

**The Royal Hospital Donnybrook**

**Annual Report**

**Financial Year Ended 31 December 2020**

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## 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 have elected to prepare the financial statements in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", subject to any material departures from those standards being disclosed and explained in the notes to the financial statements

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 issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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.



# ***Independent auditors' report to the Board of Management of The Royal Hospital Donnybrook***

## **Report on the audit of the non-statutory financial statements**

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### **Opinion**

In our opinion, The Royal Hospital Donnybrook's ("the Hospital") non-statutory financial statements (the "financial statements"):

- give a true and fair view of the Hospital's assets, liabilities and financial position as at 31 December 2020 and of its surplus and cash flows for the year then ended; and
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland").

We have audited the financial statements, which comprise:

- the Balance Sheet as at 31 December 2020;
  - the Profit and Loss Account and Statement of Comprehensive Income for the year then ended;
  - the Cash Flow Statement for the year then ended;
  - the Statement of Changes in Equity for the year then ended; and
  - the notes to the financial statements, which include a description of the significant accounting policies.
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### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)").

Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Independence***

We remained independent of the Hospital in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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### **Conclusions relating to going concern**

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Hospital's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Board of Management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Hospital's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Board of Management with respect to going concern are described in the relevant sections of this report.



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## Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Board of Management are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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## Responsibilities for the financial statements and the audit

### *Responsibilities of the Board of Management for the financial statements*

As explained more fully in the Statement of Responsibilities of the Board of Management set out on page 2, the Board of Management are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The Board of Management are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Management are responsible for assessing the Hospital's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Management either intend to liquidate the Hospital or to cease operations or have no realistic alternative but to do so.

### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:

[https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description\\_of\\_auditors\\_responsibilities\\_for\\_audit.pdf](https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf)

This description forms part of our auditors' report.

### *Use of this report*

This report, including the opinion, has been prepared for and only for the Board of Management as a body, for management purposes in accordance with our engagement letter dated 19 January 2021 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.

PricewaterhouseCoopers  
Chartered Accountants  
Dublin  
29 April 2021

**PROFIT AND LOSS ACCOUNT**  
**Financial Year Ended 31 December 2020**

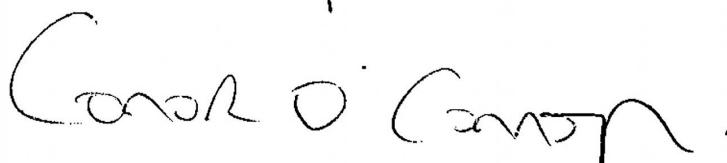
	Notes	2020 €	2019 €
<b>Income</b>			
Charitable activities	6	22,938,369	22,854,231
Voluntary Income	7	227,205	616,112
<b>Total income and endowments</b>		<u>23,165,574</u>	<u>23,470,343</u>
<b>Expenditure</b>			
Charitable activities	8	22,615,384	22,786,544
Other expenditure	9	225,359	143,355
<b>Total expenditure</b>		<u>22,840,743</u>	<u>22,929,899</u>
<b>Net income for the year</b>		<u>324,831</u>	<u>540,444</u>

**STATEMENT OF COMPREHENSIVE INCOME**  
**Financial Year Ended 31 December 2020**

	2020 €	2019 €
Net income for the year	<u>324,831</u>	<u>540,444</u>
<b>Total comprehensive income for the year</b>	<u>324,831</u>	<u>540,444</u>

