



**REPUBLIC OF TRINIDAD AND TOBAGO
AUDITOR GENERAL'S DEPARTMENT**

**R E P O R T
O F T H E
A U D I T O R G E N E R A L**

**ON THE FINANCIAL STATEMENTS OF THE
EASTERN REGIONAL HEALTH AUTHORITY**

FOR THE YEAR ENDED

September 30, 2013



REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF TRINIDAD AND TOBAGO ON THE FINANCIAL STATEMENTS OF THE EASTERN REGIONAL HEALTH AUTHORITY FOR THE YEAR ENDED SEPTEMBER 30, 2013

The accompanying Financial Statements of the Eastern Regional Health Authority for the year ended September 30, 2013 have been audited. The Statements comprise a Statement of Financial Position as at September 30, 2013, a Statement of Comprehensive Income, a Statement of Changes in Equity and a Statement of Cash Flows for the year ended September 30, 2013 and Notes to the Financial Statements numbered 1 to 20.

2. The audit was conducted by a firm of Accountants appointed by the Auditor General in accordance with section 25(2) of the Regional Health Authorities Act, Chapter 29:05. Their Report dated November 13, 2015, which is attached, refers.

SUBMISSION OF REPORT

3. This Report is being submitted to the Speaker of the House of Representatives, the President of the Senate and the Minister of Finance in accordance with the provisions of sections 116 and 119 of the Constitution of the Republic of Trinidad and Tobago.

14TH DECEMBER, 2015
PORT-OF-SPAIN



MAJEED ALI
AUDITOR GENERAL

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2015 12/14



EASTERN REGIONAL HEALTH AUTHORITY

FINANCIAL STATEMENTS

for the year ended
September 30, 2013

EASTERN REGIONAL HEALTH AUTHORITY



Financial Statements for the year ended September 30, 2013

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EASTERN REGIONAL HEALTH AUTHORITY

Statement of Management's Responsibilities

It is the responsibility of management to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Authority as at the end of the financial year and of the operating results of the Authority for the year. It is also management's responsibility to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Authority. They are also responsible for safeguarding the assets of the Authority.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs). This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Management accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with the IFRS for SMEs. Management is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Authority and of its operating results. Management further accepts responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate internal financial control.

Nothing has come to the attention of Management to indicate that the Authority will not remain a going concern for at least the next twelve months from the date of this statement.



DIRECTOR

November 12, 2015



DIRECTOR

November 12, 2015



R. Ramdass & Co.
CHARTERED ACCOUNTANTS

4 A Gaston Street, Lange Park,
Chaguanas, Trinidad West Indies
Tel: 1-(868) 665-0583 / Fax: 665-0495
E-mail : tacslimited@yahoo.com

Independent Auditors' Report

To the Auditor General of the Republic of Trinidad and Tobago on the financial statements of the Eastern Regional Health Authority

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the Eastern Regional Health Authority, which comprise the statement of financial position as of September 30, 2013, and related statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standard for Small and Medium-Sized Entities (IFRS for SMEs) 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with International Standards on Auditing. Because of the matters described in the Basis for Disclaimer of Opinion paragraphs below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

BASIS FOR DISCLAIMER OF OPINION

Property, Plant and Equipment

We were not presented with a fixed asset register or alternative supporting schedules detailing the fixed assets owned by the Authority at the statement of financial position date and as such we were unable to verify the existence and completeness of the Authority's property, plant and equipment in the statement of financial position amounting to \$105,671,548 as at September 30, 2013.

Depreciation Charge

We were unable to perform satisfactory audit procedures on the depreciation charge for the year amounting to \$17,889,914 as the Authority did not maintain a fixed asset register or alternative supporting information. We were therefore unable to verify the accuracy or completeness of the depreciation charge for the year.

Defined Benefit Pension Plan

As detailed in note (15) to the financial statements, the Authority maintains a defined benefit pension plan for its permanent employees which had a past service surplus of \$3.698M at the last actuarial valuation date. The IFRS for SMEs requires the Authority to recognize the value of the defined benefit pension scheme in its statement of financial position along with extensive disclosures of the plan assets and liabilities, actuarial assumptions and other matters. The Authority has not recognized the value of its defined benefit plan in its statement of financial position nor has it made the necessary disclosures required for a defined benefit plan in the notes to the financial statements.

