

**Taurus Services Limited**

Financial Statements

30 September 2018

*(Expressed in Trinidad and Tobago Dollars)*

# Taurus Services Limited

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# Taurus Services Limited

## Statement of Management's Responsibilities

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Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of Taurus Services Limited (the Company) which comprise the statement of financial position as at 30 September 2018 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  
29 October 2019

  
Management  
29 October 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 2018, 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 2018;
- 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 (\$35,367,354) during the year ended 30 September 2018 (2017: loss of \$45,748,255) and, as of that date, the Company's total liabilities exceeded its total assets by \$223,976,442 (2017: \$294,499,543). 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.

*Priscilla Hurrell Cooper*

Port of Spain  
Trinidad, West Indies  
30 October 2019

# Taurus Services Limited

## Statement of Financial Position

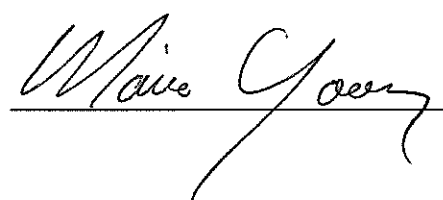
(Expressed in Trinidad and Tobago Dollars)

|  |       | As at<br>30 September  |                        |
|--|-------|------------------------|------------------------|
|  | Notes | 2018<br>\$             | 2017<br>\$             |
| <b>Assets</b>                                |       |                        |                        |
| Cash and cash equivalents                    | 4     | 52,089,468             | 54,225,977             |
| Interest receivable                          |       | 1,226                  | 6,062                  |
| Funds held in Trust                          |       | 136,610                | 133,960                |
| Loans and advances                           | 5     | --                     | --                     |
| Property, plant and equipment                | 6     | <u>6,042</u>           | <u>9,993</u>           |
| <b>Total assets</b>                          |       | <u>52,233,346</u>      | <u>54,375,992</u>      |
| <b>Equity</b>                                |       |                        |                        |
| <i>Capital and reserves</i>                  |       |                        |                        |
| Share capital                                | 7     | 5,398                  | 5,398                  |
| Capital contributions                        | 8     | 4,307,775,738          | 4,201,885,283          |
| Accumulated deficit                          |       | <u>(4,531,757,578)</u> | <u>(4,496,390,224)</u> |
|  |       | <u>(223,976,442)</u>   | <u>(294,499,543)</u>   |
| <b>Liabilities</b>                           |       |                        |                        |
| Interest and accounts payable                | 10    | 1,522,685              | 5,864,838              |
| Other liabilities and accrued charges        |       | 744,728                | 582,727                |
| Notes payable to First Citizens Bank Limited | 11    | <u>273,942,375</u>     | <u>342,427,970</u>     |
| <b>Total liabilities</b>                     |       | <u>276,209,788</u>     | <u>348,875,535</u>     |
| <b>Total equity and liabilities</b>          |       | <u>52,233,346</u>      | <u>54,375,992</u>      |

The notes on pages 9 to 26 are an integral part of these financial statements.

On 29 October 2019, the Board of Directors of Taurus Services Limited authorised these financial statements for issue.

