

**St. Patrick's Hospital, Dublin
t/a St. Patrick's Mental Health Services**

Financial statements

Year ended 31 December 2015

Charity No. 209

Charity Registration No. 20000370

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. St. Patrick's Hospital, Dublin is known as St. Patrick's Mental Health Services and includes the approved centres; St. Patrick's University Hospital, St. Edmundsbury Hospital and Willow Grove Adolescent Services, together with a nationwide network of community based Dean Clinics.

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 eleven non-executive Governors. Three 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 Hospital. 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 Officer. The Chief Executive Officer, 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 Dr. R. Clarke
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 (resigned 7 April 2016)
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 *(continued)*

3 **Governors** *(continued)*

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

Prof. J O'Connor

Mr. M. Beresford ♦ (Chairman of Quality Governance Committee)

Mrs. B. Godley

Mr. C. Killeen * ^

Dr. John Hillery ♦

Ms. C. Gill ♦

The Hon. Mrs. Justice Susan Denham (resigned 9 July 2015)

The Chief Justice

The Hon. Mr. Justice R. Keane ^ (resigned 6 July 2015)

* *Member Finance & Audit Committee*

♦ *Member Quality Governance Committee*

◇ *Member Research Ethics Committee*

^ *Member Remuneration Committee*

4 **Executive Management Team**

Mr. Paul Gilligan	Chief Executive Officer
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 2015.

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 had approximately 3,000 admissions on an inpatient basis, in excess of 7,000 attendances at its day patient centre and in excess of 14,000 visits in the community based Dean Clinics. There are approximately 630 staff (whole time equivalents) employed by the Hospital over a wide range of disciplines.

2 Objectives and developments in 2015

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 Hospital launched a new strategy for the period 2013-2018, Mental Health Matters 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 specialised adolescent focused Dean Clinics and the existing clinics were further consolidated during 2015 with an improvement in the number of visits compared to 2014.

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.

Willow Grove adolescent unit

The child and adolescent unit, Willow Grove opened in April 2010. This 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 2015 continue to be satisfactory.

St. Patrick's Mental Health Services

Report of the Governors (*continued*)

2 Objectives and developments in 2015 (*continued*)

Research and training

St. Patrick's has an on-going 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 Mental Health Services. 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 Phase III strategy was launched following consultation with our staff and it requires a high level of participation and commitment by them. The high quality of care and services 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, day care and in-patient treatments.

4 Review of financial outcome

The financial results as set out on page 11 show that the Hospital recorded an operating surplus of €2.6 million for the year ended 31 December 2015 compared to a surplus €4.2 million for the preceding financial year.

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 Hospital'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 Hospital. This list (presented in alphabetical order) is not intended to be exhaustive.

St. Patrick's Mental Health Services

Report of the Governors *(continued)*

5 Principal risks and uncertainties *(continued)*

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 Hospital.

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 Hospital.

Financial commitments

The Hospital carries a limited amount of debt which will need to be repaid and also has access to an overdraft facility as part of its working capital management. The Hospital's ability to finance ongoing operations and 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 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 and the demand for its services.

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.

St. Patrick's Mental Health Services

Report of the Governors *(continued)*

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. As a registered charity and in keeping with best practice for the sector, the Board of Governors at its meeting in May 2015 made the decision to implement the voluntary code for charitable and voluntary organisations. Although many of the code's provisions were already in place, the Board of Governors and management are committed to its full implementation.

7 Accounting records

The Governors believe they have fulfilled their responsibility with regard to adequate accounting records by employing professional accounting personnel with appropriate expertise and by providing adequate resources to the finance function. The accounting records 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 2015 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 of preparation is appropriate for these 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 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.

St. Patrick's Mental Health Services

Report of the Governors *(continued)*

9 Defined benefit pension scheme funding *(continued)*

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 102) the notional liabilities of the Scheme increased substantially in 2014. There has been a slight improvement in 2015 resulting in a net pension liability of €9.0m at the balance sheet date compared to a net pension liability of €10.3m 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 2015.


10 Auditor

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

On behalf of the Governors



Chairman



Governor

5 May 2016

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 the financial statements in accordance with applicable law and regulations.

