



# St. Patrick's Mental Health Services

Financial statements

**Year ended 31 December 2014**



# St. Patrick's Mental Health Services

## Financial statements

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# St. Patrick's Mental Health Services

## Legal and administrative information

### 1 Legal status

St. Patrick's Mental Health Services ('the 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 and 2014. 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 Mental Health Services. The board comprises of twelve non-executive Governors. Five of the Governors are ex-officio Governors, the appointment of whom is prescribed within the Hospital's Charter. The Chairperson 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 hospital'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. 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 chairperson.

### 3 Governors

Mrs. C. M. Preston \* ♦^ (Chairperson)

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 Mental Health Services

## Legal and administrative information

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

The Hon. Mrs. Justice Susan Denham  
The Chief Justice

Mr. D. Kitchen \* ^ (Chairman of Finance & Audit Committee & Remuneration Committee)

Prof. J O'Connor (joined the board on the 4<sup>th</sup> December 2014)

Mr. Justice R. Keane ^  
Mr. M. Beresford  
Mrs. B. Godley  
Mr. C. Killeen \* ^

\* *Member Finance & Audit Committee*  
◆ *Member Quality Governance Committee*  
◇ *Member Research Ethics Committee*  
^ *Member Remuneration Committee*

### 4 **Executive Management Team**

Mr. Paul Gilligan	Chief Executive
Professor James Lucey	Medical Director
Mr. Frank Byrne	Finance Director
Mr. Tom Maher	Director of Services
Mr. Brendan Power	Director of Human Resources
Mrs. Evelyn McCarthy	Director of Nursing
Ms. Orla Gogarty	Director of ICT

### 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 Mental Health Services

## Report of the Governors

The Governors present their annual report and audited financial statements for the year ended 31 December 2014.

### 1 Activities

St. Patrick's Mental Health Services ("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 six community based clinics throughout the country. During the year the Hospital treated approximately 3,000 people on an inpatient basis with a further 6,000 attendances at its day patient centre and in excess of 13,000 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 2014

The Board of Governors is committed to providing high quality facilities and care and treatment for our service users. Maintaining these high standards continues to be difficult against the challenging economic background and with limited financial resources. In 2013 the organisation launched a new strategy for the period 2013-2018, Mental Health Matter Phase III, "Empowering Recovery". This exciting and challenging strategy commits the Hospital to maintaining and developing a range of quality services; establishing a National Mental Health Wellbeing and Recovery Campus, continuing to develop its nationwide community mental health service, exploring the development of a National Healthy ageing campus, enhancing technology based support services, advancing its human rights advocacy and awareness raising/anti-stigma programmes, continue the development of service user participation and enhancing its philanthropic purpose.

#### *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 expanded during the year with the introduction of Associate Dean Clinics and the existing clinics were further consolidated during 2014 with significant growth in the number of assessments and visits compared to 2013.

#### *Wellness and Recovery Centre*

The Wellness and Recovery Centre ensures complementary and integrated 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 Mental Health Services

## Report of the Governors (*continued*)

### 2 Objectives and developments in 2014 (*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 2014 continue to be 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 of €4.2 million compared to a surplus of €2.2 million (before exceptional items) for the corresponding period in 2013. As shown below the underlying operating earnings indicate an improved outcome when compared to 2013 on a like for like basis.

# St. Patrick's Mental Health Services

## Report of the Governors *(continued)*

### 4 Review of financial outcome *(continued)*

	2014 €'000	2013 €'000
<b>Operating surplus – before exceptional item</b>	<b>4,221</b>	2,162
Less: current service cost under FRS17 (as per note 15)	-	3,348
Add: actual Employer pension contributions (as per note 15)	<b>(1,002)</b>	(2,606)
	<hr/>	<hr/>
<b>Adjusted Operating Earnings (before non-cash pension charges)</b>	<b>3,219</b>	2,904
	<hr/>	<hr/>

### 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 hospital continues to have a defined benefit pension scheme which although significantly restructured during 2013 could continue to give rise to deficits in the future. The scheme is closed to new members since 2005 and is now closed to future service accrual. Any failure to resolve future funding deficits that may arise in a timely manner could impact on the future sustainability of the organisation.

#### Financial commitments

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

# St. Patrick's Mental Health Services

## Report of the Governors (*continued*)

### 5 Principal risks and uncertainties

#### 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 is 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.

#### 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 three approved centres are St Patrick's University Hospital, St. Edmundsbury Hospital and the Willow Grove unit. 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.



