



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 2016

The accompanying financial statements of the Public Transport Service Corporation (the Corporation) for the year ended 30th September 2016 have been audited. The statements as set out on pages 1 to 28 comprise a Statement of Financial Position as at 30th September 2016, and the Statement of Comprehensive Income, a Statement of Changes in Equity and a Statement of Cash Flows for the year ended 30th September 2016 and Notes to the Financial Statements outlined at pages 7 to 28, including a summary of significant accounting policies.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The management of the Corporation is responsible for the preparation and fair presentation of these Financial Statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

3. The Auditor General's responsibility is to express an opinion on these financial statements based on the audit. The audit was carried out 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 audit was conducted in accordance with accepted auditing standards which require that ethical requirements be complied with and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. It is my view that the audit evidence obtained is sufficient and appropriate to provide a basis for the adverse audit opinion.

BASIS FOR ADVERSE OPINION

STATEMENT OF FINANCIAL POSITION

PROPERTY PLANT AND EQUIPMENT (Note 12) -\$110,826,472

6. The Asset Register recorded a composite figure for both Land \$23,617,393 and Buildings \$25,277,238. A listing of the individual assets by acquisition cost in both categories of Land and of Buildings was not produced for audit. Therefore the correctness of the Land and the Buildings categories of assets were not verified.

NON-CURRENT LIABILITIES - GOVERNMENT GRANTS (Note 23) \$428,018,546

6.1 Documentary evidence produced and explanation provided were insufficient to verify the correctness of the reported balance.

ADVERSE OPINION

7. In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion at paragraphs 6 to 6.1 above, the financial statements do not present fairly, the financial position of the Public Transport Service Corporation as at 30th September 2016 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

8. 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

9. 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 provisions of sections 116 and 119 of the Constitution of the Republic of Trinidad and Tobago.

