

**REPORTS AND FINANCIAL STATEMENTS**

**MERCY UNIVERSITY HOSPITAL  
CORK**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

**MERCY UNIVERSITY HOSPITAL CORK**  
**REPORTS AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

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**CONTENTS**

	<b>Page</b>
DIRECTORS AND OTHER INFORMATION	2
REPORT OF THE DIRECTORS	4
STATEMENT OF DIRECTORS' RESPONSIBILITIES	7
INDEPENDENT AUDITORS' REPORT	8
PROFIT AND LOSS ACCOUNT	10
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES	11
BALANCE SHEET	12
CASH FLOW STATEMENT	13
NOTES TO THE FINANCIAL STATEMENTS	14

## MERCY UNIVERSITY HOSPITAL CORK

### DIRECTORS AND OTHER INFORMATION

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#### DIRECTORS

Mr. Michael O'Sullivan (Chairman)  
Prof. Colin Bradley  
Mr. John Buttimer  
Dr. Michele Dillon  
Prof. Mary Horgan  
Mr. Mortimer Kelleher  
Ms. Margaret Lane  
Sr. Veronica Mangan  
Mr. Tim McCarthy  
Mr. Neil O'Carroll  
Ms. Irene O' Donovan  
Mr. Joe O'Shea

#### COMPANY SECRETARY

L & P Financial Trustees Limited  
Mercy Provincial Offices  
Bishop Street  
Cork

#### REGISTERED OFFICE

Mercy Provincial Offices  
Bishop Street  
Cork

#### AUDITORS

Deloitte & Touche  
Chartered Accountants and Statutory Audit Firm  
No. 6 Lapp's Quay  
Cork

#### BANKERS

Bank of Ireland  
32 South Mall  
Cork

#### SOLICITORS

Doyle Solicitors  
31 South Bank  
Crosses Green  
Cork

#### REGISTERED NUMBER

353064

**Mercy University Hospital Cork**  
**(A Company Limited by Guarantee not having a Share Capital)**

**Directors' Report and Financial Statements**

**For the year end 31 December 2014**

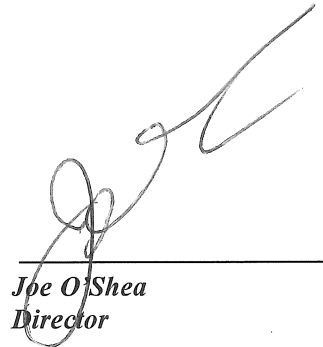
**Registration Number: 353064**

We hereby certify that the accompanying Directors' Report, Independent Auditor's Report, Statement of Financial Affairs, Balance Sheet and accompanying notes are true copies of that laid or to be laid before the AGM.

Yours faithfully



***Michael O'Sullivan***  
***Director***



***Joe O'Shea***  
***Director***

## MERCY UNIVERSITY HOSPITAL CORK

### REPORT OF THE DIRECTORS

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

#### ACTIVITIES

The company is a company limited by guarantee, not having a share capital.

The activities of the company are charitable;- the relief, cure and the prevention of sickness and to provide, construct and continue the governance, management, control and development of the Mercy University Hospital Cork and all ancillary services and facilities within and associated with the Hospital in accordance with the core values, ethos and philosophy of the Congregation of the Sisters of Mercy.

The company has been granted charitable status by the Revenue Commissioners of Ireland.

#### FUTURE DEVELOPMENTS

The company plans to continue providing high quality healthcare, together and keeping pace with appropriate developments and improvements in medical and clinical healthcare practices in line with the Hospital's strategy.

#### BUSINESS REVIEW

	2014 €	2013 €
(Deficit)/surplus for the financial year	<u>(1,127,890)</u>	<u>3,018,553</u>

Revenue for the year amounted to €26.1 million (2013: €30.1 million), which is a decrease of €4m compared with prior year.

Total operating costs for the year amounted to €92 million, compared with €91 million in 2013. This represents an increase of €1 million. The main factors influencing this are increases in non-payroll costs.