Project Administration Grants and Revenue Grants

During the year the Authority received project administration grants amounting to \$14,865,906 and revenue grants amounting to \$345,441,120 which were recognized within revenue for the period. Under the IFRS for SMEs, government grants that impose specified future performance conditions should initially be recognized as liabilities and then only recognized as income when the performance conditions have been met. No documentation was provided by the Authority detailing the performance conditions relating to the grants received in the year and hence how much should have been deferred as a liability at the statement of financial position date.

Provision for Gratuity

The Authority is under contractual obligation to pay gratuity to eligible employees and has made a provision of \$719,562 as at the year end. We have not been provided with all the information and explanations considered necessary, and were therefore unable to verify the completeness and accuracy of the provision balance at the reporting date and whether any adjustment to this amount was necessary.

Inventories

We did not observe the counting of the physical inventories as at September 30, 2013, since that date was prior to the time we were engaged as auditors for the Authority. Owing to the nature of the Authority's records, we were unable to satisfy ourselves as to inventory quantities by other audit procedures and as such we are unable to verify the existence, accuracy and completeness of the Authority's inventories of \$12,684,053 as at September 30, 2013.

Disclaimer of Opinion

Because of the significance of the matters described above in the Basis for Disclaimer of Opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements of the Eastern Regional Health Authority for the year ended September 30, 2013.



R. RAMDASS & CO.
CHAGUANAS
TRINIDAD W.I.

November 13, 2015

EASTERN REGIONAL HEALTH AUTHORITY



Statement of Financial Position

as at September 30, 2013

ASSETS	<u>Notes</u>	<u>2013</u> \$	<u>2012</u> \$
Non-current assets			
Property, plant and equipment	3	105,671,548	93,269,707
Total Non-Current Assets		105,671,548	93,269,707
Current assets			
Inventories	4	12,684,053	13,934,872
Receivables	5	22,394,449	26,369,969
Cash and short term funds	6	43,244,921	38,044,899
Total Current Assets		78,323,423	78,349,740
Total Assets		183,994,971	171,619,447
EQUITY AND LIABILITIES			
Equity			
Contributions from Stakeholder		36,677,192	36,677,192
Accumulated fund		111,192,817	87,701,266
Total Equity		147,870,009	124,378,458
Non-current liabilities			
Borrowings	7	1,537,716	4,613,150
Total Non-Current Liabilities		1,537,716	4,613,150
Current liabilities			
Bank overdraft	8	3,424,022	-
Payables	9	16,864,301	27,241,190
Accrued expenses and other liabilities	10	11,223,489	12,311,215
Current portion of borrowings	7	3,075,434	3,075,434
Total Current Liabilities		34,587,246	42,627,839
Total Equity and Liabilities		183,994,971	171,619,447

The accompanying notes form an integral part of these financial statements

On November 12, 2015 the Board of Directors of Eastern Regional Health Authority authorised these financial statements for issue.

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DIRECTOR

.....
DIRECTOR

EASTERN REGIONAL HEALTH AUTHORITY



**Statement of Comprehensive Income
for the year ended September 30, 2013**

	<u>Notes</u>	<u>2013</u> \$	<u>2012</u> \$
Revenue	11	360,307,026	333,672,630
Operating surplus/(deficit)	12	20,772,657	(5,712,918)
Other income	13	3,095,816	30,282,956
Interest income		8,606	8,620
Interest expense	14	(385,528)	(467,500)
Surplus for the year		23,491,551	24,111,158

The accompanying notes form an integral part of these financial statements

EASTERN REGIONAL HEALTH AUTHORITY



**Statement of Changes in Equity
for the year ended September 30, 2013**

	Contributions from Stakeholder	Accumulated Fund	Total Equity
	\$	\$	\$
Year ended September 30, 2013			
Balance at October 1, 2012	36,677,192	87,701,266	124,378,458
Surplus for the year	-	23,491,551	23,491,551
Balance at September 30, 2013	36,677,192	111,192,817	147,870,009
Year ended September 30, 2012			
Balance at October 1, 2011	36,677,192	63,590,108	100,267,300
Surplus for the year	-	24,111,158	24,111,158
Balance at September 30, 2012	36,677,192	87,701,266	124,378,458

