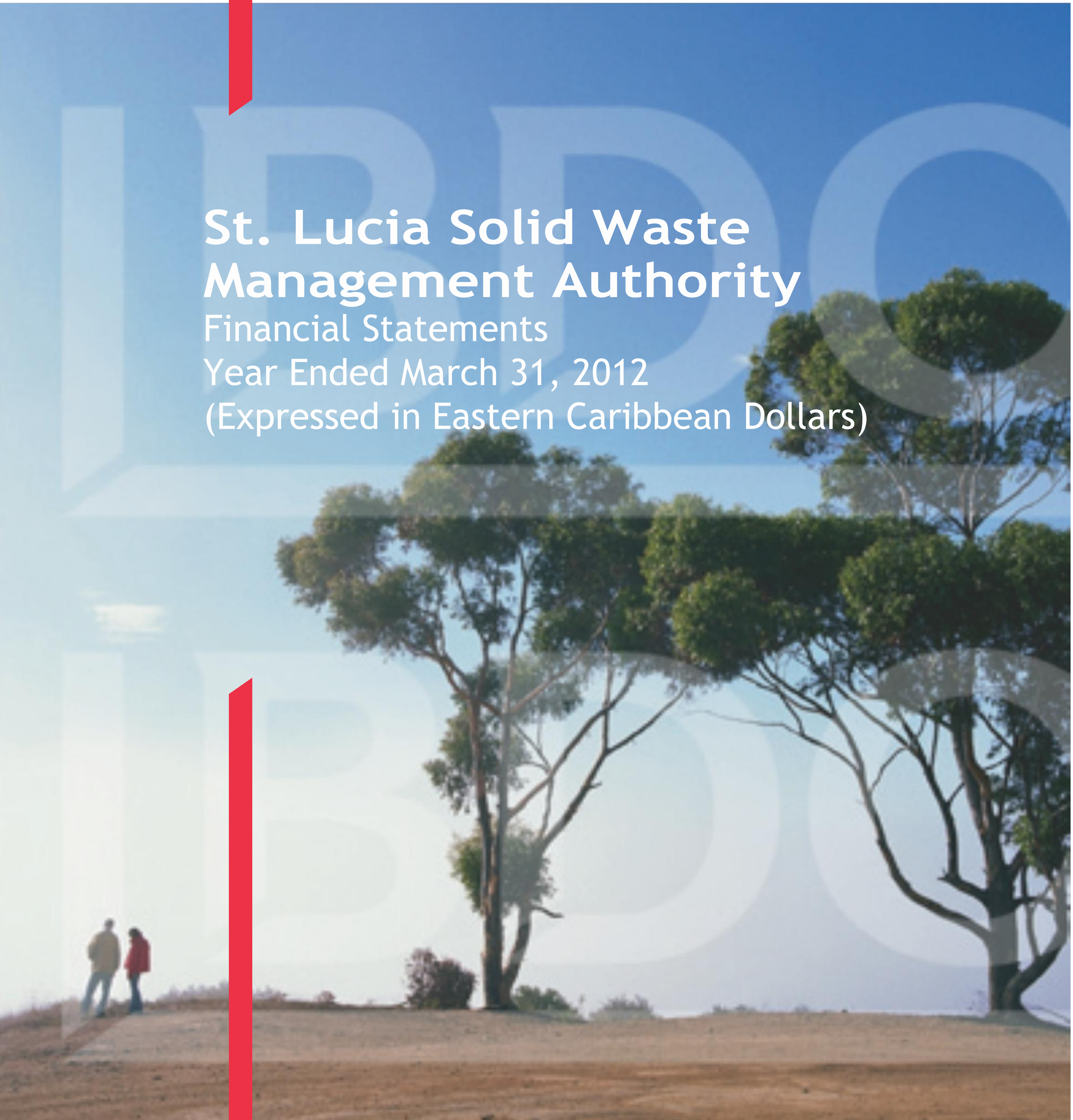
St. Lucia Solid Waste Management Authority

Financial Statements
Year Ended March 31, 2012
(Expressed in Eastern Caribbean Dollars)



