



# St. Patrick's University Hospital

Financial statements

**Year ended: 31 December 2012**



# St. Patrick's University 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 13 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 & Audit Committee, Quality Governance Committee, Remuneration Committee and the Research Ethics Committee from their members. The Finance & Audit Committee is responsible for monitoring the organisation's finances and related matters. The Quality Governance Committee is responsible for the review of quality and regulatory status. The Research Ethics Committee monitors the Hospital's 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. 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)

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

The Most Reverend Dr. M. Jackson  
Archbishop of Dublin and Primate of Ireland

The Very Reverend Canon V. Stacey  
Dean of St Patrick's Cathedral, Dublin

The Very Reverend D. Dunne ♦ (Chairperson Research Ethics Committee)  
Dean of Christ Church Cathedral, Dublin



# St. Patrick's University Hospital

## Legal and administrative information

### 3 **Governors**

Mrs Justice Susan Denham  
The Chief Justice

Mr W. Cotter \* ♦ ^ (Chairman of Finance & Audit Committee & Quality Governance Committee and Remuneration Committee)

Professor M. Webb ♦ ^ (resigned 31/12/2012)

Dr. M. Walsh (resigned 11/06/2012)

Mr. Justice R. Keane ^

Mr. M. Beresford

Mrs. B. Godley

Mr. D. Kitchen \*

Mr. C. Killeen (appointed 03/12/2012)

Dr. J. Hillery (appointed 10/01/2013)

\* *Member Finance & Audit Committee*

♦ *Member Quality Governance Committee*

◇ *Member Research Ethics Committee*

^ *Member Remuneration Committee*

### 4 **Executive Management Team**

Mr. Paul Gilligan	Chief Executive
Prof. James Lucey	Medical Director
Mr. Frank Byrne	Finance Director
Mr. Tom Maher	Director of Services
Mr. Brendan Power	Director of Human Resources
Mr. Nial Smith	Director of Operations (resigned 30/06/2012)

### 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 2012.

### **1 Activities**

St. Patrick's University Hospital ("The Hospital" or "St. Patrick's") is an independently governed not for profit organisation providing quality mental health care services. 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 and community based clinics. 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 and in excess of 12,000 visits in the community based Dean Clinics. There are approximately 600 staff (whole time equivalents) employed by the Hospital over a wide range of disciplines.

### **2 Objectives and developments in 2012**

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 challenging economic background and with limited financial resources. In February 2008 the Hospital launched its strategic plan, called Mental Health Matters, for the period to 2013. This plan was updated in 2011 with the launch of Mental Health Matters Phase II. This exciting and challenging strategy committed the Hospital to maintaining and developing a range of quality services and to bring 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 clinics are located in Dublin city centre, Donaghmede, Lucan, Sandyford, Cork City and Galway City. The Dean Clinics offer a range of services and are pivotal in providing a multi-disciplinary 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 do not require in-patient services and who would not otherwise access assistance from mental health services. The Dean Clinic network was further consolidated during 2012 with significant growth in the number of assessments and visits compared to 2011.

#### ***Wellness and Recovery Centre***

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 is based on a recovery model of therapeutic intervention fostering positive and coping management skills to enhance the quality of life of those suffering from mental illness.



# St. Patrick's University Hospital

## Report of the Governors

### **2 Objectives and developments in 2011** *(continued)*

#### ***Willow Grove adolescent unit***

The child and adolescent unit, Willow Grove opened in April 2010. This new state of the art fourteen bed in-patient unit provides services that are in line with best international practice, the aspirations of "A Vision for Change" and the requirements and standards of the Mental Health Commission. Activity levels and outcome measures during 2012 have been very satisfactory.

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

St. Patrick's has an ongoing commitment to research and training. The Hospital participates 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 e-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 Memorandum of Understanding with Trinity College, Dublin consolidates the Hospital's involvement in high quality research. Under the Memorandum of Understanding, the Trading/Business name of the Hospital has been amended to St. Patrick's University Hospital. This strengthens 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 care.

