REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF TRINIDAD AND TOBAGO ON THE FINANCIAL STATEMENTS OF THE TOBAGO REGIONAL HEALTH AUTHORITY FOR THE YEAR ENDED SEPTEMBER 30, 2011

The accompanying Financial Statements of the Tobago Regional Health Authority for the year ended September 30, 2011 have been audited. The Statements comprise a Statement of Financial Position as at September 30, 2011, a Statement of Comprehensive Income, a Statement of Changes in Capital and a Statement of Cash Flows for the year ended September 30, 2011 and Notes to the Financial Statements A to U.

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 May 4, 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.

29th May, 2018
PORT OF SPAIN

MAJEED ALI
AUDITOR GENERAL

JR
2018 05 29

BAKER TILLY
MONTANO
RAMCHARITAR

AUDITED FINANCIAL STATEMENTS

Tobago Regional Health Authority

September 30, 2011

an independent member of
BAKER TILLY
INTERNATIONAL

Audited Financial Statements
(Expressed in Trinidad and Tobago Dollars)

TOBAGO REGIONAL HEALTH AUTHORITY

September 30, 2011

Audited Financial Statements

BAKER TILLY
MONTANO
RAMCHARITAR

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

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the Tobago Regional Health Authority, which comprise the statement of financial position as at September 30, 2011 and the statement of comprehensive income, statement of changes in capital 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.

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INDEPENDENT AUDITORS' REPORT - (Continued)

Basis for Disclaimer Opinion

We were not appointed as auditors of the Authority until after September 30, 2011 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, 2010 and 2011, which are stated in the statement of financial position at $11,540,806 and $11,120,273 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, 2011 and the Statement of Financial Position as at September 30, 2011.

As a result of the time between the Statement of Financial Position date and the date of our 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. As a result, 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, 2010 and 2011 which is stated in the Statement of Financial Position at $54,525,949 and $68,325,027 respectively and the consequential impact on the Statement of Comprehensive Income for the year ending September 30, 2011.

As noted in Note B (vi), the Authority receives Grant Income for the acquisition of tangible non-current assets and such grants are recognised in the Statement of Comprehensive Income at a rate of 12.5% 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, 2010 and 2011 which are stated in the Statement of Financial Position at $41,624,855 and $71,945,186 respectively, and the value of the grants written off to the Statement of Comprehensive Income for year ending September 30, 2011.

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INDEPENDENT AUDITORS' REPORT - (Continued)

Basis for Disclaimer Opinion - (Continued)

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

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 the Tobago Regional Health Authority as at September 30, 2011 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Baker Tilly Montano Ramcharitar

May 4, 2018
PORT-OF-SPAIN

STATEMENT OF FINANCIAL POSITION
(Expressed in Trinidad and Tobago Dollars)

TOBAGO REGIONAL HEALTH AUTHORITY

	Notes	September 30 2011	2010 Restated
ASSETS			
CURRENT ASSETS			
Cash in hand and at bank	C	$ 22,695,370	$ 15,891,028
Accounts receivable	D	3,380,260	186,009
Inventory	E	11,120,273	11,540,806
Value Added Tax recoverable		3,110,450	4,712,049
Investments available-for-sale	G	1,717,251	1,417,273
TOTAL CURRENT ASSETS		42,023,604	33,747,165
NON-CURRENT ASSETS			
Tangible non-current assets	F	68,325,027	54,525,949
TOTAL NON-CURRENT ASSETS		68,325,027	54,525,949
TOTAL ASSETS		$ 110,348,631	$ 88,273,114

These financial statements were authorised for issue by the Board of Directors on April 18, 2018.

Director ....

Director ....

