

Taurus Services Limited

Financial Statements

30 September 2017

(Expressed in Trinidad and Tobago Dollars)

Taurus Services Limited

Contents	Page
Statement of Management's Responsibilities	1
Independent Auditor's Report	2 - 4
Statement of Financial Position	5
Statement of Comprehensive Income	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9 - 27

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 balance sheet as at 30 September 2017 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
30 April 2019



Management
30 April 2019



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 matter 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 2017, 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 2017;
- 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 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.

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.

Independent Auditor's Report (Continued)

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 (\$45,748,255) during the year ended 30 September 2017 (2016: loss of \$50,397,319) and, as of that date, the Company's total liabilities exceeded its total assets by \$294,499,543 (2016: \$362,517,588). 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.

Independent Auditor's Report (Continued)

Auditor's responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Tricentelhoue Caspers

Port of Spain
Trinidad, West Indies
20 May 2019

Taurus Services Limited

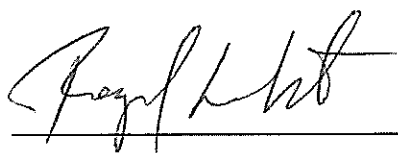
Statement of Financial Position

(Expressed in Trinidad and Tobago Dollars)

		As at 30 September	
	Notes	2017 \$	2016 \$
Assets			
Cash and cash equivalents	4	54,225,977	50,838,673
Interest receivable		6,062	1,454
Funds held in Trust		133,960	153,393
Loans and advances	5	--	--
Property, plant and equipment	6	<u>9,993</u>	<u>728</u>
Total assets		<u>54,375,992</u>	<u>50,994,248</u>
Equity			
<i>Capital and reserves</i>			
Share capital	7	5,398	5,398
Capital contributions	8	4,201,885,283	4,088,118,983
Accumulated deficit		<u>(4,496,390,224)</u>	<u>(4,450,641,969)</u>
		<u>(294,499,543)</u>	<u>(362,517,588)</u>
Liabilities			
Interest and accounts payable	10	5,864,838	1,791,734
Other liabilities and accrued charges		582,727	806,540
Notes payable to First Citizens Bank Limited	11	<u>342,427,970</u>	<u>410,913,562</u>
Total liabilities		<u>348,875,535</u>	<u>413,511,836</u>
Total equity and liabilities		<u>54,375,992</u>	<u>50,994,248</u>

The notes on pages 9 to 27 are an integral part of these financial statements.

On 30 April 2019, 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	2017 \$	2016 \$
Interest income	14	439,923	592,146
Interest expense	15	<u>(45,280,711)</u>	<u>(54,057,767)</u>
Net interest expense		(44,840,788)	(53,465,621)
Foreign exchange gain		--	113,974
Other income	16	4,386,245	6,618,491
Recoveries on loans written off	5	<u>3,331,731</u>	<u>5,940,290</u>
Net interest and other expense		(37,122,812)	(40,792,866)
Operating expenses	17	(8,494,378)	(9,397,773)
Administrative expenses	17	<u>(90,720)</u>	<u>(140,720)</u>
Loss before taxation		(45,707,910)	(50,331,359)
Taxation	18	<u>(40,345)</u>	<u>(65,960)</u>
Loss for the year		(45,748,255)	(50,397,319)
Other comprehensive income		<u>--</u>	<u>--</u>
Total comprehensive loss for the year		<u>(45,748,255)</u>	<u>(50,397,319)</u>

