



**REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF TRINIDAD AND TOBAGO ON THE FINANCIAL STATEMENTS OF THE NORTH WEST REGIONAL HEALTH AUTHORITY FOR THE YEAR ENDED SEPTEMBER 30, 2008**

The accompanying Financial Statements of the North West Regional Health Authority for the year ended September 30, 2008 have been audited. The Statements comprise a Statement of Financial Position as at September 30, 2008, a Statement of Comprehensive Income, a Statement of Net Assets and a Statement of Cash Flows for the year ended September 30, 2008 and Notes to the Financial Statements labelled A to L.

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 December 6, 2018, 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.

15<sup>TH</sup> MARCH, 2019  
PORT-OF-SPAIN



*MA*  
MAJEED ALI  
AUDITOR GENERAL

SS  
20190315



**AUDITED FINANCIAL STATEMENTS**

**The North West Regional  
Health Authority**

September 30, 2008



**Audited Financial Statements**  
(Expressed in Trinidad and Tobago Dollars)

**THE NORTH WEST REGIONAL HEALTH AUTHORITY**

**September 30, 2008**

**Audited Financial Statements**

Independent Auditors' Report.....	1-4
Statement of Financial Position.....	5-6
Statement of Operations/Comprehensive Income.....	7
Statement of Net Assets.....	8
Statement of Cash Flows.....	9
Notes to Financial Statements.....	10-23



The Auditor General of the  
Republic of Trinidad and Tobago  
Level 2-4, Tower C  
Port of Spain International Waterfront Centre  
1 Wrightson Road  
PORT-OF-SPAIN

## INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of The North West Regional Health Authority, which comprise the statement of financial position as at September 30, 2008 and the statement of comprehensive income, statement of changes in capital and deferred contributions and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and the fair presentation of these financial statements in accordance with International Financial Reporting, 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 our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider 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.

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

The Auditor General of the  
Republic of Trinidad and Tobago  
Level 2-4, Tower C  
Port of Spain International Waterfront Centre  
1 Wrightson Road  
PORT-OF-SPAIN

## INDEPENDENT AUDITORS' REPORT - (Continued)

### Basis for Disclaimer Opinion

We were not appointed as auditors of the Authority until after September 30, 2008 and thus did not observe the counting of physical inventories at the beginning and end of the year. We were unable to carry out auditing procedures necessary to obtain adequate assurance regarding the inventory quantities and condition of such inventory held at September 30, 2007 and 2008, which are stated in the Statement of Financial Position at \$11,055,010 and \$10,748,249 respectively. There were no other satisfactory audit procedures that we could adopt to obtain sufficient evidence regarding the existence and condition of inventories. As a result, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded inventories and the possible consequential effect on the Statement of Comprehensive Income for the year ending September 30, 2008 and the Statement of Financial Position as at September 30, 2008.

As a result of the time between the Statement of Financial Position date and the date of the audit procedures being undertaken, we were unable to obtain sufficient audit evidence in order to assess the completeness and existence of tangible non-current assets. Additionally, the Authority has no evidence that a physical verification or impairment assessment was conducted on tangible non-current assets. For this reason, we were unable to determine whether any adjustments might have been necessary in respect of the value of the tangible non-current assets as at September 30, 2007 and 2008 which is stated in the Statement of Financial Position at \$192,610,255 and \$232,602,046 respectively and the consequential impact on the Statement of Comprehensive Income for the year ending September 30, 2008.

As noted in Note B (viii), the Authority receives Grant Income for the acquisition of tangible non-current assets and such grants are recognized in the Statement of Comprehensive Income over the useful life of the acquired assets. The Authority has no procedures to match the Grants Deferred to the specific assets acquired. As a result, we are unable to obtain sufficient audit evidence in order to assess the value of the Grants Deferred as at September 30, 2007 and 2008.

We were unable to obtain sufficient audit evidence to test the validity and collectability of the accounts receivable balances. For this reason, we were unable to determine whether any adjustments might have been necessary in respect of the value of the accounts receivable balance as at September 30, 2007 and 2008 which is stated in the Statement of Financial Position at \$80,980,319 and \$99,159,506 respectively and the consequential impact on the Statement of Comprehensive Income for the year ending September 30, 2008.



