Interest rate risk (continued)

Financial assets

	1-3 months \$	3-12 months \$	1-5 years \$	More than 5 years \$	Non- interest bearing \$	Total \$
As at 30 September 2019						
Cash and cash equivalents	51,918,925	--	--	--	--	51,918,925
Interest receivable	--	--	--	--	7,247	7,247
Funds held in Trust	--	--	--	--	372,476	372,476
Total financial assets	51,918,925	--	--	--	372,476	52,298,648

Financial liabilities

	1-3 months \$	3-12 months \$	1-5 years \$	More than 5 years \$	Non- interest bearing \$	Total \$
As at 30 September 2019						
Notes payable to First Citizens Bank Limited	--	68,485,594	136,971,187	--	--	205,456,781
Total financial liabilities	--	68,485,594	136,971,187	--	--	205,456,781
Interest sensitivity gap	51,918,925	(68,485,594)	(136,971,187)			

Taurus Services Limited

Notes to the Financial Statements (continued)

30 September 2019

(Expressed in Trinidad and Tobago Dollars)

12 Financial instruments (continued)

b. Market risk (continued)

(i) Interest rate risk (continued)

Financial assets

	1-3 months \$	3-12 months \$	1-5 years \$	More than 5 years \$	Non- interest bearing \$	Total \$
As at 30 September 2018						
Cash and cash equivalents	52,089,468	--	--	--	--	52,089,468
Funds held in Trust	--	--	--	--	136,610	136,610
Total financial assets	<u>52,089,468</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>136,610</u>	<u>52,226,078</u>

Financial liabilities

	1-3 months \$	3-12 months \$	1-5 years \$	More than 5 years \$	Non- interest bearing \$	Total \$
As at 30 September 2018						
Notes payable to First Citizens Bank Limited	--	68,485,594	205,456,781	--	--	273,942,375
Total financial liabilities	<u>--</u>	<u>68,485,594</u>	<u>205,456,781</u>	<u>--</u>	<u>--</u>	<u>273,942,375</u>
Interest sensitivity gap	<u>52,089,468</u>	<u>(68,485,594)</u>	<u>(205,456,781)</u>			

The interest rates on the financial instruments above are summarised below:

Financial instrument	Interest rate	
	2019	2018
Cash and cash equivalents	1.40%	0.90%
Notes payable to First Citizens Bank Limited	11.50%	11.50%

Taurus Services Limited

Notes to the Financial Statements (continued)

30 September 2019

(Expressed in Trinidad and Tobago Dollars)

12 Financial instruments (continued)

b. Market risk (continued)

(i) Interest rate risk (continued)

As at the statement of financial position date, 100 % (2018: 100%) of the Company's long term borrowings are fixed rate instruments.

A 1% increase in interest rates will cause an increase in the loss for the year of \$2.6 million (2018: \$2.8million).

There were no changes in the assumptions and method used in performing the sensitivity analysis as compared to the prior year.

The carrying amounts of the fixed rate interest borrowings are as follows:

Carrying amount

	2019 \$	2018 \$
Fixed rate instruments	<u>205,456,781</u>	<u>273,942,375</u>

(ii) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

	TT\$	US\$ TT\$ equivalent	Total TT\$
Financial liabilities			
As at 30 September 2019			
Interest and accounts payable	<u>1,590,386</u>	--	<u>1,590,386</u>
Financial liabilities			
As at 30 September 2018			
Interest and accounts payable	<u>1,522,685</u>	--	<u>1,522,685</u>

There were no changes in the policies and procedures for managing currency risk from the prior year.

Taurus Services Limited

Notes to the Financial Statements (continued)

30 September 2019

(Expressed in Trinidad and Tobago Dollars)

12 Financial instruments (continued)

b. Market risk (continued)

(iii) Other price risk

Other price risk arises due to the possibility that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company has no significant exposure to other price risk.

c. Liquidity risk

Liquidity risk is the risk that the Company will be unable to generate or obtain sufficient cash or its equivalent in a timely and cost-effective manner to meet its commitments when they fall due under normal and stress circumstances and arises from fluctuation in cash flows. The Company's liquidity risk is mitigated as a result of the First Citizens Loan Note being guaranteed by the Government of the Republic of Trinidad and Tobago (GORTT). Monthly cash flow statements are generated to mitigate against this type of risk.

