National Solid Waste Management Authority

Annual Report 2018/2019

TRANSFORMATION THROUGH GOVERNANCE


WASTE MAN
Our Motto:
Jamaica's Beauty
IS OUR Duty

SPM
MEN
AT
WORK

OUR CORE VALUES

- Accountability — A
- Teamwork — T
- Transparency — T
- Integrity — I
- Respect — R
- Excellence — E

Our Vision

NSWMA, a purpose-driven, result-oriented and technologically focused place of choice to work has enabled all citizens to practice 'Reduce, Reuse and Recycle' resulting in a clean, healthy and beautiful Jamaica.

Our Mission

We contribute to a clean, healthy and beautiful Jamaica through effective and efficient standardization, enforcement, public education, collection and final disposal of solid waste.

OUR MANDATE

- Achieve acceptable standards of environmental practices in public cleansing and disposal operations;
- Develop capable environmental monitoring staff through training and appropriate recruitment;
- Provide standards, regulations and expertise with regard to solid waste management;
- Prioritize financial resources for solid waste management in a severely constrained economy;
- Participate in the development of an inter-agency institutional structure for pollution and environmental control;
- Meet human resource needs through the appropriate development and implementation of human resource policies;
- Provide quality service to our contractors and the public;
- Enforce the National Solid Waste Management Act

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CORPORATE INFORMATION

April 2018 – March 2019

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CORPORATE

WHO WE ARE?

The National Solid Waste Management Authority (NSWMA) is a statutory body established in 2002 under the NSWM Act. Its creation recognizes the dual role of regulating and managing Jamaica's solid waste sector. Since its inception, the NSWMA has focused its energy on the management of solid waste and the regulation of public behaviour through its enforcement unit. These functions are executed through four limited liability waste management companies that were founded in the 1980's to collect solid waste.

Since 2002, the NSWMA oversees the operation of the WPM Waste Management Limited, MPM Waste Management Limited, NEPM Waste Management Limited and SPM Waste Management Limited.
These companies equip the NSWMA with the necessary manpower to provide waste collection services to over 70% of Jamaica's populous. The Regional Wasteshed Map on the following page shows the parish-es covered by each entity/regional body.

WHAT WE DO?

The NSWMA is mandated by law to protect the health and safety of the nation through the effective management of solid waste. This is done through the collection of residential and commercial solid waste, enforcement of the NSWM Act and the management of eight disposal sites.

PROFILE

The NSWMA is mandated to manage all disposal sites until divestment occurs. To date, there are eight (8) disposal sites under management located in Portland, St. Ann (two 2), Kingston & St. Andrew, St. Thomas, St James, St Elizabeth and Manchester.

WHAT WE REALLY DO?

- We are the sole agency responsible for the collection of residential solid waste;
- We manage eight (8) disposal sites;
- We provide sweeping services for major town centres and roadways;
- We regulate Jamaica's solid waste industry. This is achieved through the development of policies, procedures and standard operating systems;
- We enforce solid waste laws through our Enforcement and Compliance Division;
- We continue to respond to market demand by providing solid waste haulage services to businesses;
- The maxim "Jamaica's beauty is our duty", is evident in the beautification services we provide, namely; landscaping, plant rentals and the sale of compost woodchips and plants.

OUR BUSINESS IN BRIEF

Four (4) business segments primarily drive the NSWMA: Public Cleansing, Commercial Services, Enforcement & Compliance; and Disposal Site Management.

The NSWMA through funding from the Parochial Revenue Fund (Property Tax) provides the Public Cleansing services of sweeping and residential collection of solid waste. Residential solid waste is collected via house-to-house servicing but also through community bins, and curbside pick-ups.

Public Cleansing is conducted through extensive collaboration with Municipal Corporations across Jamaica. This symbiotic relationship has granted the NSWMA permanent membership on the Public Health and Disaster Preparedness Committee of each Municipal Corporation.

Despite the challenge of aged receivables, the Commercial Services segment is an ever-expanding portfolio. Haulage and beautification services are critical to the Authority's strategic efforts to achieve self-sufficiency.

The improper disposal of solid waste, which is strongly ingrained in Jamaica's culture, continues to be a major challenge for the Authority. The Enforcement and Compliance Division regulates this social behaviour through its powers to conduct incognito operations and to arrest offenders.

TRANSFORMATION THROUGH GOVERNANCE

Transformation marks a change in form, nature and appearance. The Board of Directors' at the National Solid Waste Management Authority has taken the decision to have the theme for the 2018/2019 Annual Report be entitled 'Transformation through Governance'. This is borne out of the strides that the organization has taken and the future transformative role that the organization is expected to play in response to changes in global solid waste management.

Underpinning this transformation is the critical pillar of Governance. In adopting 'Good Governance' as a fundamental pillar of transformation, the organization has pledged to be accountable, transparent, responsive to the rule of law and to empower its staff and the public. Based on this transformative framework, six (6) pillars of transformation were developed.

These include:

- **GOVERNANCE**
- **ENVIRONMENTAL MANAGEMENT/PRUDENCE**
- **EMPOWERMENT**
- **CULTURAL RE-ENGINEERING**
- **STRATEGIC PARTNERSHIP**
- **STAKEHOLDER COMMUNICATION**

BUSINESS

NSWMA collaborated with Montego Bay Marine Park Trust, Jamaica Energy Partners (JEP), and Finland-based entity, Wartsila, to install Jamaica's and the Caribbean's first Seabin

Minister of Local Government and Community Development, Hon. Desmond McKenzie (second right), and Executive Director of the National Solid Waste Management Authority (NSWMA), Audley Gordon (first right) are presented with a cheque for $1 million by Managing Director of Red Stripe, Ricardo Nuncio (left). The money is for further improvement of the security arrangements at the Riverton City Landfill in Kingston.

Minister of Local Government and Community Development, Mr. Desmond McKenzie and the managment team at the handing over ceremony for the newly acquired compactor unit.

SPM Crew Members comprising of Driver and Sanitation Workers conducting operations in the region

HIGHLIGHTS

Chairman of the Board, NSWMA Dennis Chung (second left), speaking at press conference at the Courtleigh Hotel & Suites. He reported that the Authority saved $42.5 million on its fuel bill. The Chairman also stated that the NSWMA has made "progress" over the past three years, with both the parent body and its four regional entities having up-to-date audited financial statements, the first time since 2004.

Delegation from the NSWMA and the Ministry of Local Government at the South Dade Landfill in Florida

Landfill Manager, Calvert McLeod (Center) and Summer Interns at Riverton Landfill

Landscaping and Beautification Services offered by the Parks and Garden Division at Heroes Circle.

PERFORMANCE

- Permit was granted from NEPA to operate the Riverton Landfill
- Increase own-source revenue by over $40 Million
- All Financial Statements were unqualified
- 233 Staff Trained
- Acquisition of 14 New Compactor Units
- 12 New Communities added to the Collection Schedule
- Development of Key Corporate Governance Policies

HIGHLIGHTS

Increase own-source revenue by over 41.6%

Key Solid Waste Regulations Drafted

Saving in fuel of $42.5M

Issuing of Safety Gear and Uniforms to Sanitation Workers

Increase Renumeration to Sanitation Workers

Strengthened Strategic Partnership

DIRECTORS' PROFILE

Dennis Chung - Chairman

Mr Chung is currently the Chief Financial Officer of Supreme Ventures Limited (SVL); Mr. Chung, is the past Chief Executive Director of the Private Sector Organization of Jamaica. A Chartered Accountant and Financial Analyst by profession, Mr. Chung has a sterling reputation for implementing strategic changes in organizations with a view to instilling accountability and transparency. Considered an expert on matters of finance, economics and social development, his impressive professional experience and vast skills have already made a marked improvement in the operations of the NSWMA, and a definite strategic direction towards stable growth.

Linley Reynolds - Deputy Chairman

The Deputy Chairman, Linley Reynolds studied financial banking in the United Kingdom (UK) and holds a Master's Degree in Business Administration from the University of Manchester, UK.

Mr. Reynolds is a professional banker with over thirty years experience. He has been professionally engaged with the Scotiabank Group (Jamaica) for his entire professional banking career. He places significant emphasis on business development and relationship banking and has utilized this strategy to expand and enhance market share and profitable relationships. The professional advice he has dispensed over the years has benefited many businesses over a wide cross section of industries and such advice which has no doubt extended its benefits to the National Solid Waste Management Authority and Jamaica.

Norman Brown - Board Member

Mr. Brown, a businessman with over seventeen years of logistics and distribution experience under his belt, is recognized as a talented organizer with excellent time management skills.

He is the Chairman of the NSWMA's Audit Committee which has greatly benefited from his practical skills and wealth of knowledge. Mr. Brown is also the Chairman of the Housing Agency of Jamaica (HAJ); and Glendevon Primary and Junior High School, and a distinguished member of the St. James Lay Magistrates Association.

Camille Marr Facey, Attorney-at-Law-Board Member

Camille Marr Facey chairs the Corporate Governance Committee of the NSWMA and serves on the Technical & Operations Committee. She is a commercial Attorney-at-Law with over thirty years of experience particularly in the financial and telecommunications sectors. She held the positions of Regional Vice President, Senior Vice President,

General Counsel and Corporate Secretary at Cable & Wireless and Sagicor. A transformational leader, Mrs. Facey's business acumen and leadership skills are highly developed. A graduate of the UWI and the Norman Manley Law School, Mrs. Facey is currently the Managing Partner of FaceyLaw specializing in company, commercial, telecommunications, and real estate law. She is also the founder of Facey Corporate Services which provides corporate secretarial services as well as corporate governance training and support to both public and private sector entities. The Past President of the International Women's Forum (Jamaica chapter), Mrs. Facey has over the years served in voluntary capacities such as Deputy Chair of

the Caribbean Association of National Telecom-munications
Organizations (CANTO); Director of the NDFJ, the NFDST, the Arts Foundation of the Edna Manley College, the Universal Access Fund Company and Youth Reaching Youth.

Ms Daphne Hurge – Board Member

Ms Daphne Hurge, O.D., J.P. has admirably amassed over thirty years of management and leadership experience working in the public sector, particularly at the local authority level in the Kingston and St. Andrew area and. As a past employee of MPM Waste Management Limited Ms. Hurge has extensive knowledge in waste management. Over the years, Ms Hurge's responsibilities included the maintenance of gullies and beautification projects in Mandela Park; St. William Grant Park; Papine Park and also the Mandela Highway median.

Ms Hurge continues to lend her tireless devotion and efforts to the enrichment and progression of the NSWMA.

Councillor Donovan Samuels – Board Member

Councillor Samuels is the sitting Councillor for the Tivoli Gardens Division and has been in this capacity for the past seven (7) years. Since the 2018/2019 FY, Councillor Samuels has chaired the Technical and Operations Committee of the NSWMA and is a long standing member of the Human Resource Committee.

A trained teacher by profession, Councillor Samuels has over twenty years stellar contribution to the HEART Trust/NTA. At the HEART Trust/NTA Mr. Samuels has served in capacities such as Training Agent, Placement and Monitoring Officer and Recruitment & Placement Officer.

His lengthy public tenure includes serving as a board member for Nutrition Products Limited; Jamaica Social Investment Fund (JSIF); St. Andrew Technical High School and the Tivoli Gardens High School. Councillor Samuels has been appointed as Chairman Roads and Work Committee KSAMC since the 2018/2019 FY.

Delroy Williams – Board Member

His Worship, the Mayor, Senator and Councillor, Mr. Williams was appointed Senator in the Upper House in March 2016 and was elected the 53rd Mayor of Kingston in December 2016.

He was appointed to the NSWMA's board in April 2016. He currently serves as Chairman of the Human Resource Committee and is also a member of the Audit Committee. Throughout the course of tenure, he has assisted in the organization's growth and development through sustained human capital development.

Willard Hylton – Board Member

Mr. Hylton currently holds the post of General Manager, Human Resource Management and Administration at the Transport Authority of Jamaica. He is a member of the NSWMA Human Resource Committee and also a board member at the Jamaica Library Services. In addition to these roles, Mr. Hylton prides himself with vast business knowledge he has acquired over the past 30 years, which has allowed substantial contribution to the NSWMA.

Mr. Hylton has a love for civic service and as such has extended himself to the development of his community. He was appointed the Parent Teacher Association (PTA) President of the Iona High School after which he was appointed to its Board of Directors. The progression paved the way for subsequent similar appointments such as the Chairman of the Board of Directors for the St. Mary Parish Development Committee and also the Boscobel Skills Training Centre.

Dwight Ricketts, JP, PE, MEng, BSc, MJIE– Board Member

Dwight Ricketts is a Professional Engineer, with over twenty-five (25) years of experience in engineering and management working in both the private and the public sectors. Mr. Ricketts currently holds the post of Senior Manager for Field Operations and Procurement at the Jamaica Social Investment Fund (JSIF). As a member of the Senior Management team at JSIF, Mr. Ricketts is committed to applying his engineering and managerial skills in rural and urban areas in terms of building capacity, empowering people, and the implementation of sustainable infrastructure in several communities across Jamaica.

Mr. Ricketts is the Immediate Past President of Jamaica Institution of Engineers (JIE). He is also a Board of Director for the Caribbean Sustainable Energy and Innovation Institute (CSEII) at the University of Technology. His involvement in community service includes building capacity for the Scout Association of Jamaica, where he currently serves as Chairman of the St. Andrew Local Association as well as a member of the National Executive Committee. He is the holder of a Master of Engineering Degree specializing in Water Resources Engineering from the University of Guelph, Canada and a Bachelor of Science Degree in Agriculture Engineering from the University of the West Indies, St. Augustine Campus, Trinidad and Tobago.

Ms. Gabrielle Wilks- MLGCD Ex Officio Member

Ms. Wilks has been practicing as an Attorney-at-Law for over 11 years. She is currently employed to the Ministry of Local Government and Community Development Legal Services Division, where her primary focus is to provide general legal advice to the Ministry, the fourteen (14) Local Authorities and five (5) Agencies. In addition, Ms. Wilks also assists with the organization and coordination of the review, amendment and proclamation of legislation for which the Ministry has responsibility.

Ms. Wilks sits as the NSWMA Board representative from the Ministry of Local Government and Community Development. She brings to the Board expertise in civil, criminal and contract law, among other areas.

Before joining the Ministry, Ms. Wilks worked at the Ministry of Justice as a Clerk of Court where she was responsible for the effective preparation and prosecution of criminal matters in the Resident Magistrate (now Parish) and Children's Courts of St. Catherine and Portland.

The author of numerous articles, Dr. Sharpe has presented at numerous conferences and has actively participated in bringing a voice to issues of national development in Jamaica.

Charlene Sharpe, Phd, MRM – Board Member

Dr. Sharpe, currently serves as an Associate Professor and Associate Vice President Academics at Northern Caribbean Unive sity. A Fulbright Scholar with a PhD in Geography (Rutgers University), her research is at the intersection of food security, environmental management, community resilience, sustainability, climate change and disaster management. Dr. Sharpe holds a Masters degree with distinction from the University of the West Indies, Mona Campus in Natural Resource Management- Integrated Urban and Rural Environmental Management.

With over 20 years of administrative experience in higher education, she co-chairs: the University Council of Jamaica's (UCJ) – Graduate Curriculum Standards Committee and serves as a member of the Manchester Municipal Council (formerly the Manchester Parish Council), Local Economic Development Parish Advisory Committee (LED-PAC) that has primary responsibility to advise, assess, monitor, and evaluate the implementation of sustainable LED activities including sustainable production in the parish.

Co-opted Members of the Board Subcommittee

Dr. Patrick Anglin - Finance

Patrick Anglin holds a Doctor of Business Administration (DBA) degree from the Manchester Business School (MBS), University of Manchester. Up to the end of March 2018, he was assigned to the University Hospital of the West Indies (UHWI) where he was managing the implementation of the Hospital Information Management System (HIMS) for the UWI Mona Health Network (UMHN). Substantively, Dr Anglin is the team leader for Policy and Infrastructure in the Office of the University CIO, the Vice Chancellery, The University of the West Indies (UWI), Centre. He has worked in several Information Technology areas since 1996. Most notably, he is the former Executive Manager of Information and Communication Technologies at Blue Cross of Jamaica Limited.

Dr Anglin was an external examiner for the Council of Community Colleges of Jamaica and a former Course Coordinator for the Information Technology component of the UWI's Associate of Science Degree. Dr. Anglin has also contributed to the drafting of the Distance Education Standards (2014) as a member of the University Council of Jamaica's (UCJ) Distance Education Standards Committee and is a member of the current UCJ Computing Standards Committee. Dr. Anglin is one of UCJ's Assessors for institutions seeking Programme Accreditation and an adjunct faculty member at the University of Technology. For his doctoral work, he developed a model, using the Jamaican agritourism sub-sector as the functional area, to increase collaboration and information sharing, and therefore improve business processes, within industry sectors and individual organizations.

Co-opted Members of the Board Subcommittee

Tashi Williamson - Audit

Tashi Williamson is a Senior Manager at Cichton Mullings & Associates. She is a graduate of the University of London, where she received a Masters degree in Professional Accountancy. She is a Chartered Accountant, and a member of both the Association of Chartered Certified Accountants (ACCA) and Institute of Chartered Accountants of Jamaica. Ms. Williamson has over ten years of experience in audit, taxation, consulting and accountancy. Her experience extends to manufacturing and distribution, financial institutions, pensions and government related entities.

Jonah Chisholm - HR

Mr. Jonah Chisholm is an IT Consultant and CEO of N-ertrak Energy Management Systems. He has over twenty-five (25) years of experience in the fields of Electrical Engineering and Information and Communications Technology in both the public and private sectors, working both in Jamaica and the wider Caribbean. He is the holder of a Master's in Business Administration Degree specializing in Public Sector Management from the University of the West Indies, Mona Campus and a Bachelor of Science Degree in Electrical and Computer Engineering from the UWI St. Augustine Campus. He is a member and past treasurer of the Institute of Electrical and Electronics Engineers (IEEE), Jamaica Section and a member of the HRM Sub-committee of the NSWMA Board.

Errol Holmes - HR

Errol Holmes was appointed General Manager Business Process Optimization at the National Housing Trust effective April 1, 2019. Prior to this appointment, he served as General Manager Human Resources at the Trust.

Mr. Holmes has worked in the Caribbean and Jamaica's public and private sectors with specific responsibility for leading the human resources processes. He brings to the NSWMA over thirty years experience in the Human Resource Management. A Fulbright scholar, Mr Holmes holds undergraduate and graduate degrees in education, industrial relations & labour law, and educational policy development. He earned these from Northern Caribbean University, the University of Technology, Jamaica and Loyola University of Chicago.

He has also served as adjunct faculty in the graduate and undergraduate Human Resource and Business Management Programmes for several universities and training institutions including the UWI, NCU and MIND. His civic appointments include: Justice of the Peace; Vice Chairman, St. Patrick's Foundation Board of Directors; Sponsor Trustee MPM Pension Plan; Chairman, KSAMC Procurement Committee; Member, HR Committee, NSWMA Board of Directors and Member.

Peta-Gaye Bartley - Audit

Peta-Gaye Bartley is a seasoned internal auditor, with over fourteen years of experience in the field, spanning varying industries such as: financial services, utilities, retail and distribution. She has a breadth of regional and international experience having held senior positions at PwC Jamaica. She sits as a member of the Audit Committee for NSWMA.

Currently, Ms Bartley is the Group Chief Internal Auditor at JMMB Group, where she is responsible for directing and leading the execution of internal audits across the Group.

She holds a Bachelor of Science Degree in Accounting and Management Studies from UWI, Mona and certification in internal auditing and fraud examination. Ms. Bartley is a Chartered Accountant and a Fellow of the Association of Chartered Certified Accountants (UK).

MINISTER'S MESSAGE
Desmond McKenzie CD, MP, JP

The transformation of the NSWMA through this Board of Directors, Managers and team members is continuing at an impressive pace, and is a living testimony to how a clear mission and hard, smart work can turn any situation around.

The adoption and implementation of sound Corporate Governance is at the very heart of this. The submission of this Annual Report for the Financial Year 2018/19 is a triumph in itself, as it brings the Agency into full currency with regard to compliance with its financial reporting obligations, within the timeline required by the Public Bodies Management and Accountability Act.

I am also very pleased about the emphasis being placed on compliance with statutory requirements that affect employee benefits, as well as on staff development through continuous training. Not surprisingly, the story of continued improvement at the NSWMA is also reflected in the administration of its core responsibilities.

Nearly 700-thousand tonnes of solid waste was collected, or over 70% of the total solid waste generated island-wide. Adherence to the collection schedule of once per week in the last Financial Year was nearly 80%, and compliance with the sweeping schedule for major roadways and town centres was almost 90%. The main reasons for this improved performance are the procurement and introduction of new collection units and repairs to dysfunctional units, 15 of which are back in service. Since 2016, the NSWMA acquired 43 new units, the last 12 of which were officially handed over in February this year.

The prevention of unlawful waste disposal and the penalizing of those who persist in this activity is just as important, and I am happy to observe that additional Enforcement Officers are being sought for each Region, as we move closer to finalizing the NSWMA Public Cleansing Regulations, the NSWMA Disposal of Hazardous Waste Regulations and the NSWMA Disposal of Solid Waste Facilities Regulations to the NSWMA Act. It is also evident that the enforcement side of operations is being well supported by the community relations arm of the Agency. In the period under review, 1,017 litter tickets and 4,517 Removal Notices were issued. At the same time over 25,000 residents and business operators were exposed to the proper techniques for managing solid waste.

I especially commend the performance of the Agency for developing and successfully implementing its business plan to generate OWN REVENUE from hauling commercial solid waste, enforcing Disposal Site and anti-litter tickets and collecting special waste. The revenue target of J$307.1 million that was set for the last Financial Year, was exceeded by J$23.7 million, for a total of J$330.8 million.

I congratulate the Board, Management and staff who, unquestionably, are change agents, and whom I encourage to continue to work together to change the image of the Agency and the face of Jamaica through improved performance.

CHAIRMAN'S MESSAGE

Dennis Chung

It's been a busy and rewarding 2018/19 for the National Solid Waste Management Authority. We have seen continued transformation during the year, from the acquisition of an additional 12 new compactor trucks, new and safer uniforms, a 28 % salary increase for our sanitation workers and importantly, a major accomplishment of the completion of our 2018/19 Annual Report and Audited Financials, evidencing, and supported by, a much stronger Corporate Governance structure.

When I took over the reins of the NSWMA in April 2015, the organization was some nine (9) years outstanding with our audited financial statements, and had a very weak accounting structure. One of our primary objectives was the completion of the outstanding audits, and to bring the annual reports and audit up to date and completed on time. A pillar of good corporate governance.

Today we can proudly say mission accomplished!

The Board and Management believes that good corporate governance practice is a critical component of sound strategic business management. Hence, we undertake every effort necessary to create corporate governance awareness within the organization to ensure that the principles of fairness, accountability and transparency are indispensable in conducting the day-to-day business of the Authority.

Despite this significant achievement, the NSWMA continues to face challenges, which have caused us to not be where we want to be in providing service to our customers, and importantly we are unable to ensure the environmental and community protection we are committed to. A primary objective we have is to achieve once weekly collection, on average, throughout the country and move closer to supporting a cleaner environment.

We continue to be hampered, however, by a lack of trucks (despite having received over 40 new trucks over the past two years), challenges of dealing with the layout of informal communities, and the lack of proper containerization of waste, which results in reduced productivity of our collection process.

We have, however, made significant strides in our service delivery and our internal organization, and see more improvements every day in metrics such as our collection schedule and reduced backlogs. Additionally, we are advanced in our plans to acquire 100 new trucks under a lease arrangement and will add a substantial boost to our collection capacity and improve productivity.

The Public Investment Management Secretariat (PIMSEC) has approved the construction of a transfer station in Daniel Town, Trelawny. This is a key component to effective solid waste transportation and will not only save us millions of dollars in fuel costs and lessen air pollution but will improve our collection services in the WPM region.

We recognize that we still have a long way to go, and continue to do our part to set the Authority on a path of improvement, so that future boards, and management, will have a stronger platform to build on.

Our Audit Committee found weaknesses in the system and recommended ways for improving and strengthening internal controls and compliance with Government requirements. I am happy to report that the implementation of 70 percent of the recommendations were realized during the reporting period and we hope to address the remaining 30 percent by the end of the next financial year.

The NSWMA is mindful of the need to continuously enhance the abilities and aptitude of its staff, and to this end, over 200 team members have been trained in areas relevant to their respective areas of work. We continue to forge partnerships with local and international institutions to facilitate critical areas of training for our team.

Our staff are our greatest resource, and I'm proud to say we have a team committed to working together for the success of this Agency and Jamaica. The Executive Director has led a continuous path of transformation, and heightened staff morale, which has resulted in happier and more productive staff. Today, we can say that the NSWMA environment is one that is welcoming of our valued team members, and we see the results in attitude and productivity.

I want to express thanks to the staff, led by our Executive Director, Audley Gordon, on making NSWMA realize many of our goals. I also want to express thanks to some of our partners , The Japan International Cooperation Agency (JICA), Tourism Enhancement Fund (TEF), Tourism Development Company Limited (TPDCo), Jamaica Social Investment Fund (JSIF), World Bank and the Jamaica Environment Trust (JET), who have continued to work with us and help to make us realize our goals.

I want to also thank the members of the board who have given me tremendous support, and have always gone the extra mile when needed to realize the strategic direction of the company. They are true public servants.

We look forward to making 2019/20 a much better year than 2018/19, resulting in a stronger and more accountable NSWMA.

EXECUTIVE DIRECTOR'S MESSAGE

Audley Gordon

It is my pleasure to present the Annual Report which provides an overview of all that took place during the financial year 18/19 at the NSWMA. The organization celebrated its 17th year anniversary in June 2019 and I'm very proud of the work we have accomplished.

This important work, monitored by our Board, is not accomplished in isolation. Our effectiveness, in part, is due to the mutually respectful relationships we have forged with our colleagues in government, community, and philanthropy.

The Board has provided thoughtful, principled leadership and I am honored to work with my colleagues who understand deeply the core values that guide this organization. While we are far from perfect, we do our best to "walk the talk" of: Accountability; Team-work; Transparency; Integrity; Respect and Excellence -(ATTIRE).

As you will see from the reports shared here, our team continues to work towards our renewed vision to promote well-being, enhance equity and use our limited resources wisely.

The NSWMA's new approach to financial management makes me very pleased. I laud the Financial Department and our regional bodies for working tirelessly to ensure our house is in order by having up-to-date audited financial statements and annual reports.

We are currently in the second year of training our sanitation workers across the island. This training is being undertaken as we are of the belief that as the first responders, they must be at a particular level in terms of their own deportment, mannerisms, how they approach their job and how they feel about themselves as they undertake their daily tasks.

Nearly eighty (80) percent of all our sanitation workers have been vaccinated and in May 2019, almost 3000 sanitation workers were outfitted with five (5) new uniforms each. They also received a twenty-eight (28) percent salary increase, effective July 1, 2019. This is not enough, but we are encouraged and will continue to push for improved wages. These are just some of the ways we are working at the NSWMA to ensure that equity and inclusion are embedded in our daily lives. We know that when our staff, especially our sanitation workers, feel respected and supported, they are more engaged and more apt to getting the job done efficiently.

With regard to our core responsibilities, we have collected over 70 per cent of the total solid waste generated island-wide in the last financial year. This improved performance is attributed to new collection units and repairs to dysfunctional units. Since 2016, the NSWMA acquired 43 new units, the last 12 of which were officially handed over in February, 2019.
Together, these achievements make up the landmarks of our road map of where we are and where we need to go over the next three (3) to five (5) years. But our path is far from static. It is dynamic, as are the evolving needs of solid waste management in an ever-changing world. What works today may not one year from now, let alone five. Our pillars are broad yet distinct to allow goals to be adapted and realigned when and where necessary.

I look forward to your continued support as we continue to live up to our slogan: Jamaica's Beauty is our Duty!

NSWMA SENIOR EXECUTIVE MEMBERS

Audley Gordon
Executive Director

Mauricia Lawrence
Company Secretary

Aretha McFarlane
Director of Operations

Gail Mitchell
Legal Officer

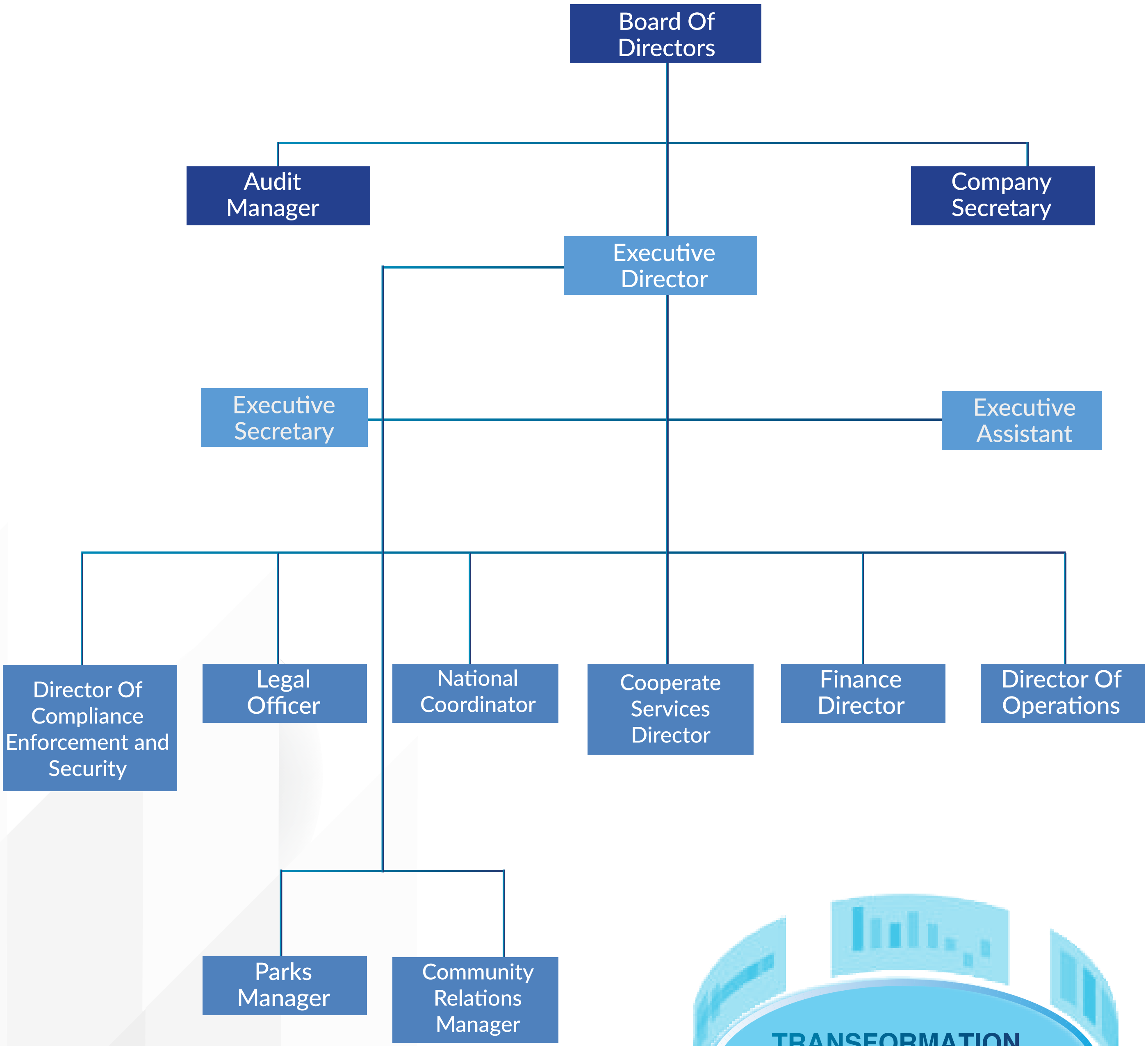
Dave Powell
National Coordinator

Dominique Mcknight
Enforcement & Compliance Director

Andrew McRae
Finance Director

Sheenique Johnson
Corporate Services Director

NSWMA HIGH LEVEL ORGANIZATIONAL CHART



National Solid Waste Management Authority

TRANSFORMATION THROUGH GOVERNANCE

BOARD SUB-CO

BOARD OF DIRECTORS' REPORT

Corporate Governance Committee Report

The initial term of the Board of Directors (Board) came to an end and the Board was reappointed for its second term on September 10, 2018. Two new directors were added to the Board (an engineer and an environmentalist) to fill the gaps identified in the Board Competency Profile.

In keeping with the Nomination and Selection Policy promulgated by the Ministry of Finance and the Public Service, the Board boasts gender, professional and geographic diversity. This diversity allows for various perspectives to be brought to the table when decisions are being made and provides for expert and knowledgeable guidance to the management of the Authority. The skills of the appointed members of the board are further enhanced via the co-opting of skilled professionals to the various Board committees.

The Board has continued in its goal to embed good corporate governance by establishing the necessary policy framework. Not only have policies been formulated and put in place, but serious efforts have been made to have the principles espoused and the policies become a part of the psyche of the organization. To this end, the entire management team has been trained in corporate governance and the practical implications of those governance principles guide and are manifested in the leadership decision making process. Further, to this, at every available opportunity, the underlying corporate governance principles which underpin Board and management decisions are articulated and discussed to fully embed and demonstrably align decisions to principles of good governance. This report summarizes both the Committees' activities undertaken during 2018/19, as well as the corporate governance issues that relate to that financial year.

Corporate Governance Committee (CGC) Priorities for Fiscal Year 2018/2019:

- Compliance with laws
- Development and approval of key policies
- Training of board members and senior management
- Agreement on and implementation of the Authority's strategic initiatives

MMITTEE REPORTS

Meetings

The Corporate Governance Committee met twelve (12) times during the year under review.

Policies Developed

During the year, the following policies were developed and subsequently approved by the board:

- **Code of Business Conduct and Ethics**
  This policy articulates the principles and ethical standards of the organization. It also establishes a direction and pathway for the Authority and its regional companies to meet these ethical standards and guidelines on conducting business according to the highest standards. The Code of Ethics will aid in our quest for the fostering of a culture of honesty, integrity and accountability and to uphold our Vision and Mission for the Authority.
- **Protocol on Communication with Stakeholders and Media**
  This policy reinforces the obligation of the Authority to communicate with its stakeholders and provides guidance to ensure that information disclosed to the public and the media is timely, accurate, comprehensive and relevant.

Training and Risk Management

The newly appointed Directors were provided with Board manuals with the relevant governance policies and other documents required for their successful orientation. In addition, the new directors participated in Corporate Governance training. It is understood that the transformation of the organization cannot be complete without the development of an Enterprise Risk Management (ERM) framework, which is critical in setting a tone and culture of effective risk management. Given the nature of the operations of the Authority and the impact of its activities on the public health of the nation, the need for a comprehensive ERM framework is deemed by the Board as urgent. To begin the process of implementing such a framework, a leading consultant in the field made a presentation on risk management to the Board and a Risk Management Committee was established on May 27, 2019 with a mandate to focus specifically, on overseeing the identification and management of risk in a proactive way.

Board Evaluations

For the first time in NSWMA's history, a Board Evaluation has been conducted with the objective of increasing Board effectiveness and accountability. To meaningfully enhance the objectivity and rigor of the process, an external consultant was engaged to conduct the evaluation. The findings of the survey confirmed that members were satisfied with the Board's performance and the overall management by the Chairman. The deficiencies identified will be addressed through the Board Improvement Plan.

CEO/ Secretary/ Internal Auditor

The Board has a fiduciary responsibility to review and monitor the Executive Director's performance and either reward or replace him/her accordingly. In discharge of its responsibilities, the Board conducted a performance evaluation of the Executive Director. Evaluations were also conducted of the Corporate Secretary and the Internal Auditor which are the other two positions
reporting directly to the Board.

Legal Liabilities

Since its appointment in 2016, a major focus of this Board has been the reduction of the legal liabilities of the Authority. At each sitting, the Corporate Governance Committee is presented with a report on the status of all legal claims and payables which arose from either negotiated settlements or court judgments. While there has been no budgetary allocation to address these obligations, payments are made whenever possible, and the Board and management continue to make representation for additional funds to be allocated to meet these liabilities. Legal Liabilities totaling $58,520,436.52 were paid out during the year under review. In addition to resolving existing legal liabilities, the Authority has identified and analyzed the underlying causes which give rise to these claims and policies and strategies. These have been successfully implemented to reduce such losses which arose primarily from claims related to motor vehicle accidents, personal injuries and unfair dismissals. To this end, safety training for drivers and sidemen was conducted and management has been directed to ensure strict enforcement of the Protective Equipment Policy and also to ensure that due process is strictly adhered to in all disciplinary matters so as to ensure no instance of unfair dismissal.

Regulations

The following regulations are in the process of being drafted and their progress is being monitored by the Committee:

1. NSWM (Hazardous Waste) (Electronic and Electrical) Declaration Order,2018
2. NSWM (Public Cleansing Regulations) 2019
3. NSWM (Disposal of Solid Waste Facilities) 2019

Upgrade of Website

Given the ongoing transformation, it was agreed that a more visually appealing, structured and user-friendly website was needed. To achieve this, a third-party was engaged to upgrade the website into a more modern, responsive and interactive page, with all the relevant corporate governance policies, Committee Terms of References, Board profiles and information on garbage collection schedules, strategies to reduce, reuse and recycle.

Conflicts of Interest

All Directors submitted Declarations stating all organizations in which they hold interests. This provided a baseline for the monitoring and avoidance of conflicts of interest. No conflicts of interest arose during the period under review.

Compliance with laws and standards

The Board has placed significant emphasis on compliance. Due to the long history of non-compliance at the Authority, it has taken extraordinary effort and will to achieve what many organizations would consider normal. The classic example is that in 2015 the audited financial statements were at 2005. In order for a board to function effectively and give proper oversight to an organization, it is critical for there to be up-to-date and accurate financial statements. Today, the Authority's audited financial statements are completely up-to-date and bear no qualifications. The Board is especially pleased about this accomplishment which serves as a foundational pillar for good corporate governance. Emphasis was also placed on obtaining permits, e.g. for the Riverton Disposal site, and regularizing all aspects of operations which were found to not be in compliance; however, it takes time to fully address all the issues faced by the Authority.

Strategic Planning

The approved three-year strategic plan with clear objectives were presented at the annual Board Retreat in August 2018. This process enabled Management to have a clearer view of the Authority's present position, future direction and their specific role in achieving each of the objectives. During the reporting year, the Executive Director continued to report on the progress of each objective at the monthly Board meetings.

Way Forward

This Board remains committed to transforming the Authority into a high performing entity operating with integrity and transparency. With effective oversight and guidance, the Board continues to support management through step by step of the process and while we are aware that much progress has been made, good corporate governance is a journey and there is still much to be achieved. The Corporate Governance Committee fully recognizes and is pleased to play its role in pursuing the achievement of the objective to transform the Authority into an entity of which the nation can be justly proud.

TRANSFORMATION THROUGH GOVERNANCE

AUDIT COMMITTEE ANNUAL REPORT

The NSWMA Audit Committee is currently comprised of four (4) Board Directors, two (2) Co-opted Members and operates under a written Charter and Terms and Reference approved by the Board in 2017.

Meetings and Responsibilities

The Committee held eight (8) meetings during the Financial Year ending 31st March 2019. The Board of Directors (the Board), has the ultimate authority for effective corporate governance, including the role of oversight of the Management of the Authority and its regional entities (MPM, WPM, SPM, NEPM). The Audit Committee assists the Board in fulfilling its oversight responsibilities with respect to the Authority's consolidated financial statements, performance of the internal audit function, independent external auditors, and other matters identified in the Audit Committee Charter.

Audit Plan and Staffing

The Committee approves the annual work programme for the Internal Audit function, and in doing so, recognizes the need for increased manpower to ensure that the Department is adequately resourced to execute the 2018/2019 Annual Audit Plan.
During the reporting period, the Committee granted approval for an increase in the staff complement of the Internal Audit Department, resulting in the employment of an IT Auditor, in a temporary capacity.

Achievements

For the Financial Year 2018/2019, the Audit Committee fulfilled its duties and responsibilities as outlined in its charter. The Audit Committee, among other actions:

- Reviewed with Management and the Internal Auditor, the effectiveness of the Authority's internal control. As at the March 31, 2019 Internal Audit conducted twelve (12) Audits, seven (7) were completed and presented to the committee and five (5) were in progress, as follows:

Entities	# Of Audits Completed	# Of Audits in Progress
NSWMA	3	1
MPM	1	2
WPM	1	1
SPM	1	
NEPM	1	1

The Audits disclosed internal control weaknesses resulting from failure to adhere to documented policies and procedures, noncompliance to Government Acts, circulars and guidelines, and in some instances, absence of formally documented policies and procedures.

Management accepted the audit recommendations made for improvement and strengthening of the internal control and compliance with Government requirements. Positive responses to approximately ninety percent (90%) of the recommendations were received. Implementation of seventy percent (70%) of the recommendations, were realized during the reporting period and it is expected that the remainder will be addressed by end of the next Financial Year.

- Reviewed and discussed with Management the Consolidated Financial Statements prepared by the independent external Auditor. Oversee the completion and approval of the Financial Statements for NSWMA and the four regional entities for the Financial Years 2016/2017 and 2017/2018.

- Continued monitoring of the fuel consumption resulted in further decrease in fuel usage in relation to the number of functional units in operation as at 31 March 2019.

  - ➢ Improvement in the information technology service provided to the entities resulting from implementation of recommendations made as a result of audits conducted by the IT Auditor.

Way Forward

The automation of the audit process through the implementation of a new audit software will increase the number of Audits conducted and ensure the strengthening of corporate governance. The Committee has approved the procurement of a new audit software TeamMate AM, which was ratified by the Board.