The Auditor General of the  
Republic of Trinidad and Tobago  
Level 2-4, Tower C  
Port of Spain International Waterfront Centre  
1 Wrightson Road  
PORT-OF-SPAIN

## INDEPENDENT AUDITORS' REPORT - (Continued)

### Basis for Disclaimer Opinion - (Continued)

We were unable to obtain sufficient audit evidence to test the completeness and validity of the accounts payable and accruals balances. For this reason, we were unable to determine whether any adjustments might have been necessary in respect of the value of the accounts payable and accruals balance as at September 30, 2007 and 2008 which is stated in the Statement of Financial Position at \$70,236,166 and \$48,692,342 respectively and the consequential impact on the Statement of Comprehensive Income for the year ending September 30, 2008.

The Authority is party to the Regional Health Authorities Pension Fund Plan. The Authority's accounting policy is to record contributions to the Plan in the Statement of Comprehensive Income in the period in which the contributions are paid. This policy is not in accordance with the International Accounting Standards 19 - Employee Benefits where pension costs is charged to the Statement of Comprehensive Income over the service lives of the employees and pension liabilities less the fair value of plan assets and adjustments for past service costs are recognised in the Statement of Financial Position. No actuarial valuation was available for the year ending September 30, 2008 and accordingly we were not able to determine the effect on the Statement of Comprehensive Income for the year ending September 30, 2008 and the effect on the Statement of Financial Position as at September 30, 2008.

We draw attention to Note K - Commitment and Contingent Liabilities and as described in the Note there is significant uncertainty relating to the outcomes of the current pending legal matters and any potential liabilities which could not be assessed at this time.

Additionally, Note J details a prior year adjustment amounting to \$35,578,322 (2007 - \$56,533,754). The specific transactions relating to this adjustment was not available and, accordingly, we were unable to carry out auditing procedures necessary to obtain adequate assurance on the validity and completeness of this balance.

The Auditor General of the  
Republic of Trinidad and Tobago  
Level 2-4, Tower C  
Port of Spain International Waterfront Centre  
1 Wrightson Road  
PORT-OF-SPAIN

**INDEPENDENT AUDITORS' REPORT - (Continued)**

**Disclaimer Opinion**

Because of the significance of the matters discussed in the Basis for Disclaimer of Opinion paragraph, 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 position of North West Regional Health Authority as at September 30, 2008 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



December 6, 2018  
PORT-OF-SPAIN

**STATEMENT OF FINANCIAL POSITION**

(Expressed in Trinidad and Tobago Dollars)

**THE NORTH WEST REGIONAL HEALTH AUTHORITY**

		September 30	
		2008	2007
<b>ASSETS</b>	Notes		
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	C	\$ 77,991,453	\$ 95,995,826
Accounts receivable from Ministry of Health	D	78,191,791	46,298,870
Receivables and prepayments	E	6,769,375	3,384,018
Inventory	F	10,748,249	11,055,010
		<u>173,700,868</u>	<u>156,733,724</u>
<b>TOTAL CURRENT ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	G	232,602,046	192,610,255
Accounts receivable from Ministry of Health	D	20,967,715	34,681,449
		<u>253,569,761</u>	<u>227,291,704</u>
<b>TOTAL NON-CURRENT ASSETS</b>			
		<u>\$ 427,270,629</u>	<u>\$ 384,025,428</u>
<b>TOTAL ASSETS</b>			

These financial statements were authorised for issue by the Board of Directors on October 16, 2018.

Director ..... *Wendy B. At* **CHIEF EXECUTIVE OFFICER**  
**NORTH WEST REGIONAL HEALTH AUTHORITY**

Director ..... *Anna Bond* **CHAIRMAN**  
**NORTH WEST REGIONAL HEALTH AUTHORITY**



		September 30	
		2008	2007
<b>LIABILITIES, CAPITAL AND DEFERRED CONTRIBUTIONS</b>			
	Notes		
<b>CURRENT LIABILITIES</b>			
Accounts payable and accruals	H	\$ 48,692,342	\$ 70,236,166
Current portion of long-term debt	I	27,427,468	13,713,734
		<u>76,119,810</u>	<u>83,949,900</u>
<b>TOTAL CURRENT LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long-term debt – less current portion	I	21,491,265	35,204,999
		<u>21,491,265</u>	<u>35,204,999</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>			
<b>CAPITAL AND DEFERRED CONTRIBUTIONS</b>			
Operating fund		278,024,999	220,666,371
Capital grants - Tenders		51,634,555	44,204,158
		<u>329,659,554</u>	<u>264,870,529</u>
<b>TOTAL LIABILITIES, CAPITAL AND DEFERRED CONTRIBUTIONS</b>			
		<u>\$ 427,270,629</u>	<u>\$ 384,025,428</u>

The accompanying summary of significant accounting policies and the notes set out on Pages 10 to 23 form an integral part of these financial statements.