The accompanying notes form an integral part of these financial statements

EASTERN REGIONAL HEALTH AUTHORITY



Statement of Cash Flows

for the year ended September 30, 2013

	2013	2012
	\$	\$
Cash flows from operating activities		
Surplus for the year	23,491,551	24,111,158
Adjustments to reconcile net surplus to net cash from operating activities:		
Depreciation	17,889,914	12,163,804
Gain on disposal of property, plant & equipment	(51,995)	(565,000)
Decrease/(increase) in inventories	1,250,819	(2,920,359)
Decrease in receivables	3,975,520	19,654,649
(Decrease)/increase in payables	(10,376,889)	8,873,703
Decrease in accrued expenses and other liabilities	(1,087,726)	(22,098,722)
Net cash from operating activities	<u>35,091,194</u>	<u>39,219,233</u>
Cash flows from investing activities		
Additions to property, plant and equipment	(30,291,756)	(21,054,383)
Proceeds from disposal of property, plant and equipment	51,995	565,000
Net cash used in investing activities	<u>(30,239,761)</u>	<u>(20,489,383)</u>
Cash flows from financing activities		
Repayment of bank loans	(3,075,432)	(3,075,432)
Net cash used in financing activities	<u>(3,075,432)</u>	<u>(3,075,432)</u>
Net increase in cash and cash equivalents	1,776,001	15,654,418
Cash and cash equivalents at beginning of year	38,044,899	22,390,482
Cash and cash equivalents at end of year	39,820,899	38,044,899
Cash and cash equivalents		
Cash and short term funds	43,244,921	38,044,899
Bank overdraft	(3,424,022)	-
Total cash and cash equivalents	39,820,899	38,044,899

The accompanying notes form an integral part of these financial statements

EASTERN REGIONAL HEALTH AUTHORITY



Notes to the Financial Statements

for the year ended September 30, 2013

1. INCORPORATION AND ACTIVITIES

The Eastern Regional Health Authority was formed under the Regional Health Authorities Act No. 5 of 1994 and its Head Office is located at Supercare Building, Eastern Main Road, Sangre Grande. The Authority is engaged in the promotion of wellness and the provision of cost effective consumer focused health care.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

a. Basis of preparation

These financial statements of Eastern Regional Health Authority “the Authority” have been prepared in accordance with the International Financial Reporting Standard for Small and Medium –sized Entities (IFRS for SMEs). They have been prepared under the historical cost convention.

The preparation of financial statements in conformity with the IFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Authority’s accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimations are significant to the financial statements are disclosed in note(p).

b. Cash and cash equivalents

Cash and cash equivalents include all cash and bank balances, overdraft balances and cash investments with maturities of less than three months from the date of establishment.

c. Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the basis of weighted average cost method.

EASTERN REGIONAL HEALTH AUTHORITY



Notes to the Financial Statements
for the year ended September 30, 2013 cont'd

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

d. Property, plant and equipment

Property, plant and equipment is recorded at cost less accumulated depreciation at rates which are expected to apportion the cost of the assets on a systematic basis over their estimated useful lives.

Buildings	2% per annum
Computer Equipment	25% per annum
Fixtures and Fittings	10% per annum
Leasehold Improvements	10% per annum
Medical Equipment	10% per annum
Motor Vehicles	25% per annum
Office Furniture	10% per annum
Office Equipment	10% per annum
Plant & Equipment	20% per annum

Property, plant & equipment under construction are recorded as construction in progress until ready for their intended use; thereafter they are transferred to the related category of property, plant & equipment and depreciated over their estimated useful lives

Repairs and renovations are normally expensed as they are incurred. Expenses are reported as assets only if the amounts involved are substantial and one or more of the following conditions is satisfied: the original useful life is prolonged, the production capacity is increased, the quality of the products is enhanced materially or production costs are reduced considerably.

