



**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, 2012**

The accompanying Financial Statements of the Tobago Regional Health Authority for the year ended September 30, 2012 have been audited. The Statements comprise a Statement of Financial Position as at September 30, 2012, a Statement of Comprehensive Income, a Statement of Changes in Shareholders' Equity and a Statement of Cash Flows for the year ended September 30, 2012 and Notes to the Financial Statements A to T.

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.

29<sup>th</sup> 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, 2012

an independent member of  
BAKER TILLY  
INTERNATIONAL

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

**TOBAGO REGIONAL HEALTH AUTHORITY**

**September 30, 2012**

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**Audited Financial Statements**

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

## INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the Tobago Regional Health Authority, which comprise the statement of financial position as at September 30, 2012 and the statement of comprehensive income, statement of changes in shareholders' equity 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, 2012 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, 2011 and 2012, which are stated in the statement of financial position at \$11,120,273 and \$11,980,389 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 for the year ending September 30, 2012 and the Statement of Financial Position as at September 30, 2012.

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 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, 2011 and 2012 which is stated in the Statement of Financial Position at \$68,325,027 and \$54,525,949 respectively and the consequential impact on the Statement of Comprehensive Income for the year ending September 30, 2012.

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, 2011 and 2012 which stated in the Statement of Financial Position at \$71,945,186 and \$41,624,855 respectively, and the value of the grants written off to the Statement of Comprehensive Income for year ending September 30, 2012.

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



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

**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, 2012 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

May 4, 2018  
PORT-OF-SPAIN

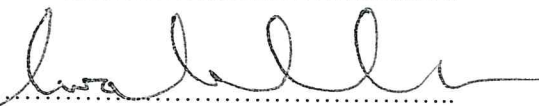
**STATEMENT OF FINANCIAL POSITION**  
(Expressed in Trinidad and Tobago Dollars)

**TOBAGO REGIONAL HEALTH AUTHORITY**

		September 30	
		2012	2011
<b>ASSETS</b>	Notes		
<b>CURRENT ASSETS</b>			
Cash in hand and at bank	C	\$ 1,409,842	\$ 22,695,370
Accounts receivable	D	1,508,534	3,380,260
Inventory	E	11,980,389	11,120,273
Value Added Tax recoverable		4,576,744	3,110,450
Investments available-for-sale		73,617	1,717,251
		<u>19,549,126</u>	<u>42,023,604</u>
<b>TOTAL CURRENT ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Tangible non-current assets	F	82,071,561	68,325,027
		<u>82,071,561</u>	<u>68,325,027</u>
<b>TOTAL NON-CURRENT ASSETS</b>			
		<u>\$ 101,620,687</u>	<u>\$ 110,348,631</u>
<b>TOTAL ASSETS</b>			

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

Director ..... 

Director ..... 



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	Notes	September 30	
		2012	2011
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Bank overdraft	C	\$ -	\$ 367,567
Accounts payable and accruals	H	8,492,733	14,746,779
Payroll liabilities	I	9,698,584	6,877,273
Other liabilities		1,511,250	505,715
Retirement benefit obligation	J	18,500,000	6,400,000
		<u>38,202,567</u>	<u>28,897,334</u>
<b>TOTAL CURRENT LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Grants deferred	K	74,743,958	71,945,186
		<u>74,743,958</u>	<u>71,945,186</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>			
<b>EQUITY</b>			
Originating capital fund	L	49,709	49,709
General fund	M	11,351,258	11,351,258
Accumulated deficit		(22,726,805)	(1,894,856)
		<u>(11,325,838)</u>	<u>9,506,111</u>
		<u>\$ 101,620,687</u>	<u>\$ 110,348,631</u>
<b>TOTAL LIABILITIES AND EQUITY</b>			