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INDEPENDENT AUDITORS' REPORT

To the Directors of St. Lucia Solid Waste Management Authority

Report on the Financial Statements

We have audited the accompanying financial statements of St. Lucia Solid Waste Management Authority which comprise the statement of financial position as at March 31, 2012, and the statements of changes in fund balances, comprehensive income and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of St. Lucia Solid Waste Management Authority as at March 31, 2012, and the results of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

BDO

August 20, 2012

St. Lucia Solid Waste Management Authority

Statement of Financial Position
As at March 31, 2012
(Expressed in Eastern Caribbean Dollars)

	Notes	2012 $	2011 $
ASSETS			
Current Assets			
Cash and cash equivalents	6	4,670,833	2,926,230
Financial investment	7	-	2,227,068
Trade and other accounts receivable	8	1,059,263	766,326
Inventory		277,741	370,568
		6,007,837	6,290,192
Long-term Assets			
Deferred expenditure	9	2,835,081	4,001,583
Property, plant and equipment	10	3,157,918	1,338,212
		5,992,999	5,339,795
TOTAL ASSETS		12,000,836	11,629,987
LIABILITIES AND FUND BALANCES			
Current Liabilities			
Trade and other accounts payable	11	865,428	707,363
Deferred income	12	5,141,436	5,141,436
		6,006,864	5,848,799
Fund Balances			
Fixed assets fund	13	2,592,244	788,674
Deferred funding assistance	14	2,413,508	3,580,010
Fund balance		988,220	1,412,504
		5,993,972	5,781,188
TOTAL LIABILITIES AND FUND BALANCES		12,000,836	11,629,987

The accompanying notes form an integral part of these financial statements.

APPROVED ON BEHALF OF THE BOARD:-

Chairperson

Member

Statement of Changes in Fund Balances
For the Year Ended March 31, 2012
(Expressed in Eastern Caribbean Dollars)

	Fixed Assets Fund $	Deferred Funding Assistance $	Fund Balance $	Total $
Balance as at March 31, 2010	1,072,506	4,780,929	2,502,164	8,355,599
Amortisation of fund balances	(283,832)	(1,200,919)	-	(1,484,751)
Excess of expenditure over income for the year	-	-	(1,089,660)	(1,089,660)
Balance as at March 31, 2011	788,674	3,580,010	1,412,504	5,781,188
Funds received	1,997,761	-	-	1,997,761
Amortisation of fund balances	(194,191)	(1,166,502)	-	(1,360,693)
Excess of expenditure over income for the year	-	-	(424,284)	(424,284)
Balance as at March 31, 2012	2,592,244	2,413,508	988,220	5,993,972

The accompanying notes form an integral part of these financial statements.

Statement of Comprehensive Income
For the Year Ended March 31, 2012
(Expressed in Eastern Caribbean Dollars)

	Notes	2012 $	2011 $
INCOME			
Amortisation of deferred funding assistance	14	1,166,502	1,200,919
Environmental levy		3,930,065	3,904,229
Government of Saint Lucia		5,350,000	4,000,000
Interest income		168,018	199,801
Other income		410,241	478,110
Release of fixed assets fund		194,190	283,832
TOTAL INCOME		11,219,016	10,066,891
EXPENDITURE			
Advertising and public relations		93,486	133,979
Audit fees		12,700	12,600
Bank charges		3,040	3,569
Board expenses		10,800	15,200
Depreciation	10	343,021	445,433
Environmental levy deductions		372,289	501,433
Landfill operating costs:			
- Amortisation	9	1,166,502	1,166,502
- Operating costs		2,678,217	2,098,429
- Professional services		54,472	1,461
Loss on disposal of property, plant and equipment	10	-	6,012
Miscellaneous		5,799	8,848
Office expenses		27,640	49,099
Office rental		36,000	36,000
Professional fees		21,105	10,819
Safety equipment expenses		2,684	1,858
Salaries and staff benefits	17	1,092,503	1,083,151
Service contracts/maintenance		8,255	8,834
Subscriptions		1,097	1,560
Training/overseas travel/consultations		13,167	30,882
Travel and entertainment		28,864	31,017
Utilities		37,616	33,931
Waste collection		5,634,043	5,475,934
TOTAL EXPENDITURE		11,643,300	11,156,551
EXCESS OF EXPENDITURE OVER INCOME FOR THE YEAR		(424,284)	(1,089,660)

The accompanying notes form an integral part of these financial statements.

