



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 SEPTEMBER 30, 2020

The accompanying Financial Statements of the Environmental Management Authority - Environmental Trust Fund for the year ended September 30, 2020 have been audited. The Financial Statements comprise a Statement of Financial Position as at September 30, 2020, a Statement of Income, a Statement of Movement of Funds and a Statement of Cash Flows for the year ended September 30, 2020 and Notes to the Financial Statements numbered 1 to 16.

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 March 24, 2021, which is attached, 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.

7TH JUNE, 2021
PORT OF SPAIN




LORELLY PUJADAS
AUDITOR GENERAL

**ENVIRONMENTAL MANAGEMENT AUTHORITY
ENVIRONMENTAL TRUST FUND**

Financial Statements

for the year ended September 30, 2020

C O N T E N T S **P A G E S**

Statement of Management's Responsibilities	1
Independent Auditor's Report	2 to 4
Statement of Financial Position	5
Statement of Income	6
Statement of Movement in Funds	7
Statement of Cash Flows	8
Notes to the Financial Statements	9 to 29

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ENVIRONMENTAL MANAGEMENT AUTHORITY ENVIRONMENTAL TRUST FUND

Statement of Management's Responsibilities


Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of Environmental Management Authority Environmental Trust Fund ("the Authority"), which comprise the statement of financial position as at September 30, 2020, the statements of 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.

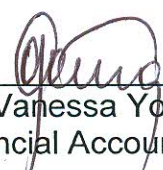
Nothing has come to the attention of management to indicate that the Authority will not remain a going concern for the next twelve months from the reporting date, or up to the date the accompanying financial statements have been authorised for issue, if later.

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



Mr. Hayden Romano
Managing Director

March 23, 2021



Ms. Vanessa Young
Financial Accountant

March 23, 2021



R. Ramdass & Co.

CHARTERED ACCOUNTANTS

“ICATT REGISTERED FIRM”

Independent Auditor’s Report

To the Board of Trustees 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 September 30, 2020, and the statement of 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 September 30, 2020, 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.

Ramnarine Ramdass F.C.C.A., C.A. / Vidya Ramdass F.C.C.A., C.A., C.I.A.

17 Gaston Street, Lange Park, Chaguanas 500703 Trinidad, West Indies

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R. Ramdass & Co.

CHARTERED ACCOUNTANTS

"ICATT REGISTERED FIRM"

Independent Auditor's Report (cont'd)

To the Board of Trustees of Environmental Management Authority Environmental Trust Fund (cont'd)

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.

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.

Ramnarine Ramdass F.C.C.A., C.A. / Vidya Ramdass F.C.C.A., C.A., C.I.A.

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R. Ramdass & Co.

CHARTERED ACCOUNTANTS

"ICATT REGISTERED FIRM"

Independent Auditor's Report (cont'd)

To the Board of Trustees of Environmental Management Authority Environmental Trust Fund (cont'd)

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

- 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.



R. RAMDASS & CO.

CHAGUANAS
TRINIDAD W.I.

March 24, 2021

Ramnarine Ramdass F.C.C.A., C.A. / Vidya Ramdass F.C.C.A., C.A., C.I.A.

