



**REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF TRINIDAD AND TOBAGO ON
THE FINANCIAL STATEMENTS OF THE SOUTH-WEST REGIONAL HEALTH AUTHORITY FOR
THE YEAR ENDED SEPTEMBER 30, 2012**

The accompanying Financial Statements of the South-West Regional Health Authority for the year ended September 30, 2012 have been audited. The statements as set out on pages 1 to 25 comprise a Statement of Financial Position as at September 30, 2012, a Statement of Comprehensive Income, a Statement of Changes in Equity and a Statement of Cash Flows for the year ended September 30, 2012 and Notes to the Financial Statements numbered 1 to 23, including a summary of significant accounting policies.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The management of the South-West Regional Health Authority (the Authority) is responsible for the preparation and fair presentation of these Financial Statements in accordance with International Financial Reporting Standards, 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.

AUDITOR'S RESPONSIBILITY

3. The Auditor General's responsibility is to express an opinion on these Financial Statements based on the audit. The audit which was carried out in accordance with section 116 of the Constitution of the Republic of Trinidad and Tobago and section 25 (2) of the Regional Health Authorities Act, Chapter 29:05. The audit was conducted in accordance with accepted auditing standards which require that ethical requirements be complied with and that the audit be planned and performed to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.

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

5. It is my view that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

BASIS FOR QUALIFIED OPINION

PROPERTY, PLANT AND EQUIPMENT

\$433,016,000

6. International Accounting Standard 16 requires that revaluations of property, plant and equipment be made with sufficient regularity to ensure that the carrying amounts are not materially misstated and, that it may be necessary to revalue items every three or five years. The Authority has land and buildings shown in the Statement of Financial Position at a net book value of \$75,952,000 and \$281,973,000 respectively. These are subject to revaluation and were last revalued in the year 2004. Notes 2c and 3.1 to the Financial Statements are relevant.

QUALIFIED OPINION

7. In my opinion, except for the effect of the matter described in the Basis for Qualified Opinion at paragraph 6 above, the Financial Statements present fairly, in all material respects, the financial position of the South-West Regional Health Authority as at September 30, 2012 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

SUBMISSION OF REPORT

8. 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 requirements of sections 116 and 119 of the Constitution of the Republic of Trinidad and Tobago.



**17TH JANUARY, 2025
PORT OF SPAIN**

Jaiwantie Ramdass
**JAIWANTIE RAMDASS
AUDITOR GENERAL**

South-West Regional Health Authority

Financial Statements

September 30, 2012

SOUTH-WEST REGIONAL HEALTH AUTHORITY

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

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SOUTH-WEST REGIONAL HEALTH AUTHORITY

**STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2012**



	Notes	2012 \$'000	2011 \$'000
ASSETS			
Non-Current Assets			
Property, plant and equipment	2c, 2d, 3.1, 3.2	433,016	448,173
Current Assets			
Inventories	2e, 4	68,060	31,286
Accounts receivable and prepayments	2f, 5	56,126	11,054
Cash and cash equivalents	2g, 6	36,150	85,619
		160,336	127,959
Total Assets		593,352	576,132
EQUITY AND LIABILITIES			
Equity			
Vested property	10	321,767	321,454
Revaluation reserve	12	96,925	97,555
Accumulated deficit	13	(318,922)	(280,533)
		99,770	138,476
Liabilities			
Non-Current Liabilities			
Deferred income	2h, 11	120,186	117,076
Net defined benefit liability	2i, 22a	66,200	28,600
Borrowings	2j, 7	10,322	17,204
		196,708	162,880
Current Liabilities			
Borrowings	2j, 7	6,882	6,882
Accounts payable	2k, 8	7,986	5,954
Other payables and accruals	2l, 9	282,006	261,940
		296,874	274,776
Total Equity and Liabilities		593,352	576,132

The notes on pages 6 to 25 form an integral part of these financial statements.

