



REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF TRINIDAD AND TOBAGO ON THE FINANCIAL STATEMENTS OF THE ENVIRONMENTAL MANAGEMENT - AUTHORITY ENVIRONMENTAL TRUST FUND FOR THE YEAR ENDED 30 SEPTEMBER 2013

The accompanying Financial Statements of the Environmental Trust Fund for the year ended 30 September 2013 have been audited. The Financial Statements comprise a Statement of Financial Position as at 30 September 2013, a Statement of Comprehensive Income, a Statement of Movement of Funds and a Statement of Cash Flows for the year ended 30 September 2013 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 2015 February 24 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.

22ND JULY 2019
PORT OF SPAIN




LORELLY PUJADAS
AUDITOR GENERAL

ES20190722



Chartered Accountants
& Business Advisors

**ENVIRONMENTAL MANAGEMENT AUTHORITY
ENVIRONMENTAL TRUST FUND**

FINANCIAL STATEMENTS

30 SEPTEMBER 2013

**ENVIRONMENTAL MANAGEMENT AUTHORITY
ENVIRONMENTAL TRUST FUND**

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Statement of Management Responsibilities

It is the responsibility of management to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Authority as at the end of the financial year and of the operating results of the Authority for the year. It is also management's responsibility to ensure that the Authority proper accounting records which disclose with reasonable accuracy at any time the financial position of the Authority. They are also responsible for safeguarding the assets of the Authority.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.


Management accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards. Management are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Authority and of its operating results. Management further accepts responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of Management to indicate that the Authority will not remain a going concern for at least the next twelve months from the date of this statement.



Director

Date 24/2/2015



Director

Date 24/2/2015





Chartered Accountants
& Business Advisors

INDEPENDENT AUDITORS' REPORT

The Trustees
Environmental Management Authority -
Environmental Trust Fund

We have audited the accompanying financial statements of Environmental Management Authority – Environmental Trust Fund, which comprise the statement of financial position as at 30 September 2013, the statements of comprehensive income, movement of funds and 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 fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 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 auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Environmental Management Authority – Environmental Trust Fund as of 30 September 2013, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

PKF

Port of Spain
24 February 2015

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Directors Reneé-Lisa Philip | Mark K. Superville

**ENVIRONMENTAL MANAGEMENT AUTHORITY
ENVIRONMENTAL TRUST FUND**

STATEMENT OF FINANCIAL POSITION

	<u>Notes</u>	<u>30 September</u>	
		<u>2013</u>	<u>2012</u>
Cash Resources:			(Re-stated)
Cash in hand and at bank	5	\$ 44,084,309	\$ 28,317,938
Short-term investments	6	<u>8,986,972</u>	<u>8,873,889</u>
Total Cash Resources		<u>53,071,281</u>	<u>37,191,827</u>
Other Assets:			
Accounts receivable and prepayments	7	2,790,261	4,537,155
Fixed assets	8	<u>47,586,486</u>	<u>47,224,961</u>
Total Non-Current Assets		<u>50,376,747</u>	<u>51,762,116</u>
Total Assets		<u>\$103,448,028</u>	<u>\$ 88,953,943</u>
<u>LIABILITIES AND FUNDS</u>			
Liabilities:			
Accounts payable and accruals	9	\$ 20,745,245	\$ 10,118,705
Deferred income	10	<u>344,725</u>	<u>344,725</u>
Total Liabilities		<u>21,089,970</u>	<u>10,463,430</u>
Funds:			
GORTT Fund		59,858,226	55,791,867
UNDP Fund		258,847	292,172
IBRD Fund		2,806,990	2,806,990
Nariva Swamp Restoration, Carbon Sequestration and Livelihood Project		588,142	753,631
Other Fund		863,709	863,709
Revaluation surplus		<u>17,982,144</u>	<u>17,982,144</u>
Total Funds		<u>82,358,058</u>	<u>78,490,513</u>
Total Liabilities and Funds		<u>\$103,448,028</u>	<u>\$ 88,953,943</u>

These financial statements were approved by the Board of Trustees and authorised for issue on 24 February 2015 and signed on their behalf by:



Trustee



Trustee

(The accompanying notes form part of these financial statements)