The Governors are required to prepare financial statements for each financial year and they have elected to prepare the financial statements in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

The Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of St. Patrick's Mental Health Services and of its profit or loss for that year. In preparing these financial statements, the Governors are required to:


- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 business.

The Governors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of St. Patrick's Mental Health Services. They have general responsibility 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
D02 DE03
Ireland

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

We have audited the financial statements ("financial statements") of St. Patrick's Mental Health Services for the year ended 31 December 2015 which comprise the income and expenditure account, the statement of other comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement and other related notes. The financial reporting framework that has been applied in their preparation is FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Opinions and conclusions arising from our audit

1 Our opinion on the financial statements is unmodified

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of St. Patrick's Mental Health Services as at 31 December 2015 and of its surplus for the year then ended; and
- have been properly prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

2 Our conclusions on other matters are set out below

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

In our opinion, the accounting records of St. Patrick's Mental Health Services were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

3 We have nothing to report in respect of matters on which we are required to report by exception

ISAs (UK & Ireland) require that we report to you if, based on the knowledge we acquired during our audit, we have identified information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

Basis of our report, responsibilities and restrictions on use

As explained more fully in the Governor's responsibilities statement set out on page 8, the Governors are responsible for the preparation of the financial statements and for being satisfied that they give 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 (ISAs) (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

An audit undertaken in accordance with ISAs (UK & Ireland) 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' 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.



Independent auditor's report to the Governors of St. Patrick's Mental Health Services *(continued)*

Basis of our report, responsibilities and restrictions on use *(continued)*

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Whilst an audit conducted in accordance with ISAs (UK & Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of the accounting and reporting.

Our report is made solely to the Governors of the Hospital. 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 a body, for our audit work, for this report, or for the opinions we have formed.

Caroline Flynn

**for and on behalf of
KPMG**

Chartered Accountants, Statutory Audit Firm

1 Stokes Place

St. Stephen's Green

Dublin 2

5 May 2016

St. Patrick's Mental Health Services

Income and expenditure account for the year ended 31 December 2015

	Note	2015 €'000	Restated 2014 €'000
Income – continuing operations			
Maintenance and treatment fees	2	64,158	64,392
Other income	2	598	662
		<hr/>	<hr/>
		64,756	65,054
		<hr/>	<hr/>
Expenditure			
Salaries and wages	3	(48,519)	(47,254)
Establishment and administration expenses		(8,840)	(8,949)
Other operating costs		(2,849)	(2,769)
Depreciation	7	(1,926)	(1,861)
		<hr/>	<hr/>
		(62,134)	(60,833)
		<hr/>	<hr/>
Operating surplus		2,622	4,221
Gain on disposal of financial asset	8	81	-
		<hr/>	<hr/>
Surplus before interest and pension		2,703	4,221
Interest receivable and similar charges	5	8	-
Interest payable and similar charges	4	(46)	(150)
Pension finance (charge)/income	6	(394)	(240)
		<hr/>	<hr/>
Surplus for the year		2,271	3,831
		<hr/> <hr/>	<hr/> <hr/>

On behalf of the Governors

Chairman

Governor

St. Patrick's Mental Health Services

Statement of other comprehensive income for the year ended 31 December 2015

	<i>Note</i>	2015 €'000	Restated 2014 €'000
Surplus for the year		2,271	3,831
Remeasurement of net defined benefit pension liability	15	645	(11,756)
Total comprehensive income/(expense) for the year		2,916	(7,925)

St. Patrick's Mental Health Services

Balance sheet

as at 31 December 2015

	Note	2015 €'000	Restated 2014 €'000
Fixed assets			
Tangible fixed assets	7	26,279	26,793
Financial assets	8	4	86
		<hr/>	<hr/>
		26,283	26,879
Current assets			
Stocks		71	72
Debtors	9	13,291	13,002
Cash at bank and on hand	10	11,035	8,639
		<hr/>	<hr/>
		24,397	21,713
Creditors: amounts falling due within one year	11	(10,479)	(9,367)
		<hr/>	<hr/>
Net current assets		13,918	12,346
		<hr/>	<hr/>
Total assets less current liabilities		40,201	39,225
Creditors: amounts falling due after more than one year	12	(1,871)	(2,538)
		<hr/>	<hr/>
Net assets excluding pension liability		38,330	36,687
Net pension liability	15	(9,036)	(10,309)
		<hr/>	<hr/>
Net assets		29,294	26,378
		<hr/>	<hr/>
Capital and special funds			
Capital account		29,294	26,378
		<hr/>	<hr/>

