

**Royal Victoria Eye and Ear Hospital**

**Financial Statements**

**Financial Year Ended 31 December 2015**

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**COUNCIL MEMBERS AND OTHER INFORMATION****Council Members**

Mr Patrick Dowling (President)  
Mr Danny Dunne (Chief Executive)  
Mr Peter Byers  
Mr Mark Cahill  
Mr John Casey  
Ms Doreen Delahunty  
Ms Susan Gilvarry  
Ms Elaine Hanly  
Mr Stephen Hone  
Dr Dermot Kelly  
Mr Hugh Kelly  
Mr Dara Kilmartin  
Dr Niall O'Cleirigh  
Mr Declan O'Donoghue  
Mr Willie O'Reilly  
Ms Ros O'Shea

**Ex-Officio Members**

The Lord Mayor of Dublin - Ms Críona Ní Dhálaigh  
Dublin City Councillor - Mr Ciaran O'Moore

**Address**

Royal Victoria Eye and Ear Hospital  
Adelaide Road  
Dublin 2

**CHY Number:** 1604

**Solicitors**

A&L Goodbody Solicitors  
IFSC  
North Wall Quay  
Dublin 1

**Bankers**

AIB  
Westmoreland Street  
Dublin 2

**Auditors**

PricewaterhouseCoopers  
Chartered Accountants and Statutory Audit Firm  
One Spencer Dock  
North Wall Quay  
Dublin 1

## COUNCILS' REPORT

The Members of Council present their report and the audited financial statements for the year ended 31 December 2015.

### Statement of Councils' responsibilities

The Council is responsible for preparing the Councils' report and the financial statements.

The Council is required to prepare financial statements for each financial year that give a true and fair view of the Hospital's assets, liabilities and financial position as at the end of the financial year and of the surplus or deficit of the Hospital for the financial year. The Council have prepared the financial statements in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland).

The Council shall not approve the financial statements unless they are satisfied that they give a true and fair view of the Hospital's assets, liabilities and financial position as at the end of the financial year and the surplus or deficit of the Hospital for the financial year.

In preparing these financial statements, the Council is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards and identify the standards in question, subject to any material departures from those standards being disclosed and explained in the notes to the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Hospital will continue in business.

The Council is responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain the transactions of the Hospital;
- enable, at any time, the assets, liabilities, financial position and surplus or deficit of the Hospital to be determined with reasonable accuracy; and

The Council is also responsible for safeguarding the assets of the Hospital and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Council is responsible for the maintenance and integrity of the corporate and financial information included on the Hospital's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Principal activities and risks

The Royal Victoria Eye and Ear Hospital ("the Hospital") operates as an independent state funded hospital. The Hospital is subject to the normal operating and finance risks associated with the current public and private healthcare environments. These include reliance on continued funding from the HSE and for ever increasing demand for quality healthcare services which place significant cost pressures on the available funding.

### Results

The surplus for the year was €1,158,237 (2014: €10,396). The surplus was arrived at after charging net superannuation costs of €2,677,622 (2014: €2,828,676) being superannuation payroll expenditure of €3,382,780 (2014: €3,638,047) less superannuation income of €705,158 (2014: €809,371).

The Council's view (as stated in Note 17 to the Financial Statements) is that the liability for superannuation lies with the Department of Health and not with the Hospital and that superannuation costs should be fully funded so there should be no charge to the Hospital's Financial Statements in relation to superannuation.

### Review of activities and future developments

The Hospital plans to continue providing high quality healthcare, as well as keeping pace with appropriate developments and improvements in medical and clinical healthcare practices in line with Hospital strategy.

**COUNCILS' REPORT - continued****Taxation status**

The Hospital has charitable tax status.

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

No events have occurred since the end of the financial year.

**Accounting records**

The measures taken by the Council to secure compliance with the Hospitals' obligation to keep adequate accounting records are the use of appropriate systems and procedures and employment of competent persons. The accounting records are kept at Royal Victoria Eye and Ear Hospital, Dublin 2.

