



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 SEPTEMBER 30, 2017

The accompanying Financial Statements of the Environmental Trust Fund for the year ended September 30, 2017 have been audited. The Financial Statements comprise a Statement of Financial Position as at September 30, 2017, a Statement of Comprehensive Income, a Statement of Movement in Funds and a Statement of Cash Flows for the year ended September 30, 2017 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 November 26, 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.

9TH AUGUST, 2019
PORT OF SPAIN



Lorelly Pujadas
LORELLY PUJADAS
AUDITOR GENERAL

SS
20190809



EMA
environmental
management
authority

**ENVIRONMENTAL MANAGEMENT AUTHORITY
ENVIRONMENTAL TRUST FUND**

FINANCIAL STATEMENTS

for the year ended
September 30, 2017

ENVIRONMENTAL MANAGEMENT AUTHORITY
ENVIRONMENTAL TRUST FUND

Financial Statements
for the year ended September 30, 2017

CONTENTS PAGES

Statement of Management's Responsibilities	1
Independent Auditor's Report	2 & 3
Statement of Financial Position	4
Statement of Comprehensive Income	5
Statement of Movement in Funds	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 to 24

xxxxxxxxxxxxxxxxxxxxxxxx

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 September 30, 2017, the statements of comprehensive income, movement in funds and cash flows for the year then ended, and notes, comprising 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 complies with laws and regulations; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these financial statements, management utilised 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 the next twelve months from the reporting date, or up to the date the accompanying financial statements have been authorised for issue, if later.

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



Mr. Hayden Romano
Managing Director

November 23, 2018



Ms. Vanessa Young
Financial Accountant

November 23, 2018



Independent Auditor's Report

To the Shareholder of Environmental Management Authority Environmental Trust Fund

Opinion

We have audited the accompanying financial statements of **Environmental Management Authority Environmental Trust Fund** ("the Authority"), which comprise the statement of financial position as at 30th September 2017, and the statement of comprehensive income, statement of movement in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Authority as at 30th September 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in The Republic of Trinidad & Tobago, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



Independent Auditor's Report (cont'd)

**To the Shareholder of Environmental Management Authority Environmental Trust Fund
(cont'd)**

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other matter

The financial statements of the Authority for the year ended 30th September, 2016 were audited by another auditor, who expressed a qualified audit opinion on the financial statements on January 18, 2018.

R. RAMDASS & CO.
CHAGUANAS
TRINIDAD W.I.

November 26, 2018

**ENVIRONMENTAL MANAGEMENT AUTHORITY
ENVIRONMENTAL TRUST FUND**


Statement of Financial Position

as at September 30, 2017

	Notes	2017 \$	(Restated) 2016 \$	(Restated) 1/10/2015 \$
ASSETS				
Non-current assets				
Property, plant and equipment	8	73,840,490	75,578,998	77,580,572
Total Non-Current Assets		73,840,490	75,578,998	77,580,572
Current assets				
Cash in hand and at bank	5	106,203,261	129,301,044	135,138,233
Short-term investments	6	3,164,135	3,131,320	3,100,021
Receivables and prepayments	7	2,092,219	3,178,019	3,333,996
Total Current Assets		111,459,615	135,610,383	141,572,250
Total Assets		185,300,105	211,189,381	219,152,822
FUNDS AND LIABILITIES				
Funds				
GORTT Fund		55,383,387	55,656,771	57,265,665
UNDP Fund		199,131	199,131	199,131
IRBD Fund		2,806,990	2,806,990	2,806,990
Other Fund		863,709	863,709	863,709
Revaluation reserve		17,982,144	17,982,144	17,982,144
Total Funds		77,235,361	77,508,744	79,117,639
Current liabilities				
Payables and accruals	9	108,064,744	133,680,637	140,035,183
Total Current Liabilities		108,064,744	133,680,637	140,035,183
Total Funds and Liabilities		185,300,105	211,189,381	219,152,822

The accompanying notes form an integral part of these financial statements

On November 23, 2018, the Board of Directors of Environmental Management Authority Environmental Trust Fund authorised these financial statements for issue and signed on its behalf by:


DIRECTOR


DIRECTOR

ENVIRONMENTAL MANAGEMENT AUTHORITY
ENVIRONMENTAL TRUST FUND

Statement of Comprehensive Income
for the year ended September 30, 2017

	Note	2017 \$	(Restated) 2016 \$
Fund Income			
Government fund		44,886,386	47,762,804
NSRCSL Project Fund		4,574,601	5,228,945
RSWC Project Fund		6,051,688	4,070,783
UNEP		-	25,105
Activities Income		2,691,368	2,837,691
Interest Income		41,080	45,185
Miscellaneous Income		113,358	96,820
Total Income		58,358,481	60,067,333
Less: Project expenses	13	(10,532,931)	(10,020,139)
Income after Project Expenditure		47,825,550	50,047,194
Operating expenses			
Advertising		335,460	174,126
Audit Fees		34,000	120,000
Conference Cost		11,520	2,000
Contract Services		235,215	317,224
Depreciation		2,860,295	3,225,770
Directors' Fees and Expenses		786,541	260,116
Interest and Bank Charges		57,517	37,052
Insurance		465,770	512,215
Loss on Foreign Exchange		39,522	22,694
Loss on Disposal of Prop. Plant and Equip.		64,566	-
Motor Vehicle		372,998	343,499
Management Fees		78,000	81,000
Office and General		324,667	372,936
Permit and Compliance		474,926	528,687
Professional Fees		728,681	3,115,097
Reference and Research		185,016	263,367
Rent		3,710,550	3,781,250
Repairs and Maintenance		629,091	654,187
Salaries and Benefits		33,778,895	34,335,616
Security		482,149	983,389
Selection and Recruitment		32,353	51,012
Supplies		853,196	994,878
Training		115,924	152,399
Travel		110,453	7,377
Utilities		1,331,629	1,320,197
Total Operating Expenditure		48,098,934	51,656,088
Total comprehensive deficit for the year		(273,384)	(1,608,894)

The accompanying notes form an integral part of these financial statements

ENVIRONMENTAL MANAGEMENT AUTHORITY

ENVIRONMENTAL TRUST FUND

Statement of Movement in Funds

for the year ended September 30, 2017

	GORTT Fund	UNDP Fund	IBRD Fund	Other Fund	Revaluation Reserve	Total Funds
	\$	\$	\$			\$
Year ended September 30, 2017						
Balance at October 1, 2016 (Restated)	55,656,771	199,131	2,806,990	863,709	17,982,144	77,508,745
Total comprehensive deficit for the year	(273,383)	-	-	-	-	(273,383)
Balance at September 30, 2017	55,383,388	199,131	2,806,990	863,709	17,982,144	77,235,362
Year ended September 30, 2016 (Restated)						
Balance at October 1, 2015 as previously reported	62,158,394	199,131	2,806,990	863,709	17,982,144	84,010,368
Impact of correction of errors (note 4)	(4,892,729)	-	-	-	-	(4,892,729)
Restated balance as at October 1, 2015	57,265,665	199,131	2,806,990	863,709	17,982,144	79,117,639
Total comprehensive deficit for the year (Restated)	(1,608,894)	-	-	-	-	(1,608,894)
Restated balance at September 30, 2016	55,656,771	199,131	2,806,990	863,709	17,982,144	77,508,745

The accompanying notes form an integral part of these financial statements

ENVIRONMENTAL MANAGEMENT AUTHORITY
ENVIRONMENTAL TRUST FUND

Statement of Cash Flows

for the year ended September 30, 2017

	<u>Notes</u>	<u>2017</u> \$	(Restated) <u>2016</u> \$
Cash flows from operating activities			
Deficit for the year		(273,384)	(1,608,894)
Adjustments to reconcile net deficit to net cash from operating activities:			
Depreciation	8	3,526,714	3,811,792
Loss on disposal of property, plant and equipment		64,566	-
Decrease in receivables and prepayments		1,085,800	155,977
Decrease in payables and accruals		(25,615,893)	(6,824,750)
Net cash used in operating activities		<u>(21,212,197)</u>	<u>(4,465,875)</u>
Cash flows from investing activities			
Additions to property, plant and equipment	8	(1,852,774)	(1,810,219)
Net cash used in investing activities		<u>(1,852,774)</u>	<u>(1,810,219)</u>
Net decrease in cash and cash equivalents		(23,064,968)	(5,805,890)
Cash and cash equivalents at beginning of year		132,432,366	138,238,254
Cash and cash equivalents at end of year		<u>109,367,398</u>	<u>132,432,364</u>
Cash and cash equivalents			
Cash in hand and at bank	5	106,203,263	129,301,044
Short-term investments	6	3,164,135	3,131,320
Total cash and cash equivalents		<u>109,367,398</u>	<u>132,432,364</u>

The accompanying notes form an integral part of these financial statements

ENVIRONMENTAL MANAGEMENT AUTHORITY ENVIRONMENTAL TRUST FUND

Notes to the Financial Statements

for the year ended September 30, 2017

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 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.