The table below analyses financial assets and liabilities of the Company into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	1-3 months \$	3-12 months \$	1-5 years \$	More than 5 years \$	Total \$
<i>Financial liabilities</i>					
As at 30 September 2019					
Accounts payable	1,590,386	--	--	--	1,590,386
Notes payable to First Citizens Bank Limited	--	90,203,502	156,650,007	--	246,853,509
Total financial liabilities	1,590,386	90,203,502	156,650,007	--	248,443,895
Total financial assets	52,298,648	--	--	--	52,298,648
Liquidity gap	50,708,262	(90,203,502)	(156,650,007)	--	(196,145,247)
<i>Financial liabilities</i>					
As at 30 September 2018					
Accounts payable	1,522,685	--	--	--	1,522,685
Notes payable to First Citizens Bank Limited	--	98,014,612	246,853,509	--	344,868,121
Total financial liabilities	1,522,685	98,014,612	246,853,509	--	346,390,806
Total financial assets	52,227,301	--	--	--	52,227,301
Liquidity gap	50,704,616	(98,014,612)	(246,853,509)	--	(294,163,505)

There were no changes in the policies and procedures for managing liquidity risk from the prior year.

Taurus Services Limited

Notes to the Financial Statements (continued)

30 September 2019

(Expressed in Trinidad and Tobago Dollars)

12 Financial instruments (continued)

d. Capital management

The Company's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position are:

- to safeguard the Company's ability to continue as a going concern; and
- to maintain an optimal capital base to reduce the cost of capital.

The ability of the Company to service its liabilities and continue as a going concern is dependent on guarantees by the Government of the Republic Trinidad and Tobago (GORTT). The GORTT has agreed to guarantee the loan notes and bonds issued by the Company.

There were no changes in the policies and procedures for capital risk management compared to the prior year.

e. Fair value of financial assets and liabilities

The following table summarises the carrying amounts and fair values of the financial assets and financial liabilities presented on the Company's balance sheet.

	Carrying value		Fair value	
	2019	2018	2019	2018
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	51,918,925	52,089,468	51,918,925	52,089,468
Interest receivable	7,247	1,226	7,247	1,226
Funds held in trust	372,476	136,610	372,476	136,610
Financial liabilities				
Notes payable to First Citizens Bank Limited	205,456,781	273,942,375	227,620,750	302,350,727

(i) Financial instruments where carrying value is equal to fair value

Due to their liquidity and short-term maturity, the carrying values of certain financial instruments approximate their fair values. Financial instruments where carrying value is equal to fair value as at year end include cash and cash equivalents and funds held in trust.

Taurus Services Limited

Notes to the Financial Statements (continued)

30 September 2019

(Expressed in Trinidad and Tobago Dollars)

12 Financial instruments (continued)

e. Fair value of financial assets and liabilities (continued)

(i) Financial instruments where carrying value is equal to fair value (continued)

For financial assets and financial liabilities that are carried in the financial statements at amortised cost but for which fair value is required to be disclosed in accordance with IFRS 7, the table below summarises the level in the IFRS 13 fair value hierarchy in which the fair value measurement is categorised and a description of the valuation technique and the inputs used in the fair value measurement.

Asset/liability	Categorisation of the fair value measurement in IFRS 13 fair value hierarchy	Valuation methodology used to determine fair value	Key assumptions in valuation methodology
(a) Notes payable to First Citizens Bank Limited	Level 3	Discounted cash flow analysis	<ul style="list-style-type: none">• Future cash flows• Current market interest rate at year end

The IFRS 13 fair value hierarchy has the following levels based on the inputs used to determine the fair value measurement.

- Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
- Level 2 - The inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, and;
- Level 3 - The inputs are unobservable inputs for the asset or liability.

