



**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, 2009**

The accompanying Financial Statements of the South-West Regional Health Authority for the year ended September 30, 2009 have been audited. The Statements comprise a Balance Sheet as at September 30, 2009, and the Statement of Revenue and Expenses, a Statement of Changes in Equity and a Cash Flow Statement for the year ended September 30, 2009 and Notes to the Financial Statements numbered 1 to 23.

**MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

2. The management of the South-West Regional Health 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 was conducted in accordance with accepted auditing standards. Those Standards 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 the qualified audit opinion.

## **BASIS FOR QUALIFIED OPINION**

### **PENSION PLAN**

#### **Balance Sheet - Defined Benefit Liability/ (Asset)**

6.1 The Authority maintains a defined benefit pension plan under the Regional Health Authorities Pension Plan (the Plan) for its permanent, full time and monthly paid employees. International Accounting Standard (IAS) 19 - Employee Benefits requires that the Authority recognizes the net defined benefit liability (asset) of the pension plan in its Balance Sheet together with extensive disclosures of the Plan's assets and liabilities and actuarial assumptions. The Authority has not recognized the value of its net defined liability (asset) in the Balance Sheet nor has it made the necessary disclosures.

#### **Statement of Revenue and Expenses - Pension Cost**

6.2 IAS 19 also requires the Authority to recognize the net pension cost in the Statement of Revenue and Expenses. The Authority has incorrectly recognized its Pension Contributions of \$15,530,000.00 to the Plan as pension cost in the Statement of Revenue and Expenses. Note 18 to the Financial Statements is relevant.

6.3 An actuarial valuation assessment under IAS 19 for financial year 2009 was not produced for audit. Therefore the effects of the non-compliance with the IAS on the Balance Sheet and the Statement of Revenue and Expenses have not been determined.

## **QUALIFIED OPINION**

7. In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion at paragraphs 6.1 to 6.3 above, the Financial Statements present fairly, in all material respects, the financial position of the South-West Regional Health Authority as at September 30, 2009 and its financial performance and its 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.

15<sup>th</sup> August, 2017  
PORT OF SPAIN



  
MAJEED ALI  
AUDITOR GENERAL

  
2017.08.15

**South-West Regional Health Authority**  
**Financial Statements 2008/2009**

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**SOUTH-WEST REGIONAL HEALTH AUTHORITY**

**BALANCE SHEET  
AS AT SEPTEMBER 30, 2009**

<b>ASSETS</b>	<b>Notes</b>	<b>2009 \$'000</b>	<b>2008 \$'000</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	3	418,915	410,240
Capital Work in Progress	4	45,501	34,503
		<b>464,416</b>	<b>444,744</b>
<b>Current Assets</b>			
Inventories	5	27,334	24,237
Receivables and Prepayments	6	65,180	65,172
Cash and Cash Equivalent	7	37,774	14,701
		<b>130,288</b>	<b>104,110</b>
<b>Total Assets</b>		<b>594,704</b>	<b>548,854</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Medium Term Loan	8	9,135	19,547
Deferred Income	12	102,307	75,045
		<b>111,442</b>	<b>94,592</b>
<b>Current Liabilities</b>			
Current Portion of Long Term Debt	8	43,395	10,412
Accounts Payable	9	5,204	3,790
Other Payables and Accruals	10	137,311	108,162
		<b>185,910</b>	<b>122,364</b>
<b>Total Liabilities</b>		<b>297,352</b>	<b>216,956</b>
<b>Net Assets</b>		<b>297,352</b>	<b>331,897</b>
<b>EQUITY</b>			
Vested Property	11	317,498	317,451
Revaluation Reserve	13	98,819	99,451
Accumulated Deficit	14	(118,965)	(85,005)
		<b>297,352</b>	<b>331,897</b>



The attached notes pgs 5-17 form an integral part of these accounts.

