



**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 2016**

The accompanying Financial Statements of the Environmental Trust Fund for the year ended 30 September 2016 have been audited. The Financial Statements comprise a Statement of Financial Position as at 30 September 2016, 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 2016 and Notes to the Financial Statements numbered 1 to 15.

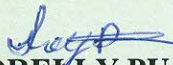
2. The audit was conducted by a firm of Accountants appointed by the Board of Directors with the written consent of the Auditor General in accordance with section 80 (2) of the Environmental Management Act, 2000. Their Report dated 18<sup>th</sup> January, 2018 refers.

**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.

9<sup>TH</sup> 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 2016**  
(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

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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 30 September, 2016, 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 reports 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.

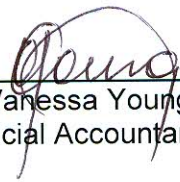
Management affirms that it has carried out its responsibilities as outlined above.



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Mr. Hayden Romano  
Managing Director

18 January, 2018



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Ms. Vanessa Young  
Financial Accountant

18 January, 2018

## 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 2016, 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 qualified audit opinion.

### Basis for qualified opinion

The Company adopted the revaluation model of International Accounting Standard 16 Property, Plant and Equipment (IAS 16) for its land and buildings. The Company has not revalued its land and buildings since 2010 and therefore has not complied with IAS 16. Revaluations should be carried out regularly, so that the carrying amount of an asset does not differ materially from its fair value at the balance sheet date. The impact of any revaluation adjustments to the financial statements are unknown.

### Opinion

In our opinion, except for the possible effects of the matter described in the basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, give a true and fair view of the financial position of the Environmental Management Authority Environmental Trust Fund as at 30 September, 2016, and of its financial performance and its cash flows for the year ended in accordance with IFRS.

Deloitte & Touche  
Port of Spain  
Trinidad

18 January 2018



# Environmental Management Authority Environmental Trust Fund

## Statement of financial position

(Expressed in Trinidad and Tobago dollars)

	Notes	Year ended 30 September	
		2016	2015
		\$	\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	75,164,273	77,331,668
<b>Total non-current assets</b>		<u>75,164,273</u>	<u>77,331,668</u>
<b>Current assets</b>			
Cash in hand and at bank	5	129,301,044	135,138,233
Short-term investments	6	3,131,320	3,100,021
Accounts receivable and prepayments	7	3,178,019	3,333,996
<b>Total current assets</b>		<u>135,610,383</u>	<u>141,572,250</u>
<b>Total assets</b>		<u><b>210,774,656</b></u>	<u><b>218,903,918</b></u>
<b>LIABILITIES AND FUNDS</b>			
<b>Current liabilities</b>			
Accounts payable and accruals	9	128,068,800	134,893,550
<b>Total liabilities</b>		<u>128,068,800</u>	<u>134,893,550</u>
<b>Funds</b>			
Government of Trinidad and Tobago (GORTT)		60,853,882	62,158,394
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
<b>Total funds</b>		<u>82,705,856</u>	<u>84,010,368</u>
<b>Total liabilities and funds</b>		<u><b>210,774,656</b></u>	<u><b>218,903,918</b></u>

The notes on pages 7 to 28 form an integral part of these financial statements.

On 18 January 2018, 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	
		2016	2015
		\$	\$
<b>Fund income</b>			
Government fund		47,762,804	45,151,763
Beverage container project		-	217,527
NSRCSL project fund		5,228,945	5,614,491
UNEP		25,105	220,783
Activities income		2,837,691	3,281,006
Highway police surveillance bays fund		-	163,990
Recycling solid waste collection project		4,070,783	2,948,495
Oil spill		-	3,133,852
Interest income		45,185	42,540
Miscellaneous Income		96,820	-
<b>Total income</b>		<b>60,067,333</b>	<b>60,774,447</b>
Project expenses	13	(10,020,139)	(12,141,770)
<b>Income after project expenditure carried forward</b>		<b>50,047,194</b>	<b>48,632,677</b>
<b>Other expenses</b>			
Advertising		174,126	381,171
Audit fees		120,000	90,600
Conference costs		2,000	235,373
Contract services		317,224	548,781
Depreciation		3,391,591	3,297,681
Directors' fees and expenses		260,116	712,584
Interest and bank charges		37,052	27,1545
Insurance		512,215	564,973
Loss on foreign exchange		22,694	15,995
Motor vehicle expenses		343,499	303,894
Maintenance contracts		-	-
Management fees		81,000	71,252
Office and general expenses		372,936	504,241
Permitting and compliance costs		528,687	280,226
Professional fees		3,115,097	1,836,859
Reference and research costs		263,367	291,588
Rent		3,781,250	3,828,750
Repairs and maintenance		654,187	1,047,201
Salaries and benefits		33,865,413	30,803,396
Security		983,389	1,150,380
Selection and recruitment		51,012	92,044
Severance		-	-
Supplies		994,878	1,016,310
Training		152,399	151,058
Travel		7,377	122,944
Utilities		1,320,197	1,474,701
<b>Total operating expenditure</b>		<b>51,351,706</b>	<b>48,849,547</b>
<b>Total (loss) for the year</b>		<b>(1,304,512)</b>	<b>(216,870)</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive loss</b>		<b>(1,304,512)</b>	<b>(216,870)</b>

