

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

Directors' report and financial statements
for the year ended 31 December 2012

OUR LADY'S CHILDREN'S HOSPITAL, CRUMLIN
(A company limited by guarantee and not having a share capital)

Directors' report and financial statements

<i>Contents</i>	Page
Directors and other information	3
Directors' report	4
Statement of directors' responsibilities	6
Independent auditor's report	7
Income and expenditure account	9
Balance sheet	10
Cashflow statement	11
Notes to the financial statements	12

Appendix 1: Supplementary unaudited information:

Income and expenditure account schedules:

A. Staff Costs	21
B. Non Pay Expenditure	21

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. J. Hennessy
Board Members	Mr. J. Byrne Mr. D. Devlin Mr. J. Healy Ms. G. Hickey Sr. A. Kennedy, DC Ms. M. Kelly Mr. F. Magee Cllr. R. McGinley Cllr. M. O'Sullivan Mr. T. O'Sullivan Mr. P. White Mr. L. Birthistle (Chief Executive Officer) Ms. G. Regan (Director of Nursing) Dr. S. Walsh (Chair of Medical Board)

Company Secretary: Ms. P. McDonald

Registered office: Crumlin,
Dublin 12.

Solicitor: Mason Hayes & Curran incorporating
Arthur O'Hagan,
Barrow House,
Barrow Street,
Dublin 4.

Bankers: Allied Irish Banks plc,
219 Crumlin Road,
Dublin 12.

Auditor: KPMG
Chartered Accountants,
1 Stokes Place
St Stephens Green
Dublin 2

Directors' report

The Directors present their annual report and audited financial statements for the year ended 31 December 2012.

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 cashflows for the year ended 31 December 2012 are set out in the income and expenditure account and cashflow statement on pages 9 and 12. The financial position of the hospital at 31 December 2012 is set out in the balance sheet on page 11.

Directors, secretary and their interests

The current directors of the hospital are shown on page 3. On 23 July 2012, Ms. S. McDonagh SC resigned as director. On 26 September 2012, Mr. J. Greely resigned as a director. On 31 October 2012, Mr. D. Devlin and Ms. G. Hickey were appointed as directors. On 1 September 2012, Mr. L. Birthistle resigned as company secretary and was replaced by Ms. P. McDonald.

Going concern

As discussed in more detail within the basis of preparation on page 13, 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) 17 "Retirement benefits". In common with other publicly funded hospitals and following instruction from the Department of Health, the financial statements do not reflect

Directors' report (*continued*)

the accounting or the disclosure requirements in respect of retirement benefits set out in FRS 17. 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, 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 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 the Financial Reporting Standard 17 "Retirement 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 it 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.

Books of account

The directors believe that they have complied with the requirements of Section 202 of the Companies Act, 1990 with regard to books of account. 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. Those books are maintained at the company's registered office at Crumlin, Dublin 12.

Auditor

During the year, KPMG, Chartered Accountants, were appointed as auditor, and in accordance with Section 160(2) of the Companies Act, 1963 will continue in office.

On behalf of the directors



D. Martin, DD
Chairman



L. Birthistle
Chief Executive/Director

26th August 2013

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and 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 the directors have elected to prepare the company financial statements in accordance with Generally Accepted Accounting Practice in Ireland, comprising applicable law and the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland.

The company's financial statements are required by law to give a true and fair view of the state of affairs of the company and of its profit or loss for that period.

In preparing the financial statements, the directors are required to:

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

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Acts, 1963 to 2012. They are also responsible 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 Acts, 1963 to 2012.

On behalf of the Directors



D. Martin, DD
Chairman



L. Birthistle
Chief Executive/Director



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

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 2012 which comprise the income and expenditure account, the balance sheet, the cashflow statement and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

This report is made solely to the company's members, as a body, in accordance with section 193 of the Companies Act 1990. 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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement on page 6, the directors are responsible for the preparation of the financial statements giving a true and fair view. 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 Ethical Standards for Auditors issued by the Auditing Practices Board.