The Committee expects to achieve the following:

a) Accountability and transparency in all operations of the Authority and its regional entities;

b) Compliance with all Government Procurement Regulations, and guidelines;

c) Maintenance of proper accounting records in all entities, in accordance with standard accounting practices, internal policies and procedures, and the FAA Act;

d) Improvement in internal control weaknesses and the mitigation against risk within the various business operations:

   - ➢ To ensure one hundred percent (100%) implementation of all Audit recommendations by management;
   - ➢ To ensure one hundred percent (100%) compliance in receipt of Management responses;

e) Improvement in the standard of documentation in all regional entities through the implementation of a Records Management Policy and Procedures.

TRANSFORMATION
THROUGH
GOVERNANCE

HUMAN RESOURCE COMMITTEE ANNUAL REPORT

The Board views the staff as one of its most important resources. The Human Resource Committee has targeted initiatives to enable changes across the organization, by employing individuals with the right expertise, encouraging employee engagement and implementing initiatives to motivate employees in an effort to help the Authority succeed. HR's success will be measured by its ability to align and integrate processes with the strategic mission of the Board.

The Human Resource Committee met nine (9) times during the year under review. This report presents information relating to activities that have taken place during the reporting year 2018/2019.

Staff Welfare

Instead of a fragmented approach to staff welfare, during the reporting year a comprehensive Staff Welfare Programme, including Monetary and Non-Monetary Items was approved. Among the activities were the inaugural Staff Family Fun Day, a Christmas Banquet (various awards were presented) and quarterly devotion and meetings.

Reclassification Exercise

The reclassification exercise undertaken by Focalpoint Consulting considered key areas including; identifying deficiencies in the organizational capacity, reviewing and amending job descriptions, reviewing reporting relationships, classifying positions, determining the qualifications for each position and adjusting job levels. The Report was completed and reviewed by both Management and the HR Committee and subsequently the Board for final approval. Subsequently, the report was submitted to Ministry of Local Government and Community Development in January 2019. The Committee is of the view that the realignment of key posts and improved compensation should be prioritized so that the Authority can attract, retain and motivate skilled employees.

Training and Development

Reflecting on its commitment to helping employees develop professionally and personally to advance in their position and careers, the Authority has made significant progress to train and develop staff, by identifying areas for improvement and introducing staff to best practices in the dynamic work environment. The development opportunities presented to staff are also aimed at achieving the strategic objectives.

In 2018/2019, all Administrative Professionals throughout the Authority and regional companies were trained in Customer Service, Technical Report Writing and Records Management. The Committee in recognizing the importance of personal development asked Management to develop new and exciting initiatives to encourage participation and to motivate staff. Management in responding to this charge, established a programme called "Financially Focused Fridays" where various institutions educate staff about the benefits of saving and investing, current offerings and options available depending on the needs of the employee.

Staff at various levels participated in the following professional development training programmes:

- Basic Computer Application
- Supervisory Management
- Commercial Monitors Training
- Jamaica Business Development Employee Engagement Conference
- Public Sector Procurement Laws & Regulations Training (INPRI)
- Auditing Fundamentals Level 1
- Fundamentals to Human Resource Management
- HEART Customer Service Training
- Enhancing Workplace Productivity – Six (6) week training Course (UWI)
- Internal Industrial Relations Training for Directors/Managers/Supervisors (Ministry of Finance and the Public Service (MOFPS)
- Grievance & Disciplinary Procedures
- TPDCO's Customer Service Training
- Corporate Governance

Industrial Relations

One major objective of the Committee during the reporting period was the introduction of Industrial Relations Training for Directors/Managers/Supervisors. The training was conducted by experts from the Ministry of Finance and the Public Service (MOFPS).

The Committee recommended the training to offer various insights and issues affecting human factor in the workplace and the importance of adhering to the procedures and due process guidelines. The training was also necessary to ensure that officers with supervisory roles are exposed to the laws and regulations governing the handling of disciplinary, labour, performance, conduct and grievance issues.

Development of Standard Operating Procedures (SOPs)

These guidelines were implemented by the Human Resource Department to maintain consistency and to achieve efficiency by developing a standardized guide to transactions. The Department also issued a Service Level Commitment document which informed staff of the services offered by Human Resource Department and the time-frame within which each service will be completed.

As the custodians of employee data, the Human Resource Department, with the assistance of the IT Department, standardized the process of provisioning and deprovisioning, by guaranteeing that new employees are provided with access to required work tools and are removed from said access upon departure.

In addition, standardization of the procedures relating to Renewal of Contracts, Retirement, and the calculation of Ex-gratia were developed.

Staff Satisfaction Survey

As the Authority strives to improve the experience of its employees, the Committee decided that given the transformation being undertaken, it was important to gain insight into how the staff perceives their day-to-day work and the organization in general.

The Staff Satisfaction Survey conducted provided an opportunity for staff to express their views on areas which must be improved and highlighted issues which need to be addressed. The sample of employees used in this research was randomly selected by the Human Resource Department. In total, a sample size of four hundred and fifty-four (454) participants were chosen to complete the Staff Satisfaction Survey, however, only 420 respondents completed the survey. Sixty percent (60%) of the participants were administrative staff, ten percent (10%) of the respondents were identified as general workers, whilst the remaining thirty percent (30%) consisted of other staff members. The survey also revealed that Sixty-six percent (66%) of the respondents were employee to the regional offices, whilst the remaining thirty-four percent (34%) where employed to the Authority. The findings showed that seventy-three percent (73%) of the staff knew the Authority's Mission and Vision Statement, and seventy percent (70%) of the staff always look forward to attending work. It is also significant to note that seventy-one-point four percent (71.4%) thought of the Authority as a 'stable company'.

Management is passionate about promoting a culture of employee engagement where the employee feels valued and engaged and is therefore committed to developing a plan to address the concerns of staff and to improve the areas of weakness identified.

Looking Ahead

The Committee has charged Management to transform into a more strategic, value added partner by developing and implementing HR systems and processes to enhance operational effectiveness, efficiency and staff engagement. In the next reporting year, Management will focus on improving performance management, providing training in key areas, wellness programmes and strategies to maximize the staff output.

Photos of members of staff participating in Development Seminars

FINANCE COMMITTEE ANNUAL REPORT

The Finance Committee of the Board continues to play a pivotal role in the transformation of the National Solid Waste Management Authority (NSWMA). Greater emphasis was placed on improving our Corporate Governance during the 18/19 financial year, and key regulations such as the Public Bodies Management and Accountability Act (PBMA), Financial Administration and Audit Act (FAAC) guided our operations.
The Committee met nine (9) times during the reporting period and achieved the following:

Completed Audited Financial Statements

The 2018/2019 Audited Financial Statements are now completed. These Financial Reports represent the first in the history of the NSWMA that our Audited Financials have been completed within 120 days after year end, and unqualified. The Finance Committee is committed to improving the financial reporting of the NSWMA, and half yearly completed Financial Statements were produced for the first time during the financial year.

Strengthened Accounting Procedures and Controls

The Finance Committee continues to seek new ways to strengthen the accountability of the NSWMA. Several initiatives took place during the Financial Year; these include:

- Upgrading the Micro-Bridge Payroll Software
- Ensuring that key Balance Sheet accounts are reconciled on a monthly basis
- Extensive review of monthly Financial Statements of the regions
- Training of Accounts Staff at all levels.

Improve Information Technology (IT) Service Delivery

Strides were made during the Financial year to improve the reliability and service delivery of our IT infrastructure. This forms part of our medium to long term strategic direction to digitize operations.

The following were achieved during the year:

- A new ticketing system to track service needs and delivery
- Recruiting of skilled and experienced staff to fill all vacancies
- Procuring key equipment to upgrade infrastructure
- Training IT Staff
- Improvement of the network security via the installation and configuration of firewalls in all Regions.

Improvements in Own-source and Receivables Collection

Significant focus was placed on strengthening the commercial services operations. This resulted in:

a. Generation of own-source revenue of

$419,034,257.19. This represents an increase of $123,138,075.57 or 41.6% over the previous year of $295,896,181.62.

b. An average customer base of approximately 8,000 customers in each region

c. The employment of credit and collections officers in all regions to focus on collection of commercial revenue.

d. Risk mitigation. The use of Point of Sale (POS) machines and promotion of electronic payment by customers to reduce employees handling cash payment.

e. Commencement of the process to acquire a waste management software.

f. Capacity building. The training and upgrading of staff.

g. Commencement of customer reverification process to address challenges such as changes in volume, renewal of expired contracts and to update customer database island wide.

h. Commencement of commercial business process mapping to identify gaps and possible leakages.

i. Completion of Commercial services Standard Operating Procedure Manual.

Legal Obligations

Significant progress was made during the year to reduce our long outstanding legal bills and statutory arrears. Several major cases were finalized during the year and settlements made totaling $58,520,000. The Authority benefited from a supplementary appropriation of approximately $158,000,000 that was used to settle all outstanding NHT balances, and the majority of our NIS debt. We continue to make every effort to clear outstanding statutory arrears.

Budget

Our Operations continue to be negatively affected by budgetary shortfall, of the $7.5 Billion requested to ensure that the Authority meet its twice weekly collection mandate only $4.6 Billion was approved. Operations were curtailed to meet the approved budget. An additional $1.3 Billion was received in special project funding.

TECHNICAL AND OPERATIONS COMMITTEE

In the reporting year 2018/2019, Management was tasked to develop new strategies aimed at improving landfill operations, reducing backlog in collection, and recycling initiatives. The Committee continuously challenged Management to be forward thinking and to adopt international best practices where applicable, to improve the operations and to maximize the limited resources.

The Committee met ten (10) times during the year under review.

The following were the priorities for the financial year 2018/2019:

1. Strengthening Fire Suppression Systems

Landfill fires have the potential for dire health and environmental consequences. In the last reporting year, the Board directed that the size of the tipping face should be no more than 3-4 acres. This strategy was proven to be effective as fires were contained more speedily. For this reporting year, the team focused on prevention as a key strategy to managing the fires, which was achieved by operating in a way that focuses on monitoring potential sources and having tools needed to manage fires readily available, including placing stockpiles of dirt at all disposal sites to ensure that fires are contained and extinguished in a reasonable time.

2. E-Waste Project

The Committee recognized that there were potential risks associated with the explosion in the growth of the electronics industry, specifically the manufacturing of smart phones combined with the short life cycle of these devices. This has led to the massive escalation in the generation of solid waste and given the toxic materials found in computers, smart phones, appliances and other devices, it was critical to respond by developing an effective programme to ensure the safe disposal of electrical and electronic waste.

Under the programme to be implemented, each Regional Operations Manager was asked to identify an area on the disposal site in their regions for the storage of e-waste. In addition, individuals will be able to utilize twenty (20) drop-off sites in designated areas across the 14 parishes, after the requisite approval is granted by NEPA. The waste will be collected by a third party, after it is sorted at an NSWMA E-waste facility.

3. Environmental Permits

The Committee recognised that disposal sites were operating without the requisite environmental permits. The Board is committed to ensuring that the NSWMA is compliant with the various laws and regulations.

After satisfying a rigorous approval process, a permit was granted to operate the Riverton disposal site. The technical team is now awaiting approval of permits for Hadden and Retirement disposal sites. The permit application for the remaining sites will be submitted in the next reporting year.

4. Transfer Station- Trelawny

The Board gave approval for Management to explore the possibility of building a transfer station. After reviewing the regional operations, the parish of Trelawny was selected as the home of this facility. During the reporting year, the NSWMA team, along with the then Chairman of the Committee, visited Florida in the United States to observe waste management best practices. Miami was selected given its similarity in climatic conditions and waste characteristics to that of Jamaica. The tour allowed the team to gain knowledge and experience in the activities involved in the construction of a transfer station, and to understand the regulations and operations of solid waste transfer stations.

The parish of Trelawny was chosen as the travel time and distance to the disposal site is a major factor contributing to inefficient and ineffective waste collection in the Parish. The NSWMA technical team has projected that the facility will significantly improve collection efficiency as travel time and distance will be reduced by over 75%. In addition, fuel consumption and maintenance costs will be reduced.

The Committee recommended the approval of the project and the Terms of Reference and procurement for the design of the transfer station in Trelawny were completed during the financial year.

5. New Trucks

The current fleet of trucks in each region is approximately 40% of the required complement needed to effectively collect solid waste in a timely manner in keeping with the health standards. In light of this, one recurring strategic objective of the Board is to increase the number of trucks to facilitate reliable and consistent collection at least weekly. During the reporting year fourteen (14) new trucks were procured for the four (4) regions and fifteen (15) trucks were repaired.

6. New Disposal Site Facility St. Thomas

The Church Corner disposal site is close to reaching its life expectancy based on the volume of garbage generated in the parish. To respond to this disclosure by Management, the Committee asked the team to commence negotiations to acquire lands to house a new facility, as it aims to ensure that the proper collection and disposal of garbage within the parish of St. Thomas continues. The process to identify and acquire land to construct the facility is ongoing.

7. Leasing 100 New Trucks

Management devised a new strategy to move from providing weekly collection, to twice weekly, which would be achieved by leasing an initial 100 trucks. The leasing of the trucks would not only increase the number of collections weekly, but would also significantly reduce the number of illegal dump-sites, as more communities would be added to the collection schedule. While the process is being monitored by the Committee, the Government has agreed with the arrangement in principle and the proposal is being reviewed by Cabinet.

8. Database for Illegal Dumps

The Committee was concerned about the proliferation of illegal dump sites across the island and as such, adequate monitoring of the locations and analysis of the reason behind their generation is required. Management has developed a plan to address this issue by the creation of an illegal dumping database, through the help of the Enforcement and Planning Departments. The database will also be geospatial in nature to assist with the proper mapping of these illegal sites. Mapping will create a visual representation of these sites and offer an additional layer of analysis in respect to the location of settlements, open spaces and commercial or residential activities. With this information management will be able offer targeted intervention.

Way Forward

The Financial Year 2018/2019 was a successful one for the Committee as some new game changing initiatives to improve the operations were either initiated or completed. The Committee will continue to recommend policies, strategies and best practices to Management.

BOARD COMPETENCY MATRIX
PROFILE & DIVERSITY MATRIX

SPECIFIC COMPETENCY: KNOWLEDGE & EXPERTISE/ATTRIBUTE	DC	LR	CF	NM	DW	DH	WH	GW	DS	CS	DR
Board Experience	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Environmental Management										✓	
Solid Waste Management				✓		✓				✓	
Business Management	✓	✓	✓	✓	✓	✓	✓		✓		✓
Risk Management	✓	✓				✓					✓
Corporate Governance	✓	✓	✓		✓	✓		✓		✓	
Human Resource Management	✓	✓	✓		✓		✓		✓		✓
Finance	✓	✓		✓		✓	✓				
Legal			✓					✓			
Institutional Memory	✓	✓	✓	✓		✓		✓	✓		
Logistics & Fleet Management				✓			✓				✓
Women			✓			✓		✓		✓	
Youth											
Ja Institution of Engineers											✓
Environmental NGO									✓		
Disaster Management										✓	
Public Education										✓	✓

LEGEND

DC- Dennis Chung
DW- Delroy Williams
DS- Donovan Samuels

LR- Linley Reynolds
DH- Daphne Hurge
CS- Charlene Sharpe

CF- Camille Facey
WH- Willard Hylton
DR- Dwight Ricketts

NB- Norman Brown
GW- Gabrielle Wilks

ATTENDANCE FOR BOARD OF DIRECTORS' AND COMMITTEE MEETINGS
FOR FINANCIAL YEAR ENDING MARCH 31, 2019

Attendance for Board of Directors' and Committee Meetings for Financial Year ending March 31, 2019

BOARD MEMBERS	Board Meetings (10)	Corporate Governance (10)	Finance Committee (9)	Audit Committee (8)	HR Committee (8)	Techical & Operations (11)
Gabrielle Wilks*	4					
Daphne Hurge	4	7		7		
Delroy Williams	2			0	4	
Omar Sweeney	3					
Willard Hylton	7				9	
Norman Brown	6			8		
Donovan Samuels	5	9		6	7	10
Linley Reynolds	7		9			
Dennis Chung	9		1			
Camille Facey	8	10				9
Carlene Sharpe	4	3				4
Dwight Ricketts	4		1			4
Jonah Chisholm					9	
Errol Holmes					8	
Patrick Anglin			7			
Peta-Gay Bartley				5		
Tashi Williamson				8		

* Mr. Omar Sweeney tenure ended in August 2018

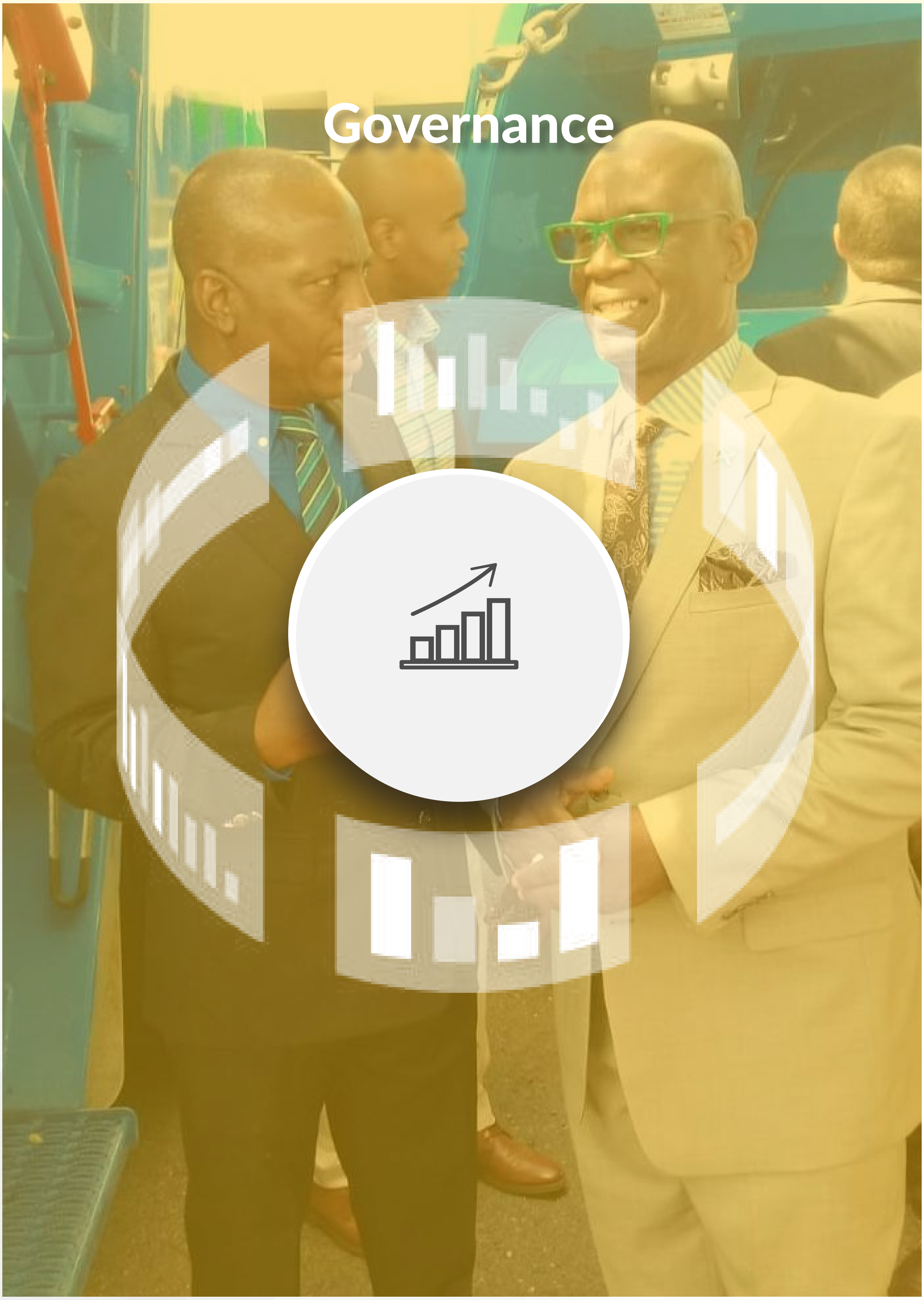
* Dr. Sharpe and Mr. Ricketts were appointed to the NSWMA Board in November 2018

Management Discussion and Analysis

TRANSFORMATION PILLARS

Through a series of collaborative research, the NSWMA has 'borrowed' some relevant criteria' that are essential to organizational transformation and good governance. Though the Authority is not where it desires to be, the Board of Directors and Management believes that it is on the correct transformational path. The six (6) pillars that underpinned transformation in the FY 2018/2019 are:

Governance



GOVERNANCE

The governance of the NSWMA falls within the remit of the NSWMA's Board of Directors which use and regulate its influence to direct and control the actions and affairs of management. The performance and conformity of the NSWMA is the exclusive responsibility of the Board. Risk management, corporate compliance and internal controls constituted the main focus of the NSWMA's Board of Directors during the 2018/19 FY. As a result of the Board's constant stewardship through the various board committees the NSWMA continues to transform its modus operandi. The Audit Committee reviewed and monitored the internal control systems of the NSWMA and the regional companies and it was through this type of evaluation that an audit investigation was undertaken to effectively stem detected fraudulent abuse of fuel usage which cost the Agency millions in overruns on an annual basis. As a result the submission of a mandatory monthly report was instituted to discourage any breaches. Internal mechanisms were recommended and implemented which resulted in the Agency saving $42.5M on its fuel bill for the 2018/19 FY. Twelve (12) audits were conducted across the NSWMA and the regions during the reporting period, of this, seven (7) were completed.

The Board continued to work towards transforming the NSWMA's image by adopting transparency and accountability in its oversight of the organization. The Board displayed timeliness, transparency and accountability in the provision of relevant information to the public on all issues related to solid waste collection and the incidence of landfill fires throughout the period under review. The Board operated within the confines of the Board Charter and the Corporate Governance Framework of which it was compliant at 96% and 94% respectively.

The Board of Directors was instrumental in the development and implementation of a number of policies which served and will serve to guide the NSWMA on its path to transformation. One of the policies developed was the Code of Business Conduct and Ethics Policy which presents the ethical principles which will govern the transformed NSWMA. The policy outlines how employees are to conduct themselves and specific guidelines in the matters of harassment, safety and conflicts of interest. Other policies, such as the Protected Disclosures (Whistle blowing) Policy, are in the pipeline to be developed and implemented to further demonstrate the Board's commitment to transformation of the NSWMA.

All ministries, departments and agencies (MDAs) are regulated by laws which control how government bodies are governed. The NSWMA is first and foremost regulated by the NSWM Act, 2002 and also by the Public Bodies Management and Accountability Act, 2001; the Access to Information Act, 2004; and the Financial Administration and Audit Act. The NSWMA Board assumes the role as vanguard to ensure that these regulations are complied with and that all aspects of the Agency operates within the confines of their provisions. The Board, through its various committees, achieved an average of 90% rate of compliance with these regulations.

The procurement of goods and services for the NSWMA was guided by the GOJ Procurement Guidelines and at intervals, updated circulars disseminated from the Ministry of Finance & Planning. The Procurement Committee and the Board's Finance Committee ensured that the provisions of the guidelines were complied with during the reporting period, 100% of QCA Reports was complied with and submitted to the OCG within the stipulated deadline.The ongoing transformation of the manner in which the frontline operators, such as sidemen, drivers, landfill workers, sweepers, mechanics and enforcement officers were treated in their line of work was clearly evident during the 2018/19 FY. The Board ensured that through its CGC committee that the exposure to hazards of the job was minimized through the development and implementation of the Personal Protective Equipment (PPE) Policy in 2017.

The workers received safety gears in the form of reflective uniforms, boots, shoes, gloves, caps, jeans shirts, vests and rain coats.

Vaccinations against Hepatitis A & B virus were administered to 80% of all field workers. Safety standards at the head office building code were a concern for the Board which needed to ensure the safety of employees.

Almost 17 years since the passing of the National Solid Waste Management Act, 2002, the National Solid Waste Management Authority (NSWMA) is on the cusp of finalizing three (3) seminal Regulations to bolster its mandate as regulators of solid waste management, namely:

- The National Solid Waste Management

(Disposal of Solid Waste Facilities) Regulations, 2019

- The National Solid Waste Management (Disposal of Hazardous Waste) (Electronic & Electrical) Regulations, 2019; and

- The National Solid Waste Management (Public Cleansing) Regulations, 2019.

The National Solid Waste Management (Disposal of Hazardous Waste) (Electronic & Electrical) Regulations, 2019 is a Regulation that will see the taking back of certain categories of hazardous waste from Jamaica's waste stream.

The National Solid Waste Management (Public Cleansing) Regulations, 2019 will ensure compliance by citizens, developers, organizers of entertainment events etc. with provisions to, among other things, prohibit the wanton discarding of solid waste from public and private transportation, littering, prohibiting depositing of solid waste and noxious substances in watercourses etc.

The National Solid Waste Management (Disposal of Solid Waste Facilities) Regulations, 2019 will primarily establish a licensing regime for the operation of solid waste facilities.

All consultations have been concluded for the National Solid Waste Management (Disposal of Hazardous Waste) (Electronic & Electrical) Regulations, 2019, and final instructions are being prepared for submission to the Office of Parliamentary Counsel (OPC), through the Ministry of Local Government & Community Development.

In an attempt to streamline the accuracy of contract preparation all Commercial contracts prepared were relocated to the Legal Department. It is believed that this process will also lead to greater accuracy with contract development.

An electrical upgrade of the building was conducted and an upgraded fire alarm system was installed on all floors.

All outstanding audited financial statements for the periods 2004/05 to 2017/18 were completed. The NSWMA Board, by virtue of this accomplishment, will be able to facilitate further transformative initiatives as it is now in a much better position to assess the NSWMA's financial position and make strategic decisions going forward.

Environment Management /Prudence

ENVIRONMENT MANAGEMENT/PRUDENCE

Globalization and Jamaica's growing awareness of environmental issues are pressuring Ministries, Departments and Agencies (MDAs) to adhere to environmental standards and respond to customer and market demand, particularly with respect to increased public interest in environmental implications in the provision of public service.

The NSWMA in its response to the public's environmental concerns transformed the manner in which it developed its strategies to resolve a number of constraints which hindered its full potential. As one of the main priorities, public cleansing initiatives were approached in a more focused, balanced and integrated way during 2018/19 FY. The prevailing mindset adopted was that no single type of change initiative was sufficient to bring about acceptable levels of performance improvement. The Executive Team, Senior Management and the four regional companies collaborated effectively to improve all categories of public cleansing efforts.

A major hindrance that the Agency faced in collecting and transporting residential waste was the inadequacy of its collection units to facilitate compliance with the collection schedule.

The acquisition of 14 new units to augment the fleet capacity was achieved in the reporting period. This is significant achievement as the Authority was able to complete the procurement of said units in a timely manner and goods were delivered in adherence with the terms of reference.

Though this increased the number of reliable

Deputy Chairman of the Board, Mr. Linley Reynolds speaking at a Truck Handing over ceremony.

Minister Desmond McKenzie, speaking at the NSWMA Truck Handing Over Ceremony

Minister of Local Government and Community Development, Mr. Desmond McKenzie and Mr. Audley Gordon, Executive Director NSWMA operating a newly acquired compactor unit.

units, the team rationalized and made the determination that the acquisition of the 14 new units would be negated due to the disparity created by way of 47 units board of surveyed during the same financial year.

As a means of generating significant impact of additional new units to its fleet, the NSWMA initiated the procurement to lease and maintain 100 collection units. The Agency will be allocated $320M under the MLGCD Acquisition of Fixed Assets Project to facilitate payment of the projected leased units. The injection of 100 units will no doubt have a positive impact on the ability of the NSWMA to collect and transport solid waste.

In addition to the insufficient fleet capacity, the Agency deduced that it also had to be mindful of the timely repair and consistent maintenance of its current units to increase its fleet capability. For the reporting period the NSWMA rehabilitated 23 collection units under the NSWMA/ MOFP Fleet Repair Project for which $120M was allocated. The Agency went a step further and appointed a team to aggressively and creatively find a solution to improve fleet capability and performance. The team identified opportunities and performance gaps from which a Fleet Maintenance Plan was developed. The plan provided a more standardized guidance for conducting fleet maintenance, including operational and management responsibilities for directing assessments, deficiency correction and reporting requirements. It was designed to encourage a more holistic approach which will present a transformative attitude towards conservation and preservation of the units. It is intended to keep vehicles and related equipment in safe, reliable and operational condition, as well as ensuring protection of the Sanitation Workers. Certain aspects of the plan were implemented and the balance will be rolled out on a phased basis over the next financial year.

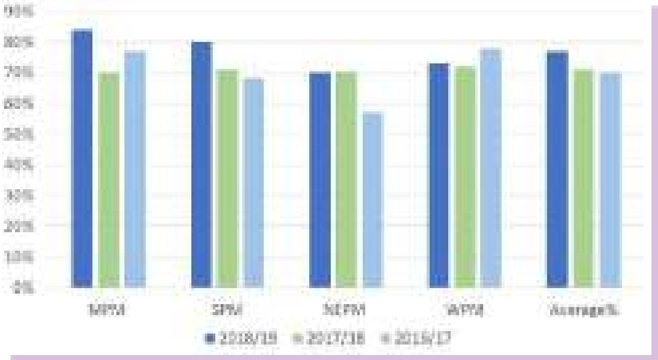
In an attempt to achieve its mandate to increase the tonnage of solid waste collected, the regional companies have increased the number of communities that solid waste collection is provided to.

The newly scheduled communities below enjoyed relatively consistent collection services from the NSWMA:

New Communities added to the Collection Schedule	MPM Waste Management Ltd.	SPM Waste Management Ltd.	WPM Waste Management Ltd.	NEPM Waste Management Ltd.
1.Portsmouth, St. Catherine	✓			
2.Montego West Village, Phase 2, St. James			✓	
3.Montego West Village, Phase 3, St. James			✓	
4.Montego West Village, Phase 4, St. James			✓	
5.Montego West Village, Phase 5, St. James			✓	
6.Long Mountain, St. Andrew	✓			
7.Longville 3A /Inverness, Clarendon		✓		
8.Foreshore Estate, St. Andrew	✓			
9.Dolly B Estate/ Sydenham, St. Catherine	✓			
10.Hellshire Phase 3, St. Catherine	✓			
11.Cashew Groves Estate, St. James			✓	
12.Point Housing Scheme, Hanover			✓	
TOTAL	5	1	6	0

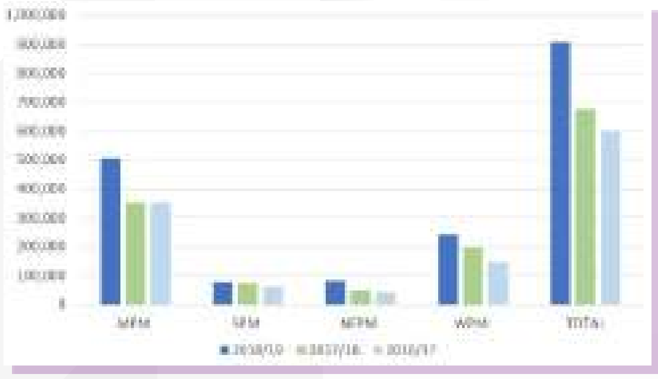
As a result of the foregoing initiatives the Agency improved on its compliance rate with the collection schedule by 8.2% over the 2017/18 period. A performance achievement of 76.8% compliance was reported against the 85% target.

Adherence to Collection Schedule



The NSWMA collected approximately 907,981 tonnes of residential waste against a set target of 800,000 tonnes which was exceeded by 107,981 tonnes (11.9%) and presented an increase of 231,892 tonnes (25.6%) over the 2017/18 FY.

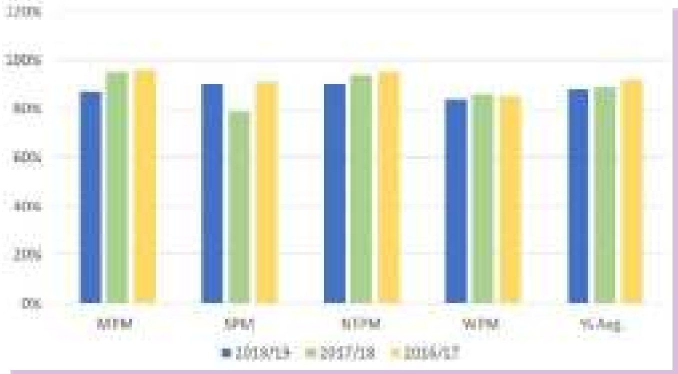
Tonnes of Residential Waste Collected



Senior Management was clear in its expectations

and communication on improved custo mer satisfaction which helped to align the change efforts of the front line operators. As a result, the island's streets and town centres were swept, according to the sweeping schedule, at 88%, which surpassed the set target of 85%.

Adherence to Sweeping Schedule



The National Policy on Environmental Management Systems (EMS) has been developed in keeping with the Government's commitment to improve environmental performance as outlined in Vision 2030 Jamaica - National Development Plan. This policy is referenced under National Outcome 13 (sustainable management and use of environmental and natural resources) of Goal 4 (Jamaica has a natural healthy environment) of the Vision 2030 and seeks to integrate environmental considerations into the economic and social decision-making processes. An EMS enables an organization, whether Government, private sector or otherwise, to reduce its carbon footprint and increase its operating efficiency while addressing their environmental risks and opportunities.

The construction of a transfer station will be

another transformational step in achieving core tenents of the National Policy on Environmental Management Systems (EMS). The transfer station is a key component of a cost-effective solid waste transportation. By transferring waste from local collection vehicles onto larger trailers, transportation cost to distant disposal sites will be significantly reduced. This will allow residents to receive greater collection services as more vehicles will be freed for actual collection.

Listed below are some of the benefits of a transfer station:

Trasfer Station at the South Dade Landfill in Florida

- Provides fuel savings, reduction in road wear, and less air pollution due to fewer vehicles being on the road
- Provides trash and recyclable material drop-off location for citizens.
- Reduces total traffic congestion in the community by transferring it onto larger vehicles.
- Reduces total truck traffic and improves safety at the landfill or waste-to-energy facility.
- Provides the opportunity to screen incoming trash for such purposes as removing hazardous waste or recovering recyclables

Due to the novelty of this project, a 7 member delegation team of the NSWMA, which included the Executive Director, Landfill Director and the Engineer, visited a resource recovery facility and also the South Dade Landfill in Florida to gain insight as to the best practices which governs the management and sustainability of a transfer station. The study tour extended from July 19 to July 21, 2019. The NSWMA officially signed a contract to initiate the project during the reporting period. Its design and construction are scheduled to commence in the 2019/20 FY.

Delegation from the NSWMA and the Ministry of Local Government at the South Dade Landfill in Florida

The island's disposal sites will be profoundly transformed once the Government appointed Enterprise Team finalizes the development of an integrated solid waste management system that will engage private investors in the solid waste industry. Since its appointment the Team has completed a pre-feasibility study wherein it explored options for public-private partnerships (PPPs). These potential changes, will see an integrated solid waste management system

(ISWMS) in which every type of waste will be transformed into some form of value-added product.

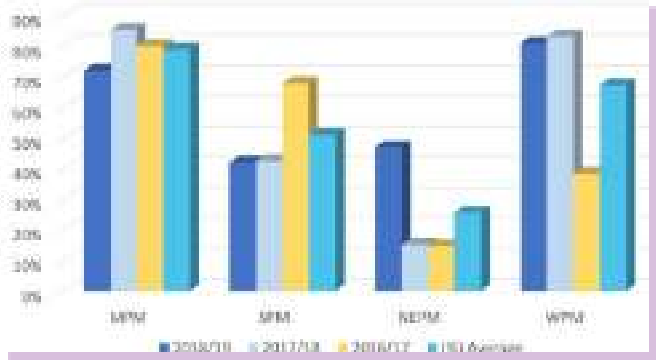
Despite its best efforts the Agency is hard pressed to effectively manage the island's disposal sites without the corresponding funds to support the necessary undertaking. It is against this background that the NSWMA welcomes the intervention of the Enterprise team which will augur well for the sustainability of the environment and to render the operations of the Agency more effective. Management of the disposal sites was conducted over the reporting period by the continued implementation of mitigating measures to lessen the occurrence of fires.

A number of these measures include the following:

- Installation of firebreaks to confine blaze to one cell and so prevent spreading of the fire
- Covering of inactive cells on the disposal sites to contain fires
- Strategic placement of stockpile of soil to quickly access cover material to extinguish fires
- Maintenance of fire suppression system at the Riverton Disposal Site
- Engagement of spotters on the disposal sites to alert relevant personnel of an onset of fires
- Installation of venting pipes on disposal sites to release combustible gases

The NSWMA recorded 16 landfill fires in 2018/19. Covering exercises increased from 56.5% in 2017/18 to 60.5% in 2018/19 but there were 8 more landfill fires in 2018/19 than in 2017/18.

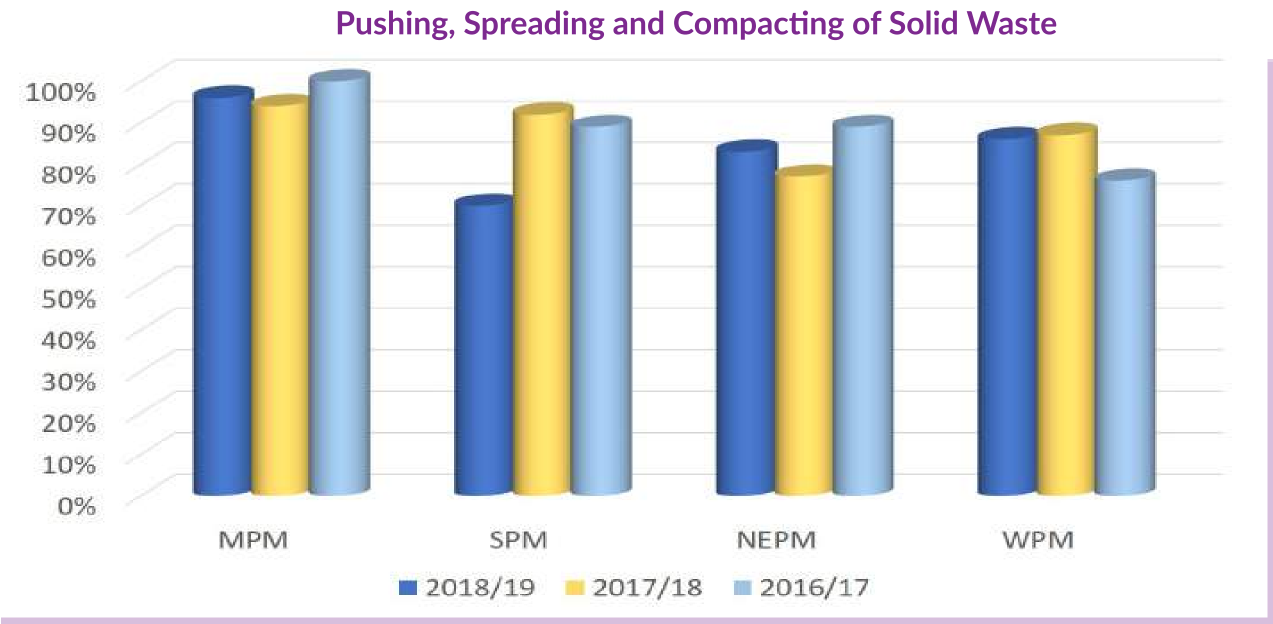
Covering of Disposal Sites



Fifty percent of the fires occurred in the NEPM Wasteshed and there were no fires in the SPM Wasteshed for the reporting period. The WPM Waste Management Limited remained consistent in its covering of the Retirement disposal site through the much needed financial assistance from the TEF, an extension of the maintenance of resort areas intervention.

Fire Disposal Sites

The pushing, spreading and compacting of waste at the disposal sites were conducted at a relatively consistent pace during the 2018/19 FY.



SPM Crew Members comprising of Driver and Sanitation Workers conducting operations in the region

Enforcement & Compliance

The enforcement of and compliance to the NSWM Act plays a significant role in the management and sustainability of the environment. As a means of discouraging flagrant violation of the NSWM Act, the Enforcement and Compliance unit conducted 166 surveillances across the island. In addition, the unit issued 8,130 Removal Notices and 1,619 Fixed Penalty Anti-litter tickets to enforce the NSWM Act.

Enforcement activities was bolstered by the acquisition of two (2) Toyota Hilux pickup trucks in the last quarter of the reporting FY. The trucks were donated by Tourism Enhancement Fund (TEF) to increase the mobility of the enforcement teams to further aid the Authority in its bid to enforce the NSWM Act. One unit each was placed at the WPM Waste Management Limited to serve the four parishes of Westmoreland, Hanover, St. James and Trelawny and the other at NEPM Waste Management Limited to serve the parishes of St. Ann, St. Mary and Portland. Enforcement functions will be further strengthened with the promulgation of the NSWMA Public Cleansing Regulations, 2019. These regulations, once enacted will address the loopholes which exist in the current Public Cleanliness Regulations that will be repealed once the revised regulations are azette. Along with the Disposal of Solid Waste Regulations, they will impose specific standards on the generators of solid waste, domestic and commercial alike, to ensure that waste is stored, transported and disposed of in an environmentally sound manner to safeguard

Empowermemt

Empowerment

Standard and Safety Training for MPM Sanitation workers and Drivers

The NSWMA is cognizant that for organizational transformation to be realized there must be an increase in training. Senior Management decided that in order for training to make a meaningful impact on the organization the development of conditions for performance improvement was essential. As a result a detailed gap analysis between current and required skill levels was created and was used as a means to identify and select relevant areas of training needed to improve performance.

Of course, continuous training in solid waste management remained a priority and the NSWMA continued in this vein by way of the selection of 2 NSWMA employees to participate in the Young Leaders Urban Environmental Management Programme. The programme was hosted by the Japan International Cooperation Agency (JICA) and covered aspects of urban development and environmental sustainability; community education on wasteland conservation and environmental education in schools. The

Another view of the Sanitation workers and Drivers in Standard and Safety Training

expectation is that the participants will, as much as is possible, transfer the knowledge gained to enhance the management of solid waste through sustained engagement with the general public, particularly the youths.