  
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Director

  
\_\_\_\_\_  
Director

# Taurus Services Limited

## Statement of Comprehensive Income

*(Expressed in Trinidad and Tobago Dollars)*

|                                       |       | Year ended<br>30 September |                            |
|---------------------------------------|-------|----------------------------|----------------------------|
|                                       | Notes | 2018<br>\$                 | 2017<br>\$                 |
| Interest income                       | 14    | 425,490                    | 439,923                    |
| Interest expense                      | 15    | <u>(37,404,861)</u>        | <u>(45,280,711)</u>        |
| <b>Net interest expense</b>           |       | <b>(36,979,371)</b>        | <b>(44,840,788)</b>        |
| Other income                          | 16    | 4,273,614                  | 4,386,245                  |
| Recoveries on loans written off       | 5     | <u>4,149,101</u>           | <u>3,331,731</u>           |
| <b>Net interest and other expense</b> |       | <b>(28,556,656)</b>        | <b>(37,122,812)</b>        |
| Operating expenses                    | 17    | (6,685,610)                | (8,494,378)                |
| Administrative expenses               | 17    | <u>(90,730)</u>            | <u>(90,720)</u>            |
| <b>Loss before taxation</b>           |       | <b>(35,332,996)</b>        | <b>(45,707,910)</b>        |
| <b>Taxation</b>                       | 18    | <u><b>(34,358)</b></u>     | <u><b>(40,345)</b></u>     |
| <b>Loss for the year</b>              |       | <u><b>(35,367,354)</b></u> | <u><b>(45,748,255)</b></u> |

The notes on pages 9 to 26 are an integral part of these financial statements.



# Taurus Services Limited

## Statement of Changes in Equity (Expressed in Trinidad and Tobago Dollars)

|                                    | Note | Share<br>capital<br>\$ | Capital<br>contributions<br>\$ | Accumulated<br>deficit<br>\$ | Total<br>shareholders'<br>equity<br>\$ |
|------------------------------------|------|------------------------|--------------------------------|------------------------------|--|
| Balance at 1 October 2017          |      | <u>5,398</u>           | <u>4,201,885,283</u>           | <u>(4,496,390,224)</u>       | <u>(294,499,543)</u>                   |
| Loss for the year                  |      | <u>--</u>              | <u>--</u>                      | <u>(35,367,354)</u>          | <u>(35,367,354)</u>                    |
| Capital contributions for the year | 8    | <u>--</u>              | <u>105,890,455</u>             | <u>--</u>                    | <u>105,890,455</u>                     |
| Balance at 30 September 2018       |      | <u>5,398</u>           | <u>4,307,775,738</u>           | <u>(4,531,757,578)</u>       | <u>(223,976,442)</u>                   |
| 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>                    |
| Capital contributions for the year | 8    | <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>                   |

The notes on pages 9 to 26 are an integral part of these financial statements.

# Taurus Services Limited

## Statement of Cash Flows

(Expressed in Trinidad and Tobago Dollars)

|   | Notes | Year ended<br>30 September |                     |
|---|-------|----------------------------|---------------------|
|   |       | 2018<br>\$                 | 2017<br>\$          |
| <b>Cash flows from operating activities</b>                             |       |                            |                     |
| Loss before taxation  |       | (35,332,996)               | (45,707,910)        |
| Adjustments to reconcile loss to net cash used in operating activities: |       |                            |                     |
| Depreciation  | 6     | 3,951                      | 1,800               |
| Interest income   | 14    | (425,490)                  | (439,923)           |
| Interest income received  |       | 425,024                    | 435,315             |
| Interest expense  | 15    | 37,404,861                 | 45,280,711          |
| Interest paid   |       | <u>(37,404,861)</u>        | <u>(45,280,711)</u> |
|   |       | (35,329,511)               | (45,710,718)        |
| Net change in accounts payable  |       | (4,342,153)                | 4,073,104           |
| Net change in other current liabilities and accrued charges             |       | 161,991                    | (223,813)           |
| Net change in funds held in Trust                                       |       | 2,650                      | 19,433              |
| Taxation paid   |       | <u>(34,358)</u>            | <u>(40,345)</u>     |
| <b>Net cash outflow from operating activities</b>                       |       | <u>(39,541,371)</u>        | <u>(41,882,339)</u> |
| <b>Cash flows from investing activities</b>                             |       |                            |                     |
| Purchase of property, plant and equipment                               | 6     | —                          | (11,065)            |
| <b>Net cash outflow from investing activities</b>                       |       | —                          | <u>(11,065)</u>     |
| <b>Cash flows from financing activities</b>                             |       |                            |                     |
| Capital contributions received  |       | 105,890,455                | 113,766,300         |
| Repayment of note payable to First Citizens Bank Limited                |       | <u>(68,485,594)</u>        | <u>(68,485,592)</u> |
| <b>Net cash inflow from financing activities</b>                        |       | <u>37,404,861</u>          | <u>45,280,708</u>   |
| <b>(Decrease)/increase in cash and cash equivalents</b>                 |       | <u>(2,136,510)</u>         | <u>3,387,304</u>    |
| <b>Cash and cash equivalents</b>  |       |                            |                     |
| At beginning of year  |       | 54,225,978                 | 50,838,673          |
| (Decrease)/increase for the year  |       | <u>(2,136,510)</u>         | <u>3,387,304</u>    |
| End of year   |       | <u>52,089,468</u>          | <u>54,225,977</u>   |
| <b>Represented by:</b>  |       |                            |                     |
| Cash and cash equivalents   | 4     | <u>52,089,468</u>          | <u>54,225,977</u>   |

