

Taurus Services Limited

Financial Statements

30 September 2016

(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 which comprise the balance sheet as at 30 September 2016 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
24 July 2018



Management
24 July 2018



Independent Auditor's Report

To the shareholders of
Taurus Services Limited

Report on the financial statements

We have audited the accompanying financial statements of Taurus Services Limited, which comprise the balance sheet as at 30 September 2016 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and the 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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.

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

Independent Auditor's Report (Continued)

Basis for qualified opinion

The loan portfolio consists of non-performing loans 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 Accounting Standard (IAS) 39: Financial Instruments – Recognition and Measurement.

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 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.

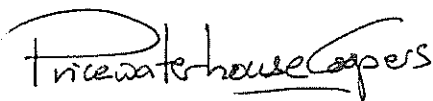
These matters also resulted in a qualification of our audit report in the prior year.

Qualified opinion

In our opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Taurus Services Limited as at 30 September 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without further qualifying our opinion, we draw attention to Note 3 to the financial statements which indicates that the Company incurred a net loss of \$50,397,319 during the year ended 30 September 2016 (2015: loss of \$61,809,737) and, as of that date, the Company's total liabilities exceeded its total assets by \$362,517,588 (2015: \$463,153,779). These conditions indicate the existence of a material uncertainty which 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.



25 July 2018
Port of Spain
Trinidad, West Indies

Taurus Services Limited

Balance Sheet

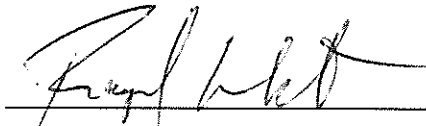
(Expressed in Trinidad and Tobago Dollars)

		As at 30 September	
	Notes	2016 \$	2015 \$
Assets			
Cash and cash equivalents	4	50,838,673	47,970,831
Interest receivable		1,454	1,146
Funds held in Trust		153,393	155,836
Amounts due from the Ministry of Finance	6	--	10,505,940
Property, plant and equipment	7	<u>728</u>	<u>17,464</u>
Total assets		<u><u>50,994,248</u></u>	<u><u>58,651,217</u></u>
Equity			
<i>Capital and reserves</i>			
Share capital	8	5,398	5,398
Capital contributions	9	4,088,118,983	3,937,085,473
Accumulated deficit		<u>(4,450,641,969)</u>	<u>(4,400,244,650)</u>
		<u>(362,517,588)</u>	<u>(463,153,779)</u>
Liabilities			
Interest and accounts payable	11	1,791,734	4,016,987
Other liabilities and accrued charges		806,540	461,105
Amounts due to First Citizens Bank Limited	6	--	10,343,002
Notes payable to First Citizens Bank Limited	12	410,913,562	479,399,156
Debt instruments due to Fincor	13	<u>--</u>	<u>27,584,746</u>
Total liabilities		<u><u>413,511,836</u></u>	<u><u>521,804,996</u></u>
Total equity and liabilities		<u><u>50,994,248</u></u>	<u><u>58,651,217</u></u>

The notes on pages 8 to 27 are an integral part of these financial statements.

On 24 July 2018, 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)

		Year ended 30 September	
	Notes	2016 \$	2015 \$
Interest income	16	592,146	1,712,813
Interest expense	17	<u>(54,057,767)</u>	<u>(68,141,503)</u>
Net interest expense		(53,465,621)	(66,428,690)
Foreign exchange gain		113,974	41,398
Other income	18	<u>6,618,491</u>	<u>3,804,882</u>
Net interest and other expense		(46,733,156)	(62,582,410)
Recoveries on loans written off	5	5,940,290	10,522,923
Operating expenses	19	(9,397,773)	(9,627,245)
Administrative expenses	19	<u>(140,720)</u>	<u>(84,720)</u>
Loss before taxation		(50,331,359)	(61,771,452)
Taxation	20	<u>(65,960)</u>	<u>(38,285)</u>
Loss for the year		<u><u>(50,397,319)</u></u>	<u><u>(61,809,737)</u></u>