Another area on solid waste management training was afforded to an NSWMA employee who participated as a representative of Jamaica in the Latin American and Caribbean Regional Forum on the Environmentally Sound management of E-Wastes, Including their Transboundary Movements Report. The forum endured for five (5) days and was conducted in Buenos Aires, Argentina. A number of the objectives included:

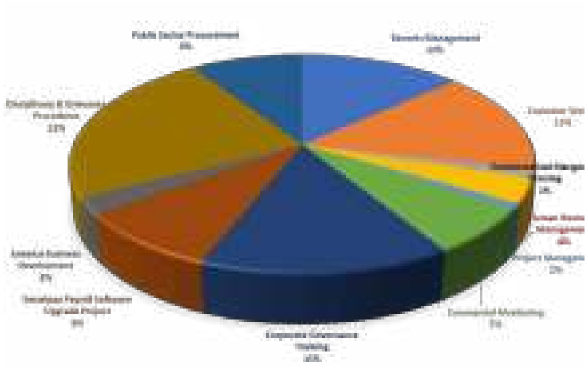
- Raising awareness of e-wastes;
- Enhancing the Environmentally Sound Management (EMS) of e-waste at the national and regional levels;
- Disseminating the technical guidelines on Transboundary Movements(TBM) of E-waste and Exchanging experience on ESM of e-waste and TBM in the region

The training was particularly timely, as the NSWMA was going through its process of drafting its Disposal of Hazardous Waste, Electronic and Electrical Regulations and it served to shed a regional perspective on the management of E-Waste.

As a part of the GOJ's ongoing transformation thrust of the public sector, the Public Procurement Regulations 2018 and the Public Procurement (Reconsideration and Review) Regulations were approved by members of the Senate on July 13, 2018. The NSWMA determined that, in order for staff to be au fait with the relevant prescribed provisions, procedures, standards and criteria for the various methods and subject matter of procurement extensive training in the area was necessary. Relevant staff members, (NSWMA and the regional companies) whose duties involve procurement were trained by the International Procurement Institute (INPRI) which delivered a comprehensive Public Procurement Training and Certification Series. It is an intense programme that covers the end-to-end public sector procurement framework.

Participants attended in-classroom instruction sessions and performed out-of-classroom review and study, in order to successfully complete the programme. A total of 233 employees of the NSWMA and the four regions were trained in various areas that were considered relevant to the operations and sustainability of the Authority. Some of the other areas of training which were deemed necessary are Disciplinary and Grievance Procedures; Marketing and Sales; Human Resource Management and Auditing.

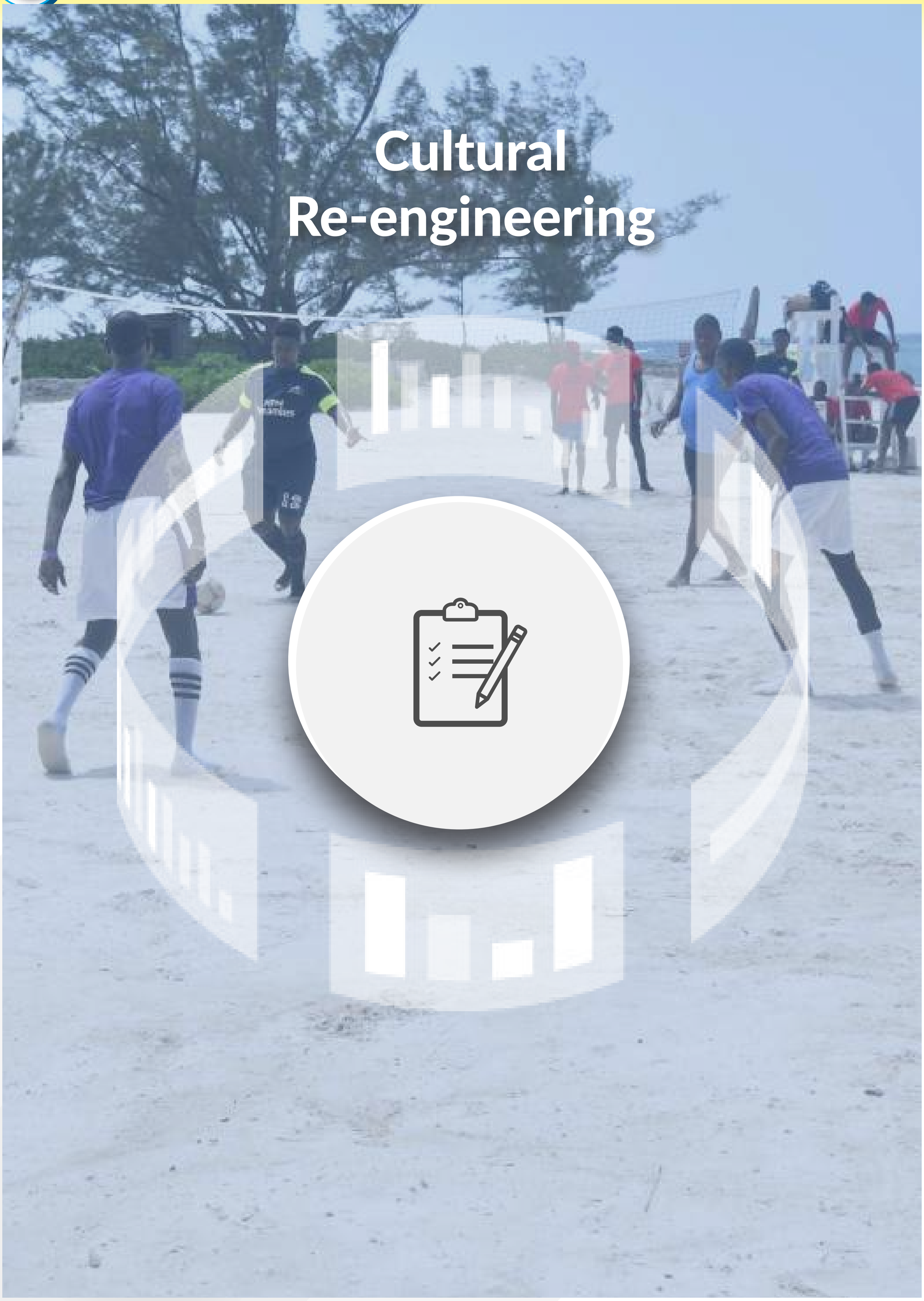
Skills Training Graph



A flawed organizational structure cannot be saved by an organizational transformation effort alone. A viable organization structure must underpin any transformation effort. For this reason, Senior Management and Board made the decision that in order to improve the effectiveness and efficiency of staff to best suit the needs capacity of the NSWMA a rationalization of staff was necessary.

A consultancy company was engaged to execute the rationalization exercise on behalf of the NSWMA. The proposal was completed and approved by the NSWMA's Board of Directors. It was subsequently transmitted to the MLGCD and thereafter the Ministry of Finance for review and for further action.

Cultural Re-engineering



CULTURAL RE-ENGINEERING

Members of staff participating in NSWMA Quarterly Staff meeting and devotion

The NSWMA's Management realized that a change of culture cannot be imposed upon an organization but is a gradual process and must be led from the top. One critical means of changing organizational culture is to quickly and effectively involve staff in the design and implementation of any change effort within the organization. As an example, the staff members were actively involved in the staff rationalization effort from its inception until it was concluded and in doing so it helped to dispel any suspicions surrounding the exercise. Through this exercise members of staff were afforded the opportunity to review and offer their suggestions/comments on the updated Dress Code Policy.

A culture of inclusiveness is engendered through staffs' suggestions and recommendations to Management.

Birthday shout-outs, via intra email, to staff members on their birthdays and the organization of the staff trip/outing during NSWMA Week served to foster a culture of comaraderie and a spirit of togetherness. The activities also facilitated a more relaxed mode of communication between members of staff of the NSWMA and the regional companies.

MPM Regional Administrator, Kerry-Ann Mason smiles for the camera at our annual fun day.

Management demonstrated a keen awareness that staff can become the drivers of change if they are apprised of and understand why a particular change effort is necessary and so be more invested. This is true of staff conserving electricity by turning off lights, ACs and computers before leaving the office. The NSWMA saved approximately $2.8M for the reporting period. The burgeoning culture of pride in the steady performance and achievements of the NSWMA was apparent during the FY. This was particularly evident during the handing over ceremonies of collection units and the donated pickup trucks. The positive media coverage of the NSWMA only further served to increase staff pride.

A prime example of 'buy in' from staff is the culture of recycling. Separation and containerization of plastic bottles was initiated at the head office. The used plastic bottles were collected and stored before they were transported to a recycling plant. One of the activities for the NSWMA Solid Waste Week involved a recycling competition in which all the categories displayed represented material which was either reused or recycled.

Staff members displaying their creations in the Trash-to-Art Competition during the NSWMA Solid Waste

Members of the NEPM staff at its Labour Day exercise

WPM Staff members having a movie night social

Staff role-playing during Christmas devotion

Strategic Partnerships

STRATEGIC PARTNERSHIP

The NSWMA deduced that in order to transform it also needed to develop successful transformative partnerships with entities which have shared strategies, visions and goals. To this end, the Agency participated in cross functional core processes to link relevant activities, functions and information in new ways to achieve breakthrough improvements in the effective management of solid waste and thus sustain the island's environment.

A partnership was forged with the Hazardous Lab Waste Clean-up Ad Hoc Committee (HALWAC), which comprises representatives from agencies, such as the National Commission on Science and Technology (NCST) and NEPA which resulted in the execution of a pilot project for the incineration of 6,000 litres of toxic waste generated by public laboratories. The exercise was undertaken by the NSWMA and the Caribbean Cement Company and was determined to have been a success. Going forward, it was indicated that the method may become the manner public laboratories treat with chemical waste which serves for less hazardous waste being deposited and stored at the Riverton disposal site.

The NSWMA also worked with environmental bodies such as the Montego Bay Marine Park Trust, the Jamaica Energy Partners (JEP) and a Finland-based entity, Wartsila to develop and install the Caribbean's first seabin in the Montego Bay Marine Park. A seabin is a submersible receptacle that collects ocean pollutants such as debris and oil slicks.

Jamaica's and the Caribbean's first Seabin

The partnership aided in part to the promotion of one of the Sustainable Development Goals (SDGs), No. 14 – Life Below Water and the Vision 2030 Development Plan.

The most successful transformative partnerships are often those formed off the back of existing transactional partnerships where trust has already been developed. The NSWMA has enjoyed over 10 years of business relationship with the Tourism Product Development Company Limited (TPDCo) and through its ongoing beautification programme, 'Spruce Up Jamaica', the Ministry of Tourism, earmarked a Three Hundred and Forty Million Dollars ($340M) Tourism Resort Maintenance Programme which is aimed at providing a clean and aesthetically appealing environment for visitors and business owners in the country's main resort areas. The programme focused on beautifying the resort areas of Jamaica and maintenance of the Northern Coastal
Highway.

The five (5) months collaboration with the NSWMA to implement the Tourism Resort Maintenance Programme, was funded by the TEF and was administered by the Tourism Product Development Company Limited (TPDCo). The partnership between the NSWMA and the Ministry of Tourism included the provision of labour, tools and horticultural material.

The TPDCO, in a bid to protect its tourism product, was instrumental in 86% rate of covering at the Retirement disposal site through its provision of financial assistance. The NSWMA's enforcement activities and mobility were bolstered through the donation of 2 pickup trucks by the tourist entity.

The NSWMA continued its partnership with the Japan International Cooperation Agency (JICA) in facilitating training on solid waste management through a Memorandum of Understanding (MOU). By way of an MOU the NSWMA persisted with its long term relationship with the JSIF in the Integrated Community Development Project (ICDP). Another long standing relationship is one shared with the International Coastal Cleanup (ICC). The NSWMA was one of the organizations which supported the ICC 2018 and offered its assistance in both human and machine capacity. The Agency's volunteers turned out in their numbers to help in the cleaning of the Kingston Harbour coastline which yielded 1,000 bags of garbage.

The NSWMA's units collected and disposed of seven (7) truckloads of solid waste, an estimated 15,488 pounds. Of the amount cleared, 1,900 pounds, (2 truckloads) consisted of plastic bottles which were transported to Recycling Partners of Jamaica (RPJ) for recycling. Aside from plastic bottles, bulky waste was also removed and deposited. The collaborative endeavor contributed in the ongoing effort of eliminating solid waste from the sea as well as the land.

The Management Institute for National Development (MIND) on January 18, 2019 hosted its first Policy Forum under the theme 'Remove, Reduce, Recycle: An Imperative for Sustaining a Healthy Natural Environment.'

Ms. Lloni Anderson, Employee Relations Officer and Mr. Edson Carr-Planning and Research Manager participating in the JICA programme visiting the Japan National Park.

The forum focused primarily on the ban on single-use plastic bags, polystyrene foam and straws. Of course, the NSWMA supported the Government's commitment to improve environmental performance and the development of the green economy. Through this forum the Agency urged residents and business owners to use cardboard boxes to containerize waste rather than the single-use plastic bags.

Red Stripe donates money to enhance security at the Riverton Disposal Site

The NSWMA also seized the opportunity to further encourage people to separate their waste before containerization and to compost garden waste in order to sustain effective solid waste management.

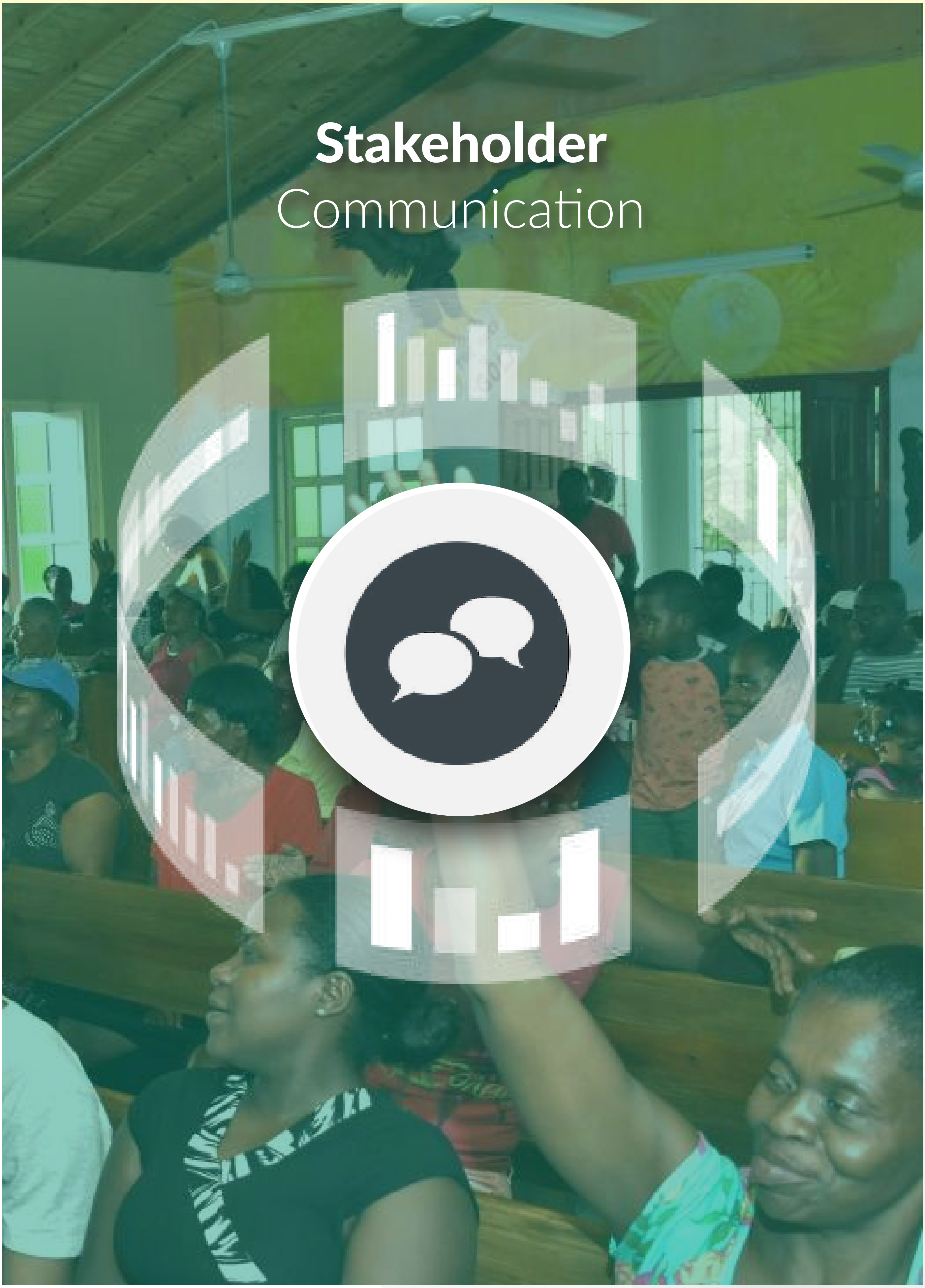
On realizing the negative impact that poorly

managed solid manage can have on the Tourism sector the Tourism Enforcement Fund rendered assistance through a partnership to cover the Riverton Disposal Site once per year.

The NSWMA, subsequent to the fires has

accelerated its determination to increase security of its disposal sites island wide. Security arrangements at the Riverton disposal site was further enhanced with a donation of $1M by the brewing company, Red Stripe for the installation of security cameras at some disposal sites. JSIF, JICA

Stakeholder Communication



STAKEHOLDER COMMUNICATION

Communication with stakeholders is one of the most effective means of transforming an organization. The NSWMA supports this school of thought and ramped up its efforts to improve communication with its stakeholders, particularly the general public.

The NSWMA's objective first and foremost is for residents and business to operate within the confines of the provisions of the NSWM Act, 2001 regarding containerization and disposal of solid waste. In this vein, operations were conducted island-wide with a record of 5,079 business and 39,003 residents being sensitized on the proper way in which solid waste is to be containerized before collection and the implications for public health and the environment if waste is not disposed of according to best practices. The compliance rate of the domestic waste generators on the containerization of waste remained more or less consistent over the last reporting period. However, based on intense sensitization there was a marked improvement of commercial entities complying with the required standards. The results reveal that compliance was 64.3% in 2017/18 and 86% in the current reporting period, an overall improvement of 22%.

NSWMA representative engaging with students.

Aside from using the more traditional forms of mass communication to reach and engage public support the NSWMA also enriched its relationship with the help of social media dialogue which constitutes the following:

- Facebook
- Twitter
- Instagram

The NSWMA's website was also used as a means to communicate with the public and helped to lend transparency to its operations. Interactive engagement was made with the public through community, town hall, municipal corporations, school meeting and other meetings were also held with owners of commercial businesses to reinforce the importance of proper containerization and disposal of solid waste. The NSWMA has continued to transition from primarily focusing on solid waste collection to the incorporation of a waste diversion strategy to sustain the environment. The Agency intensified its public education and sensitization of the 3Rs (Reduce, Reuse, Recycle) campaign as a strategy to minimize the quantity of waste disposed of at the disposal sites. The strategy was further reinforced by the annual staging of the public education campaign under the theme,

'Better Solid Waste Management, Healthier Jamaica'. The Retirement disposal site will record less waste, particularly plastic, through the implementation of a new waste management initiative developed by the WPM Waste Management Limited. The communities which participated in the first phase of the initiative were Catherine Hall, Ryne Park and West Gate Hills of St. James. A collection schedule was created and communicated to the residents as to the days the plastic bottles would be collected. The Agency recorded 243 public education and awareness activities which represents an increase of 37% over the previous FY. Compliance with the Access to Information Act, 2004 was observed and information requested was satisfied in a transparent and timely manner. The public is now able to view all annual reports and audited financial statements of the Agency.

The new wave of information transparency was not limited to the NSWMA's employees, who were also recipients of pertinent information as it concerned the organization and its business. Regular staff meetings were convened to apprise staff of any changes, innovations and anything of great importance which affected the NSWMA organization who are also key stakeholders. During the development of the staff rationalization exercise management made it a priority to communicate to staff the objective of the project on a regular basis through scheduled meetings. A 'buy in' from the staff is imperative for any form of transformation to be achieved of which the NSWMA is keenly aware and therefore endeavored to communicate relevant information to staff in a timely and effective manner. The Human Resource Manager and the Employee Relations Officer visited the four regions on a regular basis to impart information to staff on staff welfare matters, employee relations and staff benefits. Consistent meetings with staff fostered positive interpersonal relationships which helped to promote culture change, teamwork, collaboration and also reduced the potential for miscommunication and misunderstanding.

FINANCIAL REVIEW

REVENUE

The NSWMA and its four (4) regional companies received subvention of $6.13 Billion for the current Financial Year (FY). This represents an increase of $766 Million or (14%) over the previous year which received subvention revenue of $5.37 Billion. Own source revenue for the Financial Year (FY) 2018/19 equated to $530 Million. This reflects an increase of $120 Million or (29%) over the previous financial year.

Total revenue for the reporting period was $6.68 Billion compared to $5.9 Billion in prior year. This was an increase of $778 Million or 13%.

MAIN REVENUE SOURCES

- Regular subvention of $4.67 Billion (70% of total budget)
- Special and Seasonal Projects $1.30 Billion (19% of total budget)
- Own source revenue of $530 Million (8% of total budget).
- Statutory liabilities paid of $159 Million (2% of total budget).
- Other income of $14 Million (1% of total budget).

REVENUE ANALYSIS

The $778 Million or (13%) increase in total revenue was due to:

1. An increase in number of projects under-taken by the Parks and Garden division in collaboration with Tourism Product Development Company Limited (TPDCO) and the Tourism Enhancement Fund (TEF) to conduct island wide beautification work. Over $103 Million in additional project income was received in 2018/19 compared to that received in 2017/18.

2. Special funds were received for the following projects:

    a. To pay increases in salary and motor vehicle allowances of 7% on average and retro-active wages and salaries for the previous FY.

    b. Special covering and firefighting activities due to the 8 major fires at our disposal sites.

3. Net supplementary funding of $600 Million was received in the final quarter of the FY to clear urgent public cleansing bills, satisfy legal obligations and statutory liabilities.

EXPENSES

The total expenses of $6.32 Billion, inclusive of depreciation charges of $178 Million reflected an increase of $736 Million (13%) more than the $5.59 billion that was recorded over the previous 2017/18 F Y.

The main expense items are listed below

Expenses				
	$M	$M	$M	%
Staff costs	2,490	1,967	-523	39.39%
Public Cleansing	1,675	1,605	-70	26.50%
Beautification & special projects	926	833	-93	14.65%
Motor vehicle expense	443	443	0	7.01%
Interest & penalties - payroll taxes	39	118	79	0.61%
GCT irrecoverable	58	86	28	0.91%
Other administration expense	513	429	-84	8.11%
Total Operating Expense	**6,143**	**5,481**	**-662**	**97.19%**
Depreciation	178	104	-74	2.81%
TOTAL EXPENSES	**6,321**	**5,585**	**-736**	100%

EXPENSES ANALYSIS

The $736 Million or (13%) increase in total expenditure were attributed to the following:

- Staff costs increased by $84 Million or (26%). This was due to the payment of a 7% increase on salaries and allowances for Administrative Staff, 28% increase in salary for sweepers and general workers and 5% increase in salary for drivers. Retroactive payments for salary and allowances were also made during the FY.
- Agency engaged key vacant posts
- Special covering and firefighting activities due to the 8 major fires at our Landfills.
- Beautification & special projects operating costs increased by $93 Million or (11%). This was as a result of an increased number of projects conducted during the reporting period.
- Other administration expenses increased by $84 Million or (20%) which was due to a significant repair to trucks undertaken during the year.

STATEMENT OF FINANCIAL POSITION

The net asset base of the NSWMA and the four (4) regional companies, as at March 2019, was $850 Million which represents an increase of $343 Million (68%) over the 2017/18 reporting period. Asset base is broken down as follows:

Property, Plant and Equipment

The property, plant and equipment were valued at $1.2 Billion for the reporting period. The increase of $244 Million (25%) was due to the following:

- Acquisition of 12 new trucks amounting to $400 Million

CASH AND CASH EQUIVALENTS

In the 2018/19 FY cash and cash equivalents amounted to $649 Million, which is an increase of $309 Million over the previous FY. This is mainly due to subvention received for dedicated projects that were not completed at the end of 2018/2019 FY, general subvention received close to the year-end not spent and large receivable collected from the Ministry of Education in the last month of the financial year.

ACCOUNTS RECEIVABLE AND PREPAID EXPENSES

Accounts receivable and prepaid expenses totaled $366 Million during the 2018/19 FY. There was a decrease of $99 Million which was mainly due to efforts made to reorganize our commercial operations and employ Credit and Collections Officers in all regions.

ACCOUNTS PAYABLE AND PROVISIONS

Accounts payable and provision valued at $1.5 Billion in 2018/19 FY. An increase of $126 Million was mainly due to a $190 Million increase in special project funding received before the due date (TPDCO) and a $31 Million increase in accrued vacation leave, this was captured for the first time by all regions. These increases were offset by a $78 Million reduction in trade payables and a $55 Million reduction in statutory liabilities.

Contract signing between NSWMA and TPDco -from left Jennifer Griffith-Permanent Secretary Ministry of Tourism, Dr. Andrew Spencer-Executive Director TPDco, Minister of Tourism the Honorable Edmund Bartlett, Audley Gordon-Executive Director NSWMA,Dr. Carey Wallace-Executive Director TEF

NATIONAL SOLID WASTE MANAGEMENT AUTHORITY

DIRECTORS COMPENSATION

April 2018- March 2019

Directors'	Fees ($)	Motor Vehicle Mileage Claim	Accommodations	All Other Compensation including Non-Cash Benefits as applicable ($)	Total ($)
DENNIS CHUNG	$246,800.00	-	-	-	$246,800.00
OMAR SWEENEY	$201,700.00	-	-	-	$201,700.00
LINLEY REYNOLDS	$264,400.00	-	-	-	$264,400.00
DAPHNE HURGE	$156,300.00	-	-	-	$156,300.00
* NORMAN BROWN	$167,000.00	$244,400.00	$449,555.21	-	$860,955.21
CAMILLE FACEY	$343,000.00	-	-	-	$343,000.00
DONOVAN SAMUELS	$239,400.00	-	-	-	$239,400.00
DELROY WILLIAMS	$68,000.00	-	-	-	$68,000.00
* WILLARD HYLTON	$104,500.00	$141,000.00	$413,836.19	-	$659,336.91
ERROL HOLMES	$46,000.00	-	-	-	$46,000.00
JONAH CHISHOLM	$48,300.00	-	-	-	$48,300.00
PATRICK ANGLIN	$43,100.00	-	-	-	$43,100.00
ARETHA MCFARLANE	$6,900.00	-	-	-	$6,900.00
TASHI WILLIAMSON	$27,200.00	-	-	-	$27,200.00
PETA-GAYE BARTLEY	$34,100.00	-	-	-	$34,100.00
GABRIELLE WILKS	$84,000.00	-	-	-	$84,000.00
DWIGHT RICKETTS	$20,900.00	-	-	-	$20,900.00
CHARLENE SHARPE	$20,900.00	-	-	-	$20,900.00
GRAND TOTAL	$2,122,500.00	$385,400.00	$863,391.40	-	$3,371,291.40

** NSWMA routinely pays for accommodation on behalf of these members to facilitate their attendance to board and sub-committee meetings as both members reside outside of Kingston and St. Andrew.'*

SENIOR EXECUTIVE

Position of Senior Executive	Year	Salary ($)	Gratuity or Performance Incentive ($)	
Executive Director	2018/19	5,959,071.00	2,174,457.77	
Corporate Services Director	2018/19	4,556,458.00		
Finance Director	2018/19	4,553,219.00		
Legal Director	2018/19	4,552,754.00		
Company Secretary	2018/19	4,325,116.00		
National Coordinator/ Landfill Director	2018/19	3,869,841.00		
Director of Compliance, Enforcement and Security (April 2018- June 2018)	2018/19	1,567,071.00	991,877.41	
Director of Compliance, Enforcement and Security (June 2018- March 2019)	2018/19	3,100,194.29		
Operations Director (April 2018- June 2018)	2018/19	1,024,369.71		
Operations Director (January 2019- March 2019)	2018/19	2,758,691.00		

Notes

1. Where contractual obligations and allowances are stated in a foreign currency, the sum
2. Other Allowances (including laundry, entertainment, housing, utility, etc.)
3. Where a non-cash benefit is received (e.g. government housing), the value of that

COMPENSATION

	Travelling Allowance or Value of Assignment of Motor Vehicle ($)	Pension or Other Retirement Benefits ($)	Other Allowances ($)	Non-Cash Benefits ($)	Total ($)
	3,371,183.79		300,000.00		11,804,712.56
	1,566,370.00				6,122,828.00
	1,612,726.00				6,165,945.00
	1,542,864.00				6,095,618.00
	1,542,864.00				5,867,980.00
	2,800,134.00				6,669,975.00
	317,144.27				2,876,092.68
	1,506,184,.60				4,606,378.89
	520,566.00				1,544,935.71
	861,037.78				3,619,728.78

in that stated currency must be clearly provided and not the Jamaican equivalent.

benefit shall be quantified and stated in the appropriate column above.

NATIONAL SOLID WASTE MANAGEMENT AUTHORITY

CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2019

C.R. Hylton & Co.

NATIONAL SOLID WASTE MANAGEMENT AUTHORITY

31 MARCH 2019

CONTENTS

Charlton Hylton F.C.C.A.,F.C.A., Hayseworth Hylton F.C.C.A, C.A., MBA, Oswald Lee F.C.C.A., C.A.
Dwayne Lindsay F.C.C.A., MBA, Paula Thorpe F.C.C.A., C.A.,MBA

C.R.Hylton & Co.
Chartered Accountants

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SFAI JAMAICA

INDEPENDENT AUDITORS' REPORT

To the Members of

NATIONAL SOLID WASTE MANAGEMENT AUTHORITY

Report on the Financial Statements

Opinion

We have audited the consolidated and separate financial statements of the National Solid Waste Management Authority ("the Authority"), which comprise the consolidated statement of financial position of the Authority and its sub-entities (together 'the Group') and the stand-alone statement of financial position of the Authority as at March 31, 2019, the consolidated and stand-alone statement of comprehensive income, the consolidated and stand-alone statement of changes in equity and consolidated and stand-alone statement of cash flows for the year then ended, and notes comprising significant accounting policies and other explanatory information.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated financial position of the Group and the Authority as at March 31, 2019, and of their consolidated and stand-alone financial performance, and their consolidated and stand-alone cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 consolidated and separate financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and the Board of Directors for the consolidated and separate financial statements

Management is responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal controls as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group and 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 Group or the Authority, or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group and Authority's financial reporting process.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of

NATIONAL SOLID WASTE MANAGEMENT AUTHORITY

Auditors ' Responsibility for the Audit of the Financial Statements

As part of an audit in accordance with IASs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- 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 Group and 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 Group or 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 consolidated and separate 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 Group or Authority to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors 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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of

NATIONAL SOLID WASTE MANAGEMENT AUTHORITY

Other Matter

The financial statements of the Group and the Authority for the financial year ended 31 March 2018 were audited by another auditor who expressed a qualified opinion on those financial statements on 12 October 2018.

Chartered Accountants
Kingston, Jamaica
July 17, 2019

NATIONAL SOLID WASTE MANAGEMENT AUTHORITY

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 MARCH 2019
(Expressed in Jamaican dollars unless otherwise indicated)

	Notes	2019 $'000	2018 $'000
INCOME			
Government subvention	5,17	6,131,489	5,365,123
Commercial income	6	529,919	410,150
Other income	7	10,499	119,006
Interest income	8	3,642	3,415
		6,675,549	5,897,694
EXPENSES			
Direct, administrative and general expenses	9	(6,320,679)	(5,586,157)
Finance cost	11	(2,142)	(2,597)
		(6,322,821)	(5,588,754
Surplus for the year		352,729	308,940
Other comprehensive income			
Item that will not be reclassified to income in subsequent periods:			
Revaluation of land and building		-	135,038
Retirement benefit adjustment as restated		-	(197,633)
Retirement benefit adjustment		(9,818)	-
		(9,818)	(62,595)
Total comprehensive income		342,911	246,345

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

NATIONAL SOLID WASTE MANAGEMENT AUTHORITY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

(Expressed in Jamaican dollars unless otherwise indicated)

		2019 $'000	2018 $'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	1,202,801	959,261
Retirement benefit asset	14	36,625	39,929
Total non-current assets		1,239,426	999,190
CURRENT ASSETS			
Inventories	15	55,780	44,754
Trade and other receivables	16	365,949	464,791
Cash and cash equivalents	18	648,891	339,483
Total current assets		1,070,620	849,028
CURRENT LIABILITIES			
Trade and other payables	19	1,449,483	1,323,710
Current portion of long-term loan	20	9,346	6,857
Total current liabilities		1,458,829	1,330,567
Net current liabilities		(388,209)	(481,539)
NON-CURRENT LIABILITY			
Long-term loan	20	(839)	(10,185)
NET ASSETS		850,378	507,466
EQUITY AND RESERVES			
Share capital	21	1	-
Revaluation reserves	22	190,247	190,247
Accumulated surplus		660,130	317,219
Total equity and reserves		850,378	507,466

The financial statements were approved for issue by the Board of Directors on July 17, 2019 and signed on its behalf by:

Chairman

Dennis Chung

Executive Director

Audley Gordon

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

NATIONAL SOLID WASTE MANAGEMENT AUTHORITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 MARCH 2019
(Expressed in Jamaican dollars unless otherwise indicated)

	Share Capital (*) $'000	Revaluation Reserve $'000	Retirement Reserve $'000	Accumulated (Deficit)/Surplus $'000	Total $'000
Balance at 1 April 2017 as previously stated	**-**	**55,209**	**238,575**	**(32,663)**	**261,121**
Restatement of retirement reserve (Note 14)	-	-	(238,575)	238,575	-
Balance at 1 April 2017 as restated	**-**	**55,209**	**-**	**205,912**	**261,121**
Surplus for the year	-	-	-	308,940	308,940
Other comprehensive income as restated	-	135,038	-	(197,633)	(62,595)
Total comprehensive income as restated	-	135,038	-	111,307	246,345
Balance at 31 March 2018	**-**	**190,247**	**-**	**317,219**	**507,466**
Surplus for the year	-	-	-	352,729	352,729
Other comprehensive income	-	-	-	(9,818)	(9,818)
Total comprehensive income	-	-	-	342,911	342,911
Share capital adjustment	1	-	-	-	1
Balance at 31 March 2019	**1**	**190,247**	**-**	**660,130**	**850,378**

(*) - denotes $402.

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

NATIONAL SOLID WASTE MANAGEMENT AUTHORITY

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED 31 MARCH 2019
(Expressed in Jamaican dollars unless otherwise indicated)

	Note	2019 $'000	2018 $'000
Cash flows from operating activities			
Surplus for the year		352,729	309,953
Adjustments for:			
Depreciation of property, plant and equipment	13	177,833	104,089
Increase in allowance for impaired trade receivables		195,044	-
Interest income		(6,514)	(3,415)
Finance cost		3,643	2,597
Operating cash flows before movements in working capital:		722,735	413,224
Increase in trade and other receivables		(101,158)	(84,193)
Increase in Inventories		(11,026)	(21,992)
Increase in trade and other payables		125,773	225,664
Cash generated from operations		736,324	532,703
Interest received		4,374	3,415
Interest paid		(3,063)	(2,597)
Net cash flows from operating activities		737,635	533,521
Cash flows from investing activities			
Acquisition of property, plant and equipment	13	(421,370)	(348,114)
Net cash used in investing activities		(421,370)	(348,114)
Cash flows from financing activities			
Repayment of long-term loan		(6,857)	(7,159)
Net cash used in financing activities		(6,857)	(7,159)
Net increase in cash and cash equivalents		309,408	178,248
Cash and cash equivalents at the beginning of year		339,483	161,235
Cash and cash equivalents at the end of year	18	648,891	339,483

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

NATIONAL SOLID WASTE MANAGEMENT AUTHORITY

STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 MARCH 2019
(Expressed in Jamaican dollars unless otherwise indicated)

	Note	2019 $'000	2018 $'000
INCOME			
Government subvention	5,17	2,037,400	2,251,826
Commercial income	6	23,618	21,451
Other income	7	6,068	4,577
Interest income	8	3,550	3,317
		2,070,636	2,281,171
EXPENSES			
Direct, administrative and general expenses	9	(1,745,539)	(1,607,912)
Finance cost	11	(2,142)	(2,597)
		(1,747,681)	(1,610,509)
Surplus for the year		322,955	670,662
Other comprehensive income			
Item that will not be reclassified to income in subsequent periods:			
Revaluation of land and building		-	135,038
Retirement benefit adjustment as restated		-	(197,633)
Retirement benefit adjustment		(9,818)	-
		(9,818)	(62,595)
Total comprehensive income		313,137	608,067

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

NATIONAL SOLID WASTE MANAGEMENT AUTHORITY

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

(Expressed in Jamaican dollars unless otherwise indicated)

		2019 $'000	2018 $'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	1,153,629	902,508
Retirement benefit asset	14	36,625	39,929
Total non-current assets		1,190,254	942,437
CURRENT ASSETS			
Trade and other receivables	16	156,549	196,326
Due from related parties	17	225,534	286,885
Cash and cash equivalents	18	571,578	269,659
Total current assets		953,661	752,870
CURRENT LIABILITIES			
Trade and other payables	19	444,697	305,350
Due to related parties	17	143,751	140,770
Current portion of long-term loan	20	9,346	6,857
Total current liabilities		597,794	452,977
Net current assets		355,867	299,893
NON-CURRENT LIABILITY			
Long-term loan	20	(839)	(10,185)
NET ASSETS		1,545,282	1,232,145
EQUITY AND RESERVES			
Revaluation reserve	22	190,247	190,247
Accumulated surplus		1,355,035	1,041,898
Total equity and reserves		1,545,282	1,232,145

The financial statements were approved for issue by the Board of Directors on July 17, 2019 and signed on its behalf by:

Chairman

Dennis Chung

Executive Director

Audley Gordon

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

NATIONAL SOLID WASTE MANAGEMENT AUTHORITY

STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 MARCH 2019
(Expressed in Jamaican dollars unless otherwise indicated)

	Revaluation Reserve $'000	Retirement Reserve $'000	Accumulated surplus $'000	Total $'000
Balance at 1 April 2017 as previously stated	**55,209**	**238,575**	**330,294**	**624,078**
Restatement of retirement reserve (Note 14)	-	(238,575)	238,575	-
Balance at 1 April 2017 as restated	**55,209**	**-**	**568,869**	**624,078**
Surplus for the year	-	-	670,662	670,662
Other comprehensive income (loss) as restated	135,038	-	(197,633)	(62,595)
Total comprehensive income as restated	135,038	-	473,029	608,067
Balance at 31 March 2018	**190,247**	**-**	**1,041,898**	**1,232,145**
Surplus for the year	-	-	322,955	322,955
Other comprehensive loss	-	-	(9,818)	(9,818)
Total comprehensive income	-	-	313,137	313,137
Balance at 31 March 2019	**190,247**	**-**	**1,355,035**	**1,545,282**

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

NATIONAL SOLID WASTE MANAGEMENT AUTHORITY

STATEMENT OF CASH FLOWS
YEAR ENDED 31 MARCH 2019
(Expressed in Jamaican dollars unless otherwise indicated)

	Note	2019 $'000	2018 $'000
Cash flows from operating activities			
Surplus for the year		322,955	671,675
Adjustments for:			
Depreciation of property, plant and equipment	13	157,763	87,072
Decrease in allowance for impaired trade receivables		513	-
Net adjustment for retirement benefits		(6,329)	-
Interest income		(3,643)	(3,317)
Finance cost		2,142	2,597
Operating cash flows before movements in working capital:		473,401	758,027
Decrease in inventories		-	22,321
Decrease (increase) in trade and other receivables		39,777	(80,321)
Decrease (increase) in due from related parties, net		63,726	(194,012)
Increase (decrease) in trade and other payables		139,347	(35,482)
Cash generated from operations		716,251	470,533
Interest received		3,550	3,317
Interest paid		(2,142)	(2,597)
Net cash flows from operating activities		717,659	471,253
Cash flows from investing activities			
Acquisition of property, plant and equipment	13	(408,883)	(333,005)
Net cash used in investing activities		(408,883)	(333,005)
Cash flows from financing activities			
Repayment of long-term loan		(6,857)	(7,158)
Net cash used in financing activities		(6,857)	(7,158)
Net increase in cash and cash equivalents		301,919	131,090
Cash and cash equivalents at beginning of year		269,659	138,569
Cash and cash equivalents at end of year	18	571,578	269,659

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

1. THE AUTHORITY AND THE GROUP

National Solid Waste Management Authority ("the Authority") was established as a statutory body by the National Solid Waste Management Act, 2001 ("the Act") and commenced operations on April 1, 2002. The registered office of the Authority is located at 61 Half Way Tree Road, Kingston 10.

The principal objectives of the Authority are:

a) To effectively manage and regulate the collections and disposals of solid waste in Jamaica, and
b) To safeguard public health and the environment by ensuring that domestic waste is collected, stored, recycled, reused or disposed of in an environmentally sound manner.

The Authority controls management and regulatory responsibilities of the following parks and markets companies and their successors:

- Metropolitan Parks and Market (MPM) Waste Management Limited;
- Southern Parks and Market (SPM) Waste Management Limited;
- Northeastern Parks and Market (NEPM) Waste Management Limited; and
- Western Parks and Market (WPM) Waste Management Limited.

In addition, The Parks and Garden, a division of the NSWNA, has a significant impact on the numbers, including the final surplus/deficit position.

The Authority and these entities are collectively referred to as "The Group."