### **3 Management and staff**

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 care at the Hospital is made possible because of the commitment and dedication of all members of staff. This commitment is 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, daycare 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 €3.20 million compared to a surplus of €3.23 million for the corresponding period in 2011. In order to achieve a surplus the Hospital must operate at or near full capacity with average inpatient occupancy of approximately 85% required per annum.

# St. Patrick's University Hospital

## Report of the Governors

### 5 Principal risks and uncertainties

The Governors and management give careful consideration to the key risks facing the organisation and how best to mitigate those risks to meet its objectives. This is achieved by the operation of a risk management process. This process involves identifying, prioritising and allocating ownership for risks and developing and implementing where appropriate mitigation plans to address those risks. The complexities inherent in the operation of the organisation together with the highly regulated environment of the provision of mental health services leave the organisation exposed to a number of risks. Many of these risks can be mitigated to a certain degree but remain outside of the organisation's control.

The Governors believe the risks and uncertainties listed below represent those risks that may have the most significant impact on the financial performance and long term financial sustainability of the organisation. This list (presented in alphabetical order) is not intended to be exhaustive.

#### **Capital investment**

Any failure of the organisation to adequately invest in and maintain its capital assets particularly considering the age of various buildings could have a material adverse impact on the future performance, sustainability and reputation of the organisation.

#### **Defined benefit pension scheme**

The defined benefit pension scheme (which is closed to new members since 2005) carries a material funding deficit. The organisation is seeking to resolve the affordability and future sustainability of this scheme with employees. A failure to adequately resolve this issue will adversely impact the future financial sustainability of the organisation.

#### **Financial commitments**

The organisation carries a limited amount of debt which will need to be repaid and relies on an overdraft facility as part of its working capital management. The organisations ability to finance ongoing operations, capital investment could be affected by a significant change in financial market conditions.

#### **Health insurance market**

As the organisation derives the majority of its income from the various health insurers, the impact of the wider economic environment and the changes in that industry may directly impact on the organisation and the achievement of its strategic objectives and future sustainability. The legislation underpinning the availability of minimum health benefits for the provision of mental health services are significant and any changes in this legislation may adversely impact on the operational and future sustainability of the organisation.

#### **Industrial relations**

The organisation operates within a highly unionised environment. Collective bargaining takes place on a regular basis and a breakdown in the bargaining process could disrupt operations and adversely affect the performance of the organisation.



# St. Patrick's University Hospital

## Report of the Governors

### **5 Principal risks and uncertainties (continued)**

#### **Other service providers**

The environment in which the organisation operates contains a number of service providers including the Health Service Executive ('HSE'). The emergence of new service providers that may or may not be regulated by the Mental Health Commission or the enhancement of services provided by existing providers may impact negatively on the organisation.

#### **Regulation**

The organisation operates three Approved Centres under the Mental Health Act(s) and is subject to regulation by the Mental Health Commission. The organisation aims to meet all the regulations and standards set out by the Mental Health Commission on an ongoing basis to ensure the continued provision of high quality services. Failing to meet the standards and regulations could have a negative impact on the organisation.

### **6 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 and appropriate 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 maintains oversight and control of the organisation by having certain matters reserved for its decision, through the receipt of regular performance reports by management on agreed plans, and by reviewing and authorising management proposals during the course of the financial year.

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 organisation. The Governors are committed to the attainment of the highest standards of governance and regularly review its own effectiveness. During the year the Board completed a routine evaluation conducted by an external facilitator.

### **7 Accounting records**

The Governors believe they have fulfilled their responsibility with regard to books of account by employing professional 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.

