

The Royal Hospital Donnybrook

Financial Statements

Year Ended 31 December 2012

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INDEPENDENT AUDITORS' REPORT TO THE GOVERNORS OF THE ROYAL HOSPITAL DONNYBROOK

We have audited the financial statements of The Royal Hospital Donnybrook for the year ended 31 December 2012 which comprise the Income and Expenditure Account, the Ordinary Balance Sheet, the Special Fund Account, the Special Fund Balance Sheet, the Cash Flow Statement, the Accounting and the related notes. These financial statements have been prepared under the accounting policies set out in the statement of accounting policies on page V.

Respective responsibilities of the Board of Management and auditors

The Board of Management's responsibilities for preparing the financial statements in accordance with applicable Irish law and accounting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland) are set out in the Statement of Responsibilities of the Board of Management on page XI.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's governors as a body in accordance with Section 193 of the Companies Act, 1990 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, and are properly prepared in accordance with Irish statute comprising the Companies Act, 1963 to 2012. We state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit and whether the financial statements are in agreement with the books of account. We also report to you our opinion as to:

- whether the hospital has kept proper books of account;

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board of Management in the preparation of the financial statements, and of whether the accounting policies are appropriate to the hospital circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE GOVERNORS OF THE ROYAL HOSPITAL
DONNYBROOK - continued**

Adverse opinion

As explained in note 13, the financial statements do not include the pension costs, pension liabilities and pension assets of staff who are members of the Voluntary Hospitals Superannuation Scheme in accordance with Financial Reporting Standard 17 'Retirement Benefits'.

As the pension costs, pension liabilities and pension assets referred to above have not been included in the ordinary income and expenditure account, statement of total recognised gains and losses and ordinary balance sheet, in our opinion, the financial statements do not give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the hospital's affairs as at 31 December 2012 and of its net income or expenditure for the year then ended.

The financial statements give a true and fair view of the cash flows of the hospital for the year ended 31 December 2012.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the hospital. The financial statements are in agreement with the books of account.

**Paul Hennessy
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin**

21 May 2013

ACCOUNTING POLICIES

The significant accounting policies adopted by the hospital are as follows:

Historical cost convention

The financial statements are prepared under the historical cost convention. The market value of quoted investments is disclosed in a note to the financial statements.

Income and expenditure

Income and expenditure is recognised when earned or incurred and is dealt with in the ordinary income and expenditure account or the special fund account of the year to which it relates.

The ordinary income and expenditure account reflects the day-to-day running of the hospital. The special fund account reflects the results of voluntary activities, investment income and other receipts and bequests together with their application. The analysis of assets and liabilities in the balance sheet is consistent with this distinction.

Expenses incurred by the hospital, less contributions from patients and other income, are recovered from the Health Service Executive by means of an allocation.

Allocations from the Health Service Executive (HSE)

The total allocation to the hospital towards the net expenditure for the year is included in the ordinary income and expenditure account. Any part of the allocation included in the ordinary income and expenditure account but not received at the year-end is included in the ordinary balance sheet.

Allocations in respect of the excess of annual net expenditure over annual allocations are accounted for as and when agreed by the Health Service Executive.

Pensions

The liability in respect of pensions payable is underwritten by the Minister for Health and the net cost of pensions is included in the annual allocation towards net expenditure for the year.

Staff pension contributions are credited to the ordinary income and expenditure account when received and pension payments are charged to ordinary expenditure when paid.

Quoted investments

Quoted investments are stated in the special fund balance sheet at cost when purchased, or market value when acquired by way of bequest or gift.

The market value of all quoted investments at the balance sheet date is disclosed in a note to the financial statements.

Market value represents the mid price as quoted by a recognised stock exchange.

Fixed assets

Fixed assets for which grants have been received or are receivable, or which have been provided out of the special fund account, are not reflected in the balance sheet.

The cost of other fixed assets is charged to the ordinary income and expenditure account as incurred.