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.

During the twelve month period ended 30 September 2017, 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.

ENVIRONMENTAL MANAGEMENT AUTHORITY ENVIRONMENTAL TRUST FUND

Notes to the Financial Statements

for the year ended September 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

c) Property, plant and equipment

Land and buildings 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 buildings are stated at historical cost/valuation, less depreciation in the case of building. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost include expenditure that is directly attributable to the acquisition of the items.

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/valuation of assets to their residual values over their estimated useful lives as follows:

Leasehold improvement	-	10% per annum
Buildings	-	2 - 20% per annum
Furniture and fitting	-	10% per annum
Office and computer equipment	-	20% per annum
Motor vehicles	-	25% per annum
Specialised equipment	-	20% per annum
Library/information	-	10% per annum

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

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each statement of financial position date.

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

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

ENVIRONMENTAL MANAGEMENT AUTHORITY ENVIRONMENTAL TRUST FUND

Notes to the Financial Statements

for the year ended September 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.
- (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.

ENVIRONMENTAL MANAGEMENT AUTHORITY ENVIRONMENTAL TRUST FUND

Notes to the Financial Statements

for the year ended September 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

d. Government grants (cont'd)

Income and funding (cont'd)

(v) A Memorandum of Agreement (MOA) was signed on 19th 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 29th 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 Authority'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.'

ENVIRONMENTAL MANAGEMENT AUTHORITY ENVIRONMENTAL TRUST FUND

Notes to the Financial Statements

for the year ended September 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

h. Comparatives

Where necessary, comparative figures are adjusted to conform with changes in presentation in the current year. Adjustments to previously reported results were made in accordance with International Accounting Standard No. 8-Accounting Policies, Changes in Accounting Estimates and Errors. The impact of these restatements and re-classifications is summarised in Note 4.

i. Changes in accounting policies and disclosures

i) New standards, amendments and interpretations adopted by the Authority with no effect on the financial statements

- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)
- Disclosure Initiative (Amendments to IAS 1)

There were no standards or amendments effective for the first time for the financial year beginning on or after 1 October 2016 which had a material impact on the Authority's financial statements.

ii) New standards and interpretations not yet adopted by the Authority

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 October 2016, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Authority, except the following set out below:-

- IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted.

ENVIRONMENTAL MANAGEMENT AUTHORITY ENVIRONMENTAL TRUST FUND

Notes to the Financial Statements

for the year ended September 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Changes in accounting policies and disclosures (cont'd)

New standards and interpretations not yet adopted by the Authority (cont'd)

- IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted.
- IFRS 16 – Leases (effective 1 January 2019) eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead all leases are treated in a similar way to finance leases applying IAS 17. Leases are 'capitalised' by recognising the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, the entity also recognises a financial liability representing its obligation to make future lease payments. The most significant effect of the new requirements will be an increase in lease assets and financial liabilities.

Management is currently assessing the impact of these new standards on the financial reporting of the Authority.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Authority's financial statements.

3. 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:

ENVIRONMENTAL MANAGEMENT AUTHORITY ENVIRONMENTAL TRUST FUND

Notes to the Financial Statements

for the year ended September 30, 2017

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

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.

4. PRIOR YEAR RESTATEMENTS

In accordance with *IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors*, management has decided to restate the statement of financial position as at October 1, 2015 and September 30, 2016, and the statement of comprehensive income for the year ended September 30, 2016 in order to correct the following omission and error: -

(i) Accrued Gratuity

The Authority is under a contractual obligation to pay gratuity to eligible employees, however no provision was made in the statement of financial position in prior years to recognise this liability.