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**ENVIRONMENTAL MANAGEMENT AUTHORITY
ENVIRONMENTAL TRUST FUND**

Statement of Financial Position

as at September 30, 2020

	<u>Notes</u>	<u>2020</u> \$	<u>2019</u> \$
ASSETS			
Non-current assets			
Property, plant and equipment	4	55,105,064	56,863,614
Right-of-use asset	5	4,681,402	-
Total Non-Current Assets		59,786,466	56,863,614
Current assets			
Cash in hand and at bank	6	66,502,369	75,712,029
Receivables and prepayments	7	8,713,634	9,218,842
Total Current Assets		75,216,003	84,930,871
Total Assets		135,002,469	141,794,485
FUNDS AND LIABILITIES			
Funds			
GORTT Fund		26,768,983	36,939,813
UNDP Fund		199,131	199,131
IRBD Fund		2,806,990	2,806,990
Other Fund		863,709	863,709
Revaluation reserve		19,815,644	19,815,644
Total Funds		50,454,457	60,625,287
Non-current liabilities			
Lease liability	8	3,776,048	-
Total Non-Current Liabilities		3,776,048	-
Current liabilities			
Payables and accruals	9	79,718,898	81,169,198
Lease liability	8	1,053,066	-
Total Current Liabilities		80,771,964	81,169,198
Total Liabilities		84,548,012	81,169,198
Total Funds and Liabilities		135,002,469	141,794,485

The accompanying notes form an integral part of these financial statements

On March 23, 2021, 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 Income

for the year ended September 30, 2020

	Notes	<u>2020</u>	<u>2019</u>
		\$	\$
Fund Income	13	57,822,224	62,837,012
Less: Project expenses	14	(14,425,030)	(19,824,775)
Income after project expenditure		<u>43,397,194</u>	<u>43,012,237</u>
Operating expenses			
Advertising		116,841	203,233
Contract services		400,488	343,823
Depreciation		3,215,078	2,245,604
Directors' fees and expenses		782,412	878,510
Finance costs		24,095	12,327
Interest on lease liability	5 (ii)	394,098	-
Insurances		482,680	396,225
Loss on disposal of prop. plant and equip.		34,850	22,848
Motor vehicle		265,076	327,024
Office and general		297,976	271,897
Permit and compliance		501,425	193,392
Legal & professional		2,893,691	514,535
Reference and research		122,053	123,027
Rent		209,000	1,644,484
Repairs and maintenance		469,543	477,726
Salaries and benefits		40,989,500	30,162,923
Security		612,683	579,682
Supplies		624,839	662,984
Training		38,188	95,643
Utilities		1,093,508	1,043,761
Total operating expenditure		<u>53,568,024</u>	<u>40,199,648</u>
Total (deficit)/surplus for the year		<u>(10,170,830)</u>	<u>2,812,589</u>

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, 2020

	GORTT Fund	UNDP Fund	IBRD Fund	Other Fund	Revaluation Reserve	Total Funds
	\$	\$	\$	\$	\$	\$
Year ended September 30, 2020						
Balance at October 1, 2019	36,939,813	199,131	2,806,990	863,709	19,815,644	60,625,287
Total operating deficit	(10,170,830)	-	-	-	-	(10,170,830)
Balance at September 30, 2020	26,768,983	199,131	2,806,990	863,709	19,815,644	50,454,457
Year ended September 30, 2019						
Balance at October 1, 2018	34,127,223	199,131	2,806,990	863,709	19,815,644	57,812,697
Total operating surplus	2,812,589	-	-	-	-	2,812,589
Balance at September 30, 2019	36,939,813	199,131	2,806,990	863,709	19,815,644	60,625,287

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, 2020

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
		\$	\$
Cash flows from operating activities			
(Deficit)/surplus for the year		(10,170,830)	2,812,589
Adjustments to reconcile net (deficit)/surplus to net cash used in operating activities:			
Depreciation	4	3,655,627	3,603,864
Depreciation of right-of-use asset	5	1,050,927	-
Loss on disposal of property, plant and equipment		34,850	32,273
Decrease/(increase) in receivables and prepayments		505,209	(3,978,845)
Decrease in payables and accruals		(1,450,300)	(20,814,990)
Net cash used in operating activities		<u>(6,374,517)</u>	<u>(18,345,109)</u>
Cash flows from investing activities			
Additions to property, plant and equipment	4	(1,931,928)	(4,718,115)
Proceeds from disposal of property, plant & equip.		-	51,801
Net cash used in investing activities		<u>(1,931,928)</u>	<u>(4,666,314)</u>
Cash flows from financing activities			
Principal repayments on lease liability	8	(903,215)	-
Net cash used in financing activities		<u>(903,215)</u>	<u>-</u>
Net decrease in cash and cash equivalents		(9,209,660)	(23,011,423)
Cash and cash equivalents at beginning of year		75,712,029	98,723,452
Cash and cash equivalents at end of year		<u>66,502,369</u>	<u>75,712,029</u>
Represented by:			
Cash in hand and at bank	6	66,502,369	75,712,029
Total cash and cash equivalents		<u>66,502,369</u>	<u>75,712,029</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, 2020

