



SECOND REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF TRINIDAD AND TOBAGO ON THE FINANCIAL STATEMENTS OF THE NORTH CENTRAL REGIONAL HEALTH AUTHORITY FOR THE YEAR ENDED 30 SEPTEMBER, 2007

Section 25(2) of the Regional Health Authority Act, Chapter 29:05 requires the Auditor General to audit the accounts of the North Central Regional Health Authority. The First Report of the Auditor General of the Republic of Trinidad and Tobago on the non-receipt of the Financial Statements of the North Central Regional Health Authority for the year ended 30 September, 2007 was signed by the Auditor General on 4th November, 2009 and forwarded to the Speaker and the President of the Senate to be laid before the House of Representatives and the Senate respectively and to the Minister of Finance.

2. The accompanying Financial Statements of the North Central Regional Health Authority for the year ended 30 September, 2007 have been audited. The Statements comprise a Statement of Financial Position as at 30 September, 2007, a Statement of Comprehensive Income, a Statement of Changes in Equity and a Statement of Cash Flows for the year then ended, and Notes to the Financial Statements numbered 1 to 11, including a summary of significant accounting policies.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

3. The management of the North Central Regional Health Authority (the Authority) is responsible for the preparation and fair presentation of these Financial Statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control 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.

AUDITOR'S RESPONSIBILITY

4. The Auditor General's responsibility is to express an opinion on these Financial Statements based on the audit. The audit was conducted in accordance with generally accepted auditing standards. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, sufficient appropriate audit evidence was not obtained to provide a basis for an audit opinion.

BASIS FOR DISCLAIMER OF OPINION

5. The Authority's underlying accounts in many instances were not properly maintained and preserved for audit examination. As a result, I was unable to verify the account balances listed below:

STATEMENT OF FINANCIAL POSITION

Assets	\$
Current Assets	51,738,377
Non-Current Assets	369,734,851
Equity and Liabilities	\$
Current Liabilities	56,131,725
Non-Current Liabilities	600,000
Capital	364,741,503

STATEMENT OF COMPREHENSIVE INCOME

	\$
Income	7,582,310
Expenses	448,450,230

DISCLAIMER OF OPINION

6. Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph 5, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the Financial Statements.

SUBMISSION OF REPORT

7. 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.

14TH JULY, 2017
PORT-OF-SPAIN



MA
MAJEED ALI
AUDITOR GENERAL



NORTH CENTRAL REGIONAL HEALTH AUTHORITY

Financial Statements:
Year Ended September 2007

North Central Regional Health Authority

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Compilation Report

To: Board of Directors
The North Central Regional Health Authority

On the basis of information provided by management we have compiled, in accordance with the International Standard on Related Services applicable to compilation engagements, the statement of financial position of The North Central Regional Health Authority as at 30th September 2007, statement of comprehensive income, statement of changes in shareholders' equity, statement of cash flows and related notes for the year then ended.

Management is responsible for these financial statements.

We have not audited these financial statements and accordingly express no assurance or opinion thereon.

North Central Regional Health Authority

Statement of Financial Position

	Notes	Year ended 30 September 2007 \$	Year ended 30 September 2006 \$
ASSETS			
Non-Current Assets			
Property, plant and equipment	7	369,734,851	348,517,237
		<u>369,734,851</u>	<u>348,517,237</u>
Current Assets			
Cash and cash equivalents	4	44,443,264	17,059,989
Receivables and prepayments	6	7,295,113	7,985,247
		<u>51,738,377</u>	<u>25,045,236</u>
Total Assets		<u>421,473,228</u>	<u>373,562,473</u>
EQUITY AND LIABILITIES			
Capital			
Shareholders advances	8	1,334,169,497	877,557,191
Accumulated surplus b/d		(530,160,074)	(194,031,691)
Accumulated surplus c/d		(439,267,920)	(336,128,383)
		<u>364,741,503</u>	<u>347,397,117</u>
Non-Current Liabilities			
Retirement benefit liability	11	600,000	4,000,000
		<u>600,000</u>	<u>4,000,000</u>
Current Liabilities			
Other Liabilities and accrued charges	9	56,131,725	22,165,356
		<u>56,131,725</u>	<u>22,165,356</u>
Total Equity and Liabilities		<u>421,473,228</u>	<u>373,562,473</u>



The accompanying notes on pages 7 to 23 form an integral part of these financial statements.

