

St. Patrick's University Hospital  
*(formerly St. Patrick's Hospital)*

Financial statements

**Year ended: 31 December 2009**

# St. Patrick's University Hospital

*(formerly St. Patrick's Hospital)*

## Financial statements

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# St. Patrick's University Hospital

## Legal and administrative information

### 1 Legal status

St. Patrick's University Hospital is governed by a trust, the operation of which is set out by the Hospital Charter. The Royal Charter was established in 1746 and supplemented in 1888, 1895 and 1897. The Charter details the Memorandum and Articles of Association. The State adopted the Charter's orders in 1926.

### 2 Governors, officers and management

The board of Governors are charged with the responsibility of administering the Trust on a "not for profit" basis and in so doing are responsible for overseeing the operations and are accountable for providing quality healthcare services to those individuals under the care of St. Patrick's University Hospital. The board comprises of 14 non executive Governors. Five of the Governors are ex-officio Governors, the appointment of whom is prescribed within the Hospital's charter. The chairman of the board is nominated by the Governors. The Governors in turn nominate a chairperson for the Finance Committee, Quality Governance Committee and the Research Ethics Committee from their members. The Finance Committee is responsible for monitoring the organisation's finances. The Quality Governance Committee is responsible for the review of quality and regulatory status. The Research Ethics Committee monitors that the Hospital is in compliance with all laws, regulations and best practice guidance in relation to the research activities of the Hospital.

Governors do not receive any remuneration in respect of their services to the charity. Valid business expenses are reimbursed where claimed. The board delegates the day to day management of the organisation to an executive management team led by the Chief Executive. The Chief Executive, Medical Director and Finance Director attend the Board of Governors meetings in an attendance capacity. Members of executive management team attend committee meetings in an attendance capacity at the request of the respective chairman.

### 3 Governors Mrs. C M Preston \* □ (Chairman Appointed December 2009)

The Most Reverend A Harper  
Archbishop of Armagh and Primate  
of All Ireland

The Most Reverend J Neill  
Archbishop of Dublin and Primate of Ireland

The Very Reverend R MacCarthy  
Dean of St Patrick's

The Very Reverend D. Dunne ◇ (Chairperson Research Ethics Committee)  
Dean of Christ Church

Mr Justice John Murray  
The Chief Justice

# St. Patrick's University Hospital

## Legal and administrative information

### 3 **Governors** (*continued*)

Mr W Cotter \* □ (Resigned as Chairman December 2009) Chairman of Finance Committee & Quality Governance Committee)  
Mr H Beaumont \* □ (Resigned 25 July 2009)  
Mr A McDonnell\* (Resigned 2 March 2009)  
Mr J Mulcahy \* (Resigned February 2010)  
Professor M Webb  
Dr M Walsh  
Mr Justice R Keane (Appointed 2 February 2009)  
Mr M Beresford

\* *Member Finance Committee*  
□ *Member Quality Governance Committee*  
◇ *Member Research Ethics Committee*

### 4 **Executive Management Team**

Mr Paul Gilligan – Chief Executive  
Professor James Lucey – Medical Director  
Mr. Frank Byrne – Finance Director (Appointed July 2009)  
Mr John Flaherty – Director of Nursing  
Mr Tom Maher – Director of Programmes & Services  
Mr Gerry O'Beirne – Director of Business Development  
Mr Brendan Power – Director of Human Resources  
Mr Nial Smith – Director of Operations

### 5 **Auditor**

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

### 6 **Bankers**

Bank of Ireland  
College Green  
Dublin 2

### 7 **Solicitors**

A & L Goodbody  
Solicitors  
North Wall Quay  
IFSC  
Dublin 1

# St. Patrick's University Hospital

## Report of the Governors

The Governors present their annual report and audited financial statements for the year ended 31 December 2009.

### **1 Activities**

St. Patrick's University Hospital is an independently governed not for profit organisation providing quality mental health care. The Hospital is the largest independent provider of mental health services in Ireland providing inpatient, day care and outpatient services through specialty multi-disciplinary programmes at its two locations in Dublin. During the year the Hospital treated approximately 3,000 people on an inpatient and daypatient basis with a further 4,000 attendances at its outpatient clinics. There are in excess of 600 staff employed by the Hospital over a wide range of disciplines.

### **2 Objectives and developments in 2009**

The Board of Governors is committed to providing high quality facilities and care for our service users. Maintaining these high standards continues to be difficult against the deteriorating economic background and with limited financial resources. In February 2008 the Hospital launched its strategic plan, called Mental Health Matters, for the period to 2012. This exciting and challenging strategy commits the Hospital to maintaining and developing a range of quality services and to bringing stability and improvement to the Hospital's financial position.