**General Manager Finance (Ag)**

**Chief Executive Officer (Ag)**

**SOUTH-WEST REGIONAL HEALTH AUTHORITY**  
**STATEMENT OF REVENUE AND EXPENSES**  
**FOR THE TWELVE MONTH PERIOD ENDED SEPTEMBER 30, 2009**

	Notes	2009 \$'000	2008 \$'000
<b>Revenue</b>			
Interest earned and Other Reimbursables		33,509	28,552
Government Payments Recurrent Expenditure	15	524,948	511,484
Government Subvention Develop. Programme (MOH)	16	20,163	12,881
Subvention re Loan Repayment		4,546	4,766
NIPDEC Purchases	17	70,738	62,360
		<u>653,904</u>	<u>620,043</u>
<b>Expenses</b>			
Personnel Costs	18	458,122	487,312
Medical and Pharmaceutical Costs	19	132,838	96,792
Other Operating Expenses	20	14,405	14,515
Property and Plant Expenses	21	42,599	38,716
Administrative Expenses	22	42,586	46,725
		<u>690,550</u>	<u>684,060</u>
<b>Shortfall of Revenue over Expenses</b>		(36,645)	(64,017)
<b>Prior Period Adjustment</b>		2,053	(1,045)
<b>Accumulated Deficit Brought Forward</b>	14	(85,005)	(20,595)
		<u>(119,596)</u>	<u>(85,657)</u>
<b>Transfers from Revaluation Reserve</b>		632	652
		<u>(118,965)</u>	<u>(85,005)</u>

The attached notes pgs 5-17 form an integral part of these accounts.

**SOUTH-WEST REGIONAL HEALTH AUTHORITY**

**STATEMENT OF CHANGES IN EQUITY  
AS AT SEPTEMBER 30, 2009**

	Vested Property	Revaluation Reserve	Accumulated (Deficit)/Surplus	Total
	\$'000	\$'000	\$'000	\$'000
<b>Balance at 01 October, 2008</b>	317,451	99,451	(85,005)	331,897
MOH HSRP Payments-Current	47			47
Transfers from Revaluation Reserve		(632)	632	0
<b>(Shortfall) of Revenue over Expenses</b>			(36,645)	(36,645)
Prior Period Adjustment			2,053	2,053
<b>Balance at 30 September, 2009</b>	<b>317,498</b>	<b>98,819</b>	<b>(118,965)</b>	<b>297,352</b>
<b>Balance at 01 October, 2007</b>	288,692	100,103	(20,595)	368,200
MOH HSRP Payments-Current	28,759	0	0	28,759
Transfers from Revaluation Reserve	0	(652)	652	0
<b>(Shortfall) of Revenue over Expenses</b>	0	0	(64,017)	(64,017)
Prior Period Adjustment			(1,045)	(1,045)
<b>Balance at 30 September, 2008</b>	<b>317,451</b>	<b>99,451</b>	<b>(85,005)</b>	<b>331,897</b>

The attached notes pgs 5-17 form an integral part of these accounts.

**SOUTH-WEST REGIONAL HEALTH AUTHORITY**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED SEPTEMBER 30 2009**

	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash Flows From Operating Activities</b>		
Shortfall of Revenue over Expenses	(36,645)	(64,017)
Adjustments for:		
Prior Period Adjustment	2,053	(1,045)
Depreciation	26,500	30,402
Prior Period Adjustment-Depreciation	(1,551)	1,657
Prior Period Adjustment-Deferred Income Write-offs	-	(16)
Deferred Income Write-offs	(20,163)	(12,881)
Interest Paid	1,000	646
Interest Received	(1,086)	(860)
	(29,892)	(46,113)
Increase in Inventories	(3,097)	(6,374)
Increase in Receivables	(8)	(1,841)
Increase in Trade Payables	1,414	599
Increase in sundry creditors & accruals	29,149	69,819
	27,458	62,203
<i>Net Cash (Outflow)/ Inflow From Operating Activities</i>	<b>(2,434)</b>	<b>16,090</b>
 <b>Investing Activities</b>		
Purchase of Fixed Assets	(44,622)	(72,714)
Interest Paid	(1,000)	(646)
Interest Received	1,086	860
	(44,536)	(72,500)
<b>Financing Activities</b>		
Loan Repayment	(10,412)	(10,412)
Loan Issue - Demand Loan	32,983	-
Health Sector Reform Projects	47	28,759
Development Programme Funding	47,425	36,731
<i>Net Cash Inflow From Financing Activities</i>	<b>70,043</b>	<b>55,078</b>
Net Cash Inflow / (Outflow)	<b>23,073</b>	<b>(1,332)</b>
 <b>Cash and Cash Equivalents</b>		
At beginning of year	14,701	16,033
Increase / (Decrease) In Cash and Cash Equivalents	23,073	(1,332)
At end of year	<b>37,774</b>	<b>14,701</b>
 <b>Represented By</b>		
Cash and Cash Equivalent	37,774	14,701
	<b>37,774</b>	<b>14,701</b>