**Auditors**

The Auditor, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the Annual General Meeting.

**Signed on behalf of the Royal Victoria Eye and Ear Hospital**

Signed: D Dunne  Date:  
Chief Executive  
Member of Council

Signed: P Dowling Date:  
Member of Council



## ***Independent auditors' report to the Council of Royal Victoria Eye and Ear Hospital***

### **Report on the financial statements**

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#### **Our adverse opinion**

In our opinion, because of the significance of the matter described in the Basis for our adverse opinion paragraph below, Royal Victoria Eye and Ear Hospital's financial statements (the "financial statements"):

- do not give a true and fair view of the state of the hospital's affairs as at 31 December 2015 and of its surplus and cash flows for the year then ended; and
  - have not been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland.
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#### **Basis for our adverse opinion**

As more fully explained in note 17 to the financial statements, the financial statements do not include the pension costs, pension liabilities and pension assets of those staff who are members of the Voluntary Hospitals Superannuation Scheme and the related disclosure requirements, as required by Financial Reporting Standard 102, Section 28, "Employee Benefits". It is not practicable to quantify the financial effects of this misstatement.

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#### **What we have audited**

The financial statements comprise:

- the balance sheet as at 31 December 2015;
- the income and expenditure account for the year then ended;
- the cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland), including FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland".

In applying the financial reporting framework, the council members have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.



## ***Independent auditors' report to the Council of Royal Victoria Eye and Ear Hospital - continued***

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### **Responsibilities for the financial statements and the audit**

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#### **Our responsibilities and those of the council members**

As explained more fully in the Statement of Council members' responsibilities set out on page 3, the council members 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 International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinion, has been prepared for and only for the council and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come including without limitation under any contractual obligations of the hospital, save where expressly agreed by our prior consent in writing.

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#### **What an audit of financial statements involves**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the hospital's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the council members; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the council members' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.



## ***Independent auditors' report to the Council of Royal Victoria Eye and Ear Hospital - 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.

*PricewaterhouseCoopers*

**PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
Dublin**

**31 March 2016**



**INCOME AND EXPENDITURE ACCOUNT**  
**Financial Year Ended 31 December 2015**

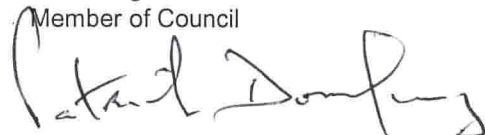
	Notes	2015 €	2014 €
Income for the year	4	27,741,096	28,274,762
Pay expenditure	5	(19,842,513)	(19,982,709)
Non-pay expenditure		<u>(6,737,871)</u>	<u>(8,276,521)</u>
<b>Operating surplus</b>	6	1,160,712	15,532
Interest payable and similar charges		(3,741)	(5,136)
Interest receivable and similar charges		<u>1,266</u>	<u>-</u>
<b>Surplus for the year</b>		1,158,237	10,396
Accumulated deficit at beginning of year		<u>(1,950,581)</u>	<u>(1,960,977)</u>
Accumulated deficit at end of year		<u>(792,344)</u>	<u>(1,950,581)</u>

