



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, 2021

The accompanying Financial Statements of the Environmental Management Authority - Environmental Trust Fund for the year ended September 30, 2021 have been audited. The Financial Statements comprise a Statement of Financial Position as at September 30, 2021, a Statement of Income, a Statement of Movement in Funds and a Statement of Cash Flows for the year ended September 30, 2021 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, Chapter 35:05. Their Report dated April 7, 2022 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.



**1ST JUNE, 2022
PORT OF SPAIN**


**LORELLY PUJADAS
AUDITOR GENERAL**

**ENVIRONMENTAL MANAGEMENT AUTHORITY
ENVIRONMENTAL TRUST FUND**

Financial Statements

for the year ended September 30, 2021

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ENVIRONMENTAL MANAGEMENT AUTHORITY ENVIRONMENTAL TRUST FUND

Statement of Management's Responsibilities

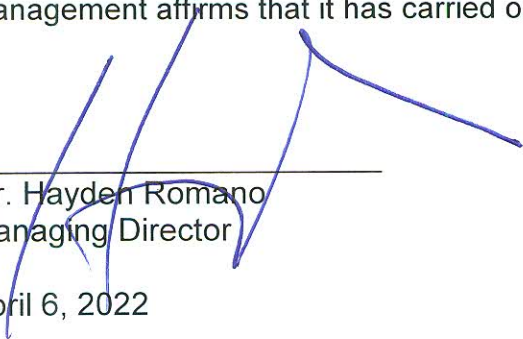
Management is responsible for the following:

- 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, 2021, the statement 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

April 6, 2022



Ms. Vanessa Young
Financial Accountant

April 6, 2022



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, 2021, 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, 2021, 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.

April 7, 2022

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, 2021

	<u>Notes</u>	<u>2021</u> \$	<u>2020</u> \$
ASSETS			
Non-current assets			
Property, plant and equipment	4	52,196,675	55,105,064
Right-of-use asset	5	3,078,990	4,681,402
Total Non-Current Assets		55,275,665	59,786,466
Current assets			
Cash and cash equivalents	6	56,126,035	66,502,369
Receivables and prepayments	7	10,670,405	8,713,634
Total Current Assets		66,796,440	75,216,003
Total Assets		122,072,105	135,002,469
FUNDS AND LIABILITIES			
Funds			
GORTT Fund		29,537,500	26,768,983
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		53,222,974	50,454,457
Non-current liabilities			
Lease liability	8	2,115,299	3,776,048
Total Non-Current Liabilities		2,115,299	3,776,048
Current liabilities			
Payables and accruals	9	65,828,202	79,718,898
Lease liability	8	905,630	1,053,066
Total Current Liabilities		66,733,832	80,771,964
Total Liabilities		68,849,131	84,548,012
Total Funds and Liabilities		122,072,105	135,002,469

The accompanying notes form an integral part of these financial statements

On April 6, 2022, 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, 2021

	<u>Notes</u>	<u>2021</u> \$	<u>2020</u> \$
Fund Income	13	57,390,748	57,822,224
Less: Project expenses	14	(12,706,005)	(14,425,030)
Income after project expenditure		<u>44,684,743</u>	<u>43,397,194</u>
Operating expenses			
Advertising		263,581	116,841
Contract services		735,220	400,488
Depreciation		2,911,950	3,215,078
Directors' fees and expenses		849,469	782,412
Finance costs		28,287	24,095
Interest on lease liability		252,087	394,098
Insurances		443,787	482,680
Loss on disposal of prop. plant and equip.		124,673	34,850
Motor vehicle		217,580	265,076
Office and general		496,662	297,976
Permit and compliance		285,788	501,425
Legal & professional		1,121,715	2,893,691
Reference and research		98,633	122,053
Rent		84,000	209,000
Repairs and maintenance		596,745	469,543
Salaries and benefits		31,127,153	40,989,500
Security		537,665	612,683
Supplies		730,601	624,839
Training		72,999	38,188
Utilities		937,631	1,093,508
Total operating expenditure		<u>41,916,226</u>	<u>53,568,024</u>
Total surplus/(deficit) for the year		<u>2,768,517</u>	<u>(10,170,830)</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, 2021

	GORTT Fund	UNDP Fund	IBRD Fund	Other Fund	Revaluation Reserve	Total Funds
	\$	\$	\$	\$	\$	\$
Year ended September 30, 2021						
Balance at October 1, 2020	26,768,983	199,131	2,806,990	863,709	19,815,644	50,454,457
Total operating surplus	2,768,517	-	-	-	-	2,768,517
Balance at September 30, 2021	29,537,500	199,131	2,806,990	863,709	19,815,644	53,222,974
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