The Board of Directors of NCRHA authorized these financial statements for issue.

Chairman

Chief Executive Officer

North Central Regional Health Authority

Statement of Comprehensive Income

		Year ended 30 September	Year ended 30 September
	Notes	2007 \$	2006 \$
Income			
Medical services		2,926,686	4,908,368
Veterinarian services		570,752	505,279
Rental of facilities		2,209,412	1,692,456
Interest Income		1,363,310	602,478
Other Income	10.1	512,150	402,704
		7,582,310	8,111,285
Expenses			
Administrative expenses	10.2	294,116,197	245,474,057
Operating expenses	10.2	154,214,751	97,134,444
Other Expenses	10.3	119,282	131,167
		448,450,230	342,739,668
Loss for the year		(440,867,920)	(334,628,383)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of retirement benefit asset/liability		1,600,000	(1,500,000)
Other comprehensive income/(loss) for the year		1,600,000	(1,500,000)
Total comprehensive loss for the year		(439,267,920)	(336,128,383)

The accompanying notes on pages 7 to 23 form an integral part of these financial statements.

North Central Regional Health Authority

Statement of Changes in Equity

	Notes	Capital Contributions	Accumulated Surplus	Total Equity
Balance at 1 October 2006		877,557,191	(530,160,074)	347,397,117
Shareholders Advances for the period	8	456,612,306	-	456,612,306
Loss for the year		-	(439,267,920)	(439,267,920)
Balance at 30 September 2007		1,334,169,497	(969,427,994)	364,741,503
Balance at 1 October 2005		544,852,626	(194,031,691)	350,820,935
Shareholders Advances for the period	8	332,704,565	-	332,704,565
Loss for the year		-	(336,128,383)	(336,128,383)
Balance at 30 September 2006		877,557,191	(530,160,074)	347,397,117

The accompanying notes on pages 7 to 23 form an integral part of these financial statements.

North Central Regional Health Authority

Statement of Cash Flows

	Notes	Year ended 30-Sep-07 \$	Year ended 30-Sep-06 \$
Operating Activities			
Loss for the year		(440,867,920)	(334,628,383)
Depreciation		17,459,483	12,506,132
Net pension expense	11	4,900,000	4,900,000
Decrease\.(increase) in receivables and prepayments		690,134	(6,869,510)
Increase in trade and other payables		33,966,369	16,414,586
Pension contributions paid	11	(5,900,000)	(5,500,000)
Net cash from operating activities		(389,751,934)	(313,177,175)
Investing Activities			
Purchase of property, plant & equipment		(38,677,097)	(26,743,251)
Acquisition of fair value of pension plan assets		(800,000)	-
Acquisition of present value of defined benefit obligations		-	800,000
Net cash used in investing activities		(39,477,097)	(25,943,251)
Financing Activities			
Shareholders advances		456,612,306	332,704,565
Net cash from financing activities		456,612,306	332,704,565
Increase(decrease) in cash and cash equivalents during the year		27,383,275	(6,415,861)
Cash and cash equivalents at beginning of the year		17,059,989	23,475,850
Cash and cash equivalents at end of year		44,443,264	17,059,989
Represented by:			
Cash and cash equivalents		44,443,264	17,059,989

The accompanying notes on pages 7 to 23 form an integral part of these financial statements.

North Central Regional Health Authority

Notes to the Financial Statements
As at 30th September 2007

1. Incorporation and Principal Activity

North Central Regional Health Authority (NCRHA) was incorporated in the Republic of Trinidad and Tobago on August 2004 under the Regional Health Authority Act 1994. Previously the NCRHA was the Eric Williams Medical Science Authority (EWMSA). The EWMSA was appointed by government to oversee the administration at Medical Facilities located at the Mt. Hope Complex. The EWMSA expanded in 1994 to become Central Regional Health Authority (CRHA). In 1999 the CRHA was merged with North West Regional Health Authority (NWRHA). In August 2004, the government divided the NWRHA into two separate organizations and as a result the NCRHA was formed by an act of parliament in August 2004. The NCRHA officially separated its financial activities from the NWRHA on July 1, 2005 and has the responsibility for providing health care services on behalf of the Ministry of Health.

