REPORTS AND FINANCIAL STATEMENTS

MERCY UNIVERSITY HOSPITAL CORK COMPANY LIMITED BY GUARANTEE

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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MERCY UNIVERSITY HOSPITAL CORK COMPANY LIMITED BY GUARANTEE

DIRECTORS AND OTHER INFORMATION

DIRECTORS	Mr. Neil O'Carroll (Chairman) Ms. Anne Doherty Mr. Eoghan Lynch Prof. Ciaran Murphy Ms. Edwina Nyhan Mr. Barry O'Brien Ms. Irene O'Donovan Mr. Joe O'Shea Ms. Ann-Marie O'Sullivan Dr. Paddy Ryan Prof. Fergus Shanahan Mr. Jim Woulfe
COMPANY SECRETARY	L & P Financial Trustees Limited c/o Mercy Provincial Offices Bishop Street Cork
REGISTERED OFFICE	Office of the Chief Executive Mercy University Hospital Grenville Place Cork T12 WE28
AUDITORS	Deloitte Ireland LLP 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 Company Limited by Guarantee

(A Company Limited by Guarantee not having a Share Capital)

Directors' Report and Financial Statements

For the financial year end 31 December 2023

Registration Number: 353064

We hereby certify that the accompanying directors' report, independent auditor's report, profit and loss account, statement of comprehensive income, balance sheet, statement of changes in equity, statement of cash flows and accompanying notes are true copies of that laid or to be laid before the AGM.

Yours faithfully

Neil O'Carroll
Director

12th June 2024

Prof. Ciaran Murphy
Director

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of the company for the financial year ended 31 December 2023.

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 Company Limited by Guarantee and all ancillary services and facilities within and associated with the Hospital in accordance with the governance charter.

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

	2023 €	2022 €
Deficit for the financial year	(3,706,809)	(1,303,270)

Revenue for the financial year amounted to €170.9 million (2022: €154.6 million), which is an increase of €16.4 million (2022: €16.5 million) compared with prior year. Patient income also increased by 12.7% to €20.8 million (2022: €18.5 million) driven by increase patient activity.

Total operating costs for the financial year amounted to €174.6 million (2022: €155.8 million). This represents an increase of €18.8 million (2022: €16.4 million), with payroll related costs the primary driver of this cost increase.

The hospital's determination for the financial year from the Health Service Executive ("HSE") amounted to €145.9 million (2022: €132 million).

Net assets are €4.29 million (2022: €7.8 million), a decrease of €3.5 million (2022: decrease of €1.3 million).

DIRECTORS

The present membership of the board is set out on page 2. All directors served throughout the financial year with the exception of the following:

- Prof. Colin Bradley (Vice Chairman) (Resigned 14th August 2023.
- Prof. Stephen Cusack (Resigned 18th December 2023)
- Mr. Michael A O'Sullivan (Resigned 24th April 2023)
- Dr. Sheila Rochford (Resigned 26th June 2023)
- Mr. Barry O Brien (Appointed 18th December 2023)
- Ms. Anne Doherty (Appointed 25th March 2024)
- Prof. Fergus Shanahan (Appointed 25th March 2024)
- Dr. Paddy Ryan (Appointed 25th March 2024)

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.

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EVENTS AFTER THE BALANCE SHEET DATE

There have been no other significant events affecting the company since the end of the financial year that require disclosure in these financial statements.

ACCOUNTING RECORDS

The measures that the directors have taken to secure compliance with the requirements of sections 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records, are the employment of appropriately qualified accounting personnel and the maintenance of computerised accounting systems. The company's accounting records are maintained at the company's registered office at Grenville Place, Cork.

TRANSACTIONS INVOLVING DIRECTORS

There were no contracts or arrangements of any significance in relation to the business of the company, at any time during the year ended 31 December 2023.

TAXATION STATUS

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

FINANCIAL RISK MANAGEMENT

The company's operations expose it to financial risks mainly in respect of credit and cash flow and has an appropriate risk management in place to manage its financial exposure in respect of these risks.

CREDIT RISK

Appropriate policies are in place that require credit checks around the supply of services by the company. Receivable balances are subject to ongoing monitoring and an allowance for impairment is made where there is evidence of a reduction in the estimated recoverability of the related cash flows.

CASH FLOW

The company is substantially dependent on financing from the Health Service Executive and engages on an ongoing basis in connection with the timing of the receipt of these funds so as to ensure that sufficient funds are available to fund ongoing operations. In addition, the company has in place a short-term overdraft arrangement to allow for effective cash flow management.

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GOING CONCERN

The financial statements of Mercy University Hospital have been prepared on a going concern basis. The company recorded a deficit amounting to €3,706,809 (2022: deficit of €1,303,270) for the year ended 31 December 2023 and its net current liabilities at that date amounted to €2,985,035 (2022 (Net current assets): €4,351,471).