EASTERN REGIONAL HEALTH AUTHORITY

Notes to the Financial Statements

for the year ended September 30, 2013 cont'd



2. SIGNIFICANT ACCOUNTING POLICIES cont'd

d. Property, plant and equipment (cont'd)

The gains or losses arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

The carrying amount of property, plant and equipment is reviewed whenever events or changes in circumstances indicate that impairment may have occurred.

e. Revenue recognition

Revenue comprise Government grants received for recurrent, capital and other expenditure in the ordinary course of the Authority's activities

Government grants are recognized as follows: -

- i) A grant that does not impose specified future performance conditions on the recipient is recognised in income when the grant proceeds are receivable.
- ii) A grant that imposes specified future performance conditions on the recipient is recognised in income only when the performance conditions are met.
- iii) Grants received before the revenue recognition criteria are satisfied are recognised as a liability.

f. Foreign currency translations

Items included in the financial statements of the Authority are measured using the currency that best reflects the economic substance of the underlying events and the circumstances relevant to the Authority ('the functional currency'). These financial statements are presented in Trinidad and Tobago Dollars.

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

EASTERN REGIONAL HEALTH AUTHORITY

Notes to the Financial Statements

for the year ended September 30, 2013 cont'd



2. SIGNIFICANT ACCOUNTING POLICIES cont'd

g. Employee retirement benefit obligations

Pension obligations

The Authority's permanent employees are mandated to join the Regional Health Authorities defined benefit plan, which is funded by payments from employees and the various regional health authorities also taking account of the recommendations of independent qualified actuaries. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The assets recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date minus the fair value of plan assets. The defined benefit obligation is measured using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the reporting date on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses are charged or credited to the statement of comprehensive income in the period in which they arise. It is also spread over the service lives of the employees in accordance with the advice of qualified actuaries who carry out a full valuation of the plan at least every three (3) years.

Past-service costs are recognised immediately in the statement of comprehensive income.

h. Borrowings

Borrowings are initially measured at transaction price (that is the present value of cash payable to the lender, including transactions costs). Borrowings are subsequently stated at amortised cost. Interest expense is recognized on the basis of the effective interest rate method and is included in finance costs.

i. Financial assets

Loans and other receivables that have fixed or determinable payments that are not quoted in an active market are measured at amortised cost using the effective interest method, less any impairment. Interest income, if applicable, is recognised by applying the effective interest rate. Receivables are carried at original invoice amount less provision made for impairment of these receivables.

EASTERN REGIONAL HEALTH AUTHORITY



Notes to the Financial Statements

for the year ended September 30, 2013 cont'd

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

j. Impairment of assets

- Non-financial assets

The Authority assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Authority makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and value in use and is determined for an individual asset (unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets). When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value.

- Financial assets

The carrying value of all financial assets not carried at fair value through the statement of comprehensive income is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. The identification of impairment and the determination of recoverable amounts is an inherently uncertain process involving various assumptions and factors, including the financial condition of the counterparty, expected future cash flows, observable market prices and expected net selling prices.

k. Provisions

Provisions are recognised when the Authority has a present obligation (legal or constructive) as a result of a past event, it is probable that the Authority will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

l. Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

EASTERN REGIONAL HEALTH AUTHORITY



Notes to the Financial Statements

for the year ended September 30, 2013 cont'd

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

m. Payables

Payables are recognized initially at cost.

n. Other financial liabilities

Other financial liabilities are initially measured at transaction price, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

o. Comparatives

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

p. Critical judgments and the use of estimates

The preparation of financial statements in conformity with IFRS for SMEs requires management to make critical judgments and use estimates and assumptions that affect the amounts reported in the financial statements and related notes to the financial statements. Actual results may differ from the estimates and assumptions used. Key sources of uncertainty, which require the use of estimates, include:

- Impairment of financial assets

Management makes judgments at each statement of financial position date to determine whether financial assets are impaired. Financial assets are impaired when the carrying value is greater than the recoverable amount and there is objective evidence of impairment.

- Property, plant and equipment

Management exercises judgment in determining whether costs incurred can accrue sufficient future economic benefits to the Authority to enable the value to be treated as a capital expense. Further judgment is used upon annual review of the residual values and useful lives of all capital items to determine any necessary adjustments to carrying value.

EASTERN REGIONAL HEALTH AUTHORITY

Notes to the Financial Statements

for the year ended September 30, 2013 cont'd



2. SIGNIFICANT ACCOUNTING POLICIES cont'd

p. Critical judgments and the use of estimates (cont'd)

- Contingent liabilities

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

- Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Authority determines the appropriate discount rate at the end of each year. This is the interest rate that is used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Authority considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in note (15).

