



REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF TRINIDAD AND TOBAGO ON THE FINANCIAL STATEMENTS OF THE ENVIRONMENTAL TRUST FUND FOR THE YEAR ENDED 30 SEPTEMBER 2015

The accompanying Financial Statements of the Environmental Trust Fund for the year ended 30 September 2015 have been audited. The Financial Statements comprise a Statement of Financial Position as at 30 September 2015, a Statement of Profit or Loss and other Comprehensive Income, a Statement of Movement in Funds and a Statement of Cash Flows for the year ended 30 September 2015 and Notes to the Financial Statements numbered 1 to 15.

2. The audit was conducted by a firm of Accountants appointed by the Board of Directors with the written consent of the Auditor General in accordance with section 80 (2) of the Environmental Management Act, 2000. Their Report dated 24th August, 2017 refers.

SUBMISSION OF REPORT

3. 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.

9TH AUGUST, 2019
PORT OF SPAIN




LORELLY PUJADAS
AUDITOR GENERAL

SS
20190809

**Environmental Management Authority
Environmental Trust Fund**

**Financial statements
for the year ended 30 September 2015**
(Expressed in Trinidad and Tobago dollars)

Environmental Management Authority Environmental Trust Fund

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Environmental Management Authority Environmental Trust Fund

Statement of management's responsibilities

Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of Environmental Management Authority Environmental Trust Fund ('the Authority') which comprise the statement of financial position as at [year ended], the statements of profit or loss and other comprehensive income and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- Ensuring that the Authority keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Authority's assets, detection/prevention of fraud, and the achievement of the Authority's operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these audited financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

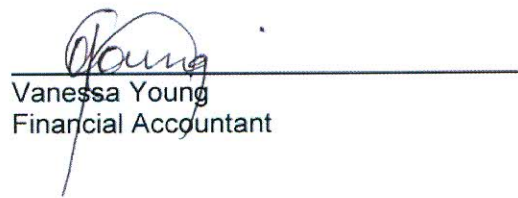
Nothing has come to the attention of management to indicate that the Authority will not remain a going concern for next twelve months from the reporting date; or up to the date; the accompanying financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.



Hayden Romano
Managing Director

24 August 2017



Vanessa Young
Financial Accountant

24 August 2017

Independent auditor's report to the Shareholder of Environmental Management Authority Environmental Trust Fund

Report on the financial statements

We have audited the accompanying financial statements of Environmental Management Authority Environmental Trust Fund (the 'Authority'), which comprise the statement of financial position as of 30 September 2015, the statement of profit or loss and other comprehensive income, the statement of movement in funds and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statement present fairly, in all material respects the financial position of the Authority as at 30 September 2015, and its financial performance and its cash flows for the year then ended in accordance with IFRS.

Deloitte & Touche
Port of Spain
Trinidad

24 August 2017



Environmental Management Authority Environmental Trust Fund


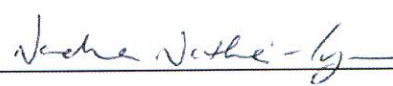
Statement of financial position

(Expressed in Trinidad and Tobago dollars)

	Notes	Year ended 30 September	
		2015	2014
		\$	\$
ASSETS			
Non-current assets			
Property, plant and equipment	8	77,331,668	74,192,545
Total non-current assets		<u>77,331,668</u>	<u>74,192,545</u>
Current assets			
Cash In hand and at bank	5	135,138,233	47,689,365
Short-term investments	6	3,100,021	3,068,063
Accounts receivable and prepayments	7	3,333,996	7,250,106
Total current assets		<u>141,572,250</u>	<u>58,007,534</u>
Total assets		<u>218,903,918</u>	<u>132,200,079</u>
LIABILITIES AND FUNDS			
Current liabilities			
Accounts payable and accruals	9	134,893,135	47,754,116
Deferred Income		-	218,725
Total liabilities		<u>134,893,135</u>	<u>47,972,841</u>
Funds			
Government of Trinidad and Tobago (GORTT)		62,158,809	62,375,264
United Nations Development Programme (UNDP)		199,131	199,131
International Bank for Reconstruction and Development (IBRD)		2,806,990	2,806,990
Other		863,709	863,709
Revaluation surplus		17,982,144	17,982,144
Total funds		<u>84,010,783</u>	<u>84,227,238</u>
Total liabilities and funds		<u>218,903,918</u>	<u>132,200,079</u>

The notes on pages 7 to 26 form an integral part of these financial statements.

On 24 August 2017, the Board of Directors of Environmental Management Authority Environmental Trust Fund authorized these financial statements for issue.