**On behalf of the Board of Management**

Brendan Pigott 

Conor O'Connor 

29 /04/2021

**STATEMENT OF CHANGES IN EQUITY**  
**Financial Year Ended 31 December 2020**

	Unrestricted funds €	Restricted funds €	Total €
<b>At 1 January 2019</b>	225,729	55,399	281,128
Movement during 2019:			
Net income for the year	472,757	67,687	540,444
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	<u>472,757</u>	<u>67,687</u>	<u>540,444</u>
Transfer to capital reserve	<u>-</u>	<u>-</u>	<u>-</u>
Release of other reserve	<u>-</u>	<u>-</u>	<u>-</u>
<b>At 31 December 2019</b>	<u>698,486</u>	<u>123,086</u>	<u>821,572</u>
<b>At 1 January 2020</b>	698,486	123,086	821,572
Movement during 2020			
Net income for the year	1,846	322,985	324,831
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	<u>1,846</u>	<u>322,985</u>	<u>324,831</u>
Transfer to capital reserve	<u>-</u>	<u>-</u>	<u>-</u>
Release of other reserve	<u>-</u>	<u>-</u>	<u>-</u>
<b>At 31 December 2020</b>	<u>700,332</u>	<u>446,071</u>	<u>1,146,403</u>

**BALANCE SHEET**  
As at 31 December 2020

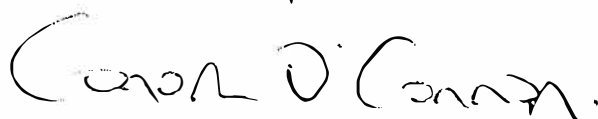
	Notes	2020 €	2019 €
<b>Fixed assets</b>	13	<u>1,978,756</u>	-
<b>Current assets</b>			
Allocations due – Revenue	14	1,920,020	1,936,818
Receivables and prepayments	15	228,850	297,598
Cash and cash equivalents - Patient funds	16	405,260	382,403
- Hospital funds	16	1,465,377	1,046,332
		<u>4,019,507</u>	<u>3,663,151</u>
<b>Creditors falling due within one year</b>			
Payables and accrued expenses	17	(2,816,600)	(2,459,176)
Patient funds		(405,260)	(382,403)
Deferred income – due within one year	18	(56,507)	-
		<u>(3,278,367)</u>	<u>(2,841,579)</u>
<b>Net current assets</b>		741,140	821,572
<b>Creditors falling due after one year</b>			
Deferred income - due after one year	18	(1,573,493)	-
<b>Total net assets</b>		<u>1,146,403</u>	<u>821,572</u>
<b>Capital and reserves</b>			
Unrestricted funds		700,332	698,486
Restricted funds	10	446,071	123,086
		<u>1,146,403</u>	<u>821,572</u>

**On behalf of the Board of Management**

Brendan Pigott



Conor O'Connor



29 /04/2021



**CASH FLOW STATEMENT**  
**Financial Year Ended 31 December 2020**

		2020 €	2019 €
	Notes		
<b>Net cash inflow from operating activities</b>	19	<u>697,469</u>	<u>469,387</u>
<b>Cash flows from investing activities</b>			
Purchase of Fixed Assets		(1,885,567)	-
<b>Net cash outflows from investing activities</b>		<u>(1,885,567)</u>	<u>-</u>
<b>Cash flows from financing activities</b>			
Capital grant received		<u>1,630,000</u>	<u>-</u>
<b>Net cash generated by financing activities</b>		<u>1,630,000</u>	<u>-</u>
<b>Net increase in cash and cash equivalents</b>		441,902	469,387
<b>Cash and cash equivalents at 1 January</b>		<u>1,428,735</u>	<u>959,348</u>
<b>Cash and cash equivalents at 31 December</b>		<u><u>1,870,637</u></u>	<u><u>1,428,735</u></u>
<b>Cash and cash equivalents consist of:</b>			
Cash at bank	16	<u>1,870,637</u>	<u>1,428,735</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 1 General information

The hospital is a public healthcare hospital and is funded by HSE funding under Section 38 of the Health Act 2004. The hospital is incorporated under Royal Charter and is controlled by the Governors and run by the Board of Management.

The Royal Hospital Donnybrook is a charter corporation and in accordance with its Bye-Laws, prepares and presents its annual non-statutory financial statements.

The address of the hospital is Morehampton Road, Donnybrook, Dublin 4.

### 2 Statement of compliance

The non-statutory financial statements have been prepared on the going concern basis and in accordance with accounting standards issued by the Financial Reporting Council of the UK. The entity financial statements comply with Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

### 3 Going concern

The Hospital continues to operate in an environment with significant funding constraints. The Hospital results for 2020 show an operating surplus of €324,831 (2019: €540,444). In addition to the operating surplus, the Hospital has net assets of €1,146,403 at 31 December 2020 (2019: €821,572).