**STATEMENT OF OPERATIONS/COMPREHENSIVE INCOME**  
(Expressed in Trinidad and Tobago Dollars)

**THE NORTH WEST REGIONAL HEALTH AUTHORITY**

	Year ended September 30	
	2008	2007
<b>Income</b>		
Recurrent subvention	\$ 483,118,338	\$ 387,026,186
NIPDEC C40 receipts	104,508,766	85,029,869
Interest earned	908,548	783,711
Miscellaneous fees	1,458,230	743,333
	<u>589,993,882</u>	<u>473,583,099</u>
<b>TOTAL INCOME</b>	<b>\$ 589,993,882</b>	<b>\$ 473,583,099</b>
<b>Expenditure</b>		
Personnel costs	309,516,582	266,656,031
Employer expenses	24,065,938	16,602,266
Medical and pharmaceutical cost	123,343,304	98,748,716
Other operating expenses	44,849,149	35,174,364
Property, plant and equipment expenses	9,412,639	8,811,604
Administrative costs	47,164,024	35,370,513
Amortization of capital assets	9,844,079	55,606,695
	<u>568,195,715</u>	<u>516,970,189</u>
<b>TOTAL EXPENDITURE</b>	<b>568,195,715</b>	<b>516,970,189</b>
<b>Finance Cost</b>	17,861	2,861,035
	<u>17,861</u>	<u>2,861,035</u>
<b>SURPLUS/(DEFICIT) OF REVENUE OVER EXPENSES</b>	<b>\$ 21,780,306</b>	<b>\$ (46,248,125)</b>
	<u><u>21,780,306</u></u>	<u><u>(46,248,125)</u></u>

The accompanying summary of significant accounting policies and the notes set out on Pages 10 to 23 form an integral part of these financial statements.





**STATEMENT OF CASH FLOWS**  
(Expressed in Trinidad and Tobago Dollars)

**THE NORTH WEST REGIONAL HEALTH AUTHORITY**

	Year ended September 30	
	2008	2007
<b>Operating activities</b>		
Surplus/(Deficit) of revenues over expenses for the year	\$ 21,780,306	\$ (46,248,125)
Amortization of capital assets prior year adjustment	-	39,190,966
Cost of capital assets prior year adjustment	(29,377,178)	-
Amortization of capital assets	9,844,079	55,606,695
	<u>2,247,207</u>	<u>48,549,536</u>
<b>Changes in non-cash working capital balances</b>		
Receivable and prepayments	(3,385,356)	(303,044)
Amounts receivable from Ministry of Health	(18,179,186)	22,643,336
Accounts payable and accrued liabilities	(21,543,824)	38,249,104
Inventories	306,761	(5,039,198)
	<u>(40,554,398)</u>	<u>104,099,734</u>
<b>Investing activities</b>		
Purchase of capital assets, net of disposals	(20,458,692)	(99,149,561)
	<u>(20,458,692)</u>	<u>(99,149,561)</u>
<b>Financing activities</b>		
Repayment of long-term debt	-	(13,713,734)
Deferred contributions, donations and interest	43,008,717	77,490,637
	<u>43,008,717</u>	<u>63,776,903</u>
<b>Increase/(decrease) in cash and cash equivalents during the year</b>	<b>(18,004,373)</b>	<b>68,727,076</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>95,995,826</b>	<b>27,268,750</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ <u>77,991,453</u></b>	<b>\$ <u>95,995,826</u></b>
Represented by:		
Cash in bank	\$ 77,976,753	\$ 95,982,726
Cash in hand	14,700	13,100
	<u>\$ 77,991,453</u>	<u>\$ 95,995,826</u>

The accompanying summary of significant accounting policies and the notes set out on Pages 10 to 23 form an integral part of these financial statements.

## **NOTES TO FINANCIAL STATEMENTS**

(Expressed in Trinidad and Tobago Dollars)

### **THE NORTH WEST REGIONAL HEALTH AUTHORITY**

**September 30, 2008**

#### **NOTE A - INCORPORATION AND PRINCIPAL ACTIVITY**

The North West Regional Health Authority (NWRHA), incorporated in the Republic of Trinidad and Tobago, is a state controlled institution, which became a statutory body in 1994, and was merged with the then autonomous units, the Eric Williams Medical Sciences Complex and the Central Regional Health Authority. However, in 2005 this merger was then separated, resulting in the individual formation of the NWRHA, providing health care for the municipalities of Diego Martin, San Juan/Laventille and the City of Port-of-Spain. The principal activities of the Authority according to the Regional Health Authorities Act of 1994 are:

- To provide efficient systems for the provision of health care to the citizens of Trinidad and Tobago, on behalf of the Ministry of Health.
- To provide the use of health care facilities for service, training and research.
- To facilitate the education of persons, and research in medical and related fields.
- To collaborate with and advise municipalities on matters of public health.