General Manager Finance

Chief Executive Officer

SOUTH-WEST REGIONAL HEALTH AUTHORITY

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	Notes	2012 \$'000	Restated 2011 \$'000
Income			
Government subvention			
- MOH and other reimbursables		28,922	14,725
- Recurrent expenditure	14	751,565	717,359
- Development programme (MOH)	15	24,725	27,468
- Loan payment		8,048	11,231
- NIPDEC purchases	16	107,019	95,494
Other income		1,436	1,046
		<u>921,715</u>	<u>867,323</u>
Expenses			
Personnel expenses	17	689,660	620,470
Medical and pharmaceutical expenses	18	126,868	131,231
Other operating expenses	19	20,542	19,421
Property and plant expenses	20	51,661	51,632
Administrative expenses	21	51,646	58,955
		<u>940,377</u>	<u>881,709</u>
Net deficit for the year		(18,662)	(14,386)
Accumulated deficit brought forward	13	(280,533)	(270,447)
Retained earnings adjustment	13	5,541	12,468
Transfers from revaluation reserve	12	632	632
Other Comprehensive Income:			
Re-measurements defined benefit plan	22g	(25,900)	(8,800)
		<u>(318,922)</u>	<u>(280,533)</u>
Accumulated deficit carried forward			

The notes on pages 6 to 25 form an integral part of these financial statements.

SOUTH-WEST REGIONAL HEALTH AUTHORITY

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	Vested Property \$'000	Revaluation Reserve \$'000	Accumulated Deficit \$'000	Total \$'000
Balance at October 01, 2011	321,454	97,557	(280,533)	138,478
Vested property <i>(Note 10)</i>	313	-	-	313
Transfers from revaluation reserve <i>(Note 12)</i>	-	(632)	632	-
Re-measurements defined benefit plan <i>(Note 22g)</i>	-	-	(25,900)	(25,900)
Prior period adjustment	-	-	5,541	5,541
Net deficit for the year	-	-	(18,662)	(18,662)
Balance at September 30, 2012	<u>321,767</u>	<u>96,925</u>	<u>(318,922)</u>	<u>99,770</u>

	Vested Property \$'000	Revaluation Reserve \$'000	Restated Accumulated Deficit \$'000	Total \$'000
Balance at October 01, 2010	319,144	98,189	(270,447)	146,886
Vested property <i>(Note 10)</i>	2,310	-	-	2,310
Transfers from revaluation reserve <i>(Note 12)</i>	-	(632)	632	-
Re-measurements defined benefit plan <i>(Note 22g)</i>	-	-	(8,800)	(8,800)
Prior Period Adjustment	-	-	12,468	12,468
Net deficit for the year	-	-	(14,386)	(14,386)
Balance at September 30, 2011	<u>321,454</u>	<u>97,557</u>	<u>(280,533)</u>	<u>138,478</u>

The notes on pages 6 to 25 form an integral part of these financial statements.

**SOUTH-WEST REGIONAL HEALTH AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	2012	Restated 2011
	\$'000	\$'000
Cash flows from operating activities		
Deficit for the year	(18,662)	(14,386)
Adjustments for:		
Prior period adjustment	5,541	12,468
Depreciation	35,247	37,928
Loss on disposal of property, plant and equipment	4	10
Re-measurements defined benefit plan	(25,900)	(8,800)
Deferred income write-offs	(24,725)	(26,262)
Cash flows before working capital changes	(28,495)	958
Changes in working capital		
Increase in inventories	(36,774)	(5,994)
(Increase)/decrease in accounts receivable and prepayments	(45,073)	25,613
Increase/(decrease) in accounts payable	2,032	(17,432)
Increase in other payables and accruals	20,068	51,179
Increase/(decrease) in defined benefit liability	37,600	(6,100)
Net cash (used) from operating activities	(50,642)	48,224
Cash flows from investing activities		
Purchase of property, plant and equipment	(20,093)	(20,751)
Net cash used in investing activities	(20,093)	(20,751)
Cash flows from financing activities		
Repayment of borrowings	(6,882)	(16,016)
Vested property	313	2,310
Deferred income	27,835	11,026
Net cash flow (used) from financing activities	21,266	(2,680)
Net (decrease) /increase in cash and cash equivalents	(49,469)	24,793
Cash and cash equivalents at beginning of the year	85,619	60,826
Cash and cash equivalents at end of the year	<u>36,150</u>	<u>85,619</u>
Represented By:	<u>36,150</u>	<u>85,619</u>
Cash and cash equivalents	<u>36,150</u>	<u>85,619</u>

The notes on pages 6 to 25 form an integral part of these financial statements.

SOUTH-WEST REGIONAL HEALTH AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2012

1. Incorporation and principal activities

The South-West Regional Health Authority (SWRHA) was established by Parliament under the Regional Health Authority Act No.5 of 1994 assented to on May 20, 1994 and enacted on December 19, 1994.

The Authority is exempted from all taxes, duties, fees, charges, assessments and levies on its profits or on assets, which it acquires for its use.