#### ***Dean clinics***

A key component of the strategy is the provision of multi-disciplinary community mental health services through the Dean Clinics. The first of these clinics located in Capel Buildings in city centre Dublin, Donaghmede and Lucan came on stream during 2008. During 2009 additional Clinics opened in Cork city and a dedicated child and adolescent Dean Clinic opened in Lucan, Dublin. The Dean Clinics offer a number of services and are pivotal in providing a multi-disciplinary assessment service. The Assessment Service in the Dean Clinics is now the first point of access for new referrals to our services and is particularly important to those who are not acutely ill enough to be referred for admission and who would not otherwise access assistance from mental health services.

#### ***Wellness and recovery centre***

Development of the Wellness and Recovery Centre ensures complementary and inter-linking services to provide care services in line with the best practice requirements of the Mental Health Commission. The Wellness & Recovery Service has two separate processes, a group-based recovery-focused service and a continuation of the current day services. The group-based recovery focused service is based on a recovery model of therapeutic intervention aimed at refocusing those who suffer from mental illness onto a rehabilitation and social integration model. The current day services continue to be provided through the Wellness & Recovery Service and focus on the existing range of therapeutic programmes for in-patients and day patients. Patients attending the Wellness and Recovery Service are continually monitored and linked to referring services such as the Dean Clinic service and inpatient services as appropriate.

# St. Patrick's University Hospital

## Report of the Governors

### **2 Objectives & Developments in 2009** *(continued)*

#### ***Research and training***

St. Patrick's is highly committed to research and training. The Hospital participates fully in the Dublin University Psychiatric Rotational Training Programme and the large number of training posts provided through this scheme.

Through its close academic and clinical links with a number of third level institutions St. Patrick's also participates in the undergraduate education and training of a number of mental healthcare disciplines, most notably medicine, nursing, clinical psychology and other mental healthcare disciplines.

#### ***Trinity College Dublin***

A new Memorandum of Understanding with Trinity College, Dublin consolidates St. Patrick's involvement in high quality research. Under the new Memorandum of Understanding, the Trading/Business name of the Hospital has been amended to St. Patrick's University Hospital. This will strengthen the relationship between Trinity College Dublin and the Hospital. It reflects the scope and complexity of the clinical research activity currently being carried out at the Hospital and affirms an affiliation that signifies state of the art patient care.

### **3 Management and staff**

During the year, clinical services were strengthened by additional clinicians and therapists.

The Mental Health Matters strategy was launched following consultation with our staff and it provides for a high level of participation by them. The high quality of patient care at St. Patrick's is made possible because of the huge commitment and dedication of each and every member of staff. This wholehearted commitment is hugely important in driving the expansion and development of our services to achieve our objective of a seamless mental health care system that provides complementary community and in-patient treatments.

### **4 Review of financial outcome**

The financial results for the year show that the Hospital recorded an operating surplus (before pensions finance charge and other items) of €1.9 million compared to a surplus of €1.8 million for the corresponding period in 2008. In order to achieve a surplus the Hospital must operate at or near full capacity with average inpatient occupancy of approximately 90% required.

### **5 Internal control and corporate governance**

The Governors have overall responsibility for internal control procedures to comply with regulations deriving from the Hospital's legal obligations. St. Patrick's is committed to the introduction and maintenance of best practice in medical care, good housekeeping, authorisation and control procedures, as these are fundamental to the continued financial well-being and reputation of the organisation. In particular, St. Patrick's places major emphasis on its annual planning and review processes, and its annual plan is examined and approved in detail by the board. The board retains its control over income and expenditure management through its supervision of monthly management performance reports, and by reviewing and authorising management proposals for changes in income levels and expenditure, during the course of the financial year.

# St. Patrick's University Hospital

## Report of the Governors

### **5 Internal control and corporate governance** *(continued)*

The governance aspects of St. Patrick's are the subject of considerable board and management time and attention. The objective is to determine the issues that need to be addressed to ensure that St. Patrick's governance arrangements are sound, and reflect the present and future needs of the evolving organisation.

### **6 Accounting records**

The Governors believe they have fulfilled their responsibility with regard to books of account by employing accounting personnel with appropriate expertise and by providing adequate resources to the finance function. The books of account of the Hospital are maintained at St. Patrick's University Hospital, James Street, Dublin 8.

### **7 Going concern**

The Governors have considered the financial position of the Hospital and have concluded that the going concern basis continues to be appropriate.

### **8 Auditor**

The auditor, KPMG, Chartered Accountants, has indicated its willingness to continue in office.