#### **NOTE B - SIGNIFICANT ACCOUNTING POLICIES**

- (i) Basis of Preparation - These financial statements have been prepared in accordance with the International Financial Reporting Standards, except for employee retirement benefit costs as described in Note B (ix) which is not recognized in accordance with International Accounting Standard (IAS) 19 - Employee Benefits. The financial statements are prepared on the historical cost basis and presented in Trinidad and Tobago dollars.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Authority's accounting policies.

*Standards, amendments and interpretations effective on January 1, 2008 but not relevant.*

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after January 1, 2008 but are not relevant to the Company operations:

- IFRIC 11, IFRS 2 - 'Group and treasury share transactions';
- IFRIC 12, 'Service concession arrangements'; and



**NOTES TO FINANCIAL STATEMENTS - (Continued)**  
(Expressed in Trinidad and Tobago Dollars)

**THE NORTH WEST REGIONAL HEALTH AUTHORITY**

**September 30, 2008**

**NOTE B - SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*Standards and amendments to existing standards that are not effective on January 1, 2008 and have not been early adopted.*

- IAS 39 (Amendment), 'Financial instruments: Recognition and measurement' (effective from January 1, 2009). The amendment is part of the IASB's annual improvement project published in May 2008.

The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading is also amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit taking is included in such a portfolio on initial recognition.

- IAS 1 (Revised), 'Presentation of financial statements' (effective from January 1, 2009). The revised standard will prohibit the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. The Authority will apply IAS 1 (Revised) from January 1, 2009 and it is likely the Authority will present solely a statement of comprehensive income. This change is not expected to significantly change the presentation of the Company's performance statement.
- IAS 1 (Amendment), 'Presentation of financial statements' (effective from January 1, 2009). The amendment is part of the IASB's annual improvement project published in May 2008. The amendment clarifies that some rather than all financial assets and liabilities classified as held for trading in accordance with IAS 39, 'Financial instruments: Recognition and measurement', are examples of current assets and liabilities respectively.



**NOTES TO FINANCIAL STATEMENTS - (Continued)**  
(Expressed in Trinidad and Tobago Dollars)

**THE NORTH WEST REGIONAL HEALTH AUTHORITY**

**September 30, 2008**

**NOTE B - SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*Standards and amendments to existing standards that are not effective on January 1, 2008 and have not been early adopted. - (Continued)*

- There are a number of minor amendments to IFRS 7, 'Financial instruments: Disclosures'; IAS 8, 'Accounting policies, changes in accounting estimates and errors'; IAS 10, 'Events after the reporting period' and IAS 18, 'Revenue' (all effective from January 1, 2009), which are part of the IASB's annual improvement project published in May 2008 (not addressed above). These amendments are unlikely to have an impact on the Authority's accounts and have therefore not been analysed in detail.

*Standards, amendments and interpretations that are not yet effective and not relevant.*

The following interpretations are mandatory for the Authority's accounting periods beginning on or after October 1, 2008 or later periods but are not relevant for the Company's operations:

- IFRS 1 (Amendment), 'First time adoption of IFRS' and IAS 27, 'Consolidated and separate financial statements' (effective from January 1, 2009);
- IFRS 2 (Amendment), 'Share-based payment' (effective from January 1, 2009);
- IFRS 3 (Revised), 'Business combinations' (effective from July 1, 2009);
- IFRS 8, 'Operating segments' (effective from January 1, 2009), which is not considered relevant, as the Company is outside the scope;
- IAS 23 (Amendment), 'Borrowing costs' (effective from January 1, 2009);
- IAS 27 (Revised), 'Consolidated and separate financial statements' (effective from July 1, 2009);
- IFRIC 13, 'Customer loyalty programmes' (effective from July 1, 2008);
- IFRIC 15, 'Agreements for construction of real estates' (effective from January 1, 2009);
- IFRIC 16, 'Hedges of a net investment in a foreign operation' (effective from October 1, 2008);

**NOTES TO FINANCIAL STATEMENTS - (Continued)**  
(Expressed in Trinidad and Tobago Dollars)

**THE NORTH WEST REGIONAL HEALTH AUTHORITY**

**September 30, 2008**

**NOTE B - SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*Standards, amendments and interpretations that are not yet effective and not relevant. - (Continued)*