**ENVIRONMENTAL MANAGEMENT AUTHORITY
ENVIRONMENTAL TRUST FUND**

STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 30 September	
	<u>2013</u>	<u>2012</u> (Re-stated)
Income:		
GORTT Fund	\$ 45,711,281	\$ 48,264,929
NSRCSL Project Fund	6,530,984	3,119,048
Other Fund income	-	6,288
Activities income	1,695,363	1,711,679
Highway Police Surveillance Bays Fund	-	3,694,085
Interest income	122,426	91,761
Gain on disposal of fixed assets	<u>10,849</u>	<u>-</u>
	54,070,903	56,887,790
Project expenses	<u>(8,116,298)</u>	<u>(10,522,563)</u>
Income after project expenditure, carried forward	<u>45,954,605</u>	<u>46,365,227</u>

(The accompanying notes form part of these financial statements)

**ENVIRONMENTAL MANAGEMENT AUTHORITY
ENVIRONMENTAL TRUST FUND**

STATEMENT OF COMPREHENSIVE INCOME (CONT'D)

	For the year ended 30 September	
	<u>2013</u>	<u>2012</u> (Re-stated)
Income after project expenditure, brought forward	<u>45,954,605</u>	<u>46,365,227</u>
Expenditure:		
Advertising and promotions	1,761,689	2,120,041
Audit fees	99,562	90,250
Conference costs	16,086	23,661
Contract services	812,602	804,967
Depreciation	2,270,242	1,694,848
Directors' expenses	153,469	77,732
Directors' fees	519,750	614,500
Interest and bank charges	23,668	22,441
Insurance	427,350	346,237
Loss on disposal of fixed assets	-	15,791
Loss on foreign exchange	581	4,965
Motor vehicle expenses	591,765	530,401
Maintenance contracts	674,706	583,724
Management fees	18,000	18,000
Office and general expenses	108,305	102,045
Permitting and compliance costs	1,071,548	1,177,658
Professional fees	1,004,530	203,937
Publication costs	21,235	-
Reference and research cost	258,632	358,455
Rent	1,848,000	1,974,528
Repairs and maintenance	867,178	552,658
Salaries and benefits	25,190,492	21,815,844
Security	837,993	831,116
Selection and recruitment costs	267,783	147,319
Supplies	932,397	594,109
Training	379,251	120,900
Travel	431,975	487,982
Utilities	<u>1,464,946</u>	<u>1,223,896</u>
	<u>42,053,735</u>	<u>36,538,005</u>
Total Comprehensive Income for the year	<u>\$ 3,900,870</u>	<u>\$ 9,827,222</u>

(The accompanying notes form part of these financial statements)

**ENVIRONMENTAL MANAGEMENT AUTHORITY
ENVIRONMENTAL TRUST FUND**

STATEMENT OF MOVEMENT OF FUNDS

For the year ended 30 September 2013

	GORTT Fund	UNDP Fund	IBRD Fund	Other Fund	Nariva Swamp Fund	Revaluation Surplus	Total
Balance as at 1 October 2011	\$ 46,724,564	\$ 292,172	\$ 2,806,990	\$ 857,421	\$ -	\$ 17,982,144	\$ 68,663,291
Funds received	48,264,929	-	-	6,288	3,119,048	-	51,390,265
Interest income	91,761	-	-	-	-	-	91,761
Activities income	1,711,679	-	-	-	-	-	1,711,679
Highway PS Bays income	3,694,085	-	-	-	-	-	3,694,085
Loss on disposal of fixed assets	(15,791)	-	-	-	-	-	(15,791)
Loss on foreign exchange	(4,965)	-	-	-	-	-	(4,965)
Expenditure	<u>(47,166,950)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,365,417)</u>	<u>-</u>	<u>(49,532,367)</u>
Balance as at 1 October 2012	53,299,312	292,172	2,806,990	863,709	753,631	17,982,144	75,997,958
Re-statement (Note 14)	<u>2,492,555</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,492,555</u>
Balance as at 1 October 2012 (Re-stated)	55,791,867	292,172	-	863,709	753,631	17,982,144	78,490,513
Equity adjustment (Note 15)	-	(33,325)	-	-	-	-	(33,325)
Funds received	45,711,281	-	-	-	6,530,984	-	52,242,265
Interest income	122,426	-	-	-	-	-	122,426
Activities income	1,695,363	-	-	-	-	-	1,695,363
Gain/(loss) on disposal of fixed assets	10,849	-	-	-	(15,394)	-	(4,545)
Loss on foreign exchange	(581)	-	-	-	-	-	(581)
Expenditure	<u>(43,472,979)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,681,079)</u>	<u>-</u>	<u>(50,154,058)</u>
Balance at 30 September 2013	<u>\$ 59,858,226</u>	<u>\$ 258,847</u>	<u>\$ 2,806,990</u>	<u>\$ 863,709</u>	<u>\$ 588,142</u>	<u>\$ 17,982,144</u>	<u>\$ 82,358,058</u>

* The net loss on the disposal of fixed assets of \$4,545 includes the gain on disposal of assets from EMA of \$10,849 and the loss on disposal of assets from the Nariva Swamp Restoration, Carbon Sequestration and Livelihoods Project of \$15,394.