 Director
  Director

Environmental Management Authority Environmental Trust Fund

Statement of profit or loss and other comprehensive income

(Expressed in Trinidad and Tobago dollars)

	Notes	Year ended 30 September	
		2015	2014
		\$	\$
Fund income			
Government fund		45,151,763	45,545,226
Beverage container project		217,527	3,650,133
NSRCSL project fund		5,614,491	3,486,860
UNEP		220,783	-
Activities income		3,281,006	1,982,457
Highway police surveillance bays fund		163,990	-
Recycling solid waste collection project		2,948,495	-
Oil spill		3,133,852	-
Interest income		42,540	94,900
Gain on disposal of asset		-	246,175
Total income		60,774,447	55,005,751
Project expenses	13	12,141,770	9,608,953
Income after project expenditure carried forward		48,632,677	45,396,798
Other expenses			
Advertising		381,171	1,080,140
Audit fees		90,600	91,992
Conference costs		235,373	650
Contract services		548,781	897,474
Depreciation		3,297,681	2,492,962
Directors' fees and expenses		712,584	691,542
Interest and bank charges		27,130	26,746
Insurance		564,973	507,677
Loss on foreign exchange		15,995	7,546
Motor vehicle expenses		303,894	409,790
Maintenance contracts		-	746,229
Management fees		71,252	22,853
Office and general expenses		504,241	182,330
Permitting and compliance costs		280,226	393,856
Professional fees		1,836,859	2,265,890
Reference and research costs		291,588	277,592
Rent		3,828,750	2,413,138
Repairs and maintenance		1,047,201	432,765
Salaries and benefits		30,803,396	26,363,651
Security		1,150,380	907,624
Selection and recruitment		92,044	163,270
Severance		-	142,854
Supplies		1,016,310	979,467
Training		151,058	141,069
Travel		122,944	381,094
Utilities		1,474,701	1,447,700
Total operating expenditure		48,849,132	43,467,901
Total (loss) / profit for the year		(216,455)	1,928,897
Other comprehensive income		-	-
Total comprehensive income		(216,455)	1,928,897

The notes on pages 7 to 26 form an integral part of these financial statements.

Environmental Management Authority Environmental Trust Fund

Statement of movement in funds

(Expressed in Trinidad and Tobago dollars)

	GORTT Fund \$	UNDP Fund \$	IBRD Fund \$	Other Fund \$	Revaluation Surplus \$	Total \$
Year ended 30 September 2015						
Balance as at 1 October 2014	62,375,264	199,131	2,806,990	863,709	17,982,144	84,227,238
Total loss for the year	(216,455)	-	-	-	-	(216,455)
Balance at 30 September 2015	62,158,809	199,131	2,806,990	863,709	17,982,144	84,010,783
Year ended 30 September 2014						
Balance as at 1 October 2013 previously reported	60,446,367	258,847	2,806,990	863,709	17,982,144	82,358,057
Prior year adjustment	-	(59,716)	-	-	-	(59,716)
Total profit for the year	1,928,897	-	-	-	-	1,928,897
Balance at 30 September 2014	62,375,264	199,131	2,806,990	863,709	17,982,144	84,227,238

Environmental Management Authority Environmental Trust Fund

Statement of cash flows

(Expressed in Trinidad and Tobago dollars)

	Notes	Year ended 30 September 2015	2014
		\$	\$
Cash flows from operating activities			
(Loss) / profit for year		(216,455)	1,928,896
Prior year equity adjustment		-	(59,716)
Adjustments for non-cash items:			
Depreciation	8	3,624,256	2,657,626
Gain on disposal of fixed assets		-	(240,464)
		3,407,801	4,286,342
Movement in working capital			
Net change in accounts receivable and prepayments		3,916,110	(4,459,845)
Net change in accounts payable and accruals		87,139,019	27,008,871
Net change in deferred income		(218,725)	(126,000)
		94,244,205	26,709,368
Cash generated from operating activities			
Cash flows from investing activities			
Proceeds from sale of assets		-	363,652
Purchase of property, plant and equipment	8	(6,763,379)	(29,386,873)
		(6,763,379)	(29,023,221)
Cash used in investing activities			
Net change in cash and cash equivalents			
		87,480,826	(2,313,853)
Cash and cash equivalents at the beginning of year		50,757,428	53,071,281
Cash and cash equivalents at the year ended			
		138,238,254	50,757,428
Represented by:			
Cash in hand and at bank		135,138,233	47,689,365
Short-term Investments		3,100,021	3,068,063
		138,238,254	50,757,428

The notes on pages 7 to 26 form an integral part of these financial statements.

Environmental Management Authority Environmental Trust Fund

Notes to the financial statements for the year ended 30 September 2015 (Expressed in Trinidad and Tobago dollars)

1. Registration and activities

The Environmental Management Authority (the Authority) is a Statutory Authority established when Parliament assented to the Environmental Management Act, 1995 on 7 March 1995. The Authority was established to develop and implement instructional arrangements for the regulation and management of the environment in the Republic of Trinidad and Tobago. Its principal place of operation is at #8 Elizabeth Street, St. Clair.

The Environmental Trust Fund was established by the Environmental Management Act, 1995 to fund the operations of the Authority and is administered by five members of the Board of Directors, designated by the President to act as Trustees.

The Environmental Management Act, 1995 was repealed on 8 March 2000 and replaced by the Environmental Management Act, 2000. The new Act changed the financial year end of the Authority to 30 September.

