Saint Lucia Solid Waste Management Authority

Financial Statements

Year Ended March 31, 2014

(Expressed in Eastern Caribbean Dollars)

Contents

Page 1	Corporate Information
Page 2	Independent Auditors' Report
Page 3	Statement of Financial Position
Page 4	Statement of Changes in Fund Balances
Page 5	Statement of Comprehensive Income
Page 6	Statement of Cash Flows
Page 7 - 17	Notes to the Financial Statements

REGISTERED OFFICE

Maurice Mason Avenue
Sans Souci
Castries
Saint Lucia

DIRECTORS

Sylvester Clauzel
Cointha Thomas
Brender Portland-Reynolds
Agosta Degazon
Ross Gardner
Luvette Louisy
Urban Clovis
Joana Raynold-Arthurton
John Husbands
Justin Sealy
Nicholas Pinnock

SECRETARY

Arlett Ruiz

SOLICITOR

Greene Nelson & Associates

BANKER

Bank of Saint Lucia Limited

AUDITORS

BDO
Chartered Accountants
Mercury Court
Choc Estate
Castries
Saint Lucia

BDO

Tel: 758-452-2500
Fax: 758-452-7317
www.bdo.lc

Mercury Court
Choc Estate
P.O. Box 364
Castries
Saint Lucia

INDEPENDENT AUDITORS' REPORT

To the Directors of Saint Lucia Solid Waste Management Authority

Report on the Financial Statements

We have audited the accompanying financial statements of Saint Lucia Solid Waste Management Authority which comprise the statement of financial position as at March 31, 2014, 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 Saint Lucia Solid Waste Management Authority as at March 31, 2014, and the results of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

BDO

November 5, 2014

BDO Eastern Caribbean, a partnership registered in St. Lucia and St. Vincent and the Grenadines, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

Saint Lucia Solid Waste Management Authority

Statement of Financial Position
As at March 31, 2014
(Expressed in Eastern Caribbean Dollars)

	Notes	2014 $	2013 $
ASSETS			
Current Assets			
Cash and cash equivalents	6	1,077,593	1,470,783
Trade and other accounts receivable	7	1,102,593	1,473,338
Inventory		374,278	462,881
		2,554,464	3,407,002
Long-term Assets			
Deferred expenditure	8	801,366	1,714,932
Property, plant and equipment	9	2,733,580	3,448,938
		3,534,946	5,163,870
TOTAL ASSETS		6,089,410	8,570,872
LIABILITIES AND FUND BALANCES			
Current Liabilities			
Trade and other accounts payable	10	677,120	854,048
Deferred income	11	5,141,435	5,141,436
		5,818,555	5,995,484
Fund Balances			
Fixed assets fund	12	1,610,291	2,091,759
Deferred funding assistance	13	470,201	1,383,767
Fund balance		(1,809,637)	(900,138)
		270,855	2,575,388
TOTAL LIABILITIES AND FUND BALANCES		6,089,410	8,570,872

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, 2014
(Expressed in Eastern Caribbean Dollars)

	Fixed Assets Fund $	Deferred Funding Assistance $	Fund Balance $	Total $
Balance as at March 31, 2012	2,592,244	2,413,508	988,220	5,993,972
Amortisation of fund balances	(500,485)	(1,029,741)	-	(1,530,226)
Excess of expenditure over income for the year	-	-	(1,888,358)	(1,888,358)
Balance as at March 31, 2013	2,091,759	1,383,767	(900,138)	2,575,388
Amortisation of fund balances	(481,468)	(913,566)	-	(1,395,034)
Excess of expenditure over income for the year	-	-	(909,499)	(909,499)
Balance as at March 31, 2014	1,610,291	470,201	(1,809,637)	270,855

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

Statement of Comprehensive Income
For the Year Ended March 31, 2014
(Expressed in Eastern Caribbean Dollars)

	Notes	2014 $	2013 $
INCOME			
Amortisation of deferred funding assistance	13	913,566	1,029,741
Environmental levy		4,254,068	3,692,873
Government of Saint Lucia		5,000,000	5,000,000
Interest income		27,622	125,558
Other income		518,248	554,691
Release of fixed assets fund		481,468	500,485
TOTAL INCOME		11,194,972	10,903,348
EXPENDITURE			
Advertising and public relations		28,367	43,977
Audit fees		14,351	12,850
Bank charges		3,581	3,123
Board expenses		29,200	29,600
Compensation		-	101,398
Depreciation	9	724,881	590,401
Environmental levy deductions		411,852	468,336
Landfill operating costs:			
- Amortisation	8	913,566	1,120,149
- Operating costs		2,210,972	3,024,797
- Professional services		-	31,917
Miscellaneous		15,888	5,624
Office expenses		25,540	38,991
Office rental		36,000	36,000
Professional fees		2,430	11,854
Safety equipment expenses		2,529	2,864
Salaries and staff benefits	16	1,040,716	1,053,374
Service contracts/maintenance		11,155	9,132
Subscriptions		1,324	741
Training/overseas travel/consultations		288	537
Travel and entertainment		31,905	34,302
Utilities		36,668	36,431
Waste collection		6,563,258	6,135,308
TOTAL EXPENDITURE		12,104,471	12,791,706
EXCESS OF EXPENDITURE OVER INCOME FOR THE YEAR		(909,499)	(1,888,358)

