

Our Lady's Children's Hospital, Crumlin
(A company limited by guarantee and not having a share capital)

**Directors' report and
Financial Statements**

Year ended 31 December 2015

Registered number:

Our Lady's Children's Hospital, Crumlin

(A company limited by guarantee and not having a share capital)

Directors' report and financial statements

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Our Lady's Children's Hospital, Crumlin

(A company limited by guarantee and not having a share capital)

Directors and other information

Board of directors

Chairman

His Grace, The Most Reverend
Diarmuid Martin, DD, Archbishop of Dublin

Deputy Chairman

Mr. F. Magee

Company Secretary

Ms. P. McDonald

Board Members

Mr. L. Birthistle (*resigned 28 June 2015*)
Mr. J. Byrne
Mr. Con Cronin (*appointed 17 June 2015*)
Mr. D. Devlin
Mr. J. Healy
Ms. G. Hickey
Ms. M. Kelly
Ms. R. Kenna (Director of Nursing)
Sr. A. Kennedy,
Cllr. R. McGinley
Cllr. R. McHugh
Mr. M. O'Rourke
Mr. T. O'Sullivan
Ms Helen Shortt (CEO) (*appointed 27 Oct 2015*)
Dr. M. Smyth
Dr. S. Walsh (Clinical Director)

Registered office

Crumlin, Dublin 12

Auditor

KPMG
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2

Bankers

Allied Irish Banks plc
219 Crumlin Road
Dublin 12

Solicitor

Mason Hayes & Curran
Barrow House
Barrow Street
Dublin 4

Our Lady's Children's Hospital, Crumlin

(A company limited by guarantee and not having a share capital)

Directors' report

The Directors present their annual report and audited financial statements for the year ended 31 December 2015.

Review of the developments of the business

The hospital continued to develop the range of tertiary and secondary paediatric services in co-operation with the Health Service Executive and the Department of Health & Children and seeks to co-ordinate its service provision with other hospitals and health agencies.

Principal risks and uncertainties

The principal risks and uncertainties that the Company faces, are set out below:

- The hospital provides medical services the demand for which may be affected by factors beyond its control.
- As discussed in note 1 to the financial statements the principal financial risk facing the hospital is the absence of certainty in relation to agreement with the Health Service Executive ("HSE") concerning the funding of the deficit carried forward from prior years which largely originated in 2007.
- The hospital has taken all reasonable steps to ensure that all recognised operational risks are appropriately insured against.
- The hospital is subject to stringent regulations in such areas as staff competency and environmental and health and safety matters and has appropriate processes in place to monitor adherence and compliance with all legislation and regulation impacting on its operations.

Results for the year and financial position

The results and financial position for the year ended 31 December 2015 are set out in the income and expenditure account and balance sheet on pages 7 and 8. The cash flow statement of the hospital at 31 December 2015 is set out on page 10.

Directors, secretary and their interests

The current directors of the hospital are shown on page 1.

Going concern

As discussed in more detail in note 1, the directors have given careful consideration to the preparation of the financial statements on a going concern basis. The directors are confident that sufficient revenue allocations will be provided by the HSE in a timely manner to ensure that the hospital continues as a going concern for a period not less than 12 months from the signing of the financial statements.

Audit qualification

We draw your attention to the qualified audit opinion issued by the Board appointed auditor, KPMG, which arises solely from the non-compliance with Financial Reporting Standard (FRS) 102.28 'Employee Benefits'. In common with other publicly funded hospitals and following instruction from the Department of Health, the financial statements do not reflect the accounting or the disclosure requirements in respect of retirement benefits set out in FRS 102.28.

Our Lady's Children's Hospital, Crumlin

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Directors' report (continued)

Staff pension contributions are credited to the income and expenditure account when received; and pension payments are charged to the income and expenditure account when paid. The amount of pension's 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.

No provision has been made in respect of the accrued benefits payable to current or former employees as the Board of Directors has concluded, based on correspondence from the Department of Health, that the funds required in the future to pay current pension liabilities, as they become payable in the future, will be provided by the Department of Health under the Voluntary Hospitals Superannuation Scheme ('VHSS').

The Board believes that 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 accrued to that date by employees of the hospital, nor other disclosure requirements of Financial Reporting Standard (FRS) 102.28 'Employee Benefits', because the Board believes that liability ultimately rests with the Department of Health.