(The accompanying notes form part of these financial statements)

**ENVIRONMENTAL MANAGEMENT AUTHORITY
ENVIRONMENTAL TRUST FUND**

STATEMENT OF CASH FLOWS

	For the year ended 30 September	
	<u>2013</u>	<u>2012</u> (Re-stated)
Operating Activities:		
Net comprehensive income for the year	\$ 3,900,870	\$ 9,827,222
Adjustments:		
Depreciation	2,435,002	1,694,848
(Gain)/loss on disposal of fixed assets	4,545	15,791
Equity adjustment	<u>(33,325)</u>	<u>-</u>
	6,307,092	11,537,861
Net change in accounts receivable and prepayments	1,746,894	(2,758,225)
Net change in accounts payable and accruals	10,626,540	(6,088,471)
Net change in deferred income	<u>-</u>	<u>(389,216)</u>
Cash provided by Operating Activities	<u>18,680,526</u>	<u>2,301,949</u>
Cash Flows from Investing Activities:		
Proceeds from sale of fixed assets	117,086	-
Purchase of fixed assets	<u>(2,918,158)</u>	<u>(5,677,772)</u>
Cash used in Investing Activities	<u>(2,801,072)</u>	<u>(5,677,772)</u>
Net change in cash and cash equivalents	15,879,454	(3,375,823)
Cash and cash equivalents, beginning of year	<u>37,191,827</u>	<u>40,567,650</u>
Cash and cash equivalents, end of year	<u>\$ 53,071,281</u>	<u>\$ 37,191,827</u>
Represented by:		
Cash in hand and at bank	\$ 44,084,309	\$ 28,317,938
Short-term investments	<u>8,986,972</u>	<u>8,873,889</u>
	<u>\$ 53,071,281</u>	<u>\$ 37,191,827</u>

(The accompanying notes form part of these financial statements)

**ENVIRONMENTAL MANAGEMENT AUTHORITY
ENVIRONMENTAL TRUST FUND**

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013

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 institutional 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 2012, 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 Practice and Procedure; Water Pollution (Amendment) Rules, 2006; Water Pollution Rules, 2001; Water Pollution (Amendment) Fees; Water Pollution (Fees) Regulations, 2001; the Environmentally Sensitive Areas Rules, 2001; and Environmentally Sensitive Species Rules, 2001.

The draft Waste Management Rules, 2008 is still being developed. The Authority has completed its Strategic Plan for the period 2010 - 2014.

(a) Basis of Financial Statements Preparation:

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), and are stated in Trinidad and Tobago dollars, rounded to the nearest dollar. The historical cost basis is used, except for the measurement at fair value of available-for-sale investments and certain other financial instruments.

**ENVIRONMENTAL MANAGEMENT AUTHORITY
ENVIRONMENTAL TRUST FUND**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30 SEPTEMBER 2013

2. Summary of Significant Accounting Policies:

(b) New Accounting Standards and Interpretations -

i) The Authority have not applied the following standards and amendments that became effective during the current year, as they do not apply to the activities of the Authority:

- | | |
|---------|--|
| IAS 16 | Property, Plant and Equipment – Amendment re: classification of servicing equipment (effective for accounting periods beginning on or after 1 January 2013). |
| IAS 19 | Employee Benefits – Amended standard resulting from the Post-Employment Benefits and Termination Benefits projects (effective for accounting periods beginning on or after 1 January 2013). |
| IAS 27 | Consolidated and Separate Financial Statements – Reissued as IAS 27 Separate Financial Statements (effective for accounting periods beginning on or after 1 January 2013). |
| IAS 28 | Investments in Associates – Reissued as IAS 28 Investments in Associates and Joint Ventures (effective for accounting periods beginning on or after 1 January 2013). |
| IAS 34 | Interim Financial Reporting – Amendment on the clarification of interim financial reporting on segment information (effective for accounting periods beginning on or after 1 January 2013). |
| IFRS 10 | Consolidated Financial Statements (effective for accounting periods beginning on or after 1 January 2013). |
| IFRS 10 | Consolidated Financial Statements – Amendment to the transition guidance on consolidated financial statements, joint arrangements and disclosures of interest in other entities (effective for accounting periods beginning on or after 1 January 2013). |
| IFRS 11 | Joint Arrangements (effective for accounting periods beginning on or after 1 January 2013). |
| IFRS 12 | Disclosure of Interest in Other Entities (effective for accounting periods beginning on or after 1 January 2013). |