Scope of the audit of the financial statements

An audit 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 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. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Basis of qualified opinion

In respect solely of the matters set out in note 17 to the financial statements, the company has not applied Generally Accepted Accounting Practice in 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 Financial Reporting Standard 17 'Retirement benefits'.

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

Qualified opinion on financial statements

In our opinion, except for the effects of the matter described in note 17, the financial statements:

- give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the company's affairs as at 31 December 2012 and of its deficit for the year then ended.
- The financial statements have been properly prepared in accordance with the Companies Acts, 1963 to 2012.

Matters on which we are required to report by the Companies Acts, 1963 to 2012

- we have obtained all the information and explanations which we consider necessary for the purposes of our audit;
- the financial statements are in agreement with the books of account and, in our opinion, except in relation to accounting for pension costs, proper books of account have been kept by the company;
- in our opinion the information given in the directors' report is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the provisions in the Companies Acts, 1963 to 2012 which require us to report to you if, in our opinion the disclosures of directors' remuneration and transactions specified by law are not made.



Emer McGrath

for and on behalf of

KPMG

Chartered Accountants, Statutory Audit Firm

1 Stokes Place

St Stephens Green

Dublin 2

26 August 2013

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 2012

	Note	2012 €	2011 €
STAFF COSTS			
Salaries and pensions		112,310,726	112,310,359
NON PAY EXPENDITURE			
Direct patient care		27,116,147	29,546,932
Support services		7,709,099	7,643,710
Financial and administrative costs		4,066,590	3,658,180
		38,891,836	40,848,822
Total expenditure for the year		151,202,562	153,159,181
INCOME			
Services to patients		16,094,575	15,378,262
Cafeteria		329,697	578,659
Miscellaneous		2,462,836	1,606,852
Superannuation income		11,347,863	11,439,063
		30,234,971	29,002,836
Allocation for the year	3	123,964,929	124,323,464
Surplus for year before depreciation	4	2,997,338	167,119
Depreciation of fixed assets	5	(5,616,611)	(5,655,373)
Amortisation of capital grants	10	5,059,950	5,084,439
Impairment loss of fixed assets	5	(12,391,138)	-
Deficit for the year	11	(9,950,461)	(403,815)

The income and expenditure in both years arises from continuing operations.

On behalf of the board



D. Martin, DD
Chairman



L. Birthistle
Chief Executive/Director

OUR LADY'S CHILDREN'S HOSPITAL, CRUMLIN
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Statement of total recognised gains and losses
for the year ended 31 December 2012

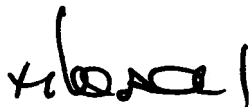
	Note	2012 €'000	2011 €'000
Deficit for the financial year		(9,950,461)	(403,815)
Unrealised deficit on revaluation of fixed assets	11	(26,233,789)	-
Total recognised gains and losses for the year	11	<u>(36,184,250)</u>	<u>(403,815)</u>

OUR LADY'S CHILDREN'S HOSPITAL, CRUMLIN
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Balance sheet
at 31 December 2012

	Note	2012 €	2011 €
FIXED ASSETS			
Tangible fixed assets	5	69,573,314	109,203,076
CURRENT ASSETS			
Stocks	7	2,538,467	2,862,700
Revenue grants due	8	12,070,576	9,173,179
Debtors – patients		2,255,613	5,945,121
Sundry debtors and prepayments		1,017,140	1,352,479
Cash at bank	14	7,790,896	4,129,406
		<u>25,672,692</u>	<u>23,462,885</u>
CURRENT LIABILITIES			
Bank overdraft	14	(8,996,925)	(10,246,857)
Creditors and accrued expenses	9	(24,586,160)	(24,123,759)
		<u>(33,583,085)</u>	<u>(34,370,616)</u>
Net current liabilities		<u>(7,910,393)</u>	<u>(10,907,731)</u>
Total assets less current liabilities		<u>61,662,921</u>	<u>98,295,345</u>
Capital grants	10	(81,667,577)	(82,115,751)
Net (liabilities)/assets		<u>(20,004,656)</u>	<u>16,179,594</u>
FUNDS EMPLOYED			
Revaluation reserve	11	-	26,790,450
Accumulated deficit	11	(20,004,656)	(10,610,856)
		<u>(20,004,656)</u>	<u>16,179,594</u>