Prompt payments of accounts act, 1997 and European Communities (Late payments in commercial transactions) Regulations 2002

It is the hospital's policy that payments to suppliers are made in accordance with the terms and conditions agreed between the hospital and its suppliers, provided that all trading terms and conditions have been complied with. The directors have put procedures in place which provide reasonable assurance that the hospital is complying in all material respects with the Prompt Payments of Accounts Act, 1997 and European Communities (Late Payments in Commercial Transactions) Regulations 2002. The procedures provide that supplier invoices are paid in the month following the month of approval of the invoice.


Accounting records

The directors believe that they have complied with the requirements of Section 281 to 285 of the Companies Act 2014 with regard to maintaining adequate accounting records. To achieve this, the directors have appointed appropriate accounting personnel who report to the Board in order to ensure that those requirements are complied with. The accounting records are maintained at the company's registered office at Crumlin, Dublin 12.

Auditor

In accordance with Section 383(2) of the Companies Act 2014, the auditor, KPMG, Chartered Accountants, will continue in office.

On behalf of the directors



D. Martin, DD
Chairman



H.Shortt
Chief Executive/Director

25 May 2016

Our Lady's Children's Hospital, Crumlin

(A company limited by guarantee and not having a share capital)

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company and of its profit or loss for that year. In preparing these financial statements, the directors are required to:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether applicable Accounting Standards have been followed; subject to any material departures being disclosed and explained in the non-statutory financial statements; and
- prepared the non-statutory financial statements on the going concern basis as they believe that the company will continue in business.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2014. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. The directors are also responsible for preparing a directors' report that complies with the requirements of the Companies Act 2014.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the directors



D. Martin, DD
Chairman



H. Shortt
Chief Executive/Director

25 May 2016

Independent auditor's report to the members of Our Lady's Children's Hospital, Crumlin

We have audited the financial statements ("financial statements") of Our Lady's Children's Hospital, Crumlin ("the Company") for the year ended 31 December 2015 which comprise the income and expenditure account, the balance sheet, the statement of changes in equity, the cash flow statements and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. Our audit was conducted in accordance with International Standards on Auditing (ISAs) (UK & Ireland).

Opinions and conclusions arising from our audit

1 Our opinion on the financial statements is qualified

In our opinion, except for the effects of the matter described in the Basis for qualified opinion paragraph below, the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2015 and of its surplus for the year then ended;
- have been properly prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for qualified opinion on financial statements

In respect solely of the matters set out in note 13 to the financial statements, the company has not applied FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* in the preparation of the financial statements. As explained in that note, pension deductions from current employees are credited to the income and expenditure account when deducted and pension payments are charged to the income and expenditure account when incurred. The financial statements do not include the pension costs, pension liabilities and related pension assets of staff who are members of the Voluntary Hospitals Superannuation Scheme, as required by FRS 102.28 *Employee Benefits*.

2 Our conclusions on other matters on which we are required to report by the Companies Act 2014 are set out below

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

In our opinion the information given in the Directors' Report is consistent with the financial statements.

3 We have nothing to report in respect of matters on which we are required to report by exception

ISAs (UK & Ireland) require that we report to you if, based on the knowledge we acquired during our audit, we have identified information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In addition, the Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made.

Independent auditor's report to the members of Our Lady's Children's Hospital,
Crumlin *(continued)*

Basis of our report, responsibilities and restrictions on use

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

An audit undertaken in accordance with ISAs (UK & Ireland) involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Whilst an audit conducted in accordance with ISAs (UK & Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of the accounting and reporting.

Our report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Caroline Flynn

for and on behalf of

KPMG

Chartered Accountants, Statutory Audit Firm

1 Stokes Place

St. Stephen's Green

Dublin 2

25 May 2016

Our Lady's Children's Hospital, Crumlin

(A company limited by guarantee and not having a share capital)