Statement of Cash Flows
For the Year Ended March 31, 2012
(Expressed in Eastern Caribbean Dollars)

	2012 $	2011 $
Cash Flows from Operating Activities		
Excess of expenditure over income for the year	(424,284)	(1,089,660)
Adjustments for:		
Amortisation of deferred funding assistance	(1,166,502)	(1,200,919)
Release of fixed assets fund	(194,191)	(283,832)
Loss on disposal of property, plant and equipment	-	6,012
Interest income	(168,018)	(199,801)
Amortisation of deferred expenditure	1,166,502	1,166,502
Depreciation	343,021	445,433
Operating loss before working capital changes	(443,472)	(1,156,265)
(Increase)/decrease in trade and other accounts receivable	(292,937)	111,865
Decrease in inventory	92,827	17,335
Increase in trade and other accounts payable	158,065	5,980
Net cash used in operating activities	(485,517)	(1,021,085)
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(2,162,727)	(184,535)
Purchase of financial investment	-	(103,670)
Disposal of financial investment	2,226,245	-
Interest received	168,841	199,560
Net cash generated from/(used in) investing activities	232,359	(88,645)
Cash Flows from Financing Activities		
Fixed asset fund - funds received	1,997,761	-
Increase/(Decrease) in Cash and Cash Equivalents	1,744,601	(1,109,730)
Cash and Cash Equivalents - Beginning of Year	2,926,230	4,035,960
Cash and Cash Equivalents - End of Year	4,670,833	2,926,230

The accompanying notes form an integral part of these financial statements.

1. Introduction

St. Lucia Solid Waste Management Authority was formed under the Saint Lucia Solid Waste Management Authority Act No. 20 of 1996. This Act was later repealed and replaced by the Waste Management Act No. 8 of 2004.

The primary responsibility of St. Lucia Solid Waste Management Authority is to provide co-ordinated and integrated systems for the collection, treatment and disposal of solid waste, including hazardous waste and to establish and manage sanitary landfills throughout Saint Lucia as appropriate.

2. Going Concern

The Authority's expenditure exceeded its income in the current financial year and this is forecast to continue in the subsequent year. In addition, payment of $5,100,000 and the further contingent liability of $3,240,000 (see note 16) may jeopardise the ability of the Authority to continue as a going concern, due to lack of cashflows, without the additional support from Government.

3. Date of Authorisation of Issue

These financial statements were authorised for issue by the Board of Directors on August 20, 2012.

4. Significant Accounting Policies

The principal accounting policies adopted are stated in order to assist in a general understanding of the financial statements. These policies have been consistently applied to the years presented, unless otherwise stated.

(a) Basis of Preparation

The financial statements have been drawn up in accordance with International Financial Reporting Standards and under the historical cost convention as modified by the revaluation of investments available-for-sale.

The preparation of the financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Critical accounting estimates may be made in determining impairment of financial assets as set out in Note 4 (e).

<u>Amendments to International Financial Reporting Standards effective in the 2012 financial year</u>

IAS 1 (Revised), 'Presentation of Financial Statements'

The amendments to IAS 1, issued in May 2010, clarify that an entity may choose to disclose an analysis of other comprehensive income by item in the statement of changes in equity or in the notes to the financial statements. In the current year, for each component of equity, the Authority has chosen to present such an analysis in the notes to the financial statements, with a single-line presentation of other comprehensive income in the statement of changes in equity. These amendments became effective January 1, 2011.