The accompanying notes on pages 9 to 32 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	
		2012	2011
<b>Income</b>			
Grant income		\$ 283,953,330	\$ 235,895,000
Other income	N	339,165	263,440
<b>TOTAL INCOME</b>		284,292,495	236,158,440
<b>Expenditure</b>			
Staff costs	O	197,601,225	171,996,758
Administrative expenses	P	11,289,762	11,542,523
Directors expenses	Q	1,929,653	493,242
Operating expenses	R	84,503,804	73,629,152
<b>TOTAL EXPENDITURE</b>		295,324,444	257,661,675
<b>Net deficit for the year</b>		<u>(11,031,949)</u>	<u>(21,503,235)</u>
<b>Other comprehensive income</b>			
Re-measurement of retirement benefit obligation	J	(9,800,000)	(1,900,000)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		\$ <u>(20,831,949)</u>	\$ <u>(23,403,235)</u>

The accompanying notes on pages 9 to 32 form an integral part of these financial statements.

**STATEMENT IN CHANGES IN SHAREHOLDERS' EQUITY**  
 (Expressed in Trinidad and Tobago Dollars)

**TOBAGO REGIONAL HEALTH AUTHORITY**

	<u>Originating Capital Fund</u>	<u>General Fund</u>	<u>Accumulated Surplus/ (Deficit)</u>	<u>Total</u>
<b>Year ended September 30, 2012</b>				
Balance at beginning of year	\$ 49,709	\$ 11,351,258	\$ (1,894,856)	\$ 9,506,111
Deficit for the year	-	-	(20,831,949)	(20,831,949)
Balance at end of year	<u>\$ 49,709</u>	<u>\$ 11,351,258</u>	<u>\$(22,726,805)</u>	<u>\$ (11,325,838)</u>
<b>Year ended September 30, 2011</b>				
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	<u>\$ 49,709</u>	<u>\$ 11,351,258</u>	<u>\$(1,894,856)</u>	<u>\$ 9,506,111</u>

The accompanying notes on pages 9 to 32 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	
	2012	2011
<b>OPERATING ACTIVITIES</b>		
Net deficit	\$ (11,031,949)	\$ (21,503,235)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	6,059,588	6,349,389
Net increase in retirement benefit obligation excluding actuarial losses	2,300,000	2,200,000
Deferred grant income amortised	(5,881,228)	(6,807,416)
Changes to operating assets and liabilities:		
Increase in accounts receivable	1,871,725	(3,194,251)
(Increase)/decrease in inventory	(860,116)	420,533
(Increase)/decrease in Value Added Tax refundable	(1,466,294)	1,601,599
Increase/(decrease) in accounts payable	(6,254,046)	11,414,801
Increase/(decrease) in payroll liabilities	2,821,313	(500,812)
Increase/(decrease) in other liabilities	1,005,534	(223,135)
	<u>(11,435,473)</u>	<u>(10,242,527)</u>
<b>INVESTING ACTIVITIES</b>		
Net (purchase)/sale of available-for-sale investments	1,643,634	(299,978)
Purchase of tangible non-current assets	(19,806,122)	(20,148,467)
	<u>(18,162,488)</u>	<u>(20,448,445)</u>
<b>Net cash (out-flow)/inflow before financing activities</b>	(29,597,961)	(30,690,972)
<b>FINANCING ACTIVITIES</b>		
Development grants received	8,680,000	37,127,747
	<u>(20,917,961)</u>	<u>6,436,775</u>
<b>INCREASE/(DECREASE) IN CASH</b>	(20,917,961)	6,436,775
Cash and cash equivalents at beginning of year	22,327,803	15,891,028
	<u>22,327,803</u>	<u>15,891,028</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 1,409,842</u>	<u>\$ 22,327,803</u>
<b>Represented by:</b>		
Cash in hand and at bank	1,409,842	22,695,370
Bank overdraft	-	(367,567)
	<u>\$ 1,409,842</u>	<u>\$ 22,327,803</u>

The accompanying notes on pages 9 to 32 form an integral part of these financial statements.

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

**TOBAGO REGIONAL HEALTH AUTHORITY**

**September 30, 2012**

**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 company's accounting policies.

*New and amended standards adopted by the Authority*

No new or amended standards have been adopted by the Authority.