# St. Patrick's Mental Health Services

## Report of the Governors *(continued)*

### 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 Mental Health Services, James Street, Dublin 8.

### 8 Going concern

The Governors have considered the Hospital's financial situation and have concluded that it is expected to continue to operate at a surplus for the foreseeable future, had a strong cash position at 31 December 2014 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

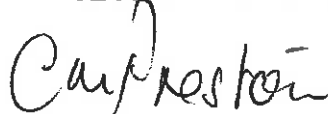
In 2013 the organisation finalised plans that sought to resolve the affordability and future sustainability of the scheme with the Trustees and employee members of the scheme. Such actions were necessary to ensure the future sustainability of the organisation given the quantum of the funding deficit. The Hospital's defined benefit Pension Scheme (which is closed to new members since 2005), as a result underwent a significant restructuring following the approval by the Pensions Authority of an application by the Trustees of the scheme seeking direction under Section 50 of the Pensions Act 1990 to modify the benefits under the Scheme. The impact of these changes have eliminated the deficit that existed at 31 December 2012. The principal changes to the scheme involved the cessation of future service accrual, removing automatic pension increases in payment and by increasing the normal retirement age in line with the state pension age increases in 2013, 2021 and 2028. Effective from 1 January 2014 all pension provision for all employees are made on a defined contribution basis.

As a result of a significant deterioration in corporate bond yields (the rate used to determine liabilities of the Scheme for accounting purposes under FRS 17) the notional liabilities of the Scheme have increased substantially at year end resulting in a net pension liability of €10.3m compared to a net pension asset of €0.7m for the previous year. It is important to note however, that the Scheme continues to be in surplus under the minimum funding standard basis and on an ongoing funding basis of valuation as at 31 December 2014.

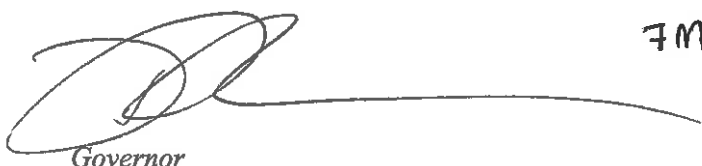
### 10 Auditor

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

On behalf of the Governors



Chairman



Governor

7 May 2015

## St Patrick's Mental Health Services

### 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 2013, 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 Mental Health Services 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 Mental Health Services. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of St. Patrick's Mental Health Services and to prevent and detect fraud and other irregularities.

On behalf of the Governors



*Chairman*



*Governor*



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

## Independent auditor's report to the Governors of St. Patrick's Mental Services

We have audited the ("financial statements") of St. Patrick's Mental Health Services for the year ended 31 December 2014 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 Mental Health Services 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 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 St. Patrick's Mental Health Services'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 St Patrick's Mental Health Services's affairs as at 31 December 2014 and of its surplus for the year then ended.

### **Matters on which we are required to report**

We have obtained all the information and explanations which we considered 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 Mental Health Services.

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

  
P. Carroll

for and on behalf of

**KPMG**

**Chartered Accountants, Statutory Audit Firm**

*1 Stokes Place*

*St. Stephen's Green, Dublin 2.*

7 May 2015



# St. Patrick's Mental Health Services

## Statement of accounting policies *for the year ended 31 December 2014*

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 Financial Reporting Council, 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 for 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 Mental Health Services

Statement of accounting policies (*continued*)  
for the year ended 31 December 2014

### 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 Mental Health Services

## Income and expenditure account for the year ended 31 December 2014

	<i>Note</i>	<b>2014</b> €'000	2013 €'000
<b>Income – continuing operations</b>			
Maintenance and treatment fees	<i>1</i>	64,392	62,533
Other income	<i>1</i>	662	595
		<hr/> 65,054	<hr/> 63,128
<b>Expenditure</b>			
Salaries and wages	<i>2</i>	(47,254)	(47,611)
Establishment and administration expenses		(8,949)	(8,744)
Other operating costs		(2,769)	(2,894)
Depreciation	<i>6</i>	(1,861)	(1,717)
		<hr/> (60,833)	<hr/> (60,966)
<b>Operating surplus – before exceptional items</b>		4,221	2,162
<b>Exceptional item</b>	<i>5</i>	-	52,771
<b>Operating surplus – after exceptional items</b>		4,221	54,933
Interest payable and similar charges	<i>3</i>	(150)	(179)
Pension finance charge	<i>4</i>	(55)	(1,558)
<b>Surplus for the year</b>	<i>11</i>	<hr/> 4,016	<hr/> 53,196