### **8 Going concern**

The Governors have considered the financial position of the Hospital and in particular the pension scheme liability, which is significant. At present the Hospital is negotiating with the scheme members and is hopeful that an agreement can be reached which substantially reduces the pension liability. Aside from this liability, the Governors have also considered the Hospital's financial



# St. Patrick's University Hospital

## Report of the Governors

### 8 Going concern (continued)

situation and note that it is expected to continue to operate at a surplus for the foreseeable future, had a strong cash position at 31 December 2012 and currently has further bank financing facilities available to it, should these be required. Having regard to all of this, the Governors have concluded that the going concern basis is appropriate for the financial statements

### 9 Defined benefit pension scheme funding

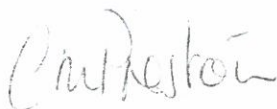
The Hospital's defined benefit scheme (which is closed to new members since 2005) carries a material funding deficit at the balance sheet date. Because of decreases in corporate bond yields used in the calculation of the liabilities of the scheme the deficit has increased materially compared to the previous year. The organisation is finalising plans that seek to resolve the affordability and future sustainability of the scheme with the Trustees and employee members of the scheme. Such actions are necessary to ensure the future sustainability of the organisation given the quantum of the deficit. Discussions with the Trustees of scheme have resulted in an agreed proposal that will be the subject of an application by the Trustees of the Scheme to the Pensions Board under section 50, Pensions Act 1990 following a period of consultation with members. Provided the application to the Pensions Board remains unchanged following the consultation period and is subsequently approved, the funding deficit is expected to reduce by approximately €48m based on an unaudited estimate from the Scheme's actuary. This could, however, change depending on the finalisation of the Pension Board proposal but the Governors are hopeful that the agreed plan and a substantial reduction in scheme liabilities will be agreed and finalised during 2013.

### 10 Auditor

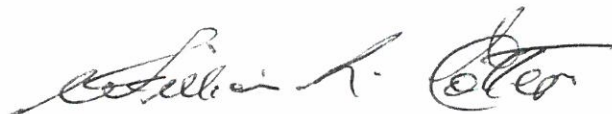
The auditor, KPMG, Chartered Accountants, has indicated its willingness to continue in office.

On behalf of the Governors

Chairman



Governor



06 JUNE 2013

## St. Patrick's University Hospital

### Statement of Governors' responsibilities in respect of the Governors' report and the 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 2012, to the extent necessary to give a true and fair view.

In preparing the financial statements, the Governors are accordingly required to:

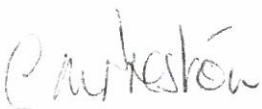
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that St. Patrick's University Hospital will continue in operation.

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*





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

## **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 2012 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 auditor**

As explained more fully in the Governors' Responsibilities Statement (set out on page 8) the Governors are responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Ethical Standards for Auditors issued by the Auditing Practices Board.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the St. Patrick's University Hospital's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

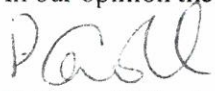
### **Opinion on financial statements**

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 the company's affairs as at 31 December 2012 and of its surplus for the year then ended.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

The financial statements are in agreement with the books of account and, in our opinion, proper books of account have been kept by St. Patrick's University Hospital.

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

  
**P. Carroll (Senior Statutory Auditor)**  
for and on behalf of

6 June 2013

**KPMG**  
**Chartered Accountants, Statutory Audit Firm**  
1 Stokes Place  
St. Stephen's Green  
Dublin 2





# St. Patrick's University Hospital

## Statement of accounting policies

*for the year ended 31 December 2012*

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.

### **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 operates a pension scheme to certain of its employees providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Hospital.

Pension scheme assets are measured using market values. For quoted securities the current bid price is taken as market value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial 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 2012

## **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
Fixtures and fittings	5% 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 2012

	Notes	2012 €'000	2011 €'000
<b>Income – continuing operations</b>			
Maintenance and treatment fees	1	61,024	59,522
Other income	1	589	577
		<hr/>	<hr/>
		61,613	60,099
<b>Expenditure</b>			
Salaries and wages	2	(45,880)	(44,740)
Establishment and administration expenses		(8,027)	(7,725)
Other operating costs		(2,936)	(2,917)
Depreciation	5	(1,568)	(1,489)
		<hr/>	<hr/>
		(58,411)	(56,871)
<b>Operating surplus – continuing activities</b>			
		3,202	3,228
Interest payable and similar charges	3	(223)	(230)
Pension finance charge	4	(870)	(521)
		<hr/>	<hr/>
<b>Surplus for the year</b>	10	<b>2,109</b>	<b>2,477</b>
		<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 2012