The notes on pages 9 to 26 are an integral part of these financial statements.

# Taurus Services Limited

## Notes to the Financial Statements 30 September 2018

(Expressed in Trinidad and Tobago Dollars)

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### 1 Incorporation and principal activity

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

### 2 Summary of significant accounting policies

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

#### a. *Basis of preparation*

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

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

#### (i) *Changes in accounting policies and disclosures*

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

The following standards have been adopted by the Company for the first time for the financial year beginning on or after 1 October 2017:

- IAS Amendments to IAS 7, Statement of cash flows on disclosure initiative (effective 1 January 2017). These amendments to IAS 7 introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved.
- Amendments to IAS 12, 'Income taxes' on Recognition of deferred tax assets for losses (effective 1 January 2017). These amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value.

# Taurus Services Limited

## Notes to the Financial Statements (continued)

30 September 2018

(Expressed in Trinidad and Tobago Dollars)

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### 2 Summary of significant accounting policies (continued)

#### a. Basis of preparation (continued)

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

##### (b) New standards and interpretations not yet adopted:

Certain new accounting standards and interpretations have been published that are not mandatory for 30 September 2018 reporting periods 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).
- Amendment to IAS 7 – Statement of Cash Flows (effective 1 January 2017).

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

#### 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.

# Taurus Services Limited

## Notes to the Financial Statements (continued)

30 September 2018

(Expressed in Trinidad and Tobago Dollars)

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### 2 Summary of significant accounting policies (continued)

#### d. *Impairment of assets*

##### (i) *Impairment of non-financial assets*

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

##### (ii) *Impairment of loans and receivables*

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 2018

(Expressed in Trinidad and Tobago Dollars)

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### 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.

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 2018

(Expressed in Trinidad and Tobago Dollars)

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### 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 (\$35,367,354) in 2018 (2017: loss of \$45,748,255) and at that date the Company's total liabilities exceeded its assets by \$223,976,442 in 2018 (2017: \$294,499,543). 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 2018

(Expressed in Trinidad and Tobago Dollars)

| 4 | Cash and cash equivalents | 2018<br>\$        | 2017<br>\$        |
|---|---------------------------|-------------------|-------------------|
|   | Money market accounts     | 45,254,702        | 48,641,366        |
|   | Bank balances             | <u>6,834,766</u>  | <u>5,584,611</u>  |
|   |                           | <u>52,089,468</u> | <u>54,225,977</u> |

The average effective interest rate was 0.90% in 2018 (2017: 0.90%). These deposits have an average maturity of 30 days (2017: 30 days).

### 5 Loans and advances

#### *Loans and advances*

|                         |                      |                      |
|-------------------------|----------------------|----------------------|
| Loans and advances      | 148,304,590          | 175,404,410          |
| Allowance for loan loss | <u>(148,304,590)</u> | <u>(175,404,410)</u> |

Carrying value at end of year                   --                   --

#### (ii) *Allowance for loan losses*

|  |                      |                      |
|--|----------------------|----------------------|
| Allowance at beginning of year             | (175,404,412)        | (188,362,210)        |
| Loans charged off/written off for the year | 22,950,721           | 9,626,069            |
| Recoveries for the year                    | <u>4,149,101</u>     | <u>3,331,731</u>     |
| Allowance at end of year                   | <u>(148,304,590)</u> | <u>(175,404,410)</u> |