The notes on pages 8 to 27 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 2015		<u>5,398</u>	<u>3,937,085,473</u>	<u>(4,400,244,650)</u>	<u>(463,153,779)</u>
Loss for the year		--	--	(50,397,319)	(50,397,319)
Total comprehensive income for the year		--	--	(50,397,319)	(50,397,319)
Capital contributions for the year	9	--	151,033,510	--	151,033,510
Total transactions with owners Recognised directly in equity		--	151,033,510	--	151,033,510
Balance at 30 September 2016		<u>5,398</u>	<u>4,088,118,983</u>	<u>(4,450,641,969)</u>	<u>(362,517,588)</u>
Balance at 1 October 2014		5,398	3,744,582,663	(4,338,434,913)	(593,846,852)
Loss for the year		--	--	(61,809,737)	(61,809,737)
Total comprehensive income for the year		--	--	(61,809,737)	(61,809,737)
Capital contributions for the year	9	--	192,502,810	--	192,502,810
Total transactions with owners Recognised directly in equity		--	192,502,810	--	192,502,810
Balance at 30 September 2015		<u>5,398</u>	<u>3,937,085,473</u>	<u>(4,400,244,650)</u>	<u>(463,153,779)</u>

The notes on pages 8 to 27 are an integral part of these financial statements.

Taurus Services Limited

Statement of Cash Flows

(Expressed in Trinidad and Tobago Dollars)

	Note	Year ended 30 September	
		2016 \$	2015 \$
Cash flows from operating activities			
Loss before taxation		(50,331,359)	(61,771,452)
Adjustments to reconcile loss to net cash used in operating activities:			
Depreciation		17,526	23,669
Interest income		(592,146)	(1,712,813)
Interest income received		754,776	2,039,560
Interest expense		54,057,767	68,141,503
Interest paid		(55,226,721)	(70,308,383)
Foreign exchange gain		(113,974)	(41,398)
		(51,434,131)	(63,629,314)
Net change in accounts payable		(1,105,263)	1,206,507
Net change in other current liabilities and accrued charges		345,435	(30,407)
Net change in funds held in Trust		2,443	6,867
Taxation paid		(65,960)	(38,285)
Net cash outflow from operating activities		<u>(52,257,476)</u>	<u>(62,484,632)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(790)	(5,459)
Net cash outflow from investing activities		<u>(790)</u>	<u>(5,459)</u>
Cash flows from financing activities			
Decrease in amounts due from the Ministry of Finance		10,505,940	20,787,879
Repayment in loan from First Citizens Bank Limited		(10,343,002)	(20,787,879)
Capital contributions received		151,033,510	192,502,810
Repayment of debt instrument due to Fincor		(27,584,746)	(55,260,118)
Repayment of note payable to First Citizens Bank Limited		(68,485,594)	(68,485,594)
Net cash inflow from financing activities		<u>55,126,108</u>	<u>68,757,098</u>
Increase in cash and cash equivalents		<u>2,867,842</u>	<u>6,267,007</u>
Cash and cash equivalents			
At beginning of year		47,970,831	41,703,824
Increase for the year		<u>2,867,842</u>	<u>6,267,007</u>
End of year		<u>50,838,673</u>	<u>47,970,831</u>
Represented by:			
Cash and cash equivalents	4	<u>50,838,673</u>	<u>47,970,831</u>

The notes on pages 8 to 27 are an integral part of these financial statements.

Taurus Services Limited

Notes to the Financial Statements (continued)

30 September 2016

(Expressed in Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

a. Basis of preparation (continued)

(i) Changes in International Financial Reporting Standards (continued)

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

The following standards, amendments and interpretations to existing standards have been issued but are not yet effective and have not been early adopted by the Company.

- IFRS 9 – 'Financial Instruments' (effective 1 January 2018).
- IFRS 15 – 'Revenue from contracts with customers' (effective 1 January 2018).
- IFRS 16 – 'Leases' (effective 1 January 2019).
- IFRS 17 – Insurance (effective 1 January 2021).
- Annual Improvements to IFRSs 2012 – 2014 cycle (effective 1 January 2016).
- Amendment to IAS 7 – Statement of Cash Flows (effective 1 January 2017).
- Amendment to IAS 16 'Property, plant and equipment' and IAS 38 'Intangibles' regarding depreciation and amortisation (effective 1 January 2016).
- Amendment to IAS 1 – Presentation of financial statements (effective 1 January 2016).

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

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.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities in foreign currencies are recognised in the statement of comprehensive income.

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

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 available-for-sale;
- (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 2016

(Expressed in Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

c. *Financial assets (continued)*

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.

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*

A provision for loan loss is established when the Company deems that a loan account is uncollectible and all avenues for repayment have been exhausted. The Company's loan portfolio consists mainly of delinquent loans acquired from other financial institutions and as a result, management does not accrue interest on these balances. Interest is accounted for when collected.