*New and amended standards effective but not early adopted*

No standards have been early adopted by the Authority.

**IFRS 7 Financial Instruments: Disclosures**

The amended standard requires disclosures to include information that will enable users of the financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognized financial assets and financial liabilities. The amendment is effective for periods commencing on or after January 1, 2013.

## NOTES TO FINANCIAL STATEMENTS - (Continued)

(Expressed in Trinidad and Tobago Dollars)

### TOBAGO REGIONAL HEALTH AUTHORITY

September 30, 2012

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

*New and amended standards effective but not early adopted - (Continued)*

IAS 19 Employee benefits has been significantly revised and the following changes have been made:

- 'Actuarial gains and losses' are renamed 'remeasurements' and are now required to be recognized in other comprehensive income. The options to recognize actuarial gains and losses in profit and loss or to use the corridor approach to defer actuarial gain or losses have been removed. Remeasurements will not be recycled through profit and loss.
- Past-service costs will be recognized in the period of a plan amendment while unvested benefits will no longer be spread over a future-service period.
- A curtailment now occurs only when an entity significantly reduces the number of employees. Curtailment gains or losses are accounted for as past-service costs.
- Costs for a funded benefit plan will include net interest income or expense, calculated by applying the discount rate to the net benefit asset or liability. This will replace finance charge and expected return on plan assets. There will be less flexibility in income statement presentation, where benefit cost should be split between:
  1. the cost of benefits accrued in the current period and benefit changes; and
  2. finance expense or income.
- Taxes related to benefit plans should be included either in the return on assets or the calculation of the benefit obligation, depending on their nature.
- Investment management costs should be recognized as part of the return on assets; other costs of running a benefit plan should be recognized as period costs when incurred.
- Under the new standards any benefit that has a future-service obligation is not a termination benefit. A liability for a termination benefit is recognized when the entity can no longer withdraw the offer of the termination benefit or recognizes any related restructuring costs.

The amendments are effective for periods beginning on or after January 1, 2013. The Authority has chosen to early adopt this standard.

#### IAS 32 Financial Instruments: Presentation

The application guidance to IAS 32 has been amended to clarify some of the requirements for offsetting Financial Assets and Financial Liabilities. The revised standard is effective for annual periods beginning on or after January 1, 2014.



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

**TOBAGO REGIONAL HEALTH AUTHORITY**

**September 30, 2012**

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

*New and amended standards effective but not early adopted - (Continued)*

**IFRS 9 Financial Instruments**

The new standard requires all financial assets within the scope of IAS39 to be stated at amortised cost or fair value where the intention is to hold such instruments to collect the contractual cash flows which are repayments of capital and interest. All other investments are stated at fair value at the end of each reporting period. Furthermore, where changes in the fair value of financial liabilities at fair value through profit or loss can be attributed to changes in credit risk, those changes are recognized in other comprehensive income. The only exception would be when such treatment would give rise to, or enlarge an accounting mismatch in profit and loss. The standard is effective for years commencing on or after January 1, 2018, with earlier adoption permitted.

**IFRS 13 Fair value**

The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. It applies to both financial instrument items and non-financial instrument items where other standards require or permit fair value measurements and disclosures about fair value measurements

IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

*New and revised standards effective 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.

**IAS 1 Presentation of financial statements**

The revised standard requires entities to group items in other comprehensive as items which may be subsequently recycled to profit or loss, or those that will not. The disclosure of the tax effect of these items should follow accordingly. The revised IAS 1 is effective for years beginning on/after July 1, 2012 the revaluation model. The group is required to choose a policy for each category of property, plant and equipment, and then to apply that same policy to each asset within that category.

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

**TOBAGO REGIONAL HEALTH AUTHORITY**

**September 30, 2012**

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

*New and revised standards effective with no material impact on the financial statements*  
*- (Continued)*

**IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine**

Clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. The Interpretation is effective for annual periods beginning on or after January 1, 2013.