The Hospital's deficit before determination from the Health Service Executive (HSE) amounted to €66.5 million (2013: €60.6 million), an increase of €5.9 million compared to 2013. The Hospital's determination for the year from the HSE amounted to €65.5 million (2013: €63.7 million).

Deficit on ordinary activities before taxation was €1.1 million compared with a surplus in the prior year of €3m.

Net assets are €10.7 million, an increase of €0.3 million on 2013.

#### DIRECTORS

The present membership of the board is set out on page 2. All directors served throughout the year.

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## **MERCY UNIVERSITY HOSPITAL CORK**

### **REPORT OF THE DIRECTORS**

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#### **DIRECTORS' AND SECRETARY'S INTEREST IN SHARES**

The directors and secretary did not hold any interests in the company. The company is limited by guarantee. It does not have share capital.

#### **POST BALANCE SHEET EVENTS**

There have been no significant events affecting the company since the end of the financial year.

#### **BOOKS OF ACCOUNT**

To ensure that proper books and accounting records are kept in accordance with Section 202 of the Companies Act, 1990, the directors have employed appropriately qualified accounting personnel and have maintained appropriate computerised accounting systems. The books of account are located at Mercy University Hospital Cork, Grenville Place, Cork.

#### **TRANSACTIONS INVOLVING DIRECTORS**

There were no contracts or arrangements of any significance in relation to the business of the company, as defined in the Companies Act, 1990, at any time during the year ended 31 December 2014.

#### **TAXATION STATUS**

The company has been granted charitable status by the Revenue Commissioners of Ireland.

#### **FINANCIAL RISK MANAGEMENT**

The company's operations do not expose it to significant financial risks (e.g., effect of changes in debt market prices, foreign exchange risk, credit risk, liquidity risk and interest rate risk). Consequently, the directors have decided that a risk management programme to manage the financial exposures of the company is not necessary.

#### **GOING CONCERN**

The directors, after making enquiries, have a reasonable expectation that the company will have adequate resources to continue operating for the foreseeable future. This reflects their assumptions about the company's trading prospects, the level of ongoing support from the HSE as well as initiatives to implement cost containment measures.

#### **CHANGE OF NAME**

During the year, the company changed its name to Mercy University Hospital Cork from Mercy University Hospital Cork Limited.

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## **MERCY UNIVERSITY HOSPITAL CORK**

### **REPORT OF THE DIRECTORS**

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#### **POLITICAL DONATIONS**

The Electoral Act, 1997, requires companies to disclose all political donations to any individual party over €5,079 in value made during the financial year. The directors, on enquiry, have satisfied themselves that no such donations in excess of this amount have been made by the company or any of its subsidiaries.

#### **RESEARCH AND DEVELOPMENT**

The company does not engage in significant research and development activities.

#### **PROMPT PAYMENTS OF ACCOUNT ACT, 1997 (As amended)**

The directors acknowledge their responsibility for ensuring compliance with the Prompt Payments of Accounts Act, 1997, as amended by the European Communities (Late Payment in Commercial Transactions) Regulations, 2002. Procedures have been implemented to identify dates upon which invoices fall due for payment and for payment to be made on such dates. The directors use their best endeavours to ensure that the company has complied with the provisions of the Act.

#### **AUDITOR**

The auditor, Deloitte & Touche, Chartered Accountants and Statutory Audit Firm, continues in office in accordance with Section 160 (2) of the Companies Act, 1963.

Signed on behalf of the Board

 )  
 ) DIRECTORS  
 )  
 )

Date: 27/4/15

## MERCY UNIVERSITY HOSPITAL CORK

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

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Irish company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies for the company financial statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with Irish statute comprising the Companies Acts, 1963 to 2013. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for ensuring that the company complies with the provisions of the Prompt Payment of Accounts Act 1997 as amended by the European Communities (Late Payment in Commercial Transactions) Regulations 2002.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.



## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF MERCY UNIVERSITY HOSPITAL CORK

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We have audited the financial statements of Mercy University Hospital Cork for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement, and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

This report is made solely to the company's members, as a body, in accordance with Section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the company's members 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 the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities, the directors 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 Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. We also have a responsibility under ISA 570 (UK and Ireland) to include an emphasis of matter paragraph in our audit report where we conclude that the use of the going concern assumption is appropriate but that a material uncertainty exists relating to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern,

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements for the year ended 31 December 2014 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.

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## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF MERCY UNIVERSITY HOSPITAL CORK

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#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the affairs of the company as at 31 December 2014 and of the deficit for the year then ended; and
- have been properly prepared in accordance with the Companies Acts, 1963 to 2013.

#### **Emphasis of Matter – Going Concern**

Without modifying our opinion, we draw your attention to the disclosures in note 2 which explains the basis on which the directors have prepared the financial statements of the company on a going concern basis. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

#### **Matters on which we are required to report by the Companies Acts, 1963 to 2013**

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion proper books of account have been kept by the company.
- The financial statements are in agreement with the books of account.
- In our opinion the information given in the Directors' Report is consistent with the financial statements.

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

We have nothing to report in respect of the provisions in the Companies Acts, 1963 to 2013 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

#### **Other matters**

On 6 May 2015, we reported separately on the financial statements of Mercy University Hospital prepared for submission to the Department of Health.



Honor Moore

For and on behalf of Deloitte & Touche  
Chartered Accountants and Statutory Audit Firm  
Cork

Date: 6 May 2015

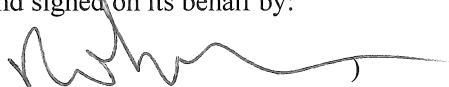

**MERCY UNIVERSITY HOSPITAL CORK**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

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	Notes	2014 €	2013 €
Revenue for the year - continuing operations	3	<u>26,108,900</u>	<u>30,146,346</u>
<b>Costs</b>			
Payroll and related costs	4	(65,767,080)	(65,510,418)
Non payroll costs		(26,163,223)	(25,045,131)
Depreciation		(3,213,895)	(3,264,723)
Grant amortisation		<u>2,538,443</u>	<u>3,032,768</u>
Total operating costs		<u>(92,605,755)</u>	<u>(90,787,504)</u>
Operating deficit before HSE determination		<u>(66,496,855)</u>	<u>(60,641,158)</u>
HSE determination for the year	5	<u>65,483,971</u>	<u>63,737,593</u>
Operating (deficit)/surplus after HSE determination		(1,012,884)	3,096,435
Interest expense and similar charges		<u>(115,006)</u>	<u>(77,882)</u>
<b>(DEFICIT)/SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	6	(1,127,890)	3,018,553
Tax on (deficit)/surplus on ordinary activities	7	—	—
<b>(DEFICIT)/SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<u>(1,127,890)</u>	<u>3,018,553</u>

The financial statements were approved by the Board of Directors on  
and signed on its behalf by:

27/4/15

  
) DIRECTORS  
  
)

MERCY UNIVERSITY HOSPITAL CORK

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 DECEMBER 2014

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	Notes	2014 €	2013 €
(DEFICIT)/SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION		(1,127,890)	3,018,553
Donated assets received	14	<u>1,379,989</u>	<u>65,861</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		<u>252,099</u>	<u>3,084,414</u>

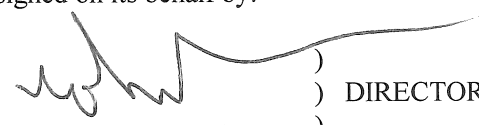
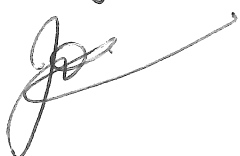
**MERCY UNIVERSITY HOSPITAL CORK**