**ENVIRONMENTAL MANAGEMENT AUTHORITY
ENVIRONMENTAL TRUST FUND**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30 SEPTEMBER 2013

2. Summary of Significant Accounting Policies Cont'd):

(b) New Accounting Standards and Interpretations (cont'd) -

ii) The Authority have not applied the following standards and amendments that became effective during the current year, as they do apply to the activities of the Authority:

IAS 1 Presentation of Financial Statements – Amendments to revise the way other comprehensive income is presented (effective for accounting periods beginning on or after 1 July 2012).

IFRS 7 Financial Instruments: Disclosure – Amendment on the disclosure of offsetting financial assets and financial liabilities (effective for accounting periods beginning on or after 1 January 2013).

IFRS 13 Fair Value Measurement (effective for accounting periods beginning on or after 1 January 2013).

iii) The Authority have not applied the following standards, revised standards and interpretations that have been issued but are not yet effective as they either do not apply to the activities of the Authority or have no material impact on its financial statements, except for IFRS 9 Financial Instruments:

IFRS 1 First-time Adoption of International Financial Reporting Standards – Amendment on borrowing costs relating to qualifying assets (effective for accounting periods beginning on or after 1 January 2013).

IFRS 1 First-time Adoption of International Financial Reporting Standards – Government Loans (effective for accounting periods beginning on or after 1 January 2013).

IFRS 2 Share-based payment – Amendment to the definition of vesting condition (effective for accounting periods beginning on or after 1 July 2014).

IFRS 3 Business Combinations – Amendment re: accounting for a contingent consideration in a business combination (effective for accounting periods beginning on or after 1 July 2014).

IFRS 3 Business Combinations – Amendment on the scope of exception for joint ventures (effective for accounting periods beginning on or after 1 July 2014).

IFRS 8 Operating Segments – Amendment re: disclosure of the aggregation of operating segments and the reconciliation of assets (effective for accounting periods beginning on or after 1 July 2014).

ENVIRONMENTAL MANAGEMENT AUTHORITY
ENVIRONMENTAL TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30 SEPTEMBER 2013

2. Summary of Significant Accounting Policies Cont'd):

(b) **New Accounting Standards and Interpretations (cont'd) -**

- IFRS 9 Financial Instruments: Classification and Measurement (effective for accounting periods beginning on or after 1 January 2015).
- IFRS 9 Financial Instruments: Accounting for Financial Liabilities and Derecognition (effective for accounting periods beginning on or after 1 January 2015).
- IFRS 10 Consolidated Financial Statements – Amendment to measure at fair value eligible investment entities (effective for accounting periods beginning on or after 1 January 2014).
- IFRS 11 Joint Arrangements (effective for accounting periods beginning on or after 1 January 2013).
- IFRS 12 Disclosure of Interest in Other Entities (effective for accounting periods beginning on or after 1 January 2013).
- IFRS 13 Fair Value Measurement – Amendment re: clarification of portfolio exception (effective for accounting periods beginning on or after 1 July 2014).
- IFRS 14 Regulatory Deferral Accounts (effective for accounting periods beginning on or after 1 January 2016).
- IAS 1 Presentation of Financial Statements – Amendment re: clarification of the requirement for comparative information (effective for accounting periods beginning on or after 1 July 2013).
- IAS 16 Property, Plant and Equipment – Amendment re: proportionate restatement of accumulated depreciation under the revaluation method (effective for accounting periods beginning on or after 1 July 2014).
- IAS 24 Related Party Disclosures – Amendment on disclosures for entities providing key management personnel services (effective for accounting periods beginning on or after 1 July 2014).
- IAS 27 Separate Financial Statements – Amendment to measure at fair value eligible investment entities (effective for accounting periods beginning on or after 1 January 2014).
- IAS 32 Financial Instruments; Presentation – Amendment re: application guidance on the offsetting of financial assets and financial liabilities (effective for accounting periods beginning on or after 1 January 2014).