		September 30	
		2011	2010 Restated
LIABILITIES AND CAPITAL	Notes		
CURRENT LIABILITIES			
Bank overdraft	C	$ 367,567	$ -
Accounts payable and accruals	H	14,746,779	3,331,978
Payroll liabilities	I	6,877,273	7,378,085
Other liabilities		505,715	728,850
Retirement benefit obligation	J	6,400,000	2,300,000
TOTAL CURRENT LIABILITIES		28,897,334	13,738,913
NON-CURRENT LIABILITIES			
Grants deferred	K	71,945,186	41,624,855
TOTAL NON-CURRENT LIABILITIES		71,945,186	41,624,855
CAPITAL			
Originating capital fund	L	49,709	49,709
General fund	M	11,351,258	11,351,258
Accumulated surplus/(deficit)		(1,894,856)	21,508,379
		9,506,111	32,909,346
TOTAL LIABILITIES AND CAPITAL		$ 110,348,631	$ 88,273,114

The accounting policies and notes on pages 9 to 29 form an integral part of these financial statements.

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

TOBAGO REGIONAL HEALTH AUTHORITY

	Notes	Year ended September 30 2011	2010 Restated
Income			
Grant income		$ 235,895,000	$ 200,216,324
Other income	N	263,440	1,043,085
TOTAL INCOME		236,158,440	201,259,409
Expenditure			
Staff costs	O	171,996,758	119,462,739
Administrative expenses	P	11,542,523	9,767,407
Directors expenses	Q	493,242	912,400
Operating expenses	S	73,629,152	54,304,631
TOTAL EXPENDITURE		257,661,675	184,447,177
NET (DEFICIT)/SURPLUS		$ (21,503,235)	$ 16,812,232
Other comprehensive income			
Re-measurement of retirement benefit obligation	J	(1,900,000)	(4,500,000)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		$ (23,403,235)	$ 12,312,232

The accounting policies and notes on pages 9 to 29 form an integral part of these financial statements.

STATEMENT IN CHANGES IN CAPITAL
(Expressed in Trinidad and Tobago Dollars)

TOBAGO REGIONAL HEALTH AUTHORITY

	Originating Capital Fund	General Fund	Accumulated Surplus/ (Deficit)	Total
Year ended September 30, 2011				
Balance at beginning of year	$ 49,709	$ 11,351,258	$ 21,508,379	$ 32,909,346
Deficit for the year	-	-	(23,403,235)	(23,403,235)
Balance at end of year	$ 49,709	$ 11,351,258	$ (1,894,856)	$ 9,506,111
Year ended September 30, 2010				
Balance at beginning of year as previously stated	$ 49,709	$ 11,351,258	$ 7,496,147	$ 18,897,114
Recognition of retirement benefit asset - Note U	-	-	1,700,000	1,700,000
Surplus for the year	-	-	12,312,232	12,312,232
Balance at end of year as restated	$ 49,709	$ 11,351,258	$ 21,508,379	$ 32,909,346

The accounting policies and notes on pages 9 to 29 form an integral part of these financial statements.

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

TOBAGO REGIONAL HEALTH AUTHORITY

	Year ended September 30 2011	2010 Restated
OPERATING ACTIVITIES		
Net surplus/(deficit)	$ (21,503,235)	$ 16,812,232
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	6,349,389	3,948,752
Net increase in retirement benefit obligation excluding actuarial losses	2,200,000	(500,000)
(Gain)/loss on disposal of non-current tangible assets	-	(97,994)
Deferred grant income amortized	(6,807,416)	(9,574,693)
Changes to operating assets and liabilities:		
Increase in accounts receivable	(3,194,251)	(386,641)
(Increase)/decrease in inventory	420,533	(4,805,553)
Increase/(decrease) in accounts payable	11,414,801	(2,372,762)
Increase/(decrease) in payroll liabilities	(500,812)	117,864
Increase/(decrease) in other liabilities	(223,135)	728,850
(Increase)/decrease in Value Added Tax	1,601,599	-
NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES	(10,242,527)	3,870,055
INVESTING ACTIVITIES		
Net (purchase)/sale of investments	(299,978)	16,478,502
Purchase of tangible non-current assets	(20,148,467)	(16,224,468)
Sale of tangible non-current assets	-	97,994
NET CASH USED IN INVESTING ACTIVITIES	(20,448,445)	352,028
Net cash (out-flow)/inflow before financing activities	(30,690,972)	4,222,083
FINANCING ACTIVITY		
Development grants received	37,127,747	11,230,000
INCREASE IN CASH	6,436,775	15,452,083
Cash and cash equivalents at beginning of year	15,891,028	438,945
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 22,327,803	$ 15,891,028
Represented by:		
Cash in hand and at bank	22,695,370	15,891,028
Bank overdraft	(367,567)	-
	$ 22,327,803	$ 15,891,028