On behalf of the Governors

Chairman

Governor

St. Patrick's Mental Health Services

Statement of changes in equity for the year ended 31 December 2015

	Capital account €'000	Total €'000
Balance at 1 January 2014	34,303	34,303
Total comprehensive income for the year Surplus for the year (restated – see note 20)	3,831	3,831
Other comprehensive income (restated – see note 20)	(11,756)	(11,756)
	<hr/>	<hr/>
Total comprehensive expense for the year	(7,925)	(7,925)
	<hr/>	<hr/>
Balance at 31 December 2014	26,378	26,378
	<hr/> <hr/>	<hr/> <hr/>
	Capital account €'000	Total €'000
Balance at 1 January 2015	26,378	26,378
Total comprehensive income for the year Surplus for the year	2,271	2,271
Other comprehensive income	645	645
	<hr/>	<hr/>
Total comprehensive income for the year	2,916	2,916
	<hr/>	<hr/>
Balance at 31 December 2015	29,294	29,294
	<hr/> <hr/>	<hr/> <hr/>

St. Patrick's Mental Health Services

Cash flow statement

for the year ended 31 December 2015

	Note	2015 €'000	Restated 2014 €'000
Cash flows from operating activities			
Surplus for the year		2,271	3,831
<i>Adjustments for:</i>			
Depreciation, amortisation and impairment	7	1,926	1,861
Interest receivable and similar income	5	(8)	-
Interest payable and similar charges	4	46	150
Gain on disposal of financial assets	8	(81)	-
Pension finance charge	6	394	240
		<hr/>	<hr/>
		4,549	6,082
Increase in trade and other debtors	9	(289)	(642)
Decrease in stocks		1	22
Increase in trade and other creditors	11	1,118	1,123
Decrease in provisions and employee benefits		(1,022)	(1,022)
		<hr/>	<hr/>
		4,356	5,563
Net cash from operating activities		<hr/>	<hr/>
		4,356	5,563
Cash flows from investing activities			
Proceeds from disposal of financial assets	8	163	-
Interest paid	4	(46)	(150)
Acquisition of tangible fixed assets	7	(1,412)	(1,138)
		<hr/>	<hr/>
Net cash from investing activities		(1,295)	(1,288)
Cash flows from financing activities			
Repayment of borrowings	12	(673)	(586)
Interest received	5	8	-
		<hr/>	<hr/>
Net cash from financing activities		(665)	(586)
Net increase in cash and cash equivalents		2,396	3,689
Cash and cash equivalents at 1 January		8,639	4,950
		<hr/>	<hr/>
Cash and cash equivalents at 31 December		11,035	8,639
		<hr/>	<hr/>

St. Patrick's Mental Health Services

Notes

forming part of the financial statements

1 Accounting policies

St. Patrick's Mental Health Services (the "Hospital") is a hospital governed by a trust, the operation of which is set out by the Hospital Charter.

These financial statements were prepared under the historical cost convention in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102") as issued in August 2014. The presentation currency of these financial statements is Euro, which is the functional currency of the Hospital.

In the transition to FRS 102 from old Irish GAAP, the Hospital has made measurement and recognition adjustments. An explanation of how the transition to FRS 102 has affected the financial position and financial performance of the Hospital is provided in note 20.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. The following exemptions have been taken in these financial statements:

Fair value or revaluation as deemed cost – the previous GAAP revaluation at the transition date of 1 January 2014 has been used as deemed cost for hospital properties (see note 7).

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any provisions for impairment in the case of trade debtors.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the hospital's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

The entity assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the income and expenditure account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

- Hospital properties 2% per annum
- Plant and equipment 5% per annum
- Fixtures and fittings 20% per annum

St. Patrick's Mental Health Services

Notes (continued)

1 Accounting policies (continued)

Tangible fixed assets (continued)

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the hospital expects to consume an asset's future economic benefits.

