



REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF TRINIDAD AND TOBAGO ON THE FINANCIAL STATEMENTS OF THE PUBLIC TRANSPORT SERVICE CORPORATION FOR THE YEAR ENDED 30TH SEPTEMBER, 2020

ADVERSE OPINION

The Financial Statements of the Public Transport Service Corporation (the Corporation) for the year ended 30th September, 2020 have been audited. The Statements as set out on pages 1 to 31 as seen in the Financial Statements comprise a Statement of Financial Position as at 30th September, 2020, and a Statement of Comprehensive Income, a Statement of Changes in Equity and a Statement of Cash Flows for the year ended, and Notes to the Financial Statements numbered 1 to 31, including a summary of significant accounting policies.

2. In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of this report, the accompanying Financial Statements do not present fairly, the financial position of the Corporation as at 30th September, 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

BASIS FOR ADVERSE OPINION

STATEMENT OF FINANCIAL POSITION

ACCUMULATED DEFICIT	\$339,056,080
NON-CURRENT LIABILITIES-GOVERNMENT GRANTS	\$511,809,146

3. Documentary evidence produced and explanations provided were insufficient to verify the correctness of the Accumulated Deficit balance of \$339,056,080 and the - Government Grant figure of \$511,809,146.

STATEMENT OF COMPREHENSIVE INCOME

GOVERNMENT GRANTS

\$269,413,343

4. Note 22 to the Financial Statements indicates that Government Grants transferred to income totalled \$269,413,343. Government recurrent grant releases totalling \$260,129,869 were verified; however, the remaining \$9,283,474 could not be adequately verified (see paragraph 3).

5. The audit was conducted in accordance with the principles and concepts of International Standards of Supreme Audit (ISSAIs). The Auditor General's responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. The Auditor General is independent of the Corporation in accordance with the ethical requirements that are relevant to the audit of the Financial Statements and other ethical responsibilities have been fulfilled in accordance with these requirements. It is my view that the audit evidence obtained is sufficient and appropriate to provide a basis for the adverse opinion.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

6. Management of the Corporation is responsible for the preparation and fair presentation of these Financial Statements in accordance with IFRS 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.

7. In preparing the Financial Statements, management is responsible for assessing the ability of the Corporation 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 Corporation or to cease operations, or has no realistic alternative but to do so.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

9. The Auditor General's responsibility is to express an opinion on these Financial Statements based on the audit and to report thereon in accordance with section 116 of the Constitution of the Republic of Trinidad and Tobago and Section 28 (2) of the Public Transport Service Act, Chapter 48:02 (the Act).

10. The Auditor General's 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 audit report that includes her opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the principles and concepts of ISSAIs 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.

11. As part of an audit in accordance with the principles and concepts of ISSAIs, the Auditor General exercises professional judgment and maintains professional skepticism throughout the audit. The Auditor General also:

- Identifies and assesses the risks of material misstatement of the Financial Statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for an 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.
- Obtains 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 internal control of the Corporation for the year ended 30th September, 2020.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concludes 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 ability of the Corporation to continue as a going concern. If the Auditor General concludes that a material uncertainty exists, the Auditor General is required to draw attention in her audit report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify her opinion. The Auditor General's conclusions are based on the audit evidence obtained up to the date of her audit report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluates 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.

12. The Auditor General communicates 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 were identified during the audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

SUBMISSION OF REPORT

14. This Report is being submitted to the Speaker of the House of Representatives, the President of the Senate and the Minister of Finance in accordance with the requirements of sections 116 and 119 of the Constitution of the Republic of Trinidad and Tobago.



8TH NOVEMBER, 2024
PORT OF SPAIN

Jaiwantie Ramdass
JAIWANTIE RAMDASS
AUDITOR GENERAL



PUBLIC TRANSPORT SERVICE CORPORATION



Financial Statements

FOR THE YEAR ENDED 30TH SEPTEMBER 2020



PUBLIC TRANSPORT SERVICE CORPORATION

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PUBLIC TRANSPORT SERVICE CORPORATION
STATEMENT OF FINANCIAL POSITION
AS AT 30TH SEPTEMBER, 2020

		AS AT 30th SEPT 2020	AS AT 30th SEPT 2019
ASSETS	NOTES		
NON-CURRENT ASSETS		\$	\$
PROPERTY PLANT AND EQUIPMENT	12	144,544,521	112,736,548
INTANGIBLE ASSETS	13	<u>513,369</u>	<u>1,054,789</u>
		<u>145,057,889</u>	<u>113,791,337</u>
CURRENT ASSETS			
INVENTORIES	14	53,916,619	48,192,924
DEBTORS AND PREPAYMENTS	15	22,284,531	45,545,389
SHORT TERM INVESTMENT	16	5,560,464	5,992,432
CASH AND CASH EQUIVALENTS	17	<u>18,008,791</u>	<u>35,319,645</u>
		99,770,405	135,050,389
TOTAL ASSETS		<u>244,828,294</u>	<u>248,841,723</u>
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
REVALUATION RESERVE	18	7,181,390	7,181,390
ACCUMULATED DEFICIT		<u>(339,056,080)</u>	<u>(324,365,783)</u>
		(331,874,690)	(317,184,393)
NON-CURRENT LIABILITIES			
GOVERNMENT GRANTS	23	<u>511,809,146</u>	<u>489,145,359</u>
		511,809,146	489,145,359
CURRENT LIABILITIES			
CREDITORS AND ACCRUALS	19	64,893,837	66,417,582
LOANS AND BONDS - CURRENT	20	<u>-</u>	<u>10,463,175</u>
		64,893,837	76,880,757
TOTAL EQUITY AND LIABILITIES		<u>244,828,294</u>	<u>248,841,723</u>