On behalf of the board



D. Martin, DD
Chairman



L. Birthistle
Chief Executive/Director

OUR LADY'S CHILDREN'S HOSPITAL, CRUMLIN
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Cashflow statement

For the year ended 31 December 2012

	Note	2012 €	2011 €
Operating activities			
Net cash inflow from operating activities	12	4,920,499	1,634,895
		<hr/>	<hr/>
Financing activities			
Bank interest paid		(9,078)	(1,899)
		<hr/>	<hr/>
Net cash outflow from servicing of finance		(9,078)	(1,899)
		<hr/>	<hr/>
Capital expenditure			
Payments to acquire tangible fixed assets		(4,611,775)	(6,119,945)
Capital grants received		4,611,776	6,119,945
		<hr/>	<hr/>
Net cash outflow from capital expenditure		1	-
		<hr/>	<hr/>
Increase in cash	13	<u>4,911,422</u>	<u>1,632,996</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2012

1. BASIS OF PREPARATION

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 2012 the cumulative revenue allocation deficit stood at €20 million (2011: €10.6 million). In 2012 the Hospital received €3.2m supplementary revenue allocation from the HSE to offset a proportion of the legacy deficit, which primarily arose in 2007 (€9.9 million), 2010 (€1.8 million) and 2012 (€9.95 million). The deficit in 2012 predominantly arises due to the revaluation of the Hospital site, which resulted in an impairment loss of €12,391,138. However, it should be noted that the Hospital has been operating at or near breakeven since 2008, despite the annual decrease in the Hospital's annual revenue allocation, 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, 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 2014. For the Hospital to meet its financial obligations, services on the basis of appropriate prioritisation, may have to be curtailed.

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 2013 revenue allocation to ensure no curtailment of services is required. The directors do 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.

Notwithstanding the deficit for the year of €9.95 million, which arose as a consequence of the impairment charge of €12.4 million recognised on the Hospital's plant and buildings, which is a non-cash expenses, the financial statements have been prepared on a going concern basis as 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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

2. ACCOUNTING POLICIES

(a) **Accounting Convention**

The financial statements are prepared in accordance with generally accepted accounting principles under the historical cost convention, as modified by the revaluation of land and buildings, and comply with financial reporting standards of the Accounting Standards Board, as promulgated by The Institute of Chartered Accountants in Ireland.

(b) **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.

(c) **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.

(d) **Fixed Assets**

Fixed assets are stated at cost less accumulated depreciation and any provision for impairment with the exception of land and buildings. Land was valued at a valuation supplied by the Department of Health and Children. Buildings were valued at insurance reinstatement value in January 1995, in accordance with the Department of Health & Children accounting guidelines issued in June 1991, with subsequent additions stated at cost. Plant and equipment is stated at cost less accumulated depreciation.

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

A transfer is made each year from the revaluation reserve to the accumulated surplus/(deficit) account of an amount equal to the difference between depreciation for the year calculated on the basis of the historical cost of fixed assets and the actual depreciation charge based on the revalued amounts in respect of those fixed assets.

Provision is also made for any impairment of tangible fixed assets.

(e) **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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

2. ACCOUNTING POLICIES (Continued)

(f) **Stocks**

Stocks which are comprised of consumable stocks are valued at the lower of cost and net realisable value after making due allowance for any obsolete or slow moving items.

(g) **Pensions**

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 17)

3. REVENUE FUNDING

The HSE Approved Allocation for 2012 was €123,964,929 (2011: €124,323,464).