In the previous year, the Hospital faced a significant challenge to bring its fire safety infrastructure up to required standards. It was estimated that in total €2.4 million needed to be spent to complete this project. In 2020, the HSE provided Capital Grant funding of €1.63 million in order to cover the costs of the project, with further funding anticipated in the near future to facilitate the completion of the project. The successful funding and near completion of the project are noted by management as positive developments.

Resulting from COVID-19, Acute Hospitals have fewer patients, which in turn has resulted in a decrease in rehabilitation referrals. Therefore, occupancy in RHD rehabilitation services has dropped, accordingly. In addition, the number of available long stay beds has been reduced due to HIQA regulations and COVID-19 infection control requirements. A significant reduction in long stay charges has arisen as a result. The Hospital has made an application to the HSE for an increase in the related charges in order to meet ongoing funding requirements.

The Hospital has updated its forecasts to reflect the impact of this change, based on its best estimates of the impact COVID 19 on operations at RHD. The Hospital is confident that HSE will provide enough funding in 2021 and 2022, including funding for additional costs incurred in mitigating possible COVID-19 impacts.

The Board of Management acknowledges that significant uncertainties still exist, with regard to the COVID-19 emergency and its impact on the Hospital. Having considered these and after making enquiries and having reviewed the Hospital's revised forecasts and planned actions, the Board of Management have a reasonable expectation that the Hospital has adequate resources to continue in operational existence for the foreseeable future. Therefore, these financial statements have been prepared on a going concern basis.

#### 4 Summary of significant accounting policies

The significant accounting policies used in the preparation of the entity financial statements are set out below. These policies have been consistently applied to all financial years presented, unless otherwise stated.

##### **Basis of preparation**

The entity financial statements have been prepared under the historical cost convention, as modified by the measurement of certain financial assets and liabilities at fair value through profit or loss, and the measurement of freehold land and buildings at their deemed cost on transition to FRS 102.

The preparation of financial statements in conformity with FRS 102 requires the use of certain key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the financial year. It also requires the directors to exercise judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or areas where assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed in note 5.

##### **Turnover**

Turnover is the amount of revenue derived from the provision of services falling within the hospital's ordinary activities after deduction of value-added tax, where applicable. For the hospital turnover primarily comprises income arising from the Health Service Executive (HSE) funding under Section 38 of the Health Act 2004, and invoiced value of patient and other services provided by the hospital.

Turnover is measured at the fair value of the consideration received or receivable and represents the amount receivable for services rendered, net of discounts, rebates allowed by the hospital and value added taxes.

The Hospital recognises turnover when the specific criteria relating to each of the Hospital's services have been met, as described below.

##### *Patient services*

The hospital provides services to patients. Turnover is recognised in the financial year in which the services are rendered.

##### *Health Service Executive (HSE) funding*

The HSE funding is the excess of expenditure over the hospital's annual income and is receivable from the HSE (provided that the hospital operates within or exceeds the agreed Service Level Agreements) and is treated as income in the financial statements.

##### *Interest income*

Interest income is recognised using the effective interest rate method.

##### *Grant income*

Grant income is recognised in income on an accruals basis over the periods in which the entity recognised the related costs for which the grant was intended to compensate.

Grants related to assets shall be recognised in income on a systematic basis over the expected useful life of the asset.

Grant income includes grants received from the HSE.

#### 4 Summary of significant accounting policies – continued

##### **Tangible fixed assets**

Tangible fixed assets, excluding land, are carried at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to the location and condition necessary for its intended use, applicable dismantling, removal and restoration costs.

Major fixed assets, funded by Capital grants, are carried at cost less accumulated depreciation.

Depreciation commences when the related asset is completed / commissioned and is capable of operating in the manner intended by management.

Fire safety infrastructure, following commissioning, will be depreciated on a straight-line basis, at the rate of 4% in respect of the passive elements of the system and at the rate of 10% in respect of the active electronic element.