Financial asset investments

Financial asset investments are stated at cost less provision for impairment. Financial assets are assessed at each reporting date to determine whether there is objective evidence of impairment. Impairment losses are recognised in the income and expenditure account.

Stocks

Hospital stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the hospital pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income and expenditure account in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The entity's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The entity determines the net interest expense on the net defined benefit liability for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the entity's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The entity recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in the income and expenditure account. Remeasurement of the net defined benefit liability is recognised in other comprehensive income in the period in which it occurs.

St. Patrick's Mental Health Services

Notes (continued)

1 Accounting policies (continued)

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost using the effective interest rate method.

Income

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

The Hospital also earns income from the provision of a range of outpatient services, pharmacy sales and donations. This income is recognised in the income and expenditure account once the goods or services has been provided, or the donation received by the Hospital.

Expenses

Interest receivable and interest payable

Interest receivable and similar income include interest receivable on funds invested.

Interest payable and similar charges include interest payable on bank loans that is recognised in the income and expenditure account.

Interest income and interest payable are recognised in the income and expenditure account as they accrue, using the effective interest rate method.

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.

2 Income – continuing operations

	2015 €'000	2014 €'000
<i>Maintenance and treatment fees</i>		
Fee income	63,762	64,004
Outpatient and pharmacy	396	388
	<hr/>	<hr/>
Other income	64,158	64,392
	598	662
	<hr/>	<hr/>
	64,756	65,054
	<hr/> <hr/>	<hr/> <hr/>

St. Patrick's Mental Health Services

Notes (continued)

3 Expenditure – salaries and wages	2015	2014
	€'000	€'000
Salaries and wages	40,209	38,904
Social welfare costs	4,097	3,975
Defined contribution pension costs (note 15)	4,213	4,375
	<hr/>	<hr/>
	48,519	47,254
	<hr/>	<hr/>

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

	2015	2014
	€'000	€'000
Senior/key management personnel compensation		
Total remuneration (employee benefits before pension*)	1,494	1,477
Pension costs (defined contribution scheme)	196	145
	<hr/>	<hr/>
	1,691	1,622
	<hr/>	<hr/>

*Total remuneration before pension includes employer PRSI

The key management personnel amounted to an average of 7 (2014: 7) whole time equivalents for the year ended 31 December 2015.

4 Interest payable and similar charges	2015	2014
	€'000	€'000
Interest payable on bank loans	46	150
	<hr/>	<hr/>
5 Interest receivable and similar income	2015	2014
	€'000	€'000
Interest receivable on cash deposits	8	-
	<hr/>	<hr/>

St. Patrick's Mental Health Services

Notes (continued)

6 Pension finance income, net			2015 €'000	Restated 2014 €'000
Interest income on scheme assets (note 15)			1,666	2,473
Interest on scheme liabilities (note 15)			(1,903)	(2,434)
Administration costs			(157)	(279)
			<u>(394)</u>	<u>(240)</u>
7 Fixed assets	Hospital properties €'000	Plant, equipment and vehicles €'000	Fixtures and fittings €'000	Total €'000
Cost				
At beginning of year	45,211	11,175	2,869	59,255
Additions in year	-	699	713	1,412
At end of year	<u>45,211</u>	<u>11,874</u>	<u>3,582</u>	<u>60,667</u>
Depreciation				
At beginning of year	23,368	8,829	265	32,462
Charge for year	884	881	161	1,926
At end of year	<u>24,252</u>	<u>9,710</u>	<u>426</u>	<u>34,388</u>
Net book value				
At 31 December 2015	<u>20,959</u>	<u>2,164</u>	<u>3,156</u>	<u>26,279</u>
At 31 December 2014	<u>21,843</u>	<u>2,346</u>	<u>2,604</u>	<u>26,793</u>

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.

The Hospital has availed of the transition exemption set out in Section 35.10 of FRS 102, whereby the value of the Hospital properties is the deemed cost of those assets as at the date of transition to FRS 102, 1 January 2014.