# South-West Regional Health Authority

## Notes To The Financial Statements 30 September 2009

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### 1. Incorporation and Primary Activity

The South-West Regional Health Authority 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, levies and imposts 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, in research medicine, nursing, dentistry, pharmacy and biomedical and health service 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 national, regional and international agencies engaged in similar or ancillary services.
- (h) To do all things to achieve the objectives of the Authority.

### 2. Significant Accounting Policies and Practices

- (a) The Accounting Policies and Practices followed by the South-West Regional Health Authority are based on International Financial Reporting Standards and /or Generally Accepted Accounting Principles.
- (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.
- (c) The National Insurance Property Development Company Limited (NIPDEC) through a contractual arrangement with the Ministry of Health is responsible for the procurement of medical supplies, surgical supplies and pharmaceuticals for all Regional Health Authorities. However, where there is a shortfall in supplies from NIPDEC, the South-West Regional Health Authority supplements this shortfall through direct purchases. The Ministry of Health reimburses the Authority upon submission of request.

# South-West Regional Health Authority

Notes To The Financial Statements (Continued)  
30 September 2009

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## 2. Significant Accounting Policies and Practices (Continued)

(d) These financial statements have been prepared using historical cost accounting, except as stated in Note 2 g.

(e) Consolidation

These accounts include the amounts paid by the Ministry of Health for personnel assigned to the institutions under the South-West Regional Health Authority.

(f) Current Assets – Inventory

Inventories non-pharmaceuticals are valued at the weighted average cost. As of 2007/2008 the Authority is no longer using the valuation method of the last purchase price. The weighted average method calculates the average cost of each item in stock based on the purchase prices of the item when bought.

Inventories pharmaceuticals are valued at the last purchase price or the NIPDEC item price.

(g) Fixed Assets

At year-end September 2004, Terra Caribbean Ltd did a revaluation of all Property, Plant and Equipment belonging to the 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.

(h) Depreciation

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

	Per Annum
Building	2.0%
Medical Equipment	15.0%
Plant & Equipment	20.0%
Computer Equipment	25.0%
Office Furniture & Equipment	12.5%
Motor Vehicle	25.0%
Security systems	12.5%
Other Minor Equipment	12.5%
Communication Equipment	12.5%
Patient Furnishings	12.5%

(i) Provisions

Provisions are recognised 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 (Continued) 30 September 2009

j) Comparatives

Where necessary, comparative figures have been adjusted to align with the changes in the way the information is presented in the current financial year.