**BALANCE SHEET**  
As at 31 December 2015

	Notes	2015 €	2014 €
<b>Fixed Assets</b>			
Tangible assets	7	<u>575,819</u>	<u>187,380</u>
<b>Current assets</b>			
Stocks	8	398,522	308,648
Debtors	9	1,891,296	3,873,808
Cash	16	<u>979,118</u>	<u>-</u>
		<u>3,268,936</u>	<u>4,182,456</u>
<b>Creditors</b> (amounts falling due within one year)	10	<u>(3,733,351)</u>	<u>(5,652,866)</u>
<b>Net current liabilities</b>		<u>(464,415)</u>	<u>(1,470,410)</u>
<b>Total assets less current liabilities</b>		111,404	(1,283,030)
<b>Creditors</b> (amounts falling due after more than one year)	11	<u>(306,108)</u>	<u>(69,911)</u>
<b>Net liabilities</b>		<u>(194,704)</u>	<u>(1,352,941)</u>
<b>Represented by:</b>			
<b>Capital funds</b>			
Building fund	12	527,070	527,070
Bequest fund	13	<u>70,570</u>	<u>70,570</u>
		597,640	597,640
Accumulated deficit		<u>(792,344)</u>	<u>(1,950,581)</u>
		<u>(194,704)</u>	<u>(1,352,941)</u>

**On behalf of the Council**

Signed: D Dunne  Date:  
Chief Executive  
Member of Council

Signed: P Dowling  Date:  
Member of Council

**STATEMENT OF CASH FLOWS**  
**Financial Year Ended 31 December 2015**

	Notes	2015 €	2014 €
Net cash flows from operating activities	14	1,697,340	500,711
Cash flows from investing activities	15	<u>(2,475)</u>	<u>(5,136)</u>
<b>Increase in cash and cash equivalents</b>		1,694,865	495,575
Cash and cash equivalents at beginning of year		<u>(715,747)</u>	<u>(1,211,322)</u>
<b>Cash and cash equivalents at end of year</b>	16	<u>979,118</u>	<u>(715,747)</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 1 General information

These financial statements comprising the Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes 1 to 20 constitute the individual financial statements of the Royal Victoria Eye and Ear Hospital for the financial year ended 31 December 2015.

The Royal Victoria Eye and Ear Hospital is an independent state funded hospital, governed by a Charter. It is also a registered charity. The Hospital operates in Adelaide Road Dublin. The nature of the Hospital's operations and its principal activities are set out in the councils' report. The Hospital is a Public Benefit Entity as defined by FRS 102.

The Hospital transitioned from previously extant Irish GAAP to FRS 102 as at 1 January 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 19.

#### Statement of compliance

The financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102). These are the first financial statements that have been prepared on this basis. Refer to note 17 for additional information.

#### Currency

The financial statements have been presented in Euro (€) which is also the functional currency of the Hospital.

### 2 Accounting policies

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

#### (a) Basis of preparation

The financial statements have been prepared on the going concern basis and in accordance with the historical cost convention. 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* issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland.

#### (b) Income

Income is derived from the provision of services falling within the Hospital's ordinary activities.

##### (i) Health Service Executive (HSE) grant

Grants received and receivable are credited to the Income and Expenditure Account on the basis of the amount sought from, or notified by the HSE at the end of the financial year. The revenue grant amount shown is net of capital or revenue amounts deferred or released, in accordance with the timing of the related underlying expenditure. Any element of the grant allocation recognised in the Income and Expenditure Account but not received at the balance sheet date is accounted for as a debtor.

##### (ii) In-patient income

In-patient income is recognised on an accruals basis.

##### (iii) Accident and emergency department income

Accident and emergency department income is recognised on a cash receipts basis.

##### (iv) Other income

Other income is recognised on an accruals basis.

## NOTES TO THE FINANCIAL STATEMENTS - continued

### 2 Accounting policies - continued

#### (c) Retirement benefit costs

Eligible employees of the Hospital are members of the Voluntary Hospitals Superannuation Scheme (the 'Scheme'). The Scheme is a defined benefit pension scheme which is administered, funded and underwritten by the Department of Health and Children. The Hospital acts as agents of the scheme and does not make any contributions to the scheme as employers.

Contributions are received by the Hospital from eligible employees only. In accordance with the service plan agreed with the HSE and the Department of Health, pension contributions received from eligible employees may be offset against pension payments made and the surplus or deficit each year forms part of the funding for the Hospital. When a member retires, upon notification from the Scheme the Hospital pays any benefits that have accrued to that member, as notified by the Scheme.