During the twelve month period ended 30 September 2015, the Authority continued its work in enforcing the Noise Pollution Control Rules, 2001; the Noise Pollution Control (Fees) Regulation 2001; Certificate of Environmental Clearance Rules; the Certificate of Environmental Clearance (Designated Activities) Amendment Order, 2007 & 2008; Certificate of Environmental Clearance (Designated Activities) Order, 2001; the Certificate of Environmental Clearance (Fees and Charges) Regulations, 2001; the Environmental Commission Rules of Practices and Procedure; Water Pollution (Amendment) Rules, 2006; Water Pollution Rules, 2001; Water Pollution (Amendment) Fees; Water Pollution (Fees) Regulations, 2001; the Environmentally Sensitive Areas Rules, 2001; and Environmentally Sensitive Species Rules, 2001.

The draft Waste Management Rules, 2008 is still being developed. The Authority has completed its Strategic Plan for the period 2017-2021

2. Summary of significant accounting policies

a) Basis of preparation

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), and are stated in Trinidad and Tobago dollars, rounded to the nearest dollar. The financial statements are prepared under the historical cost convention as modified by the revaluation of land and buildings.

b) Cash and cash equivalents

Cash and cash equivalence include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less at the time of purchase, which are subject to an insignificant risk of changes in value.

c) Property, plant and equipment

Land and building comprise offices occupied by the Authority and include land purchased for construction of a new office in Trincity. A valuation was completed on the building at #8 Elizabeth Street, St. Clair by independent valuator G. A. Farrell & Associate Limited. The effective date of the valuation was 4 January 2010 and the value of TT\$26 million was determined after consideration and use of one or more of the following approaches: the Direct Sale Comparison Approach; the Income Approach; and the Cost Approach. Land and building are stated at historical cost/valuation, less depreciation in the case of building. Historical cost include expenditure that is directly attributable to the acquisition of the items.

Environmental Management Authority Environmental Trust Fund

Notes to the financial statements for the year ended 30 September 2015 (Expressed in Trinidad and Tobago dollars)

2. Summary of significant accounting policies (continued)

c) Property, plant and equipment (continued)

Subsequent costs are included in the asset's carrying amount recognised as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the Authority and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred.

Depreciation is calculated on the reducing balance method to write off the cost of assets to their residual values over their estimated useful life as follows:

Leasehold improvement	-	10% per annum
Building	-	2% - 20% per annum
Furniture and fitting	-	10% per annum
Office equipment	-	20% per annum
Motor vehicles	-	25% per annum
Specialized equipment	-	20% per annum
Library/information	-	10% per annum
Computer equipment	-	20% per annum

Land is not depreciated as it deemed to have an indefinite life.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property, plants and equipment are determined by reference to their carrying amounts and are included in the statement of profit or loss and other comprehensive income.

d) Government grants

Income and funding

Funding was provided to the Environmental Management Authority Environmental Trust Fund as follows:

- (i) Proceeds of a loan of US\$6.25 million from International Bank for Reconstruction and Development also known as the World Bank (IBRD) to the Government of the Republic of Trinidad and Tobago (GORTT). This loan facility closed on 31 December 2000.
- (ii) Ongoing funding from GORTT to cover recurrent and development programme expenditure. Government Grants are accounted for using the income approach. Under this approach, the grant is recognised in profit or loss on a systematic basis over the period in which the entity recognises as expenses, the related costs for which the grant is intended to compensate.
- (iii) Grant funds are provided by the United Nations Development Programme (UNDP) and United Nations Environment Programme (UNEP) to fund specific activities that are set out in the relevant multilateral agreements. The main projects administered by the Environmental Management Authority Environmental Trust Fund during the financial year ended 30 September 2012 are the Second National Communication to the Convention on Climate Change; Phase V of the Institutional Strengthening Programme for the Phase-out of Ozone Depleting Substances; and phase 11 of the Terminal Management Plan for the Phase-out of CFS's.

Environmental Management Authority Environmental Trust Fund

Notes to the financial statements for the year ended 30 September 2015 (Expressed in Trinidad and Tobago dollars)

2. Summary of significant accounting policies (continued)

d) Government grants (continued)

Income and funding (continued)

- (iv) A Memorandum of Agreement was signed on 20 April 2010 with the Minister of Planning, Housing and the Environment acting on behalf of the GORTT to receive funding from the Green Fund to continue with the Nariva Swamp Restoration, Carbon Sequestration and Livelihoods Project (NSRCSL Project). The project duration is from 20 April 2011 to 31 March 2017. Upon the signing of the agreement, the first tranche of TT\$8.471 million was received. The total amount to be disbursed over the period is TT\$68.545 million. Future disbursement will be made based on approved progress report.

e) Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are expressed in Trinidad and Tobago dollars at rates of exchange ruling at the reporting date. All revenue and expenditure transactions denominated in foreign currencies are translated at the rates of exchange ruling at the date of the transaction and the resulting profits and losses on exchange from trading activities are recorded in the statement of profit or loss and other comprehensive income.

f) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables and other payables are recognised at fair value.

g) Taxation

The authority is exempt from taxation under the Environmental Management Act of 2000, Part V11 Section 76. According to Section 76:-