**BALANCE SHEET AS AT 31 DECEMBER 2014**

	Notes	2014 €	2013 €
<b>FIXED ASSETS</b>			
Tangible assets	8	<u>53,525,642</u>	<u>52,967,660</u>
<b>CURRENT ASSETS</b>			
Stocks	9	1,997,385	2,118,130
Debtors	10	14,111,405	12,404,820
Cash at bank and in hand		<u>21,975</u>	<u>1,005,742</u>
		16,130,765	15,528,692
<b>CREDITORS – Amounts falling due within one year</b>	11	<u>(17,641,662)</u>	<u>(17,513,858)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(1,510,897)</u>	<u>(1,985,166)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		52,014,745	50,982,494
<b>CAPITAL GRANTS</b>	12	(41,259,575)	(40,449,068)
<b>Creditors: Amounts falling due after one year</b>	13	<u>(55,978)</u>	<u>(86,333)</u>
		<u>10,699,192</u>	<u>10,447,093</u>
<b>CAPITAL AND RESERVES</b>			
Profit and loss account	14	(2,399,280)	(2,137,589)
Revaluation reserve	14	11,373,343	12,041,075
Donated assets reserve	14	<u>1,725,129</u>	<u>543,607</u>
<b>SHAREHOLDERS' FUNDS</b>	16	<u>10,699,192</u>	<u>10,447,093</u>

The financial statements were approved by the Board of Directors on  
and signed on its behalf by:

27/4/15

  
  
 )  
 ) DIRECTORS  
 )  
 )

**MERCY UNIVERSITY HOSPITAL CORK**

**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

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	Notes	2014 €	2013 €
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>	19	<u>(1,689,336)</u>	<u>(2,558,006)</u>
<b>RETURNS ON INVESTMENT AND SERVICING OF FINANCE</b>			
Interest expense and similar charges		<u>(115,006)</u>	<u>(77,882)</u>
<b>NET CASH OUTFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE</b>		<u>(115,006)</u>	<u>(77,882)</u>
<b>CAPITAL EXPENDITURE</b>			
Payments to acquire tangible assets		<u>(2,391,888)</u>	<u>(1,252,631)</u>
<b>NET CASH OUTFLOW FROM CAPITAL EXPENDITURE</b>		<u>(2,391,888)</u>	<u>(1,252,631)</u>
Net cash outflow before financing		<u>(4,196,230)</u>	<u>(3,888,519)</u>
<b>FINANCING</b>			
Finance lease payments		<u>(32,419)</u>	<u>(21,119)</u>
Capital grants received		<u>3,348,950</u>	<u>2,425,701</u>
		<u>3,316,531</u>	<u>2,404,582</u>
<b>DECREASE IN CASH</b>	21	<u>(879,699)</u>	<u>(1,483,937)</u>

**MERCY UNIVERSITY HOSPITAL CORK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

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**1. STATEMENT OF ACCOUNTING POLICIES**

The significant accounting policies adopted by the company are as follows:

**BASIS OF PREPARATION**

The financial statements have been prepared in accordance with accounting standards issued by the Financial Reporting Council and Irish statute comprising the Companies Acts, 1963 to 2013 and on a going concern basis.

**ACCOUNTING CONVENTION**

The financial statements are prepared under the historical cost convention except as otherwise mentioned below.

**INCOME**

Income includes the invoice value of services provided by the Hospital. Accident and emergency and road traffic accident income is accounted for on a cash receipts basis.

The Health Service Executive (HSE) determination is the excess of the expenditure over income determination and is receivable from the HSE (provided that the Hospital operates within the agreed allocation) and is treated as income in the financial statements.

**TANGIBLE ASSETS**

Buildings are stated at 1993 replacement valuation together with additions thereafter at cost. Plant and equipment is shown at 1991 replacement valuation with additions thereafter at cost.

In accordance with the transitional provisions of Financial Reporting Standard 15 "Tangible Fixed Assets", the book values of previously revalued assets have been retained.