The council consider that the Hospital has no responsibility for any liability that falls due as a result of any ultimate underfunding of the scheme. Contributions received by the Hospital are credited to the Income and Expenditure Account as they are received. Benefit payments made by the Hospital under the Scheme are charged to the Income and Expenditure Account as they fall due. Refunds of Contributions are charged to the Income and Expenditure Account when notification is received from the Department of Health to make a payment to an employee who is leaving the scheme.

A new Single Public Service Pension Scheme (Single Scheme) commenced with effect from 1 January 2013. The Single Scheme applies to all pensionable first time entrants to the Public Service, is a defined benefit pension scheme, as well as former public servants returning to the Public Service after a break of more than 26 weeks. Benefits are calculated by reference to "referable amounts" for each year's service that are uprated by the CPI as notified by the Minister. All contributions deducted from members wages/salaries are remitted to the nominated bank account of the Department of Public Expenditure and Reform ("DPER") and not credited to the Income and Expenditure Account. In the opinion of the council, DPER is responsible for the Single Scheme and payments arising under this scheme to retiring employees are payable by the State.

#### (d) Tangible fixed assets

All tangible fixed assets are initially recorded at historic cost. This includes legal fees, stamp duty and other non-refundable purchase taxes, and also any cost directly attributable to bringing the asset to a location and condition necessary for it to be capable of operating in the manner intended by management.

#### (e) Depreciation

Depreciation is provided on all tangible fixed assets, other than the site, at rates calculated to write off the cost, less estimated residual value of each asset on a straight line basis over its estimated useful life, as follows:

Buildings	50 years
Furnishings, casualty department, medical equipment, other equipment, computer equipment and software	3 years

Residual value represents the estimated amount which would currently be obtained from disposal of the asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

#### (f) Stocks

Medical stocks are stated at the lower of cost and net realisable value.



## NOTES TO THE FINANCIAL STATEMENTS - continued

### 2 Accounting policies - continued

#### (g) Financial instruments

##### (i) *Cash and cash equivalents*

Cash consists of cash on hand and demand deposits. Cash equivalents consist of short terms highly liquid investments that are readily convertible to known amounts of cash that are subject to an insignificant risk of change in value.

##### (ii) *Other financial assets*

Other financial assets including trade debtors for the provision of services to patients, are initially measured at the undiscounted amount of cash receivable from that patient, which is normally the invoice price, and are subsequently measured at amortised cost less impairment, where there is objective evidence of an impairment.

##### (iii) *Other financial liabilities*

Trade creditors are measured at invoice price, unless payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate. In this case the arrangement constitutes a financing transaction, and the financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

#### (h) Impairments of assets, other than financial instruments

Where there is objective evidence that recoverable amounts of an asset is less than its carrying value, the carrying value of the asset is reduced to its recoverable amount resulting in an impairment loss. Impairment losses are recognised immediately in the Income and Expenditure Account, with the exception of losses on previously revalued tangible fixed assets, which are recognised in other recognised gains and losses to the extent of any previously recognised revaluation increase accumulated in accumulated Income and Expenditure fund.

Where circumstances causing an impairment of an asset no longer apply, then the impairment is reversed through the Income and Expenditure accounts, except for impairments on previously revalued tangible assets, which are treated as revaluation increases to the extent that the revaluation was recognised in the accumulated Income and Expenditure fund.

The recoverable amount of tangible fixed assets is the higher of the fair value less cost to sell of the asset and its value in use. The value in use of these assets is the present value of the cash flows expected to be derived from those assets. This is determined by reference to the present value of the future cash flows of the Hospital which is considered by the Council to be a single cash generating unit.