The accounting policies and notes on pages 9 to 29 form an integral part of these financial statements.

NOTE A - INCORPORATION AND PRINCIPAL ACTIVITY

Tobago Regional Health Authority (the Authority) was incorporated as a Regional Health Authority under the Regional Health Authorities Act, Chapter 29:05 of the Revised Laws of the Republic of Trinidad and Tobago.

The Authority was established to provide efficient systems for the delivery of health care in Tobago, in addition to collaborating with recognized medical and related services institutions in education and training.

Other services include research in medicine, nursing, dentistry, pharmacy, bio-medical and health science, as well as any related ancillary and support fields.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

(i) Basis of Preparation - These financial statements have been prepared in accordance with the International Financial Reporting Standards. 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.

New and revised IFRS's applied with no material impact on the financial statements.

The following new and revised IFRSs issued and applicable to the reporting period were considered and assessed as either not relevant or not material to the financial statements.

- Amendment to IAS 1 Presentation of Financial Statements.
- IAS 24 Related Party Disclosure.
- Amendments to IFRS 3 Business Combinations.
- Amendments to IAS 32 Classification of Rights Issue.
- Amendments to IFRIC 14 Prepayments of a Minimum Funding Requirement.
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES - (Continued)

New and revised IFRSs in issue but not yet effective

- Amendments to IFRS 7 - "Financial Instruments: Disclosures" On October 7, 2010, the IASB issued amendments to IFRS 7 as part of its comprehensive review of off-balance sheet activities. The amendments are intended to provide users of financial statements with additional information regarding financial assets (for example, securitizations), including the possible effects of risks that remain with the entity that transferred the assets. This applicable for accounting periods beginning on or after July 1, 2011.

- IFRS 10 replaces that part of IAS 27 Consolidation of Separate Financial Statements. Under IFRS 10 there is only one basis of consolidation that is control. This standard is applicable to accounting periods beginning on or after January 1, 2013.

- IFRS 11 - "Joint Arrangements" provides a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. This standard is applicable to accounting periods beginning on or after January 1, 2013.

- IFRS 12 - "Disclosure of interests in other entities" is a new and comprehensive standard on disclosure requirements for all forms of interest in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. This standard is applicable to accounting periods beginning on or after January 1, 2013.

- IFRS 13 - "Fair value measurement" defines fair value, sets out in a single IFRS, a framework for measuring fair value and requires disclosures about fair value measurements. It applies when other IFRSs require or permit fair value measurements. It does not introduce any new requirements to measure an asset or a liability at fair value, change that is measured at fair value in IFRSs or address how to present changes in fair value. This standard is applicable to accounting periods beginning on or after January 1, 2013.

- Amendment to IAS 1 changes the disclosures of items presented in other comprehensive income n the Statement of Comprehensive Income. This is applicable to accounting periods beginning on or after July 1, 2012.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES - (Continued)

New and revised IFRSs in issue but not yet effective - (Continued)

- Amendments to IAS 19 makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the statement of financial position to reflect the full value of the plan deficit or surplus. This is applicable to accounting periods beginning on or after January 1, 2013. The Authority has chosen to early adopt this standard.