The majority of the hospital's funding comes from the HSE. The directors have completed an assessment of the company's ability to continue as a going concern by reference to its current financial position and its cash flow forecasts for the foreseeable future. This assessment reflected assumptions in relation to funding requirements, activity levels, and cost increases. The company will continue to engage with the HSE in relation to its funding requirements. On this basis, and on the basis of past experience, the directors believe they have reasonable grounds to assume that adequate funding will be available to enable the company to provide services without significant curtailment for at least twelve months from the date of approval of the financial statements.

Accordingly, the directors consider it appropriate to prepare the financial statements 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.

POLITICAL DONATIONS

The Electoral Act, 1997, as amended, requires companies to disclose all political donations to any individual party over €200 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.

RESEARCH AND DEVELOPMENT

The company does not engage in certain medical research in collaboration with University College Cork.

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. The directors use their best endeavours to ensure that the company has complied with the provisions of the Act.

AUDIT COMMITTEE

The company has established an audit committee pursuant to Section 167 of the Companies Act 2014.

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DIRECTORS' COMPLIANCE STATEMENT

The directors acknowledge that they are responsible for securing the company's compliance with the relevant obligations as set out in section 225 of the Companies Act 2014.

The directors confirm that:

1. A compliance policy statement has been drawn up that sets out the policies that in our opinion are appropriate to the company, in respect of its relevant obligations.
2. Appropriate arrangements or structures are in place that are, in our opinion, designed to secure material compliance with the company's relevant obligations; and
3. During the financial year, the arrangements or structures referred to in (2) have been reviewed.

AUDITOR

The auditor, Deloitte Ireland LLP, Chartered Accountants and Statutory Audit Firm, continues in office in accordance with Section 383(2) of the Companies Act 2014.

DISCLOSURE OF INFORMATION TO AUDITORS

So far as each of the directors in office at the date of approval of the financial statements is aware:

- There is no relevant audit information of which the company's auditors are unaware; and
- The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Signed on behalf of the Board

Neil O'Carroll
Director

Prof. Ciaran Murphy
Director

Date: 12th June 2024

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

The directors are responsible for preparing the directors' report and the financial statements in accordance with the Companies Act 2014.

Irish company law requires the directors to prepare financial statements for each financial year. Under the law, the directors have elected to prepare the financial statements in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ("relevant financial reporting framework"). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities, and financial position of the company as at the financial year end date and of the profit or loss of the company for the financial year and otherwise comply with the Companies Act 2014.

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;
- state whether the financial statements have been prepared in accordance with the applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; 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 ensuring that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, enable at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy, enable them to ensure that the financial statements and directors' report comply with the Companies Act 2014 and enable the financial statements to be audited. 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 Payments of Accounts Act 1997 as amended by the European Community (Late Payment in Commercial Transactions) Regulations 2002.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE MERCY UNIVERSITY HOSPITAL CORK COMPANY LIMITED BY GUARANTEE

Report on the audit of the financial statements

Opinion on the financial statements of Mercy University Hospital Cork Company Limited by Guarantee (the 'company')

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2023 and of the deficit for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014.

The financial statements we have audited comprise:

- the Profit and Loss Account;
- the Statement of Comprehensive Income;
- the Balance Sheet;
- the Statement of Changes in Equity;
- the Statement of Cash Flows; and
- the related notes 1 to 24, including a summary of significant accounting policies as set out in note 1.

The relevant financial reporting framework that has been applied in the preparation of the company financial statements is the Companies Act 2014 and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council ("the relevant financial reporting framework").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the "*Auditor's responsibilities for the audit of the financial statements*" section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Reports and Financial Statements other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Reports and Financial Statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014, and for such internal control as the directors 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 directors are responsible for assessing the company'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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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 IAASA's website at: https://iaasa.ie/publications/description-of-the-auditors-responsibilities-for-the-audit-of-the-financial-statements/ .This description forms part of our auditor's report.

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Deloitte.

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Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The Financial Statements are in agreement with the accounting records.
- In our opinion the information given in the directors' report is consistent with the financial statements and the directors' report has been prepared in accordance with the Companies Act 2014.

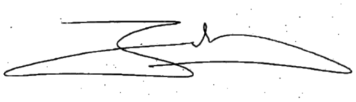
Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. 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.