**ENVIRONMENTAL MANAGEMENT AUTHORITY
ENVIRONMENTAL TRUST FUND**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30 SEPTEMBER 2013

2. Summary of Significant Accounting Policies Cont'd):

(b) New Accounting Standards and Interpretations (cont'd) -

- | | |
|----------|--|
| IAS 36 | Impairment of Assets – Amendment re: disclosure of recoverable amount on non-financial assets (effective for accounting periods beginning on or after 1 January 2014). |
| IAS 38 | Intangible Assets – Amendment re: the proportionate restatement of accumulated amortisation under the revaluation method (effective for accounting periods beginning on or after 1 July 2014). |
| IAS 39 | Financial Instruments: Recognition and Measurement – Amendment re: the novation of derivatives and continuation of hedge accounting (effective for accounting periods beginning on or after 1 January 2014). |
| IAS 40 | Investment Property – Amendment re: clarification of specific transactions that are both business combinations and investment property (effective for accounting periods beginning on or after 1 July 2014). |
| IFRIC 21 | Levies (effective for accounting periods beginning on or after 1 January 2014). |

The adoption of IFRS 9 Financial Instruments may result in changes in the Trustees' classification and presentation of financial instruments.

(c) Fixed assets and depreciation -

Land and building comprise offices occupied by the Authority and include land purchased for construction of new offices in Trincity. A valuation was completed on the building at #8 Elizabeth Street, St. Clair by independent valuer G. A. Farrell & Associates Limited. The effective date of the valuation was 4 January 2010 and the value of **TTS26 million** was determined after consideration and use of one or more of the following approaches: the Direct Sales 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 includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits 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 Comprehensive Income during the financial period in which they are incurred.

**ENVIRONMENTAL MANAGEMENT AUTHORITY
ENVIRONMENTAL TRUST FUND**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30 SEPTEMBER 2013

2. Summary of Significant Accounting Policies Cont'd):

(c) Fixed assets and depreciation (cont'd) -

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:

Building	-	2% - 20% per annum
Furniture and fittings	-	10% per annum
Office equipment	-	20% per annum
Motor vehicles and computer equipment	-	25% per annum
Library/Information	-	10% per annum
Specialised equipment	-	20% per annum

Land is not depreciated as it is 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, plant and equipment are determined by reference to their carrying amounts and are included in the Statement of Comprehensive Income.

(d) Foreign currency -

Monetary assets and liabilities denominated in foreign currencies are expressed in Trinidad and Tobago dollars at rates of exchange ruling at the Statement of Financial Position 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 Comprehensive Income.

(e) Taxation -

The Authority is exempt from taxation under the Environmental Management Act of 2000, Part VII 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 profits or on assets which are acquired for use by the Fund or the Authority'

(f) Use of estimates -

The preparation of the financial statements in conformity with International Financial Reporting Standards, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities. Also required is the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

ENVIRONMENTAL MANAGEMENT AUTHORITY
ENVIRONMENTAL TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30 SEPTEMBER 2013

2. Summary of Significant Accounting Policies Cont'd):

(g) **Financial instruments -**

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

Cash and cash equivalents

Cash and cash equivalents consist of highly liquid investments with original maturities of three months or less and are carried at cost, which approximates market value.

Trade payables

Trade payables are stated at amounts due.

(h) **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 the IBRD to the Government of the Republic of Trinidad and Tobago (GORTT). The loan facility closed on 31 December 2000.
- (ii) Ongoing funding from the 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 periods 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 II of the Terminal Management Plan for the Phase-out of CFC's.

**ENVIRONMENTAL MANAGEMENT AUTHORITY
ENVIRONMENTAL TRUST FUND**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30 SEPTEMBER 2013

2. Summary of Significant Accounting Policies Cont'd):

(h) Income and funding (cont'd) -

- (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 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 disbursements will be made based on approved progress reports.

(i) Comparative information -

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

3. Financial Risk Management:

Financial risk factors

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 in equity investments.

Financial instruments

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

	2013	
	<u>Carrying Value</u>	<u>Fair Value</u>
Financial Assets:		
Cash in hand and at bank	\$ 44,084,309	\$ 44,084,309
Short term investments	8,986,972	8,986,972
Accounts receivable and prepayments	<u>2,790,261</u>	<u>2,790,261</u>
	<u>\$ 55,861,542</u>	<u>\$ 55,861,542</u>
Financial Liabilities:		
Accounts payable and accruals	\$ 20,745,245	\$ 20,745,245
Deferred income	<u>344,725</u>	<u>344,725</u>
	<u>\$ 21,089,970</u>	<u>\$ 21,089,970</u>

**ENVIRONMENTAL MANAGEMENT AUTHORITY
ENVIRONMENTAL TRUST FUND**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30 SEPTEMBER 2013

3. Financial Risk Management (Cont'd):

	2012	
	<u>Carrying Value</u>	<u>Fair Value</u>
Financial Assets:		
Cash in hand and at bank	\$ 28,317,938	\$ 28,317,938
Short terms investments	8,873,889	8,873,889
Accounts receivable and prepayments	<u>4,537,155</u>	<u>4,537,155</u>
	<u>\$ 41,728,982</u>	<u>\$ 41,728,982</u>
Financial Liabilities:		
Accounts payable and accruals	\$ 10,118,705	\$ 10,118,705
Deferred income	<u>344,725</u>	<u>344,725</u>
	<u>\$ 10,463,430</u>	<u>\$ 10,463,430</u>

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 Statement of Financial Position date. The Authority has policies in place to ensure that all amounts due are collected within 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.