The Authority's powers and functions are as follows:

- (a) To provide efficient systems for the delivery of health care.
- (b) To collaborate with the University of The West Indies and any other recognized training institution, in the education and training of persons and in research in medicine, nursing, dentistry, pharmacy, biomedical and health science fields, veterinary medicine as well as related ancillary and supportive fields.
- (c) To collaborate with and advise municipalities on public health matters.
- (d) To operate, construct, equip, furnish, maintain, manage, secure and repair all its property.
- (e) To facilitate new systems of health care.
- (f) To provide the use of health care facilities for service, teaching and research.
- (g) To establish and develop relationships with nationals, regional and international bodies engaged in similar or ancillary pursuits.
- (h) To do all things to achieve the objectives of the Authority.

2. Significant accounting policies and practices

- (a) The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and are presented in Trinidad and Tobago Dollars.
- (b) The South-West Regional Health Authority is responsible for processing all payments related to employees contracted by the Authority and all payments for goods and services purchased by the institutions within the South-West Region.

SOUTH-WEST REGIONAL HEALTH AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2012

2. Significant accounting policies and practices (cont'd)

(c) Property, plant and equipment

At year-end September 2004, Terra Caribbean Limited did a revaluation of all Property, plant and equipment belonging to South-West Regional Health Authority. These assets were valued at current market values in accordance with IAS 16 – Property, Plant and Equipment and recorded in the Financial Statements.

Depreciation

Assets are depreciated on the straight-line basis at the following rates per annum:

Building	2.0%
Medical Equipment	15.0%
Plant and Equipment	20.0%
Computer Equipment	25.0%
Office Furniture and Equipment	12.5%
Motor Vehicles	25.0%
Safety and Security Systems	12.5%
Other Minor Equipment	12.5%
Communication Equipment	12.5%
Patient Furnishings	12.5%

(d) Capital works in progress

These relate to projects that result in the creation of assets. No depreciation is taken on these amounts. Upon completion or commissioning of the asset for use, the balance in the account is transferred to the respective asset account and depreciated.

(e) Inventories

Inventories are valued at the last purchased price (as per the MOH Price List) for all pharmaceutical supplies. The non-pharmaceutical supplies are valued using the weighted average cost.

SOUTH-WEST REGIONAL HEALTH AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2012

2. Significant accounting policies and practices (cont'd)

(f) Accounts receivable and prepayments

Accounts Receivable and prepayments represent amounts to which the Authority has become entitled in the normal course of operations, they do not bear interest. At the end of each reporting period, the carrying amount is reviewed to determine if they are fully recoverable, if there is evidence of impairment, an impairment loss is immediately recognized in the Statement of Comprehensive Income.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short term investments with qualifying financial institutions.

(h) Deferred income

The Authority initially recognizes funding received specifically for capital projects and equipment as deferred income. These amounts are transferred to income over the period necessary to match them with the related costs.

(i) Defined benefit liability

The defined benefit liability is the fair value of the plan assets less the present value of the defined benefit obligation at the reporting date.

(j) Borrowings

Borrowings are recognized initially at the loan principal amount. Related transaction costs are expensed.

Borrowings are classified as current liabilities for amounts due within 12 months and non-current liabilities for amounts due after 12 months.

(k) Accounts payable

Accounts payable are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities.

SOUTH-WEST REGIONAL HEALTH AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2012

2. Significant accounting policies and practices (cont'd)

(l) Other Payables and Accruals

Other Payables and accruals are amounts outstanding on statutory payroll related liabilities. Accruals are obligations arising to the Authority and are included in the time period to which they relate.

(m) Income

Revenue consists mainly of government subvention and incidental fees charged by SWRHA.

Interest Earned

This represents the returns on deposit amounts held in bank and investment accounts with various financial institutions.

MOH Reimbursables

The Ministry of Health has endorsed certain Programmes/Projects for which there is a stated or constructive obligation that amounts expended would later be reimbursed by the Ministry of Health upon submission of requests by the Authority.

Recurrent Expenditure

These are amounts allocated to the SWRHA for the payment of day to day operating expenditure for personnel emoluments and goods and services.

Development Programme

These are funds allocated for capital expenditure projects.

NIPDEC Purchases

This is the value of medical supplies, surgical supplies and pharmaceuticals procured by the National Insurance Property Development Limited (NIPDEC) for the SWRHA.

(n) Provisions

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

SOUTH-WEST REGIONAL HEALTH AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2012

2. Significant accounting policies and practices (cont'd)

(o) Going Concern

As at September 30, 2012 the Authority has an Accumulated Deficit of \$318.922M and a Net Deficit of \$18.662M for the year then ended.