 VICE CHAIRMAN


 CHAIRMAN




 GENERAL MANAGER


 DATE

" the accompanying Notes attached on pages 7 to 31 form an integral part of the financial statements"

**PUBLIC TRANSPORT SERVICE CORPORATION
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH SEPTEMBER, 2020**

	Notes ()	For the Year Ended 30th SEPT 2020	For the Year Ended 30th SEPT 2019
		\$	\$
OPERATING INCOME	5	38,757,238	72,047,663
COST OF OPERATIONS	6	(205,634,958)	(209,297,867)
GROSS PROFIT/(LOSS) ON OPERATIONS		<u>(166,877,720)</u>	<u>(137,250,204)</u>
OTHER COMPREHENSIVE INCOME	9	3,501,479	4,076,413
DISTRIBUTION EXPENSES	7	(1,191,659)	(2,516,006)
ADMINISTRATIVE EXPENSES	10	(123,177,196)	(129,304,579)
FINANCE COST	11	<u>(190,325)</u>	<u>(1,215,799)</u>
OPERATING NET LOSS BEFORE GOVERNMENT GRANT		<u>(287,935,422)</u>	<u>(266,210,173)</u>
GOVERNMENT GRANTS	8, 22	<u>269,413,343</u>	<u>256,812,492</u>
SURPLUS / (DEFICIT) AFTER GOVERNMENT GRANT		<u><u>(18,522,079)</u></u>	<u><u>(9,397,682)</u></u>

" the accompanying Notes attached on pages 7 to 31 form an integral part of the financial statements"

**PUBLIC TRANSPORT SERVICE CORPORATION
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH SEPTEMBER 2020**

	CAPITAL RESERVE	ACCUMULATED DEFICIT	CAPITAL AND RESERVES
	\$	\$	\$
FOR THE YEAR ENDED 30TH SEPTEMBER , 2020			
BALANCE AS AT 1ST OCTOBER, 2019	7,181,390	(324,365,782)	(317,184,393)
SURPLUS FOR THE YEAR		(18,522,079)	(18,522,079)
PRIOR YEAR ADJUSTMENT Note 30		3,831,778	3,831,778
BALANCE AS AT 30TH SEPTEMBER , 2020	<u>7,181,390</u>	<u>(339,056,080)</u>	<u>(331,874,690)</u>

FOR THE YEAR ENDED 30TH SEPTEMBER , 2019

BALANCE AS AT 1ST OCTOBER, 2018	7,181,390	(314,968,101)	(307,786,711)
SURPLUS FOR THE YEAR		(9,397,682)	(9,397,682)
BALANCE AS AT 30TH SEPTEMBER , 2019	<u>7,181,390</u>	<u>(324,365,782)</u>	<u>(317,184,393)</u>

" the accompanying Notes attached on pages 7 to 31 form an integral part of the financial statements"

PUBLIC TRANSPORT SERVICE CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30th SEPTEMBER, 2020

	For the Year Ended 30th SEPT 2020	For the Year Ended 30th SEPT 2019
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
NET SURPLUS/(DEFICIT) FOR THE YEAR	(18,522,079)	(9,397,682)
ADJUSTMENTS FOR :		
DEPRECIATION	19,297,364	16,776,527
PRIOR YEAR ADJUSTMENT - INPUT VAT UNRECOVERABLE	3,831,778	
ADJUSTMENT TO ACCUMULATED DEPRECIATION	(3,423,244)	
	<u>1,183,820</u>	<u>7,378,846</u>
CHANGES IN WORKING CAPITAL		
NET CHANGE IN INVENTORIES	(5,723,685)	2,406,994
NET CHANGE IN DEBTORS AND PREPAYMENTS	23,260,858	(17,726,562)
NET CHANGE IN SHORT TERM INVESTMENTS	431,968	(47,033)
NET CHANGE IN CREDITORS AND ACCURALS	(1,523,745)	11,701,322
NET CHANGE IN GOVERNMENT GRANTS	22,663,787	39,243,293
	<u>40,293,003</u>	<u>42,956,859</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
PURCHASE OF PROPERTY ,PLANT AND EQUIPMENT	(47,140,682)	(21,588,016)
	<u>(47,140,682)</u>	<u>(21,588,016)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
PAYMENTS OF LOANS AND BONDS	(10,463,175)	(14,683,335)
	<u>(10,463,175)</u>	<u>(14,683,335)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(17,310,854)	6,685,508
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE YEAR	35,319,645	28,634,134
	<u>18,008,791</u>	<u>35,319,645</u>
REPRESENTED BY		
CASH AND CASH EQUIVALENTS	18,008,791	35,319,645
	<u>18,008,791</u>	<u>35,319,645</u>

" the accompanying Notes attached on pages 7 to 31 form an integral part of the financial statements"

PUBLIC TRANSPORT SERVICE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2020

1. Incorporation and Principal Activities

The Public Transport Service Corporation (PTSC) was incorporated by an Act of Parliament No. 11 of 1965 to operate public service vehicles so as to ensure the provision of a safe, adequate, economic and efficient public transport system. PTSC receives government subventions to finance its core operating expenses.

