

Royal Victoria Eye & Ear Hospital
Annual Report and Financial Statements
Financial Year Ended 31 December 2017

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COUNCIL MEMBERS AND OTHER INFORMATION**Council members**

Mr Patrick Dowling	(President)
Mr Danny Dunne	(Chief Executive)
Mr Peter Byers	(resigned 27 March 2018)
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	(resigned 27 March 2018)
Mr Declan O'Donoghue	
Mr Willie O'Reilly	
Ms Ros O'Shea	(resigned 27 March 2018)

Ex-officio members

The Lord Mayor of Dublin - Mr Micheál MacDonncha
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 Registered Auditors
One Spencer Dock
North Wall Quay
Dublin 1

COUNCIL'S REPORT

The Members of Council present their report and the audited financial statements for the year ended 31 December 2017.

Statement of Council's responsibilities

The Council is responsible for preparing the Council's 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 (deficit)/surplus for the year was (€196,085) (2016: €1,064,512). The deficit was arrived at after charging net superannuation costs of €3,724,466 (2016: €2,875,853) being superannuation payroll expenditure of €4,416,760 (2016: €3,539,545) less superannuation income of €692,294 (2016: €663,692).

The Council's view (as stated in the accounting policies on page 11 and in Note 15 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 liabilities in 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.

COUNCIL'S REPORT - continued**Taxation status**

The Hospital has charitable tax status.

Events since the end of the financial year

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

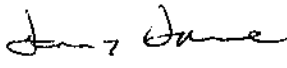
Accounting records

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 Auditors, 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: 27 March 2018
Chief Executive
Member of Council

Signed: P Dowling  Date: 27 March 2018
Member of Council



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

Report on the audit of the financial statements

Opinion

In our opinion, the Royal Victoria Eye and Ear Hospital financial statements:

- give a true and fair view of the state of the Hospital's affairs as at 31 December 2017 and of its loss and cash flows for the year then ended; and
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and promulgated by the Institute of Chartered Accountants in Ireland).

We have audited the financial statements, included within the Council Report, which comprise:

- the balance sheet as at 31 December 2017;
 - the income and expenditure account for the year then ended;
 - the statement of cash flow for the year then ended; and
 - the notes to the financial statements, which include a description of the significant accounting policies.
-

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)"). Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Hospital in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the Council's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Council have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Hospital's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Hospital's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Council's Report other than the financial statements and our auditors' report thereon. The Council are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the Council for the financial statements

As explained more fully in the Statement of Council responsibilities set out on page 3, the Council are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Council are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Council are responsible for assessing the Hospital's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Council either intend to liquidate the Hospital or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf.

This description forms part of our auditors' report.

Use of this report

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.



PricewaterhouseCoopers
Chartered Accountants
Dublin

27 March 2018

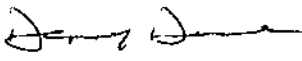
INCOME AND EXPENDITURE ACCOUNT
Financial Year Ended 31 December 2017


	Notes	2017 €	2016 €
Income for the year	4	30,444,076	28,404,525
Pay expenditure	5	(20,863,004)	(19,018,356)
Non-pay expenditure		<u>(9,775,977)</u>	<u>(8,321,074)</u>
Operating (deficit)/surplus	6	(194,905)	1,065,095
Interest payable and similar charges		<u>(1,180)</u>	<u>(583)</u>
(Deficit)/surplus for the year		(196,085)	1,064,512
Accumulated surplus/(deficit) at beginning of year		<u>272,168</u>	<u>(792,344)</u>
Accumulated surplus at end of year		<u>76,083</u>	<u>272,168</u>