On behalf of the Governors

Chairman  Governor 

# St. Patrick's University Hospital

## Statement of Governors' responsibilities in respect of the Governors' report and financial statements

The Governors have elected to prepare and accordingly are responsible for preparing the Governors' report and financial statements in accordance with applicable law and regulations.

The Governors have elected to prepare the financial statements in accordance with Generally Accepted Accounting Practice in Ireland, comprising accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland, and the Irish Companies Acts 1963 to 2009, to the extent necessary to give a true and fair view.

In preparing the financial statements, the Governors are accordingly 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 St. Patrick's University Hospital will continue in operation.

The Governors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of St. Patrick's University Hospital. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of St. Patrick's University Hospital and to prevent and detect fraud and other irregularities.

On behalf of the Governors

Chairman  Governor 



## Independent auditor's report to the Governors of St. Patrick's University Hospital

We have audited the financial statements of St. Patrick's University Hospital for the year ended 31 December 2009 which comprise the income and expenditure account, the statement of total recognised gains and losses, the note of historical cost surplus and deficit, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Governors, as a body. Our audit work has been undertaken so that we might state to the Governors 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 St. Patrick's University Hospital and the Governors, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Governors and auditors**

The Governors' responsibilities for preparing the Governors' report and the financial statements in accordance with applicable law and regulations and the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland), are set out in the statement of Governors' responsibilities on page 6.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view. We also report to you whether, in our opinion:

- proper books of account have been kept by St. Patrick's University Hospital; and
- whether the information given in the Governors' report is consistent with the financial statements.

In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit, and whether the financial statements are in agreement with the books of account.

We read the Governors' report and consider implications for our report if we become aware of any apparent misstatements within it.

### **Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. 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 judgements made by the Governors in the preparation of the financial statements, and of whether the accounting policies are appropriate to St. Patrick's University Hospital's circumstances, consistently applied and adequately disclosed.

Independent auditor's report to the Governors of St. Patrick's University Hospital  
(continued)

**Basis of opinion** (continued)

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 caused 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 give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of St. Patrick's University Hospital's affairs as at 31 December 2009 and of its surplus for the year then ended.

We have obtained all the information and explanations which we considered necessary for the purposes of our audit. In our opinion proper books of account have been kept by St. Patrick's University Hospital. The financial statements are in agreement with the books of account.

In our opinion the information contained in the Governors' report is consistent with the financial statements.

KPMG

14 June 2010

*Chartered Accountants  
Registered Auditor  
Dublin*

# St. Patrick's University Hospital

## Statement of accounting policies

*for the year ended 31 December 2009*

The following accounting policies have been applied consistently in dealing with items considered material in relation to the financial statements.

### **Basis of preparation**

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in Ireland under the historical cost convention, as modified by the revaluation of certain property assets, and comply with financial reporting standards of the Accounting Standards Board, as promulgated by the Institute of Chartered Accountants in Ireland. The Hospitals going concern position has been considered in note 17.

### **Maintenance and treatment fees**

Maintenance and treatment fees comprise amounts in respect of patients' accommodation and treatment provided during the year. Fees are recognised once the service has been provided to the patient.

### **Investments and interest income**

Financial asset investments are stated at the lower of cost and net realisable value. Interest income is accrued in the year to which it relates.

### **Pensions**

#### *Defined Benefit Pension Scheme*

The Hospital provides pensions to certain of its employees under a defined benefit scheme.

The amount charged to operating surplus is the actuarially determined cost of pension benefits promised to employees over the year plus any benefit improvements granted to members during the year. Other finance charges/income in the income and expenditure account includes a credit equivalent to the Hospital's expected return on the pension scheme's assets over the year, offset by a charge equal to the expected increase in the scheme's liabilities over the year. The difference between the market value of the scheme's assets and the present value of the scheme's liabilities is disclosed as an asset/liability on the balance sheet. Any difference between the expected return on assets and that actually achieved, and any changes in the liabilities over the year due to changes in assumptions or experience within the scheme, are recognised in the statement of total recognised gains and losses.

#### *Defined Contribution Pension Scheme*

The Hospital provides for pensions for certain employees through a defined contribution pension scheme.

The amount charged to the profit and loss account in respect of the scheme is the contribution payable in that year. Any difference between amounts charged to the profit and loss account and contributions paid to the pension scheme is included in 'Debtors' or 'Creditors' in the balance sheet.