	Note	2012 €'000	2011 €'000
Surplus for the year		2,109	2,477
Difference between expected and actual return on scheme assets*	14	4,607	(6,352)
Experience gains and losses on scheme liabilities*	14	(314)	(2,573)
Effect of changes in actuarial assumptions*	14	(37,360)	5,512
<b>Total recognised gains and losses for the year</b>		<b>(30,958)</b>	<b>(936)</b>
* Defined Benefit Pension Scheme			

### Note of historical cost surplus and deficit for the year ended 31 December 2012

	2012 €'000	2011 €'000
Reported surplus for the year	2,109	2,477
Difference between historical cost depreciation charge on hospital buildings and the depreciation calculated on the re-valued amount	378	378
<b>Historical cost surplus for the year</b>	<b>2,487</b>	<b>2,855</b>

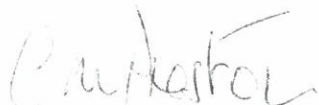
# St. Patrick's University Hospital

## Balance sheet at 31 December 2012

	<i>Note</i>	<b>2012</b> €'000	2011 €'000
<b>Fixed assets</b>	5	26,722	26,576
<b>Financial assets</b>	6	86	86
		<hr/>	<hr/>
		<b>26,808</b>	26,662
<b>Current assets</b>			
Stocks		86	81
Debtors	7	11,840	15,954
Cash at bank and on hand		3,008	-
		<hr/>	<hr/>
		<b>14,934</b>	16,035
<b>Creditors: amounts falling due within one year</b>	8	<b>(7,015)</b>	(9,232)
		<hr/>	<hr/>
<b>Net current assets</b>		<b>7,919</b>	6,803
<b>Total assets less current liabilities</b>		<b>34,727</b>	33,465
<b>Creditors: amounts falling due after more than one year</b>	9	<b>(3,814)</b>	(4,429)
		<hr/>	<hr/>
<b>Net assets excluding pension liability</b>		<b>30,913</b>	29,036
Net pension liability	14	<b>(48,811)</b>	(15,976)
		<hr/>	<hr/>
<b>Net (liabilities)/assets</b>		<b>(17,898)</b>	13,060
<b>Capital and special funds</b>		<hr/> <hr/>	<hr/> <hr/>
Capital account	10	(17,898)	13,060
		<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 2012

	<i>Note</i>	<b>2012</b> <b>€'000</b>	2011 €'000
<b>Net cash inflow / (outflow) from operating activities</b>	<i>11</i>	<b>7,893</b>	(25)
<b>Returns on investments and servicing of finance</b>			
Interest paid		(223)	(230)
<b>Capital expenditure and financial investment</b>			
Purchase of fixed assets		(1,714)	(1,601)
<b>Net cash outflow from capital expenditure and financial investment</b>		<b>(1,714)</b>	(1,601)
<b>Financing</b>			
Repayment of bank loans		(594)	(516)
<b>Increase/(decrease) in cash in the year</b>	<i>12</i>	<b>5,362</b>	(2,372)
<b>Reconciliation of net cash flow to movement in net debt</b>			
		<b>2012</b> <b>€'000</b>	2011 €'000
Increase/(decrease) in cash in the year		<b>5,362</b>	(2,372)
Repayment of bank loans		<b>594</b>	516
Change in net debt resulting from cash flows	<i>12</i>	<b>5,956</b>	(1,856)
Movement during the year		<b>5,956</b>	(1,856)
Net debt at start of year		<b>(7,317)</b>	(5,461)
<b>Net debt, at end of year</b>	<i>12</i>	<b>(1,361)</b>	(7,317)