These Financial Statements are prepared on the going concern basis, in accordance with IAS 1, since the Board of Directors and management are of the view that the Authority can continue to rely on the Government of Trinidad and Tobago in meeting its obligations as they fall due. There are no indications that such supports will not be forthcoming.

(p) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in the current year.

SOUTH-WEST REGIONAL HEALTH AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2012

3.1 Property, plant and equipment

Cost:	Land \$'000	Building \$'000	Plant & Equipment \$'000	Motor Vehicles \$'000	Computer Equipment \$'000	Office Furniture & Equipment \$'000	Medical Equipment \$'000	Communication Equipment \$'000	Patient Furnishings \$'000	Other Minor Equipment \$'000	Safety & Security Systems \$'000	Capital Work In Progress \$'000	Total \$'000
At October 1, 2011	75,952	315,956	11,041	6,917	9,220	10,255	163,256	1,752	16,597	5,070	2,888	6,177	625,081
Additions	-	7,764	549	-	79	682	10,422	156	763	828	338	(1,490)	20,091
Disposals/Retirements	-	-	-	-	-	(20)	(198)	-	-	-	-	-	(218)
At September 30, 2012	75,952	323,720	11,590	6,917	9,299	10,917	173,480	1,908	17,360	5,898	3,226	4,687	644,954
Accumulated Depreciation:													
At October 1, 2011	-	35,314	7,218	4,109	5,501	6,265	104,473	693	9,712	2,899	724	-	176,908
Charge for the year	-	6,433	1,795	674	163	1,317	21,311	209	2,126	843	376	-	35,247
Disposals/Retirements	-	-	-	-	-	(23)	(193)	-	-	(1)	-	-	(217)
At September 30, 2012	-	41,747	9,013	4,783	5,664	7,559	125,591	902	11,838	3,741	1,100	-	211,938
Net Book Value													
At September 30, 2012	75,952	281,973	2,577	2,134	3,635	3,358	47,889	1,006	5,522	2,157	2,126	4,687	433,016
Cost:													
At October 1, 2010	75,952	308,857	10,415	6,917	7,163	9,586	157,186	1,462	16,086	4,356	2,839	3,546	604,365
Additions	-	7,099	626	-	2,057	669	6,086	290	530	714	49	2,631	20,751
Disposals/Retirements	-	-	-	-	-	-	(16)	-	(19)	-	-	-	(35)
At September 30, 2011	75,952	315,956	11,041	6,917	9,220	10,255	163,256	1,752	16,597	5,070	2,888	6,177	625,081
Accumulated Depreciation:													
At October 1, 2010	-	29,299	5,302	3,430	4,018	5,024	81,271	483	7,675	2,139	364	-	139,005
Charge for the year	-	6,015	1,916	679	1,483	1,241	23,217	210	2,047	760	360	-	37,928
Disposals/Retirements	-	-	-	-	-	-	(15)	-	(10)	-	-	-	(25)
At September 30, 2011	-	35,314	7,218	4,109	5,501	6,265	104,473	693	9,712	2,899	724	-	176,908
Net Book Value													
At September 30, 2011	75,952	280,642	3,823	2,808	3,719	3,990	58,783	1,059	6,885	2,171	2,164	6,177	448,173

SOUTH-WEST REGIONAL HEALTH AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2012

3.2 Capital work in progress

Capital work in progress is the balance remaining on projects undertaken by the Authority during the year.

	2012 \$'000	2011 \$'000
San Fernando General Hospital	1,470	3,946
Roy Joseph Enhanced Health Centre	2,395	2,231
Palo Seco Outreach Centre	400	-
CDHF Extension	370	-
Couva ECC kitchen	52	-
TOTAL	4,687	6,177
4. Inventories	2012 \$'000	2011 \$'000
Medical supplies	39,498	6,150
Laboratory supplies	4,236	4,284
Pharmacy supplies	20,420	17,373
Stationery supplies	647	597
Engineering supplies	746	1,514
Food supplies	763	495
Hardware supplies	1,047	732
Linen	1,017	455
Less: Provision for stock obsolescence	(314)	(314)
TOTAL	68,060	31,286
5. Accounts receivable and prepayments	2012 \$'000	2011 \$'000
Receivables and reimbursements	78,117	38,507
Provision for bad debts	(36,874)	(37,830)
Other debtors	1,676	1,390
VAT recoverable	9,505	5,804
Prepayments	3,702	3,183
TOTAL	56,126	11,054

SOUTH-WEST REGIONAL HEALTH AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2012