The following interpretations are mandatory for the Company's accounting periods beginning on or after October 1, 2008 or later periods but are either not relevant or not expected to have a material impact on the Company's operations: - (Continued)

- Amendments that are part of the IASB's annual improvement project published in May 2008 (not addressed above): IFRS 5 (Amendment), 'Non-current assets held-for-sale and discontinued operations' (and consequential amendment to IFRS 1, 'First-time adoption'); IAS 16 (Amendment), 'Property, plant and equipment' (and consequential amendments to IAS 7 'Statement of cash flows'); IAS 19 (Amendment), 'Employee benefits'; IAS 20 (Amendment), 'Accounting for government grants and disclosure of government assistance'; IAS 23 (Amendment), 'Borrowing costs'; IAS 27 (Revised), 'Consolidated and separate financial statements'; IAS 28 (Amendment), 'Investments in associates' (and consequential amendments to IAS 32, 'Financial instruments: Presentation' and IFRS 7, 'Financial instruments: Disclosures'); IAS 29 (Amendment), 'Financial reporting in hyperinflationary economies'; IAS 31 (Amendment), 'Interests in joint ventures' (and consequential amendments to IAS 32, 'Financial instruments: Presentation' and IFRS 7, 'Financial instruments: Disclosures'); IAS 34, 'Interim financial reporting'; IAS 36 (Amendment), 'Impairment of assets'; IAS 38 (Amendment), 'Intangible assets'; IAS 40 (Amendment), 'Intangible assets' (and consequential amendments to IAS 16, 'Property, plant and equipment'); IAS 41 (Amendment), 'Agriculture' (all effective January 1, 2009).
- (ii) Prior Year Adjustments - In the current fiscal year, management examined the details of these items and identified differences related to prior periods. These differences have been captured in the affected financial statement line items for the prior periods, as detailed in Note J.
- (iii) Non-Current Tangible Assets - Non-current tangible assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the reducing balance method. The following annual rates are used for the depreciation of property, plant and equipment:

Office furniture and fixtures	-	10%
Motor vehicles	-	25%
Medical equipment	-	10%
Computer equipment	-	25%
Plant and equipment	-	20%
Buildings	-	2%



**NOTES TO FINANCIAL STATEMENTS - (Continued)**  
(Expressed in Trinidad and Tobago Dollars)

**THE NORTH WEST REGIONAL HEALTH AUTHORITY**

**September 30, 2008**

**NOTE B - SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

(iii) Non-Current Tangible Assets - (Continued)

Land is not depreciated.

It is noted that the last valuation of land and building was done in 1999. No subsequent revaluation was conducted on the Authority's property, plant and equipment.

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

(iv) Revenue Recognition - The Authority follows the deferral method of accounting for contributions, which includes donations and government grants.

The Authority is funded primarily by the Ministry of Health in accordance with established budget arrangements. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that future period.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions restricted for the purchase of capital assets are deferred and amortised into revenue on a reducing balance basis, at a rate corresponding with the amortization rate for the related capital assets.

(v) Use of Estimates - The preparation of Financial Statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(vi) Income and Expenditure - Income and expenditure transactions are accounted for on the accruals basis.

(vii) Statement of Cash Flows - The statement of cash flows includes the movement of cash through the operating bank account. Accordingly, the term cash and cash equivalents is used to include cash balances and bank account balances.



## NOTES TO FINANCIAL STATEMENTS - (Continued)

(Expressed in Trinidad and Tobago Dollars)

### THE NORTH WEST REGIONAL HEALTH AUTHORITY

September 30, 2008

#### NOTE B - SIGNIFICANT ACCOUNTING POLICIES - (Continued)

- (viii) Grant Income - The Authority is in receipt of grants to meet recurrent expenditure from the Government of the Republic of Trinidad and Tobago (the Government) through the Ministry of Health (the Ministry). These grants are recognized in the Statement of Comprehensive Income in the period where the cost is incurred and the grant is intended to compensate.

The Authority also benefits from grants provided by the Government and the Ministry for developmental purposes and for the acquisition of tangible non-current assets. Such grants are credited to Grants Deferred and released to the Statement of Comprehensive Income at a rate of 12.5% over the useful life of the acquired assets.

- (ix) Employee Retirement Benefit Costs - The Authority participates in a defined retirement benefit plan for its employees.

The assets of the plan are held separately from that of the Authority in an independently administered fund. The plan is funded from payments from the employees and the Authority. The Authority's contributions to the plan are charged to the Statement of Comprehensive Income in the period in which they relate. Retirement benefit obligations are not recognized in the statement of financial position.