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, plant and equipment*

All property, plant 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 2016

(Expressed in Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

f. *Property, plant 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, plant 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.
- (b) Ministry of Finance: which relate to interest earned on a loan advanced by the Company to the Ministry of Finance (see Note 6). Interest on this facility is recognised using the effective interest method.

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 2016

(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 \$50,397,319 (2015: loss of \$61,809,737) and at that date the Company's total liabilities exceeded its assets by \$362,517,588 (2015: \$463,153,779). 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 2016

(Expressed in Trinidad and Tobago Dollars)

4 Cash and cash equivalents	2016 \$	2015 \$
Money market accounts	48,206,802	43,780,586
Bank balances	<u>2,631,871</u>	<u>4,190,245</u>
	<u>50,838,673</u>	<u>47,970,831</u>

The average effective interest rate was 0.95% (2015: 0.97%). These deposits have an average maturity of 30 days (2015: 30 days).

5 Loans and advances	2016 \$	2015 \$
<i>Loans and advances</i>		
Loans and advances	188,362,210	236,740,639
Allowance for loan loss	<u>(188,362,210)</u>	<u>(236,740,639)</u>
Carrying value at end of year	<u>---</u>	<u>---</u>
<i>(ii) Allowance for loan losses</i>		
Allowance at beginning of year	(236,740,639)	(285,555,519)
Loans charged off/written off for the year	42,438,139	38,291,957
Recoveries for the year	<u>5,940,290</u>	<u>10,522,923</u>
Allowance at end of year	<u>(188,362,210)</u>	<u>(236,740,639)</u>
<i>(iii) Recoveries on loans net of impairment loss</i>		
Amount recovered during year	<u>5,940,290</u>	<u>10,522,923</u>
	<u>5,940,290</u>	<u>10,522,923</u>

The assessment of the loan loss provision above was not established in accordance with the requirement of IAS 39. Due to the number of loans and the Company's existing systems, management performed an assessment of the provision on an overall portfolio basis and the provision for loan loss has been booked based on the assessment performed.

6 Amounts due from Ministry of Finance	2016 \$	2015 \$
Principal	--	10,343,002
Interest	<u>---</u>	<u>162,938</u>
	<u>---</u>	<u>10,505,940</u>
Current portion	--	10,343,002
Interest	<u>---</u>	<u>162,938</u>
	<u>---</u>	<u>10,505,940</u>

Taurus Services Limited

Notes to the Financial Statements (continued)

30 September 2016

(Expressed in Trinidad and Tobago Dollars)

6 Amounts due from Ministry of Finance (continued)

This represents a loan in the sum of US\$30 million advanced by the Company to the Ministry of Finance. This loan was issued on behalf of the Government of the Republic of Trinidad and Tobago (GORTT) for partial financing of the purchase of shares in the Rights Issue by BWIA West Indies Airways Limited. This advance was financed via a loan received from First Citizens Bank Limited.

The terms and conditions of the advance to the Ministry of Finance are identical to those for the loan received from First Citizens Bank Limited.

Interest on this advance to the Ministry is charged at US Six Month Libor plus 3.4%, which is 5.29%. This loan was originally repayable by 31 December 2004. Subsequently, the term of the loan was extended to December 2005. On 1 January 2006, a new agreement was entered into whereby accrued interest of US\$2.6 million was capitalised. The new facility is for a principal amount of US\$32.6 million and carries a fixed interest rate of 6.25%. This facility is guaranteed by the GORTT. The term is for 10 years and is repayable in twenty (20) semi-annual payments of US\$1.63 million. The repayments have been recognised in accordance with the new agreement.

This loan was repaid in full in December 2015.