<i>(a)</i>	The Approved Allocation was utilised as follows:	2012	2011
		€	€
	Purchase of fixed assets	120,948	256,181
	Net cost of services	120,846,643	123,900,164
	Surplus for the financial year before depreciation	2,997,338	167,119
		<hr/>	<hr/>
		123,964,929	124,323,464
		<hr/>	<hr/>
<i>(b)</i>	Net cost of services:		
	Excess of expenditure over income	120,967,591	124,156,344
	Less: purchase of fixed assets	(120,948)	(256,181)
		<hr/>	<hr/>
	Net cost of services	120,846,643	123,900,164
		<hr/>	<hr/>

OUR LADY'S CHILDREN'S HOSPITAL, CRUMLIN
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SURPLUS FOR YEAR BEFORE DEPRECIATION

The surplus for the year before depreciation is stated after charging:

	2012	2011
	€	€
Directors' emoluments – executive salaries	487,635	488,596
Directors' emoluments – non executive directors	-	-
Auditors' remuneration (including VAT)	51,660	59,895
	<u>489,295</u>	<u>548,491</u>

5. FIXED ASSETS

	Land	Plant and Buildings	Equipment	Total
	€	€	€	€
Cost or Valuation				
At beginning of year	3,806,675	126,345,325	60,885,389	191,037,389
Additions in year	-	3,198,984	1,412,792	4,611,776
At 31 December 2012	<u>3,806,675</u>	<u>129,544,309</u>	<u>62,298,181</u>	<u>195,649,165</u>
Cost	-	88,023,811	62,298,181	150,321,992
Valuation	3,806,675	41,520,498	-	45,327,173
At 31 December 2012	<u>3,806,675</u>	<u>129,544,309</u>	<u>62,298,181</u>	<u>195,649,165</u>
Depreciation				
At beginning of year	-	29,443,258	52,391,055	81,834,313
Charge for year	-	2,488,215	3,128,396	5,616,611
Impairment loss for year	-	38,624,927	-	38,624,927
At 31 December 2012	<u>-</u>	<u>70,556,400</u>	<u>55,519,451</u>	<u>126,075,851</u>
Net book amount				
At 31 December 2012	<u>3,806,675</u>	<u>58,987,909</u>	<u>6,778,730</u>	<u>69,573,314</u>
At 31 December 2011	<u>3,806,675</u>	<u>96,902,067</u>	<u>8,494,334</u>	<u>109,203,076</u>

The Hospital's buildings were revalued at 1 January 1995, at Insurance Reinstatement Value in accordance with the Department of Health and Children accounting guidelines issued in June 1991. Land was revalued at 31 December 1991 at a valuation supplied by the Department of Health and Children. The Aggregate

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. **FIXED ASSETS (Continued)**

depreciation determined on the cost of buildings at the year end was €19,988,452 before impairment losses.

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. The directors are satisfied that no further impairment of land and buildings is required at this stage.

6. **FIXED ASSET ADDITIONS**

	Plant and Buildings	Equipment	Total
	€	€	€
Additions financed by:			
HSE capital grants	85,332	169,682	255,014
HSE revenue allocation	89,158	31,790	120,948
Children's Medical & Research Foundation	2,946,526	1,143,562	4,090,088
Other charitable donations	77,968	67,758	145,726
	<u>3,198,984</u>	<u>1,412,792</u>	<u>4,611,776</u>

7. **STOCKS**

	2012	2011
	€	€
Pharmacy	455,869	490,508
Medical and Surgical Appliances	1,991,260	2,276,568
Maintenance	33,915	33,902
Household	23,100	22,971
Kitchen	11,450	10,905
Printing and Stationary	22,873	27,846
	<u>2,538,467</u>	<u>2,862,700</u>