- IFRS 9 - "Financial Instrument - Classification and Measurement" is effective for accounting periods beginning on or after January 1, 2015. IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at an amortized cost of fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and which have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

  The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability (designated as a fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in Other Comprehensive Income, would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified t profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES - (Continued)

(ii) 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 and investment properties:

Office furniture and fixtures	-	25%
Motor vehicles	-	25%
Machinery and equipment	-	12.5%
Furniture and fixtures	-	12.5%
Computer equipment	-	25%
Biomedical equipment	-	12.5%
Buildings	-	2%

Land is not depreciated.

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.

(iii) 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.

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

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

NOTE B - SIGNIFICANT ACCOUNTING POLICIES - (Continued)

(vi) 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 Tobago House of Assembly (THA) - Division of Health and Social Services. 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 THA 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.

(vii) Employee Retirement Benefit Costs - The Authority's eligible employees are members of the Regional Health Authority Pension Plan. This plan defines an amount of pension that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The funds of the plan are administered by fund managers appointed by the trustees of the plan. The pension plan is generally funded by payments from employees and the Authority, taking account of the recommendation of independent qualified actuaries.

The pension accounting costs are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to profit or loss so as to spread the regular cost over the service lives of employees in accordance with the advice of qualified actuaries who carry out a full valuation of the plan at least every three years.

The liability recognized in the statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligations at the statement of financial position date less the fair value of plan assets, together with adjustments for unrecognized past service costs. The pension obligation is measured as the present value of the estimated future cash outflows using interest rates of long-term government securities.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

Past-service costs are recognized immediately in the Statement of Comprehensive Income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES - (Continued)

(vii) Employee Retirement Benefit Costs - (Continued)

The total assets of the plan attributable to the Tobago Regional Health Authority is purely an accounting exercise as there are no specific assets allocated to the Tobago Regional Health Authority.

(viii) 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.

(ix) 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.

(x) 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.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES - (Continued)

(x) Financial Instruments - (Continued)

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.

Trade Receivables - Trade receivables 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. Trade receivables are reduced by appropriate allowances for estimated irrecoverable amounts. Interest on overdue trade 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.

Trade payables 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.

(xi) Taxation - In accordance with Section 22 of the Regional Health Authorities Act the Authority is exempt from taxation.

(xii) Comparatives - Where necessary, comparative figures are adjusted to conform to changes in presentation in the current year. The major restatement for the year involves the Authority's adoption of IAS-19, the impact of this is detailed in Notes J and U.

NOTE C - CASH IN HAND AND AT BANK AND BANK OVERDRAFT

		2011		2010
Cash in hand and at bank				
Cash in hand	$	25,200	$	30,580
Republic Bank Limited - Goods and Services		67,814		1,952,594
Republic Bank Limited - Wages		1,124,135		867,789
Republic Bank Limited - Salary		1,634,624		1,581,194
Scotiabank Trinidad and Tobago Limited - Current Account		16,844,527		1,381,548
Scotiabank Trinidad and Tobago Limited - US$ Account		2,960,155		-
First Citizens Bank Limited		38,915		10,077,323
	$	22,695,370	$	15,891,028

		2011		2010
Bank Overdraft				
Scotiabank Trinidad and Tobago Limited - Current account	$	367,567	$	-

NOTE D - ACCOUNTS RECEIVABLE

		2011		2010
Accounts receivable	$	200	$	3,000
Other receivables		1,882,744		28,000
Other prepayments		1,484,012		141,705
Advances to employees		13,304		13,304
	$	3,380,260	$	186,009

NOTE E - INVENTORY

	2011	2010
Inventory is comprised of the following:		
Pharmacy stores	$ 6,229,726	$ 6,286,876
Medical stores	2,213,847	4,563,313
Stationery stores	818,006	424,787
Food stores	410,533	265,830
Laboratory	1,448,161	-
	$ 11,120,273	$ 11,540,806