Taurus Services Limited

Notes to the Financial Statements (continued)

30 September 2016

(Expressed in Trinidad and Tobago Dollars)

7 Property, plant and equipment

	Motor vehicles \$	Computer equipment \$	Leasehold improvements \$	Other equipment \$	Land \$	Total \$
Year ended 30 September 2016						
Opening net book amount	--	17,462	1	--	1	17,464
Additions	--	790	--	--	--	790
Depreciation charge	--	(17,526)	--	--	--	(17,526)
Closing net book amount	--	726	1	--	1	728
At 30 September 2016						
Cost	353,855	453,878	1,923,197	14,889	1	2,745,820
Accumulated depreciation	(353,855)	(453,152)	(1,923,196)	(14,889)	--	(2,745,092)
Closing net book amount	--	726	1	--	1	728
Year ended 30 September 2015						
Opening net book amount	--	35,672	1	--	1	35,674
Additions	--	5,459	--	--	--	5,459
Depreciation charge	--	(23,669)	--	--	--	(23,669)
Closing net book amount	--	17,462	1	--	1	17,464
At 30 September 2015						
Cost	353,855	453,088	1,923,197	14,889	1	2,745,030
Accumulated depreciation	(353,855)	(435,626)	(1,923,196)	(14,889)	--	(2,727,566)
Closing net book amount	--	17,462	1	--	1	17,464
At 30 September 2014						
Cost	353,855	447,629	1,923,197	14,889	1	2,739,571
Accumulated depreciation	(353,855)	(411,957)	(1,923,196)	(14,889)	--	(2,703,897)
Closing net book amount	--	35,672	1	--	1	35,674

Taurus Services Limited

Notes to the Financial Statements (continued)

30 September 2016

(Expressed in Trinidad and Tobago Dollars)

8 Share capital	2016	2015
	\$	\$
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>

9 Capital contributions

	<u>In respect of</u>		Total
	Notes payable to First Citizens Bank Limited	Debt instruments due to Fincor	
	\$	\$	\$
Capital contributions at 1 October 2015	2,115,629,869	1,821,455,604	3,937,085,473
Capital contributions for the year	<u>121,793,185</u>	<u>29,240,325</u>	<u>151,033,510</u>
Capital contributions at 30 September 2016	<u>2,237,423,054</u>	<u>1,850,695,929</u>	<u>4,088,118,983</u>
Capital contributions at 1 October 2014	1,986,111,884	1,758,470,779	3,744,582,663
Capital contributions for the year	<u>129,517,985</u>	<u>62,984,825</u>	<u>192,502,810</u>
Capital contributions at 30 September 2015	<u>2,115,629,869</u>	<u>1,821,455,604</u>	<u>3,937,085,473</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 and to Fincor under its guarantee of the debt instruments due.

10 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 \$3.53 billion (2015: \$3.48 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.

11 Interest and accounts payable	2016	2015
	\$	\$
Interest payable to Fincor	--	957,052
Interest payable on loan from First Citizens Bank Limited	--	162,938
Amount due to Central Bank of Trinidad and Tobago	132,721	132,546
Amounts due to Wallenvale Estates	20,669	23,287
Management services fee payable to First Citizens Bank Limited	<u>1,638,344</u>	<u>2,741,164</u>
	<u>1,791,734</u>	<u>4,016,987</u>

Taurus Services Limited

Notes to the Financial Statements (continued)

30 September 2016

(Expressed in Trinidad and Tobago Dollars)

12 Notes payable to First Citizens Bank Limited	2016 \$	2015 \$
Current portion	68,485,594	68,485,594
Non-current portion	<u>342,427,968</u>	<u>410,913,562</u>
Total	<u>410,913,562</u>	<u>479,399,156</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 4½% below prime with a floor rate of 11½%. These notes are callable and are non-transferable.

13 Debt instruments due to Fincor	2016 \$	2015 \$
Current portion	--	27,584,746
Non-current portion	<u>--</u>	<u>--</u>
Total	<u>--</u>	<u>27,584,746</u>

This represents bonds issued to Fincor as consideration for acquisition of the public sector enterprises loans.

These debt instruments represent bonds valued at \$494 million and US\$31.4 million repayable by 28 equal semi-annual instalments plus interest commencing 8 June 2002. Interest is fixed at 11.5% and 10.125% respectively and accrued interest was capitalised at semi-annual intervals for the first twelve months from the issue date. These bonds are guaranteed by GORTT. This debts were repaid in full in December 2015.