6. Cash and cash equivalents	2012	2011
	\$'000	\$'000
Cash in hand	25	25
Cash at bank	25,350	74,957
Short term investments	10,775	10,637
TOTAL	36,150	85,619
7. Borrowings	2012	2011
	\$'000	\$'000
Intercommercial Trust & Merchant Bank	17,204	24,086
Less: Current Portion	(6,882)	(6,882)
TOTAL	10,322	17,204
<p>In November 2009 the Ministry of Health through Intercommercial Trust and Merchant Bank Limited issued medium term Secured Promissory Notes carrying a fixed interest rate of 5.20%. The amount in the sum of \$34,408,141.00 was issued to the South-West Regional Health Authority through a refinancing arrangement, for the purpose of paying off suppliers' debt. It is repayable in semi-annual instalments of \$3,440,814.10 in the months of May and November from 2010 to 2014.</p>		
8. Accounts payable	2012	2011
	\$'000	\$'000
Accounts payable	7,986	5,954
9. Other payables and accruals	2012	2011
	\$'000	\$'000
Performance deposit	290	407
Outstanding medical fees	197	158
Accrued expenses	45,509	34,316
Staledated cheques	2,130	2,061
Payroll liabilities	233,880	224,998
TOTAL	282,006	261,940

Payroll liabilities included accruals for payroll expenditure relating to the arrears due under the New Compensation Plans 2008-2013, Doctors agreement 2009-2015, arrears of allowances and increment arrears.

SOUTH-WEST REGIONAL HEALTH AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2012

10. Vested property

Vested property includes the value of fixed assets transferred from the Ministry of Health, the cost of equipment provided/construction done under the Health Sector Reform Project and other assets donated to the Authority.

	2012 \$'000	2011 \$'000
Balance brought forward	321,454	319,144
<i>Additions during the year:</i>		
I.T. Department	3	1,344
Caroni Health Centre	-	174
St. Patrick Health Centre	2	206
Roy Joseph Health Centre	-	88
Ste Madeline Health Centre	-	69
Pleasantville Health Centre	-	88
San Fernando General Hospital	206	318
Area Hospital Point Fortin	66	23
Regional Administrative Centre	36	-
	313	2,310
TOTAL	321,767	321,454

11. Deferred Income

In accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance "Government grants related to assets, including non-monetary grants at fair value, shall be presented in the statement of financial position either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset." The IAS allows two approaches to be taken in accounting for government grants; the Capital approach and the Income approach. The Authority has adopted the Income approach in lieu of the Capital approach and has therefore presented such government grants through a deferred income account. The following is applicable to the Income approach:

- i) If the grant is for the acquisition of assets then it is recognized on the same basis as the depreciation of assets
- ii) If the grant is related directly to incurring specific expenditures it is recognized on the same basis as the expenditures.

	2012 \$'000	2011 \$'000
Balance brought forward	117,076	132,313
Development subventions	27,835	11,025
Deferred income write-offs	(24,725)	(26,262)
TOTAL	120,186	117,076

SOUTH-WEST REGIONAL HEALTH AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2012

12. Revaluation reserve

	2012 \$'000	2011 \$'000
Balance brought forward	97,557	98,189
Transfer of surplus	(632)	(632)
TOTAL	96,925	97,557

IAS 16.41

"the amount of surplus transferred would be the difference between depreciation based on the revalued carrying amount of the asset and the depreciation based on the asset's original cost. Transfers from revaluation surplus to retained earnings are not made through profit or loss."

The following is a schedule for the period of adjustment to the Revaluation Surplus transferred with effect from the financial year 2004/2005.

Asset Class	Excess Depreciation on Revaluation Surplus \$'000	Period of Transfer	Annual Adjustments \$'000
Building	25,459	50 years	509
Office furniture and equipment	523	8 years	66
Patient furnishings	456	8 years	57
	26,438		632

Asset Class	Excess Depreciation on Revaluation Surplus \$'000	Period of Transfer	Opening Balance 1 Oct 2011 \$'000	Transfer \$'000	Closing Balance 30 Sept 2012 \$'000
Land	75,539	-	75,539	-	75,539
Buildings	25,459	50 years	21,895	509	21,386
Office furnishings	523	8 years	65	66	-
Patient furnishings	456	8 years	57	57	-
Vehicles	83	4 years	-	-	-
	102,060	-	97,556	632	96,925

SOUTH-WEST REGIONAL HEALTH AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2012

13. Accumulated deficit

	2012	Restated 2011
	\$'000	\$'000
Accumulated deficit brought forward	(280,533)	(270,447)
Transfers from revaluation reserve (<i>Note 12</i>)	632	632
Re-measurements defined benefit plan (<i>Note 22g</i>)	(25,900)	(8,800)
Prior Period Adjustment	5,541	12,468
Net deficit for the year	(18,662)	(14,386)
Accumulated deficit carried forward	(318,922)	(280,533)

Prior period adjustments for 2012-\$5.541M included corrections made for transaction errors discovered subsequently, in the accrued purchases, accruals, accumulated depreciation and other general ledger accounts, resulting in the over/understatement of the liabilities and expenses in prior audited financial years.