BALANCE SHEET
As at 31 December 2017

	Notes	2017 €	2016 €
Fixed assets			
Tangible assets	7	<u>2,742,825</u>	<u>827,801</u>
Current assets			
Stocks	8	455,849	530,210
Debtors	9	3,596,297	3,306,765
Cash at bank and in hand	14	240,506	528,257
		<u>4,292,652</u>	<u>4,365,232</u>
Creditors (amounts falling due within one year)	10	<u>(4,534,620)</u>	<u>(4,165,846)</u>
Net current (liabilities)/assets		<u>(241,968)</u>	<u>199,386</u>
Total assets less current liabilities		2,500,857	1,027,187
Creditors (amounts falling due after more than one year)	11	<u>(1,827,134)</u>	<u>(157,379)</u>
Net assets		<u>673,723</u>	<u>869,808</u>
Represented by:			
Capital funds			
Building fund	12	527,070	527,070
Bequest fund	13	70,570	70,570
		<u>597,640</u>	<u>597,640</u>
Accumulated surplus		<u>76,083</u>	<u>272,168</u>
		<u>673,723</u>	<u>869,808</u>

Signed on behalf of the Royal Victoria Eye and Ear Hospital

Signed: D Dunne  Date: 27 March 2018
Chief Executive
Member of Council

Signed: P Dowling  Date: 27 March 2018
Member of Council

STATEMENT OF CASH FLOWS
Financial Year Ended 31 December 2017

	Note	2017 €	2016 €
Net cash (outflow) from operating activities		(19,908)	(281,404)
Cash flows from investing activities		<u>(84,177)</u>	<u>(353,123)</u>
(Decrease) in cash and cash equivalents		(104,085)	(634,527)
Cash and cash equivalents at beginning of year		<u>344,591</u>	<u>979,118</u>
Cash and cash equivalents at end of year	14	<u>240,506</u>	<u>344,591</u>
Reconciliation of expenditure to net cash (outflow)/inflow from operating activities		2017 €	2016 €
Operating (deficit)/surplus		(194,905)	1,065,095
Depreciation		426,516	245,070
Amortisation of deferred income		(331,915)	(245,070)
Decrease/(increase) in stocks		74,361	(131,688)
(Increase) in HSE revenue grants receivable		(164,938)	(1,151,733)
(Increase) in debtors		(124,594)	(263,736)
Increase in creditors and accrued expenses		<u>295,567</u>	<u>200,658</u>
Net cash (outflow) from operating activities		<u>(19,908)</u>	<u>(281,404)</u>
Cash flows from investing activities		2017 €	2016 €
Returns on investment and servicing of finance:			
Loan advance		1,520,071	-
Purchase of tangible assets		(2,345,533)	(497,052)
Grant income		742,465	144,512
Interest paid		<u>(1,180)</u>	<u>(583)</u>
Net cash outflow from investing activities		<u>(84,177)</u>	<u>(353,123)</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 2017.

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.

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).

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

Revenue 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.

Capital grants are treated as deferred credits and are amortised to the Income and Expenditure Account on the same basis as the related assets are depreciated.

(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

Certain Hospital employees are members of the Voluntary Hospitals Superannuation Scheme ("the VHSS"). The VHSS is a state plan as defined in FRS 102 and a defined benefit pension scheme. The Hospital collects contributions from employees eligible for inclusion under the Voluntary Hospitals Superannuation Scheme ("the VHSS scheme") and on instruction of the HSE/Department of Health makes pension payments to certain VHSS pensioners. The VHSS scheme is administered, funded and underwritten by the Department of Health. The Hospital acts as an agent in the collection of contributions and payment of pensions in relation to the VHSS, has no obligation to make and does not make any contributions to the scheme.

Contributions are deducted from eligible employees only. In accordance with the service plan agreed with the HSE and the Department of Health, pension contributions deducted from eligible employees may be offset against pension payments made on behalf of the VHSS by the Hospital and the surplus or deficit each year forms part of the funding for the Hospital. The Council members consider that the Hospital has no responsibility for any liability that falls due as a result of any ultimate underfunding of the VHSS scheme and the Hospital does not bear any actuarial risk associated with the VHSS. The Hospital acts as an agent in collecting contributions and making pension payments for the scheme.

The Hospital has been directed by the Department of Health/HSE to retain the VHSS contributions paid by current Hospital staff. Pension payments are funded by the deductions retained from current staff and additional HSE funding which is periodically adjusted by the HSE to reflect changes in the pension payments to be paid and the terms of the scheme.