# St. Patrick's University Hospital

Statement of accounting policies (*continued*)  
for the year ended 31 December 2009

## **Tangible fixed assets and depreciation**

Tangible assets are shown at historical cost less accumulated depreciation, except for certain Hospital properties which are carried at revalued amount less accumulated depreciation. The Hospital has availed of the transitional provisions of FRS15, *Tangible Fixed Assets*, in continuing to carry such assets in its continuing business at previous revalued amounts, which are not being updated for subsequent changes in value.

Depreciation is charged in the income and expenditure account so as to write off the assets, adjusted for estimated residual value, over the expected useful life of each appropriate category. The remaining useful lives of the assets and their residual values are reviewed on a regular basis.

Depreciation is charged on a straight line basis at the following annual rates:

Hospital properties	2% per annum
Plant, equipment and vehicles	20% per annum

Assets under construction are carried at historical cost and are not depreciated until they are brought into use.

## **Stocks**

Hospital stocks (provisions and drugs) are included at the lower of FIFO cost and net realisable value.

## **Taxation**

The Hospital is recognised by the Revenue Commissioners as being a body established for charitable purposes within the meaning of Section 207 of the Taxes Consolidation Act, 1997, and is accordingly exempt from corporation tax.

# St. Patrick's University Hospital

## Income and expenditure account for the year ended 31 December 2009

	Notes	2009 €'000	2008 €'000
<b>Income – continuing operations</b>			
Maintenance and treatment fees	1	55,760	52,989
Other income	1	523	724
		<hr/>	<hr/>
		<b>56,283</b>	53,713
		<hr/>	<hr/>
<b>Expenditure</b>			
Salaries and wages	2	(39,760)	(39,967)
Establishment and administration expenses		(7,578)	(7,473)
Other operating costs		(5,722)	(3,202)
Depreciation	5	(1,265)	(1,302)
		<hr/>	<hr/>
		<b>(54,325)</b>	(51,944)
		<hr/>	<hr/>
<b>Operating surplus – continuing activities</b>		<b>1,958</b>	1,769
Interest payable and similar charges	3	(194)	(397)
Pension finance (charge) / income	4	(1,580)	203
		<hr/>	<hr/>
<b>Surplus for the year</b>		<b>184</b>	1,575
		<hr/> <hr/>	<hr/> <hr/>

On behalf of the Governors

Chairman  Governor 

# St. Patrick's University Hospital

## Statement of total recognised gains and losses for the year ended 31 December 2009

	<i>Notes</i>	<b>2009</b> <b>€'000</b>	2008 €'000
Surplus for the year		<b>184</b>	1,575
Difference between expected and actual return on scheme assets	<i>14</i>	<b>6,510</b>	(30,815)
Experience gains and losses on scheme liabilities	<i>14</i>	<b>1,892</b>	6,859
Effect of changes in actuarial assumptions	<i>14</i>	<b>2,589</b>	623
		<hr/>	<hr/>
<b>Total recognised gains and losses for the year</b>		<b>11,175</b>	(21,758)
		<hr/> <hr/>	<hr/> <hr/>

## Note of historical cost surplus and deficit for the year ended 31 December 2009

	<b>2009</b> <b>€'000</b>	2008 €'000
Reported surplus for the year	<b>184</b>	1,575
Difference between historical cost depreciation charge on Hospital buildings and the depreciation calculated on the revalued amount	<b>378</b>	378
	<hr/>	<hr/>
<b>Historical cost surplus for the year</b>	<b>562</b>	1,953
	<hr/> <hr/>	<hr/> <hr/>

# St. Patrick's University Hospital

## Balance sheet at 31 December 2009

	<i>Note</i>	<b>2009</b> <b>€'000</b>	2008 €'000
<b>Fixed assets</b>	5	<b>24,946</b>	23,814
<b>Financial assets</b>	6	<b>86</b>	86
		<hr/>	<hr/>
		<b>25,032</b>	23,900
<b>Current assets</b>			
Stocks		<b>93</b>	113
Debtors	7	<b>17,101</b>	18,042
Cash at bank and on hand		<b>6</b>	13
		<hr/>	<hr/>
		<b>17,200</b>	18,168
<b>Creditors: amounts falling due within one year</b>	8	<b>(13,626)</b>	(19,422)
		<hr/>	<hr/>
<b>Net current assets / (liabilities)</b>		<b>3,574</b>	(1,254)
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		<b>28,606</b>	22,646
<b>Creditors: amounts falling due after more than one year</b>	9	<b>(5,374)</b>	-
		<hr/>	<hr/>
<b>Net assets excluding pension liability</b>		<b>23,232</b>	22,646
Net pension liability	14	<b>(19,822)</b>	(30,411)
		<hr/>	<hr/>
<b>Net assets / (liabilities)</b>		<b>3,410</b>	(7,765)
		<hr/> <hr/>	<hr/> <hr/>
<b>Capital and special funds</b>			
Capital account	10	<b>3,410</b>	(7,765)
		<hr/> <hr/>	<hr/> <hr/>