IAS 24 (Revised), 'Related Party Disclosures'

A revised version of IAS 24, 'Related Party Disclosures' was issued in November 2009 and supersedes IAS 24, 'Related Party Disclosures, as revised in 2003. This revised standard clarifies the definition of a related party and introduces a partial exemption from the disclosure requirements of government-related entities. The application in the current year of the revised definition of related party has not resulted in the identification of other related parties that would not have been identified under the previous standard. These amendments became effective January 1, 2011.

4. Significant Accounting Policies (Cont'd)

(a) Basis of Preparation (Cont'd)

Amendments to International Financial Reporting Standards effective in the 2012 financial year (Cont'd)

IFRS 7, 'Financial Instruments: Disclosures'

The amendments issued in May 2010 clarify the disclosures required for financial instruments. Specifically, entities are no longer required to disclose renegotiated assets or the nature and estimated fair value of impaired financial assets. These amendments became effective January 1, 2011.

New and revised International Financial Reporting Standards that have been issued but are not yet effective and have not been early adopted

IFRS 7, 'Financial Instruments: Disclosures'

Amendments to IFRS 7, issued in October 2010, increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period. These amendments are effective July 1, 2011; however, earlier application is allowed.

The amendments to IAS 1, issued in May 2010, clarify that an entity may choose to disclose an analysis of other comprehensive income by item in the statement of changes in equity or in the notes to the financial statements. For each component of equity, the Authority expects to choose to present such an analysis in the notes to the financial statements, with a single-line presentation of other comprehensive income in the consolidated statement of changes in equity. These amendments are effective January 1, 2011; however, earlier application is allowed.

(a) Items that will not be reclassified subsequently to profit or loss; and

(b) Items that will be reclassified subsequently to profit or loss when specific conditions are met.

The amendment is effective July 1, 2012; however, earlier application is allowed.

IFRS 13, 'Fair Value Measurement'

IFRS 13 was issued in May 2011. This new standard defines fair value, provides a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies both to financial and non-financial instruments for which other IFRSs require or permit fair value measurement and disclosures about fair value measures, except in specified circumstances. This standard is effective January 1, 2013; however, earlier application is allowed.

4. Significant Accounting Policies (Cont'd)

(a) Basis of Preparation (Cont'd)

New and revised International Financial Reporting Standards that have been issued but are not yet effective and have not been early adopted (Cont'd)

IFRS 9,' Financial Instruments Part 1: Classification and Measurement'

IFRS 9 issued in November 2009 replaces those parts of IAS 39 relating to the classification and measurement of financial assets. Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition and the classification depends on the entity's business model for managing its financial assets and the contractual cash flow characteristics of the assets. In October 2010, the requirements for classification and measurement of financial liabilities, as well as the requirements for derecognition of financial assets and liabilities, were moved from IAS 39 to IFRS 9. This standard is effective January 1, 2015; however, earlier application is allowed.

(b) Foreign Currencies

The financial statements are presented in Eastern Caribbean dollars which is the currency of the primary economic environment in which the Authority operates (its functional currency).

Transactions in foreign currencies are translated into Eastern Caribbean dollars at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the date of the financial statements are translated into Eastern Caribbean dollars at the foreign exchange rate ruling at the date. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Eastern Caribbean dollars at the foreign exchange rates ruling at the dates the values were denominated.

(c) Impairment of Non-Financial Assets

The carrying amounts of the Authority's assets are reviewed at each date of the financial statements to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income.

(d) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and deposits held at call with banks.

4. Significant Accounting Policies (Cont'd)

(e) Financial Assets

(i) Classification

The Authority classifies its financial assets into these categories:-

- Available-for-sale financial assets; and
- Trade and other accounts receivable

Management determines the appropriate classification of these assets at initial recognition.

Available-for-sale financial assets are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Trade and other accounts receivable are financial assets with fixed or determinable payments that are not quoted in an active market.

(ii) Recognition and measurement

Available-for-sale financial assets are carried at fair value. Gains and losses arising from changes in fair value are recognised directly in equity until the security is disposed of.

Trade and other accounts receivable are carried at amortised cost less allowance for impairment.

(iii) Impaired financial assets

A financial asset is considered impaired if its carrying amount exceeds its estimated recoverable amount.