Capital grants which are subject to future performance related conditions are recognised in Income only when these conditions have been met. These grants are shown as deferred income, which is amortised over the depreciation period, applicable to the related asset.

Repairs, maintenance and minor inspection costs and items funded by HSE Revenue grants are expensed as incurred.

Tangible fixed assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the Profit and Loss account.

##### **Leased assets**

###### *(i) Finance leases*

Finance leases transfer substantially all the risks and rewards incidental to ownership to the lessor.

At the commencement of the finance lease term the hospital recognises its right of use and obligation under a finance lease as an asset and a liability at the amount equal to the fair value of the leased asset, or if lower, at the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the company's incremental borrowing rate is used. Incremental and directly attributable costs incurred in negotiating and arranging a finance lease are included in the cost of the asset.

Assets under finance leases are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at the end of each financial year.

The minimum lease payments are apportioned between the outstanding liability and finance charges, using the effective interest method, to produce a constant periodic rate of interest on the remaining balance of the liability.

###### *(ii) Operating leases*

Operating leases do not transfer substantially all the risks and rewards of ownership to the lessor. Payments under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease.

#### 4 Summary of significant accounting policies – continued

##### Provisions and contingencies

(i) *Provisions*

Provisions are liabilities of uncertain timing or amount.

Provisions are recognised when the hospital has a present legal or constructive obligation as a result of past events where it is probable that a transfer of economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the best estimate of the amount required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are reviewed at the end of each financial year and adjusted to reflect the current best estimate of the amount required to settle the obligation. The unwinding of the discount is recognised as a finance cost in profit or loss, presented as part of 'interest payable and similar expenses' in the financial year in which it arises.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

(ii) *Contingencies*

Contingent liabilities, arising as a result of past events, are not recognised as a liability because it is not probable that the Hospital will be required to transfer economic benefits in settlement of the obligation or the amount cannot be reliably measured at the end of the financial year. Possible but uncertain obligations are not recognised as liabilities but are contingent liabilities. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

##### Taxation

The Hospital has charitable status for taxation and therefore no provision is required for Corporation Tax or Deferred Tax.

##### Employee benefits

The Hospital provides a range of benefits to employees, including short term employee benefits and post-employment benefits.

(i) *Short term employee benefits*

Short term employee benefits, including wages and salaries, paid holiday arrangements and other similar non-monetary benefits, are recognised as an expense in the financial year in which employees render the related service.

(ii) *Superannuation benefits*

The majority of the staff employed by the hospital, are members of either one of two State-funded Public Pension Schemes: Voluntary Hospitals Superannuation Scheme ('VHSS') or the Single Public Service Pension Scheme ('the Single Scheme'). The liabilities of both of these schemes are liabilities of the State.

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.

On 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. Under the terms of this

#### 4 Summary of significant accounting policies – continued

##### **Employee benefits - continued**

###### *(ii) Superannuation benefits – continued*

scheme, the hospital is required to remit the pension deductions from current staff to the Exchequer and all future pension benefits paid under the scheme will be funded by the Exchequer.

These financial statements do not include pension liabilities and assets of those staff who are members of the VHSS or the Single Scheme as the liabilities of the scheme are liabilities of the State and not liabilities of the hospital.

Contributions from employees who are members of the Single Public Service pension scheme are remitted to the Exchequer in accordance with the terms of the scheme.

Contributions from employees who are members of the Voluntary Hospital Superannuation Scheme are credited to the Income and Expenditure account when received. Pension payments under the scheme are charged to the Income and Expenditure account when paid.

##### **Foreign currency**

###### *(i) Functional and presentation currency*

The hospital functional and presentation currency is the euro, denominated by the symbol “€”.

###### *(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At the end of each financial year foreign currency monetary items are translated to Euro using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at exchange rates at the end of the financial year of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within ‘interest receivable and similar income’ or ‘interest payable and similar expenses’ as appropriate. All other foreign exchange gains and losses are presented in the profit and loss account within ‘other expenditure’.