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 March 7, 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 March 8, 2000 and replaced by the Environmental Management Act, 2000. The new Act changed the financial year end of the Authority to September 30.

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 September 30, 2020, 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; 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 have been prepared under the historical cost convention as modified by the revaluation of land and buildings. The financial statements are presented in Trinidad and Tobago dollars.

Statement of compliance

These financial statements of the Authority have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

b) Cash and cash equivalents

Cash and cash equivalents include cash in hand and at bank.

ENVIRONMENTAL MANAGEMENT AUTHORITY ENVIRONMENTAL TRUST FUND

Notes to the Financial Statements

for the year ended September 30, 2020

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 these properties by independent valuator G. A. Farrell & Associates Limited. The effective date of the valuation was September 30, 2018 and the value of TTD\$44.6 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 revalued amounts, less accumulated depreciation and/or accumulated impairment losses. 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 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 income 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 its residual values over its estimated useful lives as follows:

Leasehold improvements	-	10% per annum
Buildings	-	2 - 20% per annum
Furniture and fittings	-	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 is 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 its carrying amounts and are included in the statement of income.

ENVIRONMENTAL MANAGEMENT AUTHORITY ENVIRONMENTAL TRUST FUND

Notes to the Financial Statements

for the year ended September 30, 2020

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 USD\$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 December 31, 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 September 30, 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 CFCs.
- (iv) A Memorandum of Agreement was signed on April 20, 2010 by 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). In 2014, it was renamed to the National Restoration, Carbon Sequestration, Wildlife and Livelihoods project with an expanded focus on wildlife management. The project's original duration was from April 20, 2011 to March 31, 2017. Upon the signing of the agreement, the first tranche of TTD\$8.471 million was received. The total grant amount is TTD\$68.545 million, with an outstanding balance of TTD\$30.676 million. Future disbursements will be made based on the submission and approval of progress reports.

ENVIRONMENTAL MANAGEMENT AUTHORITY

ENVIRONMENTAL TRUST FUND

Notes to the Financial Statements

for the year ended September 30, 2020

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

Government grants (cont'd)

Income and funding (cont'd)

- (v) A Memorandum of Agreement (MOA) was signed on June 19, 2015 by 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 (9) months, with an end date of March 29, 2016. The project has received approval in July 2020 signed by the Prime Minister acting on behalf of the Ministry of Planning and Development to continue certified activities until July 2021. Upon the signing of the agreement, the first tranche of TTD\$80.000 million was received by the EMA. The total grant to be disbursed is TTD\$107.754 million with an outstanding balance of TTD\$27.754 million. Future disbursement will be made based on the submission and approval of progress reports.
- (vi) A Memorandum of Agreement (MOA) was signed on September 17, 2013 by the Minister of the Environment and Water Resources acting on behalf of the GORTT to receive funding from the Green Fund to execute the National Beverage Containers Bill Cleanup Project (BCCP). The project duration was from September 17, 2013 to May 30, 2014. Upon the signing of the agreement, the first tranche of TTD\$56.662 million was received. The total grant to be disbursed is TTD\$62.329 million, with an outstanding balance of TTD\$5.667 million. Future disbursements will be made based on the submission and approval of progress reports.
- (vii) A Memorandum of Agreement (MOA) was signed on September 7, 2011 with the Minister of Housing and the Environment acting on behalf of the GORTT to receive funding from the Green Fund to execute the Highway Police Surveillance Bays Project (HPSB Project). The project duration was from September 7, 2011 to June 30, 2012. Upon the signing of the agreement, the first tranche of TTD\$4.818 million was received. The total grant to be disbursed is TTD\$9.635 million, with an outstanding balance of TTD\$4.817 million. Future disbursements will be made based on the submission and approval of progress reports.
- (viii) A project Cooperation Agreement (PCA) was signed between the United Nations Environment Programme, an international inter-governmental organisation established by the General Assembly of the United Nations, and represented by its Regional Coordination Unit of the Caribbean Environment Programme and the Environmental Management Authority (EMA) in May 2017 for the execution of the Project Integrating Water, Land and Ecosystem (IWEco) Management in Caribbean Small Islands Developing States (SIDS) in Trinidad and Tobago.