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, 2021

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
		\$	\$
Cash flows from operating activities			
Surplus/(deficit) for the year		2,768,517	(10,170,830)
Adjustments to reconcile net surplus/(deficit) to net cash used in operating activities:			
Depreciation	4	3,082,035	3,655,627
Depreciation of right-of-use asset	5	998,592	1,050,927
Adjustment to right-of-use asset		603,820	-
Loss on disposal of property, plant and equipment		124,673	34,850
(Increase)/decrease in receivables and prepayments		(1,956,771)	505,209
Decrease in payables and accruals		(13,890,696)	(1,450,300)
Net cash used in operating activities		<u>(8,269,830)</u>	<u>(6,374,517)</u>
Cash flows from investing activities			
Additions to property, plant and equipment	4	(438,878)	(1,931,928)
Proceeds from disposal of property, plant & equip.		140,559	-
Net cash used in investing activities		<u>(298,319)</u>	<u>(1,931,928)</u>
Cash flows from financing activities			
Principal repayments on lease liability	8	(1,017,982)	(903,215)
Adjustment to lease liability		(790,203)	-
Net cash used in financing activities		<u>(1,808,185)</u>	<u>(903,215)</u>
Net decrease in cash and cash equivalents		(10,376,334)	(9,209,660)
Cash and cash equivalents at beginning of year		66,502,369	75,712,029
Cash and cash equivalents at end of year	6	<u>56,126,035</u>	<u>66,502,369</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, 2021

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, 2021, 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 Rules, 2019; Water Pollution (Fees) Regulations, 2019; the Environmentally Sensitive Areas Rules, 2001; and Environmentally Sensitive Species Rules, 2001; Air Pollution Rules, 2014 and Air Pollution (Fees) Regulations, 2014.

The Authority has completed its Strategic Plan for the period 2017-2021. The new Strategic Plan for the period 2022-2026 was approved February 2022.

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, 2021

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 TT\$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 comprehensive 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, 2021

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

d) Government grants

Income and funding

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

- (i) Proceeds of a loan of US\$6.25 million from International Bank for Reconstruction and Development also known as the World Bank (IBRD) to the Government of the Republic of Trinidad and Tobago (GORTT). This loan facility closed on 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) 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, 2010 to March 31, 2017. Upon the signing of the agreement, the first tranche of TT\$8.471 million was received. The total grant amount is TT\$68.545 million, with an outstanding balance of TT\$30.676 million. Future disbursements will be made based on the submission and approval of progress reports.
- (iv) 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 TT\$80.000 million was received by the EMA. The total grant to be disbursed is TT\$107.754 million with an outstanding balance of TT\$27.754 million. Future disbursement 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, 2021

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 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 TT\$56.662 million was received. The total grant to be disbursed is TT\$62.329 million, with an outstanding balance of TT\$5.667 million. Future disbursements will be made based on the submission and approval of progress reports.
- (vi) 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 TT\$4.818 million was received. The total grant to be disbursed is TT\$9.635 million, with an outstanding balance of TT\$192 thousand. Future disbursements will be made based on the submission and approval of progress reports.
- (vii) 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.
- (viii) 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. Another extension was subsequently granted for the project to terminate in August 2022. The value of the project is US\$643,658. Upon signing of the original PCA a disbursement of US\$90,000 was released. To date a total of four tranches have been received totaling US\$476,100. Further disbursements will be released based on project status and expenditure reports and submission of work plans.

ENVIRONMENTAL MANAGEMENT AUTHORITY ENVIRONMENTAL TRUST FUND

Notes to the Financial Statements

for the year ended September 30, 2021

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

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 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.'

i. Adoption of new and revised accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

i) Standards and amendments to existing standards applicable in the current year adopted with no material effect on the financial statements.

- Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'

ENVIRONMENTAL MANAGEMENT AUTHORITY ENVIRONMENTAL TRUST FUND

Notes to the Financial Statements

for the year ended September 30, 2021

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

i. Adoption of new and revised accounting policies (cont'd)

This amendment uses a consistent definition of materiality throughout the IFRSs and the Conceptual Framework for Financial Reporting. It clarifies the explanation of the definition of material and incorporates some of the guidance in IAS 1 about immaterial information.

- Covid-19 related Rent Concessions Extension of the Practical Expedient (effective for annual periods beginning on or after April 1, 2021) – 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 published an amendment to IFRS 16 that provided an optional Practical Expedient for lessees from assessing whether a rent concession related to Covid-19 is a lease modification. On March 31, 2021, the IASB published an additional amendment to extend the date of the Practical Expedient from June 30, 2021 to June 30, 2022. Lessees can select to account for such 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 concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

ii) *Standards and amendments to existing standards that are not yet effective and have not been early adopted by the Authority.*

- Annual Improvements to IFRS Standards 2018-2020
- Property, plant and equipment: Proceeds before intended use – Amendments to IFRS 16
- Classification of Liabilities as Current or Non-current - Amendments to IAS 1
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)

The above amendments are not expected to have a significant impact on the Authority's financial statements.

iii) *Standards, amendments and interpretations to existing standards early adopted by the Authority.*

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

ENVIRONMENTAL MANAGEMENT AUTHORITY ENVIRONMENTAL TRUST FUND

Notes to the Financial Statements

for the year ended September 30, 2021

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

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.