The restated comparatives for 2011- Prior period adjustment of \$12.468M relates to the revision in presentation of the defined benefit plan values for the SWRHA in accordance with IAS 19 Employee benefits. This revision occurred after the closure of the Financial Statements for the year ended 2011, as such the reported value were restated in the most recent prior period comparative in the Financial Statements for year ended 2012.

14. Government subvention – recurrent expenditure

These accounts include the amounts allocated under recurrent expenditure to the South-West Regional Health Authority for the payment of personnel emoluments to the public servants working within the Region. The Ministry of Health managed these funds exclusively.

The South-West Regional Health Authority managed the funds for other transfers and subsidies (RHA personnel emoluments, goods and services).

	2012	2011
	\$'000	\$'000
Personnel emoluments (SWRHA)	656,089	577,528
Goods and services (SWRHA)	61,905	96,889
	717,994	674,417
Personnel emoluments (MOH)	33,571	42,942
TOTAL	751,565	717,359

SOUTH-WEST REGIONAL HEALTH AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2012

15. Government subvention- development programme (MOH)

These amounts include funds allocated for Special Projects, Capital Expenditure and other non-recurrent payments that fall outside of the South-West Regional Health Authority Recurrent Expenditure.

Funding received for programmes that are of a recurrent nature e.g. repairs, refurbishments, purchase of consumables etc. are treated as income in the year of receipt.

	2012 \$'000	2011 \$'000
TOTAL	24,725	27,468

16. National Insurance Property Development Company Limited

These accounts include the amounts allocated under recurrent expenditure to the South-West Regional Health Authority for the purchase of pharmaceuticals and other non-pharmaceutical goods (C40). The National Insurance Property Development Company Limited (NIPDEC) managed these funds exclusively on behalf of the Ministry of Health.

	2012 \$'000	2011 \$'000
NIPDEC Purchases	107,019	95,494
TOTAL	107,019	95,494

Year	NIPDEC Pharmaceutical Receipts \$'000	NIPDEC Non- Pharmaceutical Receipts \$'000	Total NIPDEC Receipts \$'000
2012	87,572	19,447	107,019

SOUTH-WEST REGIONAL HEALTH AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

17. Personnel expenses

	2012	Restated 2011
	\$'000	\$'000
Salaries - RHA staff	455,002	403,335
Salaries - MOH staff	21,185	29,366
NIS - RHA staff	23,955	21,560
NIS - MOH staff	1,695	1,682
Net pension cost adjustment	38,200	27,500
Group health plan	85	82
Other allowances - RHA	138,022	124,321
Other allowances - MOH	10,691	11,894
Directors' fees	825	730
TOTAL	689,660	620,470

(Note 22f)

18. Medical and pharmaceutical expenses

	2012	2011
	\$'000	\$'000
Pharmaceutical supplies	84,673	74,376
Medical Supplies	14,197	44,518
Laboratory supplies	20,746	7,726
Purchased patient services	7,252	4,611
TOTAL	126,868	131,231

19. Other operating expenses

	2012	2011
	\$'000	\$'000
Food supplies	7,981	7,169
Medical gases	6,033	4,319
Medical equipment rental	510	792
Hardware supplies	5,127	5,465
Linen	891	1,676
TOTAL	20,542	19,421

SOUTH-WEST REGIONAL HEALTH AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2012

20. Property and plant expenses

	2012	2011
	\$'000	\$'000
Electrical services	7,299	6,901
Water services	1,495	957
Repairs and maintenance	11,258	10,483
Security services	18,928	16,126
Cleaning	4,026	4,369
Other	481	4,866
Depreciation	8,174	7,930
TOTAL	51,661	\$1,632