#### (i) Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Judgements and key sources of estimation uncertainty

(a) **Going concern**

The financial statements have been prepared on the going concern basis. The Hospital is dependent on the Health Service Executive (HSE) to fund its activities and the ongoing support of the HSE at an appropriate level is fundamental to the Hospital's ability to continue as a going concern. The HSE has not given any indication that it will withdraw its financial support from the hospital in the foreseeable future. Management have reviewed the level of activity and costs of the Hospital and have drawn up plans to deal with the issues associated with current cost and funding pressures. The ongoing support of the HSE at an appropriate level is fundamental to the achievement of these plans.

(b) **Impairment of debtors**

The Hospital provides care to a large and varied number of patients. Some debts due will not be paid through the default of a small number of patients. The Hospital uses estimates based on historical experience and current information in determining the level of debts for which an impairment charge is required. The level of impairment required is reviewed on an ongoing basis.

(c) **Impairment of stocks**

The Hospital holds stocks amounting to €398,522 (2014: €308,648) at the financial year end date. The Council is of the view that an adequate charge has been made to reflect the possibility of stocks becoming obsolete. However, this estimate is subject to inherent uncertainty.

(d) **Useful lives of tangible fixed assets**

Long-lived assets comprise primarily of the Hospital site, buildings and equipment. The annual depreciation and amortisation charge in relation to the medical equipment depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of residual values. Management regularly review these useful lives and change them if necessary to reflect current conditions. In determining these useful lives, management consider technological change, physical condition and expected economic utilisation of the assets.

(e) **Retirement benefits**

The VHSS scheme is funded and underwritten by the Department of Health and is not accounted for in the hospital's financial statements. Refer to note 17 for additional information.

4 Income	2015 €	2014 €
Grants receivable from the Health Services Executive	22,803,631	23,131,284
Payroll deductions	1,753,761	1,867,111
Hospital charges	2,990,348	3,096,798
Other income	193,356	179,569
	<u>27,741,096</u>	<u>28,274,762</u>

5 Particulars of staff	2015 €	2014 €
Wages and salaries	15,194,673	15,066,985
Superannuation	3,382,780	3,638,047
Employer's PRSI	1,265,060	1,277,677
	<u>19,842,513</u>	<u>19,982,709</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

5 Particulars of staff - continued

2015 Number	2014 Number
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The average monthly number of persons employed during the financial year was as follows:

Administration and management	53	52
Medical	53	52
Nursing	97	97
Paramedical	13	13
Support services	28	29
	<u>244</u>	<u>243</u>

**Key management remuneration**

Key management is made up of the hospital management group.

Remuneration paid or payable to key management for employee services is shown below:

	2015 €	2014 €
Wages and salaries	<u>369,343</u>	<u>375,636</u>

6 Operating surplus

2015 €	2014 €
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Operating surplus is stated after charging/(crediting):

Auditors remuneration (inclusive of VAT)	27,060	27,060
Depreciation	125,788	19,167
Amortisation of deferred grant income	<u>(125,788)</u>	<u>(19,167)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

7 Tangible assets

	Site	Buildings	Furnishings	Casualty department	Medical equipment	Computer equipment and software	Other equipment	Total
	€	€	€	€	€	€	€	€
<b>Cost</b>								
At 31 December 2014	4,571	62,391	2,609	3,360	100,573	18,541	14,502	206,547
Additions	-	-	-	-	378,151	136,076	-	514,227
At 31 December 2015	<u>4,571</u>	<u>62,391</u>	<u>2,609</u>	<u>3,360</u>	<u>478,724</u>	<u>154,617</u>	<u>14,502</u>	<u>720,774</u>
<b>Accumulated depreciation</b>								
At 31 December 2014	-	-	-	-	11,857	3,684	3,626	19,167
Depreciation	-	-	-	-	95,164	25,790	4,834	125,788
At 31 December 2015	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>107,021</u>	<u>29,474</u>	<u>8,460</u>	<u>144,955</u>
<b>Net book value</b>								
At 31 December 2015	<u>4,571</u>	<u>62,391</u>	<u>2,609</u>	<u>3,360</u>	<u>371,703</u>	<u>125,143</u>	<u>6,042</u>	<u>575,819</u>
At 31 December 2014	<u>4,571</u>	<u>62,391</u>	<u>2,609</u>	<u>3,360</u>	<u>88,716</u>	<u>14,857</u>	<u>10,876</u>	<u>187,380</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

