

**The Royal Hospital Donnybrook**

**Financial Statements**

**Year Ended 31 December 2013**

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

We have audited the financial statements of The Royal Hospital Donnybrook for the year ended 31 December 2013 which comprise the Ordinary Income and Expenditure Account, the Ordinary Balance Sheet, the Special Fund Account, the Special Fund Balance Sheet, the Cash Flow Statement, the Accounting Policies and the related notes. The financial reporting framework that has been applied in the preparation of these financial statements is accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

### **Respective responsibilities of Board of Management and auditors**

As explained more fully in the statement of responsibilities of the Board of Management set out on page XI, the Board of Management 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 International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinion, has been prepared for and only for the Board of Management 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 including without limitation under any contractual obligations of the Hospital, save where expressly agreed by our prior consent in writing.

### **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 Hospital's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board of Management; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the financial statements 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.

### **Basis for adverse opinion on financial statements**

As more fully explained in note 13 to the financial statements, the financial statements do not include the pension costs, pension liabilities and pension assets of those staff who are members of the Voluntary Hospitals Superannuation Scheme, as required by Financial Reporting Standard 17 "Retirement Benefits". It is not practicable to quantify the financial effects of this misstatement.

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

**Adverse opinion on financial statements**

In our opinion, because of the significance of the matter described in the Basis for adverse opinion paragraph, the financial statements do not give a true and fair view in accordance with Generally Accepted Practice in Ireland of the state of the Hospital's affairs as at 31 December 2013 and of its deficit and cash flows for the year then ended.

**PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
Dublin**

**24 April 2014**

## 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 2013**

	2013 €	2012 €
<b>Ordinary expenditure</b>		
Pay expenditure	15,025,317	15,677,387
Non-pay expenditure	<u>4,696,850</u>	<u>4,757,651</u>
	19,722,167	20,435,038
Ordinary income	<u>2,195,331</u>	<u>2,165,542</u>
<b>Net expenditure for year</b>	17,526,836	18,269,496
Allocation from HSE towards net expenditure for year	<u>17,236,449</u>	<u>18,178,579</u>
<b>(Deficit) for year</b>	(290,387)	(90,917)
Accumulated surplus brought forward	<u>584,406</u>	<u>675,323</u>
<b>Accumulated surplus carried forward</b>	<u>294,019</u>	<u>584,406</u>

**On behalf of the Board of Management**

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Chairman - J Kelly

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Treasurer - M Forde

**ORDINARY BALANCE SHEET**  
**31 December 2013**

	2013 €	2012 €
<b>Ordinary assets</b>		
Allocations due - Revenue	1,637,533	1,604,382
- Capital	(49,016)	114,107
Debtors and prepayments	164,332	201,189
Bank balances and cash	<u>1,567,566</u>	<u>1,601,119</u>
	<u>3,320,415</u>	<u>3,520,797</u>
<b>Ordinary liabilities</b>		
Creditors and accrued expenses	(2,394,903)	(2,234,721)
Patient Funds	<u>(631,493)</u>	<u>(701,670)</u>
	<u>(3,026,396)</u>	<u>(2,936,391)</u>
	<u>294,019</u>	<u>584,406</u>
<b>Represented by:</b>		
Accumulated surpluses carried forward	<u>294,019</u>	<u>584,406</u>

**On behalf of the Board of Management**

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 Chairman - J Kelly

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 Treasurer - M Forde

**SPECIAL FUND ACCOUNT**  
**Year Ended 31 December 2013**

	2013 €	2012 €
<b>Income</b>		
Investment income	393	7,040
Gain on sale of investments	-	103,122
Rents receivable	338	1,334
Voluntary gifts and donations	20,683	18,697
Deposit interest	28,353	43,820
Bequests	414,826	341,539
	<u>464,593</u>	<u>515,552</u>
<b>Expenditure</b>		
Provision to reduce cost of quoted investments to market value	-	179,817
Other payments	206,100	5,493
	<u>206,100</u>	<u>185,310</u>
<b>Income less expenditure</b>	258,493	330,242
<b>Balance at beginning of year</b>	<u>3,847,086</u>	<u>3,516,844</u>
<b>Balance at end of year</b>	<u>4,105,579</u>	<u>3,847,086</u>

**On behalf of the Board of Management**

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Chairman - J Kelly

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Treasurer - M Forde

**SPECIAL FUND BALANCE SHEET**  
**31 December 2013**

	2013 €	2012 €
<b>Special fund assets</b>		
Quoted investments	252,136	252,136
Debtors and prepayments	9,251	9,251
Bank balances and cash	<u>3,858,013</u>	<u>3,585,699</u>
	<u>4,119,400</u>	<u>3,847,086</u>
<b>Special fund liabilities</b>		
Creditors and accrued expenses	<u>(13,821)</u>	<u>-</u>
	<u>4,105,579</u>	<u>3,847,086</u>
<b>Represented by:</b>		
Special funds	<u>4,105,579</u>	<u>3,847,086</u>

**On behalf of the Board of Management**

\_\_\_\_\_  
Chairman - J Kelly

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Treasurer - M Forde

**CASH FLOW STATEMENT**  
**Year Ended 31 December 2013**

	Notes	2013 €	2012 €
Net cash outflow from operating activities	8	(17,514,653)	(18,793,881)
Returns on investments and servicing of finance	9	21,662	41,974
Capital expenditure	9	<u>-</u>	<u>-</u>
<b>Net cash outflow before financing</b>		(17,492,991)	(18,751,907)
Financing	9	<u>17,801,929</u>	<u>18,837,908</u>
<b>Net cash inflow</b>		<u>308,938</u>	<u>86,001</u>
<b>Increase in cash</b>	10	<u>308,938</u>	<u>86,001</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Statement of responsibilities of the Board of Management