21. Administrative expenses

	2012	2011
	\$'000	\$'000
Telephone	4,429	4,721
Office supplies	3,222	3,192
Depreciation	27,019	29,997
Bank charges and interest	1,100	1,492
Vehicle costs	2,976	3,059
Rent	2,824	3,419
Professional development and legal fees	3,500	1,858
Advertisement	630	404
Health promotion	133	111
Meeting expense	189	103
License, books and subscriptions	383	142
Consulting and contracted services	1,620	1,515
Equipment and furnishings	822	434
Bad debts	-	5,677
Other	2,799	2,831
TOTAL	51,646	\$8,955

22. Defined benefit plan

The South-West Regional Health Authority's (SWRHA's) permanent, full-time and monthly-paid employees are members of the Regional Health Authorities Pension Plan. The SWRHA has its own section of the Pension Plan, which is separate from the sections of the other Regional Health Authorities. This enables the SWRHA to meet the cost of benefits for its own employees in isolation and without cross subsidy to or from the other sections of the Pension Plan.

SOUTH-WEST REGIONAL HEALTH AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2012

22. Defined benefit plan (cont'd)

The RHA Pension Plan is a defined benefit pension plan, and provides pensions benefits upon retirement to its members based on the length of service and basic earnings. For this purpose, services includes service with the SWRHA prior to the establishment of the Plan and pensionable service with the Government of Trinidad and Tobago or a Statutory Authority prior to transfer of employment with the SWRHA. Any superannuation benefits payable from the Consolidated Fund in respect of service that is also pensionable under the Plan are offset against benefits from the Pension Plan.

The Pension Plan was established by irrevocable trust and its assets are held in a separate fund administered by independent Trustee, Republic Bank Limited. The Plan is funded by contributions from the employers and the members in accordance with the recommendations of the Plan's Actuary, Bacon Woodrow and de Souza.

The liability recognized in the Statement of Financial Position is the fair value of the plan assets less the present value of the defined benefit obligation at the reporting date. The net pension is recognized in the Statement of Comprehensive Income. Actuarial gains and losses arising from experience adjustments and changes in actuarial adjustments are immediately credited to or charged to other comprehensive income.

22a. Net liability in the Statement of Financial Position

	2012 \$'000	2011 \$'000
Present value of defined benefit obligation	318,000	218,700
Fair value of assets	(251,800)	(190,100)
Defined benefit liability	66,200	28,600

22b. Movement in the present value of the defined benefit obligation

	2012 \$'000	2011 \$'000
Defined benefit obligation brought forward	218,700	168,100
Current service cost	35,000	25,000
Interest cost	15,600	11,900
Members' contribution	8,900	5,600
Liabilities transferred in	3,100	-
Re-measurements:		
Experience adjustments	(14,100)	8,400
Actuarial (gains) / losses from changes in financial assumptions	51,800	-
Benefits paid	(1,000)	(300)
Defined benefit obligation carried forward	318,000	218,700

SOUTH-WEST REGIONAL HEALTH AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2012

22. Defined benefit plan (cont'd)

22c. The defined benefit obligation is allocated between the Plans' members as follows:

	2012	2011
Active members	95%	97%
Deferred pensioners	3%	2%
Pensioners	2%	1%
The weighted average duration of the defined benefit obligation at year end	22.3 years	19.9 years
Percentage of the value of the benefits for active members is vested	82%	86%
Percentage of the defined obligation for active members at is conditional on future salary increases	43%	55%

22d. Movement in the fair value of plan assets

	2012 \$'000	2011 \$'000
Fair value of plan assets at the start of the year	190,100	133,400
Interest income	13,500	10,200
Return on plan assets, excl interest income	11,800	(400)
Employer contributions	29,600	18,600
Members' contributions	8,900	5,600
Funds transferred in/(out)	-	23,800
Benefits paid	(1,000)	(300)
Expense allowance	(1,100)	(800)
Fair value of plan assets at the end of the year	251,800	190,100
Actual return on plan assets	25,300	9,800

The asset allocation below is for the Plan as a whole. The allocation of assets to the employer sections of the Plan is notional. The asset values as at each year end were provided by the Plan's Trustee (Republic Bank Limited). Overseas equities have quoted prices in active markets. Local equities also have quoted prices but the market is illiquid. The Investment Managers calculate the fair value of the Government bonds and corporate bonds by discounting expected future proceeds using constructed yield curve.

The majority of the Plan's government bonds were issued by the Government of Trinidad and Tobago, which also guarantees many of the corporate bonds held by the Plans.