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

TOBAGO REGIONAL HEALTH AUTHORITY

September 30, 2011

NOTE F - TANGIBLE NON-CURRENT ASSETS

	Freehold Land & Buildings	Computer & Office Equipment	Furniture & Fixtures	Machinery & Biomedical Equipment	Motor Vehicles	Capital Work in Proress	Total 2011	Total 2010
Cost								
At beginning of year	$ 18,209,692	$ 9,446,353	$ 6,854,497	$ 30,953,138	$ 4,722,153	$ 10,447,960	$ 80,633,793	$ 64,409,326
Additions	6,389,696	2,075,617	3,351,029	3,507,939	1,282,772	3,541,414	20,148,467	17,822,675
Adjustments	-	-	-	-	-	-	-	(1,598,208)
At end of year	$ 24,599,388	$ 11,521,970	$ 10,205,526	$ 34,461,077	$ 6,004,925	$ 13,989,374	$ 100,782,260	$ 80,633,793
Accumulated Depreciation								
At beginning of year	$ 1,841,836	$ 5,324,763	$ 2,581,679	$ 13,808,598	$ 2,550,968	$ -	$ 26,107,844	$ 22,159,093
Current year change	401,951	1,549,302	952,982	2,581,665	863,489	-	6,349,389	5,436,965
Adjustments	-	-	-	-	-	-	-	(1,488,214)
At end of year	$ 2,243,787	$ 6,874,065	$ 3,534,661	$ 16,390,263	$ 3,414,457	$ -	$ 32,457,233	$ 26,107,844
Net Book Value	$ 22,355,601	$ 4,647,905	$ 6,670,865	$ 18,070,814	$ 2,590,468	$ 13,989,374	$ 68,325,027	$ 54,525,949

NOTE G - INVESTMENTS

		2011		2010
Republic Bank Limited - Mutual fund	$	885,246	$	126,422
First Citizens Bank Limited - Mutual fund		766,916		751,403
Unit Trust Corporation - Mutual fund		21,089		517,448
Republic Bank Limited - Fixed deposit		44,000		22,000
	$	1,717,251	$	1,417,273

NOTE H - ACCOUNTS PAYABLE AND ACCRUALS

Accounts payable represent amounts due to various suppliers of goods and services.

		2011		2010
Accounts payable	$	13,898,246	$	1,634,182
Accruals		848,533		1,697,796
	$	14,746,779	$	3,331,978

NOTE I - PAYROLL LIABILITIES

		2011		2010
Gratuities payable	$	6,692,813	$	6,566,277
Salaries payable		184,460		811,808
	$	6,877,273	$	7,378,085

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NOTE J - PENSIONS AND POST-RETIREMENT OBLIGATIONS

	2011	2010
1. Net liability in statement of financial position		
Present value of defined benefit obligation	$ 46,100,000	$ 33,200,000
Fair value of assets	(39,700,000)	(30,900,000)
Deficit	6,400,000	2,300,000
	$ 6,400,000	$ 2,300,000
2a. Movement in present value of defined benefits obligation		
Defined benefit obligation at start of year	$ 33,200,000	$ 21,100,000
Current service cost	6,900,000	3,900,000
Interest cost	2,400,000	1,800,000
Members' contributions	1,900,000	1,700,000
Re-measurements		
- Experience adjustments	1,700,000	(600,000)
- Actuarial (gains)/losses from changes in financial assumptions	-	5,400,000
Benefits paid	-	(100,000)
Defined benefit obligation at end of year	$ 46,100,000	$ 33,200,000
2b. The defined benefit obligation is allocated between the Plans' members as follows.		
- Active members	100%	100%
The weighted average duration of the defined benefit obligation at the year end.	23.8 years	23.8 years
Percentage of the value of the benefits for active members is vested.	73%	73%
Percentage of the defined benefit obligation for active members that is conditional on future salary increases.	52%	52%

NOTE J - PENSIONS AND POST-RETIREMENT OBLIGATIONS - (Continued)