The foregoing basis differs from standard accounting practice whereby fixed assets are valued either at cost or at open market value for existing use.

- Grant aided asset additions are capitalised under normal accounting practice.
- Non-grant aided capital additions with a value in excess of €3,809 are capitalised under fixed asset additions.
- Depreciation is calculated in order to write off tangible assets other than freehold land over their estimated useful lives by equal annual amounts, on the following basis and rates:

Buildings	2.5% straight line
Plant and equipment	10% straight line
Fixtures and fittings	10% straight line

**MERCY UNIVERSITY HOSPITAL CORK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

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**1. STATEMENT OF ACCOUNTING POLICIES - continued**

**TANGIBLE ASSETS – continued**

- Development in progress is not subjected to annual depreciation charges until the asset is brought into use but is stated net of impairment.

**OTHER INCOME**

- a) Revenue determination: The HSE determination allocation in respect of the Hospital's operating expenditure is taken to income on an accruals basis.
- b) Capital grants: Grants in respect of capital expenditure are deferred and are amortised to income over the life of the related asset.

**DONATED FIXED ASSETS**

Donated fixed assets are capitalised at their current value on receipt, and this value is credited to the donated asset reserve. Donated fixed assets are depreciated as for purchased assets. Each year, an amount equal to the depreciation charge on the asset is released from the donated asset reserve to the profit and loss reserve.

**STOCKS**

Stocks are valued at cost. Cost is determined by reference to invoice cost. Provision is made for defective and obsolete stock.

**PENSIONS**

Eligible employees of the hospital are members of the Voluntary Hospitals Superannuation scheme. This is a defined benefits pension scheme which is administered, funded and underwritten by the Department of Health. The company acts as an agent in the operation of the scheme and does not make any contributions to the scheme. Contributions are received from eligible employees only.

In accordance with the service plan agreed with the Department of Health, pension contributions received may be offset against pension payments made and the surplus or deficit each year forms part of the funding for the company. The directors consider that the company has no responsibility for any liability that falls due as a result of any potential under funding of the scheme.

Contributions received from employees who are members of the scheme are credited to the profit and loss account as they are received. Pension payments made under the Scheme are charged to the profit and loss account as they fall due.



**MERCY UNIVERSITY HOSPITAL CORK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

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**1. STATEMENT OF ACCOUNTING POLICIES – continued**

**PENSIONS - continued**

Refunds of contributions paid are charged to the profit and loss accounts when notification is received from the Department of Health to make a payment to an employee who is leaving the scheme.

Certain employees are members of the Single Public Service Pension Scheme administered by the Department of Public Expenditure and Reform. Contributions from the employees paid over to the Department.

**FOREIGN CURRENCIES**

The Euro is the reporting currency of the company. Transactions in foreign currencies are recorded at the rate of exchange ruling at the transaction dates. Assets and liabilities denominated in foreign currencies are translated into Euro at the exchange rate ruling at the balance sheet date, with a corresponding charge or credit to the profit and loss account.

**FINANCE LEASES**

Assets held under leasing arrangements that transfer substantially all the risks and rewards of ownership are capitalised. The capital element of the related rental obligations is included in creditors. The interest element of the rental obligations is charged to the profit and loss account so as to produce a constant periodic rate of charge. Rentals in respect of all other leases are charged to the profit and loss account as incurred.

**2. BASIS OF PREPARATION – FINANCIAL STATEMENTS**

The directors acknowledge that the company incurred a financial deficit of €1,127,890 in the year ended 31 December 2014. As of that date, the company's net current liabilities amounted to €1,510,897. This indicates the existence of a uncertainty that may cast doubt on the company's ability to continue as a going concern.

The company is dependent on an annual income determination from the Health Service Executive ("HSE") to meet the majority of its annual operating costs. Based on discussions with HSE and past experience, the directors are confident that adequate funding to enable the company to provide services for at least one year from the date of approval of the financial statements will be provided.