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 from the use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Authority has the right to direct the 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.

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.

ENVIRONMENTAL MANAGEMENT AUTHORITY

ENVIRONMENTAL TRUST FUND

Notes to the Financial Statements

for the year ended September 30, 2021

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

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 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 have 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.

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4. PROPERTY, PLANT AND EQUIPMENT

	Land & Buildings	Leasehold Imp.	Furniture & Fittings	Office & Comp. Equip.	Motor Vehicles	Specialised Equipment	Library/ Infor.	RSWC Project	NSRCSL Project	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Year ended September 30, 2021										
Cost/valuation	52,278,660	3,622,277	7,200,031	9,726,107	4,364,376	2,764,371	332,331	5,520,878	3,348,121	89,157,152
Accumulated depreciation	(8,966,399)	(1,845,086)	(5,024,432)	(8,633,875)	(3,811,323)	(1,975,691)	(303,319)	(3,824,898)	(2,575,454)	(36,960,477)
Net book amount	43,312,261	1,777,191	2,175,599	1,092,232	553,053	788,680	29,012	1,695,980	772,667	52,196,675
Net Book Amount										
October 1, 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
Additions	9,250	-	9,302	303,891	-	76,632	-	20,428	19,375	438,878
Disposal	-	-	(158,597)	(76,076)	(30,559)	-	-	-	-	(265,232)
Depreciation charge	(932,813)	(197,466)	(248,773)	(301,347)	(185,679)	(179,609)	(3,223)	(835,627)	(197,498)	(3,082,035)
September 30, 2021	43,312,261	1,777,191	2,175,599	1,092,232	553,053	788,680	29,012	1,695,980	772,667	52,196,675
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

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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, 2021 and 2020 are as follows:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
At 30 September 2021	-	43,312,261	-	43,312,261
At 30 September 2020	-	44,235,824	-	44,235,824

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:

	2021	2020
	\$	\$
Land & buildings		
Cost	49,467,394	49,458,144
Accumulated depreciation/impairment	(22,171,515)	(21,528,148)
Net book amount	27,295,879	27,929,996

5. RIGHT-OF-USE ASSET

- i) **Property**

Balance as at October 1	4,681,402	5,732,329
Adjustment	(603,820)	-
Depreciation charge for the year	(998,592)	(1,050,927)
Balance as at September 30	3,078,990	4,681,402

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

Leases under IFRS 16

Interest on lease liability	302,918	394,098
Depreciation	998,592	1,050,927
Expense relating to short-term lease	84,000	209,000
	1,385,510	1,654,025

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	<u>2021</u>	<u>2020</u>
	\$	\$
6. CASH AND CASH EQUIVALENTS		
Petty cash	16,000	16,000
Republic Bank Limited:		
Operating account	12,705,469	15,190,555
US Dollar account	1,936,909	1,794,277
The Green Fund - National Restoration, Carbon Sequestration, Wildlife & Livelihoods Project	58,867	634,950
The Green Fund - Highway Police Surveillance Bays Project	2,927,926	2,928,076
The Green Fund - National Beverage Containers Bill Cleanup Project	7,279,113	7,279,488
The Green Fund - Recyclable Solid Waste Collection Project	16,820,880	27,095,246
EMA - ETF - Oil Spill Assessment, Remediation and Rehabilitation	4,355,447	5,116,541
VTM card	9,303	4,674
EMA - The Environmental Trust Fund	3,337,399	-
First Citizens Bank Limited:		
Permit account	5,931,367	5,643,514
RBC Royal Bank (T&T) Limited:		
Other projects	242,117	242,652
Biosafety	94,313	94,733
National Capacity Needs Self-Assessment	392,656	393,076
Scotiabank (T&T) Limited:		
Scotia Fleet Card	18,269	68,587
	56,126,035	66,502,369