On behalf of the Governors

Chairman  Governor 

# St. Patrick's University Hospital

## Cash flow statement for the year ended 31 December 2009

	<i>Note</i>	<b>2009</b> <b>€'000</b>	2008 €'000
<b>Net cash inflow / (outflow) from operating activities</b>	<i>11</i>	<b>2,214</b>	(1,302)
<b>Returns on investments and servicing of finance</b>			
Interest paid		(194)	(397)
<b>Capital expenditure and financial investment</b>			
Purchase of fixed assets		(2,397)	(993)
<b>Net cash outflow from capital expenditure and financial investment</b>		<b>(2,397)</b>	(993)
<b>Financing</b>			
Additional bank loans provided	<i>12</i>	<b>986</b>	(75)
<b>Increase / (decrease) in cash in the year</b>	<i>12</i>	<b>609</b>	(2,767)
<b>Reconciliation of net cash flow to movement in net debt</b>			
		<b>2009</b> <b>€'000</b>	2008 €'000
Increase / (decrease) in cash in the year		<b>609</b>	(2,767)
Additional bank loans, net		<b>(986)</b>	75
Change in net debt resulting from cash flows	<i>12</i>	<b>(377)</b>	(2,692)
Movement during the year		<b>(377)</b>	(2,692)
Net debt at start of year		<b>(8,840)</b>	(6,148)
<b>Net debt, at end of year</b>	<i>12</i>	<b>(9,217)</b>	(8,840)



# St. Patrick's University Hospital

## Notes

*forming part of the financial statements*

### 1 Income – continuing operations

#### Maintenance and treatment fees

	2009 €'000	2008 €'000
Fee income	52,952	47,203
Catchment area revenues	1,848	4,751
Outpatient and pharmacy	960	1,035
	<hr/>	<hr/>
Other income	55,760	52,989
	523	724
	<hr/>	<hr/>
	<b>56,283</b>	<b>53,713</b>
	<hr/> <hr/>	<hr/> <hr/>

### 2 Expenditure – salaries and wages

	2009 €'000	2008 €'000
Salaries and wages	34,795	33,315
Social welfare costs	3,435	3,192
Pension costs – current service costs (note 14)	2,742	3,048
Pension costs – curtailment (note 14)	(2,059)	-
Pension costs – defined contribution cost (note 14)	847	412
	<hr/>	<hr/>
	<b>39,760</b>	<b>39,967</b>
	<hr/> <hr/>	<hr/> <hr/>

### 3 Interest payable and similar charges

	2009 €'000	2008 €'000
Interest payable on overdrafts and bank loans		
- wholly repayable within one year	-	397
- repayable after five years	194	-
	<hr/>	<hr/>
	<b>194</b>	<b>397</b>
	<hr/> <hr/>	<hr/> <hr/>

# St. Patrick's University Hospital

Notes (continued)

## 4 Pension finance income, net

	<b>2009</b>	2008
	<b>€'000</b>	€'000
Expected return on scheme assets (note 14)	<b>3,333</b>	5,243
Interest on scheme liabilities (note 14)	<b>(4,913)</b>	(5,040)
	<b>(1,580)</b>	203

## 5 Fixed assets

	Hospital properties €'000	Plant, equipment and vehicles €'000	Asset under construction €'000	Total €'000
<i>Cost or valuation</i>				
At beginning of year	40,755	6,247	-	47,002
Additions in year	715	397	1,285	2,397
<b>At end of year</b>	<b>41,470</b>	<b>6,644</b>	<b>1,285</b>	<b>49,399</b>
<i>Analysed as follows:</i>				
At cost	28,602	6,644	1,285	36,531
At valuation	12,868	-	-	12,868
	<b>41,470</b>	<b>6,644</b>	<b>1,285</b>	<b>49,399</b>
<i>Depreciation</i>				
At beginning of year	18,196	4,992	-	23,188
Charge for year	802	463	-	1,265
<b>At end of year</b>	<b>18,998</b>	<b>5,455</b>	<b>-</b>	<b>24,453</b>
<i>Net Book Value</i>				
<b>At 31 December 2009</b>	<b>22,472</b>	<b>1,189</b>	<b>1,285</b>	<b>24,946</b>
At 31 December 2008	22,559	1,255	-	23,814

# St. Patrick's University Hospital

Notes (continued)

## 5 Fixed assets (continued)

The St. Patrick's and St. Edmundsbury Hospital properties, with the exception of buildings completed since 1 January 1984, were valued at 1 January 1990 by Lisney on an existing use basis. Subsequent additions are stated at cost. The Governors consider that there has been no impairment of the property, on an existing use basis.