7 Tangible assets - continued

	Site	Buildings	Furnishings	Casualty department	Medical equipment	Computer equipment and software	Other equipment	Total
Prior year	€	€	€	€	€	€	€	€
<b>Cost</b>								
At 31 December 2013	4,571	62,391	2,609	3,360	-	-	-	72,931
Additions	-	-	-	-	100,573	18,541	14,502	133,616
At 31 December 2014	<u>4,571</u>	<u>62,391</u>	<u>2,609</u>	<u>3,360</u>	<u>100,573</u>	<u>18,541</u>	<u>14,502</u>	<u>206,547</u>
<b>Accumulated depreciation</b>								
At 31 December 2013	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	11,857	3,684	3,626	19,167
At 31 December 2014	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,857</u>	<u>3,684</u>	<u>3,626</u>	<u>19,167</u>
<b>Net book value</b>								
At 31 December 2014	<u>4,571</u>	<u>62,391</u>	<u>2,609</u>	<u>3,360</u>	<u>88,716</u>	<u>14,857</u>	<u>10,876</u>	<u>187,380</u>
At 31 December 2013	<u>4,571</u>	<u>62,391</u>	<u>2,609</u>	<u>3,360</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,931</u>



NOTES TO THE FINANCIAL STATEMENTS - continued

<b>8 Stocks</b>	2015 €	2014 €
Consumables	<u>398,522</u>	<u>308,648</u>
<b>9 Debtors</b>	2015 €	2014 €
HSE revenue grants receivable	1,252,319	2,599,567
Amounts due from patients	290,679	967,424
Other debtors and prepayments	<u>348,298</u>	<u>306,817</u>
	<u>1,891,296</u>	<u>3,873,808</u>
<b>10 Creditors (amounts falling due within one year)</b>	2015 €	2014 €
Bank overdraft	-	715,747
Trade creditors	732,259	1,028,046
Social insurance	557,527	555,209
Deferred income (Note 18)	196,780	44,538
Accruals and sundry creditors	<u>2,246,785</u>	<u>3,309,326</u>
	<u>3,733,351</u>	<u>5,652,866</u>
<b>11 Creditors (amounts falling due after more than one year)</b>	2015 €	2014 €
Deferred income (Note 18)	<u>306,108</u>	<u>69,911</u>
<b>12 Building fund</b>	2015 €	2014 €
At beginning and end of year	<u>527,070</u>	<u>527,070</u>
<b>13 Bequest fund</b>	2015 €	2014 €
At beginning and end of year	<u>70,570</u>	<u>70,570</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

<b>14 Reconciliation of expenditure to net cash outflow from operating activities</b>	<b>2015</b>	<b>2014</b>
	€	€
Operating surplus	1,160,712	15,532
Depreciation	125,788	19,167
Amortisation of deferred income	(125,788)	(19,167)
(Increase)/decrease in stocks	(89,874)	86,863
Decrease/(increase) in HSE revenue grants receivable	1,347,248	(121,842)
Decrease/(increase) in debtors	635,264	(127,148)
Increase in creditors and accrued expenses	(1,356,010)	647,306
Net cash inflow from operating activities	<u>1,697,340</u>	<u>500,711</u>
 <b>15 Cash flows from investing activities</b>	 <b>2015</b>	 <b>2014</b>
	€	€
Returns on investment and servicing of finance:		
Purchase of tangible assets	(514,227)	(133,616)
Grant income	514,227	133,616
Interest received	1,266	-
Interest paid	(3,741)	(5,136)
	<u>(2,475)</u>	<u>(5,136)</u>
 <b>16 Components of cash and cash equivalents</b>	 <b>2015</b>	 <b>2014</b>
	€	€
Cash at bank and in hand	979,118	1,597,081
Bank overdraft	-	(2,312,828)
	<u>979,118</u>	<u>(715,747)</u>

**17 Retirement benefits**

The majority of staff employed by Royal Victoria Eye and Ear Hospital are members of either the Voluntary Hospitals Superannuation Scheme (VHSS) or the Single Public Service Pension Scheme (SPSPS).