The impairment loss for financial assets is calculated as the difference between the carrying amount and the present value of expected future cash flows discounted at the original effective interest rate. The carrying value of impaired financial assets is reduced by impairment losses. Impairment losses are recognised in the Statement of Comprehensive Income.

(f) Inventory

Inventory is valued at the lower of cost and net realisable value. In general, cost is determined on a specific item basis. Net realisable value is the price at which inventory can be disposed of in the normal course of business after allowing for the cost of realisation. Allowance is made for obsolete, slow-moving and damaged goods.

4. Significant Accounting Policies (Cont'd)

(g) Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation.

Depreciation is calculated on the straight-line basis, so as to write-off the cost of property, plant and equipment over their estimated useful lives as follows:-

Assets	Estimated Useful Lives
Land improvements	5 and 6 2/3 years
Office equipment	3 and 5 years
Furniture and fittings	5 years
Motor vehicles	5 years
Sanitary equipment	3 and 5 years
Buildings	20 years

Gains or losses arising on the disposal or retirement of an item of property, plant and equipment are determined as the difference between the sales proceeds and the carrying amount of the asset and are recognised in the Statement of Comprehensive Income.

(h) Trade and Other Accounts Payable

Trade and other accounts payable are measured at amortised cost.

(i) Fixed Assets Fund

The fixed assets fund is released to income at a rate consistent with the related assets' depreciation.

(j) Deferred Funding Assistance

Deferred funding assistance is amortised over a period which approximates the related projects' useful lives as follows:-

Projects	Estimated Useful Lives
Deglos landfill	15 years
Upgrade of Vieux Fort landfill	10 years

(k) Revenue

Revenue is recognised at the fair value of the consideration received or receivable from the rendering of services.

Interest income is accrued on a time basis.

(l) Income Tax

The Authority is not subject to taxation according to the statutory instrument by which it was formed.

5. Financial Risk Management

The activities of the Authority expose it to various financial risks.

Financial risks include credit, liquidity and market risks. Market risks arise from changes in interest rates, equity prices, currency exchange rates or other market factors. The effects of these risks are disclosed in the sections below.

(a) Credit Risk

Credit risk is the exposure that the counterparty to a financial instrument is unable to meet an obligation, thereby causing a financial loss to the Authority. The maximum exposure of the Authority to credit risk is indicated by the carrying amount of its financial assets.

The Authority is exposed to concentrations of credit risk with respect to its cash and cash equivalents as the entire balance is held with one financial institution. This risk is minimised as the balance is held with a reputable institution.

The Authority is also exposed to credit risk with respect to its trade and other accounts receivable. An amount of $917,392 (2011 : $621,451) is owed to the Authority by Saint Lucia Air and Sea Ports Authority. This amount represents more than half of the Authority's total trade and other accounts receivable. Saint Lucia Air and Sea Ports Authority has acknowledged this debt and payments have been made subsequent to the date of the financial statements.

(i) Fully performing trade accounts receivable

	2012 $	2011 $
Carrying values:		
Existing customers (some past defaults, fully recovered)	464,227	521,691

(ii) Past due and impaired financial assets

A financial asset is past due when a counterparty has failed to make payment when contractually due. The Authority is most exposed to the risk of past due assets with respect to its trade accounts receivable.

Trade accounts receivable less than 90 days past due are not assessed for impairment unless other information is available to indicate the contrary. The assessment for impairment includes a review of the customer. If the past due period is less than the trigger for impairment review, the customer is not normally reviewed.

The table below summarises the carrying value of trade accounts receivable which are past due, but are not considered to be impaired.

	2012 $	2011 $
Carrying values:		
With amounts past due under 30 days	384,676	38,198
With amounts past due 31 to 60 days	147,100	153,776
With amounts past due 61 to 90 days	13,440	2,449
With amounts past due over 90 days	7,097	6,752
	552,313	201,175

The Authority has no impaired trade accounts receivable.

5. Financial Risk Management (Cont'd)

(b) Liquidity Risk

Liquidity risk is the exposure that the Authority may encounter difficulty in meeting obligations associated with its financial liabilities.