The Group is economically dependent on the government of Jamaica and receives funding through the Ministry of Local Government and Community Development.

The Group has a total of 4,081 (2018: 3,510) staff members as at and for the year. The Authority has a total of 810 (2018: 932).

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

2.1 *New and revised* standards effective for the current year

In the current year, the Group has applied for the first time IFRS 9 and IFRS 15 issued by the International Accounting Standards Board (IASB), effective for annual periods beginning on or after January 1, 2018.The application of these new standards have affected amounts reported and disclosures in the current and prior period.

IFRS 9 Financial Instruments

FRS 9 'Financial Instruments' replaces IAS 39 'Financial Instruments: Recognition and Measurement' and includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

The Group has applied the transitional provisions of IFRS 9 and has elected not to restate comparatives thereby utilising the modified retrospective approach as of 1 April 2018 for all ongoing customer contracts. As a result, the comparative information is disclosed in accordance with the Group's previous accounting policy under IAS 39 and is not fully comparable with the presentation for the current financial year. Restatements arising from the adoption of IFRS 9 have been recognised directly in accumulated surplus as of 1 April 2018 and are summarized below. The changes in the Group's accounting policies for financial instruments are disclosed in Note 3.3.

Details of the new requirements and the impact on the financial statements are as follows:

(a) Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held-to-maturity, loans and receivables and available for sale (AFS).

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.1 *New and revised* standards effective for the current year (continued) IFRS 9 Financial Instruments (continued)

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities. There are two categories for the classification of financial liabilities: (i) Amortised cost and (ii) Fair value through Profit or Loss (FVTPL)

The following table and the accompanying notes below explain the original

measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets and financial liabilities as at 1 April 2018.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 April 2018 relates solely to the new impairment requirements.

	Original classification under IAS 39	*New classification under IFRS 9*	*Original carrying amount under IAS 39*	*New carrying amount under IFRS 9*
Financial Assets			$000	$000
Trade and other receivables	Loans and receivables	Amortised cost	464,791	464,791
Cash and cash equivalents	Loans and receivables	Amortised cost	339,483	339,483
Total financial assets			804,274	804,274

(b) *Impairment of financial assets*

In relation to the impairment of financial assets, IFRS 9 requires an 'expected credit loss' (ECL) model as opposed to an ''incurred loss model under IAS 39. The expected credit loss model requires that expected credit losses and changes in those expected credit losses to reflect changes in credit risks since the initial recognition of the financial asset, at the end of each reporting period. It is no longer necessary for a credit event to have occurred before credit losses are recognised.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.1 ***New and revised*** standards effective for the current year (continued)
IFRS 9 Financial Instruments (continued)

The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Impairment losses for assets in the scope of the IFRS 9 impairment model are generally expected to increase and become more volatile also greater judgement is required due to the need to factor in forward looking information when estimating the appropriate amount of provisions.

For all trade receivables and contract assets, the Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss. In applying this approach the Group considered the probability of a default occurring over the contractual life of its trade receivables and contracts asset balances on initial recognition of those assets.

The Group has identified the following financial assets as subject to the expected credit loss model.

Items existing at 1 April 2018 that are subject to the impairment provisions of IFRS 9	*Credit risk attributes at 1 April 2018*	*Increased Impairment allowance recognised on 1 April 2018*
		$000'
Trade and other receivables	Simplified approach applied. Assessed for lifetime ECL	None
Cash and cash equivalents	Assessed at low credit risk	None

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.1 *New and revised* standards effective for the current year (continued)

- ***IFRS 15*** **Revenue from Contracts with Customers**

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. It is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to the customer. Judgment is required in determining the timing of the transfer of control whether at a point in time or over time. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. It also includes disclosure requirements to provide comprehensive information about the amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Group has applied IFRS 15 in accordance with the modified retrospective approach with the date of initial application of 1 April 2018 and has elected not to restate comparative information in accordance with the transitional provisions. As a result, comparative information is disclosed in accordance with the Group's previous accounting policy. The Group has elected to apply the approach only to contracts that are not completed, that is, those for which there are unsatisfied performance obligations on initial application.

The cumulative effect of initially applying IFRS 15 is recognised at the date of initial application as an adjustment to the opening balance of accumulated surplus, as summarised below.

		Impact of adopting IFRS 15 at 1 April 2018
Accumulated deficit	**Note**	**$000'**
Landfill fee tickets purchased in advanced by customers		100

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.1 *New and revised* standards effective for the current year (continued)
IFRS 15 Revenue from Contracts with Customers (continued)

The Group issues tickets for a fee, collected immediately, to certain commercial customer for the service of permitting trucking of their solid waste to landfills. A ticket is issued for each delivery to be made. Tickets are retrieved as the customer makes delivery at the landfills and performance obligations are fulfilled. Under the Group's previous policy, revenue was recognised when payment was made for tickets with the expectation that the timing between payment and delivery was insignificant. Under IFRS 15, revenue from landfill tickets is recognised at a point in time, that is, when delivery is made by the customer thereby accepting the service and satisfying the Group's performance obligation. A contract liability arises under IFRS 15 for the advanced payments received from customers prior to the delivery being accepted.

Set out below is a summary of the impact of adopting IFRS 15 on the Group's statement of financial position as at 31 March 2019 and its statement of comprehensive income for the year then ended for each of the line items affected. There was no material impact on the Group's statement of cash flows for the year ended 31 March 2019.

Impact on the statement of financial position as at 31 March 2019

	As reported	Increase/ (decrease)	Amount without adoption of IFRS 15
	$000'	$000'	$000'
Liabilities			
Contract liabilities	100	(100)	-
Total current liabilities	1,458,829	(100)	1,458,929
Equity			
Accumulated surplus	660,130	100	660,230

Impact on statement of comprehensive income

	As reported	Increase/ (decrease)	Amount without adoption of IFRS 15
	$000'	$000'	$000'
Revenue			
Commercial income	529,919	100	530,019
Surplus and total comprehensive income for year	342,911	100	343,011

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.1 ***New and revised*** **standards effective for the current year (continued)**

The following additional new and revised Standards and Interpretations have been adopted in these financial statements. Their adoption has not had any impact on the amounts reported in these financial statements but may impact the accounting for future transactions or arrangements.

Amendments to Standards		Effective for annual Periods beginning on or after
IFRS 2	Share-based Payment:	
	- Amendments to clarify the classification and measurement of share-based payment transactions	1 January 2018
IFRS 4	- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – Amendments to IFRS 4	1 January 2018
IFRS 1 and IAS 28	Amendments arising from 2014 – 2016 Annual Improvements to IFRS	
	- Removing short- term exemptions; Clarifying certain fair value measurements	1 January 2018
IAS 40	Investment Property	
	- Amendments to clarify transfers of property to, or from, investment property	1 January 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	1 January 2018

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.2 New and Revised Standards and Interpretations in issue not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not effective or early adopted for the financial period being reported on:

		Effective for annual periods beginning on or after
New Standards		
IFRS 16	Leases	January 1, 2019
IFRS 17	Insurance Contracts	January 1 ,2021
Revised Standards		
IFRS 9	Financial Instruments	
	- Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	1 January 2019
IFRS 3, 11, IAS 12, 23,	Amendments arising from 2015 – 2017 Annual Improvements to IFRS	
	- Measurement of previously held interest in a joint operation (IFRS 3&11); Income tax consequences of payments on financial instruments classified as equity (IAS 12); Borrowing costs eligible for capitalisation (IAS 23)	1 January 2019
IFRS 10, IAS 28	- Consolidated Financial Statements; Investment in Associates and Joint Ventures	
	- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Postponed indefinitely by IASB pending research project on equity method of accounting
IAS 19	Employee Benefits	
	- Plan Amendment, Curtailment or Settlement	1 January 2019
IAS 28	Investments in Associates and Joint Ventures	
	- Amendments regarding long –term interest in associates and joint ventures	1 January 2019
IFRS 3	Business Combinations	
	- Definition of a business	1 January 2020
IAS1, IAS 8	- Presentation of Financial statements; Accounting Policies, Changes in Accounting Estimates and Errors	
	- Definition of material	1 January 2020
New Interpretations		
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019
	-	
Conceptual Framework of Financial Reporting		! January 2020

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.2 New and Revised Standard and Interpretations in issue not yet effective (Continued)

The Group has assessed the impact of these new and revised Standards and Interpretations in issue but not yet effective and consider that the following are relevant to the operations of the Group and are likely to impact amounts reported in the Group's financial statements:

- **IFRS 16 Leases, (effective for annual periods beginning on or after 1 January 2019).** This new standard requires lessees to account for all leases under a single on-balance sheet model, subject to certain exemptions in a similar way to finance leases under IAS 17. All major leases will be accounted with new assets and liabilities being recognised in the statement of financial position. Lessees recognize a liability to pay rentals with a corresponding asset, and recognize interest expense and depreciation separately. Total lease expense will be higher in early years of a lease even if a lease has fixed regular cash rentals. The standard provides guidance on the two recognition exemptions for leases – leases of "low value" assets and short-term leases with a term of 12 months or less.

  Lessor accounting is substantially the same as IAS 17 as the lessor will continue to classify leases as finance and operating leases recognising net investments in finance leases comprising lease receivables and residual assets.

  The Group is assessing the impact that the new standard will have on its financial statements.

- ***Amendments to IFRS 9* Prepayment Features with Negative Compensation, (effective for annual periods beginning on or after 1 January 2019).**
  The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. Early termination can result from a contractual term or from an event outside the control of the parties to the contract, such as a change in law or regulation leading to the early termination of the contract. The amendments are intended to apply where the prepayment amount approximates to unpaid amounts of principal and interest plus or minus an amount that reflects the change in a benchmark interest rate. The Group does not expect the amendment to have any effect on its financial statements.

2. **ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)**

2.2 **New and Revised Standard and Interpretations in issue not yet effective (Continued)**

The IASB also clarified that the requirements in IFRS 9 for adjusting the amortised cost of a financial liability, when a modification (or exchange) does not result in derecognition, are consistent with those applied to the modification of a financial asset that does not result in derecognition. This means that the gain or loss arising on modification of a financial liability that does not result in derecognition, calculated by discounting the change in contractual cash flows at the original effective interest rate, is immediately recognised in profit or loss.

- ***Annual Improvements 2015-2017 Cycle*** **(issued in December 2017).**

  IAS 23 Borrowing Costs Borrowing costs eligible for capitalisation

  - The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.
  - An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments.

    The amendments are applicable for annual reporting periods beginning on or after 1 January 2019 although earlier application is permitted.

  This improvement is not expected to have a significant impact on the Group's financial statements.

- ***Amendments to IAS1 and IAS 8 Definition of Material*** **(effective for annual periods beginning on or after 1 January 2020)**

  The amendment aligned the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, '*Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity*.' Materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.2 New and Revised Standard and Interpretations in issue not yet effective (Continued)

It explains that information is obscured if it is communicated in a way that would have a similar effect as omitting or misstating the information such as, if information regarding a material item, transaction or other event is scattered throughout the financial statements, or disclosed using a language that is vague or unclear, or if inappropriately aggregated or disaggregated. The amendments replaced the threshold 'could influence', which suggests that any potential influence of users must be considered, with 'could reasonably be expected to influence' therefore clarifying that the materiality assessment will need to take into account only reasonably expected influence on economic decisions of primary users. The IASB reference to 'primary users' instead of 'users' in the original standard helped to narrow a wide interpretation of 'users'. The amendment is applied prospectively with early application permitted if disclosed.

- **Conceptual Framework for Financial Reporting (Issued March 2018)**

The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard. Its purpose is to assist the IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards. It sets out a comprehensive set of concepts for financial reporting, standard setting, and guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. New concepts, clarification of important concepts, updated definitions and recognition criteria for assets and liabilities are included.

The revised framework is arranged in eight chapters and is accompanied by a Basis for Conclusions. A separate accompanying document, 'Amendments to References to the Conceptual Framework in IFRS Standards', was issued by the IASB which sets out the amendments to affected standards in order to update references to the Conceptual Framework.

The revised framework is effective immediately for the IASB and the IFRS Interpretation Committee (IC). For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

The revised framework is not expected to have any impact on the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements, herein after referred to as the financial statements, are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations of IFRS Interpretations Committee (IFRIC IC).

3.2 Basis of preparation

The consolidated financial statements have been prepared under the historical cost basis as modified by the revaluation of certain items of property, plant and equipment. Historical cost is generally based on the fair value of consideration given in exchange for assets.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Although these estimates are based on managements' best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

3.3 Basis of consolidation

Sub-entities are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Sub-entities are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Authority reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

3. SIGNIFICANT ACCOUNTING POLICIES

3.3 Basis of consolidation (continued)

Consolidation of a sub-entity begins when the Authority obtains control over the sub-entity and ceases when the Authority loses control of the sub-entity. Specifically, the results of sub-entities acquired or disposed of during the year are included in profit or loss from the date the Authority gains control until the date when the Authority ceases to control the sub-entity.

Inter-group transactions, balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated. Accounting policies of sub-entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

3.4 Financial instruments (Policy applicable from 1 April 2018)

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

Recognition
Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized on the Group’s statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

3.4.1 Financial Assets

Classification
The Group classifies financial assets at initial recognition based on the financial asset’s contractual cash flow characteristic and the Group’s business model for managing the instruments. The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets

Measurement category
At initial recognition, the Group measures a financial asset at its fair value plus, in `the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables that do not contain a significant financing component are measured on initial recognition at their transaction price.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.4.1 **Financial assets (continued)**

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in the following categories as is applicable:

• Financial assets at amortised cost (debt instruments)
• Financial assets at fair value through other comprehensive income (FVOCI)
• Financial assets at fair value through profit or loss (FVTPL)

- Amortised cost:

These assets arise principally from the provision of goods and services to customers as well as other types of financial assets held within a business model where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest (SPPI) on the principal amount outstanding. The SPPI test is performed at an instrument level. After initial recognition, they are subsequently carried at amortised cost using the effective interest method, less any impairment.

The Group's financial assets at amortised cost comprise trade and other receivables including any contract assets, and cash and bank balances.

- FVTPL and FVOCI

Equity instruments are measured at FVTPL, unless the asset is not held for trading purposes and the Group makes an irrevocable election on an instrument-by-instrument basis to designate the asset as FVOCI. As a result of the election, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss.

Where the asset is held within a business model where the objective is both to collect contractual cash flows and selling the financial assets and the SPPI test is met, the assets are measured subsequently at FVOCI with gains and losses recycled to profit or loss on derecognition.

Derecognition

A financial asset or group of similar financial assets (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired or
- The Group has (i) transferred its rights to receive the cash flows from the asset or (ii) has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either the Group

(a) has transferred substantially all the risk and rewards of ownership of the asset, or
(b) has neither transferred substantially all the risk and rewards of ownership of the asset, but has transferred control of the asset

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4.1 **Financial assets (continued)**

Where the transfer does not qualify for derecognition as above, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment

The Group recognises a loss allowance for expected credit losses on trade receivables and other financial assets that are measured at amortised cost applying the expected credit loss model. For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Application of the Simplified Approach

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires that the impairment provision is measured at initial recognition and throughout the life of the receivables using a lifetime ECL. As a practical expedient, a provision matrix is utilised in determining the lifetime ECLs for trade receivables.

The lifetime ECLs are determined by taking into consideration historical collection trends, type of customer, the age of the outstanding receivables as well as the estimated impact of forward looking information.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. Significant increase is assessed as the change in the risk of a default over the expected life of the financial asset as at the reporting date with the risk of default on the instrument occurring at the date of initial recognition, considering reasonable and supportable information that is available without undue cost or effort. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The credit risk on a financial instrument is assumed not to have increased significantly if it is determined to have a low credit risk at the reporting date taking into consideration all the terms and conditions of the instrument from the perspective of market participants or by use of other methodologies that are consistent with assessing low credit risk for the particular instrument.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.4.1 **Financial assets (continued)**

12-month ECL are applicable to the Group's bank and deposit balances for which credit risk has not increased significantly since initial recognition.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due and a financial asset to be in default when the financial asset is more than 90 days past due and/or internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows in its entirety or a portion thereof. For trade receivables, the Group has a policy of writing off the gross carrying amount when the financial asset is 270 days past due based on historical experience of recoveries of similar assets. Nevertheless the Group makes individual assessments regarding the timing and amount of write-off based on whether there is reasonable expectation of recovery. Write off takes place when the Group's internal collection efforts have been unsuccessful in collecting the amount due. No significant recovery is expected from amounts written off.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets

3.4.2 **Financial Liabilities**

Initial recognition and measurement

All financial liabilities are recognised initially at fair value, and except for financial liabilities not at fair value through profit or loss (FVTPL), net of directly attributable transaction costs of issue. Financial liabilities are subsequently measured at amortised cost, except for any financial liabilities at fair value through profit or loss which are subsequently measured at fair value.

Measurement category

- FVTPL

A financial liability is classified as at FVTPL if it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

The Group currently has no financial liabilities at FVTPL

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4.2 Financial Liabilities (continued)

- Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Interest expense and foreign exchange gains and losses are recognized in surplus or deficit. Any gain or loss on derecognition is also recognized in surplus or deficit.

The Group's financial liabilities measured at amortised cost comprise long-term loans and trade and other payable.

Derecognition

A financial liability is derecognised when the obligation under the instrument is extinguished by being discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability.

The difference between the carrying amount of a financial liability derecognized and the consideration paid and payable is recognised in surplus or deficit.

3.5 Financial Instruments (Policy applicable before 1 April 2018)

A financial instrument is any contract that gives rise to financial assets of one enterprise and a financial liability or equity instrument of another enterprise. For these financial statements, financial assets have been determined to include cash and cash equivalents, accounts receivable and due from directors. Similarly, financial liabilities include bank overdraft, accounts payable and short and long-term loans.

(i) Recognition:

Management initially recognises financial assets on the trade date, which is the date that the Authority and Group becomes a party to the contractual provisions of the instrument.

(ii) Derecognition:

A financial asset is derecognised when the contractual rights to the cash flows from the asset expire, the rights to receive the contractual cash flows on the financial asset are transferred in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Retained or created interest in transferred financial assets is recognised as a separate asset or liability. A financial liability is derecognised when its contractual obligations are discharged, cancelled or expired.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Financial Instruments (Policy applicable before 1 April 2018) (continued)

(iii) Classification

Management determines the classification of financial assets and liabilities at the time of acquisition and takes account of the purpose for which they were acquired.

Management classifies financial assets as loans and receivables.
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and include accounts receivable, due from related parties and cash and cash equivalents, Accounts receivable are initially recorded at the fair value of the consideration given including any transaction costs, and are subsequently measured at amortised cost.

Accounts receivable is considered impaired when there is objective evidence of impairment as a result of one or more loss events that occurred after the date of initial recognition and the loss event has an impact on the estimated recoverable amounts of accounts receivable that can be reliably estimated. An impairment allowance is established if there is objective evidence based on observable data that management will not be able to collect all amounts outstanding.

Non-derivative financial liabilities are classified as other financial liabilities.

(iv) Measurement:

A financial asset or financial liability is measured initially at fair value, plus transaction costs that are directly attributable to its acquisition or issue. Subsequent to initial recognition financial assets classified as loans and receivables are measured at amortised cost, using the effective interest method. Subsequent to initial recognition non-derivative financial liabilities are measured at amortised cost, using the effective interest method.A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity enterprise. Financial instruments carried on the statement of financial position include accounts receivable, cash and bank and short term deposits and payables.

Receivables
Trade receivables are carried at original invoice amount less provisions made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market rate of interest.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Foreign currency transactions

Transactions in currencies other than the Group's functional currency (foreign currencies) are recognised at the rate of exchange prevailing at the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in foreign currencies are retranslated at exchange rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Gains and losses resulting from the settlement of foreign currency transactions and from the retranslation at period-end exchange rates are recognised in surplus or deficit in the period in which they arise.

3.7 Related party transactions and balances

A related party transaction is a transfer of resources, services or obligation between related parties, regardless of whether a price is charged. The Group has a related party relationship with the Government of Jamaica primarily through its key supporting line ministry and also with key management personnel, representing directors and certain senior officers of the Group.

The Authority has a related party relationship with its directors, four sub-entities with common directors, and key management personnel.

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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 and operating decisions. Related party transactions and balances are recognised and disclosed for the following:

i. Entities and individuals having directly or indirectly an interest in the voting power of the Group that gives them significant influence over the Group's affairs and close members of the families of these individuals.

ii. Key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including directors and certain members of the Group's executive management and close members of the families of those individuals.

iii. Post-employment benefit plans for the benefit of employees of the Group

iv. An entity or any member of a group to which it is a part, providing key management personnel services to the Group

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Property, plant and equipment

Land and buildings held for use in supply of goods or services, or for administrative purposes, are recognised in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

Any revaluation increase arising on the revaluation of such land and buildings is credited to the property revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to surplus or deficit to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the property revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is recognised in surplus or deficit. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the property revaluation reserve is transferred directly to retained earnings.

Freehold land is not depreciated.

Other property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation on property, plant and equipment is recognised so as to allocate the cost or valuation of assets less their residual values over their estimated useful lives or, in the case of leasehold improvements the shorter lease term, using the straight-line method. The following useful lives are used in the calculation of depreciation:

Building	40 years
Leasehold improvements	10 years
Computer equipment	5 years
Furniture, fixtures and fittings	10 years
Machinery and equipment	5 &10 years
Motor vehicles	5 years
Software	3 years

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Property, plant and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Repairs and maintenance are charged to income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits are in excess of the originally assessed standard of performance of the existing asset that will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.9 Impairment of tangible assets

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognised in profit or loss for the amount by which the carrying amount of an asset exceeds its estimated recoverable amount, which is the higher of the asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

3.10 Cash and cash equivalents

Further purposes of presentation of the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts. Bank overdrafts are shown within current liabilities on the statement of financial position.

3.11 Government subvention

Government subvention is received principally as an allocation from the National Solid Waste Management Authority and is recognised at fair value where there is reasonable assurance that the subvention will be received and the Group will comply with all attached conditions.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Revenue recognition (Policy applicable from 1 April 2018)

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group's solid waste collection business involves the collection, transfer and disposal of waste from residential and commercial for transport to landfills. Residential customers are not charged for the service. Commercial services include both recurring and temporary customer relationships. Commercial revenues from collection operations are influenced by factors such as collection frequency, type and volume or weight of the waste collected and distance to the disposal facility. Revenue is also obtained from landfill operations by charging tipping fees, which are generally based on the type and weight or volume of waste being disposed of at the disposal facilities. Commercial services are performed under service agreements, with customers or specified contractors. The standard customer service agreements generally range for one year with some up to five years. Typically, the contractual arrangement provides for commercial customers to be billed on a monthly basis in arrears but for the solid waste removal to be provided bi-monthly or monthly. Revenue recognized under these agreements is earned over time during the contract cycle and are recognised as they are billed monthly.

Revenue from sources other than customer contracts primarily relates to imposed fines and employee services. Revenue from these sources were not material and represented less than 1% of total revenue for the current and previous financial year.

Deferred Revenues
Deferred revenues is recognised when cash payments are received or due in advance of performance obligations and is classified as current since they are earned within a year and there are no significant financing components. Substantially all deferred revenues during the reported periods are realized as revenues within one to three months, when the related services are performed.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Revenue recognition (Policy applicable from 1 April 2018) (Continued)

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of the income can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.13 Revenue recognition (Policy applicable before 1 April 2018)

Revenue consists mainly of subvention income received from the Ministry of Local Government and Community Development.

Other operating income represents commercial income charged for private collection and disposal of waste and is recognised on the accruals basis.

Interest income is recognised on a time-proportionate basis using the effective interest method.

3.14 Provisions

Provisions are recognized when there is a present legal or constructive obligation as a result of past events, if it is probable that outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

3.15 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place in a market accessible to or by the Group, either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Fair value measurement (continued)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, if market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3.16 Employee benefits

Pension obligations
The Authority participates in a defined benefit plan. The scheme is generally funded through payments to a trustee-administered fund as determined by periodic actuarial calculations. A defined benefit plan is a pension plan that defines an amount of pension benefits to be provided, usually as a function of one or more factors such as age, years of services or compensation.

The asset or liability recognised in the statement of financial position in respect of the defined benefit pension plan represents the fair value of plan assets less the present value of the defined benefit obligations at the reporting date. Assets are only recognized to the extent that the present value of the economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan exceeds the fair value of the plan assets less the present value of the defined benefit obligations.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Employee benefits (continued)

Defined benefits obligations for the scheme are calculated annually by independent actuaries. The cost of providing benefits is determined using the Projected Unit Credit Method.

The Institute recognizes actuarial gains and losses, arising from experience adjustments and changes in actuarial assumptions, in the period which they occur, in other comprehensive income.

Current service costs and any past service cost, together with the unwinding of interest on the plan assets and liabilities at the discount rate are included within operating costs through surplus or deficit for the year.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Judgements and estimates 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.

4.1 Critical judgements in applying the company's accounting policies

In the process of applying the company's accounting policies, management believes that there were no critical judgements made, apart from those involving estimation (see below) that would cause a significant impact on the amounts recognised in the financial statements.

4.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future or other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Property, plant and equipment

Management exercises judgement in determining whether the costs incurred can accrue significant future economic benefits to the Group to enable the value to be treated as a capital expense. Further, judgement is applied in the annual review of the useful lives of all categories of property, plant and equipment and the resulting depreciation thereon. Details of the estimated useful lives are disclosed in Note 3.8. See also Note 12.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

4.2 Key sources of estimation uncertainty (continued)

Impairment of trade receivables

The Group periodically assesses the collectability of its trade receivables. Allowance for expected credit losses are established or increased as described in Note 3.4.1. An assessment of impairment is made at each reporting date using a provision matrix to measure expected credit losses as described in Note 25. There is, however, no certainty that the Group will collect the total remaining unimpaired balance, as some balances that are estimated to be collectible as at the end of the reporting period may subsequently become doubtful. Trade receivables amounted to $329.5 million at the end of the reporting period for the Group and $123.4 million for the Authority (2018: $324.3 million for Group and $119.9 million for the Authority) after impairment adjustments of $448.7 million for the Group and $62.9 million for the Authority (2018: $256 million for the Group and $63.5 million for the Authority). See Note16.

Fair value of land and building

Included in property, plant and equipment (Note13) is land and building at a market value of $243,300 with a carrying amount at the end of the reporting period of $237 million. In assessing the fair value of land and building management use values determined by an external valuator using a mix of assumptions including current rental values of similar properties, capitalization rate, discount rates and comparable sale prices. A slight increase or decrease in the rates utilized or other assumptions could result in a material adjustment in the value of the property. Management believes that the carrying amount of the property at year end is not significantly different from the value derived from the previous valuation carried out in July 2018.

Retirement benefit asset

As disclosed in Note 14, the Group operates a defined benefit plan. The plan net asset disclosed in the amount of $36.625 million (2018: $39.929 million) is subject to estimates in respect of periodic costs dependent on returns on assets, future discount rates, rates of salary increases and inflation rate.

The Group on the advice of actuaries estimates the appropriate discount rate annually which rate is used to determine the present value of estimated cash outflows expected to be required to settle the pension obligation. To determine the appropriate discount rate in the absence of high quality corporate bonds, the interest rates on government bonds that have maturities approximating the related pension liabilities were considered.

Note 14 highlights the remeasurement gains and losses arising on the plan assets and liabilities in the estimation process as well as sensitivity analyses to changes in key assumptions.

5. GOVERNMENT SUBVENTION

Government subvention include recurrent amounts received from the Ministry of Local Government and Community Development. There are no unfulfilled conditions or other contingencies attaching to subvention received. (See Note 17)

	Group		Authority	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Subvention - primary allocation	4,661,578	4,331,114	1,996,502	2,251,826
Subvention – emergency & special projects	1,304,919	1,034,009	-	-
Constituency Development Fund	6,000	-	-	-
Subvention – statutory liabilities paid	158,992	-	40,898	-
	6,131,489	5,365,123	2,037,400	2,251,826

6. COMMERCIAL INCOME

This comprise revenue from contracts with customers which is substantially fees received from the collection of commercial solid waste throughout Jamaica and from landfill waste disposal.

7. OTHER INCOME

	Group		Authority	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Rental income	2,381	2,405	2,381	2,702
Fees and fines	625	1,981	179	574
E – Waste income	2,166	-	2,166	-
Processing fee and other	5,327	114,620	1,342	1,301
	10,499	119,006	6,068	4,577

8. INTEREST INCOME

Interest income primarily represents interest earned on bank deposits.

9. DIRECT, ADMINISTRATIVE AND GENERAL EXPENSES

Expense by nature	Group		Authority	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Landfill operations (**Several fires**)	494,703	450,126	124	2,035
Supplementary fleet – Landfill contractors	763,705	706,311	-	-
Public cleansing	416,476	449,267	2,028	5,787
Beautification and special projects *	926,189	792,816	591,182	523,384
Staff cost (**Note 10**)	2,489,768	1,967,868	662,529	678,614
Retirement benefit adjustment	(6,514)	1,013	(6,514)	1,013
Directors' fees	2,508	3,291	2,508	3,291
Motor vehicle expense	442,793	442,839	113,158	91,848
Repairs and maintenance-property & equipment (**NSWMA trucks**) **	129,378	5,079	28,972	3,904
Depreciation - Property, plant and equipment (**Note 13**)	177,833	104,090	157,763	87,072
Security services	45,511	43,247	10,091	10,232
Rental –property and equipment (**Note 24**)	29,691	16,113	502	53
Utilities	41,403	35,063	22,726	21,349
Industrial & other claims	39,020	53,499	39,020	53,499
Legal and professional fees	23,531	23,548	19,284	15,395
Auditor's remuneration	7,000	-	2,500	-
Advertising and promotion	7,092	4,672	5,456	2,354
Stationery and office supplies	18,509	31,272	6,825	9,198
Bank charges	3,396	2,510	1,927	1,941
Allowance for expected credit losses (**Note 25**)	111,747	190,182	(513)	63,452
Interest and penalties — payroll taxes	38,735	117,677	13,309	-
General Consumption Tax (GCT)	57,596	85,545	30,040	26,147
3% Withholding tax	1,440	299	1,440	299
Administrative expense ***	52,939	52,049	36,757	7,045
Meeting expenses	6,214	-	4,424	-
Site rehabilitation ****	16	7,780	-	-
	6,320,679	5,586,157	1,745,539	1,607,912

* Funds received for special clean-up programs, stock piling of soil to prevent fires and to fight fires.

** Funds received for special truck rehabilitation project.

*** The amount includes staff welfare, casual workers, courier, subscriptions, Internet, medicine etc.

**** The 2018 expenditure was for rehabilitation of SPM Waste Management Limited's landfill roads

10 STAFF COSTS

	Group		Authority	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Salaries, wages and allowances	2,080,945	1,764,508	564,475	573,375
Payroll taxes – employer's portion (NIS, NHT)	92,780	72,458	26,488	29,258
Motor vehicle allowances	201,997	77,655	58,735	49,351
Allowances incl. health, life, pension & Duty	114,046	53,247	12,831	26,630
	2,489,768	1,967,868	662,529	678,614

The Group has a total of 4,081 (2018: 3,510) staff members as at and for the year. The Authority has a total of 810 (2018: 932).
The company paid a 7% salary increase and a retroactive payment made for 2017/2018 during the year. There was also an additional increase in salary rate to sidemen who work substantial overtime.

11 FINANCE COST

Finance cost comprise interest expense on borrowings.

12 TAXATION

The Authority is a statutory body that is exempt from income tax, stamp duty, transfer tax and customs duty under Section 16 of the National Solid Waste Management Act, 2001.

13. PROPERTY. PLANT AND EQUIPMENT

	Group				
	Land and Building $'000	Furniture, Fixtures And Equipment $'000	Leasehold Improvements $'000	Motor Vehicles $'000	Total $'000
At Cost or valuation (v)					
1 April 2017	147,298	306,809	32,221	579,579	1,065,907
Revaluation adjustment	93,976	-	-	-	93,976
Additions *	2,026	26,484	3,201	316,403	348,114
31 March 2018	243,300	333,293	35,422	895,982	1,507,997
Additions *	-	21,595	-	399,775	421,370
31 March 2019	243,300	354,888	35,422	1,295,757	1,929,367
Accumulated depreciation					
1 April 2017	37,411	223,146	23,565	201,583	485,705
Revaluation adjustment	(41,061)	-	-	-	(41,061)
Charge for the year	4,078	20,502	1,440	78,069	104,089
31 March 2018	428	243,648	25,005	279,652	548,736
Charge for the year	6,083	29,572	1,389	140,789	177,833
31 March 2019	6,511	273,220	26,394	420,441	726,566
Carrying amount					
2019	236,789	81,668	9,028	875,316	1,202,801
2018	242,872	89,642	10,417	616,330	959,261

* The motor vehicle addition represents trucks purchased for the regions.

13. PROPERTY. PLANT AND EQUIPMENT (CONT'D)

	Authority				
	Land and Building $'000	Furniture, Fixtures and Equipment $'000	Leasehold Improvements $'000	Motor Vehicles $'000	Total $'000
At Cost or valuation (v)					
1 April 2017	146,024	153,738	14,474	562,592	876,828
Revaluation adjustment	93,976	-	-	-	93,976
Additions	-	16,602	-	316,403	333,005
31 March 2018	240,000	170,340	14,474	878,995	1,303,809
Additions	-	9,108	-	399,775	408,883
31 March 2019	240,000	179,448	14,474	1,278,770	1,712,692
Accumulated depreciation					
1 April 2017	37,411	118,808	14,474	184,596	355,289
Revaluation adjustment	(41,061)	-	-	-	(41,061)
Charge for the year	3,650	5,353	-	78,069	87,072
31 March 2018	-	124,161	14,474	262,665	401,300
Charge for the year	6,000	10,974	-	140,789	157,763
31 March 2019	6,000	135,135	14,474	403,454	559,063
Carrying amount					
2019	234,000	44,313	-	875,316	1,153,629
2018	240,000	46,178	-	616,330	902,508

Property (land and building) owned by the Authority at 61 Half Way Tree Road, Kingston 10, St. Andrew is used as security for a mortgage loan on that property. See Note 20.

The property was revalued by Allison Pitter & Co., Chartered Valuation Surveyors on July 3, 2018. The market value of the property, $240 million, was arrived at by reconciling reference to market evidence of transaction prices for market comparable properties, appropriately adjusted and by application of a 7% to 8% income capitalization rate and 8% discount rate using the investment approach.

The carrying amount that would have been recognised had land and building been carried under the cost model is $135,072,051 (2018: $138,722,647).

14. RETIREMENT BENEFIT ASSET

The Group operates a defined benefit plan for permanent staff of MPM waste Management Limited and the Authority and is closed to new members. The assets of the scheme are held separately from those of the Group in funds under the control of trustees and administered by an insurance company. The plan is funded by contributions made by the employees and the Group. The Group contributes the balance of the cost determined periodically by actuaries subject to a minimum of 5% of pensionable salaries. Employees contribute 5% of the pensionable salaries as a basic contribution with an option to contribute an additional 15% of pensionable earnings subject to a maximum such that the employee and employer contribution does not exceed 20% of taxable remuneration. The pension benefits are determined on a prescribed benefit basis and are payable at a rate of 2% of annualised salary three years prior to retirement, times the pensionable years of service.

The most recent actuarial valuation was carried out at 31 March 2019 by Eckler Jamaica Limited, consulting actuaries. The present value of the defined benefit obligation and the related current service costs and past service costs have been measured using the projected unit credit method.

14.1 The principal assumptions used for the purpose of the actuarial valuation were as follows:

	2019	**2018**
	%	**%**
Gross discount rate	**7.0**	**7.5**
Expected rate of salary increases	5.5	5.5
Post retirement pension increases	Nil	Nil

Demographic assumptions include assumed retirement age of 60 for females and 65 for males for all employees which is the normal retirement age. Assumptions regarding future mortality are based on American 1994 Group Annuitant Mortality (GAM94) table with a five year mortality improvement.

The weighted average duration of the defined benefit obligation as at 31 March 2019 is 15.13 years (2018: 15.68 years) for active members totalling 50 (2018: 52) and 12.21 years (2018: 10.09 years) for deferred pensioners totalling 6 (2018: 6). The average duration for all participants is 15.04 years (2018: 15.48 years)

The Authority expects to make a contribution of $2.14 million to the defined benefit plan during the next financial year.

14. RETIREMENT BENEFIT ASSET (CONTINUED)

14.2 The amount included in the statement of financial position arising from the Group's obligation in respect of its defined benefit plan is as follows:

	2019 $'000	2018 $'000
Present value of funded obligations	(221,483)	(198,135)
Fair value of plan assets	515,428	534,615
Surplus	293,945	336,480
Unrecognised asset due to asset ceiling	(257,320)	(296,551)
Net asset recognized in the statement of financial position	36,625	39,929

14.3 Amounts recognised in income in respect of the plan are as follows:

	2019 $'000	2018 $'000
Employer's current service cost	5,865	3,829
Administrative fees	(1,404)	(393)
Net interest cost:		
Interest cost on defined benefit obligation	14,566	13,786
Interest income on plan assets	(39,876)	(42,324)
Interest effect of the asset ceiling	22,241	26,115
Net cost recognized in income statement	1,392	1,013

14.4 Amounts recognised in other comprehensive income in respect of the plan are as follows:

	2019 $'000	2018 $'000
Remeasurement gains (losses):		
Remeasurement loss on the defined benefit liability (Note 14.5)	(4,962)	(43,928)
Remeasurement (loss)/gain on the plan assets (Note 14.5)	(66,328)	46,697
Change in effect of the asset ceiling (Note 14.6)	61,472	4,458
Net (cost)/income recognized in other comprehensive income	(9,818)	7,227

14. RETIREMENT BENEFIT ASSET (CONTINUED)

14.5 The remeasurement gains (losses) in other comprehensive income are further analysed as follows:

2019	Demographic Assumptions $'000	Financial Assumptions $'000	Experience Adjustments $'000	Net $'000
Defined benefit obligation (Note 14.8)	-	(14,386)	9,424	(4,962)
Fair value plan assets (Note 14.9)	-	-	(66,328)	(66,328)
Recognised in OCI (Note 14.4)	-	(14,386)	(56,904)	(71,290)

2018	Demographic Assumptions $'000	Financial Assumptions $'000	Experience Adjustments $'000	Net $'000
Defined benefit obligation (Note 14.8)	-	(37,558)	(6,370)	(43,928)
Fair value plan assets	-	-	46,697	46,697
Recognised in OCI (Note 14.4)	-	(37,558)	40,327	2,769

This remeasurement is on the return on plan assets and excludes any amounts included in net interest expense.

14. RETIREMENT BENEFIT ASSET (CONTINUED)

14.6 Movement effect of asset ceiling

	2019 $'000	2018 $'000
Opening effect of asset ceiling	296,551	274,894
Interest effect of asset ceiling	22,241	26,115
Remeasurement recognized in OCI: Change in effect of asset ceiling (Note 14.4)	(61,472)	(4,458)
Closing effect of asset ceiling	257,320	296,551

14.7 Movements in the net asset in the current period is as follows:

	2019 $'000	2018 $'000
Opening net asset	39,929	24,884
Amounts charged to income	(1,392)	(1,013)
Employer's contributions	7,906	8,831
Remeasurements recognized in OCI	(9,818)	7,227
Closing net asset	36,625	39,929

14.8 Changes in the present value of the defined benefit obligation are as follows:

	2019 $'000	2018 $'000
Opening defined benefit obligation	198,135	151,681
Employer's current service cost	5,865	3,829
Interest cost on defined benefit obligation	14,566	13,786
Employees' contributions	2,964	2,274
Value of annuities purchased		
Benefits paid	(5,009)	(17,363)
Remeasurement – due to changes in financial assumptions (Note 14.5)	14,386	37,558
Remeasurement (gain)/loss on obligation for OCI due to experience (Note 14.5)	(9,424)	6,370
Closing defined benefit obligation	221,483	198,135

14. RETIREMENT BENEFIT ASSET (CONTINUED)

14.9 Changes in fair value of plan assets are as follows:

	2019 $'000	2018 $'000
Opening fair value of plan assets	534,615	451,459
Employees' contributions	2,964	2,274
Employer's contributions	7,906	8,831
Interest income on plan assets	39,876	42,324
Benefits paid	(5,009)	(17,363)
Administrative fees	1,404	393
Remeasurement (loss)/gain on plan assets for OCI (Note 8.5)	(66,328)	46,697
Closing fair value of plan assets	515,428	534,615

14.10 The fair value of the plan assets is analysed as follows:

	2019 $'000	2018 $'000
Equity fund	164,937	171,076
Fixed income fund	36,080	37,423
Foreign exchange fund	46,389	48,115
Mortgage and real estate fund	164,937	171,076
Money market fund	56,697	58,808
Other	46,388	48,117
Fair value of plan assets	515,428	534,615

The plans assets are invested in the Sagicor Life Jamaica Diversified Investment Fund.

The plan assets do not include any of the Group's own financial instruments, nor any property occupied by or other assets used by the Group.