ORDINARY INCOME AND EXPENDITURE ACCOUNT
Year Ended 31 December 2012

	2012 €	2011 €
Ordinary expenditure		
Pay expenditure	15,677,387	16,126,777
Non-pay expenditure	<u>4,757,651</u>	<u>4,798,221</u>
	20,435,038	20,924,998
 Ordinary income	 <u>2,165,542</u>	 <u>2,511,037</u>
 Net expenditure for year	 18,269,496	 18,413,961
 Allocation from HSE towards net expenditure for year	 <u>18,178,579</u>	 <u>18,750,326</u>
 (Deficit)/surplus for year	 (90,917)	 336,365
 Accumulated surplus brought forward	 <u>675,323</u>	 <u>338,958</u>
 Accumulated surplus carried forward	 <u>584,406</u>	 <u>675,323</u>

On behalf of the Board of Management

F Cunneen
Chairman

M Forde
Treasurer

ORDINARY BALANCE SHEET
31 December 2012

	2012 €	2011 €
Ordinary assets		
Allocations due - Revenue	1,604,382	1,903,475
- Capital	114,107	114,107
Debtors and prepayments	201,189	278,088
Bank balances and cash	<u>1,601,119</u>	<u>2,095,947</u>
	<u>3,520,797</u>	<u>4,391,617</u>
Ordinary liabilities		
Creditors and accrued expenses	(2,234,721)	(2,840,732)
Patient Funds	<u>(701,670)</u>	<u>(875,562)</u>
	<u>(2,936,391)</u>	<u>(3,716,294)</u>
	<u>584,406</u>	<u>675,323</u>
Represented by:		
Accumulated surpluses carried forward	<u>584,406</u>	<u>675,323</u>

On behalf of the Board of Management

 F Cunneen
 Chairman

 M Forde
 Treasurer

SPECIAL FUND ACCOUNT
Year Ended 31 December 2012

	2012 €	2011 €
Income		
Investment income	7,040	8,799
Gain on sale of investments	103,122	-
Rents receivable	1,334	961
Voluntary gifts and donations	18,697	23,232
Deposit interest	43,820	45,906
Bequests	<u>341,539</u>	<u>10,901</u>
	<u>515,552</u>	<u>89,799</u>
Expenditure		
Provision to reduce cost of quoted investments to market value	179,817	-
Other payments	<u>5,493</u>	<u>5,971</u>
	<u>185,310</u>	<u>5,971</u>
Income less expenditure	330,242	83,828
Balance at beginning of year	<u>3,516,844</u>	<u>3,433,016</u>
Balance at end of year	<u><u>3,847,086</u></u>	<u><u>3,516,844</u></u>

On behalf of the Board of Management

F Cunneen
Chairman

M Forde
Treasurer

SPECIAL FUND BALANCE SHEET
31 December 2012

	2012 €	2011 €
Special fund assets		
Quoted investments	252,136	328,831
Debtors and prepayments	9,251	9,251
Bank balances and cash	<u>3,585,699</u>	<u>3,178,762</u>
	<u>3,847,086</u>	<u>3,516,844</u>
 Represented by:		
 Special funds	<u>3,847,086</u>	<u>3,516,844</u>

On behalf of the Board of Management

F Cunneen
Chairman

M Forde
Treasurer

CASH FLOW STATEMENT
Year Ended 31 December 2012

	Notes	2012 €	2011 €
Net cash outflow from operating activities	8	(18,793,881)	(18,650,810)
Returns on investments and servicing of finance	9	41,974	43,574
Capital expenditure	9	<u>-</u>	<u>(167,405)</u>
Net cash outflow before financing		(18,751,907)	(18,774,641)
Financing	9	<u>18,837,908</u>	<u>18,481,244</u>
Net cash inflow/(outflow)		<u>86,001</u>	<u>(293,397)</u>
Increase/(decrease) in cash	10	<u>86,001</u>	<u>(293,397)</u>

NOTES TO THE FINANCIAL STATEMENTS

1 Statement of responsibilities of the Board of Management

The Board of Management is required to prepare financial statements for each financial year and have them audited. In preparing these financial statements, the Board of Management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the hospital will continue in operation.