'The Fund and the Authority shall be exempted from stamp duty, corporation tax, customs duties, value added taxes, motor vehicle taxes, fees, charges, assessments, levies and imposts on any income or profit or assets which are acquired for use by the Fund or the Authority.'

h) Comparative information

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

Environmental Management Authority Environmental Trust Fund

Notes to the financial statements for the year ended 30 September 2015 (Expressed in Trinidad and Tobago dollars)

3. Application of new and revised International Financial Reporting Standards ('IFRS')

3.1 Adoption of new and revised International Financial Reporting Standards

Standards and Interpretations adopted with no effect on financial statements

The Authority has adopted the following new standards and interpretations which had no effect on the financial statements and which were effective for annual periods beginning on or after 1 January 2014.

- Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities
- Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities
- Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting
- IFRIC 21 Levies
- Amendments to IAS 19 Defined Benefit Plans: Employee Contributions
- Annual Improvements to IFRS 2010-2012
- Annual Improvements to IFRS 2011-2013
- IFRS 7 Financial instruments – disclosure

3.2 New and revised IFRS in issue but not yet effective

The Authority has not applied the following new and revised IFRS that have been issued but are not yet effective:

- | | |
|---|--|
| • IFRS 9 | Financial instruments ³ |
| • IFRS 15 | Revenue from Contracts with Customers ² |
| • IFRS 16 | Leases ² |
| • Amendments to IFRS 11 | Accounting for Acquisitions of Interest in Joint Operations ¹ |
| • Amendments to IAS 16 and IAS 38 | Clarification of Acceptable Methods of Depreciation and Amortisation ¹ |
| • Amendments to IAS 16 and IAS 41 | Agriculture: Bearer Plants ¹ |
| • Amendments to IFRS 10 and IAS 28 | Sale of Contribution of Assets between an Investor and its Associate or Joint Venture ¹ |
| • Amendments to IFRS | Annual Improvements to IFRS 2012-2015 ⁴ |
| • Amendments to IAS 1 | Disclosure Initiative ¹ |
| • Amendments to IAS 27 | Equity Method in Separate Financial Statements ¹ |
| • Amendments to IFRS 10, IFRS 12 and IAS 28 | Investment Entities: Applying the Consolidation Exception ¹ |
| • Amendments to IAS 7 | Disclosure initiative ² |
| • Amendments to IFRS | Amendments improvements to IFRS 2015-2016 |

¹ Effective for annual periods beginning on or after 1 January, 2016, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January, 2017, with earlier application permitted.

³ Effective for annual periods beginning on or after 1 January, 2018, with earlier application permitted.

⁴ Effective for annual periods beginning on or after 1 July, 2016, with earlier application permitted.

Environmental Management Authority Environmental Trust Fund

Notes to the financial statements for the year ended 30 September 2015 (Expressed in Trinidad and Tobago dollars)

3. Application of new and revised International Financial Reporting Standards ('IFRS') (continued)

3.1 New and revised IFRS in issue but not yet effective (continued)

- **IFRS 9 *Financial Instruments***

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of this IFRS was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing 'fair value through other profit or loss' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- all recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of the subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in profit or loss, with only dividend income generally recognised in profit or loss.
- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in profit or loss, unless the recognition of the effects of changes in the liability's credit risk in profit or loss would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- in relation to the impairment of financial assets, IFRS 9 requires an expected loss model, as opposed to an incurred loss model under IAS 39. The expected loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Environmental Management Authority Environmental Trust Fund

Notes to the financial statements for the year ended 30 September 2015 (Expressed in Trinidad and Tobago dollars)

3. Application of new and revised International Financial Reporting Standards ('IFRS') (continued)

3.1 New and revised IFRS in issue but not yet effective (continued)

- **IFRS 9 *Financial Instruments* (continued)**

- the new general hedge accounting requirements retain three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Authority anticipate that the application of IFRS 9 in the future may have a material impact on the amounts reported in respect of the Authority's financial assets and liabilities. However it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Authority undertakes a detailed review.

- **IFRS 15 *Revenue from Contracts with Customers***

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The directors of the Authority anticipate that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Authority's financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Authority performs a detailed review.

Environmental Management Authority Environmental Trust Fund

Notes to the financial statements for the year ended 30 September 2015 (Expressed in Trinidad and Tobago dollars)

3. Application of new and revised International Financial Reporting Standards ('IFRS') (continued)

3.1 New and revised IFRS in issue but not yet effective (continued)

- **IFRS 16 Leases**

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

The directors of the Authority do not anticipate that the application of IFRS 16 in the future would have a material impact on the amounts reported and disclosures made in the Authority's financial statements.

- **Amendments to IFRS 11 Accounting for Acquisitions of Interest in Joint Operations**

The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 *Business Combinations*. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (e.g. IAS 36 *Impairment of Assets* regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.

The amendments to IFRS 11 apply prospectively for annual periods beginning on or after 1 January 2016. The directors of the Authority do not anticipate that the application of these amendments to IFRS 11 will have a material impact on the Authority's financial statements.