##### **Financial instruments**

The hospital has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

###### *Financial assets*

Basic financial assets, including trade receivables, amounts owing from HSE, cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. If the reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised, the impairment reversal is recognised in profit or loss.

#### 4 Summary of significant accounting policies – continued

##### Financial instruments – continued

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

##### *Financial liabilities*

Basic financial liabilities, including trade and other payables, bank loans and financing liabilities are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Capital grants are treated as deferred credits and are amortised to the profit and loss account on the same basis as the related tangible assets are depreciated.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

##### *Cash and Cash equivalents*

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities. Cash and cash equivalents are initially measured at transaction price and subsequently measured at amortised cost.

#### 5 Critical accounting judgements and estimation uncertainty

Estimates and judgements made in the process of preparing the entity financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### *(a) Critical judgement in applying the entity's accounting policies*

There were no judgements, apart from those involving estimates and the consideration of applying the going concern basis of preparation as set out in Note 3, made by the Board of Management which had significant effect on the amounts recognised in the entity financial statements;

##### *(b) Critical accounting estimates and assumptions*

The Board of Management make estimates and assumptions concerning the future in the process of preparing the entity financial statements. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

**5 Critical accounting judgements and estimation uncertainty – continued**

*Useful economic lives of property, plant and equipment*

Determining the useful life of property, plant and equipment requires judgement. Management regularly reviews the useful economic lives and residual values. They are amended when necessary to reflect current estimates, based on technological advancement, economic utilisation and the physical condition of the assets. See note 13 for the carrying amount of the property, plant and equipment, and the depreciation charge for the asset, and the accounting policies for the useful economic life for the asset.

*Impairment of debtors*

The Board of Management make an assessment at the end of each financial year of whether there is objective evidence that a trade or other debtor is impaired. When assessing impairment of trade and other debtors, the Board of Management consider factors including the current credit rating of the debtor, the age profile of outstanding invoices, recent correspondence and trading activity, and historical experience of cash collections from the debtor.

**6 Income from charitable activities**

	2020 €	2019 €
Allocation from HSE towards net expenditure for year	20,209,089	19,942,991
All other sources of income:		
Patient maintenance	1,193,999	1,448,963
Superannuation deductions	917,623	935,448
Staff restaurant income	62,496	66,005
Other grant income	555,162	460,824
	<u>22,938,369</u>	<u>22,854,231</u>

**7 Voluntary Income**

	2020 €	2019 €
Rents receivable	2,508	292
Voluntary gifts and donations	64,064	266,608
Deposit interest	13	1
Bequests	60,618	349,024
Other income	100,002	187
	<u>227,205</u>	<u>616,112</u>

**8 Charitable activities**

	2020 €	2019 €
Pay expenditure	17,677,269	18,086,622
Non pay expenditure (note 12)	4,938,115	4,699,922
	<u>22,615,384</u>	<u>22,786,544</u>



	2020 €	2019 €
<b>9 Other expenditure</b>		
Other non-pay expenditure	<u>225,359</u>	<u>143,355</u>
<b>10 Accumulated surpluses/(deficits) of restricted funds carried forward</b>	2020 €	2019 €
2010 and Prior	338,958	338,958
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	64,347
2017	(9,184)	(9,184)
2018	(20,689)	(20,689)
2019	67,687	67,687
2020	322,985	-
	<u>446,071</u>	<u>123,086</u>

**11 Employees and staff costs**

The Royal Hospital Donnybrook employed an average of 291 people in 2020 (292 in 2019). Most staff work directly in frontline services. As an organisation funded under Section 38 of the Health Act 2004, salaries are paid in line with public sector pay scales and are subject to public sector pay agreements.