The Board of Management is responsible for keeping proper books of account which enable it to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and show a true and fair view. The Board of Management is also responsible for safeguarding the assets of the hospital and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

2 Pay expenditure	2012 €	2011 €
Administration	832,726	839,758
Medical	446,689	471,101
Nursing and allied	9,691,033	9,770,530
Paramedical	2,005,007	1,835,258
Catering and house-keeping	1,101,800	1,714,019
Maintenance	182,734	228,658
Pensions payable	<u>1,417,398</u>	<u>1,267,453</u>
	<u>15,677,387</u>	<u>16,126,777</u>

Superannuation administration

In 2012 pension payments were more than superannuation deductions by €104,424 (2011: pension payments were less than superannuation deductions by €45,803), as follows:

	2012 €	2011 €
Pensions payable		
- once off payments on retirement	(42,296)	-
- ongoing pension payments	<u>(1,375,102)</u>	<u>(1,267,453)</u>
	<u>(1,417,398)</u>	<u>(1,267,453)</u>
Superannuation deductions	<u>1,312,974</u>	<u>1,313,256</u>
Pension (deficit)/surplus for the year	<u>(104,424)</u>	<u>45,803</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Non-pay expenditure	2012 €	2011 €
Drugs and medicines	501,973	477,163
Blood and blood products	4,748	4,121
Medical gases	26,512	29,630
Medical and surgical supplies	551,967	682,310
Medical equipment	13,222	29,445
Food and catering fees	1,074,344	561,013
Catering equipment	51,904	64,330
Furniture, crockery and hardware	60,398	143,277
Heat, light and power	369,173	345,430
Laundry equipment	2,038	18,730
Cleaning and washing	595,493	558,105
Maintenance and renovations	206,666	829,039
Bedding and clothing	10,923	19,906
Farm and grounds	75,214	155,524
Transport and travelling	10,722	10,422
Transport of patients	20,367	46,666
Bank interest and charges	10,220	12,092
Insurances, audit, legal and other professional costs	146,247	127,024
Other professional services	221,052	107,831
Office equipment	52,343	64,997
Computer equipment	68,468	100,084
Other services cost	274,375	-
Office expenses	36,585	84,473
Sundries	372,697	326,609
	<u>4,757,651</u>	<u>4,798,221</u>

In 2012 Food and Catering Fees and Other services costs include the costs of agency staff, in line with HSE direction. In 2011 these were included in Pay expenditure.

4 Ordinary income	2012 €	2011 €
Patient maintenance	706,531	1,009,113
Superannuation deductions	1,312,974	1,313,256
Staff restaurant income	82,156	89,452
Sundry income	63,881	99,216
	<u>2,165,542</u>	<u>2,511,037</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

5 Accumulated surpluses/(deficits) carried forward	2012	2011
	€	€
In respect of prior years:		
- 1999	3,566	3,566
- 2000	112,009	112,009
- 2001	(103,415)	(103,415)
- 2002	90,580	90,580
- 2003	9,193	9,193
- 2004	17,391	17,391
- 2005	8,760	8,760
- 2006	(3,250)	(3,250)
- 2007	(13,909)	(13,909)
- 2008	543	543
- 2009	(14,668)	(14,668)
- 2010	232,158	232,158
- 2011	336,365	336,365
- 2012	(90,917)	-
	<u>584,406</u>	<u>675,323</u>
 6 Revenue grants due	 2012	 2011
	€	€
In respect of:		
- prior years	(668)	(668)
- 2010	-	29,110
- 2011	-	1,875,033
- 2012	1,605,050	-
	<u>1,604,382</u>	<u>1,903,475</u>
 7 Quoted investments	 2012	 2011
	€	€
At cost when purchased, or market value when acquired by way of bequest or gift, and as reduced to market value	<u>252,136</u>	<u>328,831</u>
Market value	<u>264,104</u>	<u>288,434</u>
 8 Reconciliation of net expenditure to net cash outflow from operating activities	 2012	 2011
	€	€
Net expenditure for year	(18,269,496)	(18,413,961)
Interest included in expenditure	10,220	12,092
Payments from special fund account	(5,493)	(5,971)
Decrease/(Increase) in debtors and prepayments	76,899	(4,228)
(Decrease) in creditors	(606,011)	(238,742)
Net cash outflow from operating activities	<u>(18,793,881)</u>	<u>(18,650,810)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