On behalf of the Governors



Chairman



Governor

## St. Patrick's Mental Health Services

### Statement of total recognised gains and losses for the year ended 31 December 2014

	<i>Note</i>	<b>2014</b> <b>€'000</b>	2013 €'000
Surplus for the year		<b>4,016</b>	53,196
Difference between expected and actual return on scheme assets*	<i>15</i>	<b>4,884</b>	3,768
Experience gains and losses on scheme liabilities*	<i>15</i>	<b>47</b>	401
Effect of changes in actuarial assumptions*	<i>15</i>	<b>(16,872)</b>	(5,164)
<b>Total recognised gains and losses for the year</b>		<b>(7,925)</b>	52,201

\* Defined Benefit Pension Scheme

### Note of historical cost surplus and deficit for the year ended 31 December 2014

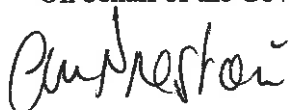
	<b>2014</b> <b>€'000</b>	2013 €'000
Reported surplus for the year	<b>(7,925)</b>	52,201
Difference between historical cost depreciation charge on hospital buildings and the depreciation calculated on the re-valued amount	<b>378</b>	378
<b>Historical cost surplus for the year</b>	<b>(7,547)</b>	52,579

## St. Patrick's Mental Health Services

### Balance sheet at 31 December 2014

	<i>Note</i>	2014 €'000	2013 €'000
<b>Fixed assets</b>	6	26,793	27,545
<b>Financial assets</b>	7	86	86
		<u>26,879</u>	<u>27,631</u>
<b>Current assets</b>			
Stocks		72	94
Debtors	8	13,002	12,360
Cash at bank and on hand		8,639	4,950
		<u>21,713</u>	<u>17,404</u>
<b>Creditors: amounts falling due within one year</b>	9	(9,367)	(8,185)
<b>Net current assets</b>		12,346	9,219
<b>Total assets less current liabilities</b>		39,225	36,850
<b>Creditors: amounts falling due after more than one year</b>	10	(2,538)	(3,212)
<b>Net assets excluding pension liability</b>		36,687	33,638
Net pension (liability) / asset	15	(10,309)	665
<b>Net assets</b>		<u>26,378</u>	<u>34,303</u>
<b>Capital and special funds</b>			
Capital account	11	<u>26,378</u>	<u>34,303</u>

On behalf of the Governors



Chairman



Governor



## St. Patrick's Mental Health Services

### Cash flow statement for the year ended 31 December 2014

	<i>Note</i>	<b>2014</b> <b>€'000</b>	2013 €'000
<b>Net cash inflow from operating activities</b>	<i>12</i>	<b>5,563</b>	5,227
<b>Returns on investments and servicing of finance</b>			
Interest paid		(150)	(179)
<b>Capital expenditure and financial investment</b>			
Purchase of fixed assets		(1,138)	(2,540)
<b>Net cash outflow from capital expenditure and financial investment</b>		<b>(1,138)</b>	(2,540)
<b>Financing</b>			
Repayment of bank loans		(586)	(566)
<b>Increase in cash in the year</b>	<i>13</i>	<b>3,689</b>	1,942
<b>Reconciliation of net cash flow to movement in net debt</b>			
	<i>Note</i>	<b>2014</b> <b>€'000</b>	2013 €'000
Increase in cash in the year		3,689	1,942
Repayment of bank loans		586	566
<b>Change in net debt resulting from cash flows</b>	<i>13</i>	<b>4,275</b>	2,508
Net funds/(debt) at start of year		1,147	(1,361)
<b>Net funds, at end of year</b>	<i>13</i>	<b>5,422</b>	1,147

# St. Patrick's Mental Health Services

## Notes to the financial statements for the year ended 31 December 2014

### 1 Income – continuing operations

#### Maintenance and treatment fees

	2014 €'000	2013 €'000
Fee income	64,004	62,130
Outpatient and pharmacy	388	403
	<hr/>	<hr/>
Other income	64,392	62,533
	662	595
	<hr/>	<hr/>
	<b>65,054</b>	<b>63,128</b>
	<hr/> <hr/>	<hr/> <hr/>

### 2 Expenditure – salaries and wages

	2014 €'000	2013 €'000
Salaries and wages	38,904	38,523
Social welfare costs	3,975	3,906
Pension costs – current service costs (note 15)*	-	3,348
Pension costs – defined contribution cost (note 15)	4,375	1,834
	<hr/>	<hr/>
	<b>47,254</b>	<b>47,611</b>
	<hr/> <hr/>	<hr/> <hr/>

Salaries & wages include the amounts set out below in respect of the Executive Management Team (as detailed on page 2).