A new Single Public Service Pension Scheme ("the Single Scheme") commenced with effect from 1 January 2013. The Single Scheme applies to all pensionable first time entrants to the Public Service, 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 directed by the Department of Health/HSE. 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 Statement. In the opinion of the Council members, DPER is responsible for the Single Scheme and payments arising under this scheme to retiring employees are payable by the State.

These financial statements do not include pension liabilities and assets of those staff who are members of the VHSS or the Single Scheme as the liabilities of the schemes are the liabilities of the State and not the Hospital. The Hospital does not bear the risk associated with the liability in their role as agents acting on behalf of 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.

Assets under construction are stated at cost. These assets are not depreciated until they are available for use.

NOTES TO THE FINANCIAL STATEMENTS - continued

2 Accounting policies - continued

(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.

(g) Financial instruments

(i) Cash at bank and in hand

Cash comprises of cash at bank and in hand. Bank overdrafts are shown with current liabilities (see note 10). Cash at bank and in hand is initially measured at transaction price and subsequently measured at amortised cost.

(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 account, 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.

NOTES TO THE FINANCIAL STATEMENTS - continued

2 Accounting policies - continued

(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.

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 €455,849 (2016: €530,210) 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 Hospital acts as agents on behalf of the State to administer the VHSS. These financial statements do not include pension liabilities and assets of those staff who are members of the VHSS or the Single Scheme as the liabilities of the schemes are the liabilities of the State and not the Hospital. The Hospital does not bear the risk associated with the liability in their role as agents acting on behalf of the State. Refer to note 2(c) and note 15 for additional information.

4 Income	2017 €	2016 €
Revenue grants receivable from the Health Services Executive	26,515,961	25,012,284
Capital grants receivable from Health Services Executive	62,095	-
Hospital charges	3,676,841	3,165,688
Other income	189,179	226,553
	<u>30,444,076</u>	<u>28,404,525</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

5 Particulars of staff	2017 €	2016 €
Wages and salaries	15,690,316	14,813,613
Superannuation	3,724,420	2,875,853
Employer's PRSI	1,448,268	1,328,890
	<u>20,863,004</u>	<u>19,018,356</u>

	2017 Number	2016 Number
The average monthly number of persons employed during the financial year was as follows:		
Administration and management	57	55
Medical	54	53
Nursing	113	104
Paramedical	14	14
Support services	27	27
	<u>265</u>	<u>253</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:

	2017 €	2016 €
Wages and salaries	<u>424,270</u>	<u>449,700</u>

6 Operating (deficit)/surplus	2017 €	2016 €
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Operating (deficit)/surplus is stated after charging/(crediting):

Auditors remuneration (inclusive of VAT)	29,151	29,104
Movement in provision for doubtful debt	83,119	208,685
Depreciation	426,516	245,070
Amortisation of deferred grant income	<u>(331,915)</u>	<u>(245,070)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

7 Tangible assets

	Site	Building improvements	Assets under construction	Buildings	Casualty department	Medical equipment	Office equipment	Computer equipment and software	Furnishings	Other equipment	Total
	€	€	€	€	€	€	€	€	€	€	€
Cost											
At 31 December 2016	4,571	-	352,540	62,391	3,360	616,009	-	161,844	2,609	14,502	1,217,826
Additions	-	-	1,505,295	-	-	649,355	10,604	173,573	-	6,705	2,345,533
Transfer	-	1,857,836	(1,857,836)	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	(17,957)	-	-	-	-	(17,957)
At 31 December 2017	4,571	1,857,836	-	62,391	3,360	1,247,407	10,604	335,437	2,609	21,207	3,545,402
Accumulated depreciation											
At 31 December 2016	-	-	-	-	-	291,072	-	85,659	-	13,294	390,025
Depreciation arising on disposal	-	37,754	-	-	-	294,306	2,751	89,379	-	2,326	426,516
At 31 December 2017	-	37,754	-	-	-	(13,964)	-	-	-	-	(13,964)
Net book value											
At 31 December 2016	4,571	1,820,082	-	62,391	3,360	675,993	7,853	160,379	2,609	5,587	2,742,825
At 31 December 2017	4,571	-	352,540	62,391	3,360	324,937	-	76,185	2,609	1,208	827,601