The notes on pages 7 to 28 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
	\$	\$	\$	\$	\$	\$
<b>Year ended 30 September 2016</b>						
Balance as at 1 October 2015	62,158,394	199,131	2,806,990	863,709	17,982,144	84,010,368
Total loss for the year	(1,304,512)	-	-	-	-	(1,304,512)
<b>Balance at 30 September 2016</b>	<b>60,853,882</b>	<b>199,131</b>	<b>2,806,990</b>	<b>863,709</b>	<b>17,982,144</b>	<b>82,705,856</b>
<b>Year ended 30 September 2015</b>						
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	(216,870)	-	-	-	-	(216,870)
<b>Balance at 30 September 2015</b>	<b>62,158,394</b>	<b>199,131</b>	<b>2,806,990</b>	<b>863,709</b>	<b>17,982,144</b>	<b>84,010,368</b>



## Environmental Management Authority Environmental Trust Fund

### Statement of cash flows

(Expressed in Trinidad and Tobago dollars)

	Notes	Year ended 30 September	
		2016	2015
		\$	\$
<b>Cash flows from operating activities</b>			
Loss for year		(1,304,512)	(216,455)
Adjustments for non-cash items:			
Depreciation	8	3,977,614	3,624,256
		2,673,102	3,407,801
<b>Movement in working capital</b>			
Net change in accounts receivable and prepayments		155,977	3,916,110
Net change in accounts payable and accruals		(6,824,750)	87,139,019
Net change in deferred income		-	(218,725)
<b>Cash (used in) / generated from operating activities</b>		<b>(3,995,671)</b>	<b>94,244,205</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	8	(1,810,219)	(6,763,379)
<b>Cash used in investing activities</b>		<b>(1,810,219)</b>	<b>(6,763,379)</b>
<b>Net change in cash and cash equivalents</b>		<b>(5,805,890)</b>	<b>87,480,826</b>
Cash and cash equivalents at the beginning of year		138,238,254	50,757,428
<b>Cash and cash equivalents at the year ended</b>		<b>132,432,364</b>	<b>138,238,254</b>
<b>Represented by:</b>			
Cash in hand and at bank		129,301,044	135,138,233
Short-term Investments		3,131,320	3,100,021
		<b>132,432,364</b>	<b>138,238,254</b>

The notes on pages 7 to 28 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 2016

(Expressed in Trinidad and Tobago dollars)

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### 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 2016, 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; Air Pollution Rules, 2014 and Air Pollution (Fees) Regulations, 2014.

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 equivalents 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 2016

(Expressed in Trinidad and Tobago dollars)

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### 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 2016 (Expressed in Trinidad and Tobago dollars)

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### 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.
- (v) A Memorandum of Agreement (MOA) was signed on 19<sup>th</sup> June 2015 with the Minister of the Environment and Water Resources acting on behalf of the GORTT to receive funding from the Green Fund to execute the Recyclable Solid Waste Collection Project (RSWCP). The project's initial duration was nine months, with an end date of 29<sup>th</sup> March 2016. The project has since requested approval for a MOA amendment to June 2020 and is awaiting approval of the revised project plan and budget. Upon the signing of the agreement, the first tranche of TT\$80 million was received by the EMA. The total amount to be disbursed over the period is TT\$107,754,431.00. Future disbursement will be made based on approved progress report.