- (x) Inventory - Inventory is valued at the lower of cost and net realizable value. Cost is determined using the First-in First-Out (FIFO) method of valuation. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling, marketing and distribution expenses, necessary to make the sale.
- (xi) Leases - Leases of assets under which the risks and rewards of ownership are effectively retained by the lessors 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. The Authority is not subject to any finance leases.
- (xii) Taxation - In accordance with Section 22 of the Regional Health Authorities Act the Authority is exempt from taxation.
- (xiii) Use of Estimates/Comparatives - The preparation of the financial statements in accordance with Internationally Accepted Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates. Where necessary, comparative figures are adjusted to conform with changes in presentation in the current year.

**NOTES TO FINANCIAL STATEMENTS - (Continued)**  
(Expressed in Trinidad and Tobago Dollars)

**THE NORTH WEST REGIONAL HEALTH AUTHORITY**

**September 30, 2008**

**NOTE B - SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

- (xiv) Financial Instruments - The Company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial instruments are recognised initially at fair value plus transactions costs that are directly attributable to the acquisition or issue of the financial instrument, except for financial assets at fair value through profit or loss, which are initially measured at fair value, excluding transaction costs.

Financial instruments are derecognised on trade date when the company is no longer a party to the contractual provisions of the instrument.

Financial assets at fair value through profit and loss comprise derivative financial instruments, namely interest rate swaps and forward exchange contracts. Subsequent to initial recognition financial assets at fair value through profit and loss are stated at fair value. Movements in fair values are recognised in profit or loss, unless they relate to derivatives designated and effective as hedging instruments, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship. The group designates certain derivatives as hedging instruments in fair value hedges of recognised assets and liabilities and firm commitments, and in cash flow hedges of highly probable forecast transactions and foreign currency risks relating to firm commitments.

The effective portion of fluctuations in the fair value of interest rate swaps used to hedge interest rate risk and that qualify as fair value hedges are recognised together with finance costs. The ineffective portion of the gain or loss is recognised in other expenses or other income.

Fluctuations in the fair value of forward exchange contracts used to hedge currency risk of future cash flows, and the fair value of foreign currency monetary items on the statement of financial position, are recognised directly in other expenses or other income. This policy has been adopted as the relationship between the forward exchange contracts and the item being hedged does not meet certain conditions in order to qualify as a hedging relationship.



**NOTES TO FINANCIAL STATEMENTS - (Continued)**  
(Expressed in Trinidad and Tobago Dollars)

**THE NORTH WEST REGIONAL HEALTH AUTHORITY**

**September 30, 2008**

**NOTE B - SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

(xiv) Financial Instruments - (Continued)

**Classification**

Cash	Held for trading
Accounts receivable	Loans and receivable
Accounts payable and accruals	Other liabilities
Long-term debt	Other liabilities

**Held for Trading** - Held for trading financial assets typically acquired for resale prior to maturity or that are designated as held for trading. They are measured at fair value at the balance sheet date. Fair value fluctuations including interest earned, interest accrued, gains and losses realised on disposal and unrealized gains and losses are included in operating revenue and expense.

**Available-for-Sale** - Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale, or that are not classified as loans and receivables, held-to-maturity, or held-for-trading investments. Except for mentioned below, available-for-sale financial assets are carried at fair value with unrealized gains and losses included in equity.

**Accounts Receivable** - Accounts receivable are stated at their original invoiced value, as the interest that would be recognised from discounting future cash receipts over the short credit period is not considered to be material. Accounts receivable are reduced by appropriate allowances for estimated irrecoverable amounts. Interest on overdue accounts receivables is recognised as it accrues.

**Cash and Cash Equivalents** - Cash equivalents comprise short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. An investment with a maturity of three months or less is normally classified as being short-term.

**Accounts Payable** - Accounts payable are stated at their original invoiced value, as the interest that would be recognised from discounting future cash payments over the short payment period is not considered to be material.

**Impairment of Financial Assets** - All financial assets, except for those at fair value through profit or loss, are assessed for indicators of impairment at each reporting date.



**NOTES TO FINANCIAL STATEMENTS - (Continued)**  
(Expressed in Trinidad and Tobago Dollars)

**THE NORTH WEST REGIONAL HEALTH AUTHORITY**

**September 30, 2008**

**NOTE B - SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

(xiv) Financial Instruments - (Continued)

**Loans and Receivables** - Loans and receivables are accounted for as amortised cost using the effective interest method.