The notes on pages 9 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 2016		<u>5,398</u>	<u>4,088,118,983</u>	<u>(4,450,641,969)</u>	<u>(362,517,588)</u>
Loss for the year		<u>--</u>	<u>--</u>	<u>(45,748,255)</u>	<u>(45,748,255)</u>
Total comprehensive loss for the year		<u>--</u>	<u>--</u>	<u>(45,748,255)</u>	<u>(45,748,255)</u>
Capital contributions for the year	8	<u>--</u>	<u>113,766,300</u>	<u>--</u>	<u>113,766,300</u>
Total transactions with owners recognised directly in equity		<u>--</u>	<u>113,766,300</u>	<u>--</u>	<u>113,766,300</u>
Balance at 30 September 2017		<u>5,398</u>	<u>4,201,885,283</u>	<u>(4,496,390,224)</u>	<u>(294,499,543)</u>
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		<u>--</u>	<u>--</u>	<u>(50,397,319)</u>	<u>(50,397,319)</u>
Total comprehensive loss for the year		<u>--</u>	<u>--</u>	<u>(50,397,319)</u>	<u>(50,397,319)</u>
Capital contributions for the year	8	<u>--</u>	<u>151,033,510</u>	<u>--</u>	<u>151,033,510</u>
Total transactions with owners recognised directly in equity		<u>--</u>	<u>151,033,510</u>	<u>--</u>	<u>151,033,510</u>
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>

The notes on pages 9 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	
		2017 \$	2016 \$
Cash flows from operating activities			
Loss before taxation		(45,707,910)	(50,331,359)
Adjustments to reconcile loss to net cash used in operating activities:			
Depreciation		1,800	17,526
Interest income		(439,923)	(592,146)
Interest income received		435,315	754,776
Interest expense		45,280,711	54,057,767
Interest paid		(45,280,711)	(55,226,721)
Foreign exchange gain		--	(113,974)
		(45,710,718)	(51,434,131)
Net change in accounts payable		4,073,104	(1,105,263)
Net change in other current liabilities and accrued charges		(223,813)	345,435
Net change in Funds held in Trust		19,433	2,443
Taxation paid		(40,345)	(65,960)
Net cash outflow from operating activities		<u>(41,882,339)</u>	<u>(52,257,476)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(11,065)	(790)
Net cash outflow from investing activities		<u>(11,065)</u>	<u>(790)</u>
Cash flows from financing activities			
Decrease in amounts due from the Ministry of Finance		--	10,505,940
Repayment of loan from First Citizens Bank Limited		--	(10,343,002)
Capital contributions received		113,766,300	151,033,510
Repayment of debt instrument due to Fincor		--	(27,584,746)
Repayment of note payable to First Citizens Bank Limited		(68,485,592)	(68,485,594)
Net cash inflow from financing activities		<u>45,280,708</u>	<u>55,126,108</u>
Increase in cash and cash equivalents		<u>3,387,304</u>	<u>2,867,842</u>
Cash and cash equivalents			
At beginning of year		50,838,673	47,970,831
Increase for the year		<u>3,387,304</u>	<u>2,867,842</u>
End of year		<u>54,225,977</u>	<u>50,838,673</u>
Represented by:			
Cash and cash equivalents	4	<u>54,225,977</u>	<u>50,838,673</u>

The notes on pages 9 to 27 are an integral part of these financial statements.

Taurus Services Limited

Notes to the Financial Statements 30 September 2017

(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*

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) except for the recognition of interest income and the measurement of the loan loss provision which have not been recognised in accordance with IAS 39: Financial Instruments – Recognition and Measurement. In addition, the Company was unable to include all the financial risk disclosures required by IFRS 7: Financial Instruments – Disclosures as well as the IFRS 13: Fair Value Measurement disclosures for the delinquent loan portfolio. 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. There are no significant critical accounting estimates included in the financial statements as at the year end other than the Company's loan loss provision. These financial statements are prepared under the historical cost convention.

(i) *Changes in the International Financial Reporting Standards*

(a) *Standards, amendments and interpretations which are effective for accounting periods beginning on 1 October 2016:*

There were no new standards, amendments or interpretations to published standards applicable to accounting period beginning on 1 October 2016 that had a significant impact on the Company.

Taurus Services Limited

Notes to the Financial Statements (continued)

30 September 2017

(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) New standards and interpretations not yet adopted:

Certain new accounting standards and interpretations have been published that are not mandatory for 30 September 2017 reporting periods and have not been early adopted by the Company

- IFRS 9, 'Financial instruments', (effective from periods beginning on or after 1 January 2018). This standard addresses the classification, measurement and de-recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost.