**MERCY UNIVERSITY HOSPITAL CORK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

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**2. BASIS OF PREPARATION – FINANCIAL STATEMENTS - continued**

Accordingly, the directors consider it appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that may arise if the company was unable to continue as a going concern.

**3. REVENUE**

Revenue comprises the invoiced value of services supplied by the company within the Republic of Ireland. It comprises:

	2014	2013
	€	€
Patient income	19,475,892	21,409,908
Pension contributions and levy	5,763,578	6,111,658
Other income	<u>869,430</u>	<u>2,624,780</u>
	<u>26,108,900</u>	<u>30,146,346</u>

**4. EMPLOYEES**

	2014	2013
	No.	No.
The average number of employees during the year were:		
Management & administration	175	179
Medical/dental	142	129
Nursing	381	382
Health and social care professionals	120	124
General support services	101	90
Other patient and client care	<u>88</u>	<u>88</u>
	<u>1,007</u>	<u>992</u>

**MERCY UNIVERSITY HOSPITAL CORK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

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**4. EMPLOYEES - continued**

<b>PAYROLL AND RELATED COSTS</b>	<b>2014</b>	<b>2013</b>
	<b>€</b>	<b>€</b>
Wages and salaries	57,137,348	57,169,158
Pensions and refunds	3,207,145	3,056,304
Gratuities and lump sums	445,979	388,722
Social welfare costs	<u>4,976,608</u>	<u>4,896,234</u>
	<u>65,767,080</u>	<u>65,510,418</u>

**5. HSE DETERMINATION**

	<b>2014</b>	<b>2013</b>
	<b>€</b>	<b>€</b>
HSE determination for the year	<u>65,483,971</u>	<u>63,737,593</u>

**6. (DEFICIT)/SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION**

	<b>2014</b>	<b>2013</b>
	<b>€</b>	<b>€</b>
(Deficit)/Surplus on ordinary activities before taxation is stated after charging/(crediting)		
Directors' remuneration	-	-
Auditor's Remuneration		
- audit of individual accounts	23,000	20,295
- taxation advisory services	-	-
- non audit services	-	-
- other services	-	-
Depreciation of tangible assets	3,213,895	3,264,723
Amortisation of capital grant	<u>(2,538,443)</u>	<u>(3,032,768)</u>

**7. TAXATION**

No taxation liability arises as the company is a charitable body and its entire funds are committed to the objectives of the charity.

**MERCY UNIVERSITY HOSPITAL CORK**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

8. TANGIBLE FIXED ASSETS	Land & Buildings €	Development in progress €	Plant & Equipment €	Fixtures & Fittings €	Total €
<b>Cost/Valuation</b>					
At 1 January 2014	70,843,051	11,593,500	31,816,792	13,005,639	127,258,982
Additions	<u>1,305,297</u>	<u>-</u>	<u>2,460,093</u>	<u>6,487</u>	<u>3,771,877</u>
At 31 December 2014	<u>72,148,348</u>	<u>11,593,500</u>	<u>34,276,885</u>	<u>13,012,126</u>	<u>131,030,859</u>
<b>Accumulated depreciation</b>					
At 1 January 2014	27,523,036	6,593,500	27,465,735	12,709,051	74,291,322
Depreciation charge for year	<u>1,771,352</u>	<u>-</u>	<u>1,157,457</u>	<u>285,086</u>	<u>3,213,895</u>
At 31 December 2014	<u>29,294,388</u>	<u>6,593,500</u>	<u>28,623,192</u>	<u>12,994,137</u>	<u>77,505,217</u>
<b>Net book value</b>					
At 31 December 2014	<u>42,853,960</u>	<u>5,000,000</u>	<u>5,653,693</u>	<u>17,989</u>	<u>53,525,642</u>
At 31 December 2013	<u>43,320,015</u>	<u>5,000,000</u>	<u>4,351,057</u>	<u>296,588</u>	<u>52,967,660</u>

Fixed Assets that have been funded by the Minister for Health are the property of the Hospital, but may not be disposed of or applied to any other purpose without the Minister's prior consent.