14. RETIREMENT BENEFIT ASSET (CONTINUED)

14.11 Sensitivity analysis

The present value of the defined benefit obligation was analysed based on a 1% increase or decrease (2018: 1%) in the discount rate applied and the impact on the fund determined. The impact of a 1% increase or decrease (2018: 1%) in the future salary rate on the net present value of the fund was also determined. The table below summarises the results of the analysis:

	2019			
	Discount rate		**Future salary**	
	1% Increase $'000	**1% Decrease $'000**	**1% Increase $'000**	**1% Decrease $'000**
Impact on the present value of defined benefit obligation	27,357	(33,740)	(10,968)	9,988

	2018			
	Discount rate		**Future salary**	
	1% Increase $'000	**1% Decrease $'000**	**1% Increase $'000**	**1% Decrease $'000**
Impact on the present value of defined benefit obligation	25,063	(31,102)	(11,214)	10.178

	1 year increase in life expectancy 31/3/2019	**1 year increase in life expectancy 31/3/2018**
	Increase $'000	**Increase $'000**
Impact on the present value of defined benefit obligation	3,150	3.070

15 INVENTORIES

Inventories comprise:

	Group		Authority	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Consumables	8,374	6,218	-	-
Spare parts	37,135	12,761	-	-
Lubricants and oil	10,271	25,775	-	-
	55,780	44,754	-	-

16 TRADE AND OTHER RECEIVABLES

Trade and other receivables comprise:

	Group		Authority	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Trade receivables	778,263	677,369	186,369	183,369
Less provision for impairment	(448,765)	(337,018)	(62,939)	(63,452)
	329,498	340,351	123,430	119,917
Staff loan	2,278	2,203	2,278	2,203
Prepayments	23,418	35,964	22,752	35,763
Withholding tax	8,447	7,424	7,672	6,404
Other receivables	2,308	78,849	417	32,039
	365,949	464,791	156,549	196,326

17. RELATED PARTY TRANSACTIONS AND BALANCES

During the year, the Authority and Group had the following transactions with related entities:

Subvention Received

	Group		Authority	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Ministry of Local Government and Community Development:				
Recurrent grant	6,131,489	5,365,123	4,094,089	3,113,298

Subvention received is broken down as follows:

	2019	**2018**
	$'000	**$'000**
Subvention – Primary allocation	4,661,578	4,331,114
Subvention – Emergency and special projects	1,304,919	1,034,009
Constituency Development Fund	6,000	-
Subvention - Statutory liabilities paid	158,992	-
	6,131,489	5,365,123

Subvention disbursed to related entities:

	2019	**2018**
	$'000	**$'000**
MPM Waste Management Limited	2,075,702	1,580,527
WPM Waste Management Limited	877,762	667,908
SPM Waste Management Limited	569,139	398,153
NEPM Waste Management Limited	571,486	466,710
	4,094,089	3,113,298
Subvention retained in the Authority	2,037,400	2,251,826

17. RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D)

Due from related parties:

	Authority	
	2019 $'000	2018 $'000
MPM Waste Management Limited	111,512	163,054
WPM Waste Management Limited	2,626	27,580
NEPM Waste Management Limited	57,543	46,336
SPM Waste Management Limited	53,853	49,915
	225,534	286,885

Due to related parties:	Authority	
	2019 $'000	2018 $'000
WPM Waste Management Limited	4,029	-
SPM Waste Management Limited	139,722	140,770
	143,751	140,770

18 CASH AND CASH EQUIVALENTS

Cash and cash equivalents represent:

	Group		Authority	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Bank balances				
National Commercial Bank Ja. Ltd.	35,250	70,988	5,907	34,851
Bank of Nova Scotia Ja. Ltd.	612,052	264,895	564,171	233,352
	647,302	335,883	570,078	268,203
Cash in hand	113	2,144	24	-
	647,415	338,027	570,102	268,203
Short-term deposits:				
National Commercial Bank Ja. Ltd.	1,476	1,456	1,476	1,456
	648,891	339,483	571,578	269,659

These balances are as a result of the entities receiving their allocations for special projects and subventions in advance of incurring the related expenditure and represent timing differences.

19 TRADE AND OTHER PAYABLES

Trade and other payables represent:

	Group		Authority	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Trade payables	358,780	436,901	75,675	84,538
Statutory liabilities	648,795	703,800	112,142	179,613
Project expenses payable	190,000	-	190,000	-
G.C.T Withheld payable	94,831	86,538	31,541	16,190
Balance on Quickpay	10,793	11,047	10,793	11,047
Accrued vacation	38,005	7,431	17,267	-
Accruals *	108,279	77,993	7,279	13,962
	1,449,483	1,323,710	444,697	305,350

* Balance includes audit fees, legal liabilities, staff remittances, staledated cheques etc.

20 LOANS

	Group		Authority	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
NCB Insurance Company Limited	10,185	17,042	10,185	17,042
Less current portion	(9,346)	(6,857)	(9,346)	(6,857)
Long-term portion	839	10,185	839	10,185

The loan was received from WITCO to purchase the Authority's head office building. The loan was subsequently taken over by NCB Insurance Company Limited and is repayable over fifteen (15) years, ending in April 2020. Interest is accrued at an effective rate of 14.93% per annum and is repayable in monthly installments of $848,945. The loan is secured by a first mortgage over the said property located at 61 Half Way Tree Road, Kingston.

21. SHARE CAPITAL

	2019 $	2018 $
Authorised		
600 ordinary shares at no par value	600	600
Issued and fully paid		
402 ordinary shares at no par value	402	402

22. REVALUATION RESERVE

Capital reserve materially represents unrealized gains on the revaluation of land and building. During the 2018 financial year unrealized gains of $135.038 million was recognized in the financial statements.

23. RETIREMENT RESERVE

Retirement reserve represents the recognition of the net defined benefits asset. This is no longer allowed under the current standards and has been transferred to retained earnings.

24. LEASES AND COMMITMENTS

As at March 31, the Company as had lease commitments under operating lease expiring up to 2023. Operating leases relate to rental of premises for carrying out its operation and are negotiated for an average of five years.

	Group		Authority	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Minimum lease payments recognised as an expense in the year	29,691	16,113	502	53

24. LEASES AND COMMITMENTS (CONTINUED)

At the end of the reporting period the company had outstanding commitments under operating leases which fall due as follows:

	Group		Authority	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Within 1 year	19,892	16,228	502	53
Longer than 1 year and not longer than 5 years	63,093	47,862	502	53
Longer than 1 year and not longer than 5 years	82,985	64,090	1,004	106

Upon renewal of the three lease agreements, the landlord charged retroactive rental of as much as up to ten years.

25. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risk from its use of financial instruments: credit risk (including currency risk and cash flow interest rate risk), market risk and liquidity risk.

The Board of Directors, together with senior management has overall responsibility for the establishment and oversight of the Group's risk management framework.

The company's risk management policies are established to identify and analyze the risks faced by the Group in order to set appropriate risks limits and controls, and to monitor risks. These are reviewed regularly to reflect changes in market conditions and the Group's activities.

25.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk is the most important risk for the Group's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from the Group's receivables and banking activities.

25. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

The maximum exposure to credit risk at the reporting date was:

	Group		Authority	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Cash and cash equivalents	648,891	339,483	571,578	269,659
Trade and other receivables (excluding prepayments)	342,531	428,827	133,797	160,563
Due from related parties	-	-	225,534	286,885
	991,422	768,310	930,909	717,107

Credit review process

Cash and cash equivalents are placed with reputable financial institutions that are believed to have minimal risk of default. The credit risk is considered to be low.

Credit is only extended to customers after a credit application is assessed and approved by management or to customers with a good credit history. Management considers that credit risk associated with related party receivables is low

Ageing analysis of trade receivables that are past due but not impaired

The normal credit period given for trade receivables is 30 days. Trade receivables that are 270 days in arrears are considered in default and are fully impaired. Those less than 270 days in arrears are subject to an assessment of expected credit losses using a provision matrix. As of 31 March 2019, trade receivables of $98.322 million (2018 - $304.211million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

25. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Set out below is information about the credit risk exposure on the Group's and Authority's trade receivables using a provision matrix:

	Group			Group		
	2019			1 April 2018		
	$'000	%	$'000	$'000	$'000	
Days past due	*Estimated gross carrying amount at default*	*Expected Credit loss rate*	*Allowance for expected credit losses*	*Estimated gross carrying amount at default*	*Expected Credit loss rate*	*Allowance for expected credit losses*
	$'000	%	$'000	$'000	%	$'000
30 days	107,938	-	-	162,117	0	-
31 – 180 days (6 months)	125,622	25	31,406	200,300	0	50,075
181 – 270 days (9 months)	254,688	50	127,344	90,620	50	44,611
Over 270 days	290,015	100	290,015	224,332	100	242,332
	778,263		448,765	677,369		337,018

	Authority			Authority		
	2019			1 April 2018		
	$'000	%	$'000	$'000	$'000	
Days past due	*Estimated gross carrying amount at default*	*Expected Credit loss rate*	*Allowance for expected credit losses*	*Estimated gross carrying amount at default*	*Expected Credit loss rate*	*Allowance for expected credit losses*
	$'000	%	$'000	$'000	%	$'000
30 days	21,519	0	-	30,647	0	-
31 – 180 days (6 months)	102,311	0	-	89,270	0	-
181 – 270 days (9 months)	-	50	-	-	50	-
Over 270 days	62,939	100	62,939	63,452	100	63,452
	186,369		62,939	183,369		63,452

MPM WASTE MANAGEMENT LIMITED
FINANCIAL STATEMENTS

31 MARCH 2019

C.R. Hylton & Co.

MPM WASTE MANAGEMENT LIMITED

31 MARCH 2019

CONTENTS

Charlton Hylton F.C.C.A.,F.C.A., Hayseworth Hylton F.C.C.A, C.A., MBA, Oswald Lee F.C.C.A., C.A.
Dwayne Lindsay F.C.C.A., MBA, Paula Thorpe F.C.C.A., C.A.,MBA

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SFAI JAMAICA

INDEPENDENT AUDITORS' REPORT

To the Members of MPM Waste Management Limited

Report on the Financial Statements

Opinion
We have audited the accompanying financial statements of MPM Waste Management Limited (the company) which comprise the statement of financial position as at March 31, 2019, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the company as at March 31, 2019, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 Auditors ' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Board of Directors for the Financial Statements
Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the Jamaican Companies Act, and for such internal controls 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 company'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 company, or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements 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 it is not a guarantee that an audit conducted in accordance with IASs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of the financial statements.

INDEPENDENT AUDITORS' REPORT (Continued)

To the Members of MPM Waste Management Limited

Report on the Financial Statements

Auditors ' Responsibility for the Audit of the Financial Statements (Cont'd)

As part of an audit in accordance with IASs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- 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 company'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 company'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 company to cease to continue as a going concern.
- 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 presents a true and fair view.

We communicate with the Board of Directors 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.

Report on additional requirements of the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act in the manner so required.

Other Matter

The financial statements of the company for the financial year ended 31 March 2018 were audited by another auditor who expressed a qualified opinion on those financial statements on 6 November 2018.

Chartered Accountants
July 17, 2019

MPM WASTE MANAGEMENT LIMITED

STATEMENT OF COMPREHEMSIVE INCOME
YEAR ENDED 31 MARCH 2019
(Expressed in Jamaican dollars unless otherwise indicated)

	Note	2019 $'000	2018 $'000
INCOME			
Government subvention	6	2,075,702	1,580,527
Commercial income	7	136,213	128,410
Other income	8	1,194	12,379
Interest income	8	34	32
		2,213,143	1,721,348
EXPENSES			
Direct, administrative and general expenses	9	(2,077,440)	(2,107,624)
Surplus/(deficit) being total comprehensive income/(loss) for the year		135,703	(386,276)

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

MPM WASTE MANAGEMENT LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019
(Expressed in Jamaican dollars unless otherwise indicated)

	Note	2019 $'000	2018 $'000
Non-current assets			
Property, plant and equipment	12	27,826	33,179
Current assets			
Inventories	13	7,343	12,095
Trade and other receivables	14	37,723	30,142
Cash and cash equivalents	15	34,194	14,024
Total current assets		79,260	56,261
Current liabilities			
Trade and other payables	16	403,356	469,886
Due to related parties	17	111,512	163,054
Total current liabilities		514,868	632,940
Net current liabilities		(435,608)	(576,679)
Net Liabilities		(407,782)	(543,500)
Equity/(Deficiency in assets)			
Share capital	18	-	-
Accumulated deficit		(407,782)	(543,500)
		(407,782)	(543,500)

The financial statements were approved for issue by the Board of Directors on July 17, 2019 and signed on its behalf by:

Deputy Chairman
Linley Reynolds

Executive Director
Audley Gordon

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

MPM WASTE MANAGEMENT LIMITED

STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 MARCH 2019
(Expressed in Jamaican dollars unless otherwise indicated)

	Share Capital (*) $'000	Accumulated (deficit)/surplus $'000	Total $'000
Balance at 1 April 2017	-	(157,224)	(157,224)
Deficit being total comprehensive loss for the year	-	(386,261)	(386,261)
Balance at 31 March 2018	-	(543,485)	(543,485)
Surplus being total comprehensive income for the year	-	135,703	135,703
Balance at 31 March 2019	-	(407,782)	(407,782)

(*) - denotes $200.

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

MPM WASTE MANAGEMENT LIMITED

STATEMENT OF CASH FLOWS
YEAR ENDED 31 MARCH 2019
(Expressed in Jamaican dollars unless otherwise indicated)

	Note	2019 $000	2018 $000
Cash flows from operating activities			
Surplus/(deficit) for the year		135,703	(386,276)
Adjustments for:			
Depreciation of property, plant and equipment	12	11,918	11,415
Increase in allowance for impaired trade receivables		38,665	-
Interest income		(34)	(32)
Operating cash flows before movements in working capital:		186,252	(374,893)
(Increase)/decrease in trade and other receivables		(46,231)	69,352
Decrease/(increase) in inventories		4,752	(12,095)
(Decrease)/increase in due to related parties		(51,542)	144,557
(Decrease)/increase in trade and other payables		(66,530)	180,152
Net cash generated by operations		26,701	7,073
Cash flow from investing activities			
Purchase of property, plant and equipment	12	(6,565)	(2,095)
Interest received		34	32
Net cash used in investing activities		(6,531)	(2,063)
Net increase in cash and cash equivalents		20,170	5,010
Cash and cash equivalents at beginning of year		14,024	9,014
Cash and cash equivalents at end of the year	15	34,194	14,024

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

1. **The company**

MPM Waste Management Limited (the company) was incorporated in Jamaica, is limited by guarantee and controlled by the Government of Jamaica (the government). The registered office of the company is located at 61 Half-Way Tree Road, Kingston 5. The company is economically dependent on the government and receives funding through the National Solid Waste Management Authority (NSWMA).

The company is responsible for the collection, treatment and disposal of solid waste for the parishes of Kingston & St. Andrew and is primarily financed by government subventions. The company also earns income from third parties for the collection of commercial garbage.

The shares of the company are held by the Accountant General, Karl Binger and Martin Burke, a corporation sole pursuant to the powers invested by the Crown Property (Vesting) Act 1960.

The company has a total of 2,121 (2018: 2,163) staff members as at March 31, 2019.

2. **ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS**

2.1 ***New and revised* standards effective for the current year**

In the current year, the company has applied for the first time IFRS 9 and IFRS 15 issued by the International Accounting Standards Board (IASB), effective for annual periods beginning on or after January 1, 2018.The application of these new standards have affected amounts reported and disclosures in the current and prior period.

IFRS 9 Financial Instruments

FRS 9 ‘Financial Instruments’ replaces IAS 39 ‘Financial Instruments: Recognition and Measurement’ and includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.1 *New and revised* standards effective for the current year (continued)
IFRS 9 Financial Instruments (continued)

The company has applied the transitional provisions of IFRS 9 and has elected not to restate comparatives thereby utilising the modified retrospective approach as of 1 April 2018 for all ongoing customer contracts. As a result, the comparative information is disclosed in accordance with the company's previous accounting policy under IAS 39 and is not fully comparable with the presentation for the current financial year. Restatements arising from the adoption of IFRS 9 have been recognised directly in accumulated surplus as of 1 April 2018 and are summarized below. The changes in the company's accounting policies for financial instruments are disclosed in Note 3.3.

Details of the new requirements and the impact on the financial statements are as follows:

(a) *Classification and measurement of financial assets and financial liabilities*
IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held-to-maturity, loans and receivables and available for sale (AFS).

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the company's accounting policies related to financial liabilities. There are two categories for the classification of financial liabilities: (i) Amortised cost and (ii) Fair value through Profit or Loss (FVTPL)

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the company's financial assets and financial liabilities as at 1 April 2018.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 April 2018 relates solely to the new impairment requirements.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.1 ***New and revised*** **standards effective for the current year (continued)**
IFRS 9 Financial Instruments (continued)

(a) Classification and measurement of financial assets and financial liabilities

	Original classification under IAS 39	*New classification under IFRS 9*	*Original carrying amount under IAS 39*	*New carrying amount under IFRS 9*
Financial Assets			$000	$000
Trade and other receivables	Loans and receivables	Amortised cost	37,723	37,723
Cash and cash equivalents	Loans and receivables	Amortised cost	34,194	34,194
Total financial assets			**71,917**	**71,917**

(b) Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an 'expected credit loss' (ECL) model as opposed to an ''incurred loss model under IAS 39. The expected credit loss model requires that expected credit losses and changes in those expected credit losses to reflect changes in credit risks since the initial recognition of the financial asset, at the end of each reporting period. It is no longer necessary for a credit event to have occurred before credit losses are recognised. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Impairment losses for assets in the scope of the IFRS 9 impairment model are generally expected to increase and become more volatile also greater judgement is required due to the need to factor in forward looking information when estimating the appropriate amount of provisions.

For all trade receivables and contract assets, the company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss. In applying this approach the company considered the probability of a default occurring over the contractual life of its trade receivables and contracts asset balances on initial recognition of those assets.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.1 *New and revised* standards effective for the current year (continued)
IFRS 9 Financial Instruments (continued)

The company has identified the following financial assets as subject to the expected credit loss model.

Items existing at 1 April 2018 that are subject to the impairment provisions of IFRS 9	*Credit risk attributes at 1 April 2018*	*Increased impairment allowance recognised on 1 April 2018* **$000'**
Trade and other receivables	Simplified approach applied. Assessed for lifetime ECL	None
Cash and cash equivalents	Assessed at low credit risk	None

- ***IFRS 15* Revenue from Contracts with Customers**
  IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. It is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to the customer. Judgment is required in determining the timing of the transfer of control whether at a point in time or over time. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. It also includes disclosure requirements to provide comprehensive information about the amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

  The company has applied IFRS 15 in accordance with the modified retrospective approach with the date of initial application of 1 April 2018 and has elected not to restate comparative information in accordance with the transitional provisions. As a result, comparative information is disclosed in accordance with the company's previous accounting policy. The company has elected to apply the approach only to contracts that are not completed, that is, those for which there are unsatisfied performance obligations on initial application.

2. **ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)**

2.1 ***New and revised* standards effective for the current year (continued)**
IFRS 15 Revenue from Contracts with Customers (continued)

The cumulative effect of initially applying IFRS 15 is recognised at the date of initial application as an adjustment to the opening balance of accumulated surplus, as summarised below.

Accumulated deficit	Note	Impact of adopting IFRS 15 at 1 April 2018 **$000'**
Landfill fee tickets purchased in advanced by customers		50

The company issues tickets for a fee, collected immediately, to certain commercial customer for the service of permitting trucking of their solid waste to landfills. A ticket is issued for each delivery to be made. Tickets are retrieved as the customer makes delivery at the landfills and performance obligations are fulfilled. Under the company's previous policy, revenue was recognised when payment was made for tickets with the expectation that the timing between payment and delivery was insignificant. Under IFRS 15, revenue from landfill tickets is recognised at a point in time, that is, when delivery is made by the customer thereby accepting the service and satisfying the company's performance obligation. A contract liability arises under IFRS 15 for the advanced payments received from customers prior to the delivery being accepted.

Set out below is a summary of the impact of adopting IFRS 15 on the company's statement of financial position as at 31 March 2019 and its statement of comprehensive income for the year then ended for each of the line items affected. There was no material impact on the company's statement of cash flows for the year ended 31 March 2019.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.1 *New and revised* standards effective for the current year (continued)
IFRS 15 Revenue from Contracts with Customers (continued)

Impact on the statement of financial position as at 31 March 2019

	As reported $000'	*Increase/ (decrease) $000'*	*Amount without adoption of IFRS 15 $000'*
Liabilities			
Contract liabilities	50	50	-
Total current liabilities	514,868	50	514,918
Equity			
Accumulated deficit	(407,782)	(50)	(407,732)

Impact on statement of comprehensive income

	As reported $000'	*Increase/ (decrease) $000'*	*Amount without adoption of IFRS 15 $000'*
Revenue			
Commercial income	136,213	(50)	136,263
Surplus and total comprehensive income for year	135,703	(50)	135,753

The following additional new and revised Standards and Interpretations have been adopted in these financial statements. Their adoption has not had any impact on the amounts reported in these financial statements but may impact the accounting for future transactions or arrangements.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.1 *New and revised* standards effective for the current year (continued)

		Effective for annual Periods beginning on or after
Amendments to Standards		
IFRS 2	Share-based Payment:	
	- Amendments to clarify the classification and measurement of share-based payment transactions	1 January 2018
IFRS 4	- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – Amendments to IFRS 4	1 January 2018
IFRS 1 and IAS 28	Amendments arising from 2014 – 2016 Annual Improvements to IFRS	
	- Removing short- term exemptions; Clarifying certain fair value measurements	1 January 2018
IAS 40	Investment Property	
	- Amendments to clarify transfers of property to, or from, investment property	1 January 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	1 January 2018

2.2 New and Revised Standards and Interpretations in issue not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not effective or early adopted for the financial period being reported on:

		Effective for annual periods beginning on or after
New Standards		
IFRS 16	Leases	January 1, 2019
IFRS 17	Insurance Contracts	January 1 ,2021
Revised Standards		
IFRS 9	Financial Instruments	
	- Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	1 January 2019
IFRS 3, 11, IAS 12, 23,	Amendments arising from 2015 – 2017 Annual Improvements to IFRS	
	- Measurement of previously held interest in a joint operation (IFRS 3&11); Income tax consequences of payments on financial instruments classified as equity (IAS 12); Borrowing costs eligible for capitalisation (IAS 23)	1 January 2019

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.2 New and Revised Standard and Interpretations in issue not yet effective (Continued)

		Effective for annual periods beginning on or after
Revised Standards (continued)		
IFRS 10, IAS 28	Consolidated Financial Statements; Investment in Associates and Joint Ventures	
	- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Postponed indefinitely by IASB pending research project on equity method of accounting
IAS 19	Employee Benefits	
	-Plan Amendment, Curtailment or Settlement	1 January 2019
IAS 28	Investments in Associates and Joint Ventures	
	- Amendments regarding long –term interest in associates and joint ventures	1 January 2019
IFRS 3	Business Combinations	
	- Definition of a business	1 January 2020
IAS1, IAS 8	Presentation of Financial statements; Accounting Policies, Changes in Accounting Estimates and Errors	
	- Definition of material	1 January 2020
New Interpretations		
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019
Conceptual Framework of Financial Reporting		1 January 2020

The company has assessed the impact of these new and revised Standards and Interpretations in issue but not yet effective and consider that the following are relevant to the operations of the company and are likely to impact amounts reported in the company's financial statements:

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.2 New and Revised Standard and Interpretations in issue not yet effective (Continued)

- **IFRS 16 Leases, (effective for annual periods beginning on or after 1 January 2019).** This new standard requires lessees to account for all leases under a single on-balance sheet model, subject to certain exemptions in a similar way to finance leases under IAS 17. All major leases will be accounted with new assets and liabilities being recognised in the statement of financial position. Lessees recognize a liability to pay rentals with a corresponding asset, and recognize interest expense and depreciation separately. Total lease expense will be higher in early years of a lease even if a lease has fixed regular cash rentals. The standard provides guidance on the two recognition exemptions for leases – leases of "low value" assets and short-term leases with a term of 12 months or less.

  Lessor accounting is substantially the same as IAS 17 as the lessor will continue to classify leases as finance and operating leases recognising net investments in finance leases comprising lease receivables and residual assets.

  The company is assessing the impact that the new standard will have on its financial statements.

- ***Amendments to IFRS 9* Prepayment Features with Negative Compensation, (effective for annual periods beginning on or after 1 January 2019).**
  The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. Early termination can result from a contractual term or from an event outside the control of the parties to the contract, such as a change in law or regulation leading to the early termination of the contract. The amendments are intended to apply where the prepayment amount approximates to unpaid amounts of principal and interest plus or minus an amount that reflects the change in a benchmark interest rate. The company does not expect the amendment to have any effect on its financial statements.
  The IASB also clarified that the requirements in IFRS 9 for adjusting the amortised cost of a financial liability, when a modification (or exchange) does not result in derecognition, are consistent with those applied to the modification of a financial asset that does not result in derecognition. This means that the gain or loss arising on modification of a financial liability that does not result in derecognition, calculated by discounting the change in contractual cash flows at the original effective interest rate, is immediately recognised in profit or loss.

2. **ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)**

2.2 **New and Revised Standard and Interpretations in issue not yet effective (Continued)**

- ***Annual Improvements 2015-2017 Cycle* (issued in December 2017).**

  IAS 23 Borrowing Costs Borrowing costs eligible for capitalisation

  - The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.
  - An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments.

    The amendments are applicable for annual reporting periods beginning on or after 1 January 2019 although earlier application is permitted.

  This improvement is not expected to have a significant impact on the company's financial statements.

- ***Amendments to IAS1 and IAS 8 Definition of Material* (effective for annual periods beginning on or after 1 January 2020)**

  The amendment aligned the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, '*Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity*.' Materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. It explains that information is obscured if it is communicated in a way that would have a similar effect as omitting or misstating the information such as, if information regarding a material item, transaction or other event is scattered throughout the financial statements, or disclosed using a language that is vague or unclear, or if inappropriately aggregated or disaggregated. The amendments replaced the threshold 'could influence', which suggests that any potential influence of users must be considered, with 'could reasonably be expected to influence' therefore clarifying that the materiality assessment will need to take into account only reasonably expected influence on economic decisions of primary users. The IASB reference to 'primary users' instead of 'users' in the original standard helped to narrow a wide interpretation of 'users'. The amendment is applied prospectively with early application permitted if disclosed.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.2 New and Revised Standard and Interpretations in issue not yet effective (Continued)

- **Conceptual Framework for Financial Reporting (Issued March 2018)**

  The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard. Its purpose is to assist the IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards. It sets out a comprehensive set of concepts for financial reporting, standard setting, and guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. New concepts, clarification of important concepts, updated definitions and recognition criteria for assets and liabilities are included.

  The revised framework is arranged in eight chapters and is accompanied by a Basis for Conclusions. A separate accompanying document, ‘Amendments to References to the Conceptual Framework in IFRS Standards’, was issued by the IASB which sets out the amendments to affected standards in order to update references to the Conceptual Framework.

  The revised framework is effective immediately for the IASB and the IFRS Interpretation Committee (IC). For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

  The revised framework is not expected to have any impact on the company.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

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

3.2 Basis of preparation

These financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of consideration given in exchange for assets. The principal accounting policies are set out below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Although these estimates are based on managements' best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

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

Going concern
In considering the appropriate basis on which to prepare the financial statements, management is required to assess whether the company can continue in operational existence for the foreseeable future. Management has prepared financial statements on the going concern assumption despite the company recording three consecutive years of operating and net deficit, a deficiency in assets at 31 March and net current liabilities over current assets.

Management is confident that the Government of Jamaica views the company as part of the core public waste disposal service delivery strategy infrastructure of Jamaica, as an allied regional office of the NSWMA, and will provide the necessary funding for it to remain in operation.

3.3 Financial instruments (Policy applicable from 1 April 2018)

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

Recognition
Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized on the company’s statement of financial position when the company becomes a party to the contractual provisions of the instrument.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Policy applicable from 1 April 2018) (continued)

3.3.1 Financial Assets

Classification
The company classifies financial assets at initial recognition based on the financial asset's contractual cash flow characteristic and the company's business model for managing the instruments. The company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Measurement category
At initial recognition, the company measures a financial asset at its fair value plus, in `the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables that do not contain a significant financing component are measured on initial recognition at their transaction price.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in the following categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through other comprehensive income (FVOCI)
- Financial assets at fair value through profit or loss (FVTPL)

- Amortised cost:
  These assets arise principally from the provision of goods and services to customers as well as other types of financial assets held within a business model where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest (SPPI) on the principal amount outstanding. The SPPI test is performed at an instrument level. After initial recognition, they are subsequently carried at amortised cost using the effective interest method, less any impairment.

  The company's financial assets at amortised cost comprise trade and other receivables including contract assets, due from related parties and cash and bank balances.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Policy applicable from 1 April 2018) (continued)

3.3.1 Financial Assets

- FVTPL and FVOCI
  Equity instruments are measured at FVTPL, unless the asset is not held for trading purposes and the company makes an irrevocable election on an instrument-by-instrument basis to designate the asset as FVOCI. As a result of the election, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses and their reversal are not reported separately from other changes in fair value. Dividends representing a return on such investments are recognised in profit or loss as other income when the company's right to receive payments is established. Where the asset is held within a business model where the objective is both to collect contractual cash flows and selling the financial assets and the SPPI test is met, the assets are measured subsequently at FVOCI with gains and losses recycled to profit or loss on derecognition.

  Derecognition
  A financial asset or group of similar financial assets (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

  - The rights to receive cash flows from the asset have expired or
  - The company has (i) transferred its rights to receive the cash flows from the asset or (ii) has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either the company

    (a) has transferred substantially all the risk and rewards of ownership of the asset, or
    (b) has neither transferred substantially all the risk and rewards of ownership of the asset, but has transferred control of the asset

  Where the transfer does not qualify for derecognition as above, the company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Policy applicable from 1 April 2018) (continued)

3.3.1 Financial Assets (continued)

Impairment
The company recognises an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss. For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate.

The company recognises a loss allowance for expected credit losses on trade receivables and other financial assets that are measured at amortised cost applying the expected credit loss model. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Trade receivables and contract assets
Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivable are recorded when billed or accrued and represent claims against third parties that will be settled in cash. They are generally due for settlement within 30 days and therefore are all classified as current. The company recognises lifetime ECL at each reporting date for trade receivables and contract assets applying a simplified approach. The expected credit losses on these financial assets are estimated based on the company's historical collection trends, type of customer, the age of outstanding receivables and existing economic conditions adjusted for factors that are specific to the debtors as well as the expected changes in factors or conditions affecting the debt at the reporting date, including time value of money where appropriate. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly.

For all other financial instruments, the company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. Significant increase is assessed as the change in the risk of a default over the expected life of the financial asset as at the reporting date with the risk of default on the instrument occurring at the date of initial recognition, considering reasonable and supportable information that is available without undue cost or effort. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The credit risk on a financial instrument is assumed not to have increased significantly if it is determined to have a low credit risk at the reporting date taking into consideration all the terms and conditions of the instrument from the perspective of market participants or by use of other methodologies that are consistent with assessing low credit risk for the particular instrument. 12-moth ECL are applied to the company's debt securities determined to have low credit risk and other debt securities and bank balances for which credit risk has not increased significantly since initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Policy applicable from 1 April 2018) (continued)

3.3.1 Financial assets (continued)

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due and a financial asset to be in default when the financial asset is more than 90 days past due and/or internal or external information indicates that the company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the company. The maximum period considered when estimating ECL is the maximum contractual period over which the company is exposed to credit risk.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows in its entirety or a portion thereof. For trade receivables, the company has a policy of writing off the gross carrying amount when the financial asset is 270 days past due based on historical experience of recoveries of similar assets. Nevertheless, the company makes individual assessments regarding the timing and amount of write-off based on whether there is reasonable expectation of recovery. Write off takes place when the company's internal collection efforts have been unsuccessful in collecting the amount due. No significant recovery is expected from amounts written off
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets

3.3.2 Financial liabilities

Initial recognition and measurement:
All financial liabilities are recognised initially at fair value, and except for financial liabilities not at fair value through profit or loss (FVTPL), net of directly attributable transaction costs of issue. Financial liabilities are subsequently measured at amortised cost, except for any financial liabilities at fair value through profit or loss which are subsequently measured at fair value.

Measurement category

- FVTPL
  A financial liability is classified as at FVTPL if it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. The company has no financial liabilities at FVTPL

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Policy applicable from 1 April 2018) (continued)

3.3.2 Financial liabilities (continued)

- Other financial liabilities
  Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

  The company's financial liabilities measured at amortised cost comprise trade and other payable and due to related party.

  Derecognition
  A financial liability is derecognised when the obligation under the instrument is extinguished by being discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability.

  The difference between the carrying amount of a financial liability derecognized and the consideration paid and payable is recognised in profit or loss.

3.4 Financial Instruments (Policy applicable before 1 April 2018)

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity enterprise. Financial instruments carried on the statement of financial position include accounts receivable, cash and bank and short term deposits and payables.

Receivables
Trade receivables are carried at original invoice amount less provisions made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market rate of interest.

(d) Accounts payable:

Accounts payable are stated at amortised cost.
A financial instrument is any contract that gives rise to financial assets of one enterprise and a financial liability or equity instrument of another enterprise. For these financial statements, financial assets have been determined to include cash and cash equivalents, and accounts receivable. Similarly, financial liabilities include due to related party and accounts payable.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Foreign currency transactions

Transactions in currencies other than the company's functional currency (foreign currencies) are recognised at the rate of exchange prevailing at the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in foreign currencies are retranslated at exchange rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Gains and losses resulting from the settlement of foreign currency transactions and from the retranslation at period-end exchange rates are recognised in profit or loss in the period in which they arise.

3.6 Related party transactions and balances

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 and operating decisions. Related party transactions and balances are recognised and disclosed for the following:

i. Enterprises and individuals owning directly or indirectly an interest in the voting power of the company that gives them significant influence over the company's affairs and close members of the families of these individuals.

ii. Key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the company, including those directors and officers and close members of the families of those individuals.
iii. Post-employment benefit plans for the benefit of employees of the company
iv. An entity or any member of a group to which it is a part providing key management personnel services to the company

A related party transaction is a transfer of resources, services or obligation between related parties, regardless of whether a price is charged. The company has a related party relationship with its parent, fellow subsidiaries and key management personnel, representing directors and certain senior officers of the company.

NSWMA is the parent company of MPM Waste Management Limited and the following companies are also considered related entities:

SPM Waste Management Limited;
WPM Waste Management Limited; and
NEPM Waste Management Limited.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation on property, plant and equipment is recognised so as to allocate the cost or valuation of assets less their residual values over their estimated useful lives or, in the case of leasehold improvements the shorter lease term, using the straight-line method. The following useful lives are used in the calculation of depreciation:

Computer equipment	5 years
Furniture, fixtures and office equipment	10 years
Leasehold improvements	40 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Repairs and maintenance are charged to income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits are in excess of the originally assessed standard of performance of the existing asset that will flow to the company. Major renovations are depreciated over the remaining useful life of the related asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.8 Impairment of tangible assets

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognised in profit or loss for the amount by which the carrying amount of an asset exceeds its estimated recoverable amount, which is the higher of the asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Cash and cash equivalents

Further purposes of presentation of the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts. Bank overdrafts are shown within current liabilities on the statement of financial position.

3.10 Government subvention

Government subvention is received principally as an allocation from the National Solid Waste Management Authority and is recognised at fair value where there is reasonable assurance that the subvention will be received and the company will comply with all attached conditions.

3.11 Revenue recognition (Policy applicable from 1 April 2018)

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services.

The company's solid waste collection business involves the collection, transfer and disposal of waste from residential, commercial and industrial customers for transport directly to landfills. Solid waste collection services include both recurring and temporary customer relationships. Revenues from collection operations are influenced by factors such as collection frequency, type and volume or weight of the waste collected and distance to the disposal facility. Revenues from landfill operations consist of tipping fees, which are generally based on the type and weight or volume of waste being disposed of at the disposal facilities. Commercial services are performed under service agreements, with customers. The agreements a give the company the exclusive right to provide specified waste services in the specified territory during the contract term. The standard customer service agreements generally range for one year with a few up to five years. Typically, the contractual arrangement provides for commercial customers to be billed on a monthly basis in arrears but for the solid waste removal to be provided bi-monthly or monthly. Revenue recognized under these agreements is earned over time over the contract cycle

Revenue from sources other than customer contracts primarily relates to imposed fines and employee services. Revenue from these sources were not material and represented less than 1% of total revenue for the current and previous financial year.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Revenue recognition (Policy applicable from 1 April 2018) (Continued)

Deferred Revenues

Deferred revenues is recognised when cash payments are received or due in advance of performance obligations and is classified as current since they are earned within a year and there are no significant financing components. Substantially all deferred revenues during the reported periods are realized as revenues within one to three months, when the related services are performed.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount of the income can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Revenue is represented by subvention received from National Solid Waste Management Authority (NSWMA). Other operating income represents income earned from the collection of waste for commercial entities and private residences. It is measured at the fair value of the consideration received or receivable and represents amounts earned for services provided in the normal course of business, net of discounts, rebates and consumption taxes.

Interest income is recognised on a time-proportionate basis using the effective interest method.

3.12 Provisions

Provisions are recognized when there is a present legal or constructive obligation as a result of past events, if it is probable that outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

3.13 Capital reserve

Grant funds received specifically for the acquisition of capital assets are credited directly to capital reserves and written off to revenue over the useful lives of the relevant assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares or option are shown in equity as a deduction, net of tax from the proceeds.

3.15 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place in a market accessible to or by the company, either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, if market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

4. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The company has exposure to the following risk from its use of financial instruments: credit risk (including currency risk and cash flow interest rate risk), market risk and liquidity risk.

The Board of Directors, together with senior management has overall responsibility for the establishment and oversight of the company's risk management framework.

The company's risk management policies are established to identify and analyze the risks faced by the company in order to set appropriate risks limits and controls, and to monitor risks. These are reviewed regularly to reflect changes in market conditions and the company's activities.

4.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk is the most important risk for the company's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from the company's receivables and banking activities.

The maximum exposure to credit risk at the reporting date was:

	2019	**2018**
	$'000	**$'000**
Cash and cash equivalents	34,194	14,024
Trade and other receivables	37,723	30,142
	71,917	44,166

Credit review process

Cash and cash equivalents are placed with reputable financial institutions that are believed to have minimal risk of default.

Credit is only extended to customers after a credit application is assessed and approved by management or to customers with a good credit history. Management considers that there is no significant credit risk associated with related party receivables

4. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Credit risk (Continued)

Ageing analysis of trade receivables that are past due but not impaired

Trade receivables that are less than six months past due are not considered impaired. As of 31 March 2019, trade receivables of $28.320 million (2018 - $25.211million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The ageing analysis of these trade receivables is as follows:

	2019 $'000	2018 $'000
1 month	10,659	11,402
2 - 6 months	17,661	13,809
	28,320	25,211

Ageing analysis of trade receivables that are past due and impaired

As of 31 March 2019, trade receivables of $212.663 million (2018: 173.998 million) for the company were impaired. The individually impaired receivables mainly relate to customers who are in an unexpected difficult economic situation. It was assessed that a portion of the receivables is expected to be recovered.

The aging of these receivables is as follows:

	2019 $'000	2018 $'000
2- 6 months	54,083	52,776
Over 6 months	158,580	121,222
	212,663	173,998

Movement analysis of allowance for expected credit losses on trade receivables

The movement on the allowance for expected credit losses (2018: Allowance for doubtful debt) for trade receivables is as follows:

	2019 $'000	2018 $'000
At 1 April	173,998	51,226
Allowance for expected credit losses/allowance for doubtful debt recognised in year	38,665	122,772
At 31 March	212,663	173,998

4. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Credit risk (Continued)

The creation and release of allowance for expected credit losses have been included in expenses in the statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

4.2 Liquidity risk

Liquidity risk is the risk that the company is unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed facilities. The management of the company maintains an adequate amount of financial assets in liquid form to meet contractual obligations and other recurring payments. Further the company has available access to funding through government subvention.

Liquidity risk management process

The company's liquidity management process, as carried out within the company and monitored by the Board of Directors includes monitoring future cash flows and liquidity on a regular basis. This incorporates an assessment of expected cash flows:

The tables below summarise the maturity profile of the company's financial liabilities at 31 March based on contractual undiscounted payments.

	2019 Less than 1 Year $'000	2018 Less than 1 Year $'000
Financial liabilities		
Trade and other payables (Non-interest bearing)	101,209	184,060
Due to related parties (net)	111,512	163,054
	212,721	347,114

4. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

4.3 Market risk

The company takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks will arise from changes in foreign currency exchange rates, interest rates and commodity prices (price risk).

4.3.1 *Currency risk*

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

At 31 March 2019 and 31 March 2018, the company had no exposure to currency risk as there were no balances denominated in foreign currency.

4.3.2 *Interest rate risk*.

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As at 31 March 2019 and 31 March 2018, the company had no significant exposure to interest rate risk as there was no significant interest bearing assets or liabilities

4.3.3 *Price risk*

Price risk is the risk that the value of a financial instrument or physical commodity will fluctuate as a result of changes in market prices. Fluctuation in the price of a financial instrument may be caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

At 31 March 2019 and 31 March 2018 there was no significant exposure to price risk as there were no price sensitive investments held.

4.4 Capital management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern while maintaining an optimal capital structure to reduce the cost of capital and provide returns for stakeholders. Management closely monitors the company's cash flows through continuous planning and reporting.

The capital structure of the company consists of equity attributable to owners of the company, comprising share capital and accumulated losses.

4. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

4.4 Capital management (Continued)

The company is not subject to externally imposed capital requirements, and there were no changes to the company's objectives or approach to capital management during the year.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Judgements and estimates 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.

5.1 Critical judgements in applying the company's accounting policies

In the process of applying the company's accounting policies, management believes that there were no critical judgements made, apart from those involving estimation (see below) that would cause a significant impact on the amounts recognised in the financial statements.

5.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future or other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Property, plant and equipment

Management exercises judgement in determining whether the costs incurred can accrue significant future economic benefits to the company to enable the value to be treated as a capital expense. Further, judgement is applied in the annual review of the useful lives of all categories of property, plant and equipment and the resulting depreciation thereon. Details of the estimated useful lives are disclosed in Note 3.7. See also Note 12.

Impairment of trade receivables

The company periodically assesses the collectability of its trade receivables. Allowance for expected credit losses are established or increased as described in Note 3.3.1. There is, however, no certainty that the company will collect the total remaining unimpaired balance, as some balances that are estimated to be collectible as at the end of the reporting period may subsequently become doubtful. Trade receivables amounted to $37.723 million at the end of the reporting period (2018: $30.142 million) after impairment adjustments of $212.663 million (2018: $173.998 million). See Notes 4.1 and 14.