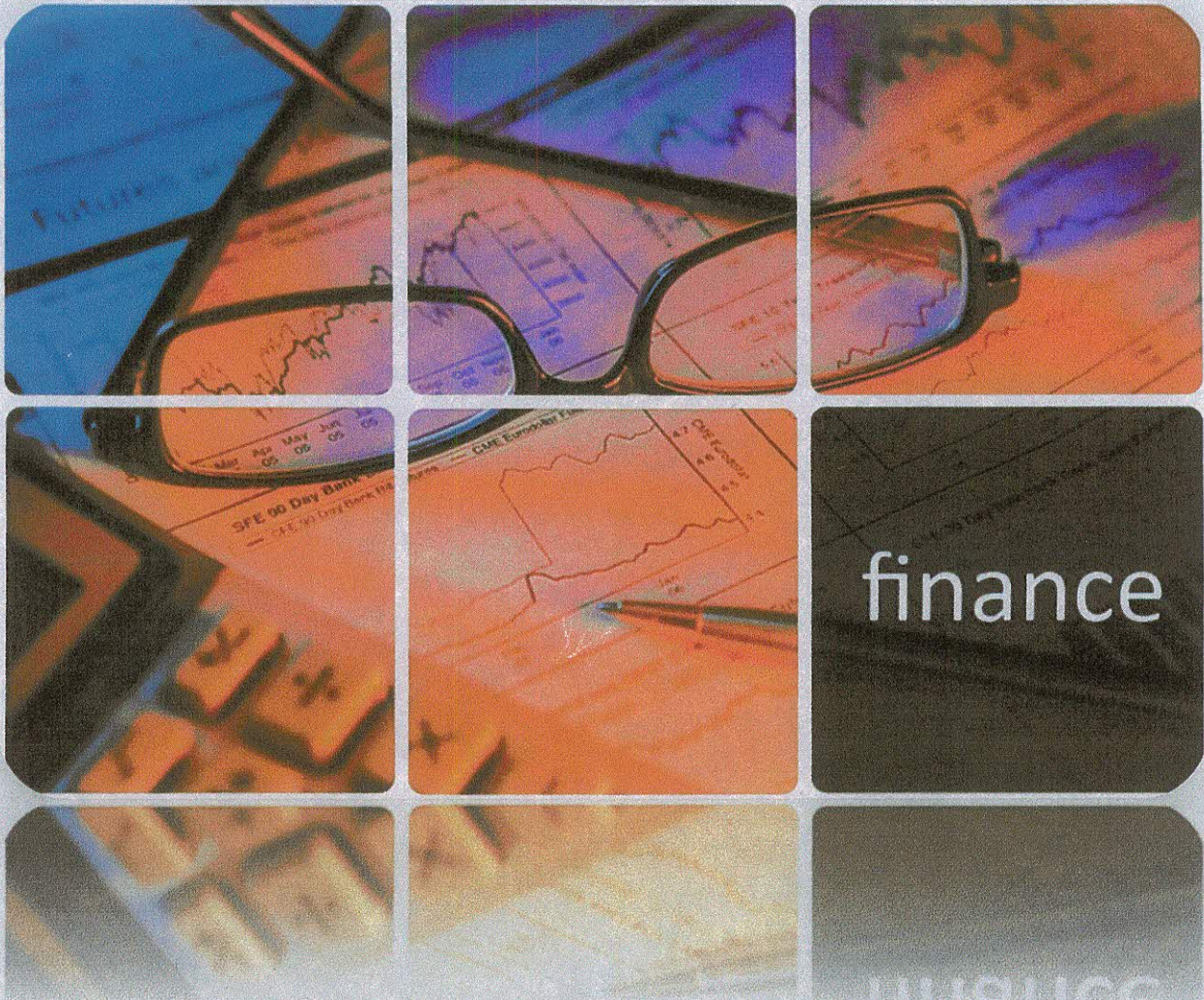


25TH OCTOBER, 2019
PORT OF SPAIN


LORELY PUJADAS
AUDITOR GENERAL



PUBLIC TRANSPORT SERVICE CORPORATION



FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2016

PUBLIC TRANSPORT SERVICE CORPORATION
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FOR THE YEAR ENDED 30TH SEPTEMBER , 2016

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PUBLIC TRANSPORT SERVICE CORPORATION
STATEMENT OF FINANCIAL POSITION
AS AT 30TH SEPTEMBER, 2016

		AS AT SEPT 2016	AS AT SEPT 2015
ASSETS	NOTES		
NON-CURRENT ASSETS		\$	\$
PROPERTY PLANT AND EQUIPMENT	12	110,826,472	132,005,608
INTANGIBLE ASSETS	13	144,999	227,393
		<u>110,971,471</u>	<u>132,233,001</u>
CURRENT ASSETS			
INVENTORIES	14	52,325,665	52,277,980
DEBTORS AND PREPAYMENTS	15	26,560,324	23,405,283
SHORT TERM INVESTMENT	16	5,822,140	5,764,229
CASH AND CASH EQUIVALENTS	17	8,436,662	17,849,428
		<u>93,144,791</u>	<u>99,296,920</u>
TOTAL ASSETS		<u>204,116,262</u>	<u>231,529,921</u>
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
REVALUATION RESERVE	18	7,181,390	7,181,390
ACCUMULATED DEFICIT		(362,441,719)	(457,125,471)
		<u>(355,260,329)</u>	<u>(449,944,081)</u>
NON-CURRENT LIABILITIES			
LOANS & BONDS - LONG TERM	20, 24	39,829,847	40,058,182
GOVERNMENT GRANTS	23	428,018,546	445,342,317
		<u>467,848,393</u>	<u>485,400,498</u>
CURRENT LIABILITIES			
CREDITORS AND ACCRUALS	19	76,844,864	128,520,170
SHORT TERM LOAN	20, 24	-	57,000,000
LOANS AND BONDS - CURRENT	20, 24	14,683,334	10,553,334
		<u>91,528,198</u>	<u>196,073,504</u>
TOTAL EQUITY AND LIABILITIES		<u>204,116,262</u>	<u>231,529,921</u>



VICE CHAIRMAN

CHAIRMAN



PUBLIC TRANSPORT SERVICE CORPORATION
 Railway Buildings South Quay, Port of Spain
 Trinidad W.I.

GENERAL MANAGER

DATE

PUBLIC TRANSPORT SERVICE CORPORATION
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH SEPTEMBER, 2016

	Notes ()	AS AT SEPT 2016 \$	AS AT SEPT 2015 \$
OPERATING INCOME	5	84,979,443	80,849,623
COST OF OPERATIONS	6	(242,505,857)	(252,392,047)
		<hr/>	<hr/>
GROSS PROFIT/(LOSS) ON OPERATIONS		(157,526,413)	(171,542,424)
OTHER COMPREHENSIVE INCOME	9	3,749,948	4,924,067
DISTRIBUTION EXPENSES	7	(1,926,613)	(2,172,450)
ADMINISTRATIVE EXPENSES	10	(130,467,779)	(146,702,146)
FINANCE COST	11	(3,975,678)	(4,367,136)
OPERATING NET LOSS BEFORE GOVERNMENT GRANT		(290,146,536)	(319,860,089)
GOVERNMENT GRANTS	8, 22	327,830,289	318,212,797
SURPLUS / (DEFICIT) AFTER GOVERNMENT GRANT		37,683,753	(1,647,291)

The surplus of \$37.6m in 2016 represents a timing difference in the receipt of government subvention and the accounting period for recording of expenditure.