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

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

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

<b>2 Pay expenditure</b>	2013 €	2012 €
Administration	777,684	832,726
Medical	352,638	446,689
Nursing	9,272,771	9,691,033
Allied health	2,030,112	2,005,007
Support services	1,106,795	1,101,800
Maintenance	189,266	182,734
Pensions payable	<u>1,296,051</u>	<u>1,417,398</u>
	<u>15,025,317</u>	<u>15,677,387</u>

#### Superannuation administration

In 2013 pension payments were more than superannuation deductions by €47,964 (2012:pension payments were more than superannuation deductions by €104,424), as follows:

	2013 €	2012 €
Pensions payable		
- once off payments on retirement	(128,764)	(42,296)
- ongoing pension payments	<u>(1,167,287)</u>	<u>(1,375,102)</u>
	<u>(1,296,051)</u>	<u>(1,417,398)</u>
Superannuation deductions	<u>1,248,087</u>	<u>1,312,974</u>
Pension (deficit) for the year	<u>(47,964)</u>	<u>(104,424)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

<b>3 Non-pay expenditure</b>	2013 €	2012 €
Drugs and medicines	469,640	501,973
Blood and blood products	2,126	4,748
Medical gases	50,846	26,512
Medical and surgical supplies	372,555	551,967
Medical equipment	260,565	13,222
Food and catering fees	1,107,326	1,074,344
Catering equipment	39,862	51,904
Furniture, crockery and hardware	27,939	60,398
Heat, light and power	403,094	369,173
Laundry equipment	-	2,038
Cleaning and washing	565,970	595,493
Maintenance and renovations	220,556	206,666
Bedding and clothing	8,229	10,923
Education and training	46,348	-
Farm and grounds	76,637	75,214
Transport and travelling	4,348	10,722
Transport of patients	23,197	20,367
Bank interest and charges	7,422	10,220
Insurances, audit, legal and other professional costs	130,957	146,247
Other professional services	124,802	221,052
Office equipment	43,793	52,343
Computer equipment	99,280	68,468
Other services cost	262,506	274,375
Office expenses	137,862	36,585
Sundries	210,990	372,697
	<u>4,696,850</u>	<u>4,757,651</u>
<b>4 Ordinary income</b>	2013 €	2012 €
Patient maintenance	866,312	706,531
Superannuation deductions	1,248,087	1,312,974
Staff restaurant income	66,993	82,156
Sundry income	13,939	63,881
	<u>2,195,331</u>	<u>2,165,542</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

<b>5 Accumulated surpluses/(deficits) carried forward</b>	2013	2012
	€	€
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	<u>(290,387)</u>	<u>-</u>
	<u>294,019</u>	<u>584,406</u>
<b>6 Revenue grants due</b>	2013	2012
	€	€
In respect of:		
- prior years	(670)	(668)
- 2011	-	-
- 2012	-	1,605,050
- 2013	<u>1,638,203</u>	<u>-</u>
	<u>1,637,533</u>	<u>1,604,382</u>
<b>7 Quoted investments</b>	2013	2012
	€	€
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>296,566</u>	<u>264,104</u>
<b>8 Reconciliation of net expenditure to net cash outflow from operating activities</b>	2013	2012
	€	€
Net expenditure for year	(17,526,836)	(18,269,496)
Interest included in expenditure	7,422	10,220
Payments from special fund account	(206,100)	(5,493)
Decrease in debtors and prepayments	36,857	76,899
Increase/(decrease) in creditors	<u>174,004</u>	<u>(606,011)</u>
Net cash outflow from operating activities	<u>(17,514,653)</u>	<u>(18,793,881)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

<b>9 Investing and financing activities</b>	2013	2012
	€	€
<b>Returns on investment and servicing of finance</b>		
Interest received	28,353	43,820
Interest paid	(7,422)	(10,220)
Investment income	393	7,040
Rents receivable	338	1,334
	<u>21,662</u>	<u>41,974</u>
<b>Capital expenditure and financial investment</b>		
Expenditure on premises and equipment	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
<b>Financing</b>		
Capital grants received	163,122	-
Revenue grants received (Note 11)	17,203,298	18,477,672
Bequests	414,826	341,539
Voluntary gifts and donations	20,683	18,697
	<u>17,801,929</u>	<u>18,837,908</u>

<b>10 Analysis of the balances of cash as shown in the balance sheets</b>	2013	2012	Change in year
	€	€	€
Bank balances and cash	5,425,579	5,186,818	238,761
Patient funds	<u>(631,493)</u>	<u>(701,670)</u>	<u>70,177</u>
	<u>4,794,086</u>	<u>4,485,148</u>	<u>308,938</u>

<b>11 Analysis of changes in financing during the year</b>	2013	2012
	€	€
<b>Revenue allocations</b>		
At beginning of year	1,604,382	1,903,475
Allocation for the year	17,236,449	18,178,579
Cash received	<u>(17,203,298)</u>	<u>(18,477,672)</u>
At end of year	<u>1,637,533</u>	<u>1,604,382</u>

**12 Premises**

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

## NOTES TO THE FINANCIAL STATEMENTS - continued

### 13 Retirement benefits

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

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

### 14 Subsequent events

Since the year end the Hospital has been advised by the HSE that the 2014 allocation is likely to be reduced compared to 2013 and the Hospital is taking measures to reduce costs as necessary to ensure that it operates within its allocation.

### 15 Related parties

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

### 15 Approval of financial statements

The Board of Management approved the financial statements on 24 April 2014.