The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the statement of comprehensive income, unless this creates an accounting mismatch. While the Company has yet to undertake a detailed assessment of the new standard it does not expect it to have a significant impact.

- IFRS 15, 'Revenue from Contracts with Customers'. The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (e.g. 1 January 2018), i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. The Company is yet to assess the impact of IFRS15.
- IFRS 16, 'Leases', (effective 1 January 2019) eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead all leases are treated in a similar way to finance leases applying IAS 17. Leases are 'capitalised' by recognising the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognises a financial liability representing its obligation to make future lease payments. The most significant effect of the new requirements will be an increase in lease assets and financial liabilities. The Company is yet to assess the impact of IFRS 16.

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

Taurus Services Limited

Notes to the Financial Statements (continued)

30 September 2017

(Expressed in Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

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.

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).

Taurus Services Limited

Notes to the Financial Statements (continued)

30 September 2017

(Expressed in Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

d. *Impairment of assets (continued)*

(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.

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	20%
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.

Taurus Services Limited

Notes to the Financial Statements (continued)

30 September 2017

(Expressed in Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

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.

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.

Taurus Services Limited

Notes to the Financial Statements (continued)

30 September 2017

(Expressed in Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

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 \$45,748,255 (2016: loss of \$50,397,319) and at that date the Company's total liabilities exceeded its assets by \$294,499,543 (2016: \$362,517,588). 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.

4 Cash and cash equivalents

	2017	2016
	\$	\$
Money market accounts	48,641,366	48,206,802
Bank balances	<u>5,584,611</u>	<u>2,631,871</u>
	<u>54,225,977</u>	<u>50,838,673</u>

The average effective interest rate was 0.90% (2016: 0.95%). These deposits have an average maturity of 30 days (2016: 30 days).

Taurus Services Limited

Notes to the Financial Statements (continued)

30 September 2017

(Expressed in Trinidad and Tobago Dollars)

5	Loans and advances	2017 \$	2016 \$
	(i) <i>Loans and advances</i>		
	Loans and advances	175,404,410	188,362,210
	Allowance for loan loss	<u>(175,404,410)</u>	<u>(188,362,210)</u>
	Carrying value at end of year	<u>---</u>	<u>---</u>
	(ii) <i>Allowance for loan losses</i>		
	Allowance at beginning of year	(188,362,210)	(236,740,639)
	Loans charged off/written off for the year	9,626,069	42,438,139
	Recoveries for the year	<u>3,331,731</u>	<u>5,940,290</u>
	Allowance at end of year	<u>(175,404,410)</u>	<u>(188,362,210)</u>
	(iii) <i>Recoveries on loans net of impairment loss</i>		
	Amount recovered during year	<u>3,331,731</u>	<u>5,940,290</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.

Taurus Services Limited

Notes to the Financial Statements (continued)

30 September 2017

(Expressed in Trinidad and Tobago Dollars)

6 Property, plant and equipment

	Motor vehicles \$	Computer equipment \$	Leasehold improvements \$	Other equipment \$	Land \$	Total \$
Year ended 30 September 2017						
Opening net book amount	--	726	1	--	1	728
Additions	--	11,065	--	--	--	11,065
Depreciation charge	--	(1,800)	--	--	--	(1,800)
Closing net book amount	--	9,991	1	--	1	9,993
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
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
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

Taurus Services Limited

Notes to the Financial Statements (continued)

30 September 2017

(Expressed in Trinidad and Tobago Dollars)

7 Share capital	2017 \$	2016 \$
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	<u>In respect of</u>		Total \$
	Notes payable to First Citizens Bank Limited \$	Debt instruments due to Fincor \$	
Capital contributions at 1 October 2016	<u>2,237,423,054</u>	<u>1,850,695,929</u>	<u>4,088,118,983</u>
Capital contributions for the year	<u>113,766,300</u>	<u>--</u>	<u>113,766,300</u>
Capital contributions at 30 September 2017	<u>2,351,189,354</u>	<u>1,850,695,929</u>	<u>4,201,885,283</u>
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>