	2014 €'000	2013 €'000
Senior / key management personnel compensation	€'000	€'000
Total Remuneration (employee benefits before pension*)	1,477	1,351
Pension costs (Post employment benefit – Defined benefit scheme)	-	138
Pension costs (Post employment benefit – Defined contrib. scheme)	145	72
	<hr/>	<hr/>
	<b>1,622</b>	<b>1,561</b>
	<hr/> <hr/>	<hr/> <hr/>

\*Total remuneration includes employer PRSI

During the year the key management personnel amounted to an average of 7 (2013: 6.17) whole time equivalents for the year ended 31 December 2014.

## St. Patrick's Mental Health Services

### Notes (continued)

<b>3 Interest payable and similar charges</b>	<b>2014</b>	<b>2013</b>
	<b>€'000</b>	<b>€'000</b>
Interest payable on overdrafts and bank loans		
- repayable by instalments after five years	150	179
	<u>150</u>	<u>179</u>
	<u>150</u>	<u>179</u>
<b>4 Pension finance income, net</b>	<b>2014</b>	<b>2013</b>
	<b>€'000</b>	<b>€'000</b>
Expected return on scheme assets (note 15)	2,379	3,360
Interest on scheme liabilities (note 15)	(2,434)	(4,918)
	<u>(55)</u>	<u>(1,558)</u>
	<u>(55)</u>	<u>(1,558)</u>
<b>5 Exceptional item</b>	<b>2014</b>	<b>2013</b>
	<b>€'000</b>	<b>€'000</b>
Defined benefit pension scheme		
Plan changes / past service cost (note 15)	-	56,419
Cost of settlements (note 15)	-	(3,648)
	<u>-</u>	<u>52,771</u>
	<u>-</u>	<u>52,771</u>

In 2013 the Hospital amended its defined benefit pension scheme with the effect that certain pension increases were ceased, the normal retirement age was increased and mandatory commutation was introduced. This had the effect of reducing the liabilities of the scheme and resulted in a negative past service cost of €56.4 million. The Scheme also bought sovereign annuities to settle certain liabilities of the scheme at a net loss of €3.6 million. Both of the above adjustments were required to be accounted for within the income and expenditure account for the year ended 31 December 2013 and were disclosed as exceptional items, given their once-off nature.

## St. Patrick's Mental Health Services

### Notes (continued)

<b>6 Fixed assets</b>	<b>Hospital properties €'000</b>	<b>Plant, equipment and vehicles €'000</b>	<b>Fixtures and fittings €'000</b>	<b>Total €'000</b>
<i>Cost or valuation:</i>				
At beginning of year	45,211	10,487	2,449	58,147
Additions in year	-	688	420	1,108
<b>At end of year</b>	<b>45,211</b>	<b>11,175</b>	<b>2,869</b>	<b>59,255</b>
<i>Analysed as:</i>				
Revalued amount	32,343	11,175	2,869	46,387
Original cost	12,868	-	-	12,868
<b>At end of year</b>	<b>45,211</b>	<b>11,175</b>	<b>2,869</b>	<b>59,255</b>
<i>Depreciation</i>				
At beginning of year	22,513	7,956	132	30,601
Charge for year	855	873	133	1,861
<b>At end of year</b>	<b>23,368</b>	<b>8,829</b>	<b>265</b>	<b>32,462</b>
<i>Net book value</i>				
<b>At 31 December 2014</b>	<b>21,843</b>	<b>2,346</b>	<b>2,604</b>	<b>26,793</b>
At 31 December 2013	22,727	2,531	2,317	27,575

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 properties were re-valued again in 2014 by CBRE and no material differences were noted from the 1990 valuations which would require amendment to the valuation in the financial statements. The Governors have concluded therefore that no material impairment exists.