- **Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation**

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for Amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances;

- a) when the intangible asset is expensed as a measure of revenue; or
- b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Authority uses the reducing balance method for depreciation and amortisation of its property, plant and equipment, and intangible assets respectively. The directors of the Authority believe that the reducing balance method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the directors of the Authority do not anticipate that the application of these amendments to IAS 16 and IAS 38 will have a material impact on the Authority's financial statements.

Environmental Management Authority Environmental Trust Fund

Notes to the financial statements for the year ended 30 September 2015 (Expressed in Trinidad and Tobago dollars)

3. Application of new and revised International Financial Reporting Standards ('IFRS') (continued)

3.1 New and revised IFRS in issue but not yet effective (continued)

- **Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants**

The amendments to IAS 16 and IAS 41 define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. The produce growing on bearer plants continues to be accounted for in accordance with IAS 41.

The directors of the Authority do not anticipate that the application of these amendments to IAS 16 and IAS 41 will have an impact on the Authority's financial statements as the Authority is not engaged in agricultural activities.

- **Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments to IFRS 19 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interest in that associate or joint venture. Similarly, gains and losses resulting from the measurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interest in the new associate or joint venture.

The amendments should be applied prospectively to transactions occurring in annual periods beginning on or after 1 January 2016. The directors of the Authority do not anticipate that the application of these amendments will have a significant impact on the Authority's financial statements.

- **Annual Improvements 2012 – 2015**

The *Annual Improvements to IFRS 2012-2015* include a number of amendments to various IFRS, which are summarised below.

IFRS 5 — Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

IFRS 7 — Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.

IAS 19 — Clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of for high quality corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

IAS 34 — Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference.

The directors of the Authority do not anticipate that the application of these amendments will have a significant impact on the Authority's financial statements.

Environmental Management Authority Environmental Trust Fund

Notes to the financial statements for the year ended 30 September 2015 (Expressed in Trinidad and Tobago dollars)

3. Application of new and revised International Financial Reporting Standards ('IFRS') (continued)

3.1 New and revised IFRS in issue but not yet effective (continued)

- **Amendment to IAS 1: *Disclosure Initiative***

Amendments were made to IAS 1 Presentation of Financial Statements to address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes:

- a) clarification that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply;
- b) clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss;
- c) additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1.

The directors of the Authority do not anticipate that the application of these amendments will have a significant impact on the Authority's financial statements.

- **Amendments to IAS 27: *Equity Method in Separate Financial Statements***

Amendments were made to IAS 27 Separate Financial Statements to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements. Consequently, an entity is permitted to account for these investments either:

- (i) at cost; or
- (ii) in accordance with IFRS 9 (or IAS 39); or
- (iii) using the equity method.

This is an accounting policy choice for each category of investment.

Environmental Management Authority Environmental Trust Fund

Notes to the financial statements for the year ended 30 September 2015 (Expressed in Trinidad and Tobago dollars)

3. Application of new and revised International Financial Reporting Standards ('IFRS') (continued)

3.1 New and revised IFRS in issue but not yet effective (continued)

- **Amendments to IFRS 10, IFRS 12 and IAS 28 (*Investment Entities: Applying the Consolidation Exception*)**

Amendments were made to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures (2011) to address issues that have arisen in the context of applying the consolidation exception for investment entities by clarifying the following points:

- a) The exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.
- b) A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.
- c) When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.
- d) An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12.

The directors of the Authority do not anticipate that the application of these amendments will have a significant impact on the Authority's financial statements.

- **Amendments to IAS 7 Disclosure Initiative**

Amends IAS 7 Statement of Cash Flows to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The directors of the Authority do not anticipate that the application of these amendments will have a significant impact on the Authority's financial statements.

- **Amendments to IFRS 2015-2016 Cycle**

The *Annual Improvements to IFRS 2015-2016 cycle* include a number of amendments to various IFRS, which are summarised below.

IFRS 1 First-time Adoption of International Financial Reporting Standards - Deleted the short-term exemptions of IFRS 1, because they have now served their intended purpose. Amendment effective for annual periods beginning on or after 1 January 2018.

IFRS 12 Disclosure of Interests in Other Entities – Clarify the scope of the standard by specifying that the disclosure requirements in the standard apply to an entity's interests that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Amendment effective for annual periods beginning on or after 1 January 2017.

IAS 28 Investments in Associates and Joint Ventures - Clarified that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition. Amendment effective for annual periods beginning on or after 1 January 2018.

The directors of the Authority do not anticipate that the application of these amendments will have an impact on these financial statements.

Environmental Management Authority Environmental Trust Fund

Notes to the financial statements for the year ended 30 September 2015 (Expressed in Trinidad and Tobago dollars)

4. Critical accounting estimates and judgements

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

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 Authority makes estimates and assumptions concerning the future and 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 liabilities within the next financial year are discussed below:

Changes in accounting estimates are recognised in the statement of profit or loss and other comprehensive income in the period in which the estimate is changed, if the change affects that period only. If the change affects a prior period, the Authority recognises this change in the Statement of Movement of Funds in the current period.