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

OUR LADY'S CHILDREN'S HOSPITAL, CRUMLIN
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8.	REVENUE GRANTS DUE	2012 €	2011 €
	Balance at beginning of year	9,173,179	9,446,700
	Funding allocation for the year (note 3)	123,964,929	124,323,464
		133,138,108	133,770,164
	Received during the year	(121,067,532)	(124,596,985)
		12,070,576	9,173,179
		12,070,576	9,173,179
9.	CREDITORS AND ACCRUED EXPENSES	2012 €	2011 €
	Trade Creditors and accruals	2,098,807	1,987,007
	Accrued pay expenses	4,702,332	4,723,800
	PAYE and PRSI	3,080,675	2,841,131
	Other pay-related creditors	326,932	337,168
	Other creditors and accrued expenses	14,377,414	14,234,653
		24,586,160	24,123,759
		24,586,160	24,123,759
10.	CAPITAL GRANTS	2012 €	2011 €
	Received and receivable		
	At beginning of year	152,269,938	146,149,993
	HSE capital grants receivable for year	255,014	2,758,819
	Revenue grants (note 3)	120,948	256,181
	Other grants receivable	4,235,814	3,104,945
		156,881,714	152,269,938
	Amortisation		
	At beginning of year	70,154,187	65,069,748
	Amortised in year	5,059,950	5,084,439
		75,214,137	70,154,187
	Net book amount at 31 December	81,667,577	82,115,751

OUR LADY'S CHILDREN'S HOSPITAL, CRUMLIN
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. RECONCILIATION OF MOVEMENTS IN RESERVES

	Accumulated deficit €	Revaluation reserve €	Total €
At beginning of year	(10,610,856)	26,790,450	16,179,594
Deficit for the year	(9,950,461)	-	(9,950,461)
Transfer to accumulated deficit	556,661	(556,661)	-
Net deficit on revaluation of properties	-	(26,233,789)	(26,233,789)
At end of year	(20,004,656)	-	(20,004,656)

During 2012, an impairment loss of €38,624,927 was recognised on the plant and buildings, €26,233,789 of this was accounted for as a decrease in the revaluation reserve with the remaining €12,391,138 recognised in the income and expenditure account. This resulted in a deficit for the year of €9,950,461.

Prior to the impairment loss, for the year ended 31 December 2012, the Hospital recorded a surplus of €2,440,677. This would have resulted in a reduction in the accumulated deficit in the year, bringing this to €8,726,840 at 31st December 2012. However, the combination of the historical accumulated deficit and the impairment loss in the year has resulted in an overall accumulated deficit of €20,004,656 at year end.

12. RECONCILIATION OF SURPLUS/(DEFICIT) FOR THE YEAR TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2012 €	2011 €
Deficit for year	(9,950,461)	(403,815)
Depreciation	5,616,611	5,655,373
Amortisation	(5,059,950)	(5,084,439)
Impairment	12,391,138	-
Bank interest	9,078	1,898
Decrease in stock	324,233	20,836
(Increase)/decrease in revenue grants due	(2,897,397)	273,521
Decrease/(increase) in patient debtors	3,689,507	(3,630,151)
Decrease in sundry debtors	335,339	440,201
Increase in creditors and accrued expenses	462,401	4,361,471
Net cash inflow from operating activities	4,920,499	1,634,895

OUR LADY'S CHILDREN'S HOSPITAL, CRUMLIN
(A company limited by guarantee and not having a share capital)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13.	RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT	2012 €	2011 €
	Net debt at beginning of year	(6,117,451)	(7,750,447)
	Increase in cash	4,911,422	1,632,996
	Net debt at end of year	<u>(1,206,029)</u>	<u>(6,117,451)</u>

14.	ANALYSIS OF CHANGES IN NET DEBT	At 31/12/2011 €	Cash Flows €	At 31/12/2012 €
	Cash at bank	4,129,406	3,661,490	7,790,896
	Bank overdraft	(10,246,857)	1,249,932	(8,996,925)
		<u>(6,117,451)</u>	<u>4,911,422</u>	<u>(1,206,029)</u>