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

Statement of Cash Flows
For the Year Ended March 31, 2014
(Expressed in Eastern Caribbean Dollars)

	2014 $	2013 $
Cash Flows from Operating Activities		
Excess of expenditure over income for the year	(909,499)	(1,888,358)
Adjustments for:		
Amortisation of deferred funding assistance	(913,566)	(1,029,741)
Release of fixed assets fund	(481,468)	(500,485)
Interest income	(27,622)	(125,558)
Amortisation of deferred expenditure	913,566	1,120,149
Depreciation	724,881	590,401
Gain on disposal	(33,000)	-
Operating loss before working capital changes	(726,708)	(1,833,592)
Decrease/(increase) in trade and other accounts receivable	370,745	(414,075)
Decrease/(increase) in inventory	88,603	(185,140)
Decrease in trade and other accounts payable	(176,928)	(11,380)
Net cash used in operating activities	(444,288)	(2,444,187)
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(9,523)	(881,421)
Disposal of property, plant and equipment	33,000	-
Interest received	27,621	125,558
Net cash generated from/(used in) investing activities	51,098	(755,863)
Decrease in Cash and Cash Equivalents	(393,190)	(3,200,050)
Cash and Cash Equivalents - Beginning of Year	1,470,783	4,670,833
Cash and Cash Equivalents - End of Year	1,077,593	1,470,783

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

Note 1	Introduction
Note 2	Going Concern
Note 3	Date of Authorisation of Issue
Note 4	Significant Accounting Policies
Note 5	Financial Risk Management
Note 6	Cash and Cash Equivalents
Note 7	Trade and Other Accounts Receivable
Note 8	Deferred Expenditure
Note 9	Property, Plant and Equipment
Note 10	Trade and Other Accounts Payable
Note 11	Deferred Income
Note 12	Fixed Assets Fund
Note 13	Deferred Funding Assistance
Note 14	Reserve Fund
Note 15	Contingent Liabilities
Note 16	Employee and Management Costs

1. Introduction

Saint 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 Saint 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 15) 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 November 5, 2014.

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.

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 2014 financial year</u>

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

The amendment to IAS 1, issued in June 2011, requires additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories:-

(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. Income tax on items of other comprehensive income is required to be allocated on the same basis.

These amendments became effective July 1, 2012.

4. Significant Accounting Policies (Cont'd)

(a) Basis of Preparation (Cont'd)

Amendments to International Financial Reporting Standards effective in the 2014 financial year (Cont'd)

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 became effective January 1, 2013.

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

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.

IAS 32, 'Financial Instruments: Presentation'

The amendments, issued in December 2011, address inconsistencies in current practice when applying the offsetting criteria. They clarify the meaning of 'currently has legally enforceable right of set-off' and that some gross settlement systems may be considered equivalent to net settlement. The amendment is effective January 1, 2014; 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.

4. Significant Accounting Policies (Cont'd)

(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.

(e) Financial Assets

(i) Classification

The Authority classifies its financial assets as trade and other receivables:-

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

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

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 $851,930 (2013 : $1,310,873) 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 have acknowledged this debt and payments have been made subsequent to the date of the financial statements.

(i) Fully performing trade accounts receivable

	2014 $	2013 $
Carrying values:		
Existing customers (some past defaults, fully recovered)	394,999	547,236

(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.

	2014 $	2013 $
Carrying values:		
With amounts past due under 30 days	58,569	35,322
With amounts past due 31 to 60 days	518,369	816,899
With amounts past due 61 to 90 days	208	10,114
With amounts past due over 90 days	4,332	22,677
	581,478	885,012

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 $677,097 (2013 : $847,368). Trade accounts payable totalling $576,548 (2013 : $585,423) 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, 2014					
Financial Assets					
Cash and cash equivalents	544,062	-	-	533,531	1,077,593
Trade and other accounts receivable	-	-	-	983,118	983,118
	544,062	-	-	1,516,649	2,060,711
Financial Liability					
Trade and other accounts payable	-	-	-	676,508	676,508
Credit card	589	-	-	-	589
	589	-	-	676,508	677,097
Total Interest Sensitivity Gap	543,473	-	-	840,141	1,383,614
As at March 31, 2013					
Financial Assets					
Cash and cash equivalents	1,066,500	-	-	404,283	1,470,783
Trade and other accounts receivable	-	-	-	1,432,249	1,432,249
	1,066,500	-	-	1,836,532	2,903,032
Financial Liability					
Trade and other accounts payable	-	-	-	854,048	854,048
Credit card	945	-	-	-	945
	945	-	-	854,048	854,993
Total Interest Sensitivity Gap	1,065,555	-	-	982,484	2,048,039

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	
	2014	2013
Financial Assets		
Cash and cash equivalents	3.75%	3.75%
Financial Liabilities		
Credit card payable	19.5%	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

	2014 $	2013 $
Operating account	532,731	403,483
Gratuity account	544,062	1,066,500
Petty cash	800	800
	1,077,593	1,470,783

The accrued gratuities balance at year end, as indicated in note 10 is $41,319 (2013 : $204,351). The balance in the gratuity account represents short-term surplus funds which are deposited here in order to obtain interest income.