The critical judgements, apart from that involving estimations, which has the most significant effect on the amounts recognised in the financial statements, is as follows:

1. Which depreciation method for building and equipment is used and the useful life.
2. Whether fixed assets are measured at cost or revalued amount.

Contingent liabilities

Management applies its judgement to the facts and advice it receives from its attorneys, advocates and other advisors in assessing if an obligation is probable, more likely than not or remote. Such judgement is used to determine if the obligation is recognised as a liability or disclosed as a contingent liability.

The key assumption concerning the future and other key sources of estimation uncertainty at the reporting date (requiring management's most difficult, subjective or complex judgements) that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is with respect to building and equipment. Management exercises judgement 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.

Environmental Management Authority Environmental Trust Fund

Notes to the financial statements for the year ended 30 September 2015 (Expressed in Trinidad and Tobago dollars)

5. Cash in hand and at bank

	2015 \$	2014 \$
Petty cash	13,385	9,000
Republic Bank Limited:		
Operating account	8,808,379	8,658,058
US Dollar account	836,297	213,521
NSRCSL project account	15,752,260	3,759,981
Highway Police Surveillance HPS Bays Project	1,994,926	3,372,949
Green Fund National BCBC Project	2,530,175	2,741,649
Recyclable Solid Waste Collection Project	76,711,161	-
First Citizens Bank Limited:		
Oil Spill Assessment	16,865,637	19,999,997
IDB Technical	837,150	36
Permit income account	9,993,992	8,170,048
RBTT Bank Limited:		
Other projects	245,091	245,604
Biodiversity	13,375	13,687
Biosafety	96,815	97,115
National Capacity Needs Self-Assessment	395,181	395,496
Scotiabank Trinidad and Tobago Limited:		
VTM card	15,779	-
Terminal Phase out Management Plan	28,630	12,224
	<u>135,138,233</u>	<u>47,689,365</u>

6. Short-term investments

	2015 \$	2014 \$
Republic Bank Limited Pool Bond	2,253,517	2,229,245
Trinidad and Tobago Unit Trust Corporation Money Market	846,504	838,818
	<u>3,100,021</u>	<u>3,068,063</u>

7. Accounts receivable and prepayments

	2015 \$	2014 \$
Accounts receivable	824,470	-
VAT Receivable	1,956,391	5,321,613
Other receivables	430,814	453,383
Prepayments	122,321	1,475,110
	<u>3,333,996</u>	<u>7,250,106</u>

Environmental Management Authority Environmental Trust Fund

Notes to the financial statements for the year ended 30 September 2015 (Expressed in Trinidad and Tobago dollars)

8. Property, plant and equipment

	Land	Leasehold Improvements	Building	Furniture and Fittings	Office Equipment	Motor Vehicles	Computer Equipment	Specialised Equipment	Library / Information	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost / valuation										
Balance as at 1 October 2014	13,729,868	770,467	51,771,725	7,249,634	5,533,410	5,203,778	5,617,950	827,374	332,331	91,036,537
Additions	-	2,838,604	571,522	439,636	279,575	200,000	281,505	2,152,537	-	6,763,379
Balance as at 30 September 2015	13,729,868	3,609,071	52,343,247	7,689,270	5,812,985	5,403,778	5,899,455	2,979,911	332,331	97,799,916
Accumulated depreciation										
Balance as at 1 October 2014	-	12,447	2,805,733	2,995,855	4,073,675	2,233,133	4,232,916	218,558	271,675	16,843,992
Charge for the year	-	266,124	1,143,534	445,250	329,871	792,662	394,624	246,125	6,066	3,624,256
Balance as at 30 September 2015	-	278,571	3,949,267	3,441,105	4,403,546	3,025,795	4,627,540	464,683	277,741	20,468,248
Net book value										
Balance as at 30 September 2015	13,729,868	3,330,500	48,393,980	4,248,165	1,409,439	2,377,983	1,271,915	2,515,228	54,590	77,331,668
Balance as at 30 September 2014	13,729,868	758,020	48,965,992	4,253,779	1,459,735	2,970,645	1,385,034	608,816	60,656	74,192,545

Environmental Management Authority Environmental Trust Fund

Notes to the financial statements for the year ended 30 September 2015 (Expressed in Trinidad and Tobago dollars)