#### (iii) *Recoveries on loans net of impairment loss*

|                                  |                  |                  |
|----------------------------------|------------------|------------------|
| Amount recovered during the year | <u>4,149,101</u> | <u>3,331,731</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 2018

(Expressed in Trinidad and Tobago Dollars)

### 6 Property, plant and equipment

|                                     | Motor<br>vehicles<br>\$ | Computer<br>equipment<br>\$ | Leasehold<br>improvements<br>\$ | Other<br>equipment<br>\$ | Land<br>\$ | Total<br>\$ |
|-------------------------------------|-------------------------|-----------------------------|---------------------------------|--------------------------|------------|-------------|
| <b>Year ended 30 September 2018</b> |                         |                             |                                 |                          |            |             |
| Opening net book amount             | --                      | 9,991                       | 1                               | --                       | 1          | 9,993       |
| Depreciation charge                 | --                      | (3,951)                     | --                              | --                       | --         | (3,951)     |
| Closing net book amount             | --                      | 6,040                       | 1                               | --                       | 1          | 6,042       |
| <b>At 30 September 2018</b>         |                         |                             |                                 |                          |            |             |
| Cost                                | 353,855                 | 321,189                     | 1,923,197                       | 14,889                   | 1          | 2,613,131   |
| Accumulated depreciation            | (353,855)               | (315,149)                   | (1,923,196)                     | (14,889)                 | --         | (2,607,089) |
| Closing net book amount             | --                      | 6,040                       | 1                               | --                       | 1          | 6,042       |
| <b>Year ended 30 September 2017</b> |                         |                             |                                 |                          |            |             |
| 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       |
| <b>At 30 September 2017</b>         |                         |                             |                                 |                          |            |             |
| 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       |
| <b>At 30 September 2016</b>         |                         |                             |                                 |                          |            |             |
| 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         |

# Taurus Services Limited

## Notes to the Financial Statements (continued)

30 September 2018

(Expressed in Trinidad and Tobago Dollars)

| 7  | Share capital  | 2018<br>\$   | 2017<br>\$                                 |
|----|--|--|--|
|    | 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>                                     |  |
|    |  | Notes payable to<br>First Citizens<br>Bank Limited<br>\$ | Debt instruments<br>due to<br>Fincor<br>\$ |
|    |  |  | Total<br>\$                                |
|    | Capital contributions at 1 October 2017  | <u>2,351,189,354</u>                                     | <u>1,850,695,929</u>                       |
|    | Capital contributions for the year   | <u>105,890,455</u>                                       | <u>--</u>                                  |
|    | Capital contributions at 30 September 2018   | <u>2,457,079,809</u>                                     | <u>1,850,695,929</u>                       |
|    | Capital contributions at 1 October 2016  | <u>2,237,423,054</u>                                     | <u>1,850,695,929</u>                       |
|    | Capital contributions for the year   | <u>113,766,300</u>                                       | <u>--</u>                                  |
|    | Capital contributions at 30 September 2017   | <u>2,351,189,354</u>                                     | <u>1,850,695,929</u>                       |
|    | These represent payments made by the Government of the Republic of Trinidad and Tobago (GORTT) directly to First Citizens Bank Limited under its guarantee of the interest and principal on the notes payable.   |  |  |
| 9  | Deferred taxation  |  |  |
|    | As stated in Note 3, the Company is in a loss making position and it is not likely that taxable profits would be made in the future. As a result, no deferred income tax asset is recognised in these financial statements. The Company has unrecognised tax losses of over \$3.62 billion (2017: \$3.58 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  | 2018<br>\$   | 2017<br>\$                                 |
|    | Amount due to Central Bank of Trinidad and Tobago  | 136,610  | 133,960                                    |
|    | Amounts due to Wallenvale Estates  | --   | 20,568                                     |
|    | Management services fee payable to<br>First Citizens Bank Limited  | <u>1,386,075</u>   | <u>5,710,310</u>                           |
|    |  | <u>1,522,685</u>   | <u>5,864,838</u>                           |