<b>(a) Number of employees</b>	2020 Monthly Average Number	2020 Whole Time Equivalents	2019 Monthly Average Number	2019 Whole Time Equivalents
Management administration	21	18	21	18
Medical	2	2	2	2
Nursing	181	174	183	177
Health & social care professional	49	42	48	43
Support services	33	29	34	30
Maintenance	5	5	4	4
<b>Totals</b>	<u>291</u>	<u>270</u>	<u>292</u>	<u>274</u>

11 Employees and staff costs - continued

	2020 €	2019 €
<b>(b) Total staff costs</b>		
Wages and salaries	14,586,582	15,061,779
Social welfare costs	1,467,404	1,470,261
Retired personnel - pensioner costs	1,623,283	1,554,582
Other compensation payments	-	-
	<u>17,677,269</u>	<u>18,086,622</u>

The above wages and salaries cost include €217,286 in respect of agency and locum staff in 2020 (€662,319 in 2019).

**(c) Senior staff remuneration**

The number of fulltime staff earning salaries over €60,000 was:

	2020 Number	2019 Number
Band €60,000 - €69,999	21	14
Band €70,000 - €79,999	4	4
Band €80,000 - €89,999	2	2
Band €90,000 - €99,999	-	-
Band €100,000 - €109,999	-	-
Band €140,000 - €149,999	-	-
Band €150,000 - €159,999	-	1
Band €160,000 - €169,999	1	-
	<u>28</u>	<u>21</u>

The following employees also work part-time (50%):

Band €60,000 - €69,999	5	8
Band €70,000 - €79,999	1	1
	<u>6</u>	<u>9</u>

The above bands are before deduction of the pension levy.

**(d) Key management remuneration**

	2020 €	2019 €
Wages and salaries	681,916	706,607
Social welfare costs	71,421	72,869
Pension costs	-	-
Other compensation payments	-	-
	<u>753,337</u>	<u>779,476</u>

The Chief Executive Officer received remuneration of €87,852 in 2020 (€84,650 in 2019).

The above salary is before deduction of the pension levy.

12 Non-pay expenditure	Charitable activities	Voluntary activities	Charitable activities	Voluntary activities
	2020	2020	2019	2019
	€	€	€	€
Drugs and medicines	321,174		426,085	
Medical gases	75,588		43,794	
Medical and surgical supplies	332,800		412,841	
Medical equipment	349,482		344,614	
Food and catering fees	898,604		940,251	
Catering equipment	22,177		24,619	
Furniture crockery and hardware	35,286		26,362	
Heat, light and power	308,249		274,414	
Cleaning and washing	705,235		692,107	
Maintenance and renovations	492,372		273,198	
Bedding and clothing	8,241		6,608	
Education and training	27,147		49,295	
Grounds	20,646		27,615	
Transport and travelling	1,013		6,175	
Transport of patients	26,864		33,488	
Bank interest and charges	2,362		3,024	
Insurances, audit, legal	110,826		108,184	
Other professional services	201,513		260,564	
Office expenses	146,497		148,027	
Computer equipment	282,003		81,049	
Other services	142,898		141,596	
Office equipment	39,444		38,298	
Security cost	189,831		190,209	
Bad debts	696		730	
Sundries	197,167		146,775	
	<u>4,938,115</u>		<u>4,699,922</u>	
Renovation works		125,092		-
Estates planning		93,723		102,778
Sundries		6,544		40,577
		<u>225,359</u>		<u>143,355</u>

**12 Non-pay expenditure – continued**

	Charitable activities €	Voluntary activities €	2020 Total expenditure €	Charitable activities €	Voluntary activities €	2019 Total expenditure €
<b>(a) Allocation of expenditure</b>						
Pay expenditure	17,677,269	-	17,677,269	18,086,622	-	18,086,622
Non-pay expenditure	4,938,115	225,359	5,163,474	4,699,922	143,355	4,843,277
Total resources expended	22,615,384	225,359	22,840,743	22,786,544	143,355	22,929,899
<b>(b) Governance costs</b>						
Non-pay expenditure also includes governance costs as follows:						
Board governance review						15,129
External audit					23,985	24,600
Internal audit					11,517	18,188
					35,502	57,917
					2020	2019
					€	€

Members of the Board of Management do not receive remuneration for their services.

Governance costs relate to a review of Board governance procedures (2019), the annual external audit and the external professional advisors engaged to carry out internal audit assignments in accordance with the Service Agreement with the HSE and adherence to the relevant code of governance.