**IFRS 10 Consolidated Financial Statements**

Builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard revises the definition of control and provides additional guidance to assist in the determination of control where this is difficult to assess. The basic principle that a consolidated entity includes a parent and its subsidiaries as if they were a single entity and consolidation procedures remains unchanged.

**IFRS 11 Joint venture**

An entity is required to determine the type of joint arrangement in which it is a party by assessing its rights and obligations. These should then be accounted for in accordance with that type of joint arrangement. The standard defines joint operations and joint ventures and requires the following treatment thereof:

- A joint operation is a joint arrangement where the parties have joint control of the arrangement (joint operators) and have rights to the assets, obligations for the liabilities of the arrangement. Joint operators recognize their assets, liabilities, revenue and expenses in relation to its interest in a joint operation. A joint venture is a joint arrangement where the parties have joint control of the arrangement (joint venturers) and have rights to the net assets of the arrangement. Joint venturers should account for such investments on the equity method.

**IFRS 12 Disclosure of Interests in Other Entities**

IFRS 12 sets out requirements for disclosure of information of the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial statements.

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

**TOBAGO REGIONAL HEALTH AUTHORITY**

**September 30, 2012**

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

*New and revised standards effective with no material impact on the financial statements  
- (Continued)*

IAS 27 Separate Financial Statements; IAS 28 Investments in Associates and Joint Ventures (Not yet EU endorsed)

These two existing standards have been amended in order to align them with the newly released standards. The revised IAS 27 now deals with the requirements for the preparation of separate financial statements only. The previous standard also dealt with consolidated financial statements, which requirements are now included in IFRS10 Consolidated Financial Statements. The standard now requires that Investments in subsidiaries, associates and jointly controlled entities be carried, either at cost or in accordance with IFRS 9.

The effective date of IFRS 10, 11 & 12 and amended IAS 27 & 28 is January 1, 2013, which early adoption is permitted. It must be noted that these should be adopted as a package of standards and none of them may be individually adopted.

IFRS 7 Financial Instruments: Disclosures

The amended standard requires detailed disclosures about transfer transactions of financial assets, and specifically when a disproportionate number of transfer transactions are undertaken near the end of an accounting period. The amendments are effective for years commencing on or after January 1, 2012.



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

**TOBAGO REGIONAL HEALTH AUTHORITY**

**September 30, 2012**

**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 fixed assets 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%

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.
- (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.

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

**TOBAGO REGIONAL HEALTH AUTHORITY**

**September 30, 2012**

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

(vi) Grant Income - (Continued)

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.

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.



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

**TOBAGO REGIONAL HEALTH AUTHORITY**

**September 30, 2012**

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

- (viii) Investments - Investments are classified into the following categories: trading, held-to-maturity and available-for-sale.

The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as Trading Investments and included in Current Assets; investments with fixed maturities that the management has the intent and ability to hold to maturity are classified as Held-to-Maturity and are included in Non-Current Assets. During the year, the Authority did not hold any investments in the above two categories.

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for short-term liquidity or changes in interest rates, are classified as Available-for-Sale Investments.

These are included in Non-Current Assets unless management has the express intention of holding the investment for less than twelve months from the date of the Statement of Financial Position or unless some of these investments may need to be sold to raise operating capital, in which case they are included in current assets.

Purchase and sale of investments are recognized on the date the Authority commits to purchase or sell the asset. Cost of purchase includes transaction costs.

Trading and Available-for-Sale Investments are subsequently carried at fair values. Realized and unrealized gains and losses arising from changes in fair values are included in the Statement of Comprehensive Income in the period in which they arise. Held-to-Maturity Investments are carried at amortized cost.

- (ix) Taxation - In accordance with Section 22 of the Regional Health Authorities Act the Authority is exempt from taxation.
- (x) Inventory - Inventory is valued at the lower of cost and net realizable value. Cost is determined using the First in First out (FIFO) method of valuation. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling, marketing and distribution expenses, necessary to make the sale.