14 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

Credit risk exposures relating to balance sheet financial assets are as follows:

	Gross maximum exposure 2016 \$	Gross maximum exposure 2015 \$
Cash and cash equivalents	50,838,673	47,970,831
Interest receivable	1,454	1,146
Funds held in trust	153,393	155,836
Amounts due from the Ministry of Finance	<u>--</u>	<u>10,505,940</u>
	<u>50,993,520</u>	<u>58,633,753</u>

Taurus Services Limited

Notes to the Financial Statements (continued)

30 September 2016

(Expressed in Trinidad and Tobago Dollars)

14 Financial instruments (continued)

a. Credit risk (continued)

(ii) Assets bearing credit risk

Below is an analysis of financial assets bearing credit risk:

	Loans and advances \$	Funds held in Trust \$	Amounts due from the Ministry of Finance \$	Cash and cash equivalents \$
As at 30 September 2016				
Neither past due nor impaired	--	153,393	--	50,838,673
Individually impaired	188,362,210	--	--	--
Gross	188,362,210	153,393	--	50,838,673
Less: Allowance for impairment	(188,362,210)	--	--	--
Net	--	153,393	--	50,838,673

	Loans and advances \$	Funds held in Trust \$	Amounts due from the Ministry of Finance \$	Cash and cash equivalents \$
As at 30 September 2015				
Neither past due nor impaired	--	155,836	10,505,940	47,970,831
Individually impaired	236,740,639	--	--	--
Gross	236,740,639	155,836	10,505,940	47,970,831
Less: Allowance for impairment	(236,740,639)	--	--	--
Net	--	155,836	10,505,940	47,970,831

(iii) 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 balance sheet. The Company, in every effort to recover loans, will foreclose on the collateral and apply the proceeds to the outstanding indebtedness.

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.

Taurus Services Limited

Notes to the Financial Statements (continued)

30 September 2016

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14 Financial instruments (continued)

b. Market 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.

Financial assets

	1-3 months \$	3-12 months \$	1-5 years \$	More than 5 years \$	Non- interest bearing \$	Total \$
As at 30 September 2016						
Cash and cash equivalents	50,838,673	--	--	--	--	50,838,673
Funds held in Trust	--	--	--	--	153,393	153,393
Total financial assets	50,838,673	--	--	--	153,393	50,992,066

Financial liabilities

	1-3 months \$	3-12 months \$	1-5 years \$	More than 5 years \$	Non- interest bearing \$	Total \$
As at 30 September 2016						
Notes payable to First Citizens Bank Limited	--	68,485,594	273,942,376	68,485,592	--	410,913,562
Total financial liabilities	--	68,485,594	273,942,376	68,485,592	--	410,913,562
Interest sensitivity gap	50,838,673	(68,485,594)	(273,942,376)	(68,485,592)		

Taurus Services Limited

Notes to the Financial Statements (continued)

30 September 2016

(Expressed in Trinidad and Tobago Dollars)

14 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 2015						
Cash and cash equivalents	47,970,831	--	--	--	--	47,970,831
Funds held in Trust	--	--	--	--	155,836	155,836
Amounts due from the Ministry of Finance	10,343,002	--	--	--	162,938	10,505,940
Total financial assets	58,313,833	--	--	--	318,774	58,632,607

Financial liabilities

	1-3 months \$	3-12 months \$	1-5 years \$	More than 5 years \$	Non- interest bearing \$	Total \$
As at 30 September 2015						
Amounts due to First Citizens Bank Limited	10,343,002	--	--	--	--	10,343,002
Notes payable to First Citizens Bank Limited	--	68,485,594	273,942,376	136,971,186	--	479,399,156
Debt instruments due to Fincor	27,584,746	--	--	--	--	27,584,746
Total financial liabilities	37,927,748	68,485,594	273,942,376	136,971,186	--	517,326,904
Interest sensitivity gap	20,386,085	(68,485,594)	(273,942,376)	(136,971,186)		

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

Financial instrument	Interest rate	
	2016	2015
Cash and cash equivalents	0.90%	0.90%
Amounts due from the Ministry of Finance	--	6.25%
Amounts due to First Citizens Bank Limited	--	6.25%
Notes payable to First Citizens Bank Limited	11.50%	11.50%
Debt instruments due to Fincor	--	10.125% & 11.50%

Taurus Services Limited

Notes to the Financial Statements (continued)

30 September 2016

(Expressed in Trinidad and Tobago Dollars)

14 Financial instruments (continued)

b. Market risk (continued)

(i) Interest rate risk (continued)

As at the balance sheet date, 100% (2015: 93%) of the Company's long term borrowings are floating rate instruments and 0% (2015: 7%) are fixed rate instruments.

A 1% increase in interest rates will cause an increase in the loss for the year of \$4.1 million (2015: \$4.8 million).