ENVIRONMENTAL MANAGEMENT AUTHORITY ENVIRONMENTAL TRUST FUND

Notes to the Financial Statements for the year ended September 30, 2020

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

Government grants (cont'd)

Income and funding (cont'd)

The original project period was thirty-six (36) months from the date of signing. An extension was granted with a revised agreement scheduled to terminate in December 2021. The value of the project is USD\$643,658. Upon signing of the original PCA a disbursement of TTD\$90,000 was released. To date a total of three tranches have been received totaling USD\$326,100. Further disbursements will be released based on project status and expenditure reports and submission of work plans.

e. Foreign currency translations

Functional and presentation currency

Items included in the financial statements of the Authority are measured using the currency of the primary economic environment in which the Authority operates (the 'functional currency'). The financial statements are presented in Trinidad and Tobago Dollars, which is the Authority's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

f. Receivables and prepayments

Receivables and prepayments are carried at anticipated value.

g. Payables and accruals

Payables and accruals are carried at cost which is the fair value of the consideration to be paid in the future for services rendered.

h. 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, custom 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, 2020

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

i. Changes in accounting policies and disclosures

1) *New and amended standards and interpretations adopted by the Authority*

In these financial statements, the Authority adopted IFRS 16 which is effective for annual periods beginning on or after January 1, 2019. This standard was applied on a modified retrospective basis, with certain exceptions. As permitted, we did not restate our prior period comparative financial statements.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees-leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less).

At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset, which will lead to a higher charge being recorded in the Statement of Income compared to IAS 17. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

The Authority will recognise a right-of-use asset at the date of initial application for leases. As permitted by the standard, this amount will be equal to the lease liability, adjusted for any prepayments or accrued lease payments relating to that lease. The lease liability will be measured at an amount equal to the outstanding lease payments at the date of initial application, considering extension and termination options, discounted at the Authority's incremental borrowing rate in the economic environment of the lease.

ENVIRONMENTAL MANAGEMENT AUTHORITY

ENVIRONMENTAL TRUST FUND

Notes to the Financial Statements

for the year ended September 30, 2020

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

Changes in accounting policies and disclosures (cont'd)

ii) Standards and interpretations adopted by the Authority with no material effect on the financial statements:

- i) 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 January 1, 2018. Early adoption is permitted.
- ii) 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 January 1, 2018 and earlier application is permitted.

ENVIRONMENTAL MANAGEMENT AUTHORITY ENVIRONMENTAL TRUST FUND

Notes to the Financial Statements

for the year ended September 30, 2020

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

Changes in accounting policies and disclosures (cont'd)

III) Standards issued but not yet effective

The new amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Authority's financial statements are disclosed below. The Authority intends to adopt these standards, if applicable, when they become effective.

COVID-19 related Rent Concessions – Amendments to IFRS 16

As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. In May 2020, the IASB made an amendment to IFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted.

Entities applying the practical expedients must disclose this fact, whether the expedient has been applied to all qualifying rent concessions or, if not, information about the nature of the contracts to which it has been applied, as well as the amount recognised in profit or loss arising from the rent concessions. An entity applies the amendments for annual reporting periods beginning on or after June 30, 2020, with early application permitted.

Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 Presentation of financial statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'.