**Other Liabilities** - Other liabilities are recorded at amortised cost using the effective interest method and include all financial liabilities.

**Derivatives** - The Authority does not enter into any derivative financial instrument arrangements.

**Transaction Cost** - Transaction costs related to other liabilities and loans and receivables are netted against the carrying value of the net asset or liability and are then recognized over the expected life of the instrument using the effective interest method.

- (xv) Foreign Currency Translation - Monetary assets and liabilities denominated in foreign currencies are translated into Trinidad and Tobago dollars at the exchange rates prevailing at the accounting date. Transactions in foreign currencies are recorded at the rate of exchange prevailing at the transaction date. All exchange differences are taken to the income and expenditure statement as incurred.

**NOTE C - CASH AND CASH EQUIVALENTS**

	<u>2008</u>	<u>2007</u>
Cash in hand	\$ 14,700	\$ 13,100
Cash at bank	77,976,753	95,982,726
	<u>77,991,453</u>	<u>95,995,826</u>

**NOTES TO FINANCIAL STATEMENTS - (Continued)**  
(Expressed in Trinidad and Tobago Dollars)

**THE NORTH WEST REGIONAL HEALTH AUTHORITY**

**September 30, 2008**

**NOTE D - RECEIVABLE FROM MINISTRY OF HEALTH**

	<u>2008</u>	<u>2007</u>
Grants receivable	\$ 99,159,506	\$ 80,980,319
Non-current portion	(20,967,715)	(34,681,449)
	<hr/>	<hr/>
Current portion	\$ 78,191,791	\$ 46,298,870
	<hr/> <hr/>	<hr/> <hr/>

The above grants are received from the Government of Trinidad and Tobago to fund the Authority's recurrent expenditure.

**NOTE E - RECEIVABLES AND PREPAYMENTS**

	<u>2008</u>	<u>2007</u>
Prepayments	\$ 123,796	\$ 393,836
Value Added Tax refundable	6,645,579	2,990,182
	<hr/>	<hr/>
	\$ 6,769,375	\$ 3,384,018
	<hr/> <hr/>	<hr/> <hr/>

**NOTE F - INVENTORIES**

	<u>2008</u>	<u>2007</u>
Consumables	\$ 10,748,249	\$ 11,055,010
	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO FINANCIAL STATEMENTS - (Continued)**  
 (Expressed in Trinidad and Tobago Dollars)

**THE NORTH WEST REGIONAL HEALTH AUTHORITY**

**December 31, 2008**

**NOTE G - PROPERTY, PLANT AND EQUIPMENT**

	<u>Land</u>	<u>Buildings</u>	<u>Plant, Fittings, Furniture &amp; Equipment</u>	<u>Motor Vehicles</u>	<u>Total</u>
<b>Year Ended 30<sup>th</sup> September 2008</b>					
Opening net book amount	\$ 42,480,000	\$ 128,669,244	\$ 20,388,189	\$ 1,072,822	\$ 192,610,255
Additions	-	-	20,246,335	212,357	20,458,692
Adjustments	-	-	29,377,178	-	29,377,178
Depreciation charge	-	(2,573,385)	(6,984,791)	(285,903)	(9,844,079)
Closing net book amount	<u>\$ 42,480,000</u>	<u>\$ 126,095,859</u>	<u>\$ 63,026,911</u>	<u>\$ 999,276</u>	<u>\$ 232,602,046</u>
<b>At 30<sup>th</sup> September 2008</b>					
Cost/Valuation	\$ 42,480,000	\$ 313,352,982	\$ 197,329,942	\$ 5,806,993	\$ 558,969,917
Accumulated depreciation	-	(187,257,123)	(134,303,031)	(4,807,717)	(326,367,871)
At end of year	<u>\$ 42,480,000</u>	<u>\$ 126,095,859</u>	<u>\$ 63,026,911</u>	<u>\$ 999,276</u>	<u>\$ 232,602,046</u>