(ii) Depreciation on Land

Subsequent to the acquisition of the Chaguanas property in 2014, the land element of the cost of the property was incorrectly classified as building and consequently, was erroneously depreciated in the Authority's financial statements

**ENVIRONMENTAL MANAGEMENT AUTHORITY
ENVIRONMENTAL TRUST FUND**

**Statement of Comprehensive Income
for the year ended September 30, 2017**

4. PRIOR YEAR RESTATEMENTS (cont'd)

The impact of the restatements is summarised below: -

Statement of Financial Position

	As previously reported \$	Note 4(i) Accrued Gratuity \$	Note 4(ii) Depreciation \$	Restated balance \$
October 1st 2015				
Prop. Plant & Equip.	77,331,668		248,904	77,580,572
Accounts payable and accruals	134,893,550	5,141,633		140,035,183
GORTT Fund	62,158,394	(5,141,633)	248,904	57,265,665
September 30th 2016				
Prop. Plant & Equip.	75,164,273		414,725	75,578,998
Accounts payable and accruals	128,068,800	5,611,836		133,680,636
GORTT Fund	60,853,882	(5,611,836)	414,725	55,656,771

Statement of Comprehensive income

	As previously reported \$	Note 4(i) Accrued Gratuity \$	Note 4(ii) Depreciation \$	Restated balance \$
September 30th 2016				
Depreciation expense	3,391,591		(165,821)	3,225,770
Salaries and benefits	33,865,413	470,203		34,335,616
Deficit for the year	(1,304,512)	(470,203)	165,821	(1,608,894)

Statement of Cash Flows

There is no impact on the total operating or investing cash flows for the years ended September 30, 2017 and 2016

ENVIRONMENTAL MANAGEMENT AUTHORITY
ENVIRONMENTAL TRUST FUND

Notes to the Financial Statements
for the year ended September 30, 2017

	<u>2017</u>	<u>2016</u>
	\$	\$
5. CASH IN HAND AND AT BANK		
Petty cash	16,000	15,000
Republic Bank Limited:		
Operating account	2,926,081	9,172,730
US Dollar account	1,312,143	1,052,003
NSRCSL project account	5,864,162	10,696,910
Highway Police Surveillance HPS Bays Project	2,928,977	1,994,626
Green Fund National BCBC Project	6,650,639	2,529,875
Recyclable Solid Waste Collection Project	67,283,853	72,742,286
VTM card	15,779	15,779
First Citizens Bank Limited:		
Oil Spill Assessment	13,257,087	16,865,188
IDB Technical	-	427,204
Permit income account	5,160,865	12,972,118
RBC Royal Bank (T&T) Limited:		
Other projects	244,212	244,707
Biodiversity	12,508	13,003
Biosafety	95,948	96,443
National Capacity Needs Self-Assessment	394,231	394,821
Scotiabank (T&T) Limited:		
Scotia Fleet Card	40,776	68,351
	106,203,261	129,301,044
6. SHORT-TERM INVESTMENTS		
Republic Bank Limited Pool Bond	2,299,053	2,276,203
Trinidad and Tobago Unit Trust		
Corporation Money Market	865,082	855,117
	3,164,135	3,131,320
7. RECEIVABLES AND PREPAYMENTS		
Accounts receivable	191,408	838,485
VAT receivable	1,426,475	1,595,819
Other receivable	311,904	622,100
Prepayments	162,432	121,615
	2,092,219	3,178,019