2. Summary of significant accounting policies

a) Basis of preparation

The financial statements of NCRHA are prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), and are stated in Trinidad and Tobago dollars rounded to the nearest dollar, except when otherwise stated.

The financial statements have been prepared on a historical cost basis, except for financial instruments which are presented at fair value.

The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

The financial statements provide comparative information in respect of the previous period.

b) Current versus non-current classification

NCRHA presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

North Central Regional Health Authority

Notes to the Financial Statements
As at 30th September 2007

b) Current versus non-current classification (cont'd)

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

NCRHA classifies all other liabilities as non-current.

c) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to NCRHA and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms payment and excluding taxes or duty.

The specific recognition criteria described below must also be met before revenue is recognised.

Medical services

Income arising from all medical services provided, relates to all foreigners and patients accessing dental and executive and industrial medical services, it is measured at the fair value of consideration received or receivable, excluding sales taxes, rebates, and customer discounts.

Vet services

Income arising from all veterinary services provided and is measured at the fair value of consideration received or receivable, excluding sales taxes, rebates, and customer discounts.

Apartment and facilities rental income

Revenue earned as rental income is recognised on an accrual basis in accordance with the terms of the individual lease agreements with tenants. Lease premiums are deferred and recognised as revenue over the term of the lease.

Concession income

Income arising from concessionaires relate to a percentage of income earned for the month and grants access to of the use of space for trading purposes.

North Central Regional Health Authority

Notes to the Financial Statements As at 30th September 2007

d) Taxes

According to the Regional Authorities Act chapter 71:81 NCRHA is wholly exempt from taxes.

e) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses. NCRHA recognises significant replacement part of plant and machinery as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are recognised in the profit or loss as incurred.

Land and building are measured at cost and was transferred by the central government to NCRHA to conduct operations under Section 14 (Third Schedule) of the Regional Authorities Act (Chapter 29:05). The areas which were vested to NCRHA under the Act are as follows: -

Las Lomas Health Centre
Eric Williams Medical Sciences Complex
St Helena Health Centre
Cunupia Health Centre
Arima District Hospital and Health Centre
Caura Chest Hospital
Arouca Health Centre
Monte Grande Health Centre
San Rafael Health Centre
Blanchisseuse Health Centre
Brasso Seco Health Centre
Tacarigua Health Centre
Tunapuna Health Centre
Hugh Hill
La Horquetta Health Centre
Maloney Health Centre

Land is not depreciated. Depreciation is calculated at the following rates which are considered appropriate to write off the cost of the assets over their estimated useful lives:

Buildings	2%	reducing balance
Plant and machinery	20%	reducing balance
Computer equipment	33 $\frac{1}{3}$ %	reducing balance
Furniture and fixtures	20%	reducing balance

North Central Regional Health Authority

Notes to the Financial Statements
As at 30th September 2007

e) **Property, plant and equipment (cont'd)**

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

f) **Financial instruments**

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

g) **Financial assets**

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivable, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that NCRHA commits to purchase the asset.

Subsequent measurement

For purpose of subsequent measurement financial assets are classified in four categories:

- Financial assets at fair value through profit or loss
- Loans and receivable
- Held-to-maturity investments
- Available-for-sale financial investment

For the purpose of NCRHA the financial assets will be loans and receivables.

Loans and receivables

This category is comprised Executive and Industrial medical services and non-medical services such as Apartment rental security deposits and prepayments. Loans and receivables are non-derivative financial assets with fixed or determined payments that are not quoted in an active market. This category generally applies to trade and other receivables.

North Central Regional Health Authority

Notes to the Financial Statements As at 30th September 2007

h) Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at bank.