The Authority's only financial liability is its trade and other accounts payable of $865,428 (2011 : $707,363). Trade accounts payable totalling $545,278 (2011 : $472,247) are contractually repayable within 30 days. Gratuities are repayable at the end of employees' contracts. Other trade accounts payable have no contractual terms of repayment.

(c) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Authority to cash flow interest rate risk, whereas fixed interest rate instruments expose the Authority to fair value interest rate risk.

The table below summarises the exposures to interest rate risks of the Authority's financial assets and financial liabilities. Amounts are stated at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

	Due within 1 year $	Due between 1 and 5 years $	Due after 5 years $	Non-interest bearing $	Total $
As at March 31, 2012					
Financial Assets					
Cash and cash equivalents	4,241,027	-	-	429,806	4,670,833
Trade and other accounts receivable	-	-	-	1,016,540	1,016,540
	4,241,027	-	-	1,446,346	5,687,373
Financial Liability					
Trade and other accounts payable	-	-	-	865,428	865,428
Total Interest Sensitivity Gap	4,241,027	-	-	580,918	4,821,945
As at March 31, 2011					
Financial Assets					
Cash and cash equivalents	2,093,554	-	-	832,676	2,926,230
Financial investment	2,226,245	-	-	823	2,227,068
Trade and other accounts receivable	-	-	-	722,866	722,866
	4,319,799	-	-	1,556,365	5,876,164
Financial Liability					
Trade and other accounts payable	-	-	-	707,363	707,363
Total Interest Sensitivity Gap	4,319,799	-	-	849,002	5,168,801

5. Financial Risk Management (Cont'd)

(c) Interest Rate Risk (Cont'd)

The table below summarises the interest rates on financial assets and liabilities held at the date of the financial statements.

	Interest Rates	
	2012	2011
Financial Assets		
Cash and cash equivalents	3.75%	3.5%
Financial investment	-	4.5%
Financial Liabilities		
Credit card payable	19.5%	-

(d) Fair Value of Financial Instruments

Fair value risk is the risk that the fair value of a financial instrument may vary in response to changes in interest rates, equity prices, currency exchange rates or other market forces.

Fair value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market value, if one exists. None of the Authority's financial instruments are traded in a formal market. The Authority's financial assets and financial liabilities as disclosed in the Statement of Financial Position approximate their fair value.

6. Cash and Cash Equivalents

	2012 $	2011 $
Operating account	429,006	831,876
Gratuity account	4,241,027	2,093,554
Petty cash	800	800
	4,670,833	2,926,230

The accrued gratuities balance at year end, as indicated in note 11 is $265,924 (2011 : $178,187). The balance in the gratuity account represents short-term surplus funds which are deposited here in order to obtain interest income.

7. Financial Investment

	2012 $	2011 $
Investment available-for-sale	-	2,226,245
Interest receivable	-	823
	-	2,227,068

This investment was held with First Citizens Investment Services Limited and matured on June 27, 2011.

8. Trade and Other Accounts Receivable

	2012 $	2011 $
Saint Lucia Air and Sea Ports Authority	917,392	621,451
Other trade receivables	99,148	101,415
	1,016,540	722,866
Prepaid expenses	42,723	43,460
	1,059,263	766,326

9. Deferred Expenditure

	Deglos Landfill $	Vieux Fort Landfill $	Total $
Balance - March 31, 2010	4,455,631	712,454	5,168,085
Amortisation for the year	(913,566)	(252,936)	(1,166,502)
Balance - March 31, 2011	3,542,065	459,518	4,001,583
Amortisation for the year	(913,566)	(252,936)	(1,166,502)
Balance - March 31, 2012	2,628,499	206,582	2,835,081

The deferred expenditure includes consulting fees incurred for advice on the purchase of capital equipment and costs incurred for the development of the Deglos Landfill and upgrade of the Vieux Fort Landfill. Management has agreed to expense the cost of the projects over 15 and 10 years respectively. The Deglos Landfill is to be used for waste disposal for a period of 20 years.