**ENVIRONMENTAL MANAGEMENT AUTHORITY
ENVIRONMENTAL TRUST FUND**

**Notes to the Financial Statements
for the year ended September 30, 2017**

8. PROPERTY, PLANT AND EQUIPMENT

	Land & Buildings	Leasehold Imp.	Furniture & Fittings	Office & Comp. Equip.	Motor Vehicle	Specialised Equipment	Library/ Infor.	RSWC Project	NSRCSL Project	Total
	\$	\$	\$							\$
Year ended September 30, 2017										
Cost/valuation	66,180,653	3,622,277	7,664,776	11,232,958	4,565,376	2,487,877	332,331	996,616	3,360,961	100,443,825
Accumulated depreciation	(5,565,650)	(913,559)	(4,154,971)	(9,257,347)	(3,511,501)	(952,196)	(288,113)	(527,046)	(1,465,952)	(26,636,334)
Net book amount	60,615,003	2,708,718	3,509,805	1,975,611	1,053,875	1,535,681	44,218	469,570	1,895,009	73,807,490
Net Book Amount										
October 1, 2016 (Restated)	61,424,775	3,009,688	3,872,118	2,202,000	1,405,245	1,918,088	49,131	690,789	1,007,164	75,578,998
Additions	107,538	-	81,768	295,908	-	1,513	-	33,000	1,333,045	1,852,772
Disposal	-	-	(54,547)	(9,950)	(69)	-	-	-	-	(64,566)
Depreciation charge	(917,310)	(300,970)	(389,534)	(512,347)	(351,301)	(383,920)	(4,913)	(221,219)	(445,200)	(3,526,714)
September 30, 2017	60,615,003	2,708,718	3,509,805	1,975,611	1,053,875	1,535,681	44,218	502,570	1,895,009	73,840,490
Year ended September 30, 2016 (Restated)										
Cost/valuation	66,073,115	3,622,277	7,734,438	11,780,256	4,574,876	2,486,364	332,331	996,616	2,027,916	99,628,189
Accumulated depreciation	(4,648,340)	(612,589)	(3,862,320)	(9,578,256)	(3,169,631)	(568,276)	(283,200)	(305,827)	(1,020,752)	(24,049,190)
Net book amount	61,424,775	3,009,688	3,872,118	2,202,000	1,405,245	1,918,088	49,131	690,789	1,007,164	75,578,998
Net Book Amount										
October 1, 2015	62,372,751	3,330,502	4,221,209	2,601,824	1,873,659	1,867,087	54,590	-	1,258,950	77,580,572
Additions	-	13,206.00	75,888	209,039	-	487,059	-	996,616	28,410	1,810,218
Depreciation charge	(947,976)	(334,020)	(424,979)	(608,863)	(468,415)	(436,058)	(5,459)	(305,827)	(280,196)	(3,811,792)
September 30, 2016	61,424,775	3,009,688	3,872,118	2,202,000	1,405,245	1,918,088	49,131	690,789	1,007,164	75,578,998

ENVIRONMENTAL MANAGEMENT AUTHORITY
ENVIRONMENTAL TRUST FUND

Notes to the Financial Statements
for the year ended September 30, 2017

	2017	2016
	\$	\$

PROPERTY, PLANT AND EQUIPMENT (Cont'd)

i) 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 2017 and 2016 are as follows:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
At 30 September 2017	-	38,345,167	-	38,345,167
At 30 September 2016	-	39,154,939	-	39,154,939

There were no transfers between levels during the year.

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

Buildings

Cost	25,928,673	25,821,135
Accumulated depreciation	(2,960,103)	(2,356,601)
	22,968,570	23,464,534

9. PAYABLES AND ACCRUALS

Accounts payables	1,477,364	2,316,476
Other payables	5,258	5,197
Contingent liability	1,132,827	1,132,827
Accruals	5,962,301	7,554,470
Violations payable	5,027	9,492,538
Ministry of Public Utilities and the Environment National	384,438	486,463
National Restoration, Carbon Sequestration, Wildlife and livelihood Project	7,813,123	11,981,373
Recyclables Solid Waste Collection Project	67,995,926	74,047,814
Highway Police Surveillance Bays	2,928,272	2,943,709
Oil Spill Assessment Remediation and Rehabilitation	13,119,096	16,787,763
National Beverage Container Bill Clean Up Project	6,650,639	6,634,856
World Bank Loans	-	297,151
IWEco Project	590,474	-
	108,064,744	133,680,637

ENVIRONMENTAL MANAGEMENT AUTHORITY
 ENVIRONMENTAL TRUST FUND

Notes to the Financial Statements
 for the year ended September 30, 2017

	2017	2016
	\$	\$

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 TRANSACTION

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:

Other expenses

Directors' fees	726,000	220,000
Directors' expenses	60,541	40,116
	786,541	260,116

Key management compensation

Short-term benefits	4,972,665	4,846,944
---------------------	-----------	-----------