# Taurus Services Limited

## Notes to the Financial Statements (continued)

30 September 2018

(Expressed in Trinidad and Tobago Dollars)

| 11 Notes payable to First Citizens Bank Limited | 2018<br>\$         | 2017<br>\$         |
|---|--------------------|--------------------|
| Current portion                                 | 68,485,594         | 68,485,594         |
| Non-current portion                             | <u>205,456,781</u> | <u>273,942,376</u> |
| Total   | <u>273,942,375</u> | <u>342,427,970</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 statement of financial position financial assets are as follows:

|                           | Gross<br>maximum<br>exposure<br>2018<br>\$ | Gross<br>maximum<br>exposure<br>2017<br>\$ |
|---------------------------|--|--|
| Cash and cash equivalents | 52,089,468                                 | 54,225,977                                 |
| Interest receivable       | 1,226                                      | 6,062                                      |
| Funds held in trust       | <u>136,610</u>                             | <u>133,960</u>                             |
|                           | <u>52,227,304</u>                          | <u>54,365,999</u>                          |

# Taurus Services Limited

## Notes to the Financial Statements (continued)

30 September 2018

(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<br>advances<br>\$ | Funds held<br>in Trust<br>\$ | Cash and<br>cash<br>equivalents<br>\$ |
|--------------------------------|-----------------------------|------------------------------|---------------------------------------|
| <b>As at 30 September 2018</b> |                             |                              |                                       |
| Neither past due nor impaired  | --                          | 136,610                      | 52,089,468                            |
| Individually impaired          | 148,304,590                 | --                           | --                                    |
| Gross                          | 148,304,590                 | 136,610                      | 52,089,468                            |
| Less: Allowance for impairment | (148,304,590)               | --                           | --                                    |
| Net                            | --                          | 136,610                      | 52,089,468                            |
| <b>As at 30 September 2017</b> |                             |                              |                                       |
| 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                            |

##### (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 statement of financial position. The Company, in every effort to recover loans, will foreclose on the collateral and apply the proceeds to the outstanding indebtedness.

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 2018

(Expressed in Trinidad and Tobago Dollars)

### 12 Financial instruments (continued)

#### b. Market risk (continued)

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

#### Financial liabilities

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

# Taurus Services Limited

## Notes to the Financial Statements (continued)

30 September 2018

(Expressed in Trinidad and Tobago Dollars)

### 12 Financial instruments (continued)

#### b. Market risk (continued)

##### (i) Interest rate risk (continued)

#### Financial assets

|                                | 1-3<br>months<br>\$ | 3-12<br>months<br>\$ | 1-5<br>years<br>\$ | More<br>than<br>5 years<br>\$ | Non-<br>interest<br>bearing<br>\$ | Total<br>\$       |
|--------------------------------|---------------------|----------------------|--------------------|-------------------------------|-----------------------------------|-------------------|
| <b>As at 30 September 2017</b> |                     |                      |                    |                               |                                   |                   |
| Cash and cash equivalents      | 54,225,977          | --                   | --                 | --                            | --                                | 54,225,977        |
| Funds held in Trust            | --                  | --                   | --                 | --                            | 133,960                           | 133,960           |
| <b>Total financial assets</b>  | <b>54,225,977</b>   | <b>--</b>            | <b>--</b>          | <b>--</b>                     | <b>133,960</b>                    | <b>54,359,937</b> |

#### Financial liabilities

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

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

| Financial instrument                         | Interest rate |        |
|--|---------------|--------|
|  | 2018          | 2017   |
| Cash and cash equivalents                    | 0.90%         | 0.90%  |
| Notes payable to First Citizens Bank Limited | 11.50%        | 11.50% |

# Taurus Services Limited

## Notes to the Financial Statements (continued)

30 September 2018

(Expressed in Trinidad and Tobago Dollars)

### 12 Financial instruments (continued)

#### b. Market risk (continued)

##### (i) Interest rate risk (continued)

As at the statement of financial position date, 100% (2017: 100%) of the Company's long term borrowings are fixed rate instruments.