NOTES TO THE FINANCIAL STATEMENTS - continued

13 Fixed Assets - Fire Safety Infrastructure

	Fire Safety Infrastructure €
<b>Cost</b>	
At 1 January 2020	-
Additions	1,978,756
At 31 December 2020	<u>1,978,756</u>
<b>Accumulated depreciation</b>	
At 1 January 2020	-
Charge for the year	-
At 31 December 2020	<u>-</u>
<b>Net book value</b>	
At 31 December 2020	<u>1,978,756</u>
At 31 December 2019	<u>-</u>

14 Allocation due – Revenue

	2020 €	2019 €
Block allocation 2020	1,920,020	-
Block allocation 2019	-	1,932,959
	<u>1,920,020</u>	<u>1,932,959</u>
Capital grant	-	3,859
	<u>-</u>	<u>3,859</u>
Totals	<u>1,920,020</u>	<u>1,936,818</u>

15 Receivables and prepayments

	2020 €	2019 €
Patient receivables	63,287	83,048
HSE receivables	-	33,945
Prepayments	143,976	142,126
Other receivables	21,587	38,479
	<u>228,850</u>	<u>297,598</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

<b>16 Cash and cash equivalents</b>	2020 €	2019 €
Short term deposits - unrestricted funds	376	376
Short term deposits - restricted funds	340,780	375,604
Bank balances - unrestricted funds	881,769	765,866
Bank balances - restricted funds	645,462	284,639
Petty cash - unrestricted funds	-	-
Petty cash - restricted funds	2,250	2,250
	<u>1,870,637</u>	<u>1,428,735</u>
Unrestricted funds	763,382	766,242
Restricted funds	<u>1,107,255</u>	<u>662,493</u>
	<u>1,870,637</u>	<u>1,428,735</u>

**Note:**

In respect of Restricted Funds, a total of €405,260 in 2020 (€382,403 in 2019) represents Patients Funds. These funds are held in the Hospital's bank accounts on behalf of patients. The corresponding liability for these funds is highlighted on the Balance Sheet as Patients Funds.

<b>17 Payables and accrued expenses</b>	2020 €	2019 €
Payables and accruals	2,121,840	2,031,279
PAYE/PRSI payable	535,174	409,651
Other taxes	159,586	18,246
	<u>2,816,600</u>	<u>2,459,176</u>

<b>18 Capital Grant – Deferred Income</b>	2020 €	2019 €
At 1 January	-	-
Received during the year	1,630,000	-
	<u>1,630,000</u>	-
Amortised during the year	-	-
At 31 December	<u>1,630,000</u>	-
Analysed as follows:		
Amount falling due within one year	56,507	-
Amount falling due after one year	1,573,493	-
	<u>1,630,000</u>	-

As security for this capital grant, the HSE will be granted a lien over part of the lands owned by the hospital.

NOTES TO THE FINANCIAL STATEMENTS - continued

<b>19 Net cash inflow from operating activities</b>	2020	2019
	€	€
Excess of income	324,831	540,444
Decrease/(increase) in HSE allocation due	16,798	(225,878)
Decrease in other receivables and prepayments	68,748	68,087
Increase in payables and accrued expenses	264,235	185,532
Increase/(decrease) in patient funds	22,857	(98,798)
Net cash inflow from operating activities	<u>697,469</u>	<u>469,387</u>

**20 Premises**

Certain fixed assets for which capital grants have been received 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.

**21 RHD retirement benefits**

The majority of the staff employed by The 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, in line with the accounting policies, 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.

**22 Related parties**

During the year the hospital had no material transactions with the Royal Hospital Donnybrook Voluntary Housing Association. Grants totalling €175,085 were received from Friends of the Royal Hospital.

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**23 Events since the end of the financial year**

The Board have considered the risks of the ongoing COVID-19 pandemic poses to the Hospital and the actions the Board are taking to mitigate the impact. There have been no other significant or material subsequent events affecting the Hospital since the year-end.

**24 Approval of financial statements**

The Board of Management approved the financial statements on 29 April 2021.