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 and floating rate interest borrowings are as follows:

Carrying amount

	2016 \$	2015 \$
Fixed rate instruments	--	37,927,748
Floating rate instruments	<u>410,913,562</u>	<u>479,399,156</u>
	<u>410,913,562</u>	<u>517,326,904</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. The Company's exposure to foreign currency risk arises mainly from its debt obligations and the amount due from the Ministry of Finance. The Company borrowings are denominated in the functional currency and the United States dollars. The relevant debts were repaid in full in December 2015.

The tables below summarises the Company's exposure to currency risk.

	Per balance sheet TT\$	Effect on income 1% appreciation TT\$	1% depreciation TT\$
As at 30 September 2016			
<i>US Dollar denominated</i>			
Financial assets			
Amounts due from the Ministry of Finance	--	--	--
Financial liabilities			
Interest and accounts payable	--	--	--
Amounts due to First Citizens Bank Limited	--	--	--
Debt instruments due to Fincor	--	--	--

Taurus Services Limited

Notes to the Financial Statements (continued)

30 September 2016

(Expressed in Trinidad and Tobago Dollars)

14 Financial instruments (continued)

b. Market risk (continued)

(ii) Currency risk (continued)

	Per balance sheet TT\$	Effect on income 1% appreciation TT\$	1% depreciation TT\$
As at 30 September 2015			
<i>US Dollar denominated</i>			
Financial assets			
Amounts due from the Ministry of Finance	10,505,940	(105,059)	105,059
Financial liabilities			
Interest and accounts payable	(411,327)	4,113	(4,113)
Amounts due to First Citizens Bank Limited	(10,343,002)	103,430	(103,430)
Debt instruments due to Fincor	(7,854,636)	78,546	(78,546)

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

	TT\$	US\$ TT\$ equivalent	Total TT\$
Financial assets			
As at 30 September 2016			
Amounts due from the Ministry of Finance	--	--	--
Financial liabilities			
As at 30 September 2016			
Interest and accounts payable	1,791,734	--	1,791,734
Total financial liabilities	1,791,734	--	1,791,734

	TT\$	US\$ TT\$ equivalent	Total TT\$
Financial assets			
As at 30 September 2015			
Amounts due from the Ministry of Finance	--	10,505,940	10,505,940
Financial liabilities			
As at 30 September 2015			
Interest and accounts payable	3,605,660	411,327	4,016,987
Amounts due to First Citizens Bank Limited	--	10,343,002	10,343,002
Debt instruments due to Fincor	19,730,110	7,854,636	27,584,746
Total financial liabilities	23,335,770	18,608,965	41,944,735

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 2016

(Expressed in Trinidad and Tobago Dollars)

14 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 and the Fincor bond payable 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 2016					
Accounts payable	1,791,734	--	--	--	1,791,734
Notes payable to First Citizens Bank Limited	--	113,766,299	376,371,494	74,387,080	564,524,873
Total financial liabilities	1,791,734	113,766,299	376,371,494	74,387,080	566,316,607
Total financial assets	50,993,520	--	--	--	50,993,520
Liquidity gap	49,201,786	(113,766,299)	(376,371,494)	(74,387,080)	(515,323,087)
<i>Financial liabilities</i>					
As at 30 September 2015					
Accounts payable	2,896,997	--	--	--	2,896,997
Amounts due to First Citizens Bank Limited	10,984,121	--	--	--	10,984,121
Notes payable to First Citizens Bank Limited	--	121,793,185	407,874,867	156,650,005	686,318,057
Debt instruments due to Fincor	29,121,066	--	--	--	29,121,066
Total financial liabilities	43,002,184	121,793,185	407,874,867	156,650,005	729,320,241
Total financial assets	59,111,934	--	--	--	59,111,934
Liquidity gap	16,109,750	(121,793,185)	(407,874,867)	(156,650,005)	(670,208,307)

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 2016

(Expressed in Trinidad and Tobago Dollars)

14 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 balance sheet, 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	
	2016	2015	2016	2015
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	50,838,673	47,970,831	50,838,673	47,970,831
Funds held in trust	153,393	155,836	153,393	155,836
Financial assets:				
Loan note - amount due from Ministry of Finance	--	10,505,940	--	10,505,940
Financial liabilities				
Notes payable to First Citizens Bank Limited	410,913,562	479,399,156	505,197,785	617,179,145
Amounts due to First Citizens Bank Limited	--	10,343,002	--	10,343,002
Debt instruments - due to Fincor	--	27,584,746	--	27,584,746

(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, funds held in trust, amounts due from the Ministry of Finance, amounts due to First Citizens Bank Limited and debt instruments due to Fincor.