A 1% increase in interest rates will cause an increase in the loss for the year of \$2.7 million (2017: \$3.4 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:

| <i>Carrying amount</i> | <b>2018</b>        | <b>2017</b>        |
|------------------------|--------------------|--------------------|
|                        | \$                 | \$                 |
| Fixed rate instruments | <u>273,942,375</u> | <u>342,427,970</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.

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

|                                | <b>TT\$</b>      | <b>US\$<br/>TT\$ equivalent</b> | <b>Total<br/>TT\$</b> |
|--------------------------------|------------------|---------------------------------|-----------------------|
| <b>Financial liabilities</b>   |                  |                                 |                       |
| <b>As at 30 September 2017</b> |                  |                                 |                       |
| Interest and accounts payable  | <u>5,864,838</u> | --                              | <u>5,864,838</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 2018

(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<br>months<br>\$ | 3-12<br>months<br>\$ | 1-5<br>years<br>\$   | More than<br>5 years<br>\$ | Total<br>\$          |
|---|---------------------|----------------------|----------------------|----------------------------|----------------------|
| <i>Financial liabilities</i>                    |                     |                      |                      |                            |                      |
| <b>As at 30 September 2018</b>                  |                     |                      |                      |                            |                      |
| Accounts payable                                | 1,522,685           | --                   | --                   | --                         | 1,522,685            |
| Notes payable to First Citizens<br>Bank Limited | --                  | 98,014,612           | 246,853,509          | --                         | 344,868,121          |
| <b>Total financial liabilities</b>              | <b>1,522,685</b>    | <b>98,014,612</b>    | <b>246,853,509</b>   | <b>--</b>                  | <b>346,390,806</b>   |
| <b>Total financial assets</b>                   | <b>52,227,301</b>   | <b>--</b>            | <b>--</b>            | <b>--</b>                  | <b>52,227,301</b>    |
| <b>Liquidity gap</b>                            | <b>50,704,616</b>   | <b>(98,014,612)</b>  | <b>(246,853,509)</b> | <b>--</b>                  | <b>(294,163,505)</b> |
| <i>Financial liabilities</i>                    |                     |                      |                      |                            |                      |
| <b>As at 30 September 2017</b>                  |                     |                      |                      |                            |                      |
| Accounts payable                                | 5,864,838           | --                   | --                   | --                         | 5,864,838            |
| Notes payable to First Citizens<br>Bank Limited | --                  | 105,890,455          | 344,868,121          | --                         | 450,758,576          |
| <b>Total financial liabilities</b>              | <b>5,864,838</b>    | <b>105,890,455</b>   | <b>344,868,121</b>   | <b>--</b>                  | <b>456,623,414</b>   |
| <b>Total financial assets</b>                   | <b>54,365,999</b>   | <b>--</b>            | <b>--</b>            | <b>--</b>                  | <b>54,365,999</b>    |
| <b>Liquidity gap</b>                            | <b>48,501,161</b>   | <b>(105,890,455)</b> | <b>(344,868,121)</b> | <b>--</b>                  | <b>(402,257,415)</b> |

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 2018

(Expressed in Trinidad and Tobago Dollars)

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### 12 Financial instruments (continued)

#### d. Capital management

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

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

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

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

#### e. Fair value of financial assets and liabilities

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

|  | Carrying value |             | Fair value  |             |
|--|----------------|-------------|-------------|-------------|
|  | 2018           | 2017        | 2018        | 2017        |
|  | \$             | \$          | \$          | \$          |
| <b>Financial assets</b>                      |                |             |             |             |
| Cash and cash equivalents                    | 52,089,468     | 54,225,977  | 52,089,468  | 54,225,977  |
| Funds held in trust                          | 136,610        | 133,960     | 136,610     | 133,960     |
| <b>Financial liabilities</b>                 |                |             |             |             |
| Notes payable to First Citizens Bank Limited | 273,942,375    | 342,427,970 | 302,350,727 | 412,319,418 |