10. Property, Plant and Equipment

	Land Improvements $	Office Equipment $	Furniture and Fittings $	Motor Vehicles $	Sanitary Equipment $	Buildings $	Total $
At March 31, 2010							
Cost	249,057	239,420	98,591	3,242,452	3,297,354	920,063	8,046,937
Accumulated depreciation	(39,721)	(175,986)	(82,968)	(2,932,381)	(2,898,983)	(311,776)	(6,441,815)
Net book value	209,336	63,434	15,623	310,071	398,371	608,287	1,605,122
Year ended March 31, 2011							
Opening net book value	209,336	63,434	15,623	310,071	398,371	608,287	1,605,122
Additions	122,653	9,465	3,010	-	49,407	-	184,535
Disposals	-	-	-	-	(6,012)	-	(6,012)
Depreciation charge	(14,474)	(30,693)	(6,032)	(165,200)	(183,031)	(46,003)	(445,433)
Closing net book value	317,515	42,206	12,601	144,871	258,735	562,284	1,338,212
At March 31, 2011							
Cost	371,710	236,257	101,601	3,242,452	3,298,716	920,063	8,170,799
Accumulated depreciation	(54,195)	(194,051)	(89,000)	(3,097,581)	(3,039,981)	(357,779)	(6,832,587)
Net book value	317,515	42,206	12,601	144,871	258,735	562,284	1,338,212
Year ended March 31, 2012							
Opening net book value	317,515	42,206	12,601	144,871	258,735	562,284	1,338,212
Additions	-	14,837	4,860	-	2,064,291	78,739	2,162,727
Depreciation charge	(22,651)	(22,827)	(5,116)	(144,865)	(101,559)	(46,003)	(343,021)
Closing net book value	294,864	34,216	12,345	6	2,221,467	595,020	3,157,918
At March 31, 2012							
Cost	371,710	251,094	106,461	3,242,452	5,363,007	998,802	10,333,526
Accumulated depreciation	(76,846)	(216,878)	(94,116)	(3,242,446)	(3,141,540)	(403,782)	(7,175,608)
Net book value	294,864	34,216	12,345	6	2,221,467	595,020	3,157,918

10. Property, Plant and Equipment (Cont'd)

Loss on Disposal

	Cost $	Accumulated Depreciation $	Net Book Value $	Proceeds $	Loss $
March 31, 2011					
Office equipment	12,628	(12,628)	-	-	-
Sanitary equipment	48,045	(42,033)	6,012	-	(6,012)
	60,673	(54,661)	6,012	-	(6,012)

11. Trade and Other Accounts Payable

	2012 $	2011 $
Accounts payable	545,278	472,247
Accrued gratuities	265,924	178,187
Audit fees payable	12,500	12,500
Credit card payable	192	-
Other accrued liabilities	800	7,999
Withholding tax payable	40,734	36,430
	865,428	707,363

12. Deferred Income

This relates to funds received from Canadian Commercial Corporation (CCC) for the settlement of some of the claims relating to the Deglos Landfill dispute. The amount is deferred because the Authority plans to use this amount to settle separate claims filed by CCC against the Authority (see note 16).

13. Fixed Assets Fund

This balance represents the written down value of fixed assets purchased using funding from the World Bank Project and Government of Saint Lucia. The assets are to be used at the landfills and are also included in property, plant and equipment. The funding is released to revenue over the estimated useful lives of the assets.

14. Deferred Funding Assistance

	School Project British High Commission $	Deglos Landfill CDB $	Vieux Fort Landfill IBRD/IDA $	Total $
Balance - March 31, 2010	34,417	4,124,462	622,050	4,780,929
Released to revenue	(34,417)	(913,566)	(252,936)	(1,200,919)
Balance - March 31, 2011	-	3,210,896	369,114	3,580,010
Released to revenue	-	(913,566)	(252,936)	(1,166,502)
Balance - March 31, 2012	-	2,297,330	116,178	2,413,508

Deferred Funding Assistance comprises the following:-

British High Commission

Grant funds received from the British High Commission are released to income as the amounts are expensed for the projects.