## St. Patrick's Mental Health Services

### Notes (continued)

<b>7 Investments</b>	<b>2014</b>	<b>2013</b>
	<b>€'000</b>	<b>€'000</b>
<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
	<hr/>	<hr/>
	<b>86</b>	<b>86</b>
	<hr/> <hr/>	<hr/> <hr/>

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

<b>8 Debtors</b>	<b>2014</b>	<b>2013</b>
	<b>€'000</b>	<b>€'000</b>
Trade debtors	15,773	15,038
Less: provision for bad debts	(3,641)	(3,307)
	<hr/>	<hr/>
	<b>12,132</b>	<b>11,731</b>
Other debtors and prepayments	870	629
	<hr/>	<hr/>
	<b>13,002</b>	<b>12,360</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>9 Creditors: amounts falling due within one year</b>	<b>2014</b>	<b>2013</b>
	<b>€'000</b>	<b>€'000</b>
<b>Bank overdrafts and loans</b>		
Current portion of long term loans (note 10)	679	591
	<hr/>	<hr/>
	<b>679</b>	<b>591</b>
Other creditors and accruals	8,688	7,594
	<hr/>	<hr/>
	<b>9,367</b>	<b>8,185</b>
	<hr/> <hr/>	<hr/> <hr/>

## St. Patrick's Mental Health Services

### Notes (continued)

<b>10 Creditors: amounts falling due after more than one year</b>	<b>2014</b>	<b>2013</b>
	<b>€'000</b>	<b>€'000</b>
Bank loans, secured	3,217	3,803
Less: amount due within one year	(679)	(591)
	<hr/>	<hr/>
	<b>2,538</b>	<b>3,212</b>
	<hr/>	<hr/>
<i>Maturity analysis of bank loans is as follows:</i>		
	<b>2014</b>	<b>2013</b>
	<b>€'000</b>	<b>€'000</b>
Bank loans are repayable as follows		
Within one year	679	591
Between one and two years	689	612
Between two and five years	1,849	1,976
After five years	-	624
	<hr/>	<hr/>
	<b>3,217</b>	<b>3,803</b>
	<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.

<b>11 Reconciliation of capital account</b>	<b>2014</b>	<b>2013</b>
	<b>€'000</b>	<b>€'000</b>
Balance, start of the year	34,303	(17,898)
Surplus for the year	4,016	53,196
Net actuarial loss arising in the year (note 15)	(11,941)	(995)
	<hr/>	<hr/>
<b>Balance, end of the year</b>	<b>26,378</b>	<b>34,303</b>
	<hr/>	<hr/>

## St. Patrick's Mental Health Services

### Notes (continued)

<b>12 Reconciliation of surplus to net cash outflow from operating activities</b>	<b>2014</b>	<b>2013</b>
	<b>€'000</b>	<b>€'000</b>
Operating surplus	4,221	54,933
Depreciation	1,861	1,717
Increase in creditors and accruals	1,123	1,134
(Decrease) / increase in stocks	22	(8)
(Increase) in debtors	(642)	(520)
Pension costs – current service cost	-	3,348
Current service contributions	(1,022)	(2,606)
Exceptional item	-	(52,771)
	<hr/>	<hr/>
<b>Net cash inflow from operating activities</b>	<b>5,563</b>	<b>5,227</b>
	<hr/> <hr/>	<hr/> <hr/>

<b>13 Analysis of changes in net debt</b>	<b>At</b>		<b>At</b>
	<b>1 January</b>	<b>Cashflows</b>	<b>31 December</b>
	<b>2014</b>	<b>2014</b>	<b>2014</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Cash at bank and in hand	4,950	3,689	8,639
Bank overdraft	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Net cash</b>	<b>4,950</b>	<b>3,689</b>	<b>8,639</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Bank loans repayable within one year	(591)	(88)	(679)
Bank loans repayable after one year	(3,212)	674	(2,538)
	<hr/>	<hr/>	<hr/>
<b>Net funds</b>	<b>1,147</b>	<b>4,275</b>	<b>5,422</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

### 14 Capital commitments

The Hospital has €0.1 m contracted capital commitments at 31 December 2014 (2013: €0.1m).