#### e) Foreign currency transactions

The presentation and functional currency of the Company's financial statements is Trinidad and Tobago Dollars (TT\$). 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 2016 (Expressed in Trinidad and Tobago dollars)

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

#### 3.1 New IFRS and amendments to IFRS that are mandatorily effective for the current year

In the current year, there were no amendments to IFRS and new Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatorily effective for an accounting period that begins on or after 1 October 2015.

#### 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<sup>3</sup>
- IFRS 14 Regulatory Deferral Accounts<sup>1</sup>
- IFRS 15 Revenue from Contracts with Customers<sup>3</sup>
- IFRS 16 Leases<sup>4</sup>
- Amendments to IFRS 11 Accounting for Acquisitions of Interest in Joint Operations<sup>1</sup>
- Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortization<sup>1</sup>
- Amendments to IFRS Annual Improvements to IFRS 2012-2014<sup>1</sup>
- Amendments to IAS 1 Disclosure Initiative<sup>1</sup>
- Amendments to IAS 27 Equity Method in Separate Financial Statements<sup>1</sup>
- Amendments to IAS 12 Recognition of Deferred Tax Assets Unrealised Losses<sup>2</sup>
- Amendments to IAS 7 Disclosure initiative<sup>2</sup>
- Amendments to IFRS 2 Classification and Measurement of Share-based

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

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

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

<sup>4</sup> Effective for annual periods beginning on or after 1 January, 2019, with earlier application permitted.

# Environmental Management Authority Environmental Trust Fund

## Notes to the financial statements for the year ended 30 September 2016 (Expressed in Trinidad and Tobago dollars)

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

#### 3.2 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 comprehensive income' (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 other comprehensive income, 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 other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income 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 2016 (Expressed in Trinidad and Tobago dollars)

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

#### 3.2 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 14 *Regulatory Deferral Accounts***

IFRS 14 specifies the accounting for regulatory deferral account balances that arise from rate-regulated activities. The Standard is available only to first-time adopters of IFRSs who recognised regulatory deferral account balances under their previous GAAP. IFRS 14 permits eligible first-time adopters of IFRSs to continue their previous GAAP rate-regulated accounting policies, with limited changes, and requires separate presentation of regulatory deferral account balances in the statement of financial position and statement of profit or loss and other comprehensive income. Disclosures are also required to identify the nature of, and risk associated with, the form of rate regulation that has given rise to the recognition of regulatory deferral account balances.

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.

- **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.

# Environmental Management Authority Environmental Trust Fund

## Notes to the financial statements for the year ended 30 September 2016 (Expressed in Trinidad and Tobago dollars)

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

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

- **IFRS 15 Revenue from Contracts with Customers (continued)**

The core principle of IFRS 15 is that an entity should recognize 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: Recognize revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognizes 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.

On 20 June 2016, the IASB issued amendments in *Clarifications to IFRS 15 'Revenue from Contracts with Customers'* which addressed three of the five topics identified (identifying performance obligations, principal versus agent considerations, and licensing) and provide some transition relief for modified contracts and completed contracts. The IASB concluded that it was not necessary to amend IFRS 15 with respect to collectability or measuring non-cash consideration. In all its decisions, the IASB considered the need to balance helping entities with implementing IFRS 15 and not disrupting the implementation process.

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 2016 (Expressed in Trinidad and Tobago dollars)

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

#### 3.2 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 anticipate that the application of IFRS 16 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 16 until the Authority performs a detailed review.

- **Classification and Measurement of Share-based Payment Transactions  
(Amendments to IFRS 2)**

Amendments to IFRS 2 Share-based Payment clarify the standard in relation to the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

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 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.

# Environmental Management Authority Environmental Trust Fund

## Notes to the financial statements for the year ended 30 September 2016 (Expressed in Trinidad and Tobago dollars)

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

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

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

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 amortization 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 straight-line method for depreciation and amortization of its property, plant and equipment, and intangible assets respectively. The directors of the Authority believe that the straight-line 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.

- **Annual Improvements 2012 – 2014**

The *Annual Improvements to IFRS 2012-2014* 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 2016 (Expressed in Trinidad and Tobago dollars)

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

#### 3.2 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 2016 (Expressed in Trinidad and Tobago dollars)

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

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

- **Amendments to IAS 12, (*Recognition of Deferred Tax Assets for Unrealised Losses*)**

Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.