## 6 Investments

	2009 €'000	2008 €'000
Long term investments:		
3,150 shares in Progressive Genetics Co-operative Society Limited, at cost	3	3
Loan notes in Charlemont Clinic Limited, at cost	83	83
	<u>86</u>	<u>86</u>

The Governors consider that there has been no impairment to the above investments, which are held for long term, strategic purposes.

## 7 Debtors

	2009 €'000	2008 €'000
Trade debtors	18,650	17,004
Less: provision for bad debts	(2,748)	(2,022)
	<u>15,902</u>	<u>14,982</u>
Other debtors and prepayments	1,199	3,060
	<u>17,101</u>	<u>18,042</u>

## 8 Creditors: amounts falling due within one year

	2009 €'000	2008 €'000
<b>Bank overdrafts and loans</b> (note 9)		
Bank overdrafts	3,277	3,893
Current portion of long-term loans	572	4,960
	<u>3,849</u>	<u>8,853</u>
<b>Other creditors and accruals</b>	9,777	10,569
	<u>13,626</u>	<u>19,422</u>

# St. Patrick's University Hospital

Notes (continued)

**9 Creditors:** amounts falling due after more than one year

	<b>2009</b>	2008
	<b>€'000</b>	€'000
Bank loans, secured	<b>5,946</b>	-
Less: amount due within one year	<b>(572)</b>	-
	<hr/>	<hr/>
	<b>5,374</b>	-
	<hr/> <hr/>	<hr/> <hr/>

*Maturity analysis of bank loans is as follows:*

	<b>2009</b>	2008
	<b>€'000</b>	€'000
Bank loans are repayable as follows:		
Within one year	<b>572</b>	4,960
Between one and two years	<b>577</b>	-
Between two and five years	<b>1,759</b>	-
After five years	<b>3,038</b>	-
	<hr/>	<hr/>
	<b>5,946</b>	4,960
	<hr/> <hr/>	<hr/> <hr/>

During 2008, the board renegotiated its borrowing facilities and have agreed a term loan facility of €6 million to be made available to the Hospital, together with overdraft facilities of €5 million. Both facilities bear interest at commercial rates and are secured by fixed charges on various fixed assets, together with a floating charge on specified debtors. At the end of 2008, the term loan facility had not been formally finalised as the security had not been perfected and accordingly all of the debt was classified as current in the prior year financial statements. During 2009 the facility was finalised and the loan is now classified according to its repayment terms, which is due by instalments over a ten year period.

**10 Reconciliation of capital account**

	<b>2009</b>	<b>2008</b>
	<b>€'000</b>	<b>€'000</b>
Balance, start of the year	<b>(7,765)</b>	13,993
Surplus for the year	<b>184</b>	1,575
Net actuarial gain / (loss) arising in the year (note 14)	<b>10,991</b>	(23,333)
	<hr/>	<hr/>
<b>Balance, end of the year</b>	<b>3,410</b>	(7,765)
	<hr/> <hr/>	<hr/> <hr/>

# St. Patrick's University Hospital

Notes (continued)

## 11 Reconciliation of surplus to net cash outflow from operating activities

	2009 €'000	2008 €'000
Operating surplus	1,958	1,769
Depreciation	1,265	1,302
(Decrease) / increase in creditors and accruals	(327)	3,712
Decrease / (increase) in stocks	20	(8)
Decrease / (increase) in debtors	941	(5,026)
Pension costs – current service cost	2,742	3,048
Current service contributions	(2,326)	(6,099)
Pension costs – curtailments	(2,059)	-
	<hr/>	<hr/>
<b>Net cash inflow / (outflow) from operating activities</b>	<b>2,214</b>	<b>(1,302)</b>
	<hr/> <hr/>	<hr/> <hr/>

## 12 Analysis of changes in net debt

	At 1 January 2009 €'000	Cash flows €'000	Non cash movement €'000	At 31 December 2009 €'000
Cash at bank and in hand	13	(7)	-	6
Bank overdraft	(3,893)	616	-	(3,277)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net cash</b>	<b>(3,880)</b>	<b>609</b>	<b>-</b>	<b>(3,271)</b>
	<hr/>	<hr/>	<hr/>	<hr/>
Bank loans repayable within one year	(4,960)	-	4,388	(572)
Bank loans repayable after one year	-	(986)	(4,388)	(5,374)
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>(8,840)</b>	<b>(377)</b>	<b>-</b>	<b>(9,217)</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## 13 Capital commitments

The Hospital has €1.5 million contracted capital commitments at 31 December 2009 (2008: €NIL).