	2011	2010
3a. Movement in fair value of plan assets		
Fair value of plan assets at start of year	$ 30,900,000	$ 22,800,000
Interest income	2,200,000	1,900,000
Return on plan assets, excluding interest income	(200,000)	300,000
Employer contributions	5,100,000	4,500,000
Members' contributions	1,900,000	1,700,000
Benefits paid	-	(100,000)
Expense allowance	(200,000)	(200,000)
Fair value of plan assets at end of year	$ 39,700,000	$ 30,900,000
Actual return on plan assets	$ 2,000,000	$ 2,200,000
3b. Asset allocation		
Locally listed equities	11.1%	9.2%
Overseas equities	4.4%	4.8%
TT$ bonds	51.3%	51.8%
US$ bonds	0.1%	0.2%
Cash and cash equivalents	32.9%	33.8%
Other (mortgages and property mutual funds)	0.2%	0.2%
Fair value of plan assets at end of year	100%	100.0%

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

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

NOTE J - PENSIONS AND POST-RETIREMENT OBLIGATIONS - (Continued)

3b. **Asset allocation - (Continued)**

The Plan's assets are invested in accordance with a strategy agreed with the Plans' 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 strategies used by the Plan.

	2011	2010
4. **Expense recognized in profit and loss**		
Current service cost	$ 6,900,000	$ 3,900,000
Net interest on net defined benefit liability/(asset)	200,000	(100,000)
Expense allowance	200,000	200,000
Net pension cost	$ 7,300,000	$ 4,000,000
5. **Re-measurements recognized in other comprehensive income**		
Experience (gain)/losses	$ 1,900,000	$ 4,500,000
Total amount recognized in other comprehensive income	$ 1,900,000	$ 4,500,000
6. **Reconciliation of opening and closing statement of financial position entries**		
Opening defined benefit liability/(asset)	$ 2,300,000	$ (1,700,000)
Net pension cost	7,300,000	4,000,000
Re-measurements recognized in other comprehensive income	1,900,000	4,500,000
Employer contributions paid	(5,100,000)	(4,500,000)
Closing defined benefit liability	$ 6,400,000	$ 2,300,000

NOTE J - PENSIONS AND POST-RETIREMENT OBLIGATIONS - (Continued)

	2011	2010
7. **Summary of principal assumptions as at 30 September**		
Discount rate	6.50%	6.50%
Salary increases		
- General increases	4.50%	4.50%
- Promotional increases	1.00%	1.00%
Total salary increases	5.50%	5.50%

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

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

8. **Sensitivity analysis**

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

NOTE J - PENSIONS AND POST-RETIREMENT OBLIGATIONS - (Continued)

8. Sensitivity analysis - (Continued)

		2011		2010
1%pa increase in the discount rate	$	(9,100,000)	$	(6,500,000)
1%pa decrease in the discount rate		12,200,000		8,800,000
1%pa increase in the assumed rate of future salary increase		7,300,000		5,300,000
1%pa decrease in the assumed rate of future salary increase		(6,100,000)		(4,400,000)
An increase of 1 year in the assumed life expectancies		500,000		300,000

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

9. Funding

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

		2011		2010
Expected employer contributions in next financial year	$	6,200,000	$	5,100,000

NOTE K - GRANTS DEFERRED

	2011	2010
Balance at beginning of the year	$ 41,624,855	$ 39,969,548
Capital grants received in financial year	37,127,747	11,230,000
Transfer to the statement of comprehensive income	(6,807,416)	(9,574,693)
Balance at end of year	$ 71,945,186	$ 41,624,855

NOTE L - ORIGINATING CAPITAL FUND

This amount represents the December 31. 1996 net book value of assets owned by the Division of Health in Tobago that were vested in Tobago Regional Health Authority upon the proclamation of the Regional Health Authorities Act, Chapter 29:05 of the Revised Laws of the Republic of Trinidad and Tobago.

NOTE M - GENERAL FUND

This fund represents the revaluation surplus resulting from the valuation of properties vested in the Tobago Regional Health Authority under Part IV, Section 14, Third Schedule of the Regional Health Authorities Act, Chapter 29:05 of the Revised Laws of the Republic of Trinidad and Tobago.