NOTES TO THE FINANCIAL STATEMENTS - continued

7	Tangible assets - continued	Assets under construction	Site	Buildings	Furnishings	Casualty department	Medical equipment	Computer equipment and software	Other equipment	Total
		€	€	€	€	€	€	€	€	€
	Cost									
	At 31 December 2015	-	4,571	62,391	2,609	3,360	478,724	154,617	14,502	720,774
	Additions	352,540	-	-	-	-	137,285	7,227	-	497,052
	At 31 December 2016	<u>352,540</u>	<u>4,571</u>	<u>62,391</u>	<u>2,609</u>	<u>3,360</u>	<u>616,009</u>	<u>161,844</u>	<u>14,502</u>	<u>1,217,826</u>
	Accumulated depreciation									
	At 31 December 2015	-	-	-	-	-	107,021	29,474	8,460	144,955
	Depreciation	-	-	-	-	-	184,051	56,185	4,834	245,070
	At 31 December 2016	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>291,072</u>	<u>85,659</u>	<u>13,294</u>	<u>390,025</u>
	Net book value									
	At 31 December 2016	<u>352,540</u>	<u>4,571</u>	<u>62,391</u>	<u>2,609</u>	<u>3,360</u>	<u>324,937</u>	<u>76,185</u>	<u>1,208</u>	<u>827,801</u>
	At 31 December 2015	<u>-</u>	<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>

NOTES TO THE FINANCIAL STATEMENTS - continued

8 Stocks	2017 €	2016 €
Consumables	<u>455,849</u>	<u>530,210</u>

An impairment provision of €12,563 has been recorded in respect of the above stock items (2016: nil).

9 Debtors	2017 €	2016 €
HSE revenue grants receivable	2,568,990	2,404,052
Amounts due from patients	443,047	445,803
Other debtors and prepayments	584,260	456,910
	<u>3,596,297</u>	<u>3,306,765</u>

Debtors are stated after provision for impairment. See below for movement:

Bad debt provision		
At beginning of year	598,914	390,229
Amounts written off during the year	(20,276)	-
Increase in bad debt provision	83,119	208,685
At end of year	<u>661,757</u>	<u>598,914</u>

10 Creditors (amounts falling due within one year)	2017 €	2016 €
Bank overdraft	-	183,666
Trade creditors	866,761	687,794
Social insurance	584,755	563,602
Deferred income (note 16)	501,824	244,951
Accruals and sundry creditors	2,581,280	2,485,833
	<u>4,534,620</u>	<u>4,165,846</u>

11 Creditors (amounts falling due after more than one year)	2017 €	2016 €
Loan (note 18)	1,520,071	-
Deferred income (note 16)	307,063	157,379
	<u>1,827,134</u>	<u>157,379</u>

12 Building fund	2017 €	2016 €
At beginning and end of year	<u>527,070</u>	<u>527,070</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

13 Bequest fund	2017	2016
	€	€
At beginning and end of year	<u>70,570</u>	<u>70,570</u>
14 Components of cash at bank and in hand	2017	2016
	€	€
Cash at bank and in hand	240,506	528,257
Bank overdraft	-	(183,666)
	<u>240,506</u>	<u>344,591</u>

15 Retirement benefits

The majority of staff employed by the 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 VHSS is a scheme underwritten by the Minister of Health and administered by the Hospital. 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. Both the VHSS and the SPSPS are state plans as defined by FRS 102. However, as the Hospital does not make contributions to either scheme and the risk and ultimate liability in relation to both Schemes lies with the State, the Schemes are neither defined benefit nor defined contribution schemes from the perspective of the Hospital.

The Council of the 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. 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. 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 2014 to 2017 are detailed below:

	2017	2016	2015	2014
	€	€	€	€
Superannuation payable	4,416,760	3,539,545	3,382,780	3,638,047
Superannuation deductions	(692,294)	(663,692)	(705,158)	(809,371)
HSE pension allocations	<u>(3,654,238)</u>	-	-	-
Excess of payments over deductions	<u>70,228</u>	<u>2,875,853</u>	<u>2,677,622</u>	<u>2,828,676</u>

The HSE revenue allocation in 2017 included a net amount of €3,654,238 in relation to pension funding.