Income and expenditure account

for the year ended 31 December 2015

	Note	2015 €	2014 €
Staff costs			
Salaries and pensions	3	116,201,725	109,872,493
Non pay expenditure			
Direct patient care		27,544,880	27,195,221
Support services		8,064,052	8,318,298
Financial and administrative costs		6,226,442	5,094,714
		41,835,374	40,608,233
Depreciation of fixed assets	4	(5,089,959)	(5,464,470)
Amortisation of capital grants	10	5,089,959	5,464,470
Total expenditure for the year		158,037,099	150,480,726
Income			
Services to patients		17,630,821	18,326,581
Cafeteria		263,054	268,815
Miscellaneous		2,245,490	2,126,867
Superannuation income		10,699,113	11,115,886
		30,838,478	31,838,149
Allocation for the year	2	129,153,758	117,281,547
Total income for the year		159,992,236	149,119,696
Surplus /(deficit) for the year	3	1,955,137	(1,361,030)

The income and expenditure in both years arises from continuing operations. There is no other comprehensive income other than those included above, arising in the current or prior years and accordingly, no statement of other comprehensive income is presented.

Our Lady's Children's Hospital, Crumlin
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Balance sheet
as at 31 December 2015

	Note	2015 €	2014 €
Fixed assets			
Tangible fixed assets	4	72,495,296	69,496,925
Current assets			
Stocks	6	2,905,931	2,816,254
Revenue grants due	7	11,395,668	7,862,826
Debtors – patients		5,822,829	7,707,391
Sundry debtors and prepayments		3,670,968	1,532,689
Cash at bank	8	2,795,250	3,874,230
		<u>26,590,646</u>	<u>23,793,390</u>
Current liabilities			
Bank overdraft	8	(6,848,652)	(6,977,112)
Creditors and accrued expenses	9	(27,447,540)	(26,476,961)
		<u>(34,296,192)</u>	<u>(33,454,073)</u>
Net current liabilities		<u>(7,705,546)</u>	<u>(9,660,683)</u>
Total assets less current liabilities		<u>64,789,750</u>	<u>59,836,242</u>
Capital grants	10	(72,198,421)	(69,200,050)
Net liabilities		<u>(7,408,671)</u>	<u>(9,363,808)</u>
Funds employed			
Accumulated deficit		<u>(7,408,671)</u>	<u>(9,363,808)</u>
		<u>(7,408,671)</u>	<u>(9,363,808)</u>

On behalf of the board



D. Martin, DD
 Chairman



H. Shortt,
 Chief Executive/Director

25 May 2016

Our Lady's Children's Hospital, Crumlin
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Statement of changes in equity
for the year ended 31 December 2015

	Accumulated deficit €	Total equity €
Balance at 1 January 2014	(8,002,778)	(8,002,778)
Comprehensive income:		
Deficit for year	(1,361,030)	(1,361,030)
	<hr/>	<hr/>
Total comprehensive income for the year	(1,361,030)	(1,361,030)
	<hr/>	<hr/>
Balance at 31 December 2014	(9,363,808)	(9,363,808)
	<hr/> <hr/>	<hr/> <hr/>
Balance at 1 January 2015	(9,363,808)	(9,363,808)
Comprehensive income:		
Surplus for year	1,955,137	1,955,137
	<hr/>	<hr/>
Total comprehensive income for the year	1,955,137	1,955,137
	<hr/>	<hr/>
Balance at 31 December 2015	(7,408,671)	(7,408,671)
	<hr/> <hr/>	<hr/> <hr/>

Our Lady's Children's Hospital, Crumlin
(A company limited by guarantee and not having a share capital)

Statement of cash flows
for the year ended 31 December 2015

	<i>Note</i>	2015 €	2014 €
Cash flows from operating activities			
Surplus/(deficit) for the year		1,955,137	(1,361,030)
<i>Adjustments for:</i>			
Depreciation	4	5,089,959	5,464,470
Amortisation	10	(5,089,959)	(5,464,470)
Bank interest		9,950	9,133
		<hr/>	<hr/>
		1,965,087	(1,351,897)
(Increase)/decrease in patient debtors		1,884,562	(3,749,391)
(Increase)/decrease in sundry debtors		(2,138,279)	130,422
(Increase)/decrease in revenue grants due	7	(3,532,842)	5,200,522
Increase in stocks	6	(89,677)	(183,920)
Increase/(decrease) in creditors and accrued expenses	8	970,578	(1,395,713)
		<hr/>	<hr/>
The net cash from operating activities		(940,571)	(1,349,977)
Cash flows from investing activities			
Acquisition of tangible fixed assets	4	(8,088,330)	(2,528,500)
Capital grants received	10	8,088,330	2,528,500
		<hr/>	<hr/>
Net cash from investing activities		-	-
Cash flows from financing activities			
Bank interest paid		(9,950)	(9,133)
		<hr/>	<hr/>
Net cash from financing activities		(9,950)	(9,133)
		<hr/>	<hr/>
Net decrease in cash and cash equivalents		(950,521)	(1,359,110)
Cash and cash equivalents at 1 January		(3,102,881)	(1,743,771)
		<hr/>	<hr/>
Cash and cash equivalents at 31 December		(4,053,402)	(3,102,881)
		<hr/> <hr/>	<hr/> <hr/>