The carrying amount of an asset does not limit the estimation of probable future taxable profits.

Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.

An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

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.

# Environmental Management Authority Environmental Trust Fund

## Notes to the financial statements for the year ended 30 September 2016 (Expressed in Trinidad and Tobago dollars)

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### 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 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 and 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 recognizes 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 2016 (Expressed in Trinidad and Tobago dollars)

#### 5. Cash in hand and at bank

	2016 \$	2015 \$
Petty cash	15,000	13,385
Republic Bank Limited:		
Operating account	9,172,730	8,808,379
US Dollar account	1,052,003	836,297
NSRCSL project account	10,696,910	15,752,260
Highway Police Surveillance HPS Bays Project	1,994,626	1,994,926
Green Fund National BCBC Project	2,529,875	2,530,175
Recyclable Solid Waste Collection Project	72,742,286	76,711,161
First Citizens Bank Limited:		
Oil Spill Assessment	16,865,188	16,865,637
IDB Technical	427,204	837,150
Permit income account	12,972,118	9,993,992
RBTT Bank Limited:		
Other projects	244,707	245,091
Biodiversity	13,003	13,375
Biosafety	96,443	96,815
National Capacity Needs Self-Assessment	394,821	395,181
Scotiabank Trinidad and Tobago Limited:		
VTM card	15,779	15,779
Terminal Phase out Management Plan	68,351	28,630
	<u>129,301,044</u>	<u>135,138,233</u>

#### 6. Short-term investments

	2016 \$	2015 \$
Republic Bank Limited Pool Bond	2,276,203	2,253,517
Trinidad and Tobago Unit Trust Corporation Money Market	855,117	846,504
	<u>3,131,320</u>	<u>3,100,021</u>

#### 7. Accounts receivable and prepayments

	2016 \$	2015 \$
Accounts receivable	838,485	824,470
VAT Receivable	1,595,819	1,956,391
Other receivables	622,100	430,814
Prepayments	121,615	122,321
	<u>3,178,019</u>	<u>3,333,996</u>

## Environmental Management Authority Environmental Trust Fund

### Notes to the financial statements for the year ended 30 September 2016 (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	Recyclable Solid Waste Collection Project	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cost / valuation</b>											
Balance as at 1 October 2015	13,729,868	3,609,071	52,343,247	7,670,855	5,837,099	5,403,778	5,911,809	2,979,912	332,331	-	97,817,970
Additions	-	13,206	-	93,798	129,310	-	79,729	497,559	-	996,616	1,810,218
Balance as at 30 September 2016	13,729,868	3,622,277	52,343,247	7,764,653	5,966,409	5,403,778	5,991,538	3,477,471	332,331	996,616	99,628,188
<b>Accumulated depreciation</b>											
Balance as at 1 October 2015	-	278,569	3,949,268	3,441,438	4,408,915	3,025,793	4,639,893	464,685	277,741	-	20,486,302
Charge for the year	-	334,020	1,113,797	427,292	301,705	594,496	328,106	566,911	5,459	305,827	3,977,613
Balance as at 30 September 2016	-	612,589	5,063,065	3,868,730	4,710,620	3,620,289	4,967,999	1,031,596	283,200	305,827	24,463,915
<b>Net book value</b>											
Balance as at 30 September 2016	<b>13,729,868</b>	<b>3,009,689</b>	<b>47,280,182</b>	<b>3,895,923</b>	<b>1,255,789</b>	<b>1,783,489</b>	<b>1,023,539</b>	<b>2,445,875</b>	<b>49,131</b>	<b>690,789</b>	<b>75,164,273</b>
Balance as at 30 September 2015	<b>13,729,868</b>	<b>3,330,502</b>	<b>48,393,979</b>	<b>4,229,417</b>	<b>1,428,184</b>	<b>2,377,985</b>	<b>1,271,916</b>	<b>2,515,227</b>	<b>54,590</b>	<b>-</b>	<b>77,331,668</b>