The financial statements do not include pension liabilities and assets of those staff who are members of the VHSS, as would be required by Section 28, "Employee Benefits" of Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"). The VHSS is a scheme underwritten by the Minister of Health and Children. The VHSS was established by the Minister for Health in 1969 and is compulsory for all persons appointed to the hospital who are eligible under the scheme and is a condition of such appointments.

The SPSPS was established by the enactment of Public Service Pensions (Single Scheme and Other Provisions) Act, 2012 and, similarly, is compulsory for all persons appointed to the hospital who are eligible under the scheme and is a condition of such appointments after 1 January 2013. The SPSPS is a state plan as defined by FRS 102. As such, FRS 102 determines that in the absence of an entity's ability to define their share in the scheme, the plan is to be accounted for as a defined contribution scheme.

NOTES TO THE FINANCIAL STATEMENTS - continued

17 Retirement benefits - continued

The Council of the Royal Victoria Eye and Ear Hospital believe that the funds required in the future to pay current pension liabilities, as they arise into the future, will be provided by the Department of Health under the VHSS. The Council have arrived at this opinion having taken account of precedent set on the closure of certain other healthcare facilities in recent years where pension payments (including retirement lump sum payments) have been honoured by the Department of Health and Children. Therefore, they believe that it is not necessary for the financial statements of the hospital to include the liability at the balance sheet date in respect of pension entitlements accrued to that date by employees of the hospital, nor other disclosure requirements of the FRS 102, because the Council believes that liability rests with the Department of Health and Children. The above issue is similar to that applying in the majority of other publicly funded hospitals.

The superannuation payments made (including retirement lump sum payments) and deductions retained by the hospital under the VHSS for the years 2012 to 2015 are detailed below.

	2015 €	2014 €	2013 €	2012 €
Superannuation payments made	3,382,780	3,638,047	2,998,130	2,577,345
Superannuation deductions	(705,158)	(809,371)	(804,474)	(862,868)
HSE pension allocation	-	-	-	(231,223)
Excess of payments over deductions	<u>2,677,622</u>	<u>2,828,676</u>	<u>2,193,656</u>	<u>1,483,254</u>

18 Deferred grant income

	2015 €	2014 €
At 1 January	114,449	-
Received during year	514,227	133,616
Amortised during year	(125,788)	(19,167)
At 31 December	<u>502,888</u>	<u>114,449</u>

Disclosed in creditors as follows:

Amounts falling due within one year	196,780	44,538
Amounts falling due after more than one year	306,108	69,911
At 31 December	<u>502,888</u>	<u>114,449</u>

## NOTES TO THE FINANCIAL STATEMENTS - continued

### 19 Transition to FRS 102

This is the first year that the company has presented its results under FRS 102. The last financial statements under the Irish GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014. Set out below are the changes in accounting policies which reconcile surplus for the financial year ended 31 December 2014 and the accumulated deficit as at 1 January 2014 and 31 December 2014 between Irish GAAP as previously reported and FRS 102.