Our Lady's Children's Hospital, Crumlin

(A company limited by guarantee and not having a share capital)

Notes

forming part of the financial statements

1 Accounting policies

Our Lady's Children's Hospital Crumlin (the "Company") is a company limited by guarantee and not having a share capital and incorporated and domiciled in Ireland. The Company is a public benefit entity whose primary objective is to provide services for the general public.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The presentation currency of these financial statements is Euro.

In the transition to FRS 102 from old Irish GAAP, the Company has made measurement and recognition adjustments. An explanation of how the transition to FRS 102 has affected financial position and financial performance of the Company is provided in note 15.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 14.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

Our Lady's Children's Hospital Crumlin, ("the Hospital") is primarily funded by means of an annual revenue allocation from the Health Service Executive ("HSE"). At 31 December 2015 the cumulative revenue allocation deficit stood at €7.4 million (2014: €9.4 million). The deficit recorded relates predominantly to legacy issues brought forward. The Hospital has been operating at or near breakeven since 2008, in 2015 an operating surplus of €2 million was achieved. Prior to 2015 the Hospital's annual revenue allocation was decreasing year on year, whilst increasing the level of services provided.

The Directors have endeavoured to ensure that the Hospital operates within the revenue allocations provided by the HSE and have sought to reduce the cumulative revenue allocation deficit through cost reduction measures and increased efficiency without curtailing the quality or level of services offered to its patients. However, to meet the financial obligations of the Hospital, services may have to be curtailed on the basis of appropriate prioritisation. The Directors are currently in discussions with the HSE in connection with the funding of the cumulative revenue allocation deficit and the finalisation of the 2016 revenue allocation to ensure no curtailment of services is required.

The Directors acknowledge that the continued support and funding by the HSE both in relation to the annual revenue allocations and also the funding of the cumulative revenue allocation deficit is critical in ensuring that the Hospital continues as a going concern. In assessing going concern, the Directors have identified that the Hospital may not have sufficient resources to continue as a going concern over the period from the signing of these financial statements until the receipt of the next scheduled revenue allocation in January 2017. However, the Directors are confident that the negotiations with the HSE will be successful and that sufficient revenue allocations will be provided by the HSE in a timely manner to ensure that the Hospital continues as a going concern for a period not less than 12 months from the signing of the financial statements. The financial statements do not include the adjustments that would result if the Hospital was unable to continue as a going concern.

Our Lady's Children's Hospital, Crumlin

(A company limited by guarantee and not having a share capital)

Notes

forming part of the financial statements

1.3 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Land was valued at a valuation supplied by the Department of Health and Children. Buildings are valued based on an external valuation in 2012 with subsequent additions stated at cost. Plant and equipment is stated at cost less accumulated depreciation.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Freehold land is not depreciated. The cost or valuation of other fixed assets is written off using the following methods:

Buildings	2.5% per annum Reducing Balance
Plant and Equipment	Straight Line over expected life of seven years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

The entity assesses at each reporting date whether tangible fixed assets are impaired.

1.5 Stocks

Stocks are stated at the lower cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Our Lady's Children's Hospital, Crumlin

(A company limited by guarantee and not having a share capital)

Notes

forming part of the financial statements

1.6 Employee benefits

Eligible employees are entitled to join the Voluntary Hospitals Superannuation Scheme (VHSS) operated by the Health Service Executive (HSE). The VHSS is an unfunded pay as you go scheme underwritten by the Minister for Health.

Pensions are paid to former employees and charged to the income and expenditure account when paid. Pension contributions from current employees who are members of the VHSS are credited to the income and expenditure account when received.

No provision has been made in respect of the accrued benefits payable to current or former employees. (See note 13).