**ENVIRONMENTAL MANAGEMENT AUTHORITY
ENVIRONMENTAL TRUST FUND**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30 SEPTEMBER 2013

3. Financial Risk Management (Cont'd):

(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 object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

(i) 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 Statement of Financial Position date to the contractual maturity date.

	----- 2013 -----			
	<u>Up to 1 year</u>	<u>1 to 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Financial Assets:				
Cash in hand and at bank	\$44,084,309	\$ -	\$ -	\$44,084,309
Short term investments	8,986,972	-	-	8,986,972
Accounts receivable and prepayments	<u>2,790,261</u>	<u>-</u>	<u>-</u>	<u>2,790,261</u>
	<u>\$55,861,542</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$55,861,542</u>
Financial Liabilities:				
Accounts payable and accruals	\$20,745,245	\$ -	\$ -	\$20,745,245
Deferred income	<u>344,725</u>	<u>-</u>	<u>-</u>	<u>344,725</u>
	<u>\$21,089,970</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$21,089,970</u>

**ENVIRONMENTAL MANAGEMENT AUTHORITY
ENVIRONMENTAL TRUST FUND**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30 SEPTEMBER 2013

3. Financial Risk Management (Cont'd):

(c) Liquidity risk (cont'd) -

(i) Liquidity gap (cont'd)

	----- 2012 -----			
	<u>Up to 1year</u>	<u>1 to 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Financial Assets:				
Cash in hand and at bank	\$28,317,938	\$ -	\$ -	\$28,317,938
Short term investments	8,873,889	-	-	8,873,889
Accounts receivable and prepayments	<u>4,537,155</u>	<u>-</u>	<u>-</u>	<u>4,537,155</u>
	<u>\$41,728,982</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$41,728,982</u>
Financial Liabilities:				
Accounts payable and accruals	\$10,118,705	\$ -	\$ -	\$10,118,705
Deferred income	<u>344,725</u>	<u>-</u>	<u>-</u>	<u>344,725</u>
	<u>\$10,463,430</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$10,463,430</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 Dollar. The Authority's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

(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.

**ENVIRONMENTAL MANAGEMENT AUTHORITY
ENVIRONMENTAL TRUST FUND**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30 SEPTEMBER 2013

3. Financial Risk Management (Cont'd):

(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.

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 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 judgement, 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.
2. Whether fixed assets are measured at cost or revalued amount.

The key assumption concerning the future and other key sources of estimation uncertainty at the Statement of Financial Position date (requiring management's most difficult, subjective or complex judgements) that 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 (CONTINUED)

30 SEPTEMBER 2013

5. Cash in Hand and at Bank:

	30 September	
	<u>2013</u>	<u>2012</u>
Petty cash	\$ 8,000	\$ 8,000
Republic Bank Limited -		
Operating account	21,245,498	15,847,982
Nariva Carbon Assessment Grant	186,394	222,209
NSRCSL Project Account	7,244,434	3,337,966
Highway Police Surveillance HPS Bays Project	3,373,364	569,381
First Citizens Bank Limited -		
Permit income account	11,142,765	7,176,251
RBTT Bank Limited -		
Institutional strengthening	-	18,167
Other projects	246,030	246,253
Biodiversity	13,987	14,062
Biosafety	97,415	97,490
National Capacity Needs Self Assessment	395,796	395,871
United Nations Framework Convention on Climate Change	59,867	343,442
Green Fund National BCBC Project	70	-
Scotiabank Trinidad and Tobago Limited -		
Terminal Phaseout Management Plan	70,689	24,904
Fleet Card		
	<u>\$ 44,084,309</u>	<u>\$ 28,317,938</u>

6. Short-term Investments:

	30 September	
<u>Available-for-Sale:</u>	<u>2013</u>	<u>2012</u>
Republic Bank Limited Pool Bond	\$ 2,200,851	\$ 2,171,383
Trinidad and Tobago Unit Trust Corporation	<u>6,786,121</u>	<u>6,702,506</u>
	<u>\$ 8,986,972</u>	<u>\$ 8,873,889</u>