An observable input is an input that is developed using market data such as publicly available information about actual events or transactions and that reflect the assumptions that market participants would use when pricing the asset or liability.

An unobservable input is an input for which market data is not readily available and that are developed using the best information available about the assumptions that market participants would use when pricing the asset or liability.

13 Related party transactions

At the inception of the Company, the non-performing portfolios of various financial institutions were sold to the Company in consideration for an equivalent amount of Government-guaranteed notes and commercial paper.

Taurus Services Limited

Notes to the Financial Statements (continued)

30 September 2019

(Expressed in Trinidad and Tobago Dollars)

13 Related party transactions (continued)

The current amount outstanding on these obligations and the related income and expenses are disclosed below:

	2019 \$	2018 \$
<i>Assets</i>		
Bank balances - First Citizens Bank Limited	<u>3,167,775</u>	<u>6,834,766</u>
<i>Liabilities</i>		
Notes payable to First Citizens Bank Limited (Note 11)	<u>205,456,781</u>	<u>273,942,375</u>
Management services fee payable to First Citizens Bank Limited (Note 10)	<u>1,217,910</u>	<u>1,386,075</u>
<i>Capital and reserves</i>		
Capital contributions from GORTT (Note 8)	<u>4,405,790,350</u>	<u>4,307,775,738</u>
Interest on notes due to First Citizens Bank Limited (Note 15)	<u>29,529,018</u>	<u>37,404,861</u>
Management fees (Note 17)	<u>3,670,980</u>	<u>3,852,479</u>
14 Interest income		
Investment income	<u>502,472</u>	<u>425,490</u>
15 Interest expense		
Notes due to First Citizens Bank Limited	<u>29,529,018</u>	<u>37,404,861</u>
16 Other income		
a. Interest on delinquent loans	931,851	4,269,293
b. Miscellaneous Income	<u>--</u>	<u>4,321</u>
	<u>931,851</u>	<u>4,273,614</u>

a. This amount represents interest recovered on the delinquent loan portfolio for the year. This amount was determined based on the collections for the year which was not allocated to the outstanding principal balances on the delinquent loans.

Taurus Services Limited

Notes to the Financial Statements (continued)

30 September 2019

(Expressed in Trinidad and Tobago Dollars)

17 Expenses by nature	2019 \$	2018 \$
<i>Operating expenses</i>		
Depreciation	3,943	3,952
Professional fees	494,790	476,693
Management fees	3,670,989	3,852,479
Other operating expenses	1,563,398	1,662,486
Rent	<u>690,000</u>	<u>690,000</u>
	<u>6,423,120</u>	<u>6,685,610</u>
<i>Administration expenses</i>		
Audit and accounting fees	90,000	90,000
Service fees	<u>360</u>	<u>730</u>
	<u>90,360</u>	<u>90,730</u>

18 Taxation

Current tax	<u>19,330</u>	<u>34,358</u>
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Tax on the Company's loss before tax differs from the theoretical amount that would arise using the statutory tax rate as follows:

Loss before taxation	<u>(29,495,379)</u>	<u>(35,332,996)</u>
Tax calculated at the rate of 30%	(8,848,614)	(10,599,899)
Unrecognised tax losses for the year carried forward	8,848,614	10,599,899
Business levy	<u>19,330</u>	<u>34,358</u>
	<u>19,330</u>	<u>34,358</u>

19 Operating lease commitments

The Company leases offices and a vehicle under operating leases. The leases have varying terms and conditions. The future minimum lease payments under these operating leases are as follows:

No later than 1 year	750,000	750,000
Later than 1 year and not later than 5 years	<u>230,000</u>	<u>230,000</u>
	<u>980,000</u>	<u>980,000</u>

20 Subsequent events

After 30 September 2019, no events, situations or circumstances have occurred which might significantly affect the Company's equity or financial position, which have not been adequately contemplated or mentioned in these financial statements.

The number of loan accounts written off subsequent to 30 September 2019 was 130 valued at \$22,561 and 84 valued at \$1,845 for 2020 and 2021 respectively.