1.7 Capital grants

Capital grants (including fundraising for fixed assets and revenue grants allocated for the purchase of fixed assets) are credited to the capital grants account when the related expenditure is recorded. Annual transfers to income are made from that account to amortise such grants on the same basis as the related assets.

1.8 Patient income

Income from services to private patients is accounted for on an accruals basis. Other patient income is recognised on a cash receipts basis and included in the income and expenditure account in the year in which it is received.

1.9 Revenue grants

Revenue grants from the Health Service Executive ("HSE") are accounted for on the accruals basis. The deficit arising in any year is accounted for as a first charge on the revenue grant in the succeeding year.

Our Lady's Children's Hospital, Crumlin
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Notes *(continued)*

2 Revenue funding

The HSE Approved Allocation for 2015 was €129,153,758 (2014: €117,281,547).

(a) The Approved Allocation was utilised as follows:	2015 €	2014 €
Purchase of fixed assets	31,137	8,487
Net cost of services	127,939,672	118,629,004
Surplus/(deficit) for the financial year before depreciation	1,182,949	(1,355,944)
	<hr/>	<hr/>
	129,153,758	117,281,547
	<hr/>	<hr/>
(b) Net cost of services:		
Excess of expenditure over income	127,979,809	118,637,491
Less: purchase of fixed assets	(31,137)	(8,487)
	<hr/>	<hr/>
Net cost of services	127,939,672	118,629,004
	<hr/> <hr/>	<hr/> <hr/>

3 Surplus/(deficit) for year before depreciation	2015 €	2014 €
(a) The surplus/(deficit) for the year before depreciation is stated after charging:		
Directors' emoluments – executive salaries	392,675	443,224
Directors' emoluments – non executive directors	-	-
Auditors' remuneration (including VAT)	51,660	51,660
	<hr/>	<hr/>

(b) Staff numbers and costs:

The average number of persons (including executive directors) employed by the company was as set out below:

	2015 Number	2014 Number
Medical	209	197
Nursing and allied	682	677
Para-medical	274	267
GSS and OPCC	230	223
Administration	253	241
	<hr/>	<hr/>
	1,648	1,605
	<hr/> <hr/>	<hr/> <hr/>

Our Lady's Children's Hospital, Crumlin
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Notes *(continued)*

3 Surplus/(deficit) for year before depreciation *(continued)*

The aggregate payroll costs of these persons was:

	2015	2014
	€	€
Wages and salaries	100,266,450	95,989,346
Social insurance costs	8,636,030	8,703,980
Other retirement benefit costs	7,299,245	5,179,167
	<u>116,201,725</u>	<u>109,872,493</u>

4 Fixed assets	Land	Plant and buildings	Equipment	Total
	€	€	€	€
Cost				
At beginning of year	3,806,675	137,749,180	65,619,362	207,175,217
Additions in year	-	4,786,787	3,301,543	8,088,330
	<u>3,806,675</u>	<u>142,535,967</u>	<u>68,920,904</u>	<u>215,263,547</u>
At 31 December 2015	<u>3,806,675</u>	<u>142,535,967</u>	<u>68,920,904</u>	<u>215,263,547</u>
Depreciation				
At beginning of year	-	76,985,064	60,693,228	137,678,292
Charge for year	-	3,198,341	1,891,618	5,089,959
	<u>-</u>	<u>80,183,405</u>	<u>62,584,846</u>	<u>142,768,251</u>
At 31 December 2015	<u>-</u>	<u>80,183,405</u>	<u>62,584,846</u>	<u>142,768,251</u>
Net book value				
At 31 December 2015	<u>3,806,674</u>	<u>62,352,563</u>	<u>6,336,058</u>	<u>72,495,296</u>
At 31 December 2014	<u>3,806,675</u>	<u>60,764,116</u>	<u>4,926,134</u>	<u>69,496,925</u>

During 2012, the Hospital obtained an external valuation of its land and buildings to assist it in its impairment consideration. Based on this report, the Hospital recognised an impairment loss of €38,624,927, €26,233,789 of which was accounted for as a decrease in the revaluation reserve with the remaining €12,391,138 recognised in the income and expenditure account in 2012.

The impairment loss of €38,624,927 is included in accumulated depreciation at 1 January 2015. The directors are satisfied that no further impairment of land and buildings is required at this stage.