An entity applies the amendments for annual reporting periods beginning on or after January 1, 2020, with early application permitted.

ENVIRONMENTAL MANAGEMENT AUTHORITY ENVIRONMENTAL TRUST FUND

Notes to the Financial Statements

for the year ended September 30, 2020

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

Changes in accounting policies and disclosures (cont'd)

Standards issued but not yet effective (cont'd)

Classification of Liabilities as Current or Non-current – Amendments to IAS 1

The narrow-scope amendments to IAS 1 Presentation of financial statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. In May 2020, the IASB issued an Exposure Draft proposing to defer the effective date of the amendments from January 1, 2022 to January 1, 2023.

The Authority did not early adopt any new, revised or amended standards.

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.

j. **Leases**

The Authority accounts for a contract or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- There is an identified asset;
- The Authority obtains substantially all the economic benefits from the use of the asset; and
- The Authority has the right to direct use of the asset.

ENVIRONMENTAL MANAGEMENT AUTHORITY ENVIRONMENTAL TRUST FUND

Notes to the Financial Statements

for the year ended September 30, 2020

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

Leases (cont'd)

The Authority considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease. In determining whether the Authority obtains substantially all the economic benefits from the use of the asset, the Authority considers only the economic benefits that arise use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Authority has the right to direct use of the asset, the Authority considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Authority considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Authority applies other applicable IFRSs rather than IFRS 16.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low-value assets; and
- Leases with a duration of twelve (12) months or less.

k. Comparative figures

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

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, 2020

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

Changes in accounting estimates are recognised in the statement of 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 in 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, are as follows:

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

Contingent liabilities

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

The key assumption concerning the future and other key sources of estimation uncertainty at the reporting date (requiring management's most difficult, subjective or complex judgements) that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is with respect to building and equipment. Management exercises judgement in determining whether future economic benefits can be derived from expenditures to be capitalised and in estimating the useful lives and residual values of these assets.

**ENVIRONMENTAL MANAGEMENT AUTHORITY
ENVIRONMENTAL TRUST FUND**

**Notes to the Financial Statements
for the year ended September 30, 2020**

4. 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, 2020										
Cost/valuation	52,269,410	3,622,277	7,677,082	10,999,132	4,564,376	2,687,739	332,331	5,500,450	3,328,746	90,981,542
Accumulated depreciation	(8,033,586)	(1,647,620)	(5,103,415)	(9,833,368)	(3,795,085)	(1,796,082)	(300,096)	(2,989,271)	(2,377,956)	(35,876,478)
Net book amount	44,235,824	1,974,657	2,573,667	1,165,764	769,291	891,657	32,235	2,511,179	950,790	55,105,064
Net Book Amount										
October 1, 2019	43,793,287	2,194,063	2,853,201	1,420,113	504,804	1,114,571	35,817	3,757,821	1,189,936	56,863,613
Additions	1,450,410	-	5,990	70,840	399,000	-	-	-	5,688	1,931,928
Disposal	(34,850)	-	-	-	-	-	-	-	-	(34,850)
Depreciation charge	(973,023)	(219,406)	(285,524)	(325,189)	(134,513)	(222,914)	(3,582)	(1,246,642)	(244,834)	(3,655,627)
September 30, 2020	44,235,824	1,974,657	2,573,667	1,165,764	769,291	891,657	32,235	2,511,179	950,790	55,105,064
Year ended September 30, 2019										
Cost/valuation	51,110,539	3,622,277	7,671,092	10,928,292	4,165,376	2,687,739	332,331	5,500,450	3,323,058	89,341,154
Accumulated depreciation	(7,317,252)	(1,428,214)	(4,817,891)	(9,508,179)	(3,660,572)	(1,573,168)	(296,514)	(1,742,629)	(2,133,122)	(32,477,540)
Net book amount	43,793,287	2,194,063	2,853,201	1,420,113	504,804	1,114,571	35,817	3,757,821	1,189,936	56,863,614
Net Book Amount										
October 1, 2018	44,600,001	2,437,846	3,170,904	1,582,383	727,125	1,393,215	39,796	378,928	1,503,238	55,833,437
Additions	54,450	-	-	230,390	-	-	-	4,431,000	2,275	4,718,115
Disposal	-	-	(635)	(22,214)	(51,801)	-	-	(2,268)	(7,156)	(84,074)
Depreciation charge	(861,164)	(243,783)	(317,068)	(370,446)	(170,520)	(278,644)	(3,979)	(1,049,839)	(308,421)	(3,603,864)
September 30, 2019	43,793,287	2,194,063	2,853,201	1,420,113	504,804	1,114,571	35,817	3,757,821	1,189,936	56,863,614

