

**SIGNED
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The Royal Hospital Donnybrook

Financial Statements

Year Ended 31 December 2016

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

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

Respective responsibilities of the Board of Management and auditors

The Board of Management's responsibilities for the preparation of the financial statements in accordance with the accounting policies are set out on page X. Our responsibility is to audit the financial statements in accordance with relevant regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Hospital's Governors as a body and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements have been properly prepared in accordance with the accounting policies in all material respects and present the state of affairs and results of the Hospital in accordance therewith. We state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit and whether the financial statements are in agreement with the books of account. We also report to you our opinion as to whether the Hospital has kept proper books of account.

Basis of opinion

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

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

Opinion

In our opinion, the financial statements have been properly prepared in all material respects in accordance with the accounting policies and present the state of affairs of The Royal Hospital, Donnybrook at 31 December 2016 and its surplus and cash flows for the year then ended in accordance therewith.

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

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Dublin
31 May 2017

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 2016

| | Note | 2016 € | 2015 € |
|--|------|-------------------|-------------------|
| Ordinary expenditure | | | |
| Pay expenditure | 2 | 16,175,201 | 15,532,690 |
| Non-pay expenditure | 3 | <u>4,379,636</u> | <u>4,405,451</u> |
| | | 20,554,837 | 19,938,141 |
| Ordinary income | 4 | <u>2,657,882</u> | <u>2,667,590</u> |
| Net expenditure for year | | 17,896,955 | 17,270,551 |
| Allocation from HSE towards net expenditure for year | | <u>17,961,302</u> | <u>17,017,429</u> |
| Surplus/(deficit) for year | | 64,347 | (253,121) |
| Accumulated surplus brought forward | | <u>20,925</u> | <u>274,047</u> |
| Accumulated surplus carried forward | | <u>85,272</u> | <u>20,925</u> |

On behalf of the Board of Management

Jerry Kelly



Robin Simpson



ORDINARY BALANCE SHEET
31 December 2016

| | Notes | 2016 € | 2015 € |
|---------------------------------------|-------|--------------------|--------------------|
| Ordinary assets | | | |
| Allocations due - Revenue | 6 | 1,736,831 | 1,839,669 |
| - Capital | | - | (49,016) |
| Debtors and prepayments | | 190,166 | 253,411 |
| Bank balances and cash | | 730,063 | 528,228 |
| | | <u>2,657,060</u> | <u>2,572,292</u> |
| Ordinary liabilities | | | |
| Creditors and accrued expenses | | (2,141,242) | (2,088,069) |
| Patient Funds | | (430,546) | (463,298) |
| | | <u>(2,571,788)</u> | <u>(2,551,367)</u> |
| | | <u>85,272</u> | <u>20,925</u> |
| Represented by: | | | |
| Accumulated surpluses carried forward | 5 | <u>85,272</u> | <u>20,925</u> |

On behalf of the Board of Management

Jerry Kelly



Robin Simpson



SPECIAL FUND ACCOUNT
Year Ended 31 December 2016

| | 2016 € | 2015 € |
|-------------------------------------|------------------|------------------|
| Income | | |
| Investment income | - | 528 |
| Rents receivable | 14,402 | 200 |
| Voluntary gifts and donations | 47,035 | 58,746 |
| Deposit interest | 2,958 | 9,912 |
| Bequests | 81,247 | 303,220 |
| | <u>145,642</u> | <u>372,606</u> |
| Expenditure | | |
| Other payments | <u>158,459</u> | <u>81,777</u> |
| | 158,459 | 81,777 |
| Income less expenditure | (12,817) | 290,829 |
| Balance at beginning of year | <u>4,427,951</u> | <u>4,137,122</u> |
| Balance at end of year | <u>4,415,134</u> | <u>4,427,951</u> |

On behalf of the Board of Management

Jerry Kelly



Robin Simpson



SPECIAL FUND BALANCE SHEET
31 December 2016

| | Note | 2016 € | 2015 € |
|---------------------------------|------|------------------|------------------|
| Special fund assets | | | |
| Quoted investments | 7 | 252,136 | 252,136 |
| Debtors and prepayments | | 30,047 | 25,060 |
| Bank balances and cash | | <u>4,143,813</u> | <u>4,171,942</u> |
| | | <u>4,425,996</u> | <u>4,449,138</u> |
| Special fund liabilities | | | |
| Creditors and accrued expenses | | <u>(10,862)</u> | <u>(21,187)</u> |
| | | <u>4,415,134</u> | <u>4,427,951</u> |
| Represented by: | | | |
| Special funds | | <u>4,415,134</u> | <u>4,427,951</u> |