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 \$3.58 billion (2016: \$3.53 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	2017 \$	2016 \$
Amount due to Central Bank of Trinidad and Tobago	133,960	132,721
Amounts due to Wallenvale Estates	20,568	20,669
Management services fee payable to First Citizens Bank Limited	<u>5,710,310</u>	<u>1,638,344</u>
	<u>5,864,838</u>	<u>1,791,734</u>

Taurus Services Limited

Notes to the Financial Statements (continued)

30 September 2017

(Expressed in Trinidad and Tobago Dollars)

11 Notes payable to First Citizens Bank Limited	2017 \$	2016 \$
Current portion	68,485,594	68,485,594
Non-current portion	<u>273,942,376</u>	<u>342,427,968</u>
Total	<u>342,427,970</u>	<u>410,913,562</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

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

	Gross maximum exposure 2017 \$	Gross maximum exposure 2016 \$
Cash and cash equivalents	54,225,977	50,838,673
Interest receivable	6,062	1,454
Funds held in trust	<u>133,960</u>	<u>153,393</u>
	<u>54,365,999</u>	<u>50,993,520</u>

Taurus Services Limited

Notes to the Financial Statements (continued)

30 September 2017

(Expressed in Trinidad and Tobago Dollars)

12 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 \$	Cash and cash equivalents \$
As at 30 September 2017			
Neither past due nor impaired	--	133,960	54,225,977
Individually impaired	175,404,410	--	--
Gross	175,404,410	133,960	54,225,977
Less: Allowance for impairment	(175,404,410)	--	--
Net	--	133,960	54,225,977

	Loans and advances \$	Cash and Funds held in Trust \$	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

(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 2017

(Expressed in Trinidad and Tobago Dollars)

12 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 2017						
Cash and cash equivalents	54,225,977	--	--	--	--	54,225,977
Funds held in Trust	--	--	--	--	133,960	133,960
Total financial assets	54,225,977	--	--	--	133,960	54,359,937

Financial liabilities

	1-3 months \$	3-12 months \$	1-5 years \$	More than 5 years \$	Non- interest bearing \$	Total \$
As at 30 September 2017						
Notes payable to First Citizens Bank Limited	--	68,485,594	273,942,376	--	--	342,427,970
Total financial liabilities	--	68,485,594	273,942,376	--	--	342,427,970
Interest sensitivity gap	54,225,977	(68,485,594)	(273,942,376)			

Taurus Services Limited

Notes to the Financial Statements (continued)

30 September 2017

(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 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)		

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

Financial instrument	Interest rate	
	2017	2016
Cash and cash equivalents	0.90%	0.95%
Notes payable to First Citizens Bank Limited	11.50%	11.50%

Taurus Services Limited

Notes to the Financial Statements (continued)

30 September 2017

(Expressed in Trinidad and Tobago Dollars)

12 Financial instruments (continued)

b. Market risk (continued)

(i) Interest rate risk (continued)

As at the balance sheet date, 100% (2016: 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 \$3.4 million (2016: \$4.1 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 interest borrowings are as follows:

Carrying amount

	2017 \$	2016 \$
Fixed rate instruments	<u>342,427,970</u>	<u>410,913,562</u>

(ii) Currency risk

Foreign currency risk can only arise on financial instruments that are denominated in a currency other than the functional currency in which they are measured.

	TT\$	US\$ TT\$ equivalent	Total TT\$
Financial liabilities			
As at 30 September 2017			
Interest and accounts payable	<u>5,864,838</u>	--	<u>5,864,838</u>
Total financial liabilities	<u>5,864,838</u>	--	<u>5,864,838</u>
	TT\$	US\$ TT\$ equivalent	Total TT\$
Financial liabilities			
As at 30 September 2016			
Interest and accounts payable	<u>1,791,734</u>	--	<u>1,791,734</u>
Total financial liabilities	<u>1,791,734</u>	--	<u>1,791,734</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 2017