Plant and equipment include assets with a net book value of €113,564 which were acquired by way of finance lease.

9. STOCKS	2014 €	2013 €
Drugs and medicines	426,078	403,809
Medical and surgical supplies	<u>1,571,307</u>	<u>1,714,321</u>
	<u>1,997,385</u>	<u>2,118,130</u>

The replacement cost of stock does not differ materially from its balance sheet value.

**MERCY UNIVERSITY HOSPITAL CORK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

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<b>10. DEBTORS – Amounts falling due within one year</b>	2014	2013
	€	€
HSE – amounts receivable	4,750,454	4,219,811
Patient debtors	7,199,263	6,213,461
Other debtors	1,354,345	1,363,750
Prepayments	<u>807,343</u>	<u>607,798</u>
	<u>14,111,405</u>	<u>12,404,820</u>
 <b>11. CREDITORS – Amounts falling due within one year</b>	 2014	 2013
	€	€
Trade creditors	7,370,589	7,750,058
PAYE and social welfare	2,633,105	1,548,378
VAT	42,551	43,328
Accrued expenses and deferred income	3,887,991	4,464,861
Professional services withholding tax	33,426	7,343
Other creditors	183,711	103,469
Finance lease creditor	32,420	34,484
Bank overdraft	<u>3,457,869</u>	<u>3,561,937</u>
	<u>17,641,662</u>	<u>17,513,858</u>
Creditors for taxation and social welfare included above	<u>2,675,656</u>	<u>1,591,706</u>
 <b>12. CAPITAL GRANTS</b>	 2014	 2013
	€	€
Grants received from HSE:		
Balance at 1 January	40,449,068	41,056,135
Received during the year	3,348,950	2,425,701
Transfer to profit and loss account	<u>(2,538,443)</u>	<u>(3,032,768)</u>
Balance at 31 December	<u>41,259,575</u>	<u>40,449,068</u>

**MERCY UNIVERSITY HOSPITAL CORK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

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<b>13. CREDITORS: Amounts falling due after one year</b>	2014	2013
	€	€
Finance lease creditor	<u>55,978</u>	<u>86,333</u>

<b>14. RESERVES</b>	Profit & loss account €	Revaluation reserve €	Donated assets reserve €
Balance at 1 January 2014	(2,137,589)	12,041,075	543,607
Donated assets in year	-	-	1,379,989
Deficit for the year	(1,127,890)	-	-
Transfer from donated assets reserve	198,467	-	(198,467)
Transfer from revaluation reserve	<u>667,732</u>	<u>(667,732)</u>	<u>-</u>
Balance at 31 December 2014	<u>(2,399,280)</u>	<u>11,373,343</u>	<u>1,725,129</u>

**15. COMPANY STRUCTURE**

The Mercy University Hospital Cork is a company limited by guarantee, not having a share capital. It is guaranteed by members to the extent of €1 per member.

<b>16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS</b>	2014	2013
	€	€
Total recognised gains and losses relating to the year	252,099	3,084,414
Opening shareholders' funds	<u>10,447,093</u>	<u>7,362,679</u>
Closing shareholders' funds	<u>10,699,192</u>	<u>10,447,093</u>

**MERCY UNIVERSITY HOSPITAL CORK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

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**17. RELATED PARTY TRANSACTIONS**

There are no related party transactions within the definitions of Financial Reporting Standard 8 - "Related Party Transactions" (FRS 8), that require disclosure in these financial statements.

**18. PENSIONS**

Eligible employees of the hospital are members of the Voluntary Hospitals Superannuation scheme. This is a defined benefits pension scheme which is administered, funded and underwritten by the Department of Health. The company acts as an agent in the operation of the scheme and does not make any contributions to the scheme. Contributions are received from eligible employees only.