2. Significant Accounting Policies

(a) Basis of financial statements preparation

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), and are stated in Trinidad and Tobago dollars. These financial statements have been prepared under the historical cost convention using the accruals basis and no adjustment has been taken into account for the effects of inflation.

(b) Property, Plant and Equipment

Lands and Buildings owned by the Corporation on the 31st December, 1973 are shown at their valuation as at that date. Subsequent additions to lands and building and other fixed assets are valued at cost.

Renewals, improvements and major repairs that materially extend the life of property, plant and equipment are capitalized, while major maintenance, repairs and improvements are charged to income as incurred.

PUBLIC TRANSPORT SERVICE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2020

2. Significant Accounting Policies :(Cont'd)

Depreciation is provided for on a straight line basis designed to write - off the assets' costs over their estimated useful Economic lives . Depreciation is prorated by the month the asset is placed in service, with the remainder of the depreciation in the final year. Assets are depreciated at the following rates:

Buildings	5%
Furniture and fittings	15%
Plant, machinery and equipment	15%
Air condition equipment	15%
Revenue vehicles	12.50%
Computer equipment	33.33%
Non-revenue vehicles	25%
Computer software	33.33%

(c) Inventories

Inventories are valued at the lower of cost and net realizable value . The inventory items are valued using first in first out basis. (FIFO)

(d) Foreign currency transactions

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

PUBLIC TRANSPORT SERVICE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2020

2. Significant Accounting Policies :(Cont'd)

(e) Cash and Cash Equivalents

Cash and Cash Equivalents are carried in the Statement of Financial Position at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise balances held as cash on hand and at bank. Cash resources also consist of highly liquid investments that are carried at cost, which approximates market value.

(f) Financial Instruments

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

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

All regular way purchases and sales of financial assets are recognised or derecognized on the trade date that is the date on which the Corporation commits itself to purchase or sell an asset.

A regular way purchase and sale of financial assets is a purchase or sale of an asset under a contract whose terms require delivery of the asset within the timeframe established generally by regulation or convention in the marketplace concerned. When financial assets are recognised initially, they are measured at fair value of the consideration given plus transaction costs directly attributable to the acquisition of the asset.

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

PUBLIC TRANSPORT SERVICE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2020

2. Significant Accounting Policies :(Cont'd)

(g) Impairment of Financial Assets

The Corporation assesses at each Statement of Financial Position date whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or group of financial assets is impaired and impairment losses are incurred if and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "Loss event") and that event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset or group of financial assets is impaired includes observable data that comes to the attention of the Corporation about the following loss events:

- i. Significant financial difficulty of the issuer or obligor.
- ii. A breach of contract, such as default or delinquency in interest or principal payments.
- iii. It becoming probable that the borrower will enter in bankruptcy or other financial reorganization.
- iv. The disappearance of an active market for that financial asset because of financial difficulties.
- v. Observable data indicating that there is a measurable decrease in the estimated cash-flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with individual financial assets in the group, including adverse changes in the payment status of borrowers in the Corporation or national or economic conditions that correlate with defaults on assets in the Corporation.

PUBLIC TRANSPORT SERVICE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2020

2. Significant Accounting Policies : (Cont'd)

(g) Impairment of Financial Assets Cont'd

The Corporation first assesses whether the objective evidence of impairment exists individually for financial assets are individually significant. If the Corporation determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Assets that are individually assessed for impairment and for which an impairment losses continues to be recognized are not included in a collective assessment of impairment.

(h) Financial Assets measured at Cost

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

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

PUBLIC TRANSPORT SERVICE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2020

2. Significant Accounting Policies : (Cont'd)

(h) Financial Assets measured at Cost Cont'd

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

(i) Financial Liabilities

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

(j) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned in the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

PUBLIC TRANSPORT SERVICE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2020

2. Significant Accounting Policies :(Cont'd)

(j) Borrowing Costs cont'd

All other borrowing costs are recognized in net profit or loss in the period in which they are incurred.

(k) Government Grants

Government grants are recognized as income over the periods necessary to match them with related costs which they are intended to compensate, on a systematic basis.

Government grants related to assets and capital expenditure are presented as deferred income on the Statement of Financial Position and are transferred to the Statement of Comprehensive Income when the related expenditure is recognized.

Government grants related to recurrent expenditure are presented as government grants on the Statement of Comprehensive Income when the related expenditure is recognized.

(l) Bonds

These are stated at principal outstanding. Interest is accrued on the outstanding balance.

(m) Revenue Recognition

Revenue from the provision of services, goods and disposal of other assets is recognized when the Corporation has contractually provided the services, goods or other assets to the customer. Such revenue is recognized and reported in the period to which it relates. Income is recognized at the point of ticket sales.

PUBLIC TRANSPORT SERVICE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2020

2. Significant Accounting Policies :(Cont'd)

(n) Taxation

Taxation has not been provided for the financial statements. Section 45 of the Public Transport Service Act states that "The President may by order exempt the Corporation in the whole or in part from payment of any tax imposed by or under any written law".

Section 3A sub section (2) d of the Finance Act of 1998 states that the Public Transport Service Corporation is exempted from the payment of Business Levy. The Corporation is registered for Value Added Tax (VAT) and generally receives V AT refunds as bus travel is treated as a zero rated service. Pursuant to the exemption of tax stated above the Corporation is not required to provide deferred tax.