Expenditure	Amount \$
Principal repayment on \$130.1m Bond	4,310,315
Principal repayment on \$93.6m Bond	6,243,019
Sub total	10,553,334
Severance pay/Gratuity -expensed in 2015	5,100,000
Creditors- expensed in 2015	11,477,085
Total	37,683,753

**PUBLIC TRANSPORT SERVICE CORPORATION
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH SEPTEMBER 2016**

	CAPITAL RESERVE	ACCUMULATED DEFICIT	CAPITAL AND RESERVES
	\$'000	\$'000	\$'000
FOR THE YEAR ENDED 30TH SEPTEMBER , 2016			
BALANCE AS AT 1ST OCTOBER, 2015	7,181,390	(457,125,471)	(449,944,081)
SURPLUS FOR THE YEAR		37,683,753	37,683,753
PRIOR PERIOD ADJUSTMENTS- Note 25		57,000,000	57,000,000
BALANCE AS AT 30TH SEPTEMBER , 2016	<u>7,181,390</u>	<u>(362,441,719)</u>	<u>(355,260,329)</u>

FOR THE YEAR ENDED 30TH SEPTEMBER , 2015

BALANCE AS AT 1ST OCTOBER, 2014	7,181,390	(455,478,180)	(448,296,790)
DEFICIT FOR THE YEAR		(1,647,291)	(1,647,291)
BALANCE AS AT 30TH SEPTEMBER , 2015	<u>7,181,390</u>	<u>(457,125,471)</u>	<u>(449,944,081)</u>

PUBLIC TRANSPORT SERVICE CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30th SEPTEMBER, 2016

	SEPT 2016 \$	SEPT 2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
NET SURPLUS/(DEFICIT) FOR THE YEAR	37,683,753	(1,647,294)
ADJUSTMENTS FOR :		
DEPRECIATION	24,860,163	29,405,041
LOSS ON DISPOSALS	-	6
PRIOR YEAR ADJUSTMENTS - Note 25	57,000,000	-
INTEREST EXPENSE	3,873,387	3,980,959
	<u>123,417,302</u>	<u>31,738,712</u>
CHANGES IN WORKING CAPITAL		
NET CHANGE IN INVENTORIES	(47,685)	(11,162,538)
NET CHANGE IN SHORT TERM INVESTMENTS	(57,911)	2,905,087
NET CHANGE IN DEBTORS AND PREPAYMENTS	(3,155,041)	9,167,481
NET CHANGE IN CREDITORS AND ACCURALS	(51,675,306)	(20,504,442)
NET CHANGE IN GOVERNMENT GRANTS	(17,323,771)	8,423,818
TRANSFER OF LOAN FROM ACCURALS- Note 24(3)	14,455,000	-
NET CASH FROM OPERATING ACTIVITIES	<u>65,612,589</u>	<u>20,568,118</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
PURCHASE OF PROPERTY ,PLANT AND EQUIPMENT	(3,598,634)	(47,672,317)
NET CASH USED IN INVESTING ACTIVITIES	<u>(3,598,634)</u>	<u>(47,672,317)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
PAYMENTS OF LOANS AND BONDS	(71,426,722)	(14,534,292)
ACQUISITION OF LOANS	-	57,000,000
NET CASH USED IN FINANCING ACTIVITIES	<u>(71,426,722)</u>	<u>42,465,708</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(9,412,767)</u>	<u>15,361,509</u>
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE YEAR	17,849,428	-
CASH AND CASH EQUIVALENTS AS AT END OF THE YEAR	<u><u>8,436,662</u></u>	<u><u>15,361,509</u></u>
REPRESENTED BY		
CASH IN HAND AND AT BANK	8,436,662	17,849,428
	<u><u>8,436,662</u></u>	<u><u>17,849,428</u></u>

PUBLIC TRANSPORT SERVICE CORPORATION

NOTES TO THE QUARTERLY FINANCIAL STATEMENTS

30th SEPTEMBER 2016

1. Incorporation and Principal Activities:

The Public Transport Service Corporation (PTSC) was incorporated by 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.

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 & Tobago dollars. These financial statements are prepared under the historical cost convention, as modified by the revaluation of investment property and equity investments at fair value.

(b) Use of estimates-

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgement in the process of applying the Corporation's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

(c) Adoption of new and revised IFRSs and IFRICs-

During the current year the Corporation adopted all the new and revised International Financial Reporting Standards (IFRSs) and International Financial Reporting Interpretations (IFRICs) which are relevant to its operations and are effective for accounting periods commencing on or before 1 January 2012. The adoption of these Standards did not have a material effect on the financial statements. At the date of authorisation of these financial statements, some standards were in issue but not yet effective. The Board of Directors expects that the adoption of these Standards in future periods will not have a material effect on the financial statements of the Corporation.

PUBLIC TRANSPORT SERVICE CORPORATION

NOTES TO THE QUARTERLY FINANCIAL STATEMENTS

30th SEPTEMBER 2016

2. Significant Accounting Policies: (Cont'd):

(d) Cash and Cash Equivalents

Cash and Cash Equivalents include cash in hand and at bank and for the purpose of the statement of cash flows, bank overdrafts .

(e) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of the inventories are determined on a first-in-first-out basis. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling, marketing and distribution expenses.

(f) Property, Plant and Equipment

Lands and Buildings owned by the Corporation on 31 December 1973 are shown at their valuation as at that date. Subsequent additions to Lands and Building and are valued at cost.