Our Lady's Children's Hospital, Crumlin
(A company limited by guarantee and not having a share capital)

Notes *(continued)*

5 Fixed asset additions	Plant and buildings €	Equipment €	Total €
Additions financed by:			
HSE capital grants	2,256,897	1,674,268	3,931,165
HSE revenue allocation	31,137	-	31,337
Children's Medical & Research Foundation	1,527,834	1,195,733	2,723,567
Other charitable donations	970,919	431,542	1,402,461
	<u>4,786,787</u>	<u>3,301,543</u>	<u>8,088,330</u>
6 Stocks		2015 €	2014 €
Pharmacy		510,258	489,910
Medical and surgical appliances		2,296,836	2,223,420
Maintenance		33,915	33,915
Household		29,667	38,865
Kitchen		11,450	11,450
Printing and stationary		23,805	18,694
		<u>2,905,391</u>	<u>2,816,254</u>

The replacement cost of stock does not materially differ from the values set out above.

7 Revenue grants due	2015 €	2014 €
Balance at beginning of year	7,862,826	13,063,348
Funding allocation for the year (note 2)	129,153,758	117,281,547
	<u>137,016,584</u>	<u>130,344,895</u>
Received during the year	(125,620,916)	(122,482,069)
Balance at end of year	<u>11,395,668</u>	<u>7,862,826</u>

Our Lady's Children's Hospital, Crumlin
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Notes *(continued)*

8 Cash and cash equivalents	2015	2014
	€	€
Cash at bank	2,795,250	3,874,231
Bank overdraft	(6,848,652)	(6,977,112)
	<hr/>	<hr/>
Cash and cash equivalents	(4,053,402)	(3,102,881)
	<hr/> <hr/>	<hr/> <hr/>
9 Creditors and accrued expenses	2015	2014
	€	€
Trade creditors and accruals	4,519,569	4,810,120
Accrued pay expenses	5,439,728	4,590,826
PAYE and PRSI	3,135,985	3,047,603
Other pay-related creditors	397,654	375,911
Other creditors and accrued expenses	13,954,604	13,652,501
	<hr/>	<hr/>
	27,447,540	26,476,961
	<hr/> <hr/>	<hr/> <hr/>
10 Capital grants	2015	2014
	€	€
<i>Received and receivable</i>		
At beginning of year	168,407,766	165,879,266
HSE capital grants receivable for year	3,931,165	414,228
Revenue grants (note 2)	31,137	8,487
Other grants receivable	4,126,028	2,105,785
	<hr/>	<hr/>
At end of year	176,496,096	168,407,766
	<hr/> <hr/>	<hr/> <hr/>
<i>Amortisation</i>		
At beginning of year	99,207,716	93,743,246
Amortised in year	5,089,959	5,464,470
	<hr/>	<hr/>
At end of year	104,297,675	99,207,716
	<hr/> <hr/>	<hr/> <hr/>
Net book amount at 31 December	72,198,421	69,200,050
	<hr/> <hr/>	<hr/> <hr/>

Our Lady's Children's Hospital, Crumlin

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Notes (continued)

11 Future commitments

Capital Commitments

At year end the following future capital expenditure commitments had been authorised and not provided for in the financial statements:

	2015 €	2014 €
Contracted for	<u>8,099,289</u>	<u>5,276,477</u>

12 Related party transactions

The Children's Medical Research Foundation is a fundraising body, which assists the work of the Company and the National Children's Research Centre. Fixed asset additions of €2,723,527 (2014: €1,332,874) were funded by the Foundation during the year.

Total compensation of key management personnel (including the directors) in the year amounted to €392,675 (2014: €443,224).

13 Employee benefits

The majority of staff are members of the Voluntary Hospitals Superannuation Scheme ("VHSS"), which is an unfunded, pay-as-you-go scheme underwritten by the Minister for Health. In common with other publicly funded hospitals and following instruction from the Department of Health, the financial statements do not reflect the accounting or the disclosure requirements in respect of retirement benefits set out in Financial Reporting Standard (FRS) 102.28 'Employee Benefits'.

Staff pension contributions are credited to the income and expenditure account when received; and pension payments are charged to the income and expenditure account when paid. The amount of pensions payable in the year amounted to €7.3 million (2014: €5.2 million), and the superannuation deductions from staff totalled € 10.7 million (2014: €11.12 million), as a result the impact of pensions on the outturn for the year can therefore be assessed.