**ENVIRONMENTAL MANAGEMENT AUTHORITY
ENVIRONMENTAL TRUST FUND**

Notes to the Financial Statements

for the year ended September 30, 2020

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

- i) Fair value measurement of the Authority's properties.

The Authority's properties (land & buildings) are stated at its revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. All four (4) properties were revalued by an independent valuator G. A. Farrell & Associates Limited. The effective date of the valuations was September 30, 2018 and the accumulated fair value 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 properties and information about the fair value hierarchy as at September 30, 2020 and 2019 are as follows:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
At 30 September 2020	-	44,235,824	-	44,235,824
At 30 September 2019	-	43,793,287	-	43,793,287

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:

	<u>2020</u>	<u>2019</u>
	\$	\$
Land & buildings		
Cost	49,458,144	48,299,273
Accumulated depreciation/impairment	(21,528,148)	(21,107,169)
Net book amount	27,929,996	27,192,104

5. RIGHT-OF-USE ASSET

- i) **Property**

Adjustment on initial application
of IFRS 16 as at October 1

5,732,329

-

Depreciation charge for the year

(1,050,927)

-

Balance as at September 30

4,681,402

-

- ii) **Amount recognised in profit and loss**

Leases under IFRS 16

Interest on lease liability

394,098

-

Depreciation

1,050,927

-

Expense relating to short-term lease

209,000

-

1,654,025

-

**ENVIRONMENTAL MANAGEMENT AUTHORITY
ENVIRONMENTAL TRUST FUND**

Notes to the Financial Statements
for the year ended September 30, 2020

RIGHT-OF-USE ASSET (cont'd)	<u>2020</u>	<u>2019</u>
ii) Amount recognised in profit and loss (cont'd)		
Operating leases under IAS 17	\$	\$
Expense for the year	-	1,584,000
Future minimum lease payments under this lease at September 30 are as follows:		
Within 1 year	-	1,415,250
Between 2 and 5 years	-	4,363,688
	<u>-</u>	<u>5,778,938</u>
6. CASH IN HAND AND AT BANK		
Petty cash	16,000	16,000
Republic Bank Limited:		
Operating account	15,190,555	10,575,965
US Dollar account	1,794,277	1,491,711
The Green Fund - National Restoration, Carbon Sequestration, Wildlife & Livelihoods Project	634,950	1,223,355
The Green Fund - Highway Police Surveillance Bays Project	2,928,076	2,928,376
The Green Fund - National Beverage Containers Bill Cleanup Project	7,279,488	7,279,908
The Green Fund - Recyclable Solid Waste Collection Project	27,095,246	38,279,091
EMA - ETF - Oil Spill Assessment, Remediation and Rehabilitation	5,116,541	8,067,074
VTM card	4,674	13,251
First Citizens Bank Limited:		
Permit account	5,643,514	5,057,991
RBC Royal Bank (T&T) Limited:		
Other projects	242,652	243,127
Biosafety	94,733	95,093
National Capacity Needs Self-Assessment	393,076	393,436
Scotiabank (T&T) Limited:		
Scotia Fleet Card	68,587	47,651
	<u>66,502,369</u>	<u>75,712,029</u>