# St. Patrick's University Hospital

## Notes

*forming part of the financial statements*

### 1 Income – continuing operations

#### Maintenance and treatment fees

	2012 €'000	2011 €'000
Fee income	60,539	59,037
Outpatient and pharmacy	485	485
	<hr/>	<hr/>
	61,024	59,522
Other income	589	577
	<hr/>	<hr/>
	61,613	60,099

### 2 Expenditure – salaries and wages

	2012 €'000	2011 €'000
Salaries and wages	38,045	36,794
Social welfare costs	3,954	3,773
Pension costs – current service costs (note 14)*	2,083	2,580
Pension costs – defined contribution cost (note 14)	1,798	1,593
	<hr/>	<hr/>
	45,880	44,740

\* Defined Benefit Scheme

### 3 Interest payable and similar charges

	2012 €'000	2011 €'000
Interest payable on overdrafts and bank loans - repayable by instalments after five years	223	230
	<hr/>	<hr/>
	223	230

# St. Patrick's University Hospital

## Notes (continued)

### 4 Pension finance income, net

	2012 €'000	2011 €'000
Expected return on scheme assets (note 14)	4,414	4,514
Interest on scheme liabilities (note 14)	(5,284)	(5,035)
	<u>(870)</u>	<u>(521)</u>

### 5 Fixed assets

	Hospital properties €'000	Plant, equipment and vehicles €'000	Fixtures and fittings €'000	Total €'000
<i>Cost or valuation:</i>				
At beginning of year	45,205	8,478	209	53,892
Additions in year	6	485	1,223	1,714
<b>At end of year</b>	<b>45,211</b>	<b>8,963</b>	<b>1,432</b>	<b>55,606</b>
<i>Analysed as:</i>				
Revalued amount	32,343	8,963	1,432	42,738
Original cost	12,868	-	-	12,868
<b>At end of year</b>	<b>45,211</b>	<b>8,963</b>	<b>1,432</b>	<b>55,606</b>
<i>Depreciation</i>				
At beginning of year	20,745	6,566	5	27,316
Charge for year	884	648	36	1,568
<b>At end of year</b>	<b>21,629</b>	<b>7,214</b>	<b>41</b>	<b>28,884</b>
<i>Net book value</i>				
<b>At 31 December 2012</b>	<b>23,582</b>	<b>1,749</b>	<b>1,391</b>	<b>26,722</b>
At 31 December 2011	24,460	1,912	204	26,576

# 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

	2012 €'000	2011 €'000
<i>Long-term investments</i>		
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

	2012 €'000	2011 €'000
Trade debtors	12,581	18,708
Less: provision for bad debts	(1,507)	(3,262)
	<u>11,074</u>	<u>15,446</u>
Other debtors and prepayments	766	508
	<u>11,840</u>	<u>15,954</u>

### 8 Creditors: amounts falling due within one year

	2012 €'000	2011 €'000
<b>Bank overdrafts and loans</b>		
Bank overdrafts	-	2,354
Current portion of long-term loans (note 9)	555	534
	<u>555</u>	<u>2,888</u>
<b>Other creditors and accruals</b>	6,460	6,344
	<u>7,015</u>	<u>9,232</u>

# St. Patrick's University Hospital

## Notes (continued)

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

	<b>2012</b>	2011
	<b>€'000</b>	€'000
Bank loans, secured	4,369	4,963
Less: amount due within one year	(555)	(534)
	<hr/>	<hr/>
	<b>3,814</b>	4,429
	<hr/> <hr/>	<hr/> <hr/>
<i>Maturity analysis of bank loans is as follows:</i>		
	<b>2012</b>	2011
	<b>€'000</b>	€'000
Bank loans are repayable as follows		
Within one year	555	534
Between one and two years	576	556
Between two and five years	1,865	1,809
After five years	1,373	2,064
	<hr/>	<hr/>
	<b>4,369</b>	4,963
	<hr/> <hr/>	<hr/> <hr/>

During 2009, the board renegotiated its borrowing facilities and 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. The loan is classified according to its repayment terms, which is due by instalments over a ten year period from the date of the revised agreement.