No provision has been made in respect of the accrued benefits payable to current or former employees as the Board of Directors has concluded, based on correspondence from the Department of Health, that the funds required to pay current pension liabilities, as they become payable in the future, will be provided by the Department of Health under the VHSS. The Hospital has concluded that it is not practical to obtain the information required to fully apply FRS 102.28 given the costs and time that would have to be incurred.

Consequently, the Board has concluded that 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 accrued to that date by employees of the hospital, nor other disclosure requirements of the Financial Reporting Standard (FRS) 102.28 *Employee Benefits*, because the Board has concluded, based on correspondence from the Department of Health that liability ultimately rests with the Department of Health.

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Notes (continued)

14 Accounting estimates and judgements

Key sources of estimation uncertainty

The preparation of financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the reported period.

Estimates and judgments are based on historical experience and on other factors that are reasonable under current circumstances. Actual results may differ from these estimates if these assumptions prove to be incorrect or if conditions develop other than as assumed for the purposes of such estimates. The critical areas requiring estimates and judgments by management are those relating to accruals and the bad debt provision.

15 Explanation of transition to FRS 102 from old Irish GAAP

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2015 and the comparative information presented in these financial statements for the year ended 31 December 2014.

In preparing its FRS 102 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (Irish GAAP). An explanation of how the transition from Irish GAAP to FRS 102 has affected the Company's financial position and financial performance is set out in the following tables.

	Note	Deficit for the year ended 31 December 2014 €	Accumulated deficit as at 31 December 2014 €	Accumulated deficit as at 1 January 2014 €
Amount under old GAAP		(1,355,944)	(8,197,660)	(6,841,716)
Recognition of additional holiday pay accrual	(a)	(5,086)	(1,166,148)	(1,161,062)
Amount under FRS 102		(1,361,030)	(9,363,808)	(8,002,778)

- a) Under FRS 102.28 "Employee Benefits", the cost of all employee benefits to which employees have become entitled as a result of services rendered to the entity during the period must be included. This adjustment records the additional holiday pay accrual for the Company of €1,166,148 as at 31 December 2014 as required under FRS 102.28.3.

16 Approval of financial statements

The financial statements were approved by the board on 25 May 2016.

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Schedules to the income and expenditure account

Schedule A – Staff costs	Average number employed		2015	2014
	2015	2014		
Medical	209	197	29,464,904	26,586,831
Nursing and Allied	682	677	42,995,882	42,272,770
Para-Medical	274	267	18,731,473	18,582,617
GSS & OPCC	230	223	5,991,177	5,721,964
Administration	253	241	11,719,044	11,529,145
Pensions			7,299,245	5,179,166
	1,648	1,605	116,201,725	109,872,493

GSS – General Support Services
 OPCC – Other Patient and Client Care

Schedule B – non pay expenditure	2015	2014
	€	€
Direct patient care		
Medicines	7,662,627	8,102,035
Medical and surgical appliances	9,770,512	10,100,282
Blood	3,085,947	3,040,388
Medical gases	250,262	244,481
Medical equipment	452,214	269,767
Pathology	4,516,794	4,181,652
Genetics	1,665,421	1,132,024
Radiology	141,103	124,592
	27,544,880	27,195,221
Support Services		
Medical Equipment Maintenance	1,669,341	1,773,465
Bedding & Clothing	95,473	110,885
Contract Cleaning	1,983,159	1,970,389
Contract Laundry	455,230	415,134
Furniture	38,413	33,099
Provisions	1,058,843	937,761
Maintenance	1,019,837	1,449,805
Energy	1,516,748	1,428,544
Clinical Waste	227,008	199,216
	8,064,052	8,318,298

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Schedules to the income and expenditure account

Financial & administrative costs		
Office expenses	1,471,550	1,352,753
Insurance, legal and finance	1,091,300	1,314,032
Transport	296,345	277,286
Computer	977,470	1,065,992
Staff recruitment and training	292,541	179,666
Sundries	1,491,360	863,087
External Procedures	<u>605,876</u>	<u>41,898</u>
	6,226,442	5,094,714
	<hr/>	<hr/>
Total non-pay expenditure	41,835,374	40,608,233
	<hr/> <hr/>	<hr/> <hr/>