7. Accounts Receivable and Prepayments:

	30 September	
	<u>2013</u>	<u>2012</u>
Accounts receivable	\$ 31,000	\$ 44,750
VAT receivable	2,306,015	4,074,018
Other receivables	300,571	180,357
Prepayments	<u>152,675</u>	<u>238,030</u>
	<u>\$ 2,790,261</u>	<u>\$ 4,537,155</u>

**ENVIRONMENTAL MANAGEMENT AUTHORITY
ENVIRONMENTAL TRUST FUND**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30 SEPTEMBER 2013

8. Fixed Assets:

Cost/Valuation	<u>Land</u>	<u>Building</u>	<u>Furniture and Fittings</u>	<u>Office Equipment</u>	<u>Motor Vehicles</u>	<u>Computer Equipment</u>	<u>Specialised Equipment</u>	<u>Library/ Information</u>	<u>Total</u>
Balance as at 1 October 2012	\$13,729,868	\$26,000,000	\$ 6,045,872	\$ 4,972,318	\$ 3,988,398	\$ 5,277,263	\$ 443,603	\$ 332,331	\$ 60,789,653
Additions	-	-	983,575	439,173	1,258,150	230,105	7,155	-	2,918,158
Disposals	-	-	-	(14,654)	(496,349)	(15,000)	-	-	(526,003)
Balance as at 30 September 2013	<u>13,729,868</u>	<u>26,000,000</u>	<u>7,029,447</u>	<u>5,396,837</u>	<u>4,750,199</u>	<u>5,492,368</u>	<u>450,758</u>	<u>332,331</u>	<u>63,181,808</u>
Accumulated Depreciation									
Balance as at 1 October 2012	-	1,627,179	2,059,099	3,661,824	2,051,702	3,868,963	38,478	257,447	13,564,692
Charge for the year	-	512,441	478,358	308,648	674,130	371,839	82,098	7,488	2,435,002
Disposals	-	-	-	(7,372)	(391,023)	(5,977)	-	-	(404,372)
Balance as at 30 September 2013	<u>-</u>	<u>2,139,620</u>	<u>2,537,457</u>	<u>3,963,100</u>	<u>2,334,809</u>	<u>4,234,825</u>	<u>120,576</u>	<u>264,935</u>	<u>15,595,322</u>
Net Book Value									
Balance as at 30 September 2013	<u>\$13,729,868</u>	<u>\$ 23,860,380</u>	<u>\$ 4,491,990</u>	<u>\$ 1,433,737</u>	<u>\$ 2,415,390</u>	<u>\$ 1,257,543</u>	<u>\$ 330,182</u>	<u>\$ 67,396</u>	<u>\$ 47,586,486</u>
Balance as at 30 September 2012	<u>\$13,729,868</u>	<u>\$ 24,372,821</u>	<u>\$ 3,986,773</u>	<u>\$ 1,310,494</u>	<u>\$ 1,936,696</u>	<u>\$ 1,408,300</u>	<u>\$ 405,125</u>	<u>\$ 74,884</u>	<u>\$ 47,224,961</u>

**ENVIRONMENTAL MANAGEMENT AUTHORITY
ENVIRONMENTAL TRUST FUND**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30 SEPTEMBER 2013