St. Patrick's Mental Health Services

Notes (continued)

8 Financial assets	2015	2014
	€'000	€'000
<i>Long-term investments</i>		
3,150 shares in Progressive Genetics Co-operative Society Limited, at cost	4	3
Loan notes in Charlemont Clinic Limited, at cost	-	83
	<u>4</u>	<u>86</u>

During the year, the Charlemont clinic went into member's voluntary liquidation resulting in the repayment of the loan notes held by the hospital and an additional distribution from the surplus funds of the clinic on liquidation. Proceeds received from this transaction amounted to €163,000, realising a gain of €81,000 on disposal.

The Governors consider that the carrying value of the remaining investments is not less than their recoverable amount and therefore no impairment is necessary at 31 December 2015.

9 Debtors	2015	2014
	€'000	€'000
Trade debtors	15,768	15,773
Less: provision for bad debts	(3,601)	(3,641)
	<u>12,167</u>	<u>12,132</u>
Other debtors and prepayments	1,124	870
	<u>13,291</u>	<u>13,002</u>

All debtors fall due within one year.

10 Cash and cash equivalents	2015	2014
	€	€
Cash at bank and in hand	11,035	8,638

St. Patrick's Mental Health Services

Notes (continued)

11 Creditors: amounts falling due within one year	2015	2014
	€'000	€'000
Bank loans (note 12)	673	679
Trade creditors	1,172	1,456
Accruals	6,014	5,229
Other creditors	1,081	773
PAYE/PRSI	1,539	1,230
	<hr/>	<hr/>
	10,479	9,367
	<hr/> <hr/>	<hr/> <hr/>
12 Creditors: amounts falling due after more than one year	2015	2014
	€'000	€'000
Bank loans, secured	2,544	3,217
Less: amount due within one year (note 11)	(673)	(679)
	<hr/>	<hr/>
	1,871	2,538
	<hr/> <hr/>	<hr/> <hr/>
<i>Maturity analysis of bank loans is as follows:</i>		
	2015	2014
	€'000	€'000
Bank loans are repayable as follows		
Within one year	673	679
Between one and two years	697	689
Between two and five years	1,174	1,849
After five years	-	-
	<hr/>	<hr/>
	2,544	3,217
	<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.

St. Patrick's Mental Health Services

Notes (continued)

13 Analysis of changes in net debt

	At 1 January 2015 €'000	Cashflows €'000	At 31 December 2015 €'000
Cash at bank and in hand	8,639	2,396	11,035
Net cash	8,639	2,396	11,035
Bank loans repayable within one year	(679)	6	(673)
Bank loans repayable after one year	(2,538)	667	(1,871)
Net funds	5,422	3,069	8,491

14 Capital commitments

The Hospital has €0.2m contracted capital commitments at 31 December 2015 (2014: €0.1m).

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 102 disclosures have been based on the most recent actuarial valuations and updated by independent actuaries to take account of the requirements of FRS 102 in order to assess the liabilities at each balance sheet date. Scheme assets are stated at their market value at each balance sheet date.

	2015 €'000	2014 €'000
Present value of funded defined benefit obligations	(83,408)	(82,579)
Fair value of plan assets	74,372	72,270
Net pension liability	(9,036)	(10,309)

St. Patrick's Mental Health Services

Notes (continued)

15 Pensions (continued)

<i>Movement in present value of defined benefit obligation</i>	2015 €'000	Restated 2014 €'000
At 1 January	(82,579)	(66,499)
Interest cost	(1,903)	(2,434)
Actuarial gain/(loss) on remeasurement of pension liability	503	(16,825)
Benefits paid	571	3,179
At 31 December	(83,408)	(82,579)
<i>Movement in fair value of plan assets</i>	2015 €'000	Restated 2014 €'000
At 1 January	72,270	67,164
Interest income on scheme assets	1,666	2,473
Return on scheme assets greater than discount rate	142	5,069
Employer contributions	1,022	1,022
Benefits paid from plan	(571)	(3,179)
Administration costs	(157)	(279)
At 31 December	74,372	72,270
<i>Expense recognised in income and expenditure account</i>	2015 €'000	Restated 2014 €'000
Interest cost	(1,903)	(2,434)
Interest income	1,666	2,473
Total pension expense recognised in the income and expenditure account	(237)	39
Administration costs	(157)	(279)
Net pension expense recognised in the income and expenditure account	(394)	(240)

The total gain recognised in the statement of other comprehensive income in respect of actuarial gains and losses is €0.658m (2014: loss of €11.744m).