7. Trade and Other Accounts Receivable

	2014 $	2013 $
Saint Lucia Air and Sea Ports Authority	851,930	1,310,873
Other trade receivables	124,570	121,376
	976,500	1,432,249
Prepaid expenses	119,475	41,089
Other receivables	6,618	-
	1,102,593	1,473,338

8. Deferred Expenditure

	Deglos Landfill $
Balance - March 31, 2012	2,628,499
Amortisation for the year	(913,567)
Balance - March 31, 2013	1,714,932
Amortisation for the year	(913,566)
Balance - March 31, 2014	801,366

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. Management has agreed to expense the cost of the projects over 15 years. The Deglos Landfill is to be used for waste disposal for a period of 20 years.

9. Property, Plant and Equipment

	Land Improvements $	Office Equipment $	Furniture and Fittings $	Heavy Equipment and Motor Vehicles $	Sanitary Equipment $	Buildings $	Total $
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
Year ended March 31, 2013							
Opening net book value	294,864	34,216	12,345	6	2,221,467	595,020	3,157,918
Additions	-	10,422	2,779	776,972	6,525	84,723	881,421
Depreciation charge	(22,651)	(19,988)	(4,546)	-	(497,213)	(46,003)	(590,401)
Closing net book value	272,213	24,650	10,578	776,978	1,730,779	633,740	3,448,938
At March 31, 2013							
Cost	371,710	261,516	109,240	4,019,424	5,369,532	1,083,525	11,214,947
Accumulated depreciation	(99,497)	(236,866)	(98,662)	(3,242,446)	(3,638,753)	(449,785)	(7,766,009)
Net book value	272,213	24,650	10,578	776,978	1,730,779	633,740	3,448,938
Year ended March 31, 2014							
Opening net book value	272,213	24,650	10,578	776,978	1,730,779	633,740	3,448,938
Additions	-	5,806	1,695	2,022	-	-	9,523
Depreciation charge	(22,653)	(13,205)	(4,688)	(155,800)	(474,359)	(54,176)	(724,881)
Closing net book value	249,560	17,251	7,585	623,200	1,256,420	579,564	2,733,580
At March 31, 2014							
Cost	371,710	214,517	110,935	3,533,446	5,369,532	1,083,525	10,683,664
Accumulated depreciation	(122,150)	(197,266)	(103,350)	(2,910,246)	(4,113,112)	(503,961)	(7,950,084)
Net book value	249,560	17,251	7,585	623,200	1,256,420	579,564	2,733,580

Gain on Disposal

	Cost $	Accumulated Depreciation $	Net Book Value $	Proceeds $	Gain $
March 31, 2014					
Heavy equipment and Motor Vehicles	488,000	488,000	-	33,000	33,000

10. Trade and Other Accounts Payable

	2014 $	2013 $
Accounts payable	576,548	585,423
Accrued gratuities	41,319	204,351
Audit fees payable	12,500	12,500
Credit card payable	589	945
Other accrued liabilities	-	3,415
VAT payable	5,430	6,680
Withholding tax payable	40,734	40,734
	677,120	854,048

11. 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 15).

12. 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.

13. Deferred Funding Assistance

	Deglos Landfill CDB $
Balance - March 31, 2012	2,297,330
Released to revenue	(913,563)
Balance - March 31, 2013	1,383,767
Released to revenue	(913,566)
Balance - March 31, 2014	470,201

Deferred Funding Assistance comprises the following:-

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 8). The deferred funding assistance for consulting fees is released to income over the useful life of the equipment purchased (see Note 8).

14. 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.

15. 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 Saint 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 11). 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.

16. Employee and Management Costs

Included in expenditure are the following:-

	2014 $	2013 $
Administrative Staff		
Salaries	929,321	882,540
National Insurance contributions	32,405	30,155
Gratuity	53,411	111,909
Other staff costs	25,579	28,770
	1,040,716	1,053,374
Landfill Staff		
Salaries and wages	482,063	467,229
National Insurance contributions	22,050	21,617
Gratuity	2,200	5,675
Other staff costs	7,027	13,669
	513,340	508,190
	1,554,056	1,561,564

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

The average number of employees for the year ended March 31, 2014 was 33 (2013 : 33).