Property, Plant and Equipment are stated at historical cost less accumulated depreciation. Depreciation is calculated using the straight line method to allocate their cost over their estimated useful life. The following annual rates are used for the depreciation of property, plant and equipment:

Building and Improvements	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%		

Property, Plant and Equipment under construction are recorded as construction in progress until ready for their intended use; thereafter they are transferred to the related category of Property, Plant and Equipment and depreciated over their estimated useful lives.

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.

(g) Intangible Asset

The Corporation's intangible assets are initially recorded at cost and subsequently measured at cost less accumulated amortisation and any accumulated impairment losses. Any loss or gain on disposal is reflected in net income for the year. Amortisation is provided on the straight line basis over three years which is

PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE QUARTERLY FINANCIAL STATEMENTS

30th SEPTEMBER 2016

estimated to write the costs of the assets over their estimated useful lives. Annual license fees and maintenance costs are expensed as incurred.

2. Significant Accounting Policies: (Cont'd):

(h) Foreign currency transactions-

Foreign currency transactions are translated into the functional 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 recognised in the Statement of Comprehensive Income.

(i) 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 recognised 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 derecognised 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 derecognised 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 QUARTERLY FINANCIAL STATEMENTS

30th SEPTEMBER 2016

2. Significant Accounting Policies: (Cont'd):

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 reorganisation.
- 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.

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 recognised are not included in a collective assessment of impairment.

PUBLIC TRANSPORT SERVICE CORPORATION

NOTES TO THE QUARTERLY FINANCIAL STATEMENTS

30th SEPTEMBER 2016

Impairment losses are recorded in an allowance account and are measured and recognised as follows:

2. Significant Accounting Policies: (Cont'd):

i) Financial assets measured at amortised 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 recognised 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 recognised (such as improvement in the debtor's credit rating), the previously recognised loss is reversed to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised at the date that the impairment is reversed. The amount of the reversal is recognised in the Statement of Comprehensive Income.

i) Financial assets measured at cost

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 recognised in the Statement of Comprehensive Income. These losses are not reversed.

Financial Liabilities

When financial liabilities are recognised 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 derecognised 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 recognised in the Statement of Comprehensive Income.

Cash resources

Cash resources consist of cash, bank balances, and highly liquid investments that are carried at cost, which approximates market value.

PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE QUARTERLY FINANCIAL STATEMENTS

30th SEPTEMBER 2016

2. Significant Accounting Policies: (Cont'd):

(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 capitalisation.

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

(k) Government grants-

Government grants are recognised 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 recognised.

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

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

(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

PUBLIC TRANSPORT SERVICE CORPORATION

NOTES TO THE QUARTERLY FINANCIAL STATEMENTS

30th SEPTEMBER 2016

Business Levy. The Corporation is registered for Value Added Tax (VAT) and generally receives VAT 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 recognised 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 recognised 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.

(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

PUBLIC TRANSPORT SERVICE CORPORATION

NOTES TO THE QUARTERLY FINANCIAL STATEMENTS

30th SEPTEMBER 2016

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.

3. Financial Risk Management (Cont'd)

Financial risk factors

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 minimising 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 QUARTERLY FINANCIAL STATEMENTS

30th SEPTEMBER 2016

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.

3. Financial Risk Management (Cont'd)

Financial risk factors –(Cont'd)

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 recognised 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 minimise 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.

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 endeavours to engender trust and minimize this risk.

PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE QUARTERLY FINANCIAL STATEMENTS

30th SEPTEMBER 2016

4. Critical Accounting Estimates and Judgements:

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make judgements, estimates and assumptions in the process of applying the Corporation's accounting policies. See Note 2(b).

Estimates and judgements 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.

The critical judgements, 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 judgements) 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

Management assesses at each Statement of Financial Position date whether assets are impaired. An asset is impaired when the carrying value is greater than its recoverable amount and there is objective evidence of impairment. Recoverable amount is the present value of the future cash flows. Provisions are made for the excess of the carrying value over its recoverable amount.

ii) Plant and equipment

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

PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2016

5. OPERATING INCOME

	AS AT SEPT 2016 \$	AS AT SEPT 2015 \$
KNOW YOUR COUNTRY TOURS - TRINIDAD	1,110,379	854,513
MAXI TAXI INSPECTION FEES - PORT OF SPAIN	43,980	45,370
MAXI TAXI INSPECTION FEES -TOBAGO	5,000	4,970
MAXI TAXI FEES - TRINIDAD	51,730,571	47,858,595
MAXI TAXI FEES - TOBAGO	6,026,740	5,494,133
MIN. OF SOCIAL DEVELOPMENT - PENSIONERS	5,130,000	5,130,000
MONTHLY/WEEKLY TRAVEL	58,319	75,482
SALE OF TICKETS - POINT FORTIN	339,337	383,345
SALE OF TICKETS - PORT OF SPAIN	3,453,072	3,315,182
SALE OF TICKETS - SAN FERNANDO	701,483	880,802
SALE OF TICKETS - TOBAGO	464,906	461,208
SALE OF TICKETS - DELUXE COACH- SANGRE GRANDE	-	264,073
SALE OF TICKETS - DELUXE COACH- PORT OF SPAIN	-	2,140,361
SALE OF TICKETS - DELUXE COACH- SAN FERNANDO	-	2,003,579
SPEC EVENTS/TOURS - PORT OF SPAIN	4,356,986	4,920,756
SPEC EVENTS/TOURS/CHARTERS - TOBAGO	158,160	114,870
TICKET SALE - IN HOUSE -CHAGUANAS	84,846	110,695
TICKET SALE - IN HOUSE -POINT FORTIN	4,300	5,600
TICKET SALE - IN HOUSE -SANGRE GRANDE	427,023	153,478
TICKET SALE - IN HOUSE- PORT OF SPAIN	7,687,407	5,347,107
TICKET SALE - IN HOUSE CUREPE	130,389	136,238
TICKET SALE - IN HOUSE -SAN FERNANDO	3,066,546	1,149,267
	<hr/>	<hr/>
TOTAL OPERATING INCOME	<u>84,979,443</u>	<u>80,849,623</u>

PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2016

6.COST OF OPERATIONS

	AS AT SEPT 2016	AS AT SEPT 2015
	\$	\$
DEPRECIATION REVENUE VEHICLES	19,217,211	24,468,764
FUEL AND OIL	9,978,085	8,148,575
INSURANCE - REVENUE VEHICLES	3,859,824	3,735,884
MAXI TAXI DIRECT	48,825,317	46,134,375
REPAIR /MAINTENANCE - REVENUE VEHICLE	26,313,412	25,635,262
KNOW YOUR COUNTRY	97,070	94,669
WAGES	124,099,711	133,960,077
NIS	9,630,075	9,418,403
TICKETS	203,587	167,416
UNIFORMS	281,566	628,623
	<u>242,505,857</u>	<u>252,392,047</u>

7. DISTRIBUTION EXPENSES

	\$	\$
ADVERTISING	518,136	1,089,608
MOTOR VEHICLE	90,583	98,655
BAD DEBTS	520,734	-
DONATIONS	12,991	121,277
TRAVEL	784,168	862,910
	<u>1,926,613</u>	<u>2,172,450</u>

PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2016

	AS AT SEPT 2016 \$	AS AT SEPT 2015 \$
8. GOVERNMENT GRANT	327,830,289	318,212,797
TOTAL	327,830,289	318,212,797

9. OTHER INCOME

BANK INTEREST	58,444	93,627
BAD DEBT RECOVERED	79,200	-
BILLBOARD AND WALL ADVERTISEMENTS	679,428	2,152,900
COMMERCIAL SERVICES - PORT OF SPAIN	175,507	17,175
COMMERCIAL SERVICES- TOBAGO	80	-
CONCESSIONAIRE BOOTHS	1,617,194	1,828,019
INSURANCE CLAIMS	184,119	-
OTHER MISC INC- PORT OF SPAIN	15,908	37,777
OTHER MISC INC -SAN FERNANDO	3,009	1,512
OTHER MISC INC - TOBAGO	170	630
PUB SERV VEH LICENSE FEE	167,500	189,000
GAIN OR LOSS ON DISPOSAL	-	(6)
SALE OF ASSETS	29,544	11,680
SHORT TERM RENTAL	69,991	76,909
TENANCY CONTRACTS	60,640	25,544
RENT TRANSIT MALL- SAN JUAN	312,701	219,582
RENT TRANSIT MALL- CUREPE	171,147	119,797
RENT TRANSIT MALL- ARIMA	37,565	46,957
RENT TRANSIT MALL- TUNAPUNA	75,590	75,590
RENT TRANSIT MALL- SAN FERNANDO	7,044	7,044
TRAINING SERVICES	5,167	20,329
TOTAL	3,749,948	4,924,067

PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2016

<u>10.ADMINISTRATIVE EXPENSES</u>	AS AT SEPT 2016	AS AT SEPT 2015
	\$	\$
SALARIES	33,788,713	35,854,709
WAGES	13,912,639	14,402,172
CONTRACT SALARIES	9,263,901	14,354,616
CONTRACT WAGES	8,665	180,028
COLA	1,281,622	1,182,866
SHIFT BONUS	200,930	249,328
OVERTIME	919,215	1,836,671
NIS	4,241,405	4,311,617
PENSION	9,122,575	9,280,552
GRATURITY	5,567,493	10,272,637
EX-GRATIA PAYMENT	6,718,198	54,492
GROUP LIFE	2,328,040	2,413,657
OTHER ALLOWANCE	141,396	167,685
TRAINING	306,587	600,627
DIRECTORS EXPENSES	273,116	510,280
AUDIT FEES	12,306	129,806
LEGAL FEES	679,386	722,108
CONSULTING FEES	1,837,675	1,859,259
MEMBERSHIP FEES	-	71,034
CELLULAR CHARGES	274,870	466,654
ELECTRICITY	2,075,214	2,155,821
TELEPHONE	543,565	745,206
WATER RATES	142,520	172,641
INTERNET	614,508	470,874
CABLE	32,848	38,421
INSURANCE	1,173,231	1,491,662
RENT	3,388,576	3,403,578
REPAIRS & MAINTENANCE	4,420,828	7,348,423
SECURITY	18,929,133	22,473,390
BOOKS/NEWSPAPERS/PERIODICALS	17,347	17,060
POSTAGE	4,364	5,239
STATIONERY	331,932	398,821
COURIER	2,899	3,319
COMPUTER PARTS & ACCESSORIES	525,160	528,561
SAFETY ATTIRE EQUIPMENT	140,786	189,549
OTHER OFFICE EXPENSES	311,051	509,372
DEPRECIATION	5,642,953	4,936,278
ENTERTAINMENT	227,874	583,142
FREIGHT	973,757	2,128,222
COMMERCIAL REPAIRS	53,422	144,663
DISPOSAL OF TYRES	37,080	37,110
	<hr/>	<hr/>
TOTAL	<u>130,467,779</u>	<u>146,702,146</u>

PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2016

11. FINANCE COST	AS AT SEPT 2016	AS AT SEPT 2015
	\$	\$
LOAN INTEREST - BANK	1,439,279	1,265,708
CITICORP \$130.1M BOND INTEREST	778,948	761,982
FCB \$93.6M BOND INTEREST	1,655,160	1,953,269
OVERDRAFT INTEREST - REPUBLIC	20,471	273,681
OVERDRAFT INTEREST - FCB	<u>3,610</u>	<u>18,689</u>
LOAN & BOND INTEREST	<u>3,897,467</u>	<u>4,273,329</u>
 BANK CHARGES	 78,211	 93,806
 BANK CHARGES	 <u>78,211</u>	 <u>93,806</u>
 TOTAL	 <u><u>3,975,678</u></u>	 <u><u>4,367,136</u></u>

PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2016
(continued)

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 30/9/2015	\$ 23,617,393	\$ 103,370,919	\$ 38,028,045	\$ 485,215,872	\$ 3,247,582	\$ 12,067,556	\$ 7,126,531	\$ 672,673,898
ADDITIONS		\$ 5,963,137	\$ 1,797,631	\$ -	\$ -	\$ 201,435	\$ (4,427,770)	\$ 3,534,433
DISPOSALS	-	-	-	-	-	-	-	\$ -
COST AT 30/9/2016	\$ 23,617,393	\$ 109,334,056	\$ 39,825,676	\$ 485,215,872	\$ 3,247,582	\$ 12,268,991	\$ 2,698,761	\$ 676,208,331
ACCUMULATED DEPRECIATION		5%	15%	12.5%	25%	15%		
BALANCE B/F 30/9/2015	\$ -	\$ (82,060,674)	\$ (28,983,889)	\$ (416,092,634)	\$ (3,247,582)	\$ (10,283,510)	\$ -	\$ (540,668,289)
CHARGE FOR THE PERIOD		\$ (1,996,146)	\$ (2,846,471)	\$ (19,217,211)	\$ -	\$ (653,742)		\$ (24,713,569)
DISPOSALS								\$ -
BALANCE C/F 30/9/2016	\$ -	\$ (84,056,820)	\$ (31,830,360)	\$ (435,309,845)	\$ (3,247,582)	\$ (10,937,252)	\$ -	\$ (565,381,858)
NET BOOK VALUE								
AS AT 30/09/2016	\$ 23,617,393	\$ 25,277,236	\$ 7,995,316	\$ 49,906,027	\$ 0	\$ 1,331,739	\$ 2,698,761	\$ 110,826,472
AS AT 30/9/2015	\$ 23,617,393	\$ 21,310,245	\$ 9,044,156	\$ 69,123,238	\$ 0	\$ 1,784,046	\$ 7,126,531	\$ 132,005,608

PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2016
(continued)

13. INTANGIBLE ASSETS

	COMPUTER SOFTWARE
ORIGINAL COST	
COST AT 30/09/2015	\$ 2,770,365
ADDITIONS	\$ 64,201
DISPOSALS	\$ -
COST AT 30/09/2016	\$ 2,834,566
ACCUMULATED AMORTISATION	33.33%
BALANCE B/F 30/09/2015	\$ (2,542,972)
CHARGE FOR THE PERIOD DISPOSALS	\$ (146,594)
BALANCE C/F 30/09/2016	\$ (2,689,566)
NET BOOK VALUE	
AS AT 30/09/2016	\$ 144,999
AS AT 30/09/2015	\$ 227,393

PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30TH SEPTEMBER, 2016

	AS AT SEPT 2016 \$	AS AT SEPT 2015 \$
14. INVENTORIES		
OIL STOCK	386,693	539,263
FUEL STOCK	336,269	201,922
TRADERS TICKETS	305,887	397,471
TIRES	962,749	1,087,941
SPARES	49,174,124	48,974,423
STATIONERY	196,672	166,767
MATERIALS	963,272	910,194
	<u>52,325,665</u>	<u>52,277,980</u>
15. DEBTORS & PREPAYMENTS		
DEBTORS	15,862,906	15,316,522
PROVISION FOR DOUBTFUL DEBTS	(7,668,700)	(7,144,125)
LOANS TO OFFICERS	21,285	33,784
SALARY ADVANCE	308,529	190,810
VACATION ADVANCE	129,783	129,097
INTEREST RECEIVABLE	1,364	1,089
VAT RECEIVED	(110,368,652)	(103,088,928)
VAT INPUT RECOVERABLE	124,425,034	114,625,617
VAT ON SALES	(5,387,217)	(4,977,370)
PREPAID INSURANCE	1,232,108	1,266,191
PREPAID EXPENSES (OTHER)	2,290,713	2,290,713
INSURANCE CLAIM RECEIVABLE	204,818	54,840
PREPAID EXPENSES	<u>5,508,352</u>	<u>4,707,043</u>
	<u>26,560,324</u>	<u>23,405,283</u>
16. SHORT TERM INVESTMENTS		
FIXED DEPOSIT- TRUSTEE POOL	4,357,139	4,313,720
UTC NO 2214864-2	<u>1,465,001</u>	<u>1,450,509</u>
	<u>5,822,140</u>	<u>5,764,229</u>

PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30TH SEPTEMBER, 2016

	AS AT SEPT 2016 \$	AS AT SEPT 2015 \$
17. CASH ON HAND & BANK		
FACILITY ADMIN CASHIER	6,230	6,230
PETTY CASH ENGINEERING	15,000	15,000
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	18,000	18,000
PETTY CASH TOBAGO	13,000	13,000
REPUBLIC NO 150244235101	103,813	139,876
REPUBLIC NO 150244234301	1,145,962	101,460
REPUBLIC NO 150244241601	136	38
REPUBLIC NO 150244240801	288	191
FCB LINX 2008733	427,578	205,216
FCB NO 1112882	6,690,155	17,333,918
	<u>8,436,662</u>	<u>17,849,428</u>
18. REVALUATION RESERVE		
REVALUATION RESERVE	<u>7,181,390</u>	<u>7,181,390</u>
19. CREDITORS AND ACCURALS		
CREDITORS	27,214,445	41,109,241
ACCRUALS	15,910,114	34,180,136
SALARIES / WAGES PAYABLE	21,279,768	22,325,397
PENSIONS PAYABLE	482,420	421,635
SEVERANCE PAYABLE	2,303,340	5,100,438
GRATUTITY PAYABLE	809,655	767,484
OTHER DEDUCTIONS PAYABLE	8,454	7,628
MAXI TAXI TDAD PAYABLE	2,422,481	4,025,312
MAXI TAXI TGO PAYABLE	536,145	434,873
PAYE PAYABLE	2,190,125	16,401,998
NIS PAYABLE	1,711,813	1,663,635
HEALTH SURCHARGE PAYABLE	58,347	134,203
PENSIONS CONTRIBUTION PAYABLE	4,843	-
UNION DUES PAYABLE	798	1,039
CREDIT UNION DEDUCTION - PAYABLE	66,462	188,157
TAX GARNISHEE	7,143	1,139
INSURANCE PAYABLE	3,537	3,291
ACCRUED INTEREST	828,536	964,952
STALE DATED CHEQUES PAYABLE	793,861	683,419
REFUNDABLE DEPOSITS	212,575	106,194
	<u>76,844,864</u>	<u>128,520,170</u>

PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30TH SEPTEMBER, 2016

	AS AT SEPT 2016	AS AT SEPT 2015
20. LOANS /BONDS -LONG TERM		
CITICORP \$130.1M BOND	10,775,789	15,086,107
FCB \$93.6M BOND	18,729,057	24,972,076
UTC TT \$41.3 M LOAN	10,325,000	-
	<u>39,829,847</u>	<u>40,058,182</u>
20. LOANS/BONDS-CURRENT PORTION		
CITICORP \$130.1M BOND	4,310,315	4,310,315
FCB \$93.6M BOND	6,243,019	6,243,019
UTC TT \$41.3 M LOAN	4,130,000	-
	<u>14,683,334</u>	<u>10,553,334</u>
20. SHORT TERM LOAN FACILITY		
REPUBLIC BANK LTD \$57M	-	57,000,000
	<u>-</u>	<u>57,000,000</u>
21. GOVERNMENT GRANTS RECEIVED		
ACQUISITION OF BUSES	-	28,451,263
PSIP- CONSTRUCTION PROJECTS	-	6,356,418
CONTRACT EMPLOYMENT	6,120,000	-
FLEET MAINTENANCE	30,575,000	49,766,000
IT DEVELOPMENT PROJECT	-	1,059,095
LOANS AND BONDS - CITICORP 130.1M 06/21	5,046,449	5,158,304
LOANS AND BONDS - 41.3M LOAN	5,043,160	5,192,304
LOANS AND BONDS -REPUBLIC BANK \$57.3LOAN	57,776,918	-
LOANS AND BONDS - FCB 93.645 M BOND	8,012,287	8,379,167
MAXI TAXI SUPPORT	4,500,000	1,300,000
NIS CONTRIBUTION	15,696,862	12,548,000
OSHA	-	769,842
PENSIONS	9,050,000	8,914,000
SALARIES & COLA	41,838,403	36,795,000
SECURITY	20,000,000	25,137,225
SEVERANCE	16,050,000	15,000,000
INSURANCE	8,740,000	6,300,000
WAGES	139,057,439	115,510,000
TOTAL	<u>367,506,518</u>	<u>326,636,618</u>

PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2016

22 GOVERNMENT GRANTS RECOGNIZED AS INCOME	SEPT 2016	SEPT 2015
OPERATIONAL EXPENSES FUNDED BY GOVERNMENT GRANTS:		
	\$	\$
PSIP- CONSTRUCTION PROJECTS	113,675	3,126,251
CONTRACT EMPLOYMENT	6,120,000	-
FLEET MAINTENANCE	30,575,000	49,766,000
MAXI TAXI SUPPORT	4,500,000	1,300,000
NIS CONTRIBUTION	15,696,862	12,548,000
PENSIONS	9,050,000	8,914,000
SALARIES & COLA	41,838,403	36,795,000
SECURITY	20,000,000	25,137,225
SEVERANCE	16,050,000	15,000,000
INSURANCE	7,232,316	6,300,000
WAGES	139,057,439	115,510,000
TOTAL	290,233,695	274,396,476
GRANT TO OFFSET COST OF ASSET		
DEPRECIATION ON ASSETS	18,902,770	25,086,547
PRINCIPAL ON \$41.3M LOAN	4,130,000	4,130,000
LOAN INTEREST	1,575,695	1,330,356
BOND INTEREST	2,434,108	2,715,251
BONDS CAPITAL PORTION	10,554,020	10,554,168
TOTAL	37,596,593	43,816,322
TOTAL GOVERNMENT GRANTS RECOGNIZED AS INCOME	327,830,289	318,212,797
GOVERNMENT GRANT RECEIVED		
RECURRENT EXPENDITURE	299,952,498	287,631,187
CAPITAL LOAN REPAYMENT	10,554,020	10,554,168
FORTNIGHTLY BACK PAY EXPENSED IN PRIOR YEAR	57,000,000	-
PURCHASE OF BUSES	-	28,451,263
TOTAL GOVERNMENT GRANT RECEIVED	367,506,518	326,636,618
RECONCILIATION OF GOVERNMENT GRANT RECEIVED TO GRANT CREDITED TO INCOME STATEMENT		
GRANT RECEIVED	367,506,518	326,636,618
FORTNIGHTLY BACK PAY EXPENSED IN PRIOR YEAR	(57,000,000)	-
PURCHASE OF BUSES	-	(28,451,263)
UNEXPIRED INSURANCE OCTOBER -DECEMBER	(1,507,684)	-
TRANSFERRED FROM DEFERRED GOVERNMENT GRANT ACCOUNT:		
DEPRECIATION ON ASSETS	18,902,770	25,086,547
PREVIOUS YEAR PSIP PROJECTS	113,675	(5,059,104)
DIFFERENCE IN INTEREST ON SEMI ANNUAL INSTALLMENT	(184,991)	-
GOVERNMENT GRANTS RECOGNIZED AS INCOME	327,830,289	318,212,797
23 GOVERNMENT GRANTS		
BALANCE BROUGHT FORWARD	445,342,317	436,918,499
ADD AMOUNTS RECEIVED	367,506,518	326,636,618
LESS AMOUNTS TRANSFERRED TO INCOME	(327,830,288)	(318,212,797)
LESS AMOUNTS TRANSFERRED TO RETAINED EARNINGS	(57,000,000)	-
BALANCE CARRIED FORWARD	428,018,546	445,342,317

**PUBLIC TRANSPORT SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2016**

24. LOANS AND BONDS

1. The PTSC borrowed TT \$130.1 million under government guarantee from Republic Finance and Merchant 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 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 VSEP package offered to staff in 1994.
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.
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. As at 30th September 2016 the balance of \$14.4M was transferred from accruals to a loan account.
4. The Corporation secured a short term loan facility of \$57.0M in September 2015 from the Republic Bank Ltd to assist with retroactive wages payments for the period 2012 – 2014. The loan payable in 90 days with current effective interest rate 3.25% per annum. Accrued interest payable monthly with principal to be repaid in full on expiry in three (3) months December 2015.

25. PRIOR PERIOD ADJUSTMENTS

Prior Year Adjustments of \$57.0m represent government grant received in December 2015 to repay the loan principal secured in September 2015 to make retroactive payments to fortnightly paid employees for the period 2012-2014. The associated expense accrued in 2014.

26. CONTINGENT LIABILITIES AND COMMITMENTS

At the year end, the Corporation had contingent liabilities of \$2.5m arising in the ordinary course of business.