John Kelly
For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Cork

Date: 19 June 2024

MERCY UNIVERSITY HOSPITAL CORK COMPANY LIMITED BY GUARANTEE

PROFIT AND LOSS ACCOUNT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Notes	2023 €	2022 €
Turnover – continuing operations	4	170,956,914	154,588,330
Costs			
Payroll and related costs	5	(118,759,313)	(105,318,333)
Non payroll costs		(54,569,509)	(49,234,256)
Depreciation		(4,666,606)	(4,479,532)
Grant amortisation		3,356,115	3,210,249
Total operating costs		(174,639,313)	(155,821,872)
Operating deficit– continuing operations		(3,682,399)	(1,233,542)
Finance costs (net)	6	(24,410)	(69,728)
DEFICIT ON ORDINARY ACTIVITIES BEFORE TAXATION	7	(3,706,809)	(1,303,270)
Tax on deficit on ordinary activities	8	-	-
DEFICIT ON ORDINARY ACTIVITIES AFTER TAXATION		(3,706,809)	(1,303,270)

MERCY UNIVERSITY HOSPITAL CORK COMPANY LIMITED BY GUARANTEE

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Notes	2023	2022
		€	€
DEFICIT ON ORDINARY ACTIVITIES AFTER TAXATION		(3,706,809)	(1,303,270)
Donated assets received		186,245	-
TOTAL COMPREHENSIVE EXPENSE RELATING TO THE YEAR		(3,520,564)	(1,303,270)

MERCY UNIVERSITY HOSPITAL CORK COMPANY LIMITED BY GUARANTEE

BALANCE SHEET AS AT 31 DECEMBER 2023

	Notes	2023 €	2022 €
FIXED ASSETS			
Tangible assets	9	76,890,622	75,294,576
CURRENT ASSETS			
Stocks	10	3,356,925	2,718,422
Debtors	11	14,337,343	21,344,599
Cash at bank and in hand		6,923,507	5,701,445
		24,617,775	29,764,466
CREDITORS – Amounts falling due within one year	12	(27,602,810)	(25,412,995)
NET CURRENT (LIABILITIES) ASSETS		(2,985,035)	4,351,471
TOTAL ASSETS LESS CURRENT LIABILITIES		73,905,587	79,646,047
CAPITAL GRANTS	13	(69,615,232)	(71,835,128)
NET ASSETS		4,290,355	7,810,919
CAPITAL AND RESERVES			
Profit and loss account	15	(4,524,054)	(2,190,223)
Revaluation reserve	15	5,363,755	6,031,487
Donated assets reserve	15	3,450,654	3,969,655
SHAREHOLDERS' FUNDS		4,290,355	7,810,919

The financial statements were approved by the board of directors on and signed on its behalf by: May 27th 2024

Neil O'Carroll
Director

Prof. Ciaran Murphy
Director

Date: 12th June 2024

MERCY UNIVERSITY HOSPITAL CORK COMPANY LIMITED BY GUARANTEE

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Profit and loss account	Revaluation reserve	Donated asset reserve	Total
	€	€	€	€
Balance at 1 January 2022	(2,245,137)	6,699,219	4,660,107	9,114,189
Donated assets in year	-	-	-	-
Deficit for the year	(1,303,270)	-	-	(1,303,270)
Transfer from donated asset reserve	690,452	-	(690,452)	-
Transfer from revaluation reserve	667,732	(667,732)	-	-
Balance at 31 December 2022	(2,190,223)	6,031,487	3,969,655	7,810,919
Balance at 1 January 2023	(2,190,223)	6,031,487	3,969,655	7,810,919
Donated assets in year	-	-	186,245	186,245
Deficit for the year	(3,706,809)	-	-	(3,706,809)
Transfer from donated asset reserve	705,246	-	(705,246)	-
Transfer from revaluation reserve	667,732	(667,732)	-	-
Balance at 31 December 2023	(4,524,054)	5,363,755	3,450,654	4,290,355

MERCY UNIVERSITY HOSPITAL CORK COMPANY LIMITED BY GUARANTEE

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Notes	2023 €	2022 €
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	19	5,682,277	(541,158)
INVESTING ACTIVITIES			
Interest expense and similar charges		(24,410)	(69,728)
Payments to acquire tangible assets		(6,076,407)	(18,345,604)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(6,100,817)	(18,415,332)
FINANCING ACTIVITIES			
Finance lease payments		-	(24,978)
Capital grants received		1,136,219	18,543,593
NET CASH INFLOW FROM FINANCING ACTIVITIES		1,136,219	18,518,787
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		717,679	(437,875)
Cash and cash equivalents at start of year		1,959,764	2,397,639
Cash and cash equivalents at end of year		2,677,443	1,959,764
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Cash		6,923,507	5,701,445
Bank overdraft		(4,246,064)	(3,741,681)
		2,677,443	1,959,764

1. STATEMENT OF ACCOUNTING POLICIES

The significant accounting policies adopted by the company are as summarised below.

They have been applied consistently throughout the financial year and the preceding financial year.