Taurus Services Limited

Notes to the Financial Statements (continued)

30 September 2016

(Expressed in Trinidad and Tobago Dollars)

14 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) Loan note – amount due from the Ministry of Finance	Level 3	Discounted cash flow analysis	<ul style="list-style-type: none"> • Future cash flows • Current market interest rate at year end
(b) 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
(c) Amounts due to First Citizens Bank Limited	Level 3	Discounted cash flows analysis	<ul style="list-style-type: none"> • Future cash flows • Current market interest rate at year end
(d) Debt instruments due to Fincor	Level 3	Discounted cash flows 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.

15 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 2016

(Expressed in Trinidad and Tobago Dollars)

15 Related party transactions (continued)

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

	2016 \$	2015 \$
<i>Assets</i>		
Bank balances - First Citizens Bank Limited	<u>2,631,871</u>	<u>4,190,245</u>
Amount due from the Ministry of Finance (Note 6)	<u>--</u>	<u>10,505,940</u>
<i>Liabilities</i>		
Notes payable to First Citizens Bank Limited (Note 12)	<u>410,913,562</u>	<u>479,399,156</u>
Amounts due to First Citizens Bank Limited (Note 6)	<u>--</u>	<u>10,343,002</u>
Interest and accounts payable	<u>--</u>	<u>162,938</u>
Management services fee payable to First Citizens Bank Limited (Note 11)	<u>1,638,344</u>	<u>2,741,164</u>
<i>Capital and reserves</i>		
Capital contributions from GORTT (Note 9)	<u>4,088,118,983</u>	<u>3,937,085,473</u>
<i>Income</i>		
Interest income - Ministry of Finance (Note 16)	<u>165,623</u>	<u>1,298,716</u>
<i>Expenses</i>		
Interest on amounts due to First Citizens Bank Limited (Note 17)	<u>165,623</u>	<u>1,298,716</u>
Interest on notes due to First Citizens Bank Limited (Note 17)	<u>53,307,591</u>	<u>61,032,391</u>
Management fees (Note 19)	<u>5,455,558</u>	<u>5,456,073</u>
16 Interest income		
Investment income	426,523	414,097
Loan to Ministry of Finance	<u>165,623</u>	<u>1,298,716</u>
	<u>592,146</u>	<u>1,712,813</u>
17 Interest expense		
Amounts due to First Citizens Bank Limited	165,623	1,298,716
Notes due to First Citizens Bank Limited	53,307,591	61,032,391
Other debt instruments	<u>584,553</u>	<u>5,810,396</u>
	<u>54,057,767</u>	<u>68,141,503</u>
18 Other income		
a. Interest on delinquent loans	6,614,055	3,803,606
b. Miscellaneous Income	<u>4,436</u>	<u>1,276</u>
	<u>6,618,491</u>	<u>3,804,882</u>

Taurus Services Limited

Notes to the Financial Statements (continued)

30 September 2016

(Expressed in Trinidad and Tobago Dollars)

18 Other income (continued)

- 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.
- b. This relates to the sale an item of property, plant and equipment.

19 Expenses by nature	2016	2015
	\$	\$
<i>Administration expenses</i>		
Audit and accounting fees	140,000	84,000
Service fees	<u>720</u>	<u>720</u>
	<u>140,720</u>	<u>84,720</u>
<i>Operating expenses</i>		
Depreciation	17,526	23,669
Professional fees	1,288,439	1,344,660
Management fees	5,455,558	5,456,073
Other operating expenses	1,946,250	2,122,843
Rent	<u>690,000</u>	<u>680,000</u>
	<u>9,397,773</u>	<u>9,627,245</u>

20 Taxation	2016	2015
	\$	\$
Current tax	<u>65,960</u>	<u>38,285</u>
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>(50,331,359)</u>	<u>(61,771,452)</u>
Tax calculated at the rate of 25%	(12,582,840)	(15,442,863)
Unrecognised tax losses for the year carried forward	12,582,840	15,442,863
Business levy	<u>65,960</u>	<u>38,285</u>
	<u>65,960</u>	<u>38,285</u>

21 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:

	2016	2015
	\$	\$
No later than 1 year	750,000	750,000
Later than 1 year and not later than 5 years	<u>230,000</u>	<u>920,000</u>
	<u>980,000</u>	<u>1,670,000</u>