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

**TOBAGO REGIONAL HEALTH AUTHORITY**

**September 30, 2012**

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

- (xi) Leases - Leases of assets under which the risks and rewards of ownership are effectively retained by the lessors are classified as operating leases. Payments made under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease. The Authority is not subject to any finance leases.
- (xii) Comparatives - Where necessary, comparative figures are adjusted to conform with changes, in presentation, in the current year.
- (xiii) Financial Instruments - The Company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument.

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

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

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

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



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

**TOBAGO REGIONAL HEALTH AUTHORITY**

**September 30, 2012**

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

(xiii) Financial Instruments - (Continued)

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.

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

**TOBAGO REGIONAL HEALTH AUTHORITY**

**September 30, 2012**

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

	<u>2012</u>	<u>2011</u>
<b>Cash in hand and at bank</b>		
Cash in hand and at bank	\$ 24,500	\$ 25,200
Republic Bank Limited - Goods and Services	122,711	67,814
Republic Bank Limited - Wages	19,898	1,124,135
Republic Bank Limited - Salary	424,820	1,634,624
Scotiabank Trinidad and Tobago Limited - Current Account	650,217	16,844,527
Scotiabank Trinidad and Tobago Limited - US\$ Account	167,696	2,960,155
First Citizens Bank Limited	-	38,915
	<u>\$ 1,409,842</u>	<u>\$ 22,695,370</u>
<b>Bank Overdraft</b>		
Scotiabank Trinidad and Tobago Limited - Current account	\$ -	\$ 367,567

**NOTE D - ACCOUNTS RECEIVABLE**

	<u>2012</u>	<u>2011</u>
Trade receivables	\$ 11,233	\$ 200
Other receivables	(15)	1,882,744
Other prepayments	1,484,012	1,484,012
Advances to employees	13,304	13,304
	<u>\$ 1,508,534</u>	<u>\$ 3,380,260</u>

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

TOBAGO REGIONAL HEALTH AUTHORITY

September 30, 2012

NOTE E - INVENTORY

	<u>2012</u>	<u>2011</u>
Inventory is comprised of the following:		
Pharmacy stores	\$ 8,030,667	\$ 6,229,726
Medical stores	2,182,992	2,213,847
Stationery stores	555,730	818,006
Food stores	460,842	410,533
Laboratory	723,795	1,448,161
Linen	26,363	-
	<u>\$ 11,980,389</u>	<u>\$ 11,120,273</u>



NOTES TO FINANCIAL STATEMENTS - (Continued)

(Expressed in Trinidad and Tobago Dollars)

TOBAGO REGIONAL HEALTH AUTHORITY

September 30, 2012

NOTE F - TANGIBLE NON-CURRENT ASSETS

	Freehold Land & Buildings	Computer & Office Equipment	Furniture & Fixtures	Machinery & Biomedical Equipment	Motor Vehicles	Capital Work in Proress	Total 2012	Total 2011
<b>Cost</b>								
At beginning 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
Additions	2,592,299	740,705	491,819	3,709,482	4,755	12,267,062	19,806,122	20,148,467
At end of year	<u>\$ 27,191,687</u>	<u>\$ 12,262,675</u>	<u>\$ 10,697,345</u>	<u>\$ 38,170,559</u>	<u>\$ 6,009,680</u>	<u>\$ 26,256,436</u>	<u>\$ 120,588,382</u>	<u>\$ 100,782,260</u>
<b>Accumulated Depreciation</b>								
At beginning of year	\$ 2,243,787	\$ 6,874,065	\$ 3,534,661	\$ 16,390,263	\$ 3,414,457	\$ -	\$ 32,457,233	\$ 26,107,844
Current year change	445,758	971,218	590,404	3,403,402	648,806	-	6,059,588	6,349,389
At end of year	<u>\$ 2,689,545</u>	<u>\$ 7,845,283</u>	<u>\$ 4,125,065</u>	<u>\$ 19,793,665</u>	<u>\$ 4,063,263</u>	<u>\$ -</u>	<u>\$ 38,516,821</u>	<u>\$ 32,457,233</u>
<b>Net Book Value</b>	<u>\$ 24,502,142</u>	<u>\$ 4,417,392</u>	<u>\$ 6,572,280</u>	<u>\$ 18,376,894</u>	<u>\$ 1,946,417</u>	<u>\$ 26,256,436</u>	<u>\$ 82,071,561</u>	<u>\$ 68,325,027</u>