NOTES TO THE FINANCIAL STATEMENTS - continued

16 Deferred grant income	2017	2016
	€	€
HSE revenue grant income attributable to capital items:		
At 1 January	402,330	502,888
Received during year	178,404	144,512
Arising on disposals	(3,993)	-
Amortised during year	<u>(269,820)</u>	<u>(245,070)</u>
At 31 December	<u>306,921</u>	<u>402,330</u>
	2017	2016
	€	€
HSE capital grant income attributable to capital items:		
At 1 January	-	-
Received during year	564,061	-
Amortised during year	<u>(62,095)</u>	<u>-</u>
At 31 December	<u>501,966</u>	<u>-</u>
Total grants	<u>808,887</u>	<u>402,330</u>
	2017	2016
	€	€
Disclosed in creditors as follows:		
Amounts falling due within one year	501,824	244,951
Amounts falling due after more than one year	<u>307,063</u>	<u>157,379</u>
At 31 December	<u>808,887</u>	<u>402,330</u>

17 Related party transactions

The Royal Victoria Eye and Ear Teaching and Development Foundation is considered to be a related party of the Hospital by virtue of commonality of directors and Council members. During the year, the Hospital was advanced a loan in the amount of €1,520,071 by The Royal Victoria Eye and Ear Hospital Teaching and Development Foundation in respect of the capital cost of building and equipping a new cataract theatre in the Hospital. The balance due by the Hospital to The Royal Victoria Eye and Ear Teaching and Development Foundation at the year end was €1,520,071 (2016:€nil).

18 Loan

During the year, the Hospital was advanced a loan in the amount of €1,520,071 by The Royal Victoria Eye and Ear Hospital Teaching and Development Foundation, in relation to a total available facility up to €1,650,000. The purpose of the loan is to fund capital costs of building and equipping a new cataract theatre.

NOTES TO THE FINANCIAL STATEMENTS - continued

18 Loan - continued

Following a moratorium of a period of two years, the loan shall be repaid quarterly at a rate of €75 per cataract operation completed in the Theatre. In the event that the theatre is used for procedures other than cataract procedures, Royal Victoria Eye and Ear Teaching and Development Foundation and the Hospital shall agree an appropriate rate per procedure. The repayment due in relation to 2017 will be €43,785, when the moratorium expires.

The facility terminates no later than ten years following the date of the agreement. Royal Victoria Eye and Ear Teaching and Development Foundation acknowledges that its recourse to the Hospital for repayment of the loan amount under the agreement shall be limited to the theatre income. Royal Victoria Eye and Ear Teaching and Development Foundation further acknowledges and agrees that if, on the loan repayment date, amounts remain owing in respect of the loan amount, that it will have no further recourse in respect of same, and Royal Victoria Eye and Ear Teaching and Development Foundation shall agree to waive any entitlement it has at that time.

Royal Victoria Eye and Ear Teaching and Development Foundation and the Hospital agree that the loan shall rank *pari passu* with any, and all working capital borrowings of the Hospital. The loan is unsecured.

The balance outstanding on the loan was €1,520,071 at 31 December 2017 (2016:€Nil).

19 Capital commitments

At 31 December 2017, the Hospital has a capital commitment to purchase a new microscope at a cost of €179,997.

20 Approval of financial statements

The Council approved the financial statements on 27 March 2018.