6. GOVERNMENT SUBVENTION

Government subvention include recurrent amounts received through the National Solid Waste Management Authority (NSWMA). There are no unfulfilled conditions or other contingencies attaching to subvention received.

	2019 $'000	2018 $'000
Subvention - primary allocation	1,279,303	1,117,406
Subvention - emergency and special projects	735,318	463,121
Subvention – statutory liabilities paid	61,081	-
	2,075,702	1,580,527

7. COMMERCIAL INCOME

This comprise revenue from contracts with customers which is substantially fees received from the collection of commercial solid waste in the parishes of Kingston & St. Andrew.

8. OTHER INCOME

(a) Other income comprises the following:

	2019 $'000	2018 $'000
Fines	131	-
Discounts received	1,063	-
Miscellaneous income (Trade payables written back)	-	12,379
	1,194	12,379

(b) Interest income primarily represents interest earned on bank balances.

9. DIRECT, ADMINISTRATIVE AND GENERAL EXPENSES

Expense by nature

	2019 $'000	2018 $'000
Landfill operations (**Fires occurring during the year**)	283,091	166,769
Supplementary fleet – Landfill contractors'	514,715	502,557
Public cleansing	43,294	117,228
Special projects	234,544	305,349
Staff costs (**Note 10**)	820,264	615,778
Motor vehicle expenses- (**NSWMA trucks**)	68,839	61,925
Repairs and maintenance –property and equipment	2,962	3,455
Depreciation – property, plant and equipment (**Note 12**)	11,918	11,415
Security services	12,614	15,486
Property rental (**Note 19**)	10,628	7,362
Utilities	7,407	2,598
Legal and professional fees	445	-
Auditor's remuneration	1,000	890
Advertising and promotion	611	182
Stationery and office supplies	2,805	9,325
Bank service charges	932	339
Allowance for expected credit losses (**Note 4.1**)	38,679	122,772
Interest and penalties – (payroll taxes)	9,656	117,677
General Consumption Tax (GCT)	7,936	43,227
Food and drink	3,018	-
Administrative expenses*	2,082	3,290
	2,077,440	2,107,624

*The amount includes food and drink, staff welfare, haulage costs, casual workers, courier, subscriptions Internet, medicine etc.

10. STAFF COSTS

	2019 $'000	2018 $'000
Salaries, wages and allowances	712,840	522,849
Payroll taxes – employer's portion (NIS, NHT)	27,597	22,061
Travel cost incl. motor upkeep and mileage claims	45,645	44,707
Allowances incl. health, life, pension & duty	34,182	26,161
	820,264	615,778

The number of persons employed by the company at the year-end is 2,121 (2018: 2,163). The company paid a 7% salary increase and a retroactive payment made for 2017/2018 during the year. There was also an additional increase in salary rate to sidemen who work substantial overtime.

11. TAXATION

As stipulated under Section 12 of the Income Tax Act, the company is exempt from income tax.

12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements $'000	Furniture, and Fixtures $'000	Computer equipment $'000	Total $'000
At Cost				
1 April 2017	10,114	111,897	1,957	123,968
Additions	395	638	1,062	2,095
31 March 2018	10,509	112,535	3,019	126,063
Additions	-	5,767	798	6,565
31 March 2019	10,509	118,302	3,817	132,628
Accumulated depreciation				
1 April 2017	4,208	75,764	1,497	81,469
Charge for the year	424	10,491	500	11,415
31 March 2018	4,632	86,255	1,997	92,884
Charge for the year	196	10,876	846	11,918
31 March 2019	4,828	97,131	2,843	104,802
Carrying amount				
2019	5,681	21,171	974	27,826
2018	5,877	26,280	1,022	33,179

13. INVENTORIES

Inventories comprise the following:

	2019 $'000	2018 $'000
Consumables	2,140	-
Spare parts	4,858	12,095
Oils and lubricants	345	-
	7,343	12,095

14. TRADE AND OTHER RECEIVABLES

	2019 $'000	2018 $'000
Trade receivables	250,211	204,072
Less allowance for impairment losses	(212,663)	(173,998)
	37,548	30,074
Other receivables	175	68
	37,723	30,142

15. CASH AND CASH EQUIVALENTS

	2019 $'000	2018 $'000
Cash at bank and in hand	34,194	14,024

16. TRADE AND OTHER PAYABLES

	2019 $'000	2018 $'000
Trade payables	90,089	178,942
Statutory liabilities	242,619	236,236
GCT withholding tax payable	59,527	49,590
Accruals (Vacation leave, audit fee, etc.)	11,120	5,118
	403,356	469,886

17. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Balances with related parties

	2019 $'000	2018 $'000
Due to related party - NSWMA	179,877	193,994
Due from related party -NSWMA	(68,305)	(30,940)
Due from related party -WPM	(60)	-
	111,512	163,054

This represents advances to/(by) the National Solid Waste Management Authority (NSWMA). No interest is charged on outstanding balances and there are no agreed terms of settlement. The advances are unsecured, interest free and are expected to be settled within twelve (12) months.

(b) Transactions with related parties during the year were as follows:

	2019 $'000	2018 $,000
Subvention received (Note 6)	2,075,702	1,580,527

Key management compensation

	2019 $'000	2018 $'000
Salaries and other short-term benefits	15,325	13,820
Payroll taxes – employer's portion	1,425	1,255
	16,750	15,075

18. SHARE CAPITAL

	2019 $	2018 $
Authorised		
200 ordinary shares of $1 each at 1April and 31 March	200	200
Issued and fully paid		
200 ordinary shares of $1 each 1 April and 31 March	200	200

19. LEASES AND COMMITMENTS

As at March 31, the Company as had lease commitments under operating lease expiring up to 2023. Operating leases relate to rental of premises for carrying out its operation and are negotiated for an average of five years.

	2019 $'000	2018 $'000
Minimum lease payments under operating leases recognised as an expense in the year	10,628	7,362

At the end of the reporting period the company had outstanding commitments under operating leases which fall due as follows:

	2019 $'000	2018 $'000
Within 1 year	8,500	7,362
Longer than 1 year and not longer than 5 years	25,500	29,448
	34,000	36,810

Upon renewal of the lease agreement, the landlord charged a retroactive amount over the last 2 years.

20. FAIR VALUE OF FINANCIAL INSTRUMENTS

There were no financial instruments that were measured at fair value after initial recognition classified at Level 1 to Level 3 at the end of the reporting period.

The following methods and assumptions have been used in determining the fair values of financial assets and financial liabilities:

For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument which is substantially the same, discounted cash flow analysis or other appropriate valuation methodologies or estimation techniques based on market conditions existing at the end of the reporting period.

The values derived using these techniques are significantly affected by underlying assumptions concerning both the amounts and timing of future cash flows and the discount rates used. The following methods and assumptions have been used:

The carrying values of cash and bank balances, trade receivables, trade payables, due from/to related parties and other assets and liabilities maturing within twelve months are assumed to approximate their fair values because of the short-term maturities of these instruments.

NEPM WASTE MANAGEMENT LIMITED

FINANCIAL STATEMENTS
31 MARCH 2019

C.R. Hylton & Co.

NEPM WASTE MANAGEMENT LIMITED

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Charlton Hylton F.C.C.A.,F.C.A., Hayseworth Hylton F.C.C.A, C.A., MBA, Oswald Lee F.C.C.A., C.A.
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SFAI
JAMAICA

INDEPENDENT AUDITORS' REPORT

To the Members of NEPM Waste Management Limited

Report on the Financial Statements

Opinion
We have audited the financial statements of NEPM Waste Management Limited (the company) which comprise the statement of financial position as at 31 March 2019, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 March 2019, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

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 company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Board of Directors for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and the Jamaican Companies Act 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 company'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 company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the company's financial reporting process.

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 judgment and maintain professional skepticism throughout the audit. We also:

To the Members of NEPM Waste Management Limited

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, 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 omissions, 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 company'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 company'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 company to cease to continue as a going concern.

- 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 presents a true and fair view.

We communicate with the Board of Directors 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.

Report on additional requirements of the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept and the financial statements are in agreement therewith, and give the information required by the Jamaican Companies Act, in the manner so required.

Chartered Accountants
July 17, 2019

NEPM WASTE MANAGEMENT LIMITED

STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 MARCH 2019
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2019 $'000	2018 $'000
Income			
Government Subvention	6	571,486	466,710
Commercial Income	7	73,819	64,553
Other Income	8	113	832
Interest Income		8	15
		645,426	532,110
Expenses			
Direct, administrative and general expenses	9	(688,340)	(549,413)
Deficit, being total comprehensive loss for the year		(42,914)	(17,303)

The accompanying notes form an integral part of the financial statements

NEPM WASTE MANAGEMENT LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2019 $'000	2018 $'000
Non-current assets			
Property, plant and equipment	12	5,507	6,487
Current assets			
Inventories	13	8,809	11,586
Trade and other receivables	14	14,187	22,798
Cash and cash equivalents	15	5,570	15,243
Total current assets		28,566	49,627
Current liabilities			
Trade and other payables	16	148,344	138,678
Due to related party	17(c)	57,543	46,336
Total current liabilities		205,887	185,014
Net current liabilities		(177,321)	(135,387)
Net Liabilities		(171,814)	(128,900)
Equity/ (Deficiency in assets)			
Share capital	18	-	-
Revaluation reserve	19	760	760
Accumulated deficit		(172,574)	(129,660)
Total deficiency in assets		(171,814)	(128,900)

Approved for issue on behalf of the Board of Directors on July 17, 2019 and signed on its behalf by:

Linley Reynolds Deputy Chairman Audley Gordon Executive Director

The accompanying notes form an integral part of the financial statements

NEPM WASTE MANAGEMENT LIMITED

STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 MARCH 2019
(expressed in Jamaican dollars unless otherwise indicated)

	Share Capital (*) $'000	Revaluation Reserve $'000	Accumulated Deficit $'000	Total $'000
Balance at 1 April 2017	-	760	(112,357)	(111,597)
Deficit, being total comprehensive loss for the year	-	-	(17,303)	(17,303)
Balance at 31 March 2018	-	760	(129,660)	(128,900)
Deficit, being total comprehensive loss for the year	-	-	(42,914)	(42,914)
Balance at 31 March 2019	-	760	(172,574)	(171,814)

(*) - denotes $2.

The accompanying notes form an integral part of the financial statements

NEPM WASTE MANAGEMENT LIMITED

STATEMENT OF CASH FLOWS
YEAR ENDED 31 MARCH 2019
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2019 $'000	2018 $'000
Cash flows from operating activities:			
Deficit for the year		(42,914)	(17,303)
Adjustments for:			
Depreciation of property, plant and equipment	12	2,261	1,377
Interest income		(8)	(15)
Impairment trade receivables		-	3,958
		(40,661)	(11,983)
Operating cash flows before movements in working capital:			
Decrease/(increase) in inventories		2,777	(11,146)
Decrease/(increase) in trade and other receivables		8,611	(10,020)
Decrease in due from related party		-	865
Increase/(Decrease) in due to related party		11,207	(79)
Increase in trade and other payables		9,666	48,538
Net cash (used in) generated by operations		(8,400)	16,175
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(1,281)	(4,289)
Interest received		8	15
Cash used in investment activities		(1,273)	(4,274)
Net (decrease) Increase in cash and cash equivalents		(9,673)	11,901
Cash and cash equivalents at beginning of year		15,243	3,342
Cash and cash equivalents at end of year	15	5,570	15,243

The accompanying notes form an integral part of the financial statements

1. IDENTIFICATION AND PRINCIPAL ACTIVITY

NEPM Waste Management Limited (the Company), is incorporated and domiciled in Jamaica and is controlled by the Government of Jamaica (the Government). The registered office of the Company is located at Main Street, Ocho Rios, St. Ann. The Company is managed by National Solid Waste Management Authority, which, by its mandate and an act of parliament (namely the National Solid Waste Management Act) has the ultimate responsibly of solid waste collection and disposal nationally. This is done through its regional offices island wide, NEPM Waste Management Limited being one of them. NEPM Waste Management Limited's directors are similar to those of the National Solid Waste Management Authority.

The Company is responsible for the collection, treatment and disposal of solid waste for the parishes of St. Ann, Portland and St. Mary. The company is economically dependent on the Government of Jamaica and receives funding through the National Solid Waste Management Authority (NSWMA).
The Company also earns income from third parties for the collection and disposal of commercial garbage.

Management considers it appropriate to adopt the going concern basis in the preparation of these financial statements on the premise that the Company will be able to secure adequate financial support from these sources until it attains profitability.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

2.1 *New and revised* standards effective for the current year

In the current year, the company has applied for the first time IFRS 9 and IFRS 15 issued by the International Accounting Standards Board (IASB), effective for annual periods beginning on or after January 1, 2018.The application of these new standards have affected amounts reported and disclosures in the current and prior period.

IFRS 9 Financial Instruments

FRS 9 'Financial Instruments' replaces IAS 39 'Financial Instruments: Recognition and Measurement' and includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.1 ***New and revised*** standards effective for the current year (continued)
IFRS 9 Financial Instruments (continued)

The company has applied the transitional provisions of IFRS 9 and has elected not to restate comparatives thereby utilising the modified retrospective approach as of 1 April 2018 for all ongoing customer contracts. As a result, the comparative information is disclosed in accordance with the company's previous accounting policy under IAS 39 and is not fully comparable with the presentation for the current financial year. Restatements arising from the adoption of IFRS 9 have been recognised directly in accumulated surplus as of 1 April 2018 and are summarized below. The changes in the company's accounting policies for financial instruments are disclosed in Note 3.3.

Details of the new requirements and the impact on the financial statements are as follows:

(a) Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held-to-maturity, loans and receivables and available for sale (AFS).

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the company's accounting policies related to financial liabilities. There are two categories for the classification of financial liabilities: (i) Amortised cost and (ii) Fair value through Profit or Loss (FVTPL)

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the company's financial assets and financial liabilities as at 1 April 2018.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 April 2018 relates solely to the new impairment requirements.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.1 *New and revised* standards effective for the current year (continued)
IFRS 9 Financial Instruments (continued)

(a) Classification and measurement of financial assets and financial liabilities (continued)

	Original classification under IAS 39	***New classification under IFRS 9***	***Original carrying amount under IAS 39***	***New carrying amount under IFRS 9***
			$000	$000
Financial Assets				
Trade and other receivables	Loans and receivables	Amortised cost	22,597	22,597
Cash and cash equivalents	Loans and receivables	Amortised cost	15,243	15,243
Total financial assets			**37,840**	**37,840**

(b) Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an ‘expected credit loss’ (ECL) model as opposed to an ‘’incurred loss model under IAS 39. The expected credit loss model requires that expected credit losses and changes in those expected credit losses to reflect changes in credit risks since the initial recognition of the financial asset, at the end of each reporting period. It is no longer necessary for a credit event to have occurred before credit losses are recognised. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Impairment losses for assets in the scope of the IFRS 9 impairment model are generally expected to increase and become more volatile also greater judgement is required due to the need to factor in forward looking information when estimating the appropriate amount of provisions.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.1 *New and revised* standards effective for the current year (continued)

IFRS 9 Financial Instruments (continued)

For all trade receivables and contract assets, the company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss. In applying this approach the company considered the probability of a default occurring over the contractual life of its trade receivables and contracts asset balances on initial recognition of those assets.

The company has identified the following financial assets as subject to the expected credit loss model.

Items existing at 1 April 2018 that are subject to the impairment provisions of IFRS 9	***Credit risk attributes at 1 April 2018***	***Increased Impairment allowance recognised on 1 April 2018 $000'***
Trade and other receivables	Simplified approach applied. Assessed for lifetime ECL	None
Cash and cash equivalents	Assessed at low credit risk	None

- ***IFRS 15*** **Revenue from Contracts with Customers**
  IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. It is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to the customer. Judgment is required in ddetermining the timing of the transfer of control whether at a point in time or over time. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. It also includes disclosure requirements to provide comprehensive information about the amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.1 *New and revised* standards effective for the current year (continued)
IFRS 15 Revenue from Contracts with Customers (continued)

The company has applied IFRS 15 in accordance with the modified retrospective approach with the date of initial application of 1 April 2018 and has elected not to restate comparative information in accordance with the transitional provisions. As a result, comparative information is disclosed in accordance with the company's previous accounting policy. The company has elected to apply the approach only to contracts that are not completed, that is, those for which there are unsatisfied performance obligations on initial application.

The cumulative effect of initially applying IFRS 15 is recognised at the date of initial application as an adjustment to the opening balance of accumulated surplus, as summarised below.

Accumulated surplus	**Note**	***Impact of adopting IFRS 15 at 1 April 2018*** **$000'**
Landfill fee tickets purchased in advanced by customers		30

The company issues tickets for a fee, collected immediately, to certain commercial customer for the service of permitting trucking of their solid waste to landfills. A ticket is issues for each delivery to be made. Tickets are retrieved as the customer make delivery at the landfills and performance obligations are fulfilled. Under the company's previous policy, revenue was recognised when payment was made for tickets with the expectation that the timing between payment and delivery was insignificant. Under IFRS 15, revenue from landfill tickets is recognised at a point in time, that is, when delivery is made by the customer thereby accepting the service and satisfying the company's performance obligation. A contract liability arises under IFRS 15 for the advanced payments received from customers prior to the delivery being accepted.

Set out below is a summary of the impact of adopting IFRS 15 on the company's statement of financial position as at 31 March 2019 and its statement of comprehensive income for the year then ended for each of the line items affected. There was no material impact on the company's statement of cash flows for the year ended 31 March 2019.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.1 *New and revised* standards effective for the current year (continued)
IFRS 15 Revenue from Contracts with Customers (continued)

Impact on the statement of financial position as at 31 March 2019

	As reported *$000'*	*Increase/ (decrease)* *$000'*	*Amount without adoption of IFRS 15* *$000'*
Liabilities			
Contract liabilities	30	30	-
Total current liabilities	205,887	30	205,857
Equity			
Accumulated deficit	(172,574)	(30)	(172,544)
Total equity and liabilities			

Impact on statement of comprehensive income

	As reported **$000'**	**Increase/ (decrease)** **$000'**	**Amount without adoption of IFRS 15** **$000'**
Revenue			
Commercial income	73,819	(30)	73,849
Deficit and total comprehensive income for year	(42,914)	(30)	(42,884)

The following additional new and revised Standards and Interpretations have been adopted in these financial statements. Their adoption has not had any impact on the amounts reported in these financial statements but may impact the accounting for future transactions or arrangements.

(expressed in Jamaican dollars unless otherwise indicated)

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.1 *New and revised* standards effective for the current year (continued)

		Effective for annual Periods beginning on or after
Amendments to Standards		
IFRS 2	Share-based Payment:	
	- Amendments to clarify the classification and measurement of share-based payment transactions	1 January 2018
IFRS 4	- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – Amendments to IFRS 4	1 January 2018
IFRS 1 and IAS 28	Amendments arising from 2014 – 2016 Annual Improvements to IFRS	
	- Removing short- term exemptions; Clarifying certain fair value measurements	1 January 2018
IAS 40	Investment Property	
	- Amendments to clarify transfers of property to, or from, investment property	1 January 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	1 January 2018

2.2 New and Revised Standards and Interpretations in issue not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not effective or early adopted for the financial period being reported on:

		Effective for annual periods beginning on or after
New Standards		
IFRS 16	Leases	1 January 2019
IFRS 17	Insurance Contracts	1 January 2021
Revised Standards		
IFRS 9	Financial Instruments	
	- Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	1 January 2019
IFRS 3, 11, IAS 12, 23,	Amendments arising from 2015 – 2017 Annual Improvements to IFRS	
	- Measurement of previously held interest in a joint operation (IFRS 3&11); Income tax consequences of payments on financial instruments classified as equity (IAS 12); Borrowing costs eligible for capitalisation (IAS 23)	1 January 2019

(expressed in Jamaican dollars unless otherwise indicated)

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.2 New and Revised Standard and Interpretations in issue not yet effective (Continued)

		Effective for annual periods beginning on or after
Revised Standards (continued)		
IFRS 10, IAS 28	Consolidated Financial Statements; Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Postponed indefinitely by IASB pending research project on equity method of accounting
IAS 19	Employee Benefits -Plan Amendment, Curtailment or Settlement	1 January 2019
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding long –term interest in associates and joint ventures	1 January 2019
IFRS 3	Business Combinations - Definition of a business	1 January 2020
IAS1, IAS 8	Presentation of Financial statements; Accounting Policies, Changes in Accounting Estimates and Errors - Definition of material	1 January 2020
New Interpretations		
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019
Conceptual Framework of Financial Reporting		1 January 2020

The company has assessed the impact of these new and revised Standards and Interpretations in issue but not yet effective and consider that the following are relevant to the operations of the company and are likely to impact amounts reported in the company's financial statements:

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.2 New and Revised Standard and Interpretations in issue not yet effective (Continued)

- **IFRS 16 Leases, (effective for annual periods beginning on or after 1 January 2019).** This new standard requires lessees to account for all leases under a single on-balance sheet model, subject to certain exemptions in a similar way to finance leases under IAS 17. All major leases will be accounted with new assets and liabilities being recognised in the statement of financial position. Lessees recognize a liability to pay rentals with a corresponding asset, and recognize interest expense and depreciation separately. Total lease expense will be higher in early years of a lease even if a lease has fixed regular cash rentals. The standard provides guidance on the two recognition exemptions for leases – leases of “low value” assets and short-term leases with a term of 12 months or less.

  Lessor accounting is substantially the same as IAS 17 as the lessor will continue to classify leases as finance and operating leases recognising net investments in finance leases comprising lease receivables and residual assets.

  The company is assessing the impact that the new standard will have on its financial statements.

- ***Amendments to IFRS 9* Prepayment Features with Negative Compensation, (effective for annual periods beginning on or after 1 January 2019).**
  The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. Early termination can result from a contractual term or from an event outside the control of the parties to the contract, such as a change in law or regulation leading to the early termination of the contract. The amendments are intended to apply where the prepayment amount approximates to unpaid amounts of principal and interest plus or minus an amount that reflects the change in a benchmark interest rate. The company does not expect the amendment to have any effect on its financial statements.
  The IASB also clarified that the requirements in IFRS 9 for adjusting the amortised cost of a financial liability, when a modification (or exchange) does not result in derecognition, are consistent with those applied to the modification of a financial asset that does not result in derecognition. This means that the gain or loss arising on modification of a financial liability that does not result in derecognition, calculated by discounting the change in contractual cash flows at the original effective interest rate, is immediately recognised in profit or loss.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.2 New and Revised Standard and Interpretations in issue not yet effective (Continued)

- ***Annual Improvements 2015-2017 Cycle*** **(issued in December 2017).**

  IAS 23 Borrowing Costs Borrowing costs eligible for capitalisation

  - The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

  - An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments.

    The amendments are applicable for annual reporting periods beginning on or after 1 January 2019 although earlier application is permitted.

  This improvement is not expected to have a significant impact on the company's financial statements.

- ***Amendments to IAS1 and IAS 8 Definition of Material*** **(effective for annual periods beginning on or after 1 January 2020)**

  The amendment aligned the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, '*Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity*.' Materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. It explains that information is obscured if it is communicated in a way that would have a similar effect as omitting or misstating the information such as, if information regarding a material item, transaction or other event is scattered throughout the financial statements, or disclosed using a language that is vague or unclear, or if inappropriately aggregated or disaggregated. The amendments replaced the threshold 'could influence', which suggests that any potential influence of users must be considered, with 'could reasonably be expected to influence' therefore clarifying that the materiality assessment will need to take into account only reasonably expected influence on economic decisions of primary users. The IASB reference to 'primary users' instead of 'users' in the original standard helped to narrow a wide interpretation of 'users'. The amendment is applied prospectively with early application permitted if disclosed.

2. **ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)**

2.2 **New and Revised Standard and Interpretations in issue not yet effective (Continued)**

- **Conceptual Framework for Financial Reporting (Issued March 2018)**

  The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard. Its purpose is to assist the IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards. It sets out a comprehensive set of concepts for financial reporting, standard setting, and guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. New concepts, clarification of important concepts, updated definitions and recognition criteria for assets and liabilities are included.

  The revised framework is arranged in eight chapters and is accompanied by a Basis for Conclusions. A separate accompanying document, ‘Amendments to References to the Conceptual Framework in IFRS Standards’, was issued by the IASB which sets out the amendments to affected standards in order to update references to the Conceptual Framework.

  The revised framework is effective immediately for the IASB and the IFRS Interpretation Committee (IC). For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

  The revised framework is not expected to have any impact on the company.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

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

3.2 Basis of preparation

These financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of consideration given in exchange for assets. The principal accounting policies are set out below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Although these estimates are based on managements' best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

Reclassification

Certain prior year amounts have been reclassified in order to conform to the current year presentation.

3.3 Financial instruments (Policy applicable from 1 April 2018)

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

Recognition

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized on the company’s statement of financial position when the company becomes a party to the contractual provisions of the instrument.

3.3.1 Financial Assets

Classification

The company classifies financial assets at initial recognition based on the financial asset’s contractual cash flow characteristic and the company’s business model for managing the instruments. The company’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Policy applicable from 1 April 2018)

3.3.1 Financial assets (continued)

Measurement category
At initial recognition, the company measures a financial asset at its fair value plus, in `the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables that do not contain a significant financing component are measured on initial recognition at their transaction price.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in the following categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through other comprehensive income (FVOCI)
- Financial assets at fair value through profit or loss (FVTPL)

- Amortised cost:
  These assets arise principally from the provision of goods and services to customers as well as other types of financial assets held within a business model where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest (SPPI) on the principal amount outstanding. The SPPI test is performed at an instrument level. After initial recognition, they are subsequently carried at amortised cost using the effective interest method, less any impairment.

  The company's financial assets at amortised cost comprise trade and other receivables including contract assets, due from related parties and cash and bank balances.

- FVTPL and FVOCI
  Equity instruments are measured at FVTPL, unless the asset is not held for trading purposes and the company makes an irrevocable election on an instrument-by-instrument basis to designate the asset as FVOCI. As a result of the election, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses and their reversal are not reported separately from other changes in fair value. Dividends representing a return on such investments are recognised in profit or loss as other income when the company's right to receive payments is established. Where the asset is held within a business model where the objective is both to collect contractual cash flows and selling the financial assets and the SPPI test is met, the assets are measured subsequently at FVOCI with gains and losses recycled to profit or loss on derecognition.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Policy applicable from 1 April 2018)

3.3.1 Financial assets (continued)

Derecognition

A financial asset or group of similar financial assets (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired or
- The company has (i) transferred its rights to receive the cash flows from the asset or (ii) has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either the company

  (a) has transferred substantially all the risk and rewards of ownership of the asset, or
  (b) has neither transferred substantially all the risk and rewards of ownership of the asset, but has transferred control of the asset

Where the transfer does not qualify for derecognition as above, the company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Impairment

The company recognises an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss. For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate.

The company recognises a loss allowance for expected credit losses on trade receivables and other financial assets that are measured at amortised cost applying the expected credit loss model. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Policy applicable from 1 April 2018)

3.3.1 Financial assets (continued)

Trade receivables and contract assets

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivable are recorded when billed or accrued and represent claims against third parties that will be settled in cash. They are generally due for settlement within 30 days and therefore are all classified as current. The company recognises lifetime ECL at each reporting date for trade receivables and contract assets applying a simplified approach. The expected credit losses on these financial assets are estimated based on the company's historical collection trends, type of customer, the age of outstanding receivables and existing economic conditions adjusted for factors that are specific to the debtors as well as the expected changes in factors or conditions affecting the debt at the reporting date, including time value of money where appropriate. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly.

For all other financial instruments, the company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. Significant increase is assessed as the change in the risk of a default over the expected life of the financial asset as at the reporting date with the risk of default on the instrument occurring at the date of initial recognition, considering reasonable and supportable information that is available without undue cost or effort. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The credit risk on a financial instrument is assumed not to have increased significantly if it is determined to have a low credit risk at the reporting date taking into consideration all the terms and conditions of the instrument from the perspective of market participants or by use of other methodologies that are consistent with assessing low credit risk for the particular instrument. 12-moth ECL are applied to the company's debt securities determined to have low credit risk and other debt securities and bank balances for which credit risk has not increased significantly since initial recognition,

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.3 **Financial instruments (Policy applicable from 1 April 2018)**

3.3.1 **Financial assets (continued)**

The company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due and a financial asset to be in default when the financial asset is more than 90 days past due and/or internal or external information indicates that the company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the company. The maximum period considered when estimating ECL is the maximum contractual period over which the company is exposed to credit risk.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows in its entirety or a portion thereof. For trade receivables, the company has a policy of writing off the gross carrying amount when the financial asset is 270 days past due based on historical experience of recoveries of similar assets. Nevertheless, the company makes individual assessments regarding the timing and amount of write-off based on whether there is reasonable expectation of recovery. Write off takes place when the company's internal collection efforts have been unsuccessful in collecting the amount due. No significant recovery is expected from amounts written off.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets

3.3.2 **Financial Liabilities**

Initial recognition and measurement:
All financial liabilities are recognised initially at fair value, and except for financial liabilities not at fair value through profit or loss (FVTPL), net of directly attributable transaction costs of issue. Financial liabilities are subsequently measured at amortised cost, except for any financial liabilities at fair value through profit or loss which are subsequently measured at fair value.

Measurement category

- FVTPL
  A financial liability is classified as at FVTPL if it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. The company has no financial liabilities at FVTPL

Other financial liabilities
Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Policy applicable from 1 April 2018)

3.3.2 Financial liabilities (continued)

The company's financial liabilities measured at amortised cost comprise trade and other payable and due to related party.

Derecognition
A financial liability is derecognised when the obligation under the instrument is extinguished by being discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability.

The difference between the carrying amount of a financial liability derecognized and the consideration paid and payable is recognised in profit or loss.

3.4 Financial Instruments (Policy applicable before 1 April 2018)

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity of another entity.

Financial assets
The Company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates its designation at every reporting period date. The Company's loans and receivables include, trade and other receivables and related party balances.

Financial liabilities
The Company's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. The Company's financial liabilities include payables and bank overdraft.

Receivables
Receivables are recongised initially at fair value and subsequently measured at amortised costs using the effective interest method, less provision for impairment. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the differences between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market rate of interest for similar borrowings. The carrying amount of the asset is reduced through an allowance account, and the amount of the loss is recognised in profit or loss. When receivables are uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial Instruments (Policy applicable before 1 April 2018) (continued)

Payables
Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Payables are initially recognised at fair value and subsequently stated at amortised cost using the effective interest method.

3.5 Foreign currency transactions

Transactions in currencies other than the company's functional currency (foreign currencies) are recognised at the rate of exchange prevailing at the dates of the transactions. At each reporting date monetary assets and liabilities denominated in foreign currencies are retranslated at exchange rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Gains and losses resulting from the settlement of foreign currency transactions and from the retranslation at period-end exchange rates are recognised in profit or loss in the period in which they arise.

3.6 Related party transactions and balances

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 and operating decisions. Related party transactions and balances are recognised and disclosed for the following:

i. Enterprises and individuals owning directly or indirectly an interest in the voting power of the company that gives them significant influence over the company's affairs and close members of the families of these individuals.

ii. Key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the company, including those directors and officers and close members of the families of those individuals.

iii. Post-employment benefit plans for the benefit of employees of the company

iv. An entity or any member of a group to which it is a part providing key management personnel services to the company

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation on property, plant and equipment is recognised so as to allocate the cost or valuation of assets less their residual values over their estimated useful lives or, in the case of leasehold improvements the shorter lease term, using the straight-line method. The following useful lives are used in the calculation of depreciation:

Building – portable	40 years
Motor vehicles	8 years
Furniture, fixtures and equipment	5-10 years
Leasehold improvements	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Repairs and maintenance are charged to income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits are in excess of the originally assessed standard of performance of the existing asset that will flow to the company. Major renovations are depreciated over the remaining useful life of the related asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.8 Impairment of tangible assets

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognised in profit or loss for the amount by which the carrying amount of an asset exceeds its estimated recoverable amount, which is the higher of the asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Cash and cash equivalents

Further purposes of presentation of the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts. Bank overdrafts are shown within current liabilities on the statement of financial position.

3.10 Government subvention

Government subvention is received principally as an allocation from the National Solid Waste Management Authority and is recognised at fair value where there is reasonable assurance that the subvention will be received and the company will comply with all attached conditions.

3.11 Revenue recognition (Policy applicable from 1 April 2018)

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services.

The company's solid waste collection business involves the collection, transfer and disposal of waste from residential, commercial and industrial customers for transport directly to landfills. Solid waste collection services include both recurring and temporary customer relationships. Revenues from collection operations are influenced by factors such as collection frequency, type and volume or weight of the waste collected and distance to the disposal facility. Revenues from landfill operations consist of tipping fees, which are generally based on the type and weight or volume of waste being disposed of at the disposal facilities. Commercial services are performed under service agreements, with customers. The agreements a give the company the exclusive right to provide specified waste services in the specified territory during the contract term. The standard customer service agreements generally range for one year with a few up to five years. Typically, the contractual arrangement provides for commercial customers to be billed on a monthly basis in arrears but for the solid waste removal to be provided bi-monthly or monthly. Revenue recognized under these agreements is earned over time over the contract cycle

Revenue from sources other than customer contracts primarily relates to imposed fines and employee services. Revenue from these sources were not material and represented less than 1% of total revenue for the current and previous financial year.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Revenue recognition (Policy applicable from 1 April 2018) (continued)

Deferred Revenues
Deferred revenues is recognised when cash payments are received or due in advance of performance obligations and is classified as current since they are earned within a year and there are no significant financing components. Substantially all deferred revenues during the reported periods are realized as revenues within one to three months, when the related services are performed.

Interest income
Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount of the income can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.12 Revenue recognition (Policy applicable before 1 April 2018)

Revenue comprises the fair value of the consideration received or receivable for subventions from the Government and for services rendered. Revenue is recognised as follows:

Subventions
Subventions from the Government are recorded as income when the funds have been received or it is relatively certain that the amount is receivable at the end of the reporting period.

Sales of services
Sales of services are recognised in the accounting period in which the services are rendered by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Interest income
Interest income is recognised on a time-proportionate basis using the effective interest method.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.13 **Provisions**

Provisions are recognized when there is a present legal or constructive obligation as a result of past events, if it is probable that outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

3.14 **Share capital**

Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares or option are shown in equity as a deduction, net of tax from the proceeds.

3.15 **Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place in a market accessible to or by the company, either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, if market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

4. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: Market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Management seeks to minimise potential adverse effects on the financial performance of the Company by applying procedures to identify, evaluate and manage these risks, based on the guidelines set by the Board of Directors.

(a) Credit risk

The Company takes on exposure to credit risk, which is the risk that its customers, clients or counterparties will cause a financial loss for the Company by failing to discharge their contractual obligations. Credit risk is the most important risk for the Company's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from the Company's receivables from customers and treasury activities. The Company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties and industry segments.

Investments
The Company limits its exposure to credit risk by investing mainly in liquid securities, with counterparties that have high credit quality and Government of Jamaica securities. Accordingly, management does not expect any counterparty to fail to meet its obligations.

Trade receivables
The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Board has established a credit policy under which each customer is analysed individually for creditworthiness prior to the Company offering them a credit facility. Credit limits are assigned to each customer, which represents the maximum credit allowable without approval from the Board. The Company has procedures in place to restrict customer orders if the order will exceed credit limits. Customers that fail to meet the Company’s benchmark of creditworthiness may transact with the Company on a prepayment basis.

Customer credit risk is monitored according to their credit characteristics such as whether it is an individual or company, industry, aging profile, and previous financial difficulties. Trade receivables relate mainly to the Company’s commercial customers.

The company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. The Company addresses impairment assessment by individually assessed allowances.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

The Company's average credit period on the sale of goods is 30 days. Trade receivables greater than 90 days are provided for based on an estimate of amounts that would be irrecoverable, determined by taking into consideration past default experience, current economic conditions and expected receipts and recoveries once impaired.

Cash and bank balances
Cash transactions are limited to high credit quality financial institutions. The Company has policies that limit the amount of credit exposure to any financial institution.

Ageing analysis of trade receivables that are past due but not impaired
Trade receivables that are less than 30 days past due are not considered impaired. The ageing analysis of trade receivables that are past due but not considered impaired is as follows:

	2019 $'000	2018 $'000
30 – 60 days	4,923	5,102
61 – 90 days	1,899	1,764
>90 days	1,507	9,600
	8,329	16,466

Ageing analysis of trade receivables that are past due and considered impaired
Trade receivables of $28.652 million (2018: $28.652 million) were considered impaired and were fully provided for. The individually impaired receivables mainly relate to parish councils and other commercial customers have not fulfilled their obligations.

Movement in the provision for impairment of trade receivables
The movement in the provision for impairment of trade receivables are as follows:

	2019 $'000	2018 $'000
At start of year	28,652	32,297
Reduced against trade receivables	-	(7,603)
Provided during the year	-	3,958
At end of year	28,652	28,652

4. **FINANCIAL RISK MANAGEMENT (CONTINUED)**

(a) Credit risk (Continued)

The creation and release of provision for impaired receivables have been included in expenses in the profit or loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

There are no financial assets other than trade receivables that were individually impaired.

Trade receivables by customer sector
The following table summarises the credit exposure for trade receivables at their carrying amounts, as categorised by the customer sector:

	2019 $'000	2018 $'000
Parish councils and private enterprises	42,584	51,036
Less: Provisions for impairment	(28,652)	(28,652)
	13,932	22,384

The Company's trade receivables are receivable from customers in North Eastern Jamaica.

(b) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Liquidity risk management process
The Company's liquidity management process, as carried out within the Company and monitored by the Board includes:

(i) Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment f expected cash flows and the availability of collateral which could be used to secure funding if required;

(ii) Maintaining a portfolio of highly marketable, and diverse assets that can easily be liquidated as protection against any unforeseen interruption of cash flow;

(iii) Maintaining committed line of credit

(iv) Optimising cash returns on investments;

4. **FINANCIAL RISK MANAGEMENT (CONTINUED)**

(b) Liquidity risk (Continued)

Undiscounted contractual cash flows of financial liabilities
The tables below summarise the maturity profit of financial liabilities based on contractual undiscounted payments.

	Within 1 Month $'000	Total $'000
	2019	
Trade payables	42,584	42,584
Other	-	-
	42,584	42,584

	Within 1 Month $'000	Total $'000
	2018	
Trade payables	50,036	50,036
Other	-	-
	50,036	50,036

Liabilities are usually covered by cash generate from operations in the normal course of business. Assets available to meet all liabilities include cash and short-term deposits.

(c) Market risk

The Company takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates. Market risk is monitored by management which carries out extensive research and monitors the price movement of financial assets on the local market. Market risk exposures are measured using sensitivity analysis.

There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (Continued)

Interest rate risk

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

The Company's interest rate risk arises from its short-term deposits and bank overdraft. The sensitivity of profit or loss is the effect of the assumed changes in interest rates based on variable rate investments and floating rate borrowings. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variables, variables had to be on an individual basis. It should be noted that movements in these variables are non-linear.

(d) Capital management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern while maintaining an optimal capital structure to reduce the cost of capital and provide returns for stakeholders. Management closely monitors the company's cash flows through continuous planning and reporting.
The capital structure of the company consists of equity attributable to owners of the company, comprising share capital, reserves and accumulated losses.

The company is not subject to externally imposed capital requirements, and there were no changes to the company’s objectives or approach to capital management during the year.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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.

5.1 Critical judgements in applying the company’s accounting policies

In the process of applying the company’s accounting policies, management believes that there were no critical judgements made, apart from those involving estimation (see below) that would cause a significant impact on the amounts recognised in the financial statements.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

5.2 Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. 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.

Property, plant and equipment

Management exercises judgement in determining whether the costs incurred can accrue significant future economic benefits to the company to enable the value to be treated as a capital expense. Further, judgement is applied in the annual review of the useful lives of all categories of property, plant and equipment and the resulting depreciation thereon. Details of the estimated useful lives are disclosed in Note 3.6. See Note 10.

Provision for impairment of trade receivables

The company periodically assesses the collectability of its trade receivables. Provisions are established or increased as described in Note 3.9. There is, however, no certainty that the company will collect the total remaining unimpaired balance, as some balances that are estimated to be collectible as at the end of the reporting period may subsequently become doubtful. Trade receivables amounted to $42.584 million at the end of the reporting period (2018: $51.036 million) against which a provision of $28.6 million has been made. See Notes 4(a) and 12.

Impairment of assets

The Company reviews tangible assets with definite useful lives for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset or cash generating unit is determined based on value-in-use calculations prepared on the basis of management's assumptions and estimates. Should these assumptions and estimates change, or not be met, the value-in-use calculations will be affected.

Fair value estimation

Financial instruments are grouped into levels I to 3 based on the degree to which the fair value is observable as described in Note 3.16. There were no financial instruments that were measured at fair value after initial recognition classified at Level 1 to Level 3 at the end of the reporting period.

In assessing the fair values of financial instruments, the Company uses a variety of methods and makes assumptions that are based on market conditions existing at the balance sheet date. The values derived using these techniques are significantly affected by underlying assumptions concerning both the amounts and timing of future cash flows and the discount rates used. The methods and assumptions used are described in Note 18.

6. GOVERNMENT SUBVENTION

Government subvention include recurrent amounts received through the National Solid Waste Management Authority (NSWMA). There are no unfulfilled conditions or other contingencies attaching to subvention received.

	2019 $'000	2018 $'000
Subvention - primary allocation	375,163	377,027
Subvention - emergency and special projects	172,546	89,683
Subvention – statutory liabilities paid	23,777	-
	571,486	466,710

7. COMMERCIAL INCOME

These comprise revenue from contracts with customers which is substantially fees received from the collection of commercial solid waste in the parishes of St. Ann, Portland and St. Mary.