15. FUTURE COMMITMENTS

Capital Commitments

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

	2012 €	2011 €
Contracted for	<u>5,437,000</u>	<u>8,003,000</u>

16. RELATED PARTY TRANSACTIONS

Lorcan Birthistle, Chief Executive and director of Our Lady's Children's Hospital, Crumlin ("the Company"), is also a director of The Children's Medical and Research Foundation which is a fundraising body, which assists the work of the Company and the National Children's Research Centre. Fixed asset additions of €4,090,088 (2011: €2,900,096) were funded by The Children's Medical and Research Foundation. At 31 December 2012, an amount of €1,851,911 (2011: €1,483,258) representing advances of capital project funding was due to The Children's Medical and Research Foundation.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

17 PENSIONS

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 17 'Retirement 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 €6.1 million (2011: €5.9 million), and the superannuation deductions from staff totalled €11.3 million (2011: €11.4 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 17 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 17 "Retirement Benefits", because the Board has concluded, based on correspondence from the Department of Health that liability ultimately rests with the Department of Health.

18. APPROVAL OF FINANCIAL STATEMENTS

The directors approved the financial statements and authorised them for issue on 26th August 2013.

THE FOLLOWING UNAUDITED INFORMATION
DOES NOT FORM PART OF THE
STATUTORY FINANCIAL STATEMENTS

OUR LADY'S CHILDREN'S HOSPITAL, CRUMLIN
(A company limited by guarantee and not having a share capital)

SCHEDULES TO THE INCOME AND EXPENDITURE ACCOUNT
For the Year Ended 31 December 2012

SCHEDULE A – STAFF COSTS	Average Numbers		2012	2011
	Employed			
	2012	2011	€	€
Medical	186	177	28,450,219	26,668,073
Nursing and Allied	697	700	42,595,446	43,379,962
Para-Medical	276	275	19,020,765	19,260,832
GSS & OPCC	237	250	4,756,812	5,552,286
Administration	218	206	11,385,850	11,551,742
Pensions	-	-	6,101,634	5,897,464
	<u>1,614</u>	<u>1,608</u>	<u>112,310,726</u>	<u>112,310,359</u>

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

SCHEDULE B – NON PAY EXPENDITURE	2012	2011
	€	€
DIRECT PATIENT CARE		
Medicines	6,995,447	7,387,811
Medical and Surgical Appliances	9,508,599	9,897,614
Blood	4,047,558	5,763,099
Medical Gases	225,913	223,871
Medical Equipment	309,505	402,285
Pathology	4,218,074	4,257,781
Genetics	1,619,376	1,376,115
Radiology	191,675	238,356
	<u>27,116,147</u>	<u>29,546,932</u>
SUPPORT SERVICES		
Provisions	917,442	929,275
Energy	1,479,628	1,326,844
Laundry and Cleaning	2,212,107	2,361,908
Furniture	9,759	9,802
Bedding and Clothing	86,554	117,841
Maintenance and Security	2,796,376	2,898,040
Clinical waste*	207,233	
	<u>7,709,099</u>	<u>7,643,710</u>

OUR LADY'S CHILDREN'S HOSPITAL, CRUMLIN
(A company limited by guarantee and not having a share capital)

SCHEDULES TO THE INCOME AND EXPENDITURE ACCOUNT
For the Year Ended 31 December 2012 (Continued)

SCHEDULE B – NON PAY EXPENDITURE (Continued)	2012	2011
	€	€
FINANCIAL & ADMINISTRATIVE COSTS		
Office Expenses	1,026,305	1,060,157
Insurance, Legal and Finance	851,536	340,698
Transport	369,149	370,363
Computer	899,392	746,533
Staff Recruitment and Training	81,624	93,909
Sundries*	838,584	1,046,520
	<hr/>	<hr/>
	4,066,590	3,658,180
	<hr/>	<hr/>
TOTAL NON-PAY EXPENDITURE	38,891,836	40,848,822
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*A reclassification of clinical waste expenses from Financial & Administration Costs to Support Services has been recognised in the 2012 figures.