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 September 30, 2017

12. FINANCIAL RISK MANAGEMENT (Cont'd)
 Financial instruments (cont'd)

	Financial assets and liabilities \$	Non- financial assets and liabilities \$	Equity \$	Total \$
As at September 30, 2017				
Assets:				
Cash in hand and at bank	106,203,261	-	-	106,203,261
Short-term investments	3,164,135	-	-	3,164,135
Receivables and prepayments	1,929,787	162,432	-	2,092,219
Property, Plant & Equipment	-	73,840,490	-	73,840,490
Total	111,297,183	74,002,922	-	185,300,105
Liabilities and fund:				
Payables and accruals	108,064,744	-	-	108,064,744
Funds	-	-	59,253,217	59,253,217
Revaluation reserve	-	-	17,982,144	17,982,144
Total	108,064,744	-	77,235,361	185,300,105
As at September 30, 2016				
Assets:				
Cash in hand and at bank	129,301,044	-	-	129,301,044
Short-term investments	3,131,320	-	-	3,131,320
Receivables and prepayments	3,056,404	121,615	-	3,178,019
Property, Plant & Equipment	-	75,578,998	-	75,578,998
Total	135,488,768	75,700,613	-	211,189,381
Liabilities and fund:				
Payables and accruals	133,680,637	-	-	133,680,637
Funds	-	-	59,526,601	59,526,601
Revaluation reserve	-	-	17,982,144	17,982,144
Total	133,680,637	-	77,508,745	211,189,382

ENVIRONMENTAL MANAGEMENT AUTHORITY
ENVIRONMENTAL TRUST FUND

Notes to the Financial Statements
for the year ended September 30, 2017

12. FINANCIAL RISK MANAGEMENT (Cont'd)

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.

(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 \$	Total \$
As at 30 September 2017:			
Financial assets:			
Cash in hand and at bank	106,203,261	-	106,203,261
Short-term investments	3,164,135	-	3,164,135
Receivables and prepayments	191,408	1,900,811	2,092,219
	109,558,804	1,900,811	111,459,615
Financial liabilities			
Payables and accruals	-	(108,064,744)	(108,064,744)
Net liquidity gap	109,558,804	(106,163,933)	3,394,871

ENVIRONMENTAL MANAGEMENT AUTHORITY
ENVIRONMENTAL TRUST FUND

Notes to the Financial Statements
for the year ended September 30, 2017

12. FINANCIAL RISK MANAGEMENT (Cont'd)

	On demand \$	Up to 1 year \$	Total \$
As at 30 September 2016:			
Financial assets:			
Cash in hand and at bank	129,301,044	-	129,301,044
Short-term investments	3,131,320	-	3,131,320
Receivables and prepayments	838,485	2,339,534	3,178,019
	<u>133,270,849</u>	<u>2,339,534</u>	<u>135,610,383</u>
Financial liabilities			
Payables and accruals	-	(133,680,637)	(133,680,637)
Net liquidity gap	<u>133,270,849</u>	<u>(131,341,103)</u>	<u>1,929,746</u>

(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:

	USD (TT\$ Equivalent)
As at September 30, 2017	
Assets	
Cash at bank	1,312,143
Total foreign currency assets	<u>1,312,143</u>

	USD (TT\$ Equivalent)
As at September 30, 2016	
Assets	
Cash at bank	1,052,003
Total foreign currency assets	<u>1,052,003</u>

ENVIRONMENTAL MANAGEMENT AUTHORITY
ENVIRONMENTAL TRUST FUND

Notes to the Financial Statements
for the year ended September 30, 2017

	2017	2016
	\$	\$

12. FINANCIAL RISK MANAGEMENT (Cont'd)

(d) Currency risk (Cont'd)

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	
Effect	9,941	7,970

(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

National Restoration, Carbon Sequestration, Wildlife and Livelihoods Project	4,574,816	5,228,945
Pollution Prevention and Control	1,085,814	717,049
Recyclable Solid Waste Collection Project	4,870,709	4,072,749
National Environmental Assessment Task Force	-	35,735
Other	1,591	(34,339)
	<u>10,532,930</u>	<u>10,020,139</u>

ENVIRONMENTAL MANAGEMENT AUTHORITY
 ENVIRONMENTAL TRUST FUND

Notes to the Financial Statements
 for the year ended September 30, 2017

	2017	2016
	\$	\$
14. COMMITMENTS AND CONTINGENCIES		
<i>i) Leasing arrangements commitments</i>		
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.		
No later than 1 year	3,106,538	3,620,550
Later than 1 year and no later than 5 years	1,590,000	1,728,338
	<u>4,696,538</u>	<u>5,348,888</u>

ii) Contingent liabilities
 The Authority is currently involved in various legal proceedings arising in the ordinary course of operation which are at various stages of litigation. Provision is made for such matters when, in the opinion of management and its professional advisors, it is probable that a payment will be made by the Authority, and the amount can be reasonably estimated. No provision is made for matters which are premature to determine their outcome and for which no reliable estimate of payment is available.

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.