NOTE N - OTHER INCOME

	2011	2010
Investment income	$ 60,264	$ 592,039
Fee income	99,546	98,163
Donations	77,318	34,396
Cafeteria receipts	3,022	318,487
Other	23,290	-
	$ 263,440	$ 1,043,085

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NOTE O - STAFF COSTS

	2011	2010
Salaries and benefits	$ 87,821,493	$ 56,285,315
Gratuities	4,985,040	3,964,377
Allowances	55,029,785	41,301,048
Employer's contribution to NIS	6,005,306	4,522,982
Employer's contribution to group health	691,836	583,807
Pension	7,449,562	4,085,954
Other employee benefits	10,013,736	8,719,256
	$ 171,996,758	$ 119,462,739

NOTE P - ADMINISTRATIVE EXPENSES

	2011	2010
Travelling	$ 442,939	$ 335,591
Stationery and printing	1,053,258	745,685
Advertising and promotion	1,494,404	1,389,475
Events co-ordination	408,333	240,987
Training	977,789	1,453,162
Depreciation	6,349,389	5,436,963
Donations	41,995	95,149
Bank charges and interest	66,286	70,395
Legal and other fees	669,125	-
Special projects	39,005	-
	$ 11,542,523	$ 9,767,407

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NOTE Q - DIRECTORS' EXPENSES

		2011		2010
Directors' fees	$	144,000	$	288,000
Committee allowances		117,000		244,500
Directors' travelling expenses		24,600		49,200
Other		207,642		330,700
	$	493,242	$	912,400

NOTE R - 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 reasonably determined. No provision has been made in the financial statements for any possible liabilities due in these matters.

Purchases commitments

As at the end of the financial year, commitments in respect of unfilled purchase orders from suppliers amounted to $9,343,673 (2010: $1,237,052).

Operating lease commitments

The Authority leased premises under non-cancellable operating leases expiring at various years up to 2014.

The future lease commitments under non-cancellable leases are as follows:

		2011		2010
Within one year	$	2,251,716	$	2,251,716
Later than one year but within five years	$	2,734,831	$	540,000

NOTE R - COMMITMENTS AND CONTINGENT LIABILITIES - (Continued)

Immigration bond

The Authority has issued to bonds to the Ministry of National Security, representing two immigration bonds totaling $44,000. These bonds pertains two foreign doctors under the employment of the Authority. The bonds will be released upon repatriation of the employees.

The bonds are secured by fixed deposits held at Republic Bank Limited.

NOTE S - OPERATING EXPENSES

	2011	2010
Fees	$ 19,189,810	$ 7,715,634
Utilities	3,217,730	4,161,178
Vehicle repairs and upkeep	918,701	785,396
Equipment rental	652,934	701,006
Drugs and related materials	18,898,377	13,905,283
Food at institutions	3,308,531	3,799,927
Repairs and maintenance	2,900,984	1,203,861
Medical supplies	12,266,848	11,611,109
Materials and supplies	317,700	326,953
Consulting/contracted services	5,355,258	957,655
Transport and freight	499,576	4,412,873
Rent and accommodation	2,496,927	2,300,346
Security	3,020,453	2,009,322
Books and periodicals	24,621	8,241
Subscriptions and dues	101,597	45,410
General expenses	459,105	360,437
	$ 73,629,152	$ 54,304,631

NOTE T - FINANCIAL INSTRUMENTS

(i) Fair Values - The carrying amounts of short-term financial assets and liabilities comprising cash in hand and at bank, accounts receivable, bank overdraft and 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.

NOTE U - PRIOR PERIOD ADJUSTMENT

The prior period financial statements have been adjusted to take into account the adoption of IAS 19 - Retirement Benefit Obligations. The effect of the prior period adjustment was an increase in liabilities of $4,000,000, a decrease in staff costs of $500,000 and a charge to other comprehensive income of $4,500,000.

The impact on the 2010 opening financial statements balance was an increase in assets of $1,700,000 and an increase in accumulated surplus of $1,700,000.