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

**TOBAGO REGIONAL HEALTH AUTHORITY**

September 30, 2012

**NOTE G - INVESTMENTS AVAILABLE-FOR-SALE**

	<u>2012</u>	<u>2011</u>
Republic Bank Limited - Mutual fund	\$ -	\$ 885,246
First Citizens Bank Limited - Mutual fund	29,231	766,916
Unit Trust Corporation - Mutual fund	-	21,089
Republic Bank Limited - Fixed deposit	44,386	44,000
	<u>\$ 73,617</u>	<u>\$ 1,717,251</u>

**NOTE H - ACCOUNTS PAYABLE AND ACCRUALS**

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

	<u>2012</u>	<u>2011</u>
Accounts payable	\$ 5,135,937	\$ 13,898,246
Accruals	3,356,796	848,533
	<u>\$ 8,492,733</u>	<u>\$ 14,746,779</u>

**NOTE I - PAYROLL LIABILITIES**

	<u>2012</u>	<u>2011</u>
Gratuities payable	\$ 8,823,463	\$ 6,692,813
Salaries payable	946,236	184,460
Payroll accruals	(71,115)	-
	<u>\$ 9,698,584</u>	<u>\$ 6,877,273</u>



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

**TOBAGO REGIONAL HEALTH AUTHORITY**

**September 30, 2012**

**NOTE J - PENSIONS AND POST-RETIREMENT OBLIGATIONS**

	<u>2012</u>	<u>2011</u>
<b>1. Net liability in statement of financial position</b>		
Present value of defined benefit obligation	\$ 71,700,000	\$ 46,100,000
Fair value of assets	(53,200,000)	(39,700,000)
	<hr/>	<hr/>
Deficit	18,500,000	6,400,000
	<hr/>	<hr/>
	\$ 18,500,000	\$ 6,400,000
	<hr/> <hr/>	<hr/> <hr/>
<b>2a. Movement in present value of defined benefits obligation</b>		
Defined benefit obligation at start of year	\$ 46,100,000	\$ 33,200,000
Current service cost	7,000,000	6,900,000
Interest cost	3,300,000	2,400,000
Members' contributions	2,400,000	1,900,000
Liabilities transferred in/(out)	800,000	-
Re-measurements		
- Experience adjustments	(600,000)	1,700,000
- Actuarial (gains)/losses from changes in financial assumptions	12,800,000	-
Benefits paid	(100,000)	-
	<hr/>	<hr/>
<b>Defined benefit obligation at end of year</b>	<b>\$ 71,700,000</b>	<b>\$ 46,100,000</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>2b. The defined benefit obligation is allocated between the Plans' members as follows.</b>		
- Active members	98%	100%
- Deferred pensioners	1%	-
- Pensioners	1%	-
The weighted average duration of the defined benefit obligation at the year end.	24.1 years	23.8 years
Percentage of the value of the benefits for active members is vested.	82%	73%
Percentage of the defined benefit obligation for active members that is conditional on future salary increases.	43%	52%