8. OTHER INCOME

	2019 $'000	2018 $'000
Anti-litter fine	80	20
Adjustments to trade payables	-	776
Miscellaneous	33	36
	113	832

9. EXPENSE BY NATURE

Total direct, administration and other expenses:

	2019 $'000	2018 $'000
Supplementary fleet- haulage	44,219	44,885
Public cleansing (**Increased road sweeping activities**)	259,490	179,842
Staff costs (**Note 10**)	256,599	229,684
Motor Vehicle Expenses (**NSWMA trucks**)	68,428	56,252
Repairs and maintenance (**Truck repairs**)	32,259	13,086
Depreciation (**Note 12)**	2,261	1,377
Security	3,523	3,272
Building rental **(Note 20)**	1,579	1,463
Utilities	2,408	2,622
Auditors' remuneration	1,000	500
Interest and penalty payroll taxes (**Retroactive**)	6,386	-
Bank charges	139	201
Stationery and office items	3,533	1,301
Professional services	-	2,500
Allowance for expected credit losses (**Note 4**)	-	3,958
General Consumption Tax (GCT)	6,377	6,065
Other expenses	-	1,726
Training, Advertising & Promotions	139	679
	688,340	549,413

10. STAFF COSTS

	2019 $'000	2018 $'000
Wages and salaries	202,653	180,216
Payroll taxes – employer's portion (NIS, NHT)	10,551	9,345
Travel cost incl. motor vehicle upkeep and mileage	32,181	30,020
Allowances incl. health, life, pension & duty	11,214	10,103
	256,599	229,684

The number of employees at year end was 335 (2018: 273).
The company paid a 7% salary increase and a retroactive payment made for 2017/2018 during the year. There was also an additional increase in salary rate to sidemen who work substantial overtime.

11. TAXATION

No provision for taxation has been made in these financial statements. The Company is exempt from income tax under the provisions of Section 12(h) of the Income Tax Act.

Deferred taxation is not recognised in these financial statements as a result of the Company's exemption from taxation.

12. PROPERTY, PLANT AND EQUIPMENT

	Buildings Portable $'000	Motor Vehicles $'000	Furniture, Fixtures and Equipment $'000	Leasehold Improvements $'000	Total $'000
Cost or valuation					
1 April 2017	1,274	10,967	9,232	2,585	24,058
Additions	2,026	-	1,771	492	4,289
31 March 2018	3,300	10,967	11,003	3,077	28,347
Additions	-	-	1,281	-	1,281
31 March 2019	3,300	10,967	12,284	3,077	29,628
Accumulated depreciation					
1 April 2017	389	10,967	7,403	1,724	20,483
Charge for the year	428	-	641	308	1,377
31 March 2018	817	10,967	8,044	2,032	21,860
Charge for the year	83	-	1,563	615	2,261
31 March 2019	900	10,967	9,607	2,647	24,121
Carrying amount					
31 March 2019	2,400	-	2,677	430	5,507
31 March 2018	2,483	-	2,959	1,045	6,487

13. INVENTORIES

Inventories comprise the following:

	2019 $'000	2018 $'000
Consumables	2,531	1,209
Spare parts	6,201	9,755
Oils and lubricants	77	622
	8,809	11,586

Inventories recognised as an expense during the year amounted to $18.212 million (2018: $17.155 million).

14. TRADE AND OTHER RECEIVABLES

	2019 $'000	2018 $'000
Trade receivables	42,584	51,036
Allowance for impairment	(28,652)	(28,652)
	13,932	22,384
Advances	155	155
Prepayments	100	201
Other	-	58
	14,187	22,798

15. CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statements, cash and cash equivalents comprise:

	2019 $'000	2018 $'000
NCB Current Account	3,147	13,488
BNS Current Account	2,388	1,720
Petty Cash	35	35
	5,570	15,243

16. TRADE AND OTHER PAYABLES

	2019 $'000	2018 $'000
Trade payables	103,616	70,217
Statutory deductions	20,823	44,027
Vacation leave	5,416	5,536
Accruals (Audit fee, rent,staff remittances)	18,489	18,898
	148,344	138,678

17. RELATED PARTY TRANSACTIONS AND BALANCES

The following transactions were carried out with related parties:

(a) **Subventions received**

	2019 $'000	2018 $'000
Government subventions (Note 6)	571,486	466,710

(b) **Purchases of goods and services**

	2019 $'000	2018 $'000
National Solid Waste Management Authority	-	-

(c) Due to Related party

	2019 $'000	2018 $'000
National Solid Waste Management Authority	57,543	46,336

18. SHARE CAPITAL

	2019 $	2018 $
Authorised 200 ordinary share of $1 each at April 1 and March 31	200	200
Issued and fully paid 2 ordinary shares of $1 each at April 1 and March 31	2	2

19. REVALUATION RESERVE

This represents the previous Jamaican GAAP revalued amount which has been used as the deemed cost of the assets under the provision of IFRS 1.

20. LEASES AND COMMITMENTS

As at March 31, the Company as had lease commitments under operating lease expiring up to 2022. Operating leases relate to rental of premises for carrying out its operation and are negotiated for an average of five years.

	2019 $'000	2018 $'000
Minimum lease payments under operating leases recognised as an expense in the year	1,579	1,262

At the end of the reporting period the company had outstanding commitments under operating leases which fall due as follows:

	2019 $'000	2018 $'000
Within 1 year	1,579	1,579
Longer than 1 year and not longer than 5 years	3,158	4,737
	4,737	6,316

21. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions have been used in determining the fair values of financial assets and financial liabilities:

For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument which is substantially the same, discounted cash flow analysis or other appropriate valuation methodologies or estimation techniques based on market conditions existing at the end of the reporting period.

The following methods and assumptions have been used:

(i) The carrying values of cash and bank balances, trade receivables, trade payables and other assets and liabilities maturing within twelve months are assumed to approximate their fair values because of the short-term maturities of these instruments.

SPM Waste Management Limited
Financial Statements

31 March 2019

C.R. Hylton & Co.

SPM WASTE MANAGEMENT LIMITED

I N D E X
31 MARCH 2019

Charlton Hylton F.C.C.A.,F.C.A., Hayseworth Hylton F.C.C.A, C.A., MBA, Oswald Lee F.C.C.A., C.A.
Dwayne Lindsay F.C.C.A., MBA, Paula Thorpe F.C.C.A., C.A.,MBA

C.R.Hylton & Co.
Chartered Accountants

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SFAI
JAMAICA

INDEPENDENT AUDITORS' REPORT

To the Members of SPM Waste Management Limited

Report on the Financial Statements

Opinion
We have audited the financial statements of SPM Waste Management Limited (the company) which comprise the statement of financial position as at 31 March 2019, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 March 2019, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

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 company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Board of Directors for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and the Jamaican Companies Act 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 company'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 company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the company's financial reporting process.

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.

INDEPENDENT AUDITORS' REPORT (Continued)

To the Members of SPM Waste Management Limited

Report on the Financial Statements

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, 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 omissions, 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 company'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 company'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 company to cease to continue as a going concern.

- 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 presents a true and fair view.

We communicate with the Board of Directors 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.

Report on additional requirements of the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept and the financial statements are in agreement therewith, and give the information required by the Jamaican Companies Act, in the manner so required.

Chartered Accountants
July 17, 2019

SPM WASTE MANAGEMENT LIMITED

STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 MARCH 2019
(Expressed in Jamaican dollars unless otherwise indicated)

	Note	2019 $'000	2018 $'000
INCOME			
Government subvention	6	569,139	398,155
Commercial income	7	139,432	79,377
Other income	8	469	893
Interest income		16	14
		709,056	478,439
EXPENSES			
Direct, administrative and general expenses	9	(706,574)	(514,001)
Surplus/(deficit) being total comprehensive income/(loss) for the year		2,482	(35,562)

The accompanying notes form an integral part of the financial statements

SPM WASTE MANAGEMENT LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Note	2019 $'000	2018 $'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	6,574	7,007
Current assets			
Inventories	13	6,428	5,375
Trade and other receivables	14	72,973	53,612
Taxation recoverable		358	358
Due from related party	15	139,722	140,770
Cash and cash equivalents	16	10,894	20,687
Total current assets		230,375	220,802
Current liabilities			
Trade and other payables	17	100,247	97,527
Due to related party	15	53,853	49,915
Total current liabilities		154,100	147,442
Net current assets		76,275	73,360
Net Assets		82,849	80,367
EQUITY			
Share capital	18	1	1
Accumulated surplus		82,848	80,366
Total Equity		82,849	80,367

Approved for issue on behalf of the Board of Directors on July 17, 2019 and signed on its behalf by:

Linley Reynolds — Deputy Chairman

Audley Gordon — Executive Director

The accompanying notes form an integral part of the financial statements

SPM WASTE MANAGEMENT LIMITED

STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 MARCH 2019
(Expressed in Jamaican dollars unless otherwise indicated)

	Share Capital $'000	Accumulated Surplus $'000	Total $'000
Balance at 1 April 2017	1	115,928	115,929
Deficit, being total comprehensive loss for the year	-	(35,562)	(35,562)
Balance at 31 March 2018	1	80,366	80,367
Surplus, being total comprehensive income for the year	-	2,482	2,482
Balance at 31 March 2019	1	82,848	82,849

The accompanying notes form an integral part of the financial statements

SPM WASTE MANAGEMENT LIMITED

STATEMENT OF CASH FLOWS
YEAR ENDED 31 MARCH 2019
(Expressed in Jamaican dollars unless otherwise indicated)

	Note	2019 $'000	2018 $'000
Cash flows from operating activities			
Surplus (deficit) for the year		2,482	(35,562)
Adjustment for:			
Depreciation of property, plant and equipment	12	2,103	1,936
Interest income		(16)	(14)
Operating cash flows before movements in working capital:		4,569	(33,640)
Increase in trade and other receivables		(19,361)	(13,545)
Increase in inventory		(1,054)	-
Increase in trade and other payables		2,720	35,502
Increase in due to (from)/related parties, net		4,986	31,607
Net cash (used in) generated by operations		(8,140)	19,924
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(1,670)	(2,631)
Interest received		17	14
Net cash used in investing activities		(1,653)	(2,617)
Net (decrease)/increase in cash and cash equivalents		(9,793)	17,307
Cash and cash equivalents at beginning of year		20,687	3,380
Cash and cash equivalents at end of year	15	10,894	20,687

The accompanying notes form an integral part of the financial statements

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES

SPM Waste Management Limited is a company limited by shares, incorporated and domiciled in Jamaica. The shares of the company are held by the Accountant General of Jamaica, a corporation sale pursuant to the powers invested in him by the Crown Property (Vesting) Act, 1960. The registered office of the company is 4a Mandeville Plaza, Mandeville, Jamaica.

The principal objectives of the company are:

(a) to effectively manage and regulate the collection and disposal of solid wastes for the parishes of Clarendon, Manchester and St. Elizabeth on behalf of the Ministry of Local Government and Community Development in Jamaica, and

(b) to safeguard public health and the environment by ensuring that domestic waste is collected, stored, recycled, reused or disposed of in an environmentally sound manner for the parishes of Clarendon, Manchester and St. Elizabeth on behalf of the Ministry of Local Government and Community Development.

The National Solid Waste Management Authority, a statutory body established by the National Solid Waste Management Act - 2001, took over management and regulatory responsibilities of SPM Waste Management Limited. Both companies share similar board members.

The company is economically dependent on the Government of Jamaica and receives funding from the Ministry of Local Government and Community Development through the National Solid Waste Management Authority.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

2.1 *New and revised* standards effective for the current year

In the current year, the company has applied for the first time IFRS 9 and IFRS 15 issued by the International Accounting Standards Board (IASB), effective for annual periods beginning on or after January 1, 2018.The application of these new standards have affected amounts reported and disclosures in the current and prior period.

IFRS 9 Financial Instruments

IFRS 9 ‘Financial Instruments’ replaces IAS 39 ‘Financial Instruments: Recognition and Measurement’ and includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.1 *New and revised* standards effective for the current year (continued)
IFRS 9 Financial Instruments (continued)

The company has applied the transitional provisions of IFRS 9 and has elected not to restate comparatives thereby utilising the modified retrospective approach as of 1 April 2018 for all ongoing customer contracts. As a result, the comparative information is disclosed in accordance with the company's previous accounting policy under IAS 39 and is not fully comparable with the presentation for the current financial year. Restatements arising from the adoption of IFRS 9 have been recognised directly in accumulated surplus as of 1 April 2018 and are summarized below. The changes in the company's accounting policies for financial instruments are disclosed in Note 3.3.

Details of the new requirements and the impact on the financial statements are as follows:

(a) *Classification and measurement of financial assets and financial liabilities*
IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held-to-maturity, loans and receivables and available for sale (AFS).

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the company's accounting policies related to financial liabilities. There are two categories for the classification of financial liabilities: (i) Amortised cost and (ii) Fair value through Profit or Loss (FVTPL)

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the company's financial assets and financial liabilities as at 1 April 2018.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 April 2018 relates solely to the new impairment requirements.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.1 *New and revised* standards effective for the current year (continued)
IFRS 9 Financial Instruments (continued)

	Original classification under IAS 39	*New classification under IFRS 9*	*Original carrying amount under IAS 39*	*New carrying amount under IFRS 9*
Financial Assets			$000	$000
Trade and other receivables	Loans and receivables	Amortised cost	53,612	53,612
Due from related party	Loans and receivables	Amortised cost	140,770	140,770
Cash and cash equivalents	Loans and receivables	Amortised cost	20,687	20,687
Total financial assets			**215,069**	**215,069**

(b) *Impairment of financial assets*

In relation to the impairment of financial assets, IFRS 9 requires an ‘expected credit loss’ (ECL) model as opposed to an ‘’incurred loss model under IAS 39. The expected credit loss model requires that expected credit losses and changes in those expected credit losses to reflect changes in credit risks since the initial recognition of the financial asset, at the end of each reporting period. It is no longer necessary for a credit event to have occurred before credit losses are recognised. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Impairment losses for assets in the scope of the IFRS 9 impairment model are generally expected to increase and become more volatile also greater judgement is required due to the need to factor in forward looking information when estimating the appropriate amount of impairment.

2. **ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)**

2.1 ***New and revised* standards effective for the current year (continued)**
IFRS 9 Financial Instruments (continued)

For all trade receivables and contract assets, the company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss. In applying this approach the company considered the probability of a default occurring over the contractual life of its trade receivables and contracts asset balances on initial recognition of those assets.

The company has identified the following financial assets as subject to the expected credit loss model.

Items existing at 1 April 2018 that are subject to the impairment provisions of IFRS 9	*Credit risk attributes at 1 April 2018*	*Increased Impairment allowance recognised on 1 April 2018*
		$000’
Trade and other receivables	Simplified approach applied. Assessed for lifetime ECL	None
Cash and cash equivalents	Assessed at low credit risk	None

- ***IFRS 15* Revenue from Contracts with Customers**

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. It is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to the customer. Judgment is required in ddetermining the timing of the transfer of control whether at a point in time or over time. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. It also includes disclosure requirements to provide comprehensive information about the amount, timing and uncertainty of revenue and cash flows arising from the entity’s contracts with customers.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.1 *New and revised* standards effective for the current year (continued)
IFRS 15 Revenue from Contracts with Customers (continued)

The company has applied IFRS 15 in accordance with the modified retrospective approach with the date of initial application of 1 April 2018 and has elected not to restate comparative information in accordance with the transitional provisions. As a result, comparative information is disclosed in accordance with the company's previous accounting policy. The company has elected to apply the approach only to contracts that are not completed, that is, those for which there are unsatisfied performance obligations on initial application.

The cumulative effect of initially applying IFRS 15 is recognised at the date of initial application as an adjustment to the opening balance of accumulated surplus, as summarised below.

		Impact of adopting IFRS 15 at 1 April 2018
Accumulated surplus	**Note**	**$000'**
Landfill fee tickets purchased in advanced by customers		10

The company issues tickets for a fee, collected immediately, to certain commercial customer for the service of permitting trucking of their solid waste to landfills. A ticket is issues for each delivery to be made. Tickets are retrieved as the customer make delivery at the landfills and performance obligations are fulfilled. Under the company's previous policy, revenue was recognised when payment was made for tickets with the expectation that the timing between payment and delivery was insignificant. Under IFRS 15, revenue from landfill tickets is recognised at a point in time, that is, when delivery is made by the customer thereby accepting the service and satisfying the company's performance obligation. A contract liability arises under IFRS 15 for the advanced payments received from customers prior to the delivery being accepted.

Management has assessed the extent of unsatisfied performance obligations at 31 March 2018 and 2019 and found these to be immaterial to the financial statements.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.1 *New and revised* standards effective for the current year (continued)
IFRS 15 Revenue from Contracts with Customers (continued)

Impact on the statement of financial position as at 31 March 2019

	As reported $'000	*Increase/ (decrease) $000*	*Amount without adoption of IFRS 15 $'000*
Liabilities			
Contract liabilities	10	10	-
Total current liabilities	154,100	10	154,110
Equity			
Accumulated surplus	82,849	10	82,859
Total equity and liabilities			

Impact on statement of comprehensive income

	As reported $'000	*Increase/ (decrease) $000*	*Amount without adoption of IFRS 15 $'000*
Revenue			
Commercial income	139,432	(10)	139,442
Surplus and total comprehensive income for year	2,482	(10)	2,492

The following additional new and revised Standards and Interpretations have been adopted in these financial statements. Their adoption has not had any impact on the amounts reported in these financial statements but may impact the accounting for future transactions or arrangements.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.1 *New and revised* standards effective for the current year (continued)

		Effective for annual Periods beginning on or after
Amendments to Standards		
IFRS 2	Share-based Payment:	
	- Amendments to clarify the classification and measurement of share-based payment transactions	January 1, 2018
IFRS 4	- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – Amendments to IFRS 4	January 1, 2018
IFRS 1 and IAS 28	Amendments arising from 2014 – 2016 Annual Improvements to IFRS	
	- Removing short- term exemptions; Clarifying certain fair value measurements	January 1, 2018
IAS 40	Investment Property	
	- Amendments to clarify transfers of property to, or from, investment property	January 1, 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	January 1, 2018

2.2 New and Revised Standards and Interpretations in issue not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not effective or early adopted for the financial period being reported on:

		Effective for annual periods beginning on or after
New Standards		
IFRS 16	Leases	January 1, 2019
IFRS 17	Insurance Contracts	January 1 ,2021
Revised Standards		
IFRS 9	Financial Instruments	
	- Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 1, 2019
IFRS 3, 11, IAS 12, 23,	Amendments arising from 2015 – 2017 Annual Improvements to IFRS	
	- Measurement of previously held interest in a joint operation (IFRS 3&11); Income tax consequences of payments on financial instruments classified as equity (IAS 12); Borrowing costs eligible for capitalisation (IAS 23)	January 1, 2019

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.2 New and Revised Standard and Interpretations in issue not yet effective (Continued)

		Effective for annual periods beginning on or after
Revised Standards (continued)		
	-	
	-	
IFRS 10, IAS 28	Consolidated Financial Statements; Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Postponed indefinitely by IASB pending research project on equity method of accounting
IAS 19	Employee Benefits -Plan Amendment, Curtailment or Settlement	January 1, 2019
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding long –term interest in associates and joint ventures	January 1, 2019
IFRS 3	Business Combinations - Definition of a business	January 1, 2020
IAS1, IAS 8	Presentation of Financial statements; Accounting Policies, Changes in Accounting Estimates and Errors - Definition of material	January 1, 2020
New Interpretations		
IFRIC 23	Uncertainty over Income Tax Treatments	January 1, 2019
Conceptual Framework of Financial Reporting		January 1, 2020

The company has assessed the impact of these new and revised Standards and Interpretations in issue but not yet effective and consider that the following are relevant to the operations of the company and are likely to impact amounts reported in the company's financial statements:

2. **ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)**

2.2 **New and Revised Standard and Interpretations in issue not yet effective (Continued)**

- **IFRS 16 Leases, (effective for annual periods beginning on or after 1 January 2019).** This new standard requires lessees to account for all leases under a single on-balance sheet model, subject to certain exemptions in a similar way to finance leases under IAS 17. All major leases will be accounted with new assets and liabilities being recognised in the statement of financial position. Lessees recognize a liability to pay rentals with a corresponding asset, and recognize interest expense and depreciation separately. Total lease expense will be higher in early years of a lease even if a lease has fixed regular cash rentals. The standard provides guidance on the two recognition exemptions for leases – leases of “low value” assets and short-term leases with a term of 12 months or less.

  Lessor accounting is substantially the same as IAS 17 as the lessor will continue to classify leases as finance and operating leases recognising net investments in finance leases comprising lease receivables and residual assets.

  The company is in the process of assessing the impact that the new standard will have on its financial statements.

- ***Amendments to IFRS 9*** **Prepayment Features with Negative Compensation, (effective for annual periods beginning on or after 1 January 2019).**
  The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. Early termination can result from a contractual term or from an event outside the control of the parties to the contract, such as a change in law or regulation leading to the early termination of the contract. The amendments are intended to apply where the prepayment amount approximates to unpaid amounts of principal and interest plus or minus an amount that reflects the change in a benchmark interest rate. The company does not expect the amendment to have any effect on its financial statements.

  The IASB also clarified that the requirements in IFRS 9 for adjusting the amortised cost of a financial liability, when a modification (or exchange) does not result in derecognition, are consistent with those applied to the modification of a financial asset that does not result in derecognition. This means that the gain or loss arising on modification of a financial liability that does not result in derecognition, calculated by discounting the change in contractual cash flows at the original effective interest rate, is immediately recognised in profit or loss.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.2 New and Revised Standard and Interpretations in issue not yet effective (Continued)

- ***Annual Improvements 2015-2017 Cycle*** **(issued in December 2017).**

  IAS 23 Borrowing Costs Borrowing costs eligible for capitalisation

  - The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

  - An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments.

    The amendments are applicable for annual reporting periods beginning on or after 1 January 2019 although earlier application is permitted.

  This improvement is not expected to have a significant impact on the company's financial statements.

- ***Amendments to IAS1 and IAS 8 Definition of Material*** **(effective for annual periods beginning on or after 1 January 2020)**

  The amendment aligned the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, '*Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity*.' Materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. It explains that information is obscured if it is communicated in a way that would have a similar effect as omitting or misstating the information such as, if information regarding a material item, transaction or other event is scattered throughout the financial statements, or disclosed using a language that is vague or unclear, or if inappropriately aggregated or disaggregated. The amendments replaced the threshold 'could influence', which suggests that any potential influence of users must be considered, with 'could reasonably be expected to influence' therefore clarifying that the materiality assessment will need to take into account only reasonably expected influence on economic decisions of primary users. The IASB reference to 'primary users' instead of 'users' in the original standard helped to narrow a wide interpretation of 'users'. The amendment is applied prospectively with early application permitted if disclosed.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.2 New and Revised Standard and Interpretations in issue not yet effective (Continued)

- **Conceptual Framework for Financial Reporting (Issued March 2018)**

The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard. Its purpose is to assist the IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards. It sets out a comprehensive set of concepts for financial reporting, standard setting, and guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. New concepts, clarification of important concepts, updated definitions and recognition criteria for assets and liabilities are included.

The revised framework is arranged in eight chapters and is accompanied by a Basis for Conclusions. A separate accompanying document, ‘Amendments to References to the Conceptual Framework in IFRS Standards’, was issued by the IASB which sets out the amendments to affected standards in order to update references to the Conceptual Framework.

The revised framework is effective immediately for the IASB and the IFRS Interpretation Committee (IC). For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

The revised framework is not expected to have any impact on the company.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

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

3.2 Basis of preparation

These financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of consideration given in exchange for assets. The principal accounting policies are set out below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Although these estimates are based on managements' best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

Reclassification

Certain prior year amounts have been reclassified in order to conform to the current year presentation.

3.3 Financial instruments (Policy applicable from 1 April 2018)

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

Recognition

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized on the company’s statement of financial position when the company becomes a party to the contractual provisions of the instrument.

3.3.1 Financial Assets

Classification

The company classifies financial assets at initial recognition based on the financial asset’s contractual cash flow characteristic and the company’s business model for managing the instruments. The company’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.3.1 **Financial assets (continued)**

Measurement category

At initial recognition, the company measures a financial asset at its fair value plus, in `the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables that do not contain a significant financing component are measured on initial recognition at their transaction price.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in the following categories:
• Financial assets at amortised cost (debt instruments)
• Financial assets at fair value through other comprehensive income (FVOCI)
• Financial assets at fair value through profit or loss (FVTPL)

- Amortised cost:
These assets arise principally from the provision of goods and services to customers as well as other types of financial assets held within a business model where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest (SPPI) on the principal amount outstanding. The SPPI test is performed at an instrument level. After initial recognition they are subsequently carried at amortised cost using the effective interest method, less any impairment.

The company's financial assets at amortised cost comprise trade and other receivables including contract assets, due from related parties and cash and bank balances.

- FVTPL and FVOCI
Equity instruments are measured at FVTPL, unless the asset is not held for trading purposes and the company makes an irrevocable election on an instrument-by-instrument basis to designate the asset as FVOCI. As a result of the election, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses and their reversal are not reported separately from other changes in fair value. Dividends representing a return on such investments are recognised in profit or loss as other income when the company's right to receive payments is established. Where the asset is held within a business model where the objective is both to collect contractual cash flows and selling the financial assets and the SPPI test is met, the assets are measured subsequently at FVOCI with gains and losses recycled to profit or loss on derecognition.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.3.1 **Financial assets (continued)**

Derecognition

A financial asset or group of similar financial assets (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired or
- The company has (i) transferred its rights to receive the cash flows from the asset or (ii) has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement
  and either the company
  (a) has transferred substantially all the risk and rewards of ownership of the asset, or
  (b) has neither transferred substantially all the risk and rewards of ownership of the asset, but has transferred control of the asset

Where the transfer does not qualify for derecognition as above, the company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Impairment

The company recognises an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss. For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate.

The company recognises a loss allowance for expected credit losses on trade receivables and other financial assets that are measured at amortised cost applying the expected credit loss model. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.3.1 **Financial assets (continued)**

Trade receivables and contract assets

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivable are recorded when billed or accrued and represent claims against third parties that will be settled in cash. They are generally due for settlement within 30 days and therefore are all classified as current. The company recognises lifetime ECL at each reporting date for trade receivables and contract assets applying a simplified approach. The expected credit losses on these financial assets are estimated based on the company's historical collection trends, type of customer, the age of outstanding receivables and existing economic conditions adjusted for factors that are specific to the debtors as well as the expected changes in factors or conditions affecting the debt at the reporting date, including time value of money where appropriate. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly.

For all other financial instruments, the company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. Significant increase is assessed as the change in the risk of a default over the expected life of the financial asset as at the reporting date with the risk of default on the instrument occurring at the date of initial recognition, considering reasonable and supportable information that is available without undue cost or effort. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The credit risk on a financial instrument is assumed not to have increased significantly if it is determined to have a low credit risk at the reporting date taking into consideration all the terms and conditions of the instrument from the perspective of market participants or by use of other methodologies that are consistent with assessing low credit risk for the particular instrument. 12-moth ECL are applied to the company's debt securities determined to have low credit risk and other debt securities and bank balances for which credit risk has not increased significantly since initial recognition,

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.3.1 **Financial assets (continued)**

The company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due and a financial asset to be in default when the financial asset is more than 270 days past due and/or internal or external information indicates that the company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the company.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows in its entirety or a portion thereof. For trade receivables, the company writes off the gross carrying amount when the financial asset is 270 days past due based on historical experience of recoveries of similar assets. Nevertheless the company makes individual assessments regarding the timing and amount of write-off based on whether there is reasonable expectation of recovery. Write off takes place when the company's internal collection efforts have been unsuccessful in collecting the amount due. No significant recovery is expected from amounts written off

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets

3.3.2 **Financial Liabilities**

Initial recognition and measurement:

All financial liabilities are recognised initially at fair value, and except for financial liabilities not at fair value through profit or loss (FVTPL), net of directly attributable transaction costs of issue. Financial liabilities are subsequently measured at amortised cost, except for any financial liabilities at fair value through profit or loss which are subsequently measured at fair value.

Measurement category

- FVTPL

A financial liability is classified as at FVTPL if it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. The company has no financial liabilities at FVTPL

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3.2 Financial assets (continued)

- Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

The company's financial liabilities measured at amortised cost comprise trade and other payable and due to related party.

Derecognition

A financial liability is derecognised when the obligation under the instrument is extinguished by being discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability.

The difference between the carrying amount of a financial liability derecognized and the consideration paid and payable is recognised in profit or loss.

3.4 Financial Instruments (Policy applicable before 1 April 2018)

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity enterprise. Financial instruments carried on the statement of financial position include accounts receivable, cash and bank and short term deposits and payables.

Receivables

Trade receivables are carried at original invoice amount less provisions made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market rate of interest.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Foreign currency transactions

Transactions in currencies other than the company's functional currency (foreign currencies) are recognised at the rate of exchange prevailing at the dates of the transactions. At each reporting date monetary assets and liabilities denominated in foreign currencies are retranslated at exchange rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Gains and losses resulting from the settlement of foreign currency transactions and from the retranslation at period-end exchange rates are recognised in profit or loss in the period in which they arise.

3.6 Related party transactions and balances

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 and operating decisions. Related party transactions and balances are recognised and disclosed for the following:

i. Enterprises and individuals owning directly or indirectly an interest in the voting power of the company that gives them significant influence over the company's affairs and close members of the families of these individuals.

ii. Key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the company, including those directors and officers and close members of the families of those individuals.
iii. Post-employment benefit plans for the benefit of employees of the company
iv. An entity or any member of a group to which it is a part providing key management personnel services to the company

3.7 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation on property, plant and equipment is recognised so as to allocate the cost or valuation of assets less their residual values over their estimated useful lives or, in the case of leasehold improvements the shorter lease term, using the straight-line method. The following useful lives are used in the calculation of depreciation:

Motor vehicles	5 years
Furniture and fixtures	10 years
Machinery and equipment	10 years
Leasehold improvements	Period of lease

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.7 **Property, plant and equipment (continued)**

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Repairs and maintenance are charged to income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits are in excess of the originally assessed standard of performance of the existing asset that will flow to the company. Major renovations are depreciated over the remaining useful life of the related asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.8 **Impairment of tangible assets**

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognised in profit or loss for the amount by which the carrying amount of an asset exceeds its estimated recoverable amount, which is the higher of the asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

3.9 **Inventories**

Inventories are stated at the lowest of cost and net realizable value, cost being determined on the first in first out basis. Net realizable value is the estimated selling price in the ordinary course of business, less cost to sell.

3.10 **Cash and cash equivalents**

Further purposes of presentation of the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts. Bank overdrafts are shown within current liabilities on the statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Government subvention

Government subvention is received principally as an allocation from the National Solid Waste Management Authority and is recognised at fair value where there is reasonable assurance that the subvention will be received and the company will comply with all attached conditions.

3.12 Revenue recognition (Policy applicable from 1 April 2018)

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services.

The company's solid waste collection business involves the collection, transfer and disposal of waste from residential, commercial and industrial customers for transport directly to landfills and from sales of skips to a related entity. Solid waste collection services include both recurring and temporary customer relationships. Revenues from collection operations are influenced by factors such as collection frequency, type and volume or weight of the waste collected and distance to the disposal facility. Revenues from landfill operations consist of tipping fees, which are generally based on the type and weight or volume of waste being disposed of at the disposal facilities. Commercial services are performed under service agreements, with customers. The agreements give the company the exclusive right to provide specified waste services in the specified territory during the contract term. The standard customer service agreements generally range for one year with a few up to five years. Typically, the contractual arrangement provides for commercial customers to be billed on a monthly basis in arrears but for the solid waste removal to be provided bi-monthly or monthly. Revenue recognized under these agreements is earned over time over the contract cycle

Revenue from sources other than customer contracts primarily relates to imposed fines and employee services. Revenue from these sources were not material and represented less than 1% of total revenue for the current and previous financial year.

Deferred Revenues
Deferred revenues is recognised when cash payments are received or due in advance of performance obligations and is classified as current since they are earned within a year and there are no significant financing components. Substantially all deferred revenues during the reported periods are realized as revenues within one to three months, when the related services are performed.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Revenue recognition (Continued)

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount of the income can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.13 Revenue recognition (Policy applicable prior to 1 April 2018)

Revenue consists mainly of subvention income received from the National Solid Waste Management Authority and is recognised when the company is relatively certain that the amount will be collected and the company has a legal claim over the amount received.

3.14 Capital reserve

Grant funds received specifically for the acquisition of capital assets are credited directly to capital reserves and written off to revenue over the useful lives of the relevant assets.

3.15 Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares or option are shown in equity as a deduction, net of tax from the proceeds.

3.16 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place in a market accessible to or by the company, either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Fair value measurement (continued)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, if market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

. 4. FINANCIAL RISK MANAGEMENT

The company's activities expose it to a variety of financial risks market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

The Board of Directors is ultimately responsible for the establishment and oversight of the company's risk management framework. The Board implements and monitors risk management policies and makes decisions on financial matters on a daily basis.

The most important types of risk are credit risk, liquidity risk and market risk. Market risk includes currency risk, interest rate and other price risk.

4.1 Credit risk

The company takes on exposure to credit risk, which is the risk that its counterparties will cause a financial loss for the company by failing to discharge their contractual obligations. Credit risk is the most important risk for the company's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from the company's receivables and banking activities.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Credit Risk (continued)

Credit Review Process

(i) Receivables
The company's main exposure to credit risk lies in its lending activities to customers. Exposure to this credit risk is managed through close monitoring of the customer's ability to meet interest and principal repayments in accordance with the terms and conditions of the various loan agreements.

(ii) Cash and bank
Cash and bank transactions are limited to high credit quality financial institutions.

Ageing analysis of trade receivables that are past due but not impaired
Trade receivables that are less than 30 days past due are not considered impaired. As of 31 March 2019 trade receivables of $39,806 million (2018 - $46.469 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The ageing analysis of these trade receivables is as follows:

	2019 $’000	2018 $'000
1 month	7,315	3,943
2 - 6 months	32,491	42,526
	39,806	46,469

Ageing analysis of trade receivables that are past due and impaired
As of 31 March 2019, trade receivables of $70.916 million (2018 - $70.916 million) for the company were impaired. The individually impaired receivables mainly relate to customers who are in an unexpected difficult economic situation. It was assessed that a portion of the receivables is expected to be recovered.

The aging of these receivables is as follows:

	2019 $’000	2018 $'000
Over 6 months	70,916	70,916

4. **FINANCIAL RISK MANAGEMENT (CONTINUED)**

4.1 Credit Risk (continued)

Movement analysis of allowance for expected credit losses
The movement on the allowance for expected credit losses on trade receivables is as follows:

	2019 $'000	**2018 $'000**
At 1 April	70,916	70,916
Allowance for expected credit losses recognized	-	-
At 31 March	70,916	70,916

The creation and reversal of allowance for expected credit losses have been included in expenses in the statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

4.2 **Liquidity risk**

Liquidity risk is the risk that the company is unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Liquidity risk management process
The company's liquidity management process, as carried out within the company and monitored by the Board of Directors includes:

(i) Monitoring future cash flows and liquidity on a regular basis. This incorporates an assessment of expected cash flows:

4. FINANCIAL RISK MANAGEMENT (Continued)

4.2 *Liquidity risk (continued)*

The tables below summarise the maturity profile of the company's financial liabilities at 31 March based on contractual undiscounted payments.

	3 to 12 Months $'000	Total $'000
As at 31 March 2019:		
Liabilities		
Trade payables	51,557	51,557
Total financial liabilities (contractual maturity)	51,557	51,557

	3 to 12 Months $'000	Total $'000
As at 31 March 2018:		
Liabilities		
Trade payables	47,302	47,302
Total financial liabilities (contractual maturity)	47,302	47,302

4.3 Market risk

The company takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks will arise from changes in foreign currency exchange rates, interest rates and commodity prices. However, the company is mainly exposed to exchange rate. Market risk is monitored by the company's Finance Department which carries out extensive research and monitors the price movement of financial assets on the local and international markets. Market risk exposures are measured using sensitivity analysis.

There has been no change to the company's exposure to market risks or the manner in which it manages and measures the risk.

4. FINANCIAL RISK MANAGEMENT (Continued)

4.3 Market *risk (continued)*

4.3.1 ***Currency risk***

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, and recognised assets and liabilities.

The company manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The company further manages this risk by maximising foreign currency earnings and holding foreign currency balances.

As at 31 March 2019 and 31 March 2018, the company had no significant exposure to currency risk as there was no balance denominated in foreign currency.

4.3.2 ***Interest rate risk***

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As at 31 March 2019 and 31 March 2018, the company had no significant exposure to interest rate risk as there was no significant interest bearing assets or liabilities

4.3.3 ***Price risk***

Price risk is the risk that the value of a financial instrument or physical commodity will fluctuate as a result of changes in market prices. Fluctuation in the price of a financial instrument may be caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

At 31 March 2019 and 31 March 2018 there was no significant exposure to price risk as there were no price sensitive investments held.

4. **FINANCIAL RISK MANAGEMENT (Continued)**

4.3 Market *risk (continued)*

4.4 **Capital management**

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Judgements and estimates 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.

5.1 **Critical judgements in applying the company's accounting policies**

In the process of application of the company's accounting policies, management believes that there were no critical judgements made, apart from those involving estimation (see below) that would cause a significant impact on the amounts recognised in the financial statements:

5.2 **Key sources of estimation uncertainty**

The following are the key assumptions concerning the future or other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Property, plant and equipment

Management exercises judgement in determining whether the costs incurred can accrue significant future economic benefits to the company to enable the value to be treated as a capital expense. Further, judgement is applied in the annual review of the useful lives of all categories of property, plant and equipment and the resulting depreciation thereon. Details of the estimated useful lives are disclosed in Note 3.7. See also Note 12.

Impairment of trade receivables

The company periodically assesses the collectability of its trade receivables. Allowances for expected credit losses are established or increased as described in Note 3.3.1. There is, however, no certainty that the company will collect the total remaining unimpaired balance, as some balances that are estimated to be collectible as at the end of the reporting period may subsequently become doubtful. Trade receivables amounted to $72.573 million at the end of the reporting period (2018: $53.374 million) net of impairment of $70.916 million (2018: $70.916 million). See Notes 4.1 and 14.

6. GOVERNMENT SUBVENTION

Government subvention include recurrent amounts received through the National Solid Waste Management Authority (NSWMA). There are no unfulfilled conditions or other contingencies attaching to subvention received. The company did not benefit directly from any other forms of government assistance.

	2019 $'000	2018 $'000
Subvention - primary allocation	334,181	324,893
Subvention - emergency and special projects	231,664	73,262
Subvention –statutory liabilities paid	3,294	-
	569,139	398,155

7. COMMERCIAL INCOME

These comprise revenue from contracts with customers which is substantially fees received from the collection of commercial solid waste in the parishes of Clarendon, Manchester and St. Elizabeth.

8. OTHER INCOME

	2019 $'000	2018 $'000
Fines	228	205
Miscellaneous	241	688
	469	893

9. EXPENSES

Expense by nature

	2019 $'000	2018 $'000
Landfill Contractors' expenses	23,820	27,891
Landfill operations (**Fires at landfill**)	92,843	64,167
Site rehabilitation (**Work done on landfill roads**)	16	7,780
Motor vehicle expenses (**NSWMA trucks**)	118,011	80,194
Repairs and maintenance	35,635	40,935
Depreciation (**Note 12**)	2,103	1,936
Staff costs (**Note 10**)	309,795	268,141
Professional fees	1,550	350
Auditor's remuneration	1,000	880
Rent **(Note 19)**	3,311	3,406
Utilities	3,704	3,932
Security expenses	7,388	6,873
Stationery and office supplies	2,495	2,322
Miscellaneous	3,325	4,760
Other	1,025	350
Bank charges	90	84
Special projects – Truck rehabilitation	48,420	-
Special projects - Special clean up program*	52,043	-
	706,574	514,001

*Funds received for special clean-up programs, stock piling of soil to prevent fires and to fight fires.

10. STAFF COSTS

	2019 $'000	2018 $'000
Wages and salaries	239,025	204,023
Payroll taxes – employer's portion (NIS, NHT)	12,606	10,637
Travel cost incl. motor vehicle upkeep and mileage	31,977	26,348
Allowances incl. health, life, pension & duty	26,187	27,133
	309,795	268,141

The number of persons employed by the company at the year-end was 347 (2018 - 353). The company paid a 7% salary increase and a retroactive payment made for 2017/2018 during the year. There was also an additional increase in salary rate to sidemen who work substantial overtime.

11. TAXATION

As stipulated under Section 12 of the Income Tax Act, the company is exempt from income tax.

12. PROPERTY, PLANT AND EQUIPMENT

	Motor Vehicles $'000	Furniture & Fixtures $'000	Machinery & Equipment $'000	Leasehold Improvement $'000	Total $'000
			2019		
At Cost					
At 1 April 2017	760	3,483	8,481	4,762	17,486
Additions	-	841	927	863	2,631
At 1 April 2018	760	4,324	9,408	5,625	20,117
Additions	-	-	1,670	-	1,670
At 31 March 2019	760	4,324	11,078	5,625	21,787
Accumulated depreciation					
At 1 April 2017	760	2,247	5,294	2,873	11,174
Charge for the year	-	432	941	563	1,936
At 1 April 2018	760	2,679	6,235	3,436	13,110
Charge for the year	-	432	1,108	563	2,103
At 31 March 2019	760	3,111	7,343	3,999	15,213
Carrying amount					
At 31 March 2019	-	1,213	3,735	1,626	6,574
At 31 March 2018	-	1,645	3,173	2,189	7,007

13. INVENTORIES

Inventories comprise the following:

	2019 $'000	2018 $'000
Consumables	1,328	1,455
Spare parts	5,100	3,920
	6,428	5,375

14. TRADE AND OTHER RECEIVABLES

	2019 $'000	2018 $'000
Trade receivable	143,489	124,290
Less: Allowance for expected credit losses	(70,916)	(70,916)
	72,573	53,374
Other receivables	400	238
	72,973	53,612

15. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Balances with related party

	2019 $'000	2018 $'000
Due to related party	(53,853)	(49,915)
Due from related party	139,722	140,770

This represents advances to/(by) the National Solid Waste Management Authority (NSWMA) which is an agency of the Ministry of Local Government and Community Development. No interest is charged on outstanding balances and there are no agreed terms of settlement.