### 10 Reconciliation of capital account

	<b>2012</b>	2011
	<b>€'000</b>	€'000
Balance, start of the year – as previously reported	13,060	14,255
Prior year adjustment (note 17)	-	(259)
	<hr/>	<hr/>
Balance, start of the year – restated	13,060	13,996
Surplus for the year	2,109	2,477
Net actuarial loss arising in the year (note 14)	(33,067)	(3,413)
	<hr/>	<hr/>
<b>Balance, end of the year</b>	<b>(17,898)</b>	13,060
	<hr/> <hr/>	<hr/> <hr/>



# St. Patrick's University Hospital

## Notes (continued)

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

	2012 €'000	2011 €'000
Operating surplus	3,202	3,228
Depreciation	1,568	1,489
Decrease/(increase) in creditors and accruals	116	(2,074)
(Increase) in stocks	(5)	(10)
Decrease/(increase) in debtors	4,114	(2,069)
Pension costs – current service cost	2,083	2,580
Current service contributions	(3,185)	(3,169)
<b>Net cash inflow/ (outflow) from operating activities</b>	<b>7,893</b>	<b>(25)</b>

### 12 Analysis of changes in net debt

	At 1 January 2012 €'000	Cashflows €'000	Non cash movement €'000	At 31 December 2012 €'000
Cash at bank and in hand	-	3,008	-	3,008
Bank overdraft	(2,354)	2,354	-	-
<b>Net cash</b>	<b>(2,354)</b>	<b>5,362</b>	<b>-</b>	<b>3,008</b>
Bank loans repayable within one year	(534)	594	(615)	(555)
Bank loans repayable after one year	(4,429)	-	615	(3,814)
<b>Net Debt</b>	<b>(7,317)</b>	<b>5,956</b>	<b>-</b>	<b>(1,361)</b>

### 13 Capital commitments

The Hospital has €Nil contracted capital commitments at 31 December 2012 (2011: €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.

	2012 €'000	2011 €'000
Present value of funded defined benefit obligations	(136,342)	(93,145)
Fair value of plan assets	87,531	77,169
	<hr/>	<hr/>
<b>Pension liability</b>	<b>(48,811)</b>	<b>(15,976)</b>
	<hr/> <hr/>	<hr/> <hr/>

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

	2012 €'000	2011 €'000
At 1 January	(93,145)	(90,219)
Current service cost	(2,083)	(2,580)
Interest cost	(5,284)	(5,035)
Plan members' contributions	(696)	(697)
Experience gains and losses on scheme liabilities	(314)	(2,573)
Effect of changes in actuarial assumptions	(37,360)	5,512
Benefits paid	2,540	2,447
	<hr/>	<hr/>
<b>At 31 December</b>	<b>(136,342)</b>	<b>(93,145)</b>
	<hr/> <hr/>	<hr/> <hr/>

# St. Patrick's University Hospital

## Notes (continued)

### 14 Pensions (continued)

#### Movement in fair value of plan assets

	2012 €'000	2011 €'000
At 1 January	77,169	77,588
Expected return on plan assets	4,414	4,514
Actual return less expected return on plan assets	4,607	(6,352)
Employer contributions	3,166	3,133
Member contributions	696	697
Benefits paid from plan	(2,521)	(2,411)
	<hr/>	<hr/>
<b>At 31 December</b>	<b>87,531</b>	<b>77,169</b>
	<hr/> <hr/>	<hr/> <hr/>

#### Expense recognised in income and expenditure account

	2012 €'000	2011 €'000
Current service cost	(2,083)	(2,580)
Interest cost	(5,284)	(5,035)
Expected return on plan assets	4,414	4,514
	<hr/>	<hr/>
<b>Total pension expense recognised in income and expenditure account</b>	<b>(2,953)</b>	<b>(3,101)</b>
	<hr/> <hr/>	<hr/> <hr/>

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

	2012 €'000	2011 €'000
Salaries and wages (note 2)	(2,083)	(2,580)
Pension finance expense, net (note 4)	(870)	(521)
	<hr/>	<hr/>
<b>Total pension expense recognised in income and expenditure account</b>	<b>(2,953)</b>	<b>(3,101)</b>
	<hr/> <hr/>	<hr/> <hr/>

The total loss recognised in the statement of total recognised gains and losses in respect of actuarial gains and losses is €33.1m (2011: loss of €3.4m).