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

TOBAGO REGIONAL HEALTH AUTHORITY

September 30, 2012

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

	<u>2012</u>	<u>2011</u>
<b>3a. Movement in fair value of plan assets</b>		
Fair value of plan assets at start of year	\$ 39,700,000	\$ 30,900,000
Interest income	2,800,000	2,200,000
Return on plan assets, excluding interest income	2,400,000	(200,000)
Employer contributions	6,200,000	5,100,000
Members' contributions	2,400,000	1,900,000
Benefits paid	(100,000)	-
Expense allowance	(200,000)	(200,000)
<b>Fair value of plan assets at end of year</b>	<u>\$ 53,200,000</u>	<u>\$ 39,700,000</u>
Actual return on plan assets	\$ 5,200,000	\$ 2,000,000
<b>3b. Asset allocation</b>		
Locally listed equities	13.9%	11.1%
Overseas equities	4.0%	4.4%
TT\$ bonds	57.9%	51.3%
US\$ bonds	0.1%	0.1%
Cash and cash equivalents	24.0%	32.9%
Other (mortgages and property mutual funds)	0.1%	0.2%
<b>Fair value of plan assets at end of year</b>	<u>100%</u>	<u>100.0%</u>

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.

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

**TOBAGO REGIONAL HEALTH AUTHORITY**

September 30, 2012

**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.

	<u>2012</u>	<u>2011</u>
<b>4. Expense recognized in profit and loss</b>		
Current service cost	\$ 7,000,000	\$ 6,900,000
Net interest on net defined benefit liability/(asset)	500,000	200,000
Expense allowance	200,000	200,000
<b>Net pension cost</b>	<u>\$ 7,700,000</u>	<u>\$ 7,300,000</u>
<b>5. Re-measurements recognized in other comprehensive income</b>		
Experience (gain)/losses	\$ 9,800,000	\$ 1,900,000
<b>Total amount recognized in other comprehensive income</b>	<u>\$ 9,800,000</u>	<u>\$ 1,900,000</u>
<b>6. Reconciliation of opening and closing statement of financial position entries</b>		
Opening defined benefit liability	\$ 6,400,000	\$ 2,300,000
Net pension cost	7,700,000	7,300,000
Re-measurements recognized in other comprehensive income	9,800,000	1,900,000
Net transfers	800,000	-
Employer contributions paid	(6,200,000)	(5,100,000)
<b>Closing defined benefit liability</b>	<u>\$ 18,500,000</u>	<u>\$ 6,400,000</u>



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

**TOBAGO REGIONAL HEALTH AUTHORITY**

**September 30, 2012**

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

	<u>2012</u>	<u>2011</u>
<b>7. Summary of principal assumptions as at 30 September</b>		
Discount rate	5.00%	6.50%
Salary increases		
- General increases	3.50%	4.50%
- Promotional increases	1.00%	1.00%
Total salary increases	<u>4.50%</u>	<u>5.50%</u>

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.



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

**TOBAGO REGIONAL HEALTH AUTHORITY**

**September 30, 2012**

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

**8. Sensitivity analysis - (Continued)**

	<u>2012</u>	<u>2011</u>
1%pa increase in the discount rate	\$ (14,200,000)	\$ (9,100,000)
1%pa decrease in the discount rate	19,300,000	12,200,000
1%pa increase in the assumed rate of future salary increase	10,500,000	7,300,000
1%pa decrease in the assumed rate of future salary increase	(8,800,000)	(6,100,000)
An increase of 1 year in the assumed life expectancies	900,000	500,000

These sensitivities were calculated by re-calculating the defined benefit 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.

	<u>2012</u>	<u>2011</u>
Expected employer contributions in next financial year	\$ <u>6,400,000</u>	\$ <u>6,200,000</u>

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

**TOBAGO REGIONAL HEALTH AUTHORITY**

September 30, 2012

**NOTE K - DEFERRED GRANTS**

	<u>2012</u>	<u>2011</u>
<b>The movement in the deferred grants account is as follows:</b>		
Balance at beginning of the year	\$ 71,945,186	\$ 41,624,855
Capital grants received in financial year	8,680,000	37,127,747
Transfer to the statement of Comprehensive Income	(5,881,228)	(6,807,416)
Balance at end of year	\$ <u>74,743,958</u>	\$ <u>71,945,186</u>