(b) Transactions with related parties during the year were as follows:

	2019 $'000	2018 $'000
Subvention received – NSWMA (Note 6)	569,139	398,155

Key management compensation

	2019 $'000	2018 $'000
Salaries and other short-term benefits	20,601	19,001
Payroll taxes – employer's portion	583	571
	21,184	19,572

16. CASH AND CASH EQUIVALENTS

	2019 $'000	2018 $'000
Cash at bank and in hand	10,894	20,687

17. TRADE AND OTHER PAYABLES

	2019 $'000	2018 $'000
Trade payable	51,557	47,302
Audit and accounting	1,000	350
Statutory liabilities	38,331	41,697
Vacation leave	2,130	1,895
Accruals (Rent etc.)	7,229	6,283
	100,247	97,527

18. SHARE CAPITAL

	2019 $'000	2018 $'000
Authorised, issued and fully paid 1 April and 31 March 200 ordinary shares at no par value	1	1

19. LEASES AND COMMITMENTS

As at March 31, the Company as had lease commitments under operating lease expiring up to 2020. Operating leases relate to rental of premises for carrying out its operation and are negotiated for an average of five years.

	2019 $'000	2018 $'000
Minimum lease payments under operating leases recognised as an expense in the year	3,311	3,406

At the end of the reporting period the company had outstanding commitments under operating leases which fall due as follows:

	2019 $'000	2018 $'000
Within 1 year	3,311	3,406
Longer than 1 year and not longer than 5 years	9,933	13,624
	13,244	17,030

20. FAIR VALUE OF FINANCIAL INSTRUMENTS

There were no financial instruments that were measured at fair value after initial recognition classified at Level 1 to Level 3 at the end of the reporting period.

The following methods and assumptions have been used in determining the fair values of financial assets and financial liabilities:

For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument which is substantially the same, discounted cash flow analysis or other appropriate valuation methodologies or estimation techniques based on market conditions existing at the end of the reporting period.

The values derived using these techniques are significantly affected by underlying assumptions concerning both the amounts and timing of future cash flows and the discount rates used. The following methods and assumptions have been used:

(i) The carrying values of cash and bank balances, trade receivables, trade payables and other assets and liabilities maturing within twelve months are assumed to approximate their fair values because of the short-term maturities of these instruments.

WPM Waste Management Limited
Financial Statements

31 March 2019

C.R. Hylton & Co.

WPM WASTE MANAGEMENT LIMITED

I N D E X
31 MARCH 2019

Charlton Hylton F.C.C.A.,F.C.A., Hayseworth Hylton F.C.C.A, C.A., MBA, Oswald Lee F.C.C.A., C.A.
Dwayne Lindsay F.C.C.A., MBA, Paula Thorpe F.C.C.A., C.A.,MBA

C.R.Hylton & Co.
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SFAI
JAMAICA

INDEPENDENT AUDITORS' REPORT

To the Members of WPM Waste Management Limited

Report on the Financial Statements

Opinion
We have audited the financial statements of WPM Waste Management Limited (the company) which comprise the statement of financial position as at 31 March 2019, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 March 2019, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

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 company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Board of Directors for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and the Jamaican Companies Act 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 company'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 company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the company's financial reporting process.

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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, 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 omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITORS' REPORT (Continued)

To the Members of WPM Waste Management Limited

Report on the Financial Statements

- 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 company'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 company'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 company to cease to continue as a going concern.

- 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 presents a true and fair view.

We communicate with the Board of Directors 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.

Report on additional requirements of the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept and the financial statements are in agreement therewith, and give the information required by the Jamaican Companies Act, in the manner so required.

Other Matter
The financial statements of the company for the financial year ended 31 March 2018 were audited by another auditor who expressed a qualified opinion on those financial statements on 6 November 2018.

Chartered Accountants
Kingston, Jamaica

July 17, 2019

WPM WASTE MANAGEMENT LIMITED
(a company limited by guarantee)

STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 MARCH 2019
(Expressed in Jamaican dollars unless otherwise indicated)

	Note	2019 $'000	2018 $'000
INCOME			
Government subvention	6	877,762	667,908
Commercial income	7	156,837	115,227
Other income	8	2,655	101,445
Interest income		34	37
		1,037,288	884,617
EXPENSES			
Direct, administrative and general expenses	9	(1,102,786)	(807,556)
(Deficit) surplus being total comprehensive income for the year		(65,498)	77,061

The accompanying notes form an integral part of the financial statements

WPM WASTE MANAGEMENT LIMITED

(a company limited by guarantee)

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Note	2019 $'000	2018 $'000
Non-current assets			
Property, plant and equipment	12	9,263	10,079
Current assets			
Inventories	13	33,200	21,073
Trade and other receivables	14	82,419	156,181
Due from related party	15	4,029	-
Cash and cash equivalents	16	26,656	19,870
Total current assets		146,304	197,124
Current liabilities			
Trade and other payables	17	351,083	312,269
Due to related parties	15	2,628	27,580
Total current liabilities		353,711	339,849
Net current liabilities		(207,407)	(142,725)
Net Liabilities		(198,144)	(132,646)
Equity/(Deficiency in assets)			
Accumulated deficit		(198,144)	(132,646)
Total deficiency in Assets		(198,144)	(132,646)

Approved for issue on behalf of the Board of Directors on July 17, 2019 and signed on its behalf by:

Linley Reynolds Deputy Chairman

Audley Gordon Executive Director

The accompanying notes form an integral part of the financial statements

WPM WASTE MANAGEMENT LIMITED
(a company limited by guarantee)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
YEAR ENDED 31 MARCH 2019
(Expressed in Jamaican dollars unless otherwise indicated)

	Accumulated Deficit $'000	Total $'000
Balance at 1 April 2017	(209,707)	(209,707)
Surplus being total comprehensive income for the year	77,061	77,061
Balance at 31 March 2018	(132,646)	(132,646)
Deficit being total comprehensive loss for the year	(65,498)	(65,498)
Balance at 31 March 2019	(198,144)	(198,144)

The accompanying notes form an integral part of the financial statements

WPM WASTE MANAGEMENT LIMITED
(a company limited by guarantee)

STATEMENT OF CASH FLOWS
YEAR ENDED 31 MARCH 2019
(Expressed in Jamaican dollars unless otherwise indicated)

	Note	2019 $'000	2018 $'000
Cash flows from operating activities			
(Deficit) surplus for the year		(65,498)	77,061
Adjustments for:			
Depreciation of property, plant and equipment	12	3,787	2,289
Interest income		(34)	-
Operating cash flows before movements in working capital:		(61,745)	79,350
Decrease/(increase) in trade and other receivables		65,704	(53,259)
Increase in Inventories		(12,127)	(21,073)
Increase/(decrease) in trade and other payables		38,814	(3,046)
(Decrease)/increase in due to related party		(20,923)	17,062
Net cash generated by operations		9,723	19,034
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(2,971)	(6,094)
Interest received		34	-
Net cash used in investing activities		(2,937)	(6,094)
Net (decrease)/increase in cash and cash equivalents		6,786	12,940
Cash and cash equivalents at beginning of year		19,870	6,930
Cash and cash equivalents at end of year	16	26,656	19,870

The accompanying notes form an integral part of the financial statements

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES

WPM Waste Management Limited (the company) was incorporated in Jamaica on February 11, 1987 is limited by guarantee and controlled by the government of Jamaica. The registered office of the company is located at Freeport, Montego Bay, St James. The company is economically dependent on the Government of Jamaica and receives funding through the National Solid Waste Management Authority (NSWMA).

The company is responsible for the collection, treatment and disposal of solid waste for the parishes of Westmoreland, Hanover, St James and Trelawny and is primarily financed by government subvention. The company also earns income from third parties for the collection of commercial garbage.

Management considers it appropriate to adopt the going concern basis in the preparation of these financial statements on the premise that the Company will be able to secure adequate financial support from these sources until it attains profitability.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

2.1 *New and revised* standards effective for the current year

In the current year, the company has applied for the first time IFRS 9 and IFRS 15 issued by the International Accounting Standards Board (IASB), effective for annual periods beginning on or after January 1, 2018.The application of these new standards have affected amounts reported and disclosures in the current and prior period.

IFRS 9 Financial Instruments

FRS 9 'Financial Instruments' replaces IAS 39 'Financial Instruments: Recognition and Measurement' and includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

The company has applied the transitional provisions of IFRS 9 and has elected not to restate comparatives thereby utilising the modified retrospective approach as of 1 April 2018 for all ongoing customer contracts. As a result, the comparative information is disclosed in accordance with the company's previous accounting policy under IAS 39 and is not fully comparable with the presentation for the current financial year. Restatements arising from the adoption of IFRS 9 have been recognised directly in accumulated surplus as of 1 April 2018 and are summarized below. The changes in the company's accounting policies for financial instruments are disclosed in Note 3.3.

2. **ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)**

2.1 ***New and revised* standards effective for the current year (continued)**

IFRS 9 Financial Instruments (continued)

Details of the new requirements and the impact on the financial statements are as follows:

(a) *Classification and measurement of financial assets and financial liabilities*
IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held-to-maturity, loans and receivables and available for sale (AFS).

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the company's accounting policies related to financial liabilities. There are two categories for the classification of financial liabilities: (i) Amortised cost and (ii) Fair value through Profit or Loss (FVTPL)

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the company's financial assets and financial liabilities as at 1 April 2018.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 April 2018 relates solely to the new impairment requirements.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.1 *New and revised* standards effective for the current year (continued)

IFRS 9 Financial Instruments (continued)

	Original classification under IAS 39	*New classification under IFRS 9*	*Original carrying amount under IAS 39*	*New carrying amount under IFRS 9*
Financial Assets			$000	$000
Trade and other receivables	Loans and receivables	Amortised cost	156,181	156,181
Cash and cash equivalents	Loans and receivables	Amortised cost	19,870	19,870
Total financial assets			176,051	176,051

(b) *Impairment of financial assets*

In relation to the impairment of financial assets, IFRS 9 requires an ‘expected credit loss’ (ECL) model as opposed to an ‘‘incurred loss model under IAS 39. The expected credit loss model requires that expected credit losses and changes in those expected credit losses to reflect changes in credit risks since the initial recognition of the financial asset, at the end of each reporting period. It is no longer necessary for a credit event to have occurred before credit losses are recognised. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Impairment losses for assets in the scope of the IFRS 9 impairment model are generally expected to increase and become more volatile also greater judgement is required due to the need to factor in forward looking information when estimating the appropriate amount of provisions.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.1 *New and revised* standards effective for the current year (continued)

IFRS 9 Financial Instruments (continued)

For all trade receivables and contract assets, the company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss. In applying this approach the company considered the probability of a default occurring over the contractual life of its trade receivables and contracts asset balances on initial recognition of those assets.

The company has identified the following financial assets as subject to the expected credit loss model.

Items existing at 1 April 2018 that are subject to the impairment provisions of IFRS 9	*Credit risk attributes at 1 April 2018*	*Increased Impairment allowance recognised on 1 April 2018*
		$000'
Trade and other receivables	Simplified approach applied. Assessed for lifetime ECL	None
Cash and cash equivalents	Assessed at low credit risk	None

***IFRS 15* Revenue from Contracts with Customers**

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. It is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to the customer. Judgment is required in determining the timing of the transfer of control whether at a point in time or over time. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. It also includes disclosure requirements to provide comprehensive information about the amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.1 *New and revised* standards effective for the current year (continued)

IFRS 15 Revenue from Contracts with Customers (continued)

The company has applied IFRS 15 in accordance with the modified retrospective approach with the date of initial application of 1 April 2018 and has elected not to restate comparative information in accordance with the transitional provisions. As a result, comparative information is disclosed in accordance with the company's previous accounting policy. The company has elected to apply the approach only to contracts that are not completed, that is, those for which there are unsatisfied performance obligations on initial application.

The cumulative effect of initially applying IFRS 15 is recognised at the date of initial application as an adjustment to the opening balance of accumulated surplus, as summarised below.

		Impact of adopting IFRS 15 at 1 April 2018
Accumulated surplus	**Note**	**$000'**
Landfill fee tickets purchased in advanced by customers		10

The company issues tickets for a fee, collected immediately, to certain commercial customer for the service of permitting trucking of their solid waste to landfills. A ticket is issued for each delivery to be made. Tickets are retrieved as the customer makes delivery at the landfills and performance obligations are fulfilled. Under the company's previous policy, revenue was recognised when payment was made for tickets with the expectation that the timing between payment and delivery was insignificant. Under IFRS 15, revenue from landfill tickets is recognised at a point in time, that is, when delivery is made by the customer thereby accepting the service and satisfying the company's performance obligation. A contract liability arises under IFRS 15 for the advanced payments received from customers prior to the delivery being accepted.

Set out below is a summary of the impact of adopting IFRS 15 on the company's statement of financial position as at 31 March 2019 and its statement of comprehensive income for the year then ended for each of the line items affected. There was no material impact on the company's statement of cash flows for the year ended 31 March 2019.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.1 *New and revised* standards effective for the current year (continued)

IFRS 15 Revenue from Contracts with Customers (continued)

Impact on the statement of financial position as at 31 March 2019

	As reported $'000	*Increase/ (decrease) $000*	*Amount without adoption of IFRS 15 $'000*
Liabilities			
Contract liabilities	10	10	-
Total current liabilities	353,711	10	353,701
Equity			
Accumulated deficit	(198,144)	(10)	(198,134)
Total equity and liabilities			

Impact on statement of comprehensive income

	As reported $'000	*Increase/ (decrease) $000*	*Amount without adoption of IFRS 15 $'000*
Revenue			
Commercial income	156,837	(10)	156,847
Deficit and total comprehensive income for year	(65,498)	(10)	(65,488)

The following additional new and revised Standards and Interpretations have been adopted in these financial statements. Their adoption has not had any impact on the amounts reported in these financial statements but may impact the accounting for future transactions or arrangements.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.1 *New and revised* standards effective for the current year (continued)

		Effective for annual Periods beginning on or after
Amendments to Standards		
IFRS 2	Share-based Payment:	
	- Amendments to clarify the classification and measurement of share-based payment transactions	1 January 2018
IFRS 4	- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – Amendments to IFRS 4	1 January 2018
IFRS 1 and IAS 28	Amendments arising from 2014 – 2016 Annual Improvements to IFRS	
	- Removing short- term exemptions; Clarifying certain fair value measurements	1 January 2018
IAS 40	Investment Property	
	- Amendments to clarify transfers of property to, or from, investment property	1 January 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	1 January 2018

2.2 New and Revised Standards and Interpretations in issue not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not effective or early adopted for the financial period being reported on:

		Effective for annual periods beginning on or after
New Standards		
IFRS 16	Leases	January 1, 2019
IFRS 17	Insurance Contracts	January 1 ,2021
Revised Standards		
IFRS 9	Financial Instruments	
	- Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	1 January 2019
IFRS 3, 11, IAS 12, 23,	Amendments arising from 2015 – 2017 Annual Improvements to IFRS	
	- Measurement of previously held interest in a joint operation (IFRS 3&11); Income tax consequences of payments on financial instruments classified as equity (IAS 12); Borrowing costs eligible for capitalisation (IAS 23)	1 January 2019

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.2 New and Revised Standard and Interpretations in issue not yet effective (Continued)

		Effective for annual periods beginning on or after
Revised Standards (continued)		
IFRS 10, IAS 28	Consolidated Financial Statements; Investment in Associates and Joint Ventures	
	- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Postponed indefinitely by IASB pending research project on equity method of accounting
IAS 19	Employee Benefits -Plan Amendment, Curtailment or Settlement	1 January 2019
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding long –term interest in associates and joint ventures	1 January 2019
IFRS 3	Business Combinations - Definition of a business	1 January 2020
IAS1, IAS 8	Presentation of Financial statements; Accounting Policies, Changes in Accounting Estimates and Errors - Definition of material	1 January 2020
New Interpretations		
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019
Conceptual Framework of Financial Reporting		! January 2020

The company has assessed the impact of these new and revised Standards and Interpretations in issue but not yet effective and consider that the following are relevant to the operations of the company and are likely to impact amounts reported in the company's financial statements:

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.2 New and Revised Standard and Interpretations in issue not yet effective (Continued)

- **IFRS 16 Leases, (effective for annual periods beginning on or after 1 January 2019).** This new standard requires lessees to account for all leases under a single on-balance sheet model, subject to certain exemptions in a similar way to finance leases under IAS 17. All major leases will be accounted with new assets and liabilities being recognised in the statement of financial position. Lessees recognize a liability to pay rentals with a corresponding asset, and recognize interest expense and depreciation separately. Total lease expense will be higher in early years of a lease even if a lease has fixed regular cash rentals. The standard provides guidance on the two recognition exemptions for leases – leases of "low value" assets and short-term leases with a term of 12 months or less.

  Lessor accounting is substantially the same as IAS 17 as the lessor will continue to classify leases as finance and operating leases recognising net investments in finance leases comprising lease receivables and residual assets.

  The company is assessing the impact that the new standard will have on its financial statements.

- ***Amendments to IFRS 9*** **Prepayment Features with Negative Compensation, (effective for annual periods beginning on or after 1 January 2019).**
  The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. Early termination can result from a contractual term or from an event outside the control of the parties to the contract, such as a change in law or regulation leading to the early termination of the contract. The amendments are intended to apply where the prepayment amount approximates to unpaid amounts of principal and interest plus or minus an amount that reflects the change in a benchmark interest rate. The company does not expect the amendment to have any effect on its financial statements.

  The IASB also clarified that the requirements in IFRS 9 for adjusting the amortised cost of a financial liability, when a modification (or exchange) does not result in derecognition, are consistent with those applied to the modification of a financial asset that does not result in derecognition. This means that the gain or loss arising on modification of a financial liability that does not result in derecognition, calculated by discounting the change in contractual cash flows at the original effective interest rate, is immediately recognised in profit or loss.

2. **ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)**

2.2 **New and Revised Standard and Interpretations in issue not yet effective (Continued)**

- ***Annual Improvements 2015-2017 Cycle*** **(issued in December 2017).**

  IAS 23 Borrowing Costs Borrowing costs eligible for capitalisation

  - The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.
  - An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments.

    The amendments are applicable for annual reporting periods beginning on or after 1 January 2019 although earlier application is permitted.

  This improvement is not expected to have a significant impact on the company's financial statements.

- ***Amendments to IAS1 and IAS 8 Definition of Material*** **(effective for annual periods beginning on or after 1 January 2020)**

  The amendment aligned the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, '*Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity*.' Materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. It explains that information is obscured if it is communicated in a way that would have a similar effect as omitting or misstating the information such as, if information regarding a material item, transaction or other event is scattered throughout the financial statements, or disclosed using a language that is vague or unclear, or if inappropriately aggregated or disaggregated. The amendments replaced the threshold 'could influence', which suggests that any potential influence of users must be considered, with 'could reasonably be expected to influence' therefore clarifying that the materiality assessment will need to take into account only reasonably expected influence on economic decisions of primary users. The IASB reference to 'primary users' instead of 'users' in the original standard helped to narrow a wide interpretation of 'users'. The amendment is applied prospectively with early application permitted if disclosed.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.2 New and Revised Standard and Interpretations in issue not yet effective (Continued)

- **Conceptual Framework for Financial Reporting (Issued March 2018)**

  The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard. Its purpose is to assist the IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards. It sets out a comprehensive set of concepts for financial reporting, standard setting, and guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. New concepts, clarification of important concepts, updated definitions and recognition criteria for assets and liabilities are included.

  The revised framework is arranged in eight chapters and is accompanied by a Basis for Conclusions. A separate accompanying document, ‘Amendments to References to the Conceptual Framework in IFRS Standards’, was issued by the IASB which sets out the amendments to affected standards in order to update references to the Conceptual Framework.

  The revised framework is effective immediately for the IASB and the IFRS Interpretation Committee (IC). For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

  The revised framework is not expected to have any impact on the company.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

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

3.2 Basis of preparation

These financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of consideration given in exchange for assets. The principal accounting policies are set out below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Although these estimates are based on managements' best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

3.3 Financial instruments (Policy applicable from 1 April 2018)

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

Recognition
Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized on the company's statement of financial position when the company becomes a party to the contractual provisions of the instrument.

3.3.1 Financial Assets

Classification
The company classifies financial assets at initial recognition based on the financial asset's contractual cash flow characteristic and the company's business model for managing the instruments. The company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Policy applicable from 1 April 2018) (continued)

3.3.1 Financial assets (continued)

Measurement category

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables that do not contain a significant financing component are measured on initial recognition at their transaction price.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in the following categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through other comprehensive income (FVOCI)
- Financial assets at fair value through profit or loss (FVTPL)

- Amortised cost:
  These assets arise principally from the provision of goods and services to customers as well as other types of financial assets held within a business model where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest (SPPI) on the principal amount outstanding. The SPPI test is performed at an instrument level. After initial recognition, they are subsequently carried at amortised cost using the effective interest method, less any impairment.

  The company's financial assets at amortised cost comprise trade and other receivables including contract assets, due from related parties and cash and bank balances.

- FVTPL and FVOCI
  Equity instruments are measured at FVTPL, unless the asset is not held for trading purposes and the company makes an irrevocable election on an instrument-by-instrument basis to designate the asset as FVOCI. As a result of the election, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses and their reversal are not reported separately from other changes in fair value. Dividends representing a return on such investments are recognised in profit or loss as other income when the company's right to receive payments is established. Where the asset is held within a business model where the objective is both to collect contractual cash flows and selling the financial assets and the SPPI test is met, the assets are measured subsequently at FVOCI with gains and losses recycled to profit or loss on derecognition.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Policy applicable from 1 April 2018) (continued)

3.3.1 Financial assets (continued)

Derecognition

A financial asset or group of similar financial assets (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired or
- The company has (i) transferred its rights to receive the cash flows from the asset or (ii) has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement
  and either the company

  (a) has transferred substantially all the risk and rewards of ownership of the asset, or
  (b) has neither transferred substantially all the risk and rewards of ownership of the asset, but has transferred control of the asset

Where the transfer does not qualify for derecognition as above, the company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Impairment

The company recognises an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss. For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate.

The company recognises a loss allowance for expected credit losses on trade receivables and other financial assets that are measured at amortised cost applying the expected credit loss model. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Policy applicable from 1 April 2018) (continued)

3.3.1 Financial assets (continued)

Trade receivables and contract assets

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivable are recorded when billed or accrued and represent claims against third parties that will be settled in cash. They are generally due for settlement within 30 days and therefore are all classified as current. The company recognises lifetime ECL at each reporting date for trade receivables and contract assets applying a simplified approach. The expected credit losses on these financial assets are estimated based on the company's historical collection trends, type of customer, the age of outstanding receivables and existing economic conditions adjusted for factors that are specific to the debtors as well as the expected changes in factors or conditions affecting the debt at the reporting date, including time value of money where appropriate. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly.

For all other financial instruments, the company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. Significant increase is assessed as the change in the risk of a default over the expected life of the financial asset as at the reporting date with the risk of default on the instrument occurring at the date of initial recognition, considering reasonable and supportable information that is available without undue cost or effort. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The credit risk on a financial instrument is assumed not to have increased significantly if it is determined to have a low credit risk at the reporting date taking into consideration all the terms and conditions of the instrument from the perspective of market participants or by use of other methodologies that are consistent with assessing low credit risk for the particular instrument. 12-moth ECL are applied to the company's debt securities determined to have low credit risk and other debt securities and bank balances for which credit risk has not increased significantly since initial recognition,

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.3 **Financial instruments (Policy applicable from 1 April 2018) (continued)**

3.3.1 **Financial assets (continued)**

The company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due and a financial asset to be in default when the financial asset is more than 90 days past due and/or internal or external information indicates that the company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the company. The maximum period considered when estimating ECL is the maximum contractual period over which the company is exposed to credit risk.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows in its entirety or a portion thereof. For trade receivables, the company has a policy of writing off the gross carrying amount when the financial asset is 270 days past due based on historical experience of recoveries of similar assets. Nevertheless, the company makes individual assessments regarding the timing and amount of write-off based on whether there is reasonable expectation of recovery. Write off takes place when the company's internal collection efforts have been unsuccessful in collecting the amount due. No significant recovery is expected from amounts written off.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets

3.3.2 **Financial liabilities**

Initial recognition and measurement:
All financial liabilities are recognised initially at fair value, and except for financial liabilities not at fair value through profit or loss (FVTPL), net of directly attributable transaction costs of issue. Financial liabilities are subsequently measured at amortised cost, except for any financial liabilities at fair value through profit or loss which are subsequently measured at fair value.

Measurement category

- FVTPL
  A financial liability is classified as at FVTPL if it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. The company has no financial liabilities at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Policy applicable from 1 April 2018) (continued)

3.3.2 Financial liabilities (continued)

- Other financial liabilities
  Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

  The company's financial liabilities measured at amortised cost comprise trade and other payable and due to related party.

  Derecognition
  A financial liability is derecognised when the obligation under the instrument is extinguished by being discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability.

  The difference between the carrying amount of a financial liability derecognized and the consideration paid and payable is recognised in profit or loss.

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity enterprise. Financial instruments carried on the statement of financial position include accounts receivable, cash and bank and short term deposits and payables.

Receivables
Trade receivables are carried at original invoice amount less provisions made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market rate of interest.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Foreign currency transactions

Transactions in currencies other than the company's functional currency (foreign currencies) are recognised at the rate of exchange prevailing at the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in foreign currencies are retranslated at exchange rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Gains and losses resulting from the settlement of foreign currency transactions and from the retranslation at period-end exchange rates are recognised in profit or loss in the period in which they arise.

3.6 Related party transactions and balances

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 and operating decisions. Related party transactions and balances are recognised and disclosed for the following:

i. Enterprises and individuals owning directly or indirectly an interest in the voting power of the company that gives them significant influence over the company's affairs and close members of the families of these individuals.

ii. Key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the company, including those directors and officers and close members of the families of those individuals.

iii. Post-employment benefit plans for the benefit of employees of the company.

iv. An entity or any member of a group to which it is a part providing key management personnel services to the company

3.7 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation on property, plant and equipment is recognised so as to allocate the cost or valuation of assets less their residual values over their estimated useful lives or, in the case of leasehold improvements the shorter lease term, using the straight-line method. The following useful lives are used in the calculation of depreciation:

Computer hardware	5 years
Furniture and fixtures	10 years
Machinery and equipment	10 years
Leasehold improvements	10 years

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Property, plant and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Repairs and maintenance are charged to income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits are in excess of the originally assessed standard of performance of the existing asset that will flow to the company. Major renovations are depreciated over the remaining useful life of the related asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.8 Impairment of tangible assets

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognised in profit or loss for the amount by which the carrying amount of an asset exceeds its estimated recoverable amount, which is the higher of the asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

3.9 Cash and cash equivalents

Further purposes of presentation of the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts. Bank overdrafts are shown within current liabilities on the statement of financial position.

3.10 Government subvention

Government subvention is received principally as an allocation from the National Solid Waste Management Authority and is recognised at fair value where there is reasonable assurance that the subvention will be received and the company will comply with all attached conditions.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Revenue recognition (Policy applicable from 1 April 2018)

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services.

The company's solid waste collection business involves the collection, transfer and disposal of waste from residential, commercial and industrial customers for transport directly to landfills. Solid waste collection services include both recurring and temporary customer relationships. Revenues from collection operations are influenced by factors such as collection frequency, type and volume or weight of the waste collected and distance to the disposal facility. Revenues from landfill operations consist of tipping fees, which are generally based on the type and weight or volume of waste being disposed of at the disposal facilities. Commercial services are performed under service agreements, with customers. The agreements a give the company the exclusive right to provide specified waste services in the specified territory during the contract term. The standard customer service agreements generally range for one year with a few up to five years. Typically, the contractual arrangement provides for commercial customers to be billed on a monthly basis in arrears but for the solid waste removal to be provided bi-monthly or monthly. Revenue recognized under these agreements is earned over time over the contract cycle

Revenue from sources other than customer contracts primarily relates to imposed fines and employee services. Revenue from these sources were not material and represented less than 1% of total revenue for the current and previous financial year.

Deferred Revenues
Deferred revenue is recognised when cash payments are received or due in advance of performance obligations and is classified as current since they are earned within a year and there are no significant financing components. Substantially all deferred revenues during the reported periods are realized as revenues within one to three months, when the related services are performed.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3.10 Revenue recognition (Continued)

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount of the income can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.11 Revenue recognition (Policy applicable before 1 April 2018)

Revenue consists mainly of subvention income received from the National Solid Waste Management Authority and is recognised when the company is relatively certain that the amount will be collected and the company has a legal claim over the amount received.

Sales of services are recognised in the accounting period in which the services are rendered by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Interest income is recognised on a time-proportionate basis using the effective interest method.

3.12 Provisions

Provisions are recognized when there is a present legal or constructive obligation as a result of past events, if it is probable that outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

3.13 Capital reserve

Grant funds received specifically for the acquisition of capital assets are credited directly to capital reserves and written off to revenue over the useful lives of the relevant assets.

3.14 Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares or option are shown in equity as a deduction, net of tax from the proceeds.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place in a market accessible to or by the company, either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, if market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

4. FINANCIAL RISK MANAGEMENT

The company's activities expose it to a variety of financial risks market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

The Board of Directors is ultimately responsible for the establishment and oversight of the company's risk management framework. The Board implements and monitors risk management policies and makes decisions on financial matters on a daily basis.

The most important types of risk are credit risk, liquidity risk and market risk. Market risk includes currency risk, interest rate and other price risk.

4.1 Credit risk

The company takes on exposure to credit risk, which is the risk that its counterparties will cause a financial loss for the company by failing to discharge their contractual obligations. Credit risk is the most important risk for the company's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from the company's receivables and banking activities.

Credit Review Process

(i) Receivables
The company's main exposure to credit risk lies in its lending activities to customers. Exposure to this credit risk is managed through close monitoring of the customer's ability to meet interest and principal repayments in accordance with the terms and conditions of the various loan agreements.

(ii) Cash and bank
Cash and bank transactions are limited to high credit quality financial institutions.

Ageing analysis of trade receivables that are past due but not impaired
Trade receivables that are less than six months past due are not considered impaired. As of 31 March 2019, trade receivables of $23.435 million (2018 - $143.38 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The ageing analysis of these trade receivables is as follows:

	2019 **$’000**	**2018** **$'000**
1 month	9,568	31,053
2 - 6 months	13,867	112,327
	23,435	143,380

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Credit risk (Continued)

Ageing analysis of trade receivables that are past due and impaired
As of 31 March 2019, trade receivables of $70.916 million for the company were impaired. The individually impaired receivables mainly relate to customers who are in an unexpected difficult economic situation. It was assessed that a portion of the receivables is expected to be recovered.

The aging of these receivables is as follows:

	2019 $'000	2018 $'000
Over 3 months	70,916	-

Movement analysis of allowance for expected credit losses on trade receivables

The movement on the allowance for expected credit losses for trade receivables is as follows:

	2019 $'000	2018 $'000
At 1 April	-	-
Allowance for expected credit losses recognised	73,595	-
At 31 March	73,595	-

The creation and release of allowance for expected credit losses have been included in expenses in the statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

4.2 Liquidity risk

Liquidity risk is the risk that the company is unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Liquidity risk (continued)

Liquidity risk management process
The company's liquidity management process, as carried out within the company and monitored by the Board of Directors includes:

(i) Monitoring future cash flows and liquidity on a regular basis. This incorporates an assessment of expected cash flows:

The tables below summarise the maturity profile of the company's financial liabilities at 31 March based on contractual undiscounted payments.

	3 to 12 Months $'000	Total $'000
As at 31 March 2019:		
Liabilities		
Trade payables	37,843	37,843
Other payables	12,812	12,812
Total financial liabilities (contractual maturity)	50,655	50,655

	3 to 12 Months $'000	Total $'000
As at 31 March 2018:		
Liabilities		
Trade payables	55,903	55,903
Other payables	21,605	21,605
Total financial liabilities (contractual maturity)	77,508	77,508

4.3 Market risk

The company takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks will arise from changes in foreign currency exchange rates, interest rates and commodity prices. However, the company is mainly exposed to exchange rate. Market risk is monitored by the company's Finance Department which carries out extensive research and monitors the price movement of financial assets on the local and international markets. Market risk exposures are measured using sensitivity analysis.

There has been no change to the company's exposure to market risks or the manner in which it manages and measures the risk.

4.3.1 ***Currency risk***
Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.3 Market risk (continued)

4.3.1 *Currency risk (continued)*

The company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, and recognised assets and liabilities.

The company manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The company further manages this risk by maximising foreign currency earnings and holding foreign currency balances.

As at 31 March 2019 and 31 March 2018, the company had no significant exposure to currency risk as there was no balance denominated in foreign currency.

4.3.2 *Interest rate risk*

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As at 31 March 2019 and 31 March 2018, the company had no significant exposure to interest rate risk as there was no significant interest bearing assets or liabilities

4.3.3 *Price risk*

Price risk is the risk that the value of a financial instrument or physical commodity will fluctuate as a result of changes in market prices. Fluctuation in the price of a financial instrument may be caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

At 31 March 2019 and 31 March 2018 there was no significant exposure to price risk as there were no price sensitive investments held.

4.4 Capital management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Judgements and estimates 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.

5.1 Critical judgements in applying the company's accounting policies

In the process of applying the company's accounting policies, management believes that there were no critical judgements made, apart from those involving estimation (see below) that would cause a significant impact on the amounts recognised in the financial statements.

5.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future or other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Property, plant and equipment

Management exercises judgement in determining whether the costs incurred can accrue significant future economic benefits to the company to enable the value to be treated as a capital expense. Further, judgement is applied in the annual review of the useful lives of all categories of property, plant and equipment and the resulting depreciation thereon. Details of the estimated useful lives are disclosed in Note 3.6. See Note 12.

Impairment of trade receivables

The company periodically assesses the collectability of its trade receivables. Allowance for expected credit losses are established or increased as described in Note 3.3.1. There is, however, no certainty that the company will collect the total remaining unimpaired balance, as some balances that are estimated to be collectible as at the end of the reporting period may subsequently become doubtful. Trade receivables amounted to $82.015 million at the end of the reporting period (2018: $114.602 million) net of impairment of $73.595 million (2018: Nil). See Notes 4.1 and 14.

6. GOVERNMENT SUBVENTION

Government subvention include recurrent amounts received through the National Solid Waste Management Authority (NSWMA). There are no unfulfilled conditions or other contingencies attaching to subvention received.

6. GOVERNMENT SUBVENTION (CONTINUED)

	2019 **$'000**	**2018** **$'000**
Subvention - primary allocation	676,429	531,036
Subvention - emergency and special projects	165,391	136,872
Subvention –statutory liabilities paid	29,942	-
Constituency Development Fund allocation	6,000	-
	877,762	667,908

7. COMMERCIAL INCOME

These comprise revenue from contracts with customers which is substantially fees received from the collection of commercial solid waste in the parishes of Westmoreland, Hanover, Trelawny and St. James.

8. OTHER INCOME

	2019 **$'000**	**2018** **$'000**
Fines	186	140
Processing and tender fees	29	106
Trade payables written back	1,732	-
Miscellaneous income	708	101,199
	2,655	101,445

9. EXPENSES

Expense by nature

	2019 $'000	**2018 $'000**
Landfill Contractors' expenses	180,951	175,863
Landfill operations	118,645	123,983
Public cleansing (**Increased road sweeping activities**)	111,664	43,776
Motor vehicle expenses- (**NSWMA trucks**)	74,357	74,267
Repairs and maintenance	29,550	24,200
Depreciation (**Note 12**)	3,787	2,289
Staff costs (N**ote 10**)	440,581	333,833
Legal case awards	2,697	1,518
Auditor's remuneration	1,500	600
Advertising and promotion	888	1,243
Rental (**Note 18**)	13,671	3,828
Utilities	5,158	3,817
Security expenses (**Incl. emergency at landfill**)	11,896	7,383
Stationery and office supplies	2,851	1,040
Bank service charges	308	108
General Consumption Tax (GCT)	13,243	9,808
Allowance for expected credit losses (**See note 4.1**)	73,595	-
Administrative expenses	3,256	-
Food and drink	3,942	-
Penalty, interest, fines and other finance costs	9,381	-
Other	865	-
	1,102,786	807,556

10. STAFF COSTS

	2019 $'000	**2018 $'000**
Salaries and wages	361,952	276,898
Payroll taxes – employer's portion (NIS, NHT)	15,538	11,486
Travel cost incl. motor vehicle upkeep and mileage	33,459	24,234
Allowances incl. health, life, pension & duty	29,632	21,215
	440,581	333,833

The number of persons employed by the company at the yearend was 468 (2018: 439).
The company paid a 7% salary increase and a retroactive payment made for 2017/2018 during the year. There was also an additional increase in salary rate to sidemen who work substantial overtime.

11. TAXATION

As stipulated under Section 12 of the Income Tax Act, the company is exempt from income tax.

12. PROPERTY, PLANT AND EQUIPMENT

	Garbage Skips & litter bins	Computer equipment	Gates & Fencing	Motor cycle	Motor Vehicles	Furniture Fixtures & equipment	Machinery & Equipment	Leasehold Improvement	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At Cost									
At 1 April 2017	4,997	1,126	764	86	5,174	5,729	5,794	286	23,956
Additions	2,789	684	-	-	-	1,170	-	1,451	6,094
At 31 March 2018	7,786	1,810	764	86	5,174	6,899	5,794	1,737	30,050
Additions	868	578	-	-	-	415	1,110	-	2,971
At 31 March 2019	8,654	2,388	764	86	5,174	7,314	6,904	1,737	33,021
Accumulated depreciation									
At 1 April 2017	1,174	671	764	86	5,174	4,717	4,810	286	17,682
Charge for the year	659	212	-	-	-	1,240	33	145	2,289
At 31 March 2018	1,833	883	764	86	5,174	5,957	4,843	431	19,971
Charge for the year	865	795	-	-	-	732	1,381	14	3,787
At 31 March 2019	2,698	1,678	764	86	5,174	6,689	6,224	445	23,758
Carrying amount:									
2019	5,956	710	-	-	-	625	680	1,292	9,263
2018	5,954	927	-	-	-	941	951	1,306	10,079

13. INVENTORIES

Inventories comprise the following:

	2019 $'000	2018 $'000
Consumables	2,375	5,009
Spare parts	20,976	3,006
Oils and lubricants	9,849	13,058
	33,200	21,073

14. TRADE AND OTHER RECEIVABLES

	2019 $'000	2018 $'000
Trade	155,610	114,602
Less: allowance for expected credit losses	(73,595)	-
	82,015	114,602
Other receivables	404	41,579
	82,419	156,181

15. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Balances with related party

	2019 $'000	2018 $'000
Due from related party	4,029	-
Due to related party	(2,628)	(27,580)
	1,401	(27,580)

This represents advances to/(by) the National Solid Waste Management Authority (NSWMA) which is an agency of the Ministry of Local Government and Community Development. No interest is charged on outstanding balances and there are no agreed terms of settlement.

(b) Transactions with related parties during the year were as follows:

	2019 $'000	2018 $'000
Subvention received (Note 6)	877,762	667,908

15. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Key management compensation

	2019 $'000	2018 $'000
Salaries and other short-term benefits	11,511	10,855
Payroll taxes – employer's portion	1,444	1,108
	12,855	11,963

16. CASH AND CASH EQUIVALENTS

	2019 $'000	2018 $'000
Cash at bank and in hand	26,656	19,870

17. TRADE AND OTHER PAYABLES

	2019 $'000	2018 $'000
Trade payable	37,843	55,903
Accrued charges	15,120	18,181
Statutory liabilities	234,880	202,227
Accrued vacation	5,939	-
GCT withheld	41,523	20,758
Withholding tax payable	3,763	3,145
Staff salary deductions payable	5,874	6,931
Legal case awards	6,141	5,124
	351,083	312,269

18. LEASES AND COMMITMENTS

As at March 31, the Company as had lease commitments under operating lease expiring up to 2020. Operating leases relate to rental of premises for carrying out its operation and are negotiated for an average of one year.

	2019 $'000	2018 $'000
Minimum lease payments under operating leases recognised as an expense in the year	13,671	3,828

18. LEASES AND COMMITMENTS (CONTINUED)

At the end of the reporting period the company had outstanding commitments under operating leases which fall due as follows:

	2019 $'000	2018 $'000
Within 1 year	6,000	3,828
Longer than 1 year and not longer than 5 years	24,000	-
	30,000	3,828

Upon renewal of the lease agreement, the landlord charged a retroactive amount over the last 10 years.

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

There were no financial instruments that were measured at fair value after initial recognition classified at Level 1 to Level 3 at the end of the reporting period.

The following methods and assumptions have been used in determining the fair values of financial assets and financial liabilities:

For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument which is substantially the same, discounted cash flow analysis or other appropriate valuation methodologies or estimation techniques based on market conditions existing at the end of the reporting period.

The values derived using these techniques are significantly affected by underlying assumptions concerning both the amounts and timing of future cash flows and the discount rates used. The following methods and assumptions have been used:

(i) The carrying values of cash and bank balances, trade receivables, trade payables and other assets and liabilities maturing within twelve months are assumed to approximate their fair values because of the short-term maturities of these instruments.

National Solid Waste Management Authority