# St. Patrick's University Hospital

## Notes (continued)

### 14 Pensions (continued)

The allocation of plan assets is as follows:

	2012 %	2011 %
Equities	39	64
Bonds	41	14
Property	3	3
Other	17	19
	<u>100</u>	<u>100</u>
<b>Actual return on plan assets</b>	<u><b>9,021</b></u>	<u><b>(1,838)</b></u>

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:

	2012 %	2011 %
Discount rate	3.95	5.75
Price inflation	2.00	2.00
Rate of compensation increase	2.00	2.00
Rate of increase for in-payment benefits	3.00	3.00
Expected return on plan assets	<u>4.36</u>	<u>5.67</u>

In valuing the liabilities of the pension fund at 31 December 2012, 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 2012 would have increased by circa €4.5 million.

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)

## 14 Pensions (continued)

	2012 Years	2011 Years
Male member age 65 (current life expectancy)	21.90	21.80
Female member age 65 (current life expectancy)	23.50	23.40
Male member age 40 (life expectancy at age 65)	25.00	24.90
Female member age 40 (life expectancy at age 65)	26.10	26.10

### History of plan

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

	2012 €'000	2011 €'000	2010 €'000	2009 €'000	2008 €'000
Defined benefit obligation	(136,342)	(93,145)	(90,219)	(88,600)	(88,580)
Fair value of plan assets	87,531	77,169	77,588	68,778	58,169
Deficit	(48,811)	(15,976)	(12,631)	(19,822)	(30,411)
<b>Difference between expected and actual return on plan assets</b>					
Amount	4,607	(6,352)	3,153	6,510	(30,815)
% of plan assets	(5.0%)	(8.2%)	4.1%	9.5%	(52.9%)
<b>Experience (losses)/gains on plan liabilities</b>					
Amount	(314)	(2,573)	831	1,892	6,859
% of plan liabilities	(0.2%)	(2.8%)	1.0%	2.0%	7.7%
<b>Total actuarial gains and losses</b>					
Amount	(37,360)	5,512	3,595	2,577	614
% of plan liabilities	(27.4%)	5.9%	4.0%	2.9%	0.7%

The Hospital expects to contribute approximately €4.8 million to its pension plan in 2013. As at 31 December 2012 the Hospital has contributions of €nil payable to the scheme.

# St. Patrick's University Hospital

## Notes (continued)

### 14 Pensions (continued)

During the period, the Hospital, with input from its actuarial consultants, refined its estimate of the discount rate used for the purposes of the computation of the defined benefit liabilities. The refinement related to the approach used to extrapolate the available bond data out to the duration of the pension scheme obligations. As a result of the refined methodology adopted, the discount rate which would have been derived as 3.5%, increased to 3.95%. The effect of this change at the balance sheet date was to reduce the present value of scheme liabilities from €149.8m to €136.3m based on the discount rate of 3.95% adopted."

#### *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 €1,798,000 (2011: €1,593,000).

### 15 Related party transactions

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

	2012 €'000	2011 €'000
Amounts due from Association of Friends of St Patrick's Hospital Limited for administrative expenses paid on behalf of the Association	4	7
	<u>4</u>	<u>7</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 Prior year adjustment

In the prior year an adjustment for DB pension payments under accrued in periods prior to 2010 amounting to €259k was posted to the accounts.

### 18 Post balance sheet events

There have been no significant events since the year end, which would require the adjustment of or disclosure in the financial statements.

### 19 Approval of financial statements

The Governors approved these financial statements on 06 JUNE 2013