**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**

	<u>2012</u>	<u>2011</u>
Investment income	\$ 38,531	\$ 60,264
Fee income	66,949	99,546
Donations	71,823	77,318
Cafeteria receipts	158,360	3,022
Other	3,502	23,290
	\$ <u>339,165</u>	\$ <u>263,440</u>



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

**TOBAGO REGIONAL HEALTH AUTHORITY**

**September 30, 2012**

**NOTE O - STAFF COSTS**

	<u>2012</u>	<u>2011</u>
Salaries and benefits	\$ 99,427,960	\$ 87,821,493
Gratuities	5,757,615	4,985,040
Allowances	64,474,342	55,029,785
Employer's contribution to NIS	6,700,171	6,005,306
Employer's contribution to group health	725,935	691,836
Pension	9,200,402	7,449,562
Other employee benefits	11,314,800	10,013,736
	<u>\$ 197,601,225</u>	<u>\$ 171,996,758</u>

**NOTE P - ADMINISTRATIVE EXPENSES**

	<u>2012</u>	<u>2011</u>
Travelling	\$ 278,235	\$ 442,939
Stationery and printing	1,249,841	1,053,258
Advertising and promotion	857,489	1,494,404
Events co-ordination	322,795	408,333
Training	886,840	977,789
Depreciation	6,059,589	6,349,389
Donations	3,595	41,995
Bank charges and interest	68,279	66,286
Other administrative cost	11	-
Legal and other fees	219,992	669,125
Special projects	1,343,096	39,005
	<u>\$ 11,289,762</u>	<u>\$ 11,542,523</u>

Special projects relate to one off items that were not considered fixed assets but were funded through the development budget.



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

**TOBAGO REGIONAL HEALTH AUTHORITY**

September 30, 2012

**NOTE Q - DIRECTORS' EXPENSES**

	<u>2012</u>	<u>2011</u>
Directors' fees	\$ 1,424,654	\$ 144,000
Committee allowances	246,129	117,000
Directors' travelling expenses	68,283	24,600
Other	190,587	207,642
	<u>\$ 1,929,653</u>	<u>\$ 493,242</u>

**NOTE R - OPERATING EXPENSES**

	<u>2012</u>	<u>2011</u>
Fees	\$ 19,511,170	\$ 19,189,810
Utilities	5,046,386	3,217,730
Vehicle repairs and upkeep	1,084,537	918,701
Equipment rental	793,369	652,934
Drugs and related materials	4,455,445	18,898,377
Food at institutions	2,967,556	3,308,531
Repairs and maintenance	2,146,635	2,900,984
Medical supplies	37,544,193	12,266,848
Materials and supplies	1,809,001	317,700
Consulting/contracted services	1,914,391	5,355,258
Transport and freight	366,230	499,576
Rent and accommodation	3,038,164	2,496,927
Security	3,386,986	3,020,453
Books and periodicals	28,237	24,621
Subscriptions and dues	54,681	101,597
General expenses	356,823	459,105
	<u>\$ 84,503,804</u>	<u>\$ 73,629,152</u>

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

**TOBAGO REGIONAL HEALTH AUTHORITY**

**September 30, 2012**

**NOTES - COMMITMENTS AND CONTINGENT LIABILITIES**

**Legal matters**

The Authority is engaged in litigation in several matters.

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

**Purchases commitments**

As at the end of the financial year, commitments in respect of unfilled purchase orders from suppliers amounted to \$6,036,942 (2011: \$9,343,673).

**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:

	<u>2012</u>	<u>2011</u>
Within one year	\$ 2,251,716	\$ 2,251,716
Later than one year but within five years	\$ 957,043	\$ 2,734,831

**Immigration bond**

The Authority has issued to bonds to the Ministry of National Security, representing two immigration bonds totaling \$44,000. These bonds pertain to 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.



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

**TOBAGO REGIONAL HEALTH AUTHORITY**

**September 30, 2012**

**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, accounts payable and accruals, payroll liabilities and other liabilities 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.