EASTERN REGIONAL HEALTH AUTHORITY



Notes to the Financial Statements

for the year ended September 30, 2013 cont'd

3. PROPERTY, PLANT AND EQUIPMENT

	Buildings & Freehold Land	Leasehold Improvements, Equipment & Motor Vehicles	Fixtures & Fittings, Medical, Minor & Computer Equipment	Construction in Progress	Total
	\$	\$	\$	\$	\$
Year ended September 30, 2013					
Cost/valuation	59,535,632	34,460,238	127,866,359	22,571,050	244,433,279
Accumulated depreciation	(13,179,932)	(26,695,773)	(98,886,025)	-	(138,761,730)
Net book amount	46,355,700	7,764,465	28,980,334	22,571,050	105,671,548
Net Book Amount					
October 1, 2012	45,223,703	7,898,110	31,909,577	8,238,317	93,269,707
Additions	2,244,309	3,602,146	10,112,568	14,332,733	30,291,756
Depreciation charge	(1,112,312)	(3,735,791)	(13,041,811)	-	(17,889,914)
September 30, 2013	46,355,700	7,764,465	28,980,334	22,571,050	105,671,548
Year ended September 30, 2012					
Cost/valuation	57,291,323	30,858,092	117,753,790	8,238,317	214,141,522
Accumulated depreciation	(12,067,619)	(22,959,982)	(85,844,214)	-	(120,871,815)
Net book amount	45,223,703	7,898,110	31,909,577	8,238,317	93,269,707
Net Book Amount					
October 1, 2011	46,060,976	4,700,822	32,966,466	650,864	84,379,128
Additions	230,153	4,483,528	8,753,249	7,587,453	21,054,383
Depreciation charge	(1,067,426)	(1,286,240)	(9,810,138)	-	(12,163,804)
September 30, 2012	45,223,703	7,898,110	31,909,577	8,238,317	93,269,707

EASTERN REGIONAL HEALTH AUTHORITY



Notes to the Financial Statements for the year ended September 30, 2013 cont'd

	2013 \$	2012 \$
4. INVENTORIES		
Medical and pharmaceutical supplies	12,684,053	13,934,872
5. RECEIVABLES		
Trade receivables	14,690,858	21,183,078
VAT recoverable	7,670,691	5,186,891
Other	32,900	-
	22,394,449	26,369,969
6. CASH AND SHORT TERM FUNDS		
Cash in hand	24,592	38,076
RBC Royal Bank (T&T) Limited	42,841,485	37,758,636
Republic Bank Limited	378,844	248,187
	43,244,921	38,044,899
7. BORROWINGS		
a. Maturity of borrowings obligations:		
One year	3,075,434	3,075,434
Two to five years	1,537,716	4,613,150
	4,613,150	7,688,584
Less: Current portion of borrowings	(3,075,434)	(3,075,434)
	1,537,716	4,613,150
b. Borrowings obligations:		
Intercommercial Trust and Merchant Bank Limited	4,613,150	7,688,584
	4,613,150	7,688,584

This loan was advanced on November 30, 2009 for a five (5) year period. Semi-annual principal repayments of \$1,537,716.83 are made and the interest rate charged is 5.20%. The servicing of this loan is funded by the Ministry of Health. The purpose of the loan was to achieve the operating and strategic objectives of the Authority for fiscal year 2009. It is secured by Letters of Comfort from the Minister of Finance, Government of the Republic of Trinidad and Tobago.