# St. Patrick's Mental Health Services

## Notes (continued)

### 15 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.

	2014 €'000	2013 €'000
Present value of funded defined benefit obligations	(82,579)	(66,499)
Fair value of plan assets	72,270	67,164
	<hr/>	<hr/>
<b>Pension liability</b>	<b>(10,309)</b>	<b>665</b>
	<hr/>	<hr/>

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

	2014 €'000	2013 €'000
At 1 January	(66,499)	(136,342)
Current service cost	-	(3,348)
Interest cost	(2,434)	(4,918)
Plan members' contributions	-	(697)
Experience gains and losses on scheme liabilities	(12)	401
Effect of changes in actuarial assumptions	(16,813)	(5,164)
Benefits paid	3,179	2,059
Plan change / past service cost	-	56,419
Settlements	-	25,091
	<hr/>	<hr/>
<b>At 31 December</b>	<b>(82,579)</b>	<b>(66,499)</b>
	<hr/>	<hr/>



# St. Patrick's Mental Health Services

## Notes (continued)

### 15 Pensions (continued)

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

	2014 €'000	2013 €'000
At 1 January	67,164	87,531
Expected return on plan assets	2,379	3,360
Actual return less expected return on plan assets	4,884	3,768
Employer contributions	1,022	2,606
Member contributions	-	697
Benefits paid from plan	(3,179)	(2,059)
Settlements	-	(28,739)
	<hr/>	<hr/>
<b>At 31 December</b>	<b>72,270</b>	<b>67,164</b>
	<hr/> <hr/>	<hr/> <hr/>

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

	2014 €'000	2013 €'000
Current service cost	-	(3,348)
Interest cost	(2,434)	(4,918)
Expected return on plan assets	2,379	3,360
Past service cost	-	56,419
Cost of settlements	-	(3,648)
	<hr/>	<hr/>
<b>Total pension expense recognised in income and expenditure account</b>	<b>(55)</b>	<b>47,865</b>
	<hr/> <hr/>	<hr/> <hr/>

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

	2014 €'000	2013 €'000
Salaries and wages (note 2)	-	(3,348)
Pension finance expense, net (note 4)	(55)	(1,558)
Past service costs less cost of settlement	-	52,771
	<hr/>	<hr/>
<b>Total pension expense recognised in income and expenditure account</b>	<b>(55)</b>	<b>47,865</b>
	<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 €11.941m (2013: loss of €0.995m).

# St. Patrick's Mental Health Services

Notes (continued)

## 15 Pensions (continued)

The allocation of plan assets is as follows:

	2014 %	2013 %
Equities	30	29
Bonds	67	65
Property	3	3
Other	-	3
	<u>100</u>	<u>100</u>
<b>Actual return on plan assets</b>	<u>7,263</u>	<u>7,128</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:

	2014 %	2013 %
Discount rate	2.30	3.75
Price inflation	1.50	2.00
Rate of compensation increase	1.50	2.00
Rate of increase for in-payment benefits	0.00	0.00
Expected return on plan assets	<u>1.50</u>	<u>3.60</u>

In valuing the liabilities of the pension fund at 31 December 2014, 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 2014 would have increased by circa €2.0m.

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 Mental Health Services

### Notes (continued)

#### 15 Pensions (continued)

	2014 Years	2013 Years
Male member age 65 (current life expectancy)	20.8	22.1
Female member age 65 (current life expectancy)	23.4	23.6
Male member age 40 (life expectancy at age 65)	23.9	25.1
Female member age 40 (life expectancy at age 65)	26.0	26.2

#### History of plan

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

	2014 €'000	2013 €'000	2012 €'000	2011 €'000	2010 €'000
Defined benefit obligation	(82,579)	(66,499)	(136,342)	(93,145)	(90,219)
Fair value of plan assets	72,270	67,164	87,531	77,169	77,588
Deficit	(10,309)	665	(48,811)	(15,976)	(12,631)
<b>Difference between expected and actual return on plan assets</b>					
Amount	4,884	3,768	4,607	(6,352)	3,153
% of plan assets	6.8%	5.6%	5.3%	(8.2%)	4.1%
<b>Experience (losses)/gains on plan liabilities</b>					
Amount	47	401	(314)	(2,573)	831
% of plan liabilities	0.1%	0.6%	(0.2%)	(2.8%)	1.0%
<b>Total actuarial gains and losses</b>					
Amount	16,872	(5,164)	(37,360)	5,512	3,595
% of plan liabilities	20.5%	7.8%	(27.4%)	5.9%	4.0%

The Hospital expects to contribute approximately €1 million to its defined benefit pension scheme in 2015. As at 31 December 2014 the Hospital has contributions of €nil payable to the scheme.

# St. Patrick's Mental Health Services

Notes (continued)

## 15 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 €4,375,000 (2013: €1,834,000).

## 16 Related party transactions

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

	2014 €'000	2013 €'000
Amounts due from Association of Friends of St Patrick's Hospital Limited for administrative expenses paid on behalf of the Association	-	-
	<hr/>	<hr/>

## 17 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.

## 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 7 May 2015.