For the purpose of the statement of cash flows, cash and cash equivalents consist of five bank accounts.

i) Provisions

General

Provisions are recognised when NCRHA has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When NCRHA expects some or all of its provisions to be reimbursed, for example, under outpatient services for foreign customers, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss nets any reimbursements.

j) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the period that the related costs, for which it is intended to compensate, are expensed. When a grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Grants received by NCRHA are considered to be a capital injection due to the fact that NCRHA is a regional health authority and 100% owned by central government.

k) Retirement benefit plan

NCRHA operates a defined benefit pension plan, which is a pension plan that defines an amount of pension benefits that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation. This pension plan is funded by payments from employees and by NCRHA, taking into account of the recommendations of independent qualified actuaries.

The liability or asset recognised in the statement of financial position in respect of defined benefit pension plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

North Central Regional Health Authority

Notes to the Financial Statements
As at 30th September 2007

k) Retirement benefit plan (cont'd)

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows allocated to current or prior periods using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Re-measurement of the net defined benefit asset, which comprise actuarial gains and losses, the return on plan assets (excluding interest) are recognised immediately in Other Comprehensive Income.

Net interest expense (income) or the net defined benefit liability (asset) is determined using the discount rate. Net interest expense and other expenses related to the retirement benefit plan are recognised in profit or loss.

The actuary performs a full actuarial valuation every three years and any surpluses or deficits may be recognised by an adjustment of future contribution rates.

3. Changes in accounting policies and disclosures

a) New standards and amendments/revisions to published standards and interpretations

IAS 1 Presentation of items of Other Comprehensive Income – Amendments to IAS 1

The amendments to IAS1 introduced a Committeeing of items presented in other comprehensive income. Items that will be reclassified ('recycled') to profit or loss at a future point in time (e.g., net loss or gain on available for sale financial assets) have to be presented separately from items that will not be reclassified (e.g., revaluation of land and building). The amendments affect presentation only and have no impact on NCRHA financial position or performance.

IAS 1 Clarification of the requirement for comparative information (Amendments)

These amendments clarify the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The amendments clarify that the opening statements of the financial position (as at 1st October 2002 in the case of NCRHA), presented as a result of retrospective restatement or reclassification of items in financial statements does not have to be accompanied by comparative information in the related notes. The amendments affect presentation only and have no impact on NCRHA financial position or performance.

North Central Regional Health Authority

Notes to the Financial Statements As at 30th September 2007

b) **New and amended accounting standards and interpretations**

The company has not applied the following standards, revised standards and interpretations that have been issued, but are not yet effective and have not been early adopted, up to the date of issuance of the company's financial statements. The company intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

IFRS 9, was issued in November 2009 and addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent that they do not clearly represent a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments are effective for annual periods beginning on or after 1 January 2014 provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. It is not expected that this amendment would be relevant to the Committee, since none of the entities in the Committee would qualify to be an investment entity under IFRS 10.

IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32

These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These are effective for annual periods beginning on or after 1 January 2014. These amendments are not expected to be relevant to the Committee.

IFRIC Interpretation 21 Levies (IFRIC 21)

IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 is effective for annual periods beginning on or after 1 January 2014. The Committee does not expect that IFRIC 21 will have material financial impact in future financial statements.

North Central Regional Health Authority

Notes to the Financial Statements
As at 30th September 2007

b) New and amended standards and interpretations (cont'd)

IAS 39 Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after 1 January 2014. The Committee has not novated its derivatives during the current period. However, these amendments would be considered for future novation.

c) Significant accounting judgements, estimates and assumptions

The preparation of NCRHA financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require material adjustments to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying NCRHA accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Capital grants

NCRHA is a statutory board and a 100% owned by the central government, as a result and as per IAS 20 any grants given to NCRHA will be considered a capital injection and shown on the balance sheet as capital and reserves.

Revaluation of land buildings (property, plant and equipment)

NCRHA re-assessed its accounting for property, plant and equipment with respect to measurement of certain classes of property, plant and equipment after initial recognition. NCRHA previously measured all property, plant and equipment using cost model where by initial recognition of the asset classified as property plant and equipment, the asset was carried at cost less accumulated depreciation.

Retirement benefits

The present value of the retirement benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of pension obligations.