In accordance with the service plan agreed with the Department of Health, pension contributions received may be offset against pension payments made and the surplus or deficit of contributions each year forms part of the funding for the company.

The directors believe that the funds required in the future to pay current liabilities, as they arise in the future, will be provided by the Department of Health under the Voluntary Hospitals Superannuation Scheme, 1969. The directors have arrived at this opinion having taken into account 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 company to include the liability at the balance sheet date in respect of the pension entitlements accrued to that date by employees of the company, nor the other disclosure requirements of Financial Reporting Standards 17 - 'Retirement Benefits' (FRS 17) - because the directors believe that the liability rests with the Department of Health. The above issue is similar to that applying in the majority of other publicly funded hospitals in Ireland.

In accordance with the accounting policy, contributions received from employees of €2,360,567 (2013: €2,496,634) were credited to the profit and loss account and pension payments of €3,207,145 (2013: €3,056,304) and lump sum payment of €445,979 (2013: €388,722) were charged to the profit and loss account.

Certain employees are members of the Single Public Service Pension Scheme administered by the Department of Public Expenditure and Reform. Contributions from the employees paid over to the Department in 2014 amounted to €202,487.

**MERCY UNIVERSITY HOSPITAL CORK**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**19. RECONCILIATION OF OPERATING (DEFICIT)/SURPLUS TO NET CASH  
OUTFLOW FROM OPERATING ACTIVITIES**

	2014	2013
	€	€
Operating (deficit)/surplus	(1,012,884)	3,096,435
Depreciation	3,213,895	3,264,723
Amortisation of grant	(2,538,443)	(3,032,768)
Decrease/(increase) in stock	120,745	(212,390)
(Increase)/decrease in debtors	(1,706,585)	1,801,614
Increase/(decrease) in creditors	<u>233,936</u>	<u>(7,475,620)</u>
Net cash outflow from operating activities	<u>(1,689,336)</u>	<u>(2,558,006)</u>

**20. ANALYSIS OF DEBT**

	At 01.01.14 €	Cash Flows €	At 31.12.14 €
Cash in hand and at bank	1,005,742	(983,767)	21,975
Bank overdraft	(3,561,937)	104,068	(3,457,869)
Finance lease	<u>(120,817)</u>	<u>32,419</u>	<u>(88,398)</u>
Total	<u>(2,677,012)</u>	<u>(847,280)</u>	<u>(3,524,292)</u>

**21. RECONCILIATION OF NET CASH FLOW TO  
MOVEMENT IN NET DEBT**

	2014 €	2013 €
Finance lease payments	32,419	21,119
Decrease in cash in the year	<u>(879,699)</u>	<u>(1,483,937)</u>
Change in net debt resulting from cash flow	(847,280)	(1,462,818)
Non cash movement	-	(141,936)
Net debt at start of year	<u>(2,677,012)</u>	<u>(1,072,258)</u>
Net debt at end of year	<u>3,524,292</u>	<u>(2,677,012)</u>



**MERCY UNIVERSITY HOSPITAL CORK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

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**22. LEASE COMMITMENTS**

**(i) Operating Leases**

At the balance sheet date the company had annual commitments under non cancellable operating leases in respect of land and buildings which expire:

	2014 €	2013 €
Less than one year	200,456	153,516
Between two and five years	-	25,000
After five years	<u>393,250</u>	<u>177,001</u>

**(ii) Finance Leases**

	2014 €	2013 €
Due within one year	32,420	34,484
Due after one year	<u>55,978</u>	<u>86,333</u>
	<u>88,398</u>	<u>120,817</u>

**23. COMPARATIVE FIGURES**

The comparative figures have been presented on a basis comparable with this year's presentation.

**24. SUBSEQUENT EVENTS**

There have been no significant events affecting the company since the end of the financial year.

**25. CONTINGENT LIABILITY**

In certain circumstances, capital grants received from HSE may be repayable.

**26. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved by the Board of Directors on 27/4/2015.