# St. Patrick's University Hospital

## Notes (continued)

### 14 Pensions

Pensions for certain employees are funded through a defined benefit pension scheme, the assets of which are vested in independent trustees for the sole benefit of employees and their dependents.

The valuations of the defined benefit scheme used for the purpose of the FRS 17 disclosures have been based on the most recent actuarial valuations and updated by independent actuaries to take account of the requirements of FRS 17 in order to assess the liabilities at each balance sheet date. Scheme assets are stated at their market value at each balance sheet date.

	<b>2009</b>	2008
	<b>€'000</b>	€'000
Present value of funded defined benefit obligations	<b>(88,600)</b>	(88,580)
Fair value of plan assets	<b>68,778</b>	58,169
	<hr/>	<hr/>
<b>Pension liability</b>	<b>(19,822)</b>	(30,411)
	<hr/> <hr/>	<hr/> <hr/>

#### *Movement in present value of defined benefit obligation*

	<b>2009</b>	2008
	<b>€'000</b>	€'000
At 1 January	<b>(88,580)</b>	(89,664)
Current service cost	<b>(2,742)</b>	(3,048)
Interest cost	<b>(4,913)</b>	(5,040)
Plan members' contributions	<b>(727)</b>	(713)
Experience gains and losses on scheme liabilities	<b>1,892</b>	6,859
Effect of changes in actuarial assumptions	<b>2,589</b>	623
Benefits paid	<b>1,822</b>	2,403
Curtailments*	<b>2,059</b>	-
	<hr/>	<hr/>
<b>At 31 December</b>	<b>(88,600)</b>	(88,580)
	<hr/> <hr/>	<hr/> <hr/>

\* The curtailment in the current year related to a gain arising on the transfer of a number of active members of the scheme to the Health Services Executive for the provision of future service benefits.

# St. Patrick's University Hospital

## Notes (continued)

### 14 Pensions (continued)

#### *Movement in fair value of plan assets*

	<b>2009</b>	2008
	<b>€'000</b>	€'000
At 1 January	<b>58,169</b>	79,332
Expected return on plan assets	<b>3,333</b>	5,243
Actual return less expected return on plan assets	<b>6,510</b>	(30,815)
Employer contributions	<b>1,861</b>	6,099
Member contributions	<b>727</b>	713
Benefits paid from plan	<b>(1,822)</b>	(2,403)
	<hr/>	<hr/>
<b>At 31 December</b>	<b>68,778</b>	58,169
	<hr/> <hr/>	<hr/> <hr/>

#### *Expense recognised in income and expenditure account*

	<b>2009</b>	2008
	<b>€'000</b>	€'000
Current service cost	<b>(2,742)</b>	(3,048)
Curtailed benefit	<b>2,059</b>	-
Interest cost	<b>(4,913)</b>	(5,040)
Expected return on plan assets	<b>3,333</b>	5,243
	<hr/>	<hr/>
<b>Total pension expense recognised in income and expenditure account</b>	<b>(2,263)</b>	(2,845)
	<hr/> <hr/>	<hr/> <hr/>

The total expense above is recognised in the following line items in the income and expenditure account:

	<b>2009</b>	2008
	<b>€'000</b>	€'000
Salaries and wages (note 2)	<b>(683)</b>	(3,048)
Pension finance income, net (note 4)	<b>(1,580)</b>	203
	<hr/>	<hr/>
<b>Total pension expense recognised in income and expenditure account</b>	<b>(2,263)</b>	(2,845)
	<hr/> <hr/>	<hr/> <hr/>

The total gain recognised in the statement of total recognised gains and losses in respect of actuarial gains and losses is €10,991,000 (2008: loss €23,333,000).