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	<u>2021</u>	<u>2020</u>
7. RECEIVABLES AND PREPAYMENTS	\$	\$
Accounts receivable	322,353	501,811
VAT receivable	9,338,748	7,738,849
Other receivables	317,514	379,057
Prepayments	691,790	93,917
	10,670,405	8,713,634
8. LEASE LIABILITY		
Balance as at October 1	4,829,114	5,732,329
Adjustment	(790,203)	-
Payment of lease liability	(1,017,982)	(903,215)
Balance as at September 30	3,020,929	4,829,114
Current	905,630	1,053,066
Non-current	2,115,299	3,776,048
	3,020,929	4,829,114
9. PAYABLES AND ACCRUALS		
Accounts payable	1,021,505	1,425,468
Other payables	5,301	5,301
Contracts	439,348	455,380
Accruals	20,382,714	22,034,092
Violations payable	11,340	14,855
Ministry of Agriculture Forestry Division:		
National Forestry Inventory	520,379	483,845
National Restoration, Carbon Sequestration, Wildlife and Livelihood Project	988,501	1,705,453
Recyclables Solid Waste Collection Project	22,587,457	32,922,652
Highway Police Surveillance Bays	2,927,221	2,927,371
Oil Spill Assessment Remediation and Rehabilitation	4,933,443	5,610,012
National Beverage Container Bill Clean Up Project	7,279,113	7,279,488
IWEco Project	1,568,152	1,708,023
UNEP - UNCCD 2018	60,825	60,825
NIDCO: TOR for CEC 5345/2017	3,102,903	3,086,133
	65,828,202	79,718,898

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10. FAIR VALUES

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

Current assets and liabilities

The carrying amounts of current assets and liabilities are a reasonable approximation of the fair values because of 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>2021</u>	<u>2020</u>
Other expenses	\$	\$
Directors' fees	837,100	759,000
Directors' expenses	12,369	23,412
	<u>849,469</u>	<u>782,412</u>
Key management compensation		
Short-term benefits	<u>3,961,873</u>	<u>3,785,699</u>

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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, 2021				
Assets:				
Cash and cash equivalents	56,126,035	-	-	56,126,035
Receivables and prepayments	9,978,615	691,790	-	10,670,405
Property, plant & equipment	-	52,196,675	-	52,196,675
Total	66,104,650	52,888,465	-	118,993,115
Liabilities and fund:				
Payables and accruals	65,828,202	-	-	65,828,202
Funds	-	-	33,407,330	33,407,330
Revaluation reserve	-	-	19,815,644	19,815,644
Total	65,828,202	-	53,222,974	119,051,176
As at September 30, 2020				
Assets:				
Cash and cash equivalents	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

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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 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, 2021:			
Financial assets:			
Cash and cash equivalents	56,126,035	-	56,126,035
Receivables and prepayments	322,353	10,348,051	10,670,405
	56,448,389	10,348,051	66,796,440
Financial liabilities			
Payables and accruals	-	65,828,202	65,828,202
	56,448,389	(55,480,151)	968,238
Net liquidity gap	56,448,389	(55,480,151)	968,238

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12. FINANCIAL RISK MANAGEMENT (cont'd)

	On demand \$	Up to 1 year \$	Total \$
As at September 30, 2020:			
Financial assets:			
Cash and cash equivalents	66,502,369	-	66,502,369
Receivables and prepayments	501,811	8,211,823	8,713,634
	<u>67,004,180</u>	<u>8,211,823</u>	<u>75,216,003</u>
Financial liabilities			
Payables and accruals	-	79,718,898	79,718,898
		<u>79,718,898</u>	<u>79,718,898</u>
Net liquidity gap	<u>67,004,180</u>	<u>(71,507,075)</u>	<u>(4,502,895)</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.

The Authority had the following significant currency positions:

As at September 30, 2021	US\$ (TT\$ Equivalent)
Assets	
Cash at bank	1,936,909
Total foreign currency assets	<u>1,936,909</u>
As at September 30, 2020	US\$ (TT\$ Equivalent)
Assets	
Cash at bank	1,794,277
Total foreign currency assets	<u>1,794,277</u>

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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>2021</u>	<u>2020</u>
	\$	\$
Effect - US dollar impact	14,497	13,390

(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>2021</u>	<u>2020</u>
	\$	\$
Government Fund	41,880,830	42,308,344
NSRCSL Project Fund	666,181	859,585
RSWC Project Fund	10,364,565	11,692,851
Activities Income	3,424,172	2,883,956
Interest Income	5,159	8,036
Miscellaneous Income	1,049,841	69,452
	<u>57,390,748</u>	<u>57,822,224</u>

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14. PROJECT EXPENSES

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

Description	<u>2021</u> \$	<u>2020</u> \$
National Restoration, Carbon Sequestration, Wildlife and Livelihoods Project	666,181	859,585
Pollution Prevention and Control	1,675,259	1,522,594
Recyclable Solid Waste Collection Project	10,364,565	11,692,851
Other	-	350,000
	<u>12,706,005</u>	<u>14,425,030</u>

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.

	<u>2021</u> \$	<u>2020</u> \$
No later than 1 year	905,630	1,413,250
Later than 1 year and no later than 5 years	2,115,299	4,363,688
	<u>3,020,929</u>	<u>5,776,938</u>

ii) Contingent liabilities

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

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.