8. Property, plant and equipment (continued)

	Land	Leasehold Improvements	Building	Furniture and Fittings	Office Equipment	Motor Vehicle	Computer Equipment	Specialised Equipment	Library / Information	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost / valuation										
Balance as at 1 October 2013	13,729,868	-	26,000,000	7,029,447	5,396,837	4,750,199	5,492,368	450,758	332,331	63,181,808
Additions	-	770,467	25,771,725	225,052	398,164	1,330,134	510,315	381,016	-	29,386,873
Disposals	-	-	-	(4,865)	(261,591)	(876,555)	(384,733)	(4,400)	-	(1,532,144)
Balance as at 30 September 2014	13,729,868	770,467	51,771,725	7,249,634	5,533,410	5,203,778	5,617,950	827,374	332,331	91,036,537
Accumulated depreciation										
Balance as at 1 October 2013	-	-	2,139,620	2,537,457	3,963,100	2,334,809	4,234,825	120,576	264,935	15,595,322
Charge for the year	-	12,447	666,113	462,206	347,391	707,325	355,914	99,490	6,740	2,657,626
Disposals	-	-	-	(3,808)	(236,816)	(809,001)	(357,823)	(1,508)	-	(1,408,956)
Balance as at 30 September 2014	-	12,447	2,805,733	2,995,855	4,073,675	2,233,133	4,232,916	218,558	271,675	16,843,992
Net book value										
Balance as at 30 September 2014	13,729,868	758,020	48,965,992	4,253,779	1,459,735	2,970,645	1,385,034	608,816	60,656	74,192,545
Balance as at 30 September 2013	13,729,868	-	23,860,380	4,491,990	1,433,737	2,415,390	1,257,543	330,182	67,396	47,586,486

Environmental Management Authority Environmental Trust Fund

Notes to the financial statements for the year ended 30 September 2015 (Expressed in Trinidad and Tobago dollars)

8.1 Property Plant and Equipment (continued)

Fair value measurement of The Authority's Building

The Authority's buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The buildings were revalued by an independent valuator G. A. Farrell & Associate Limited. The effective date of the valuation was January 4, 2010 and the value of TT\$26 million was determined after consideration and use of one or more of the following approaches: the Direct Sale Comparison Approach; the Income Approach; and the Cost Approach.

Details of the Authority's buildings and information about the fair value hierarchy as at 30 September 2015 and 2014 are as follows:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
At 30 September 2015	-	48,393,980	-	48,393,980
At 30 September 2014	-	48,965,992	-	48,965,992

There were no transfers between levels during the year.

If the properties were stated using the historical cost basis, the carrying values would have been as follows:

	2015 \$	2014 \$
Buildings		
Cost	34,361,103	33,789,581
Accumulated depreciation	1,977,741	1,160,954
	32,383,362	32,628,627

9. Accounts payable and accruals

	2015 \$	2014 \$
Accounts payable	1,193,101	2,894,771
Other payables	5,145	3,476
Accruals	2,388,483	2,562,107
Violations payable	8,823,133	7,028,509
Ministry of Public Utilities and the Environment National Forest Inventory Project	412,545	396,736
National Restoration, Carbon Sequestration, Wildlife and Livelihood Projects	17,208,464	3,857,451
Recyclables Solid Waste Collection Project	77,051,237	-
Highway Police Surveillance Bays	2,944,714	4,164,439
Oil Spill Assessment Remediation and Rehabilitation	16,865,637	19,999,997
National Beverage Container Bill Clean Up Project	6,635,156	6,846,630
World Bank loans	1,365,520	-
	134,893,135	47,754,116

Environmental Management Authority Environmental Trust Fund

Notes to the financial statements for the year ended 30 September 2015 (Expressed in Trinidad and Tobago dollars)

10. Fair values

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. The existence of published price quotation in an active market is the best evidence for fair value. Where market prices are not available, fair values are estimated using various valuation techniques, including using recent arm's length market transactions between knowledgeable, willing parties, if available, current fair value of another financial instrument that is substantially the same and discounted cash flow analysis.

Current assets and liabilities

The carrying amounts of current assets and liabilities are a reasonable approximation of the fair values because of their short-term nature.

11. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial decisions.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Authority.

A number of transactions are entered into with related parties in the normal course of business. These transactions were carried out on commercial terms at market rates.

Balances and transactions with related parties and key management personnel during the year were as follows:

	2015	2014
	\$	\$
Other expenses		
Directors' fees	673,750	627,000
Directors' expenses	38,834	64,542
Key management compensation		
Short-term benefits	<u>4,304,769</u>	<u>3,528,661</u>

12. Financial risk management

Financial risk factor

The Authority's activities are primarily related to the use of financial instruments. The Authority accepts funds mainly from the GORTT and earns interest by investing short term money market instruments.

Financial instruments

The following table summarizes the carrying amounts and fair value of the authority's financial assets and liabilities:

Environmental Management Authority Environmental Trust Fund

Notes to the financial statements for the year ended 30 September 2015 (Expressed in Trinidad and Tobago dollars)

12. Financial risk management (continued)

Financial risk management categorization

	Financial assets and liabilities \$	Non-financial assets and liabilities \$	Equity \$	Total \$
As at September 30, 2015				
Assets:				
Cash in hand and at bank	135,138,233	-	-	135,138,233
Short-term investments	3,100,021	-	-	3,100,021
Accounts receivable and prepayments	3,333,996	-	-	3,333,996
Property, plant and equipment	-	77,331,668	-	77,331,668
Total	141,572,250	77,331,668	-	218,903,918
Liabilities and funds:				
Accounts payable and accruals	134,893,135	-	-	134,893,135
Funds	-	-	66,028,639	66,028,639
Revaluation surplus	-	-	17,982,144	17,982,144
Total	134,893,135	-	84,010,783	218,903,918
As at September 30, 2014				
Assets:				
Cash in hand and at bank	47,689,365	-	-	47,689,365
Short-term investments	3,068,063	-	-	3,068,063
Accounts receivable and prepayments	7,250,106	-	-	7,250,106
Property, plant and equipment	-	74,192,545	-	74,192,545
Total	58,007,534	74,192,545	-	132,200,079
Liabilities and funds:				
Accounts payable and accruals	47,754,116	-	-	47,754,116
Deferred income	218,725	-	-	218,725
Funds	-	-	66,245,094	66,245,094
Revaluation surplus	-	-	17,982,144	17,982,144
Total	47,972,841	-	84,227,238	132,200,079