# St. Patrick's University Hospital

Notes (continued)

## 14 Pensions (continued)

The allocation of plan assets is as follows:

	<b>2009</b>	2008
	%	%
Equities	<b>62</b>	50
Bonds	<b>15</b>	18
Property	<b>4</b>	6
Other	<b>19</b>	26
	<hr/> <b>100%</b> <hr/>	<hr/> 100% <hr/>
<b>Actual return on plan assets</b>	<hr/> <b>9,843</b> <hr/>	<hr/> (25,572) <hr/>

The expected rate of return on plan assets is based on market expectations, at the beginning of the period, for investment returns over the entire life of the related obligation. The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows:

	<b>2009</b>	2008
	%	%
Discount rate	<b>5.60</b>	5.75
Price inflation	<b>2.00</b>	2.00
Rate of compensation increase	<b>3.75</b>	4.25
Rate of increase for in-payment benefits	<b>3.00</b>	3.00
Expected return on plan assets	<b>5.75</b>	5.67
	<hr/> <hr/>	<hr/> <hr/>

In valuing the liabilities of the pension fund at 31 December 2009, mortality assumptions have been made as indicated below. If life expectancy had been changed to assume that all members of the fund lived for one year longer, the value of reported liabilities at 31 December 2009 would have increased by circa €2.1m.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables. The assumptions are equivalent to a 65 year old to live for a number of years as follows:



# St. Patrick's University Hospital

## Notes (continued)

<b>14 Pensions (continued)</b>	<b>2009 Years</b>	<b>2008 Years</b>
Male member age 65 (current life expectancy)	<b>20.22</b>	20.11
Female member age 65 (current life expectancy)	<b>22.90</b>	22.79
Male member age 40 (life expectancy at age 65)	<b>23.08</b>	22.96
Female member age 40 (life expectancy at age 65)	<b>25.73</b>	25.62

### History of plan

The history of the plan for the current and prior years is as follows:

	<b>2009 €000</b>	<b>2008 €000</b>	<b>2007 €000</b>	<b>2006 €000</b>	<b>2005 €000</b>
Defined benefit obligation	<b>(88,600)</b>	(88,580)	(89,664)	(99,562)	(95,318)
Fair value of plan assets	<b>68,778</b>	58,169	79,332	82,717	70,130
<b>Deficit</b>	<b>(19,822)</b>	(30,411)	(10,332)	(16,845)	(25,188)

	<b>2009 €000</b>	<b>2008 €000</b>	<b>2007 €000</b>	<b>2006 €000</b>	<b>2005 €000</b>
<b>Difference between expected and actual return on plan assets:</b>					
Amount	<b>6,510</b>	(30,815)	(9,260)	4,622	5,478
% of plan assets	<b>9.5%</b>	(52.9%)	(11.7%)	5.6%	7.8%
<b>Experience gains/(losses) on plan liabilities:</b>					
Amount	<b>1,892</b>	6,859	(6,465)	(1,601)	(2,789)
% of plan liabilities	<b>2.0%</b>	7.7%	(7.2%)	(1.6%)	(2.9%)
<b>Total actuarial gains and losses</b>					
Amount	<b>2,577</b>	614	(19,241)	(4,396)	(9,943)
% of plan liabilities	<b>2.9%</b>	0.7%	(21.45%)	(4.41%)	(10.4%)

The Hospital expects to contribute approximately €3.0 million to its pension plan in 2010. As at 31 December the Hospital has contributions of €4.9 million payable to the scheme.

# St. Patrick's University Hospital

## Notes (continued)

### 14 Pensions (continued)

#### *Defined contribution pension scheme*

The Hospital operates a defined contribution pension scheme to satisfy the pension arrangements in respect of certain employees.

The pension cost charged for the year was €847,000 (2008: €412,000).

### 15 Related party transactions

The related parties of the Hospital, as defined by FRS 8 "Related Party Transactions" are summarised below:

	<b>2009</b>	2008
	<b>€'000</b>	€'000
Amounts due from Association of Friends of St Patrick's Hospital Limited for administrative expenses paid on behalf of the Association	<b>316</b>	-
	<u>                    </u>	<u>                    </u>

### 16 Contingent liabilities

The Hospital is engaged in litigation arising in the ordinary course of its business. Management does not believe that any such litigation will individually or in aggregate have a material adverse effect on the financial condition of the Hospital. Should the Hospital be unsuccessful in these litigation actions, management believes the possible liabilities then arising cannot be determined but are not expected to materially adversely affect the Hospital's results of operations or financial position.

### 17 Going concern

The basis of preparation note in the prior year referred to the Hospital's ability to continue as a going concern, due to some delay in agreeing renewed banking facilities and also owing to the size of its pension deficit, amongst other factors.

During the current year, the Hospital successfully renegotiated its banking facilities and expects to be in a position to repay this as it falls due. Additionally, while the pension deficit continues to be significant, it has reduced from 2008 and management are currently examining options to restructure this obligation. These factors, combined with projected surplus for 2010 has led the Governors to conclude that it is appropriate to continue to prepare the financial statements on a going concern basis.

### 18 Approval of financial statements

The Governors approved these financial statements on 14<sup>th</sup> June 2010.