## Environmental Management Authority Environmental Trust Fund

### Notes to the financial statements for the year ended 30 September 2016 (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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cost / valuation</b>										
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
<b>Accumulated depreciation</b>										
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
<b>Net book value</b>										
Balance as at 30 September 2014	<b>13,729,868</b>	<b>758,020</b>	<b>48,965,992</b>	<b>4,253,779</b>	<b>1,459,735</b>	<b>2,970,645</b>	<b>1,385,034</b>	<b>608,816</b>	<b>60,656</b>	<b>74,192,545</b>
Balance as at 30 September 2013	<b>13,729,868</b>	-	<b>23,860,380</b>	<b>4,491,990</b>	<b>1,433,737</b>	<b>2,415,390</b>	<b>1,257,543</b>	<b>330,182</b>	<b>67,396</b>	<b>47,586,486</b>



# Environmental Management Authority Environmental Trust Fund

## Notes to the financial statements for the year ended 30 September 2016

(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 2016 and 2015 are as follows:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>At 30 September 2016</b>	-	<b>47,280,182</b>	-	<b>47,280,182</b>
<b>At 30 September 2015</b>	-	<b>48,393,980</b>	-	<b>48,393,980</b>

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:

	2016 \$	2015 \$
<b>Buildings</b>		
Cost	34,361,103	34,361,103
Accumulated depreciation	(2,771,326)	(1,977,741)
	<b>(31,589,777)</b>	<b>32,383,362</b>

### 9. Accounts payable and accruals

	2016 \$	2015 \$
Accounts payable	2,316,476	1,193,101
Other payables	5,196	5,145
Contingent Liability	1,132,827	-
Accruals	1,942,634	2,388,483
Violations payable	9,492,538	8,823,133
Ministry of Public Utilities and the Environment National Forest Inventory Project	486,463	412,545
National Restoration, Carbon Sequestration, Wildlife and Livelihood Projects	11,981,374	17,208,879
Recyclables Solid Waste Collection Project	74,047,813	77,051,237
Highway Police Surveillance Bays	2,943,709	2,944,714
Oil Spill Assessment Remediation and Rehabilitation	16,787,763	16,865,637
National Beverage Container Bill Clean Up Project	6,634,856	6,635,156
World Bank loans	297,151	1,365,520
	<b>128,068,800</b>	<b>134,893,550</b>

# Environmental Management Authority Environmental Trust Fund

## Notes to the financial statements for the year ended 30 September 2016 (Expressed in Trinidad and Tobago dollars)

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### 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:

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Other expenses</b>		
Directors' fees	220,000	673,750
Directors' expenses	40,116	38,834
	<u><b>260,116</b></u>	<u><b>712,584</b></u>
<b>Key management compensation</b>		
Short-term benefits	<u><b>4,846,944</b></u>	<u><b>4,304,769</b></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 2016 (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 \$
<b>As at September 30, 2016</b>				
<b>Assets:</b>				
Cash in hand and at bank	129,301,044	-	-	129,301,044
Short-term investments	3,131,320	-	-	3,131,320
Accounts receivable and prepayments	3,056,404	121,615	-	3,178,019
Property, plant and equipment	-	75,164,273	-	75,164,273
<b>Total</b>	<b>135,488,768</b>	<b>75,285,888</b>	<b>-</b>	<b>210,774,656</b>
<b>Liabilities and funds:</b>				
Accounts payable and accruals	128,068,800	-	-	128,068,800
Funds	-	-	65,856,538	65,856,538
Revaluation surplus	-	-	17,982,144	17,982,144
<b>Total</b>	<b>128,068,800</b>	<b>-</b>	<b>83,838,682</b>	<b>211,907,482</b>
<b>As at September 30, 2015</b>				
<b>Assets:</b>				
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	3,211,675	122,321	-	3,333,996
Property, plant and equipment	-	77,331,668	-	77,331,668
<b>Total</b>	<b>141,449,929</b>	<b>77,453,989</b>	<b>-</b>	<b>218,903,918</b>
<b>Liabilities and funds:</b>				
Accounts payable and accruals	134,893,550	-	-	134,893,550
Funds	-	-	66,028,639	66,028,639
Revaluation surplus	-	-	17,982,144	17,982,144
<b>Total</b>	<b>134,893,550</b>	<b>-</b>	<b>84,010,783</b>	<b>218,904,333</b>