### 3. Property, Plant and Equipment

Assets	Total Cost b/f \$'000	Additions/ Disposals \$'000	Cost/Revaluation \$'000	Accum Dep. Bfwd \$'000	Current Depn Charge \$'000	Accum Dep Cfwd \$'000	2009 \$'000	2008 \$'000
Land	75,952	-	75,952	-	-	-	75,952	75,952
Building	251,402	8,871	260,273	(18,578)	(5,090)	(23,669)	236,605	233,222
Plant & Equipment	5,834	2,273	8,107	(1,909)	(1,061)	(2,970)	5,137	3,319
Vehicles	4,510	919	5,429	(2,649)	(288)	(2,937)	2,492	1,699
Comp Equip	4,109	396	4,505	(2,375)	(678)	(3,053)	1,452	1,718
Off. Furn.	7,509	397	7,906	(2,940)	(962)	(3,902)	4,004	4,567
Med. Equip	116,518	18,044	134,562	(36,363)	(15,961)	(52,324)	82,239	79,032
Communicat	870	13	883	(205)	(88)	(293)	589	647
Pat Furnishing	12,014	1,704	13,718	(4,229)	(1,583)	(5,811)	7,907	7,769
Oth. Minor Equip	3,043	169	3,212	(813)	(696)	(1,509)	1,703	2,224
Security	124	837	961	(31)	(93)	(124)	836	93
Cap WIP	34,503	10,998	45,501	-	-	-	45,501	34,503
<b>Total</b>	<b>516,388</b>	<b>44,622</b>	<b>561,010</b>	<b>(70,092)</b>	<b>(26,500)</b>	<b>(96,593)</b>	<b>464,416</b>	<b>444,744</b>

# South-West Regional Health Authority

## Notes To The Financial Statements (Continued)

30 September 2009

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### 4. Capital Works in Progress

Capital Works in Progress are the sums paid to suppliers for projects undertaken through the Health Sector Reform Program and South-West Regional Health Authority/Ministry of Health funded projects. The Health Sector Reform Programme is funded under an IDB Loan managed by the Project Administration Unit. These works will be transferred to the respective asset accounts upon completion and / or commissioning.

	<b>2009</b>	<b>2008</b>
	<b>\$ '000</b>	<b>\$ '000</b>
San Fernando General Hospital	11,002	10,669
Health Centers – CMOH Victoria	2,231	4,463
Health Centers – CMOH St. Patrick	32,268	19,370
<b>TOTAL</b>	<b>45,501</b>	<b>34,503</b>

### 5. Inventories

	<b>2009</b>	<b>2008</b>
	<b>\$ '000</b>	<b>\$ '000</b>
Medical Supplies	7,060	7,310
Food Supplies	495	365
Engineering Supplies	1,347	1,511
Stationery Supplies	936	614
Hardware Supplies	726	772
Linen	542	220
Laboratory Supplies	2,872	1,359
Pharmacy Supplies	13,671	12,400
Less:Provision for Stock Obsolescence	(314)	(314)
<b>TOTAL</b>	<b>27,334</b>	<b>24,237</b>

# South-West Regional Health Authority

## Notes To The Financial Statements (Continued) 30 September 2009

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### 6. Receivables and Prepayments

	2009	2008
	\$ '000	\$ '000
VAT Recoverable	11,703	9,510
Ministry of Health	33,663	22,911
Ministry of Science & Technology (STTE)	0	0
PAU Projects	0	7,741
Other RHAs' (Diagnostic Equipment)	13,136	19,704
Other Debtors	2,050	2,079
Prepayments	4,629	3,227
Less: Provision for Bad Debts	0	0
<b>TOTAL</b>	<b>65,180</b>	<b>65,172</b>

During the Financial Year 2003/2004 the Government decided to equip each Region with diagnostic equipment. The South-West Regional Health Authority was commissioned to procure the items and make payments on them. As such a loan was granted in the name of the South-West Regional Health Authority for the full cost of the equipment. The assets relating to the other Regional Health Authorities amounted to forty-four million eight hundred and seven thousand two hundred and fifty four dollars (\$44,807,254). The total amount outstanding as at September 30, 2009 is Thirteen Million One Hundred Thirty Six Thousand Ninety Seven Dollars and Seven Cents (\$13,136,097.07). This includes principal of Twelve Million Eight Hundred and Two Thousand Eighty Five Dollars and Eighty-Eight Cents (\$12,802,085.88) and accrued interest of Three Hundred and Thirty Four Thousand Eleven Dollars and Nineteen Cents (\$334,011.19). The total is shown in SWRHA's books as a receivable. This receivable is drawn down with each repayment of the loan.