Caribbean Development Bank

The funds received from the Caribbean Development Bank for the Deglos landfill is released to revenue over a 15-year period (see Note 9). The deferred funding assistance for consulting fees is released to income over the useful life of the equipment purchased (see Note 9).

IBRD/IDA

Deferred funding assistance includes a non-interest bearing loan which was received from the International Bank for Reconstruction and Development and a loan received from the International Development Association. The Government of Saint Lucia is responsible for the payment of interest and repayment of the loan.

The initial deposit of the loan was received from International Development Association (IDA). The full amount of the loan is US$2,280,000 with interest at ¾% per annum, payable semi-annually on January 1 and July 1 each year, on the principal amount of the credit drawn-down. Repayment is in semi-annual instalments of 1¼% of principal commencing July 1, 2005 until and including the payment due on January 1, 2015. Thereafter, semi-annual installments increase to 2½% of principal until January 1, 2030.

The deferred funding assistance is released to revenue over a 10 year period (see Note 9).

15. Reserve Fund

As per Schedule 3, Section 17 (1) and (2) of the Waste Management Act No. 8 of 2004, the Authority shall establish a Reserve Fund derived from the surplus of the Authority at a percentage to be determined by the Minister of Physical Development, Environment and Housing. However, that percentage has not yet been decided. This fund can be used for purposes as determined by the Authority.

16. Contingent Liabilities

Deglos Landfill Project

Due to various decisions of the Dispute Adjudication Board (DAB), Canadian Commercial Corporation (CCC), which was the main contractor for the Deglos Landfill Project, was awarded to date approximately $8,340,000 inclusive of interest. This was as a result of claims made by CCC against St. Lucia Solid Waste Management Authority for breach of contract in respect of the Deglos Landfill Project. The award was subsequently negotiated between CCC and the Authority, and a settlement was agreed to in principle in the amount $5,100,000.

However, an injunction was granted by the High Court in Claim No: SLUHCV 2008/1015 on October 16, 2008 by virtue of which the court restrained CCC from receiving any further payments from the Authority in respect of settlement of the DAB claims. This claim is pending before the High Court in which National Contractors Ltd. (NCL), one of the joint venture partners, seeks among other things to cancel a separate Settlement Agreement between CCC and the Authority under which the Authority was paid $5,100,000. There are no claims subsisting against the Authority in the Saint Lucia Courts at this time in reference to this project.

In order to minimize further possible interest costs, the Authority intends to pay into the courts in Saint Lucia the negotiated settlement of $5,100,000, which is already recorded in the accounts as deferred income (see note 12). However, there is an injunction preventing payment to the courts. There is a contingent liability of a further $3,240,000, being the difference between DAB awards and the negotiated settlement, pending the injunction coming to a close and the end of all litigation and arbitration.

Claim for unpaid wages and emoluments

There is a pending claim against the Authority in which a former employee claims $100,123 for unpaid wages and emoluments. The matter is currently before the court for Case Management and Legal Counsel is of the opinion that mediation is likely, with a view to an amicable resolution.

Claims for fees and loss of income

There is also a claim against the Authority in which an individual claims $6,000 for fees owed to him. Legal Counsel believes that there is a good likelihood of judgement in favour of the Authority.

There is a further declaration sought by the same individual against the Authority for loss of income. Legal Counsel believes that there is a strong likelihood that this case against the Authority will be dismissed.

17. Employee and Management Costs

Included in expenditure are the following:-

	2012 $	2011 $
Administrative Staff		
Salaries	915,752	905,708
National Insurance contributions	29,920	31,836
Gratuity	123,137	112,760
Other staff costs	23,694	32,847
	1,092,503	1,083,151
Landfill Staff		
Salaries and wages	502,522	439,144
National Insurance contributions	24,086	15,328
Gratuity	5,100	8,075
Other staff costs	13,423	10,312
	545,131	472,859
	1,637,634	1,556,010

Employee costs for the landfill staff are included in landfill operating costs.

The average number of employees for the year ended March 31, 2012 was 33 (2011 : 31).