North Central Regional Health Authority

Notes to the Financial Statements
As at 30th September 2007

c) **Significant accounting judgements, estimates and assumptions (cont'd)**

Retirement benefits (cont'd)

The assumptions used in determining the net cost (income) for pensions include the discount rate, salary and pension increases. NCRHA determines the appropriate discount rate at the end of each year. This is the interest rate that should be 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, NCRHA considers the interest rates of high-quality corporate bonds, and where no deep corporate market exist, the Government bonds are used, 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.

In determining the salary increases, NCRHA considered long-term salary inflation, age, merit and promotion.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, which has a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year. NCRHA based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of NCRHA. Such changes are reflected in the assumptions when they occur.

4. **Cash and cash equivalents**

	2007	2006
FCB Money market A/C# 1456799	29,461,181	20,702,256
RBL Recurrent A/C# 260011850101	14,499,774	(11,664,902)
RBTT TTD A/C# 041101651-2	2,542,195	1,383,350
FCB USD A/C# 1456805	88,713	67,390
Petty cash	5,816	3,047
RBL A/C# 260011852801	(2,154,415)	6,568,848
	<u>44,443,264</u>	<u>17,059,989</u>

North Central Regional Health Authority

Notes to the Financial Statements As at 30th September 2007

5. Financial assets and financial liabilities

- a) Credit risk
Credit risk is the risk that counterparty will not meet its obligations under a financial instruments or customer contracts, leading to a financial loss. NCRHA is exposed to credit risk from its operating actives (primarily trade receivables) and from its financing activities.
- b) Trade receivables
Customer's credit risk is managed by NCRHA's finance function. Outstanding customer's receivables are regularly monitored and a constant review of client's payments to invoices and delinquent payers are reviewed by the finance function of NCRHA.
- c) Financial instruments and cash deposits
Credit risk from balances with banks and financial institutions is managed by the NCRHA finance department in accordance with NCRHA policy. Use of fund for investments is reviewed by the board of directors appointed by the Government before approval is given. NCRHA cash is held at various financial institutions within Trinidad and Tobago.

6. Receivables and prepayments

	2007	2006
A/R Medical	4,268,484	3,952,413
Less: Provision for Bad debts	<u>(4,268,484)</u>	<u>(3,952,413)</u>
	-	-
A/R Non medical	(16,139)	222,859
A/R Other	3,705,202	3,321,162
Vat refundable	<u>3,606,050</u>	<u>4,441,226</u>
	<u><u>7,295,113</u></u>	<u><u>7,985,247</u></u>

- a) Receivables represent amounts outstanding for Executive and Industrial medical services provided by NCRHA.
- b) The provision represents AR medical transactions outstanding as at the balance sheet date where, discussions with management have indicated that, based on the assessment of the transactions considering the value and timing of receipts, there is a high probability of default.
- c) A/R Non-medical mainly comprises of rental concessions offered by the NCRHA to various tenants.
- d) A/R other represents mainly amounts due from veterinary services, apartment rentals and transactions between the NCRHA and the Institutional Linens Services Ltd.
- e) Vat refundable represents Vat refunds for various periods of the financial year ended September 30th, 2007. This amount has been collected from the Board of Inland Revenue in the subsequent year ended September 30th, 2008.

North Central Regional Health Authority

Notes to the Financial Statements
As at 30th September 2007

7. Property, plant and equipment

	Land	Building	Motor Vehicle	Plant & Machinery & Equipment	Computer Equipment	Furniture & Fixtures	Total
Year ended 30 September 2007							
Opening book value	202,000	310,506,359	3,303,063	33,699,496	546,325	259,995	348,517,238
Prior period adjustments	-	-	-	-	-	-	-
Additions	-	-	-	37,264,545	1,361,761	50,790	38,677,096
Depreciation charge	-	(6,210,127)	(825,766)	(10,156,915)	(208,761)	(57,914)	(17,459,483)
Closing net book value	202,000	304,296,232	2,477,297	60,807,126	1,699,325	252,871	369,734,851
At 30 September 2007							
Cost	202,000	323,309,412	3,418,500	77,236,024	2,021,029	359,790	406,546,755
Accumulated depreciation	-	(19,013,180)	(941,203)	(16,428,898)	(321,704)	(106,919)	(36,811,904)
Net book value	202,000	304,296,232	2,477,297	60,807,126	1,699,325	252,871	369,734,851
Year ended 30 September 2006							
Opening book value	202,000	316,843,223	-	17,149,183	17,038	68,674	334,280,118
Prior period adjustments	-	-	-	-	-	-	-
Additions	-	-	3,418,500	22,453,244	639,258	232,249	26,743,251
Depreciation charge	-	(6,336,864)	(115,438)	(5,902,931)	(109,971)	(40,928)	(12,506,132)
Closing net book value	202,000	310,506,359	3,303,062	33,699,496	546,325	259,995	348,517,237
At 30 September 2006							
Cost	202,000	323,309,411	3,418,500	39,971,479	659,268	309,000	367,869,658
Accumulated depreciation	-	(12,803,052)	(115,438)	(6,271,983)	(112,943)	(49,005)	(19,352,421)
Net book value	202,000	310,506,359	3,303,062	33,699,496	546,325	259,995	348,517,237