(o) Provisions

Provisions are recognized when the Corporation has a present legal or constructive obligation as a result of past events. It is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the Statement of Financial Position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

PUBLIC TRANSPORT SERVICE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2020

2. Significant Accounting Policies :(Cont'd)

(p) Comparatives

Where necessary comparative figures have been adjusted to conform to changes in presentation in the current year.

3. Financial Risk Management:

Financial risk factors

The Corporation is exposed to interest rate risk, credit risk, liquidity risk, currency risk, operational risk, compliance risk and reputation risk arising from the loans and bonds that it holds. The risk management policies employed by the Corporation to manage these risks are discussed below:

a) Interest Rate Risk-

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Corporation is exposed to interest rate risk through the effect of fluctuations in the prevailing levels of interest rates on interest bearing financial assets and liabilities, including investments in bonds, loans and other funding instruments.

The exposure is managed through the matching of funding products with financial services and monitoring market conditions and yields.

i) Bonds

The Corporation is liable to long term bonds consisting of both floating rate and fixed rate instruments. The market values of the fixed rate bonds are not very sensitive to changes in interest rates. The market values of the floating rate bonds are sensitive to changes in interest rates. The longer the maturity of the bonds, the greater is the sensitivity to changes in interest rates. These are funded solely by government grants.

ii) Loans

The Corporation is liable to fixed rate loans which are solely funded by government grants.

PUBLIC TRANSPORT SERVICE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2020

3. Financial Risk Management (Cont'd)

b) Credit Risk-

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the Statement of Financial Position date.

Cash balances are held with high credit quality financial institutions and the Corporation has policies to limit the amount of exposure to any single financial institution.

The Corporation also actively monitors global economic developments and government policies that may affect the growth rate of the local economy.

c) Liquidity Risk-

Liquidity risk is the risk that arises when the maturity dates of assets and liabilities do not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Corporation has procedures with the object of minimizing such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities. The Corporation is able to make daily calls on its available cash resources to settle financial and other liabilities.

Risk Management

The matching and controlling mismatching of the maturities and interest rates of assets and liabilities are fundamental to the management of the Corporation. The Corporation employs various asset/liability techniques to manage liquidity gaps.

PUBLIC TRANSPORT SERVICE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2020

3. Financial Risk Management (Cont'd)

Liquidity gaps are mitigated by the marketable nature of a substantial segment of the Corporation's assets as well as generating sufficient cash from government grants.

To manage and reduce liquidity risk the Corporation's management actively seeks to match cash inflows with liability requirements.

d) Currency Risk-

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risks arise when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Corporation's measurement currency. The Corporation is not exposed to foreign exchange risk arising from various currency exposures.

e) Operational Risk-

Operational risk is the risk derived from deficiencies relating to the Corporation's information technology and control systems, as well as the risk of human error and natural disasters. The Corporation's systems are evaluated, maintained and upgraded continuously. Supervisory controls are installed to minimize human error.

Additionally, staff is often rotated and trained on an on-going basis.

f) Compliance Risk-

Compliance risk is the risk of financial loss, including fines and other penalties, which arise from non-compliance with laws and regulations of the state. The risk is limited to a significant extent due to the supervision applied by the Attorney General, as well as by the monitoring controls applied by the Corporation. The Corporation has an Internal Audit Department which does routine reviews on compliance.

PUBLIC TRANSPORT SERVICE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2020

3. Financial Risk Management (Cont'd)

g) Reputation Risk-

The risk of loss of reputation arising from the negative publicity relating to the Corporation's operations (whether true or false) may result in a reduction of its clientele, reduction in revenue and legal cases against the Corporation. The Corporation engages in public social endeavors to engender trust and minimize this risk.

4. Critical Accounting Estimates and Judgments:

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make judgments, estimates and assumptions in the process of applying the Corporation's accounting policies.

See Note 2(b).

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Corporation makes estimates and assumptions concerning the future. However, actual results could differ from those estimates as the resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Changes in accounting estimates are recognised in the Statement of Comprehensive Income in the period in which the estimate is changed, if the change affects that period only, or in the period of the change and future periods if the change affects both current and future periods.

PUBLIC TRANSPORT SERVICE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2020

(4) Critical Accounting Estimates and Judgments:cont'd

The critical judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements, are as follows:

- i) Whether leases are classified as operating leases or finance leases.
- ii) Which depreciation method for plant and equipment is used.

The key assumptions concerning the future and other key sources of estimation uncertainty at the Statement of Financial Position date (requiring management's most difficult, subjective or complex judgments) that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities with the next financial year are as follows:

i) Impairment of assets

IAS 16- Impairment of Assets states "An entity shall assess at each reporting period whether there is an indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the assets". No impairment review was undertaken by management in fiscal 2020. However, valuation of assets is expected to be carried out in fiscal 2021. The Corporation will assess for any impairment and make the necessary adjustments at year end 2021.

ii) Plant and Equipment

Management exercises judgment in determining whether future economic benefits can be derived from expenditures to be capitalized and in estimating the useful lives and residual values of these assets.

PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30TH SEPTEMBER 2020

5. OPERATING INCOME

	For the Year Ended 30th SEPT 2020	For the Year Ended 30th SEPT 2019
	\$	\$
KNOW YOUR COUNTRY TOURS - TRINIDAD	77,540	528,226
MAXI TAXI INSPECTION FEES - PORT OF SPAIN	4,490	40,650
MAXI TAXI INSPECTION FEES -TOBAGO	2,040	5,100
MAXI TAXI FEES - TRINIDAD	20,123,811	38,699,351
MAXI TAXI FEES - TOBAGO	3,373,610	6,160,942
MIN. OF SOCIAL DEVELOPMENT - PENSIONERS	4,505,657	5,130,000
MONTHLY/WEEKLY TRAVEL	20,354	85,052
SALE OF TICKETS - POINT FORTIN	132,517	318,178
SALE OF TICKETS - PORT OF SPAIN	1,679,323	2,705,913
SALE OF TICKETS - SAN FERNANDO	277,031	576,896
SALE OF TICKETS - TOBAGO	481,407	650,511
SPEC EVENTS/TOURS - PORT OF SPAIN	2,926,365	6,616,765
SPEC EVENTS/TOURS - SAN FERNANDO	55,450	48,310
SPEC EVENTS/TOURS/CHARTERS - TOBAGO	85,125	212,120
TICKET SALE - IN HOUSE -CHAGUANAS	10,868	75,327
TICKET SALE - IN HOUSE -POINT FORTIN	-	5,346
TICKET SALE - IN HOUSE -SANGRE GRANDE	282,145	457,261
TICKET SALE - IN HOUSE- PORT OF SPAIN	2,949,577	6,323,460
TICKET SALE - IN HOUSE CUREPE	-	20,526
TICKET SALE - IN HOUSE -SAN FERNANDO	1,769,929	3,387,731
TOTAL OPERATING INCOME	<u>38,757,238</u>	<u>72,047,663</u>

PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30TH SEPTEMBER 2020

6.COST OF OPERATIONS

	For the Year Ended 30th SEPT 2020	For the Year Ended 30th SEPT 2019
	\$	\$
DEPRECIATION REVENUE VEHICLES	13,212,801	10,997,815
FUEL AND OIL	10,169,817	12,593,722
INSURANCE - REVENUE VEHICLES	1,059,527	865,657
MAXI TAXI DIRECT	21,187,278	39,384,629
REPAIR /MAINTENANCE - REVENUE VEHICLE	22,095,477	22,117,949
KNOW YOUR COUNTRY	-	5,000
WAGES	126,869,671	111,570,515
NIS	10,135,571	9,636,987
TICKETS	163,107	263,995
UNIFORMS	741,708	1,861,599
	<u>205,634,958</u>	<u>209,297,867</u>

7. DISTRIBUTION EXPENSES

	\$	\$
ADVERTISING	409,220	431,366
MOTOR VEHICLE	132,724	34,776
BAD DEBTS	7,408	1,391,541
DONATIONS	.	3,500
TRAVEL	642,307	654,823
	<u>1,191,659</u>	<u>2,516,006</u>

PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30TH SEPTEMBER 2020

	For the Year Ended 30th SEPT 2020	For the Year Ended 30th SEPT 2019
	\$	\$
8. GOVERNMENT GRANT	269,413,343	256,812,492
TOTAL	269,413,343	256,812,492
9. OTHER INCOME		
BANK INTEREST	131,437	53,478
BAD DEBT RECOVERED	74,200	-
BILLBOARD AND WALL ADVERTISEMENTS	212,970	204,765
COMMERCIAL SERVICES - PORT OF SPAIN	345	169,802
CONCESSIONAIRE BOOTHS	2,026,581	2,031,281
GAIN ON CURRENCY EXCHANGE	206,157	16,515
INSURANCE CLAIMS	-	172,737
OTHER MISC INC- PORT OF SPAIN	27,738	10,201
OTHER MISC INC -SAN FERNANDO	1,750	630
OTHER MISC INC - TOBAGO	40	80
PUB SERV VEH LICENSE FEE	248,100	243,300
GAIN OR LOSS ON DISPOSAL	54,490	75,000
SALE OF ASSETS	30,140	82,900
SHORT TERM RENTAL	21,250	67,467
TENANCY CONTRACTS	66,093	211,468
RENT TRANSIT MALL- SAN JUAN	240,546	388,891
RENT TRANSIT MALL- CUREPE	92,529	183,278
RENT TRANSIT MALL- ARIMA	56,552	62,609
RENT TRANSIT MALL- TUNAPUNA	3,883	94,968
RENT TRANSIT MALL- SAN FERNANDO	6,679	7,044
TRAINING SERVICES	-	-
TOTAL	3,501,479	4,076,413

PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30TH SEPTEMBER 2020

<u>10.ADMINISTRATIVE EXPENSES</u>	For the Year Ended 30th SEPT 2020	For the Year Ended 30th SEPT 2019
	\$	\$
SALARIES	36,333,694	30,807,743
WAGES	16,081,551	13,236,095
CONTRACT SALARIES	6,999,320	7,108,997
CONTRACT WAGES	371,645	49,683
COLA	1,223,703	1,165,172
SHIFT BONUS	225,846	200,169
OVERTIME	147,362	360,753
NIS	4,459,950	4,137,413
PENSION	8,558,797	9,273,677
GRATURITY	1,721,917	6,973,562
MEDICAL EXPENSES	405,897	54,221
GROUP LIFE	3,527,704	2,802,310
OTHER ALLOWANCE	153,587	124,748
TRAINING	499,690	407,758
DIRECTORS EXPENSES	662,829	708,512
UNRECOVERABLE INPUT TAX	-	9,825,831
FEES- PENALTY CHARGES	1,906	-
AUDIT FEES	132,138	441,815
LEGAL FEES	1,244,564	1,506,645
CONSULTING FEES	994,753	1,611,595
MEMBERSHIP/LICENSE & MAINTENANCE FEES	191,704	15,116
CELLULAR CHARGES	228,294	226,775
ELECTRICITY	2,371,633	1,994,838
TELEPHONE	446,650	584,682
WATER RATES	101,084	113,154
INTERNET	841,516	349,989
CABLE	53,178	40,175
INSURANCE	958,479	890,093
RENT	2,215,503	2,366,711
REPAIRS & MAINTENANCE	5,235,661	6,543,106
SECURITY	18,139,400	16,788,703
BOOKS/NEWSPAPERS/PERIODICALS	17,903	16,359
POSTAGE	3,846	7,191
STATIONERY	498,970	368,905
COURIER	1,659	2,240
COMPUTER PARTS & ACCESSORIES	782,926	628,699
SAFETY ATTIRE EQUIPMENT	266,404	53,401
OTHER OFFICE EXPENSES	166,253	143,251
DEPRECIATION	6,084,564	5,778,713
OBSOLESCENCE	-	620,993
ENTERTAINMENT	294,789	318,030
FREIGHT	347,700	567,120
COMMERCIAL REPAIRS	561	4,095
DISPOSAL OF TYRES	22,156	16,095
LOSS ON FOREIGN EXCHANGE	159,509	69,447
TOTAL	<u>123,177,196</u>	<u>129,304,579</u>

PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30TH SEPTEMBER 2020

	For the Year Ended 30th SEPT 2020	For the Year Ended 30th SEPT 2019
<u>11. FINANCE COST</u>		
	\$	\$
LOAN INTEREST - BANK	50,731	252,824
CITICORP \$130.1M BOND INTEREST	(4,867)	237,725
FCB \$93.6M BOND INTEREST	123,650	704,601
OVERDRAFT INTEREST - REPUBLIC	-	-
OVERDRAFT INTEREST - FCB	-	-
	<hr/>	<hr/>
LOAN & BOND INTEREST	169,514	1,195,150
	<hr/>	<hr/>
BANK CHARGES	20,811	20,648
	<hr/>	<hr/>
BANK CHARGES	20,811	20,648
	<hr/>	<hr/>
TOTAL	<u>190,325</u>	<u>1,215,799</u>

PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30TH SEPTEMBER 2020

12. PROPERTY, PLANT AND EQUIPMENT

ORIGINAL COST	LAND	BUILDINGS	PLANT & EQUIPMENT	REVENUE VEHICLES	NON-REVENUE VEHICLES	FURNITURE & FITTINGS	CAPITAL WORK IN PROGRESS	TOTAL
COST AT 30/9/2019	\$ 23,617,393	\$ 112,806,496	\$ 48,372,785	\$ 520,640,026	\$ 2,972,407	\$ 13,181,801	\$ 16,044,552	\$ 737,635,460
ADDITIONS	\$ -	\$ 1,244,814	\$ 3,465,369	\$ 29,588,369	\$ 352,069	\$ 677,966	\$ 11,763,534	\$ 47,092,120
DISPOSALS	\$ -	\$ -	\$ -	\$ (12,172,246)	\$ (77,400)	\$ -	\$ -	\$ (12,249,646)
COST AT 30/9/2020	\$ 23,617,393	\$ 114,051,310	\$ 51,838,153	\$ 538,056,150	\$ 3,247,076	\$ 13,859,767	\$ 27,808,086	\$ 772,477,934
ACCUMULATED DEPRECIATION								
BALANCE B/F 30/9/2019	\$ -	\$ (90,110,707)	\$ (40,271,579)	\$ (479,322,989)	\$ (2,972,407)	\$ (12,221,227)	\$ -	\$ (624,898,908)
CHARGE FOR THE PERIOD	\$ -	\$ (1,998,091)	\$ (3,024,746)	\$ (13,212,800)	\$ (88,017)	\$ (383,729)	\$ -	\$ (18,707,384)
DISPOSALS	\$ -	\$ -	\$ -	\$ 12,172,236	\$ 77,400	\$ -	\$ -	\$ 12,249,636
ADJUSTMENT TO CORRECT ACCUMULATED DEPRECIATION				\$ 3,423,244				\$ 3,423,244
BALANCE C/F 30/9/2020	\$ -	\$ (92,108,798)	\$ (43,296,325)	\$ (476,940,308)	\$ (2,983,023)	\$ (12,604,956)	\$ -	\$ (627,933,411)
NET BOOK VALUE								
AS AT 30/09/2020	\$ 23,617,393	\$ 21,942,511	\$ 8,541,829	\$ 61,115,838	\$ 264,052	\$ 1,254,811	\$ 27,808,086	\$ 144,544,521
AS AT 30/9/2019	\$ 23,617,393	\$ 22,696,799	\$ 8,101,206	\$ 41,317,037	\$ 0	\$ 960,574	\$ 16,044,552	\$ 112,736,549

PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30TH SEPTEMBER 2020

13. INTANGIBLE ASSETS

ORIGINAL COST	COMPUTER SOFTWARE
COST AT 30/09/2019	\$ 4,624,842
ADDITIONS	\$ 48,562
DISPOSALS	\$ -
COST AT 30/09/2020	\$ 4,673,404
ACCUMULATED AMORTISATION	33.33%
BALANCE B/F 30/09/2019	\$ (3,570,053)
CHARGE FOR THE PERIOD DISPOSALS	\$ (589,981)
BALANCE C/F 30/09/2020	\$ (4,160,034)
NET BOOK VALUE	
AS AT 30/09/2020	\$ 513,369
AS AT 30/09/2019	\$ 1,054,789

PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30TH SEPTEMBER 2020

	For the Year Ended 30th SEPT 2020	For the Year Ended 30th SEPT 2019
	\$	\$
14. INVENTORIES		
OIL STOCK	228,161	522,693
FUEL STOCK	472,114	508,977
TRADERS TICKETS	167,907	118,639
TIRES	2,892,989	1,476,291
SPARES	49,776,644	45,259,146
STATIONERY	80,991	235,705
MATERIALS	297,814	71,472
UNIFORMS	-	-
	<u>53,916,619</u>	<u>48,192,924</u>
15. DEBTORS & PREPAYMENTS		
DEBTORS	17,088,247	24,316,713
PROVISION FOR DOUBTFUL DEBTS	(7,080,125)	(7,080,125)
LOANS TO OFFICERS	99,095	50,612
SALARY ADVANCE	724,397	245,754
VACATION ADVANCE	114,301	231,445
INTEREST RECEIVABLE	1,893	1,790
VAT RECEIVABLE	5,341,239	365,511
ACCRUED INCOME	-	5,627,343
PREPAID INSURANCE	1,556,725	1,441,769
PREPAID EXPENSES (OTHER)	2,290,713	2,290,713
INSURANCE CLAIM RECEIVABLE	462,544	318,814
PREPAID EXPENSES	<u>1,685,501</u>	<u>17,735,050</u>
	<u>22,284,531</u>	<u>45,545,389</u>
16. SHORT TERM INVESTMENTS		
FIXED DEPOSIT- TRUSTEE POOL	-	4,472,013
UTC NO 2214864-2	1,543,204	1,520,419
UTC-CORPORATE FUND#0000405-008	<u>4,017,260</u>	<u>-</u>
	<u>5,560,464</u>	<u>5,992,432</u>

PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30TH SEPTEMBER 2020

	For the Year Ended 30th SEPT 2020	For the Year Ended 30th SEPT 2019
17. CASH AND CASH EQUIVALENTS	\$	\$
FACILITY ADMIN CASHIER	4,600	5,400
PETTY CASH ENGINEERING	5,000	5,000
PETTY CASH POINT FORTIN	2,500	2,500
PETTY CASH GRANDE	4,000	4,000
PETTY CASH HEAD OFFICE	10,000	10,000
PETTY CASH SAN FERNADO	13,000	18,000
PETTY CASH TOBAGO	13,000	13,000
REPUBLIC NO 150244235101	8,128	163,398
REPUBLIC NO 150244234301	2,755,536	6,411,279
FCB LINX 2008733	914	835,889
FCB USD ACCOUNT-2453589	180	2,041,450
PREPAID M/CARD5258290001367643	6,934	-
FCB NO 1112882	15,184,999	25,809,728
	<u>18,008,791</u>	<u>35,319,645</u>
18. REVALUATION RESERVE		
REVALUATION RESERVE	<u>7,181,390</u>	<u>7,181,390</u>
19. CREDITORS AND ACCRUALS		
CREDITORS	14,846,961	25,806,263
ACCRUALS	30,669,516	16,402,636
SPECIAL PROJECT	49,500	-
SALARIES / WAGES PAYABLE	9,631,618	6,605,476
UNCLAIMED BENEFITS TO DECEASED	329,896	297,169
PENSIONS PAYABLE	461,189	368,439
SEVERANCE PAYABLE	1,408,554	2,389,056
GRATUTITY PAYABLE	521,980	626,225
OTHER DEDUCTIONS PAYABLE	41,444	10,317
MAXI TAXI T'DAD PAYABLE	1,819,834	8,738,513
MAXI TAXI TGO PAYABLE	-	533,851
PAYE PAYABLE	473,308	1,505,354
NIS PAYABLE	2,378,131	1,751,053
HEALTH SURCHARGE PAYABLE	2,763	57,287
UNION DUES PAYABLE	28,295	586
CREDIT UNION DEDUCTION - PAYABLE	941,789	115,169
MORTGAGE DEDUCTIONS PAYABLE	47,135	1,100
INSURANCE PAYABLE	103,756	7,862
COURT MAINTENANCE	13,385	600
ACCRUED INTEREST	-	215,352
STALE DATED CHEQUES PAYABLE	704,166	588,295
REFUNDABLE DEPOSITS	420,617	396,979
	<u>64,893,837</u>	<u>66,417,582</u>

PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30TH SEPTEMBER 2020

	For the Year Ended 30th SEPT 2020	For the Year Ended 30th SEPT 2019
20. LOANS/BONDS-CURRENT PORTION		
CITICORP \$130.1M BOND	-	2,155,155
FCB \$93.6M BOND	-	6,243,020
UTC TT \$41.3 M LOAN	-	2,065,000
	<u>-</u>	<u>10,463,175</u>