8. Fixed Assets (Cont'd):

Cost/Valuation	<u>Land</u>	<u>Building</u>	<u>Furniture and Fittings</u>	<u>Office Equipment</u>	<u>Motor Vehicles</u>	<u>Computer Equipment</u>	<u>Specialised Equipment</u>	<u>Library/ Information</u>	<u>Total</u>
Balance as at 1 October 2011	\$13,729,868	\$26,000,000	\$ 3,606,565	\$ 4,521,379	\$ 2,346,484	\$ 4,639,937	\$ -	\$ 332,331	\$ 55,176,564
Additions	-	-	2,486,476	450,939	1,641,914	654,840	443,603	-	5,677,772
Disposals	-	-	(47,169)	-	-	(17,514)	-	-	(64,683)
Balance as at 30 September 2012	<u>13,729,868</u>	<u>26,000,000</u>	<u>6,045,872</u>	<u>4,972,318</u>	<u>3,988,398</u>	<u>5,277,263</u>	<u>443,603</u>	<u>332,331</u>	<u>60,789,653</u>
Accumulated Depreciation									
Balance as at 1 October 2011	-	1,098,186	1,920,904	3,417,172	1,754,676	3,478,671	-	249,127	11,918,736
Charge for the year	-	528,993	178,807	244,652	297,026	398,572	38,478	8,320	1,694,848
Disposals	-	-	(40,612)	-	-	(8,280)	-	-	(48,892)
Balance as at 30 September 2012	<u>-</u>	<u>1,627,179</u>	<u>2,059,099</u>	<u>3,661,824</u>	<u>2,051,702</u>	<u>3,868,963</u>	<u>38,478</u>	<u>257,447</u>	<u>13,564,692</u>
Net Book Value									
Balance as at 30 September 2012	<u>\$13,729,868</u>	<u>\$ 24,372,821</u>	<u>\$ 3,986,773</u>	<u>\$ 1,310,494</u>	<u>\$ 1,936,696</u>	<u>\$ 1,408,300</u>	<u>\$ 405,125</u>	<u>\$ 74,884</u>	<u>\$ 47,224,961</u>
Balance as at 30 September 2011	<u>\$13,729,868</u>	<u>\$ 24,901,814</u>	<u>\$ 1,685,661</u>	<u>\$ 1,104,207</u>	<u>\$ 591,808</u>	<u>\$ 1,161,266</u>	<u>\$ -</u>	<u>\$ 83,204</u>	<u>\$ 43,257,828</u>

ENVIRONMENTAL MANAGEMENT AUTHORITY
ENVIRONMENTAL TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30 SEPTEMBER 2013

9. Accounts Payable and Accruals:

	30 September	
	<u>2013</u>	<u>2012</u>
Accounts payable	\$ 1,716,729	\$ 676,279
Other payables	(20,046)	33,011
Accruals	1,912,576	1,535,857
Violations payable	5,231,111	2,983,607
Ministry of Public Utilities and the Environment		
- National Forest Inventory Project	373,308	340,797
Nariva Swamp Restoration, Carbon Sequestration and Livelihood Project	7,366,601	3,425,643
Highway Police Surveillance Bays Project	<u>4,164,966</u>	<u>1,123,511</u>
	<u>\$ 20,745,245</u>	<u>\$ 10,118,705</u>

10. Deferred Income:

	30 September	
	<u>2013</u>	<u>2012</u>
Records and Information Management (RIM) Project	<u>\$ 344,725</u>	<u>\$ 344,725</u>
	<u>\$ 344,725</u>	<u>\$ 344,725</u>

**ENVIRONMENTAL MANAGEMENT AUTHORITY
ENVIRONMENTAL TRUST FUND**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30 SEPTEMBER 2013

11. Funding:

Funds received during the year ended 30 September 2013 are as follows:

		30 September	
		<u>2013</u>	<u>2012</u>
External Funding			
UNDP	TT\$	\$ -	\$ -
Other	TT\$	-	6,288
Core Funding			
GORTT	TT\$	45,711,281	48,264,929
Activities Income	TT\$	1,702,258	1,711,679
Highway Police Surveillance Bays Project Fund	TT\$	-	3,694,085
Nariva Swamp Restoration, Carbon Sequestration and Livelihood Project	TT\$	6,530,984	3,119,048

The Highway Police Surveillance Bays Project Fund is a project funded by the Government of the Republic of Trinidad and Tobago to construct surveillance bays between the northern-bound and south-bound lanes of the Solomon Hochoy Highway.

12. 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 of 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.

The following methods have been used to estimate the fair values of various classes of financial assets and liabilities:

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.

**ENVIRONMENTAL MANAGEMENT AUTHORITY
ENVIRONMENTAL TRUST FUND**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30 SEPTEMBER 2013

13. 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:

	30 September	
	<u>2013</u>	<u>2012</u>
Other expenses		
Directors' fees	\$ 519,750	\$ 614,500
Directors' expenses	153,469	77,732
Key management compensation		
Short-term benefits	\$ 2,926,677	\$ 2,169,228

14. Re-statement:

The re-statement of the financial statements relates to the capitalization of fixtures, fittings and office equipment totaling **\$2,440,612** that was expensed in the previous year. The costs were incurred in the preparation of office spaces at the Authority's new office in St. Augustine.

15. Equity Adjustment:

The equity adjustment of **\$33,325** represents:

- i. a refund of **\$17,365** to the United Nations Development Programme (UNDP) for expenditure incurred for the Institutional Strengthening Project Phase V, as per their request dated 3 September 2012; and
- ii. an amount of **\$15,960** re-imbursed to the UNDP, representing the balance due on closure of Project #00063231 and its related bank account.