On behalf of the Board of Management

Jerry Kelly 

Robin Simpson 

CASH FLOW STATEMENT
Year Ended 31 December 2016

| | Notes | 2016 € | 2015 € |
|---|-------|-------------------|-------------------|
| Net cash outflow from operating activities | 8 | (17,951,424) | (17,601,186) |
| Returns on investments and servicing of finance | 9 | 14,476 | 9,146 |
| Capital expenditure | 9 | <u>-</u> | <u>-</u> |
| Net cash outflow before financing | | (17,936,948) | (17,592,040) |
| Financing | 9 | <u>18,143,406</u> | <u>17,141,651</u> |
| Net cash inflow/(outflow) | | <u>206,458</u> | <u>(450,389)</u> |
| Increase/(decrease) in cash | 10 | <u>206,458</u> | <u>(450,389)</u> |

NOTES TO THE FINANCIAL STATEMENTS

1 Statement of responsibilities of the Board of Management

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

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

The Board of Management is responsible for keeping proper books of account which enable it to ensure that the financial statements are prepared in accordance with the accounting policies adopted by the Hospital. The Board of Management is also responsible for safeguarding the assets of the hospital and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

| 2 Pay expenditure | 2016 | 2015 |
|--------------------------|-------------------|-------------------|
| | € | € |
| Administration | 877,161 | 798,063 |
| Medical | 381,707 | 314,799 |
| Nursing | 6,174,755 | 5,902,132 |
| Allied health | 2,073,129 | 2,052,510 |
| Support services | 5,034,900 | 5,056,515 |
| Maintenance | 176,833 | 177,067 |
| Pensions payable | 1,456,716 | 1,231,604 |
| | <u>16,175,201</u> | <u>15,532,690</u> |

Superannuation administration

In 2016 pension payments exceeded superannuation deductions by €406,077 (2015: €19,034), as follows:

| | 2016 | 2015 |
|-----------------------------------|--------------------|--------------------|
| | € | € |
| Pensions payable | | |
| - once off payments on retirement | (212,966) | (42,305) |
| - ongoing pension payments | (1,243,750) | (1,189,299) |
| | <u>(1,456,716)</u> | <u>(1,231,604)</u> |
| Superannuation deductions | 1,050,639 | 1,212,570 |
| Pension (deficit) for the year | <u>(406,077)</u> | <u>(19,034)</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued

| 3 Non-pay expenditure | 2016 | 2015 |
|---|------------------|------------------|
| | € | € |
| Drugs and medicines | 474,788 | 551,743 |
| Blood and blood products | - | 76 |
| Medical gases | 32,964 | 26,830 |
| Medical and surgical supplies | 404,895 | 414,749 |
| Medical equipment | 214,428 | 195,246 |
| Food and catering fees | 1,013,527 | 967,373 |
| Catering equipment | 7,319 | 6,850 |
| Furniture, crockery and hardware | 19,072 | 26,752 |
| Heat, light and power | 355,107 | 402,311 |
| Cleaning and washing | 613,777 | 595,364 |
| Maintenance and renovations | 163,983 | 118,424 |
| Bedding and clothing | 8,502 | 11,076 |
| Education and training | 43,490 | 45,741 |
| Farm and grounds | 34,319 | 55,650 |
| Transport and travelling | 4,475 | 3,307 |
| Transport of patients | 16,901 | 19,212 |
| Bank interest and charges | 2,883 | 1,494 |
| Insurances, audit, legal and other professional costs | 106,406 | 121,675 |
| Other professional services | 168,627 | 171,756 |
| Office expenses | 29,695 | 40,923 |
| Computer equipment | 73,717 | 67,085 |
| Other services cost | 262,212 | 249,257 |
| Office equipment | 125,715 | 131,663 |
| Sundries | 202,593 | 180,840 |
| Bad debts | 241 | 54 |
| | <u>4,379,636</u> | <u>4,405,451</u> |
| | | |
| 4 Ordinary income | 2016 | 2015 |
| | € | € |
| Patient maintenance | 1,238,867 | 1,387,658 |
| Superannuation deductions | 1,050,639 | 1,212,570 |
| Staff restaurant income | 68,103 | 66,220 |
| Sundry income | 300,273 | 1,142 |
| | <u>2,657,882</u> | <u>2,667,590</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued

| | | |
|---|---------------------|---------------------|
| 5 Accumulated surpluses/(deficits) carried forward | 2016 | 2015 |
| | € | € |
| In respect of prior years: | | |
| - 1999 | 3,566 | 3,566 |
| - 2000 | 112,009 | 112,009 |
| - 2001 | (103,415) | (103,415) |
| - 2002 | 90,580 | 90,580 |
| - 2003 | 9,193 | 9,193 |
| - 2004 | 17,391 | 17,391 |
| - 2005 | 8,760 | 8,760 |
| - 2006 | (3,250) | (3,250) |
| - 2007 | (13,909) | (13,909) |
| - 2008 | 543 | 543 |
| - 2009 | (14,668) | (14,668) |
| - 2010 | 232,158 | 232,158 |
| - 2011 | 336,365 | 336,365 |
| - 2012 | (90,917) | (90,917) |
| - 2013 | (290,387) | (290,387) |
| - 2014 | (19,972) | (19,972) |
| - 2015 | (253,122) | (253,122) |
| - 2016 | 64,347 | - |
| | <u>85,272</u> | <u>20,925</u> |
| 6 HSE allocation due | 2016 | 2015 |
| | € | € |
| In respect of: | | |
| - prior years | - | - |
| - 2014 | - | 199,330 |
| - 2015 | (670) | 1,640,339 |
| - 2016 | 1,737,501 | - |
| | <u>1,736,831</u> | <u>1,839,669</u> |
| 7 Quoted investments | 2016 | 2015 |
| | € | € |
| 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>375,316</u> | <u>366,035</u> |
| 8 Reconciliation of net expenditure to net cash outflow from operating activities | 2016 | 2015 |
| | € | € |
| Net expenditure for year | (17,896,955) | (17,270,551) |
| Interest included in expenditure | 2,883 | 1,494 |
| Payments from special fund account | (158,459) | (81,777) |
| Decrease/(increase) in debtors and prepayments | 58,259 | (37,108) |
| Increase/(decrease) in creditors | 42,848 | (213,244) |
| Net cash outflow from operating activities | <u>(17,951,424)</u> | <u>(17,601,186)</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued

| | | | |
|---|-------------------|-------------------|----------------|
| 9 Investing and financing activities | 2016 | 2015 | |
| | € | € | |
| Returns on investment and servicing of finance | | | |
| Interest received | 2,958 | 9,912 | |
| Interest paid | (2,884) | (1,494) | |
| Investment income | - | 528 | |
| Rents receivable | 14,402 | 200 | |
| | <u>14,476</u> | <u>9,146</u> | |
| Capital expenditure and financial investment | | | |
| Expenditure on premises and equipment | - | - | |
| | <u>-</u> | <u>-</u> | |
| Financing | | | |
| Capital grants received | (49,016) | - | |
| Revenue grants received (Note 11) | 18,064,140 | 16,779,685 | |
| Bequests | 81,247 | 303,220 | |
| Voluntary gifts and donations | 47,035 | 58,746 | |
| | <u>18,143,406</u> | <u>17,141,651</u> | |
| | | | |
| 10 Analysis of the balances of cash as shown in the balance sheets | 2016 | 2015 | Change in |
| | € | € | year |
| | | | € |
| Bank balances and cash | 4,873,876 | 4,700,170 | 173,706 |
| Patient funds | (430,546) | (463,298) | 32,752 |
| | <u>4,443,330</u> | <u>4,236,872</u> | <u>206,458</u> |
| | | | |
| 11 Analysis of changes in financing during the year | 2016 | 2015 | |
| | € | € | |
| Revenue allocations | | | |
| At beginning of year | 1,839,669 | 1,601,926 | |
| Allocation for the year | 17,961,302 | 17,017,429 | |
| Cash received | (18,064,140) | (16,779,686) | |
| At end of year | <u>1,736,831</u> | <u>1,839,669</u> | |

NOTES TO THE FINANCIAL STATEMENTS - continued

12 Premises

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

13 RHD retirement benefits

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

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

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

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

From 1 January 2013, the VHSS was effectively closed to new members and was superseded by the Single Scheme in line with its introduction across the entire public service. The single scheme is a multiemployer scheme as defined by FRS 102.

14 Related parties

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

15 Approval of financial statements

The Board of Management approved the financial statements on 27 April 2017.