21. GOVERNMENT GRANTS RECEIVED

ACQUISITION OF BUSES	11,826,787	21,482,472
RELOCATION TO OAS	9,848,986	12,993,137
PSIP- CONSTRUCTION PROJECTS	6,848,245	4,518,830
FLEET MAINTENANCE	26,603,844	32,537,193
IT DEVELOPMENT PROJECT- MAXIMO	-	562,748
LOANS AND BONDS - CITICORP 130.1M 06/21	2,209,033	4,809,615
LOANS AND BONDS - 41.3M LOAN	2,115,732	4,484,286
LOANS AND BONDS - FCB 93.645 M BOND	6,522,379	6,893,327
PENSIONS	9,589,000	8,767,780
SALARIES & WAGES, COLA AND NIS CONTRIBUTION	192,445,994	178,690,920
SECURITY	10,960,343	13,386,735
SEVERANCE	3,897,080	3,522,773
INSURANCE	5,786,464	3,405,970
TOTAL	<u>288,653,887</u>	<u>296,055,786</u>

22. GOVERNMENT GRANTS

BALANCE BROUGHT FORWARD	489,145,359	449,902,066
ADD AMOUNTS RECEIVED	288,653,887	296,055,786
LESS AMOUNTS TRANSFERRED TO INCOME	(269,413,343)	(256,812,492)
ADJUSTMENT TO ACCUMMULATED DEPRECIATION	3,423,244	-
	<u>511,809,146</u>	<u>489,145,359</u>

PUBLIC TRANSPORT SERVICE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2020

23. LOANS AND BONDS

- 1) The PTSC borrowed TT \$130.1 million under government guarantee from Citicorp Merchant Bank Limited. The arrangement involved the issue and sale of floating and fixed rate bonds 1994 - 2019. The full amount of this loan has been drawn down and the issue date was December 21st 1994. During the first three years of issue, interest was accrued and added to the principal in June 1998 the principal and capitalized interest would be repaid. Interest payments are semi-annual , due in June and December each year. The principal is payable in forty-four semi-annual payments of \$2,155,158 from June 1998. This bond was taken to finance the VESP package offered to staff in 1994. This Loan has been fully repaid December 2019.
- 2) The PTSC borrowed TT\$93.6 million under government guarantee from First Citizens Bank Limited. The arrangement involved the issue and sale of fixed rate bonds 2005 - 2020. The full amount of this bond has been drawn down and the issue date was April 29th 2005. Interest payments are semi-annual , due in April and October each year. The principal is payable in thirty semi-annual payments of \$3,121,509 from October 2005. The annual interest rate is 5.95%. This bond was taken to refinance the fixed portion of the \$130M bond and to pay outstanding creditors. This Loan has been fully repaid April 2020.
- 3) In December 2009, 85 Chinese manufactured Yutong buses were acquired at a cost of \$66.3M of which the government provided \$25M and the balance of \$41.3M funded by the Unit Trust Corporation to VMCOTT being the agency responsible for the acquisition of these buses. By Cabinet Note No. 496 dated August 12, 2010 the ownership of these buses was transferred to PTSC. This Loan has been fully repaid March 2020.

24. CONTINGENT LIABILITIES

At year end, the Corporation had contingent liabilities of \$14.9m arising in the ordinary course of business.

25. FREE TRAVEL

The annual value of free travel for persons over 60 years and school children is approximately \$10m of which \$5m is received annually from the Ministry of Social Development (MOSD). However in fiscal 2020 due to the COVID-19 pandemic restrictions from March 2020 total free travel was reduced by 48% to \$5.2m of which \$4.5m was received from MOSD.

PUBLIC TRANSPORT SERVICE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2020

26. INVENTORY

IAS 2 Inventories, requires inventories to be measured at the lower of cost and net realizable value (NRV). PTSC does not hold inventory for resale, however, has in store items of spare parts and consumables for the maintenance and efficient running of its service fleet that can be considered material and should be valued as per Standard stated above.

The Corporation implemented the Maximo Asset Management System in 2018 as a mechanism to control the use and reporting of inventory bought and used. Integral to this process was the revision of current procedures and controls for the receiving and issuing of inventory and the mapping of these in Process Maps. A dedicated team from the Finance Department is assigned full time to inventory, with the aim to strengthen the monitoring, reporting and reconciliation of physical inventory counts to the General Ledger. A 100% inventory count was performed at year-end.

28. ACCRUALS

At year end, \$23.8 m was accrued for outstanding vacation leave due to employees.

29. KEY MANAGEMENT PERSONNEL

Included in the Administration Contracted Salaries is the sum of \$3.9m for key contracted management personnel.

Director's fees and expenses amounted to \$.663m for the year ended 30/9/2020

30. OVERDRAFT FACILITIES/ PLEDGED ASSETS

PTSC has secured a \$5M overdraft facility at FCB via Letter of Comfort from Government on 15th June 2000 as well as an overdraft facility of \$5m at the Republic Bank LTD (RBL) to finance working capital requirements of the Corporation. RBL has a lien over PTSC's UTC Corporate Fund of \$4m and a guarantee dated 21/12/1970 by the Ministry of Finance stamped to cover \$1,500,000 for this overdraft facility.

31. PRIOR PERIOD ADJUSTMENT

Prior Period Adjustment of \$3.8m represent Input Vat Unrecoverable for the period April 2017- Sept 2019 which resulted from the use of the VAT Formula approved by the Board of Inland Revenue.