9 Investing and financing activities	2012	2011
	€	€
Returns on investment and servicing of finance		
Interest received	43,820	45,906
Interest paid	(10,220)	(12,092)
Investment income	7,040	8,799
Rents receivable	1,334	961
	<u>41,974</u>	<u>43,574</u>
Capital expenditure and financial investment		
Expenditure on premises and equipment	-	(167,405)
	<u>-</u>	<u>(167,405)</u>
Financing		
(Increase in capital grants due)/capital grants received	-	(354,434)
Revenue grants received (Note 11)	18,477,672	18,801,545
Bequests	341,539	10,901
Voluntary gifts and donations	18,697	23,232
	<u>18,837,908</u>	<u>18,481,244</u>

10 Analysis of the balances of cash as shown in the balance sheets	2012	2011	Change in year
	€	€	€
Bank balances and cash	5,186,818	5,274,709	(87,891)
Bank overdrafts	(701,670)	(875,562)	173,892
	<u>4,485,148</u>	<u>4,399,147</u>	<u>86,001</u>

11 Analysis of changes in financing during the year	2012	2011
	€	€
Revenue allocations		
At beginning of year	1,903,475	1,954,694
Allocation for the year	18,178,579	18,750,326
Cash received	(18,477,672)	(18,801,545)
At end of year	<u>1,604,382</u>	<u>1,903,475</u>

12 Premises

As stated in the accounting policies on page V, fixed assets for which grants have been received or are receivable, or which have been funded from the special fund account, are not reflected in the hospital's balance sheet. These fixed assets include the hospital premises, which were acquired in 1792 and have been developed over subsequent years from the special fund account and capital grants.

NOTES TO THE FINANCIAL STATEMENTS - continued

13 Retirement benefits

In common with other hospitals, the financial statements do not contain the disclosure requirements in respect of retirement benefits set out in Financial Reporting Standard 17 'Retirement Benefits'. The amount of pensions payable in the year, and the superannuation deductions from staff, are disclosed in the financial statements and their impact on the outturn for the year can therefore be assessed.

The majority of staff are members of the Voluntary Hospitals Superannuation Scheme, which is an unfunded, pay-as-you-go scheme underwritten by the Minister for Health. The Board of Management believes that the funds required in the future to pay current pension liabilities, as they arise into the future, will be provided by the Department of Health under the Voluntary Hospitals Superannuation Scheme and that therefore it is not necessary for the financial statements of the Hospital to include the liability at the balance sheet date in respect of pension entitlements built up to that date by employees of the Hospital, nor the other disclosure requirements of Financial Reporting Standard 17, because the Board believes that liability rests with the Department of Health.

14 Subsequent events

Since the year end the Hospital has been advised by the HSE that the 2013 allocation is likely to be reduced compared to 2012 and the Hospital is taking measures to reduce costs as necessary to ensure that it operates within its allocation.

15 Related parties

During the year the hospital had no material transactions with the Royal Hospital Donnybrook Housing Association or the Friends of the Royal Hospital.

15 Approval of financial statements

The Board of Management approved the financial statements on 25 April 2013.