### 7. Cash and Cash Equivalents

The Figure for Cash & Cash Equivalents comprises of the following:

	2009	2008
	\$ '000	\$ '000
Cash in Hand	25	25
Cash at Bank	26,075	9,530
Short Term Deposits	11,674	5,146
<b>TOTAL</b>	<b>37,774</b>	<b>14,701</b>

# South-West Regional Health Authority

## Notes To The Financial Statements (Continued)

30 September 2009

### 8. Medium Term Loan

(i) In October 2003 the Ministry of Health sourced a loan through Scotia Trust and Merchant Bank to fund the settlement of liabilities due to an increase in salaries with effect from January 2002. The South-West Regional Health Authority's liability is \$17,883,671.50, which is repayable over seven (7) years and due semi-annually in the months of April and October. The interest is calculated at a fixed rate of 5.50%.

(ii) In December 2003 the South-West Regional Health Authority under approval from the Ministry of Health and the Ministry of Finance issued notes for \$54,642,500 pursuant to a loan note instrument for the purpose of financing the purchase of diagnostic equipment for all the regions (note 6 refers).

(iii) In April 2004, the loan note instrument was converted to \$55,000,000 5.35% Fixed Rate Bonds repayable semi-annually in the months of April and October from 2004 to 2011. Citibank Trinidad Ltd carried out both these transactions and the appointed trustee is the First Caribbean International Banking and Financial Corporation Ltd.

The liability relating to the other Regional Health Authorities principal balance outstanding as at September 30, 2009 is **Twelve million, eight hundred and two thousand, eighty five dollars and eighty-eight cents (\$12,802,085.88)**.

The liability relating to the South-West Regional Health Authority principal balance outstanding as at September 30, 200 is **Two Million nine hundred and twelve thousand, one hundred and ninety nine dollars and eighty two cents (\$2,912,199.82)**

The total balance outstanding is shown in SWRHA's books.

(iv) In June 2009 the South-West Regional Health Authority sourced a Temporary demand Loan facility with RBTT Ltd for the total sum of \$34,408,140.85. The short-term loan carried a tenor of three (3) months and was for the purpose of settled outstanding trade liabilities. Interest on the loan is calculated at the rate of 8.50%.

	Principal \$ '000	Amount Repaid \$ '000	Balance 2009 \$ '000	Balance 2008 \$ '000
CITIBANK-Diagnostic Equipment	55,000	39,286	15,714	23,571
Scotia Trust & Merchant Bank Ltd	17,884	14,051	3,832	6,387
RBTT - Demand Loan	34,408	1,425	32,983	0
	107,292	54,763	52,529	29,958
Less: Current Portion			(43,395)	(10,412)
	<b>107,292</b>	<b>54,763</b>	<b>9,135</b>	<b>19,547</b>

## South-West Regional Health Authority

### Notes To The Financial Statements (Continued) 30 September 2009

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#### 9. Accounts Payable

	2009	2008
	\$ '000	\$ '000
Trade Creditors	5,204	3,790

#### 10. Other Payables and Accruals

	2009	2008
	\$ '000	\$ '000
Performance Deposit	2,084	1,997
Outstanding Medical Fees	138	125
Private Medical Institutions	35,136	5,695
Accrued Expenses	26,499	17,306
Staledated Cheques	1,475	1,136
Payroll Liabilities	71,980	81,902
	137,311	108,162
Loans -Current Portion	43,395	10,412
<b>TOTAL</b>	<b>180,705</b>	<b>118,574</b>

#### 11. Vested Property

Vested Property includes the value of the fixed assets transferred from the Ministry of Health, and the Cost of Equipment/Construction made under the Health Sector Reform Project.

	2009	2008
	\$ '000	\$ '000
Balance Brought Forward	317,451	288,692
HSRP Payments - Current	47	28,759
<b>TOTAL</b>	<b>317,498</b>	<b>317,451</b>

# South-West Regional Health Authority

## Notes To The Financial Statements (Continued) 30 September 2009

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### 12. Deferred Income

The Authority has changed its accounting treatment for Development Projects Subvention in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and IAS 20 Accounting for Government Grants and Disclosure of Government Assistance.

In Accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors 'a change in accounting policy can be applied if it results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flows.' Prior to September 30<sup>th</sup>, 2005 funding for Development Projects was treated as income wholly in the year of receipt. These development projects create capital assets that have useful lives of more than one year. The previous accounting treatment did not match income received against the useful lives of these capital assets.

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 Authority will present the funding received specifically for capital projects and equipment as a Liability through a Deferred Income account and will release the grant to the income statement over the life of the asset.

	2009 \$'000	2008 \$'000
Balance B/F	75,045	51,211
Development Income	47,425	36,731
Deferred Income Write offs	(20,163)	(12,897)
<b>Bal C/f</b>	<b>102,307</b>	<b>75,045</b>

### 13. Revaluation Reserve

	2009 \$ '000	2008 \$ '000
Balance Brought Forward	99,451	100,103
Transfer of Surplus	(632)	(652)
<b>Balance C/Fwd</b>	<b>98,819</b>	<b>99,451</b>

In accordance with IAS 16 Property, Plant and Equipment:  
IAS 16.41

'The amount of surplus transferred would be the difference between depreciation based on the revalued



# South-West Regional Health Authority

## Notes To The Financial Statements (Continued)

30 September 2009

*carrying amount of the asset and depreciation based on the asset's original cost. Transfers from revaluation surplus to retained earnings are not made through profit or losses.*

The following is the schedule of the period of adjustment of the Revaluation Surplus to be transferred

Asset Class	Excess Depreciation on Revaluation Surplus	Period of Transfer	Annual Adjustments
Buildings	25,459,288	50 years	509,186
Office Furniture	522,776	8 years	65,347
Patient Furnishings	456,249	8 years	57,031
Vehicles	82,930	4 years	20,733
			<u>652,296</u>

### 14. Retained Earnings

	2009 \$ '000	2008 \$ '000
Balance Brought Forward	(85,005)	(20,595)
Transfers from Revaluation Reserve	632	652
Shortfall for the year	(36,645)	(64,017)
Prior Period Adjustment	2,053	(1,045)
<b>Accumulated (Deficit)/Surplus</b>	<u>(118,965)</u>	<u>(85,005)</u>

### 15. Government Subvention

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 & services).

# South-West Regional Health Authority

## Notes To The Financial Statements (Continued)

30 September 2009

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	2009	2008
	\$'000	\$'000
Personnel Emoluments (SWRHA)	455,968	420,104
Goods and Services (SWRHA)	27,548	27,976
	<u>483,516</u>	<u>448,080</u>
Personnel Emoluments (MOH)	41,432	63,404
<b>TOTAL</b>	<b><u>524,948</u></b>	<b><u>511,484</u></b>

### 16. 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.

	2009	2008
	\$ '000	\$ '000
Development Funding	20,163	12,881
<b>TOTAL</b>	<b><u>20,163</u></b>	<b><u>12,881</u></b>

### 17. 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.

	2009	2008
	\$ '000	\$ '000
NIPDEC Purchases	70,738	62,360
<b>TOTAL</b>	<b><u>70,738</u></b>	<b><u>62,360</u></b>

# South-West Regional Health Authority

## Notes To The Financial Statements (Continued)

30 September 2009

### 18. Personnel Costs

During the Financial Year 2007/2008 the South-West Regional Health Authority sought to fill most of its vacancies. Staff from the Ministry of Health opted to transfer to the RHA. This resulted in a significant increase in the RHA's Salaries and NIS.

	2009	2008
	\$ '000	\$ '000
Salaries - RHA Staff	278,010	291,242
Salaries - MOH Staff	31,758	47,877
NIS - RHA Staff	17,858	14,627
NIS - MOH Staff	2,044	2,818
Pension Contributions - RHA	15,530	10,348
Salaries & NIS - Patient Care Assistants	-	3,804
Other Allowances - RHA	104,485	103,371
Other Allowances - MOH	7,630	12,710
Directors' Fees	807	513
<b>TOTAL</b>	<b>458,122</b>	<b>487,312</b>

