

The Royal Hospital Donnybrook

Financial Statements

Year Ended 31 December 2015

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Independent auditors' report to the Governors of The Royal Hospital Donnybrook

We have audited the financial statements on pages V to XV which have been prepared in accordance with the accounting policies set out on page V.

Respective responsibilities of the Board of Management and auditors

The Board of Management's responsibilities for the preparation of the financial statements in accordance with the accounting policies are set out on page XI. Our responsibility is to audit the financial statements in accordance with relevant regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Hospital's Governors as a body 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 have been properly prepared in accordance with the accounting policies in all material respects and present the state of affairs and results of the Hospital in accordance therewith. 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 opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland). 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 judgments made by the Board of Management in the preparation of the financial statements and of whether the accounting policies are 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 cause 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

Opinion

In our opinion, the financial statements have been properly prepared in all material respects in accordance with the accounting policies and present the state of affairs of The Royal Hospital, Donnybrook at 31 December 2015 and its deficit and cash flows for the year then ended in accordance therewith.

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.

**PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Dublin**

31 May 2016

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 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 2015

	Note	2015 €	2014 €
Ordinary expenditure			
Pay expenditure	2	15,532,690	14,808,188
Non-pay expenditure	3	<u>4,405,451</u>	<u>4,316,419</u>
		19,938,141	19,124,607
Ordinary income	4	<u>2,667,590</u>	<u>2,409,912</u>
Net expenditure for year		17,270,551	16,714,695
Allocation from HSE towards net expenditure for year		<u>17,017,429</u>	<u>16,694,723</u>
(Deficit) for year		(253,121)	(19,972)
Accumulated surplus brought forward		<u>274,047</u>	<u>294,019</u>
Accumulated surplus carried forward		<u>20,925</u>	<u>274,047</u>

On behalf of the Board of Management

Chairman

Treasurer

ORDINARY BALANCE SHEET
31 December 2015

	Notes	2015 €	2014 €
Ordinary assets			
Allocations due - Revenue	6	1,839,669	1,601,926
- Capital		(49,016)	(49,016)
Debtors and prepayments		253,411	232,389
Bank balances and cash		528,228	1,283,734
		<u>2,572,292</u>	<u>3,069,033</u>
Ordinary liabilities			
Creditors and accrued expenses		(2,088,069)	(2,282,940)
Patient Funds		(463,298)	(512,046)
		<u>(2,551,367)</u>	<u>(2,794,986)</u>
		<u>20,925</u>	<u>274,047</u>
Represented by:			
Accumulated surpluses carried forward	5	<u>20,925</u>	<u>274,047</u>

On behalf of the Board of Management

Chairman

Treasurer

SPECIAL FUND ACCOUNT
Year Ended 31 December 2015

	2015 €	2014 €
Income		
Investment income	528	431
Rents receivable	200	4,308
Voluntary gifts and donations	58,746	24,245
Deposit interest	9,912	19,172
Bequests	303,220	59,972
	<u>372,606</u>	<u>108,128</u>
Expenditure		
Other payments	<u>81,777</u>	<u>76,585</u>
	<u>81,777</u>	<u>76,585</u>
Income less expenditure	290,829	31,543
Balance at beginning of year	<u>4,137,122</u>	<u>4,105,579</u>
Balance at end of year	<u>4,427,951</u>	<u>4,137,122</u>

On behalf of the Board of Management

Chairman

Treasurer

SPECIAL FUND BALANCE SHEET
31 December 2015

	Note	2015 €	2014 €
Special fund assets			
Quoted investments	7	252,136	252,136
Debtors and prepayments		25,060	8,973
Bank balances and cash		<u>4,171,942</u>	<u>3,915,573</u>
		<u>4,449,138</u>	<u>4,176,682</u>
Special fund liabilities			
Creditors and accrued expenses		<u>(21,187)</u>	<u>(39,560)</u>
		<u>4,427,951</u>	<u>4,137,122</u>
Represented by:			
Special funds		<u>4,427,951</u>	<u>4,137,122</u>

On behalf of the Board of Management

Chairman

Treasurer

CASH FLOW STATEMENT
Year Ended 31 December 2015

	Notes	2015 €	2014 €
Net cash outflow from operating activities	8	(17,601,186)	(16,939,821)
Returns on investments and servicing of finance	9	9,146	18,449
Capital expenditure	9	<u>-</u>	<u>-</u>
Net cash outflow before financing		(17,592,040)	(16,921,372)
Financing	9	<u>17,141,651</u>	<u>16,814,547</u>
Net cash outflow		<u>(450,389)</u>	<u>(106,825)</u>
Decrease in cash	10	<u>(450,389)</u>	<u>(106,825)</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 the accounting policies adopted by the Hospital. 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	2015 €	2014 €
Administration	798,063	796,658
Medical	314,799	301,144
Nursing	5,902,132	5,484,486
Allied health	2,052,510	1,921,470
Support services	5,065,515	4,796,871
Maintenance	177,067	184,702
Pensions payable	1,231,604	1,322,857
	<u>15,532,690</u>	<u>14,808,188</u>

Superannuation administration

In 2015 pension payments exceeded superannuation deductions by €19,034 (2014: €135,108), as follows:

	2015 €	2014 €
Pensions payable		
- once off payments on retirement	(42,305)	(127,179)
- ongoing pension payments	<u>(1,189,299)</u>	<u>(1,195,678)</u>
	<u>(1,231,604)</u>	<u>(1,322,857)</u>
Superannuation deductions	<u>1,212,570</u>	<u>1,187,749</u>
Pension (deficit) for the year	<u>(19,034)</u>	<u>(135,108)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Non-pay expenditure	2015 €	2014 €
Drugs and medicines	551,743	509,590
Blood and blood products	76	3,678
Medical gases	26,830	23,259
Medical and surgical supplies	414,749	377,775
Medical equipment	195,246	199,041
Food and catering fees	967,373	913,191
Catering equipment	6,850	6,356
Furniture, crockery and hardware	26,752	25,183
Heat, light and power	402,311	379,407
Cleaning and washing	595,364	562,385
Maintenance and renovations	118,424	157,772
Bedding and clothing	11,076	10,572
Education and training	45,741	65,750
Farm and grounds	55,650	59,143
Transport and travelling	3,307	5,747
Transport of patients	19,212	25,090
Bank interest and charges	1,494	5,462
Insurances, audit, legal and other professional costs	121,675	107,525
Other professional services	171,756	184,423
Office expenses	40,923	40,593
Computer equipment	67,085	69,601
Other services cost	249,257	262,267
Office equipment	131,663	118,386
Sundries	180,840	204,223
Bad debts	54	-
	<u>4,405,451</u>	<u>4,316,419</u>
4 Ordinary income	2015 €	2014 €
Patient maintenance	1,387,658	1,158,367
Superannuation deductions	1,212,570	1,187,749
Staff restaurant income	66,220	57,003
Sundry income	1,142	6,793
	<u>2,667,590</u>	<u>2,409,912</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

5 Accumulated surpluses/(deficits) carried forward	2015 €	2014 €
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)	(90,917)
- 2013	(290,387)	(290,387)
- 2014	(19,972)	(19,972)
- 2015	(253,122)	-
	<u>(20,925)</u>	<u>(274,047)</u>
 6 HSE allocation due	 2015 €	 2014 €
In respect of:		
- prior years	-	(670)
- 2014	199,330	1,602,596
- 2015	1,640,339	-
	<u>1,839,669</u>	<u>1,601,926</u>
 7 Quoted investments	 2015 €	 2014 €
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>252,136</u>
Market value	<u>366,035</u>	<u>352,751</u>
 8 Reconciliation of net expenditure to net cash outflow from operating activities	 2015 €	 2014 €
Net expenditure for year	(17,270,551)	(16,714,695)
Interest included in expenditure	1,494	5,462
Payments from special fund account	(81,777)	(76,585)
Increase in debtors and prepayments	(37,108)	(67,779)
(Decrease)/increase in creditors	(213,244)	(86,224)
Net cash outflow from operating activities	<u>(17,601,186)</u>	<u>(16,939,821)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

9 Investing and financing activities	2015	2014
	€	€
Returns on investment and servicing of finance		
Interest received	9,912	19,172
Interest paid	(1,494)	(5,462)
Investment income	528	431
Rents receivable	200	4,308
	<u>9,146</u>	<u>18,449</u>
Capital expenditure and financial investment		
Expenditure on premises and equipment	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Financing		
Capital grants received	-	-
Revenue grants received (Note 11)	16,779,685	16,730,330
Bequests	303,220	59,972
Voluntary gifts and donations	58,746	24,245
	<u>17,141,651</u>	<u>16,814,547</u>

10 Analysis of the balances of cash as shown in the balance sheets	2015	2014	Change in year
	€	€	€
Bank balances and cash	4,700,170	5,199,307	(499,137)
Patient funds	(463,298)	(512,046)	48,748
	<u>4,236,872</u>	<u>4,687,261</u>	<u>(450,389)</u>

11 Analysis of changes in financing during the year	2015	2014
	€	€
Revenue allocations		
At beginning of year	1,601,926	1,637,533
Allocation for the year	17,017,429	16,694,723
Cash received	(16,779,686)	(16,730,330)
At end of year	<u>1,839,669</u>	<u>1,601,926</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

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.

13 RHD retirement benefits

The majority of the staff employed by Royal Hospital Donnybrook are members of either the Voluntary Hospitals Superannuation Scheme (VHSS) or the Single Public Service Pension Scheme ("the Single Scheme").

The VHSS was established by the Minister for Health in 1969 and the Hospital has administered the scheme, on behalf of the State, in relation to VHSS members who are current or retired staff of the Hospital since this date.

The Hospital has been directed by the Department of Health/HSE to retain the VHSS contributions paid by current Hospital staff and this has been treated as income in line with this direction. On receipt of written authorisation and direction from the HSE, pension entitlements are paid to retired Hospital staff who are members of the VHSS. These pension payments are funded by the deductions retained from current staff and additional HSE revenue grant funding which is periodically adjusted by the HSE to reflect changes in the pension liabilities to be paid and the terms of the scheme.

These financial statements do not include pension liabilities and assets of those staff who are members of the VHSS as required by Financial Reporting Standard 17 "Retirement Benefits" as the Board believes that the funds required to pay current pension liabilities under both schemes, as they arise in the future, will continue to be provided by the State/Department of Health. The Board has arrived at this position having taken into account a range of factors including the precedent set on the closure of certain other healthcare facilities. This issue is similar to that applying in the majority of other publicly funded hospitals.

From 1 January 2013, the VHSS was effectively closed to new members and was superseded by the Single Scheme in line with its introduction across the entire public service. The single scheme is a multiemployer scheme as defined by FRS 17.

14 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 28 April 2016.