APPENDICES

Income and Expenditure Account	Schedule	2017 €	2016 €
HSE revenue grant for year	1	26,515,961	25,012,284
HSE capital grant for year		62,095	-
Hospital income	2	<u>5,437,426</u>	<u>4,924,799</u>
Total income		32,015,482	29,937,083
Pay expenditure	3	(22,434,410)	(20,550,914)
Non-pay expenditure	4	<u>(9,777,157)</u>	<u>(8,321,657)</u>
Operating surplus		(196,085)	1,064,512
Accumulated surplus at beginning of year		272,168	(792,344)
Accumulated surplus at end of year		<u>76,083</u>	<u>272,168</u>

1 Grants receivable from the Health Service Executive	2017 €	2016 €
Allocation for year	26,420,552	24,911,726
Amount released in respect of tangible fixed asset additions	<u>95,409</u>	<u>100,558</u>
	<u>26,515,961</u>	<u>25,012,284</u>

2 Hospital income	2017 €	2016 €
Payroll deductions: Emoluments	61,988	41,205
Superannuation	692,294	663,692
Pension levy	817,124	827,661
In-patient	2,485,454	2,742,210
National Treatment Purchase Fund	731,250	-
Out-patient	460,137	423,478
Other income	<u>189,179</u>	<u>226,553</u>
	<u>5,437,426</u>	<u>4,924,799</u>

3 Pay expenditure	2017 €	2016 €
Administration and management	2,683,129	2,561,125
Medical	6,125,772	5,717,478
Nursing	5,818,192	5,526,471
Paramedical	811,071	762,440
Support services	<u>1,131,258</u>	<u>1,114,965</u>
	19,569,422	15,682,479
Superannuation	4,416,760	3,539,545
Social welfare costs	<u>1,448,268</u>	<u>1,328,890</u>
	<u>25,434,450</u>	<u>20,550,914</u>

APPENDICES - continued

3 Pay expenditure - continued

	2017 Number	2016 Number
The number of employees whose benefits exceed €60,000 are as set out below:		
Administration		
€60,000 - €69,999	3	2
€70,000 - €79,999	2	1
€90,000 - €99,999	1	1
	<u>6</u>	<u>4</u>
Clinical		
€60,000 - €69,999	15	17
€70,000 - €79,999	6	6
€80,000 - €89,999	4	2
€90,000 - €99,999	2	3
€100,000 - €109,999	1	4
€110,000 - €119,999	2	-
€120,000 - €129,999	-	1
€130,000 - €139,999	2	1
€140,000 - €149,999	5	7
€150,000 - €159,999	3	1
€160,000 - €169,999	-	1
€170,000 - €179,999	5	4
€180,000 - €189,999	2	1
€190,000 - €199,999	-	-
€200,000 - €209,999	-	-
€210,000 - €219,999	1	1
	<u>48</u>	<u>49</u>
	<u>54</u>	<u>53</u>

Many of the clinicians are jointly appointed to the Hospital and to other Hospitals or educational organisations. Amounts are recharged by the Hospital to these third parties in respect of the proportion of time clinicians are contracted to work there. The above salary costs do not take account of these recharges.

The remuneration of the Chief Executive Officer is €101,275 (2016: €98,867).

The Hospital did not make any contributions to employee pensions during the year (2016: €nil).

APPENDICES - continued

4 Non- pay expenditure	2017 €	2016 €
Medicines	2,033,718	1,622,884
Medical and surgical supplies	3,510,629	2,886,131
Medical equipment	268,057	269,079
Pathological expenses	131,445	233,154
X-ray expenses	252,181	290,663
Food	155,643	145,500
Heat, light and power	246,912	225,744
Cleaning and washing	381,129	339,005
Bedding and clothing	3,101	(2,026)
Maintenance	363,354	371,860
Transport and travelling	40,879	43,287
Finance	125,500	95,162
Bad debts	83,119	178,459
Computer expenses	342,333	188,986
Office expenses	683,648	617,749
Sundry expenses	171,034	198,514
Research Foundation	77,575	79,720
Employment agencies	350,787	180,485
Non-medical consultancy	129,597	112,231
Depreciation	426,516	245,070
	<u>9,747,157</u>	<u>8,321,657</u>
5 Balance due from HSE	2017 €	2016 €
Opening balance	2,404,052	1,252,319
Revenue grant allocation	26,420,552	24,911,748
Cash receipts	<u>(26,255,614)</u>	<u>(23,760,015)</u>
Closing balance	<u>2,568,990</u>	<u>2,404,052</u>