North Central Regional Health Authority

Notes to the Financial Statements As at 30th September 2007

8. Shareholder advances

	2007	2006
Shareholder advances	1,334,169,497	877,557,191
	<u>1,334,169,497</u>	<u>877,557,191</u>

This balance comprises of amounts received from the Government of the Republic of Trinidad and Tobago (GORTT) in connection with the Company's mandate regarding specific projects, as well as the value of assets received.

The Company accounts for these balances as Shareholder Advances in the absence of specific directives from GORTT regarding either conversion or repayment terms and conditions.

9. Other liabilities and accrued charges

Payables	41,680,080	17,306,847
Accruals	11,434,362	3,400,647
Customer deposits refundable	2,293,600	1,116,131
Pension clearing	723,683	341,731
	<u>56,131,725</u>	<u>22,165,356</u>

10. Other income/expense

10.1 Other income

Miscellaneous revenue	305,689	266,956
10% sales	137,435	124,920
Concessionaires	46,440	46,440
Other revenue	22,587	(35,612)
	<u>512,151</u>	<u>402,704</u>

North Central Regional Health Authority

Notes to the Financial Statements
As at 30th September 2007

10. Other income/expense (cont'd)

10.2 Administrative & operating expenses

	2007	2006
Administrative Expenses		
Salaries and Wages	175,169,550	155,399,140
Staff costs	73,668,433	62,918,866
Professional Services & Fees	1,616,421	733,854
Depreciation	17,459,483	12,506,132
Security	12,757,509	9,257,599
Cleaning and Sanitation	6,842,143	1,165,652
Stationary supplies	3,142,913	2,492,926
Advertising and Communications	1,591,507	688,569
Equipment rental	1,013,670	620,478
Provision for bad debts	316,071	(763,985)
Training and development	288,516	218,799
Staff events	153,000	200,452
Bank Charges	96,981	35,575
	294,116,197	245,474,057
Operating Expenses		
Medical supplies	76,823,031	56,427,135
Patient transport	45,236,570	9,688,138
Utilities	15,120,148	11,768,832
Repairs and maintenance	12,525,314	15,443,302
Food Supplies	4,241,103	3,694,959
Insurance	268,585	112,078
	154,214,751	97,134,444

10.3 Other expenses

Unclaimed bodies	76,345	84,110
Housing disabled children	33,000	31,000
Refund and rebates	9,047	14,857
Donations	890	1,200
	119,282	131,167

North Central Regional Health Authority

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As at 30th September 2007

11. Retirement benefit asset/liability

a) Net liability in statement of financial position

	2007	2006
Present value of defined benefit obligation	(82,600,000)	(71,300,000)
Fair value of plan assets	82,000,000	67,300,000
Value of surplus/(deficit)	(600,000)	(4,000,000)
Effect of asset ceiling	-	-
Net defined benefit asset/(liability)	(600,000)	(4,000,000)

b) Movement in present value of defined benefit obligation

Defined benefit obligations at start	71,300,000	67,500,000
Current service cost	4,500,000	4,500,000
Interest cost	6,400,000	5,300,000
Members contributions	2,200,000	2,000,000
Past service cost/(credit)	-	-
Liabilities transferred in/(out)	-	800,000
<u>Re-measurements:</u>		
Experience Adjustments	-	-
Actuarial (gain)/loss from change in financial assumptions	(300,000)	(8,100,000)
Benefits paid	(1,500,000)	(700,000)
Defined benefit obligation at end of year	82,600,000	71,300,000

c) The defined benefit obligation is allocated between the Plan's members as follows:

- Active members	89%	91%
- Deferred members	3%	3%
- Pensioners	8%	6%

The weighted average duration of the defined benefit obligation at the year end	18.9 years	18.3 years
Percentage of the value of the benefits for active members is vested	89%	90%
Percentage of the defined benefit obligation for active members that is conditional on future salary increases	48%	41%

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Notes to the Financial Statements
As at 30th September 2007

d) Movement in fair value of plan assets

	2007	2006
Plan assets at start of year	67,300,000	65,200,000
Interest income	6,200,000	5,100,000
Return on plan assets, excluding interest income	1,200,000	(9,600,000)
Company's contributions	5,900,000	5,500,000
Members contributions	2,200,000	2,000,000
Funds transferred in/(out)	900,000	-
Benefits paid	(1,500,000)	(700,000)
Expense allowance	(200,000)	(200,000)
Fair value of plan assets at end of year	82,000,000	67,300,000
Actual return on plan assets	7,400,000	(4,200,000)

e) Asset allocation

Locally listed equities	20.3%	23.2%
Overseas equities	15.9%	10.9%
TT\$-denominated bonds	43.8%	45.0%
US\$-denominated bonds	0.6%	0.9%
Mutual funds (short-term securities)	0.0%	0.0%
Cash and cash equivalents	18.9%	19.3%
Other (mortgages and property mutual funds)	0.5%	0.7%
Fair value of plan assets at end of year	100.0%	100.0%

The asset allocation above is for the Plan as a whole. The allocation of assets to NCRHA's sections of the Plan is notional. The asset values at each year end are provided by the Plan's Trustee (Republic Bank). 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 returns using a constructed yield curve.

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

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 & 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.

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f) Expenses recognised in profit or loss

	2007	2006
Current service cost	4,500,000	4,500,000
Net interest on defined benefit asset/liability	200,000	200,000
Expense allowance	200,000	200,000
Net pension cost	4,900,000	4,900,000

g) Re-measurements recognised in other comprehensive income

Return on plan assets, excluding interest income	(1,200,000)	9,600,000
Actuarial (gain)/loss from changes in financial assumptions	(300,000)	(8,100,000)
Total recognised in other comprehensive income	(1,500,000)	1,500,000

h) Reconciliation of opening & closing statement of financial position entries

Opening defined benefit asset/(liability)	(4,000,000)	(2,300,000)
Net pension cost	(4,900,000)	(4,900,000)
Re-measurements recognised in other comprehensive income	1,500,000	(1,500,000)
Net transfer	900,000	(800,000)
Company contributions paid	5,900,000	5,500,000
Closing defined benefit asset/(liability)	(600,000)	(4,000,000)

i) Summary of principal assumptions as at 30 September

Discount rate	8.75%	8.75%
Salary increases		
- General increases	6.00%	6.00%
- Promotional increases	1.00%	1.00%
Total salary increases	7.00%	7.00%
Increases to Government's minimum pension	0.00%	0.00%
Future pension increases	0.00%	0.00%

North Central Regional Health Authority

Notes to the Financial Statements
As at 30th September 2007

i) Summary of principal assumptions as at 30 September (cont'd)

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

	2007	2006
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 for current members age 40 in years:		
- Male	21.4	21.4
- Female	25.4	25.4

j) Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumption used. The following table summarizes how the defined benefit obligation would have changed as a result of a change in the assumptions used.

	1% pa increase	1% pa decrease
Discount rate	(12,000,000)	15,500,000
Future salary increases	9,600,000	(8,300,000)

An increase of 1 year in the assumed life expectancies shown above would increase the defined benefit obligation at 30 September 2007 by \$0.6 million (2006: \$0.5 million).

These sensitivities were calculated by re-calculating the defined benefit obligations using the revised assumptions.

- k)** NCRHA meets the balance of the cost of funding the defined benefits and it 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. NCRHA expects to contribute \$17.2 million to its defined benefit pension plan in 2008.