ENVIRONMENTAL MANAGEMENT AUTHORITY
ENVIRONMENTAL TRUST FUND

Notes to the Financial Statements
for the year ended September 30, 2020

	<u>2020</u>	<u>2019</u>
7. RECEIVABLES AND PREPAYMENTS	\$	\$
Accounts receivable	501,811	1,313,684
VAT receivable	7,738,849	6,338,500
Other receivables	379,057	1,429,957
Prepayments	93,917	136,701
	<u>8,713,634</u>	<u>9,218,842</u>
8. LEASE LIABILITY		
Adjustment on initial application of IFRS 16 as at October 1, 2019	5,732,329	-
Payment of lease liability	(903,215)	-
Balance as at September 30, 2020	<u>4,829,114</u>	<u>-</u>
Current	1,053,066	-
Non-current	3,776,048	-
	<u>4,829,114</u>	<u>-</u>
9. PAYABLES AND ACCRUALS		
Accounts payable	1,425,468	2,304,194
Campam	-	11,235
Other payables	5,301	5,301
Contracts	455,380	-
Accruals	22,034,092	9,512,258
Violations payable	14,855	4,500
Ministry of Agriculture Forestry Division:		
National Forestry Inventory	483,845	378,455
National Restoration, Carbon Sequestration, Wildlife and Livelihood Project	1,705,453	2,539,415
Recyclables Solid Waste Collection Project	32,922,652	44,615,503
Highway Police Surveillance Bays	2,927,371	2,927,671
Oil Spill Assessment Remediation and Rehabilitation	5,610,012	8,236,763
National Beverage Container Bill Clean Up Project	7,279,488	7,279,908
IWEco Project	1,708,023	1,023,465
UNEP - UNC	60,825	127,275
NIDCO: TOR for CEC 5345/2017	3,086,133	2,203,255
	<u>79,718,898</u>	<u>81,169,198</u>

ENVIRONMENTAL MANAGEMENT AUTHORITY
ENVIRONMENTAL TRUST FUND

Notes to the Financial Statements
for the year ended September 30, 2020

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 its short-term nature.

11. RELATED PARTY TRANSACTIONS

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

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

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

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

	<u>2020</u>	<u>2019</u>
Other expenses	\$	\$
Directors' fees	759,000	836,000
Directors' expenses	23,412	42,510
	<u>782,412</u>	<u>878,510</u>
Key management compensation		
Short-term benefits	<u>3,785,699</u>	<u>4,252,717</u>

**ENVIRONMENTAL MANAGEMENT AUTHORITY
ENVIRONMENTAL TRUST FUND**

Notes to the Financial Statements
for the year ended September 30, 2020

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 in short term money market instruments.

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

	Financial assets and liabilities \$	Non-financial assets and liabilities \$	Equity \$	Total \$
As at September 30, 2020				
Assets:				
Cash in hand and at bank	66,502,369	-	-	66,502,369
Receivables and prepayments	8,619,717	93,917	-	8,713,634
Property, plant & equipment	-	55,105,064	-	55,105,064
Total	75,122,086	55,198,981	-	130,321,067
Liabilities and fund:				
Payables and accruals	79,718,898	-	-	79,718,898
Funds	-	-	30,638,813	30,638,813
Revaluation reserve	-	-	19,815,644	19,815,644
Total	79,718,898	-	50,454,457	130,173,355
As at September 30, 2019				
Assets:				
Cash in hand and at bank	75,712,029	-	-	75,712,029
Receivables and prepayments	9,082,141	136,701	-	9,218,842
Property, plant & equipment	-	56,863,614	-	56,863,614
Total	84,794,170	57,000,315	-	141,794,485
Liabilities and fund:				
Payables and accruals	81,169,198	-	-	81,169,198
Funds	-	-	40,809,643	40,809,643
Revaluation reserve	-	-	19,815,644	19,815,644
Total	81,169,198	-	60,625,287	141,794,485

**ENVIRONMENTAL MANAGEMENT AUTHORITY
ENVIRONMENTAL TRUST FUND**

**Notes to the Financial Statements
for the year ended September 30, 2020**

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 savings accounts held at Republic Bank Limited, RBC Royal Bank (T&T) 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 minimising such losses such as maintaining sufficient cash and other highly liquid current assets.