<b>Reconciliation</b>	31 December 2014 €
Irish GAAP as previously reported	15,532
Capitalisation of fixed asset expenditure previously expensed	133,616
Depreciation of above fixed assets	(19,167)
Deferral of grant income	(133,616)
Amortisation of grant income	19,167
	<u>15,532</u>

#### **Fixed assets and deferred grants**

Assets acquired in previous years were expensed in the year of acquisition. The corresponding grant income was also expensed. In accordance with FRS 102, Section 17, Property, Plant and Equipment, assets from which it is probable an economic benefit will flow and whose cost can be reliably measured are capitalised. The corresponding grant income is deferred and amortised in accordance with the timing of the related expenditure. As a result of the above accounting treatment assets costing €133,616, are capitalised in 2014. Grant income in the amount of €133,616 is treated as deferred income in 2014. Depreciation and amortised grant income of €19,167 is accordingly reflected in 2014.

#### **Statement of cash flows**

The company's cash flow statement reflects the presentation requirements of FRS 102, which is different to that prepared under FRS 1. In addition the cash flow statement reconciles to cash and cash equivalents whereas under previous Irish GAAP the cash flow statement reconciled to cash. Cash and cash equivalents are defined in FRS 102 as 'cash on hand and demand deposits and short term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value' whereas cash is defined in FRS 1 as 'cash in hand and deposits repayable on demand with any qualifying institution, less overdrafts from any qualifying institution repayable on demand'. The FRS 1 definition is more restrictive.

### 20 Approval of financial statements

The Council approved the financial statements \_\_\_\_\_.

APPENDICES

Income and Expenditure Account	Schedule	2015 €	2014 €
HSE revenue grant for year	1	22,803,631	23,131,284
Hospital income	2	4,937,465	5,143,478
Total income		27,741,096	28,274,762
Pay expenditure	3	(19,842,513)	(19,982,709)
Non-pay expenditure	4	(6,740,346)	(8,281,657)
Operating surplus		1,158,237	10,396
Accumulated deficit at beginning of year		(1,950,581)	(1,960,977)
Accumulated deficit at end of year		(792,344)	(1,950,581)

<b>1 Grants receivable from the Health Service Executive</b>	2015 €	2014 €
Allocation for year	23,192,070	23,245,733
Amount deferred in respect of tangible fixed asset additions	(388,439)	(114,449)
	<u>22,803,631</u>	<u>23,131,284</u>

<b>2 Hospital income</b>	2015 €	2014 €
Payroll deductions: Emoluments	67,574	46,023
Superannuation	705,158	809,371
Pension levy	981,029	1,011,717
In-patient	2,560,063	2,641,949
Out-patient	430,285	454,859
Other income	193,356	179,569
	<u>4,937,465</u>	<u>5,143,478</u>

<b>3 Pay expenditure</b>	2015 €	2014 €
Administration and management	2,491,624	2,418,098
Medical	5,677,567	5,441,636
Nursing	5,231,277	5,347,384
Paramedical	744,433	741,902
Support services	1,049,772	1,117,965
	<u>15,194,673</u>	<u>15,066,985</u>
Superannuation	3,382,780	3,638,047
Social welfare costs	1,265,060	1,277,677
	<u>19,842,513</u>	<u>19,982,709</u>



APPENDICES - continued

4 Non- pay expenditure	2015 €	2014 €
Medicines	1,493,215	1,424,597
Medical and surgical supplies	2,628,720	3,004,264
Medical equipment	193,059	206,016
Pathological expenses	259,961	140,654
X-ray expenses	133,843	268,009
Food	149,562	142,721
Heat, light and power	316,013	273,598
Cleaning and washing	365,713	333,255
Bedding and clothing	8,154	4,029
Maintenance	163,172	414,211
Transport and travelling	55,729	31,960
Finance	187,705	167,627
Bad debts	(223,667)	306,504
Computer expenses	118,206	313,081
Office expenses	492,661	484,479
Sundry expenses	(53,570)	395,705
Research Foundation	63,080	82,619
Employment agencies	150,721	122,002
Non-medical consultancy	112,281	147,159
Depreciation	125,788	19,167
	<u>6,740,346</u>	<u>8,281,657</u>