### 19. Medical and Pharmaceutical Costs

	2009	2008
	\$ '000	\$ '000
Pharmaceutical Supplies	55,587	40,361
Medical Supplies	31,150	43,920
Laboratory Supplies	7,006	4,197
Purchased Patient Services	39,095	8,313
<b>TOTAL</b>	<b>132,838</b>	<b>96,792</b>

### 20. Other Operating Expenses

	2009	2008
	\$ '000	\$ '000
Food Supplies	5,841	6,207
Medical Gases/Medical Equipment Rental	3,589	3,622
Hardware Supplies	3,991	3,289
Linen	983	1,397
<b>TOTAL</b>	<b>14,405</b>	<b>14,515</b>

# South-West Regional Health Authority

## Notes To The Financial Statements (Continued) 30 September 2009

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### 21. Property and Plant Expenses

	2009	2008
	\$ '000	\$ '000
Electrical Services	6,066	4,865
Water Services	1,491	1,044
Repair & Maintenance	9,426	6,766
Security	13,891	13,528
Cleaning	3,579	2,961
Special Projects and Other Property & Plant Expenses	1,995	3,493
Depreciation-Buildings & Plant & Equipment	6,152	6,059
<b>TOTAL</b>	<b>42,599</b>	<b>38,716</b>

### 22. Administrative Expenses

	2009	2008
	\$ '000	\$ '000
Telephone	4,157	3,545
Office Supplies	2,749	2,521
Depreciation	20,349	24,913
Bank Charges & Interest	1,019	868
Vehicle Cost	2,396	2,011
Rent	3,541	1,630
Professional. Dev. & Legal Fees	2,365	2,686
Other	6,009	8,551
<b>TOTAL</b>	<b>42,586</b>	<b>46,725</b>

# South-West Regional Health Authority

## Notes To The Financial Statements (Continued)

30 September 2009

### 23. Pension

The South-West Regional Health Authority's (SWRHA) 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. 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. The RHA Pension Plan is a defined benefit pension plan, and provides pensions related to employees' lengths of service and basic earnings at retirement. For this purpose, service includes service with the SWRHA prior to the establishment of the Plan on April 01, 2000 and pensionable service with the Government of Trinidad and Tobago or a statutory authority prior to transfer to 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 is established under irrevocable trust and its assets are held in a separate fund administered by independent Trustees, Republic Finance & Merchant Bank Ltd. The Plan is funded by contributions from the employers and the members in accordance with the recommendations of the Plan's Actuary, Bacon Woodrow & de Souza. The actuarial valuation is performed on a three (3) year cycle with the most recent reporting date, September 30, 2009. Bacon Woodrow & de Souza, had recommended an increase in the contributions rate of 13.3% to 14% for contributory members and 18.3% to 19% for non-contributory members which was paid by the SWRHA retroactively with effect from October 1, 2007.

The following disclosures are made in respect of the Pension Valuation Report as at September 30, 2009.

#### 1) Actuarial Assumptions:

<i>Financial Assumptions-Long Term rates of:</i>	<i>% p.a</i>
Investment returns	7.50%
Earnings increases (inflation, age merit & promotion)	5.75%
Pension Increases	Nil

#### 2) Funding Position:

<i>RHA</i>	<i>Value of Sub-Fund (\$M)</i>	<i>Past Service Liabilities (\$M)</i>	<i>Surplus (\$M)</i>	<i>Funding Level %</i>
SWRHA	126.5	116.5	10.0	109%

#### 3) Risks

- a) **Investment-** 94% of the Plan's Assets are invested in the local economy. There is some scope for increasing exposure to overseas assets. About 24% of the Plan's Assets was held in cash and other money market investments however the most appropriate assets to match the Plan's Liabilities are high quality equities and medium to long term bonds.
- b) **Inflation-** There is a material risk of higher prices and pay inflation in the local economy
- c) **Longevity-** There is a risk that improving life expectancy could result in an unsustainable increase in costs for pension plans. It is also difficult to set mortality assumption due to the lack of reliable mortality data. Longevity assumptions will be kept under review for future valuations.