Liquidity gap

The Authority's exposure to liquidity risk is summarised 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 September 30, 2020:			
Financial assets:			
Cash in hand and at bank	66,502,369	-	66,502,369
Receivables and prepayments	501,811	8,211,823	8,713,634
	67,004,180	8,211,823	75,216,003
Financial liabilities			
Payables and accruals	-	79,718,898	79,718,898
	67,004,180	(71,507,075)	(4,502,895)
Net liquidity gap			

ENVIRONMENTAL MANAGEMENT AUTHORITY
ENVIRONMENTAL TRUST FUND

Notes to the Financial Statements
for the year ended September 30, 2020

12. FINANCIAL RISK MANAGEMENT (cont'd)

	On demand \$	Up to 1 year \$	Total \$
As at September 30, 2019:			
Financial assets:			
Cash in hand and at bank	75,712,029	-	75,712,029
Receivables and prepayments	1,313,684	7,905,158	9,218,842
	<u>77,025,713</u>	<u>7,905,158</u>	<u>84,930,871</u>
Financial liabilities			
Payables and accruals	-	81,169,198	81,169,198
	<u>77,025,713</u>	<u>(73,264,040)</u>	<u>3,761,673</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, 2020	
Assets	
Cash at bank	<u>1,794,277</u>
Total foreign currency assets	<u>1,794,277</u>
	USD (TT\$ Equivalent)
As at September 30, 2019	
Assets	
Cash at bank	<u>1,491,711</u>
Total foreign currency assets	<u>1,491,711</u>

**ENVIRONMENTAL MANAGEMENT AUTHORITY
ENVIRONMENTAL TRUST FUND**

Notes to the Financial Statements
for the year ended September 30, 2020

12. FINANCIAL RISK MANAGEMENT (cont'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 variables held constant. 5% is the sensitivity rate 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:

	<u>2020</u>	<u>2019</u>
	\$	\$
	US dollar impact	
Effect	13,390	11,132

(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 in revenue and increase legal cases against the Authority. The Authority applies procedures to minimise this risk.

13. FUND INCOME

	<u>2020</u>	<u>2019</u>
	\$	\$
Government Fund	42,308,344	40,108,519
NSRCSL Project Fund	859,585	1,558,636
RSWC Project Fund	11,692,851	17,054,450
Activities Income	2,883,956	4,005,666
Interest Income	8,036	4,723
Miscellaneous Income	69,452	105,018
	57,822,224	62,837,012

**ENVIRONMENTAL MANAGEMENT AUTHORITY
ENVIRONMENTAL TRUST FUND**

Notes to the Financial Statements
for the year ended September 30, 2020

14. PROJECT EXPENSES

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

Description	2020	2019
	\$	\$
National Restoration, Carbon Sequestration, Wildlife and Livelihoods Project	859,585	1,558,636
Pollution Prevention and Control	1,522,594	1,283,289
Recyclable Solid Waste Collection Project	11,692,851	17,054,450
Other	350,000	(71,600)
	14,425,030	19,824,775

15. COMMITMENTS AND CONTINGENCIES

i) Leasing arrangements commitments

Operating lease relates to lease of office with a lease term of 5 years. The Authority does not have an option to purchase the leased office at the expiry of the lease period.

	2020	2019
	\$	\$
No later than 1 year	1,413,250	1,422,312
Later than 1 year and no later than 5 years	4,363,688	5,778,938
	5,776,938	7,201,250

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.

16. SUBSEQUENT EVENTS

There are no subsequent events occurring after the statement of financial position date and before the date of approval of these financial statements by the Directors that require adjustment to or disclosure in these financial statements.