# Environmental Management Authority Environmental Trust Fund

## Notes to the financial statements for the year ended 30 September 2016 (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 \$
<b>As at 30 September 2016:</b>					
<b>Financial assets:</b>					
Cash in hand and at bank	129,301,044	-	-	-	129,301,044
Short term investments	3,131,320	-	-	-	3,131,320
Accounts receivable and prepayments	838,485	2,339,535	-	-	3,178,019
	<b>133,270,849</b>	<b>2,339,535</b>	-	-	<b>135,610,383</b>
<b>Financial liabilities</b>					
Accounts payable and accruals	-	(128,068,800)	-	-	(128,068,800)
<b>Net liquidity gap</b>	<b>133,270,849</b>	<b>(125,729,265)</b>	-	-	<b>7,541,584</b>

# Environmental Management Authority Environmental Trust Fund

## Notes to the financial statements for the year ended 30 September 2016 (Expressed in Trinidad and Tobago dollars)

### 12. Financial risk management (continued)

#### (a) Liquidity risk (continued)

##### Liquidity gap (continued)

	On demand \$	Up to 1 year \$	1 to 5 years \$	Over 5 years \$	Total \$
<b>As at 30 September 2015:</b>					
<b>Financial assets:</b>					
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
	<b>139,092,097</b>	<b>2,480,153</b>	-	-	<b>141,572,250</b>
<b>Financial liabilities</b>					
Accounts payable and accruals	-	(134,893,135)	-	-	(134,893,135)
<b>Net liquidity gap</b>	<b>139,092,097</b>	<b>(132,412,982)</b>	-	-	<b>6,679,115</b>

#### 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 Authority had the following significant currency positions:

#### As at September 30, 2016

	USD (TT\$ equivalent)
<b>Assets</b>	
Cash at bank	1,052,003
<b>Total foreign currency assets</b>	<b>1,052,003</b>

#### As at September 30, 2015

	USD (TT\$ equivalent)
<b>Assets</b>	
Cash at bank	836,297
<b>Total foreign currency assets</b>	<b>836,297</b>

# Environmental Management Authority Environmental Trust Fund

## Notes to the financial statements for the year ended 30 September 2016 (Expressed in Trinidad and Tobago dollars)

### 12. Financial risk management (continued)

#### d) Currency risk (continued)

##### 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:

Effect	US dollar impact	
	2016	2015
	\$	\$
	<u>52,900</u>	<u>41,815</u>

#### 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.

#### 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	2016	2015
	\$	\$
National Beverage Containers Bill Clean-up Project	-	217,528
IDB Technical Cooperation	-	11,416
Finance and Administration Services	-	220,910
Legal and Enforcement Services	-	58,050
National Restoration, Carbon Sequestration, Wildlife and Livelihoods Project	5,228,945	6,754,600
Other	(34,339)	123,212
Pollution Prevention and Control	717,049	690,934
Recyclable Solid Waste Collection Project	4,072,749	3,210,745
National Environmental Assessment Task Force	35,735	854,375
	<u>10,020,139</u>	<u>12,141,770</u>

# Environmental Management Authority Environmental Trust Fund

## Notes to the financial statements for the year ended 30 September 2016 (Expressed in Trinidad and Tobago dollars)

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### 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 Authority does not have an option to purchase the leased offices at the expiry of the lease periods.

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
No later than 1 year	3,620,550	3,687,750
Later than 1 year and no later than 5 years	1,728,338	5,752,763
	<u><b>5,348,888</b></u>	<u><b>9,440,513</b></u>

At the end of its financial year the Authority was engaged in several legal proceedings arising from the normal course of business. As a matter of disclosure, the following legal matters are reported:

#### 1. **Claim No. CV2014-00813**

The matter relates to a certiorari removal to quash the decision of the Environmental Management Authority dated the 11 December 2013 to grant a Certificate of Environmental Clearance to a company. On March 4, 2016 the Honourable Madam Justice Kangaloo found that the Claimant's case must be dismissed with costs payable to the EMA and the Ministry of Energy.

#### 2. **Civil Appeal No. 103 of 2016/Claim No. CV2014-00813**

A Notice of Appeal was entered by the Appellants on the 15<sup>th</sup> April 2016 wherein appealing the decision of the Honourable Madam Justice Nadia Kangaloo made on the 4<sup>th</sup> March, 2016. The EMA is defending the appeal. There is a 50/50 chance of success in favour of the EMA.

#### 3. **Claim No. CV2014-01218**

An application for Judicial Review in relation to the Application filed by the Claimant on the 11<sup>th</sup> December, 2014. The EMA is defending the claim. There is a 60/40 chance of success in favour of the EMA.

### 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.