**NOTES TO FINANCIAL STATEMENTS - (Continued)**  
 (Expressed in Trinidad and Tobago Dollars)

**THE NORTH WEST REGIONAL HEALTH AUTHORITY**

**December 31, 2008**

**NOTE G - PROPERTY, PLANT AND EQUIPMENT - (Continued)**

	<u>Land</u>	<u>Buildings</u>	<u>Plant, Fittings, Furniture &amp; Equipment</u>	<u>Motor Vehicles</u>	<u>Total</u>
<b>Year Ended 30<sup>th</sup> September 2007</b>					
Opening net book amount	\$ 42,725,000	\$ 110,722,455	\$ 34,354,949	\$ 455,951	\$ 188,258,355
Additions	-	-	99,149,561	-	99,149,561
Adjustments	(245,000)	48,558,649	(90,123,042)	2,618,427	(39,190,966)
Depreciation charge	-	(30,611,860)	(22,993,279)	(2,001,556)	(55,606,695)
Closing net book amount	<u>\$ 42,480,000</u>	<u>\$ 128,669,244</u>	<u>\$ 20,388,189</u>	<u>\$ 1,072,822</u>	<u>\$ 192,610,255</u>
<b>At 30<sup>th</sup> September 2007</b>					
Cost/Valuation	\$ 42,480,000	\$ 313,352,982	\$ 147,706,429	\$ 5,594,636	\$ 509,134,047
Accumulated depreciation	-	(184,683,738)	(127,318,240)	(4,521,814)	(316,523,792)
At end of year	<u>\$ 42,480,000</u>	<u>\$ 128,669,244</u>	<u>\$ 20,388,189</u>	<u>\$ 1,072,822</u>	<u>\$ 192,610,255</u>

**NOTES TO FINANCIAL STATEMENTS - (Continued)**  
 (Expressed in Trinidad and Tobago Dollars)

**THE NORTH WEST REGIONAL HEALTH AUTHORITY**

**September 30, 2008**

**NOTE H - ACCOUNTS PAYABLES AND ACCRUALS**

	<u>2008</u>	<u>2007</u>
Accounts payable	\$ 9,646,588	\$ 10,217,722
Other accrued liabilities	39,045,754	60,018,444
	<u>\$ 48,692,342</u>	<u>\$ 70,236,166</u>

**NOTE I - LONG-TERM DEBT**

	<u>2008</u>	<u>2007</u>
Term loan with Scotia Trust Limited due October 2010 with a fixed interest rate of 5.50%, repayable in semi-annual installments of \$6,459,753 (principal only)	\$ 45,741,822	\$ 45,741,823
Term loan with Citibank Limited due April 2011 with a fixed interest rate of 5.35%, repayable in semi-annual installments of \$397,113 (principal only)	3,176,911	3,176,910
	<u>48,918,733</u>	<u>48,918,733</u>
Current portion	(27,427,468)	(13,713,734)
Long-term portion	<u>\$ 21,491,265</u>	<u>\$ 35,204,999</u>

The Authority via the Ministry of Health was granted loans from these commercial banks in order to clear outstanding suppliers' invoices while it was merged with the then autonomous units, the Eric Williams Medical Sciences Complex and the Central Regional Health Authority.

Principle repayments for the next year due as follows:

<u>Year</u>		<u>Scotia Trust</u>		<u>Citibank</u>
2009	\$	25,839,013	\$	1,588,455
2010		12,919,506		794,228
2011		6,459,753		794,228

**NOTES TO FINANCIAL STATEMENTS - (Continued)**  
(Expressed in Trinidad and Tobago Dollars)

**THE NORTH WEST REGIONAL HEALTH AUTHORITY**

**September 30, 2008**

**NOTE J - PRIOR YEAR ADJUSTMENT**

<b>Statement of Net Assets</b>	<b>Report</b>	<b>Adjustment</b>	<b>Restated</b>
1 <sup>st</sup> October 2007			
Net Assets	\$ 220,666,371	\$ 35,578,322	\$ 256,244,693
<b>Statement of Cash Flow</b>			
1 <sup>st</sup> October 2007			
Cost of capital assets	509,134,047	29,377,178	538,511,225

The adjustments identified were included to ensure the financial statements agree to the general ledger accounts which forms the basis of the statements.

**NOTE K - COMMITMENTS AND CONTINGENT LIABILITIES**

**Legal Matters**

The Authority is engaged in litigations in several matters.

As at the date the financial statements were approved, the likely outcome of these matters cannot be determined. No provision has therefore been made in the financial statements for any possible liabilities due in these matters.

**Purchase Contracts**

The Regional Health Authority has no material long-term purchase contracts.

**NOTE L - FINANCIAL INSTRUMENTS**

- (i) Fair Values - The carrying amounts of short-term financial assets and liabilities comprising cash and cash equivalents, accounts receivable, receivables and prepayments, accounts payable and accruals are a reasonable estimate of their fair values because of the short maturity of these instruments.
- (ii) Credit Risk - The Authority has no significant concentration of credit risk from third parties as 97% of its receivable are from the Ministry of Health. However, there are significant balance due from the Ministry of Health, which have been outstanding for several years.