(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 2017					
Accounts payable	5,864,838	--	--	--	5,864,838
Notes payable to First Citizens Bank Limited	--	105,890,455	344,868,121	--	450,758,576
Total financial liabilities	5,864,838	105,890,455	344,868,121	--	456,623,414
Total financial assets	54,365,999	--	--	--	54,365,999
Liquidity gap	48,501,161	(105,890,455)	(344,868,121)	--	(402,257,415)
<i>Financial liabilities</i>					
As at 30 September 2016					
Accounts payable	1,791,734	--	--	--	1,791,734
Notes payable to First Citizens Bank Limited	--	113,766,300	376,371,494	74,387,080	566,524,874
Total financial liabilities	1,791,734	113,766,300	376,371,494	74,387,080	566,316,608
Total financial assets	50,993,520	--	--	--	50,993,520
Liquidity gap	49,201,786	(113,766,300)	(376,371,494)	(74,387,080)	(515,323,088)

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 2017

(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 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	
	2017	2016	2017	2016
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	54,225,977	50,838,673	54,225,977	50,838,673
Funds held in trust	133,960	153,393	133,960	153,393
Financial liabilities				
Notes payable to First Citizens Bank Limited	342,427,970	410,913,562	412,319,418	505,197,785

(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 2017

(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 2017

(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:

	2017 \$	2016 \$
<i>Assets</i>		
Bank balances - First Citizens Bank Limited	<u>5,584,611</u>	<u>2,631,871</u>
<i>Liabilities</i>		
Notes payable to First Citizens Bank Limited (Note 11)	<u>342,427,970</u>	<u>410,913,562</u>
Management services fee payable to First Citizens Bank Limited (Note 10)	<u>5,710,310</u>	<u>1,638,344</u>
<i>Capital and reserves</i>		
Capital contributions from GORTT (Note 8)	<u>4,201,885,283</u>	<u>4,088,118,983</u>
<i>Income</i>		
Interest income - Ministry of Finance (Note 14)	<u>--</u>	<u>165,623</u>
<i>Expenses</i>		
Interest on amounts due to First Citizens Bank Limited (Note 15)	<u>--</u>	<u>165,623</u>
Interest on notes due to First Citizens Bank Limited (Note 15)	<u>45,280,711</u>	<u>53,307,591</u>
Management fees (Note 17)	<u>5,245,535</u>	<u>5,455,558</u>
14 Interest income		
Investment income	439,923	426,523
Loan to Ministry of Finance	<u>--</u>	<u>165,623</u>
	<u>439,923</u>	<u>592,146</u>
15 Interest expense		
Amounts due to First Citizens Bank Limited	--	165,623
Notes due to First Citizens Bank Limited	45,280,711	53,307,591
Other debt instruments	<u>--</u>	<u>584,553</u>
	<u>45,280,711</u>	<u>54,057,767</u>
16 Other income		
a. Interest on delinquent loans	4,383,964	6,614,055
b. Miscellaneous Income	<u>2,281</u>	<u>4,436</u>
	<u>4,386,245</u>	<u>6,618,491</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 2017

(Expressed in Trinidad and Tobago Dollars)

17 Expenses by nature	2017	2016
	\$	\$
<i>Administration expenses</i>		
Audit and accounting fees	90,000	140,000
Service fees	<u>720</u>	<u>720</u>
	<u>90,720</u>	<u>140,720</u>
<i>Operating expenses</i>		
Depreciation	1,800	17,526
Professional fees	767,645	1,288,439
Management fees	5,245,535	5,455,558
Other operating expenses	1,789,398	1,946,250
Rent	<u>690,000</u>	<u>690,000</u>
	<u>8,494,378</u>	<u>9,397,773</u>

18 Taxation

Current tax	<u>40,345</u>	<u>65,960</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>(45,707,910)</u>	<u>(50,331,359)</u>
Tax calculated at the rate of 25%	(250,000)	(12,582,840)
Tax calculated at the rate of 30%	(13,412,373)	--
Unrecognised tax losses for the year carried forward	13,662,373	12,582,840
Business levy	<u>40,345</u>	<u>65,960</u>
	<u>40,345</u>	<u>65,960</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>920,000</u>	<u>230,000</u>
	<u>1,670,000</u>	<u>980,000</u>

20 Subsequent events

After 30 September 2017, 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.