Environmental Management Authority Environmental Trust Fund

Notes to the financial statements for the year ended 30 September 2015 (Expressed in Trinidad and Tobago dollars)

12. Financial risk management (continued)

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

(a) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Authority's income and operating cash flows are substantially independent of changes in market interest rates as the Authority has no significant interest bearing assets. The Authority is only exposed to interest rate risk in relation to its current account held at Republic Bank Limited, RBC Royal Bank (Trinidad and Tobago) Limited, Scotiabank (Trinidad and Tobago) Limited and First Citizens Bank Limited. As the Authority has no significant variable interest-bearing asset, the Authority's income and operating cash flows are substantially independent of changes in market interest rates.

(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 reporting date. The Authority has policies in place to ensure that all amounts due are collected within the specified credit period.

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

(c) Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Authority has procedures with the objective of minimizing such losses such as maintaining sufficient cash and other highly liquid current assets.

Liquidity gap

The Authority's exposure to liquidity risk is summarized in the table below which analyses assets and liabilities based on the remaining period from the reporting date to the contractual maturity date:

	On demand \$	Up to 1 year \$	1 to 5 years \$	Over 5 years \$	Total \$
Financial assets:					
Cash in hand and at bank	135,138,233	-	-	-	135,138,233
Short term investments	3,100,021	-	-	-	3,100,021
Accounts receivable and prepayments	853,843	2,480,153	-	-	3,333,996
	139,092,097	2,480,153	-	-	141,572,250
Financial liabilities					
Accounts payable and accruals	-	(134,893,135)	-	-	(134,893,135)
Net liquidity gap	139,092,097	(132,412,982)	-	-	6,679,115

Environmental Management Authority Environmental Trust Fund

Notes to the financial statements for the year ended 30 September 2015 (Expressed in Trinidad and Tobago dollars)

12. Financial risk management (continued)

d) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Authority's measurement currency. The Authority is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the United States Dollars. The Authority's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

The Company had the following significant currency positions:

As at September 30, 2015

	USD (TT\$ equivalent)
Assets	
Cash at bank	1,052,003
total foreign currency assets	1,052,003

As at September 30, 2014

	USD (TT\$ equivalent)
Assets	
Cash at bank	836,297
total foreign currency assets	836,297

Foreign currency sensitivity analysis

The following table details the sensitivity to a 5% increase and decrease in the Trinidad and Tobago dollar against the US dollar with all other variable held constant. 5% is the sensitivity rates used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items.

If the Trinidad and Tobago dollar strengthens or weakens by 5% against the US dollar the effect would be as follows:

	US dollar impact	
	2015	2014
	\$	\$
Effect	52,600	41,815

e) Operational risk

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

Environmental Management Authority Environmental Trust Fund

Notes to the financial statements for the year ended 30 September 2015 (Expressed in Trinidad and Tobago dollars)

12. Financial risk management (continued)

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 the extent of monitoring controls applied by the Authority.

g) Reputation risk

The risk of loss of reputation arising from the negative publicity relating to the Authority's operations (whether true or false) may result in a reduction of its clientele, reduction in revenue and legal cases against the Authority. The Authority applies procedures to minimize this risk.

13. Project expenses

Project expenses comprise of general expenses incurred by the different projects managed by the Authority.

Description	2015 \$	2014 \$
National Beverage Containers Bill Clean-up Project.	217,528	3,640,896
IDB Technical Cooperation	11,416	19,125
Finance and Administration Services	220,910	126,000
Information and Communication Services	-	60,540
Legal and Enforcement Services	58,050	-
National Restoration, Carbon Sequestration, Wildlife and Livihoods Project	6,754,600	2,925,817
Other	123,212	1,793,818
Pollution Prevention and Control	690,934	1,042,757
Recyclable Solid Waste Collection Project	3,210,745	-
National Environmental Assessment Task Force	854,375	-
	<u>12,141,770</u>	<u>9,608,953</u>

14. Commitments and contingencies

Leasing arrangements

Operating leases relate to leases of offices and other equipment with lease terms of between 6 months and 5 years. The Company does not have an option to purchase the leased offices at the expiry of the lease periods.

	2015 \$	2014 \$
No later than 1 year	315,313	325,313
Later than 1 year and no later than 5 years	-	-
	<u>315,313</u>	<u>325,313</u>

15. Events after the reporting date

There are no significant events which occurred after the reporting date affecting the financial performance, position or change therein for the reporting period presented in these financial statements.