EASTERN REGIONAL HEALTH AUTHORITY



Notes to the Financial Statements

for the year ended September 30, 2013 cont'd

	2013	2012
	\$	\$
8. BANK OVERDRAFT		
RBC Royal Bank (T&T) Limited	3,424,022	-
The bank overdraft carries an interest rate of 24% and is secured by a letter of comfort from the Ministry of Finance, Government of the Republic of Trinidad and Tobago.		
9. PAYABLES		
Trade payables	16,864,301	27,241,190
10. ACCRUED EXPENSES AND OTHER LIABILITIES		
Other creditors and accruals	10,987,838	12,064,643
Contractor performance bonds and fees refundable	235,651	246,572
	11,223,489	12,311,215
11. REVENUE		
Ministry of Health - recurrent programme	281,607,765	251,058,045
Ministry of Health - drugs/other medicine	52,799,064	43,172,284
Ministry of Health - personal emoluments	7,598,703	6,867,351
Ministry of Health - loan repayments	3,435,588	3,596,825
Project administration unit grants	14,865,906	28,978,125
	360,307,026	333,672,630
12. OPERATING SURPLUS/(DEFICIT)		
Revenue	360,307,026	333,672,630
Less expenses:		
Personal emoluments	7,598,703	6,867,351
Recurrent programme expenditure	108,633,005	114,643,506
Salaries and allowances	205,412,747	205,710,887
Depreciation	17,889,914	12,163,804
	20,772,657	(5,712,918)

EASTERN REGIONAL HEALTH AUTHORITY



Notes to the Financial Statements for the year ended September 30, 2013 cont'd

	2013	2012
	\$	\$
13. OTHER INCOME		
Private institutions' refunds	-	2,380,009
Community care refunds	-	509,984
Arrears of allowances	-	20,748,137
Miscellaneous	3,095,816	3,127,407
Vacant posts	-	3,517,419
	<u>3,095,816</u>	<u>30,282,956</u>
14. INTEREST EXPENSE		
External parties	<u>385,528</u>	<u>467,500</u>

Interest expense is accrued on a time apportionment basis using the effective interest method and recognised as an expense in the period in which it is incurred.

15. RETIREMENT PLANS

The Authority maintains a defined benefit pension plan (the "Pension Plan"), which offers its permanent employees retirement benefits depending on the length of service.

Benefits of the Pension Plan are calculated based on the number of years of service and by reference to an average of a member's last twelve months basic wage. The pension obligations are valued using an accrued benefit actuarial method. The assets of the Pension Plan are valued on the basis of market related values.

The last actuarial valuation was performed based on September 30, 2009 information by independent consulting actuaries Bacon, Woodrow & De Souza Limited using the Projected Unit Method and their report thereon dated January 19, 2012 revealed past service liabilities of \$29.245M and plan assets of \$32.943M giving a past surplus of \$3.698M and a funding level of 113%. The next statutory valuation was due as at September 30, 2012, however only a draft was received to date.

16. EVENTS AFTER THE REPORTING DATE

No significant events occurred after the reporting date affecting the financial performance, financial position or changes therein for the reporting period presented in these annual financial statements.

EASTERN REGIONAL HEALTH AUTHORITY



Notes to the Financial Statements

for the year ended September 30, 2013 cont'd

17. CONTINGENT LIABILITIES

The Authority is subject to legal proceedings. Provision is made for such matters when, in the opinion of management and its professional advisors, it is probable that a payment will be made by the Authority, and the amount can be reasonably estimated.

In respect of claims or legal proceedings asserted against the Authority which according to the principles outlined above, have not been provided for, management is of the opinion and its professional advisors indicate that it would be premature at this stage of the actions to determine that eventuality.

18. CONTINGENT ASSET

The Authority is subject to legal proceedings against CASi Healthcare Technologies Ltd. for breaches and failure to supply the ERHA with equipment promised under the award of contract for Tender to Supply, Installation and Commissioning of Orthopaedic, Intensive Care and Operating Theatre equipment to the Eastern Regional Health Authority, whereby a crucial component for the C-Arm System was not supplied.

A judgment was awarded in the amount of \$1,189,189 which has been registered, however, the Authority's Attorney is awaiting the certificate of registration.

19. CAPITAL COMMITMENT

The Authority contracted for capital expenditure at the reporting date but not yet incurred is as follows:

	<u>2013</u>	<u>2012</u>
	\$	\$
Property, Plant and Equipment (WIP)	22,571,050	8,238,317

20. RELATED PARTY TRANSACTIONS

The Authority is controlled by the Government of the Republic of Trinidad and Tobago and as such, is exempted from the requirement to disclose related party transactions with the other Government bodies in accordance with the IFRS for SMEs.

	<u>2013</u>	<u>2012</u>
	\$	\$
Key management remuneration for the year	787,332	693,000