SOUTH-WEST REGIONAL HEALTH AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2012

22d. Defined benefit plan (cont'd)

The Plan's assets are invested in accordance with a strategy agreed with the Plan's Trustee and Management Committee and the Pensions Oversight Committee. This strategy is largely dictated by statutory constraints (at least 80% of the assets must be invested in Trinidad and Tobago and no more than 50% in equities) and the availability of suitable investments. There are no asset-liability matching strategies used by the Plan.

22e.	2012 \$'000	2011 \$'000
Asset Allocation		
Locally Listed Equities	13.90%	11.10%
Overseas Equities	4.00%	4.40%
TT\$ Bonds	57.90%	51.30%
US\$ Bonds	0.10%	0.10%
Cash and cash equivalents	24.00%	32.90%
Other (Mortgages and property mutual funds)	0.10%	0.20%
Fair value of plan assets at the end of the year	100%	100%

22f. Expense recognized in Statement of Comprehensive Income

	2012 \$'000	2011 \$'000
Current service cost	35,000	25,000
Net interest on net defined benefit Liability/(asset)	2,100	1,700
Expense allowance	1,100	800
Net pension cost	38,200	27,500

22g. Re-measurements recognized in Other Comprehensive Income

	2012 \$'000	2011 \$'000
Experience (gains)/losses	25,900	8,800
Total amount recognized in Other Comprehensive Income	25,900	8,800

SOUTH-WEST REGIONAL HEALTH AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

22. Defined benefit plan (cont'd)

22h. Reconciliation of opening and closing

	2012	2011
	\$'000	\$'000
Opening defined benefit liability/(asset)	28,600	34,700
Net pension cost	38,200	27,500
Re-measurements recognized in Other Comprehensive Income	25,900	8,800
Net transfers	3,100	(23,800)
Employer contributions paid	(29,600)	(18,600)
Closing defined benefit liability/(asset)	66,200	28,600

22i. Summary of principal assumptions

	2012	2011
Discount rate	5.00%	6.50%
Salary increases:		
General increases	3.50%	4.50%
Promotional increases	1.00%	1.00%
Total salary increases	4.50%	5.50%
Increases to Government's minimum pension	0.00%	0.00%
Future pension increases	0.00%	0.00%

Assumptions regarding future mortality are based on published mortality tables. The life expectancies underlying the value of the defined benefit obligation are as follows:

SOUTH-WEST REGIONAL HEALTH AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

22i. Defined benefit plan (cont'd)

	2012	2011
Life Expectancy at age 60 for current pensioner in years		
Male	21.0	21.0
Female	25.1	25.1
Life Expectancy at age 60 current pensioner age 40 in years		
Male	21.4	21.4
Female	25.4	25.4

22j. Sensitivity Analysis

The calculation of the defined benefit obligation is sensitive to the assumptions used. The following table summarizes how the defined obligation would have changed as a result of a change in the assumptions used. These sensitivities were calculated by re-calculating the defined benefit obligations using the revised assumptions.

	\$'000	\$'000
1% pa increase in the discount rate	(58,500)	(38,900)
1% pa decrease in the discount rate	78,600	51,200
1% pa increase in the assumed rate of the future salary increases	44,000	33,100
1% pa decrease in the assumed rate of the future salary increases	(37,200)	(28,400)
An increase of 1 year in the assumed life expectancies	3,800	2,100

22k. Funding

The Employer meets the balance of the cost of funding the defined benefits and the Employer must pay contributions at least equal to those paid by members, which are fixed. The funding requirements are based on regular (at least every 3 years) actuarial valuations of the Plan and the assumptions used to determine the funding required may differ from those set out above. The Employer expects to pay the following contributions (in \$Millions) during the next financial year.

SOUTH-WEST REGIONAL HEALTH AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2012

22k. Defined benefit plan (cont'd)

	2012 \$'000	2011 \$'000
Expected Employer Contributions in next financial year	25,700	29,600

23. Related party transactions

IAS 24 Related Parties Disclosures (Revised) which became effective for annual periods beginning on or after January 1, 2011 has been adopted in the presentation of the Financial Statements. The SWRHA is almost entirely government funded and receives subventions from the Ministry of Health for both its recurrent and development expenditure. There are transactions entered into with related parties in the normal operations of the business such as procurement of utility services from government owned institutions, securing borrowings, reimbursing of accounts receivable however these have been carried out on commercial terms at the prevailing market rates which have been reported in the Financial Statements.

i) Identity of related party

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial decisions.

ii) Key management personnel

Those persons having the authority and responsibility for planning, directing and controlling the activities of the Authority. Transactions relating to key management personnel were as follows:

	2012 \$'000	2011 \$'000
Directors' Fees	825	730