#### (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 2018

(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"><li>• Future cash flows</li><li>• Current market interest rate at year end</li></ul> |

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 2018

(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:

|   | 2018                 | 2017                 |
|---|----------------------|----------------------|
|   | \$                   | \$                   |
| <i>Assets</i>   |                      |                      |
| Bank balances - First Citizens Bank Limited   | <u>6,834,766</u>     | <u>5,584,611</u>     |
| <i>Liabilities</i>  |                      |                      |
| Notes payable to First Citizens Bank Limited (Note 11)  | <u>273,942,375</u>   | <u>342,427,970</u>   |
| Management services fee payable to<br>First Citizens Bank Limited (Note 10)   | <u>1,386,075</u>     | <u>5,710,310</u>     |
| <i>Capital and reserves</i>   |                      |                      |
| Capital contributions from GORTT (Note 8)   | <u>4,307,775,738</u> | <u>4,201,885,283</u> |
| Interest on notes due to First Citizens Bank Limited (Note 15)  | <u>37,404,861</u>    | <u>45,280,711</u>    |
| Management fees (Note 17)   | <u>3,852,479</u>     | <u>5,245,535</u>     |
| <b>14 Interest income</b>   |                      |                      |
| Investment income   | <u>425,490</u>       | <u>439,923</u>       |
| <b>15 Interest expense</b>  |                      |                      |
| Notes due to First Citizens Bank Limited  | <u>37,404,861</u>    | <u>45,280,711</u>    |
| <b>16 Other income</b>  |                      |                      |
| a. Interest on delinquent loans   | <u>4,269,293</u>     | <u>4,383,964</u>     |
| b. Miscellaneous Income   | <u>4,321</u>         | <u>2,281</u>         |
|   | <u>4,273,614</u>     | <u>4,386,245</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 2018

(Expressed in Trinidad and Tobago Dollars)

| 17 Expenses by nature          | 2018             | 2017             |
|--------------------------------|------------------|------------------|
|                                | \$               | \$               |
| <i>Administration expenses</i> |                  |                  |
| Audit and accounting fees      | 90,000           | 90,000           |
| Service fees                   | <u>730</u>       | <u>720</u>       |
|                                | <u>90,730</u>    | <u>90,720</u>    |
| <i>Operating expenses</i>      |                  |                  |
| Depreciation                   | 3,952            | 1,800            |
| Professional fees              | 476,693          | 767,645          |
| Management fees                | 3,852,479        | 5,245,535        |
| Other operating expenses       | 1,662,486        | 1,789,398        |
| Rent                           | <u>690,000</u>   | <u>690,000</u>   |
|                                | <u>6,685,610</u> | <u>8,494,378</u> |

## 18 Taxation

|             |               |               |
|-------------|---------------|---------------|
| Current tax | <u>34,358</u> | <u>40,345</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>(35,332,996)</u> | <u>(45,707,910)</u> |
| Tax calculated at the rate of 25%                    | --                  | (250,000)           |
| Tax calculated at the rate of 30%                    | (10,599,899)        | (13,412,373)        |
| Unrecognised tax losses for the year carried forward | 10,599,899          | 13,662,373          |
| Business levy  | <u>34,358</u>       | <u>40,345</u>       |
|  | <u>34,358</u>       | <u>40,345</u>       |

## 19 Operating lease commitments

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

|  |                |                  |
|--|----------------|------------------|
| No later than 1 year                         | 750,000        | 750,000          |
| Later than 1 year and not later than 5 years | <u>230,000</u> | <u>920,000</u>   |
|  | <u>980,000</u> | <u>1,670,000</u> |

## 20 Subsequent events

After 30 September 2018, 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.