St. Patrick's Mental Health Services

Notes (continued)

15 Pensions (continued)

The allocation and fair value of plan assets is as follows:

	2015 €'000	2015 %	2014 €'000	2014 %
Equities	20,824	28	21,681	30
Bonds	34,955	47	48,421	67
Property	2,975	4	2,168	3
Other	15,618	21	-	-
	<hr/> 74,372	<hr/> 100	<hr/> 72,270	<hr/> 100

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

	2015 %	2014 %
Discount rate	2.35	2.30
Price inflation	1.60	1.50
Rate of compensation increase	1.60	1.50
Rate of increase for in-payment benefits	0.00	0.00
Expected return on plan assets	1.60	1.50

In valuing the liabilities of the pension fund at 31 December 2015, 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 2015 would have increased by circa €2.0m (2014: €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:

	2015 Years	2014 Years
Male member age 65 (current life expectancy)	20.8	20.8
Female member age 65 (current life expectancy)	23.5	23.4
Male member age 40 (life expectancy at age 65)	24.0	23.9
Female member age 40 (life expectancy at age 65)	26.1	26.0

The Hospital expects to contribute approximately €1 million to its defined benefit pension scheme in 2016. As at 31 December 2015 the Hospital has contributions of €nil payable to the scheme (2014: €nil).

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 defined contribution pension cost charged for the year was €4,213,000 (2014: €4,375,000).

16 Related party transactions

The Association of Friends of St. Patrick's Hospital Limited ("the Association") is a related party of the Hospital.

During the year, the Hospital received donations amounting to €286,000 (2014: €325,000) from the Association. There are no balances outstanding at 31 December 2015 (2014: €nil).

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 Accounting estimates and judgements

Key sources of estimation uncertainty

Preparation of financial statements pursuant to FRS 102 requires a number of judgemental assumptions and estimates to be made. These impact on the income and expenses contained within the profit and loss account and the valuation of the assets and liabilities in the balance sheet. Such estimates and judgements are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances and are subject to continual re-evaluation.

The valuation of the Hospital's defined benefit pension scheme liability is a significant estimate in the Hospital's financial statements. Further details are given in note 15.

St. Patrick's Mental Health Services

Notes (continued)

20 Explanation of transition to FRS 102 from old Irish GAAP

As stated in note 1, these are the Hospital's first financial statements prepared in accordance with FRS 102. The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2015 and the comparative information presented in these financial statements for the year ended 31 December 2014. In preparing these financial statements in accordance with FRS 102, the Hospital has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (Irish GAAP).

An explanation of how the transition from Irish GAAP to FRS 102 has affected the Company's financial position and financial performance is set out in the following table.

		Surplus for the year ended 31 December 2014 €'000	Total other comprehensive expense for the year ended 31 December 2014 €'000	Equity as at 1 January 2014 €'000	Equity as at 31 December 2014 €'000
	Note				
Amount under old GAAP		4,016	(7,925)	34,303	26,378
Recalculation of net pension finance charge in income and expenditure	1	(185)	185	-	-
Recalculation of loss on defined benefit pension scheme in other comprehensive income	1	-	(185)	-	-
Amount under FRS 102		3,831	(7,925)	34,303	26,378

Note 1

The recalculation of the net pension finance charge under FRS 102 decreased the surplus for the year ended 31 December 2014 by €0.185m to €3.831m. The recalculation of the actuarial loss on the defined benefit pension scheme in accordance with the measurement and recognition of FRS 102 increased the reported actuarial loss by an equal amount in the statement of other comprehensive income. There was no change to total comprehensive expense for the year, net pension liability or net assets at 31 December 2013 or 31 December 2014 on transition to FRS 102.

22 Approval of financial statements

The Governors approved these financial statements on *5 May* 2016.