GENERAL INFORMATION AND BASIS OF ACCOUNTING

Mercy University Hospital Cork CLG is a company incorporated in Ireland under the Companies Act 2014. The address of the registered office is Bishop Street, Cork and the registered company number is 353064. The nature of the company's operations and its principal activities are set out in the directors' report.

The financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2014 and Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Mercy University Hospital is considered to be euro because that is the currency of the primary economic environment in which the company operates.

TURNOVER

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

The Health Service Executive (HSE) determination is receivable from the HSE and is treated as turnover in the financial statements.

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:	Capital grants from the HSE in respect of capital expenditure are deferred and are amortised to income over the life of the related asset.

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 FRS 102, these valuations have been treated in the financial statements as deemed cost.

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

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

1. STATEMENT OF ACCOUNTING POLICIES - continued

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 financial 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 stated at the lower of cost and estimated selling price less costs to complete and sell, which is equivalent to the net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Cost is calculated using the FIFO (first-in, first-out) method. An allowance is made for obsolete, slow-moving, or defective items where appropriate.

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 financial 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.

Refunds of contributions paid are charged to the profit and loss accounts when notification is received from the Health Service Executive 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 are paid over to the department.

FOREIGN CURRENCY

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.

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the balance sheet date with a corresponding charge or credit to the profit and loss account.

1. STATEMENT OF ACCOUNTING POLICIES - continued

LEASES

The company as lessee
Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability. Costs under operating leases are charged to the profit and loss account in the financial year to which they relate.

IMPAIRMENT OF ASSETS

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets
An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced to below its carrying amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

1. STATEMENT OF ACCOUNTING POLICIES - continued

FINANCIAL INSTRUMENTS - continued

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognized when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some, but not all, significant risks, and rewards of ownership, has transferred control of the asset to another party.
Financial assets and liabilities - continued

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled, or expired.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial year in which the estimate is revised if the revision affects only that financial year or in the financial year of the revision and future periods if the revision affects both current and future periods.

Going Concern
See note 3 for the directors' judgement in relation to the going concern basis of accounting.

Provisions
Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions also include provisions for bad debts.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting financial year, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Useful economic lives
The useful economic lives of tangible assets are key assumptions concerning the future at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. In determining these estimates, the company has considered the expected usage of the asset, expected physical wear and tear, technical and commercial obsolescence, and any other limits on the use of assets.

3. BASIS OF PREPARATION

The financial statements of Mercy University Hospital have been prepared on a going concern basis. The company recorded a deficit amounting to €3,520,564 (2022 deficit of €1,303,270) for the year ended 31 December 2023 and its net current liabilities at that date amounted to €2,985,035 (2022 net current assets: €4,351,471).

The majority of the hospital's funding comes from the HSE. The directors have completed an assessment of the company's ability to continue as a going concern by reference to its current financial position and its cash flow forecasts for the foreseeable future. This assessment reflected assumptions in relation to funding requirements, activity levels, and cost increases. The company will continue to engage with the HSE in relation to its funding requirements. On this basis, and on the basis of past experience, the directors believe that adequate continued funding will be available to enable the company to provide services without significant curtailment for at least twelve months from the date of approval of the financial statements.

Accordingly, the directors consider it appropriate to prepare the financial statements 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.

4. TURNOVER

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

	2023 €	2022 €
HSE determination	145,986,169	132,043,826
Patient income	20,804,591	18,464,610
Other income	4,166,154	4,079,894
	170,956,914	154,588,330

5. EMPLOYEES AND REMUNERATION

	2023 No.	2022 No.
The average number of employees during the year were:		
Management & administration	269	244
Medical/dental	205	186
Nursing	556	519
Health and social care professionals	192	184
General support services	87	80
Other patient and client care	174	150
	1,483	1,363

PAYROLL AND RELATED COSTS	2023 €	2022 €
Wages and salaries	107,810,841	93,877,710
Social security costs	6,746,940	9,128,996
Gratuities and lump sums	2,176,226	1,398,533
Pension contributions and levy (net)	2,025,306	913,094
	118,759,313	105,318,333

The directors did not receive any remuneration or other emoluments during the current or prior financial years.

Other disclosures required by S.305/306 of the Companies Act 2014 in respect of directors' remuneration are nil.

Key management compensation amounted to €483,263 (2022: €495,313).

6. FINANCE COSTS (NET)

	2023 €	2022 €
Interest payable and similar charges	24,410	69,728

7. DEFICIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2023	2022
	€	€
Deficit on ordinary activities before taxation is stated after crediting / (charging)		
Auditor's remuneration		
- audit of individual accounts (incl. VAT)	(42,743)	(42,743)
- non audit services	-	-
- other services	-	-
Depreciation of tangible assets	(4,666,605)	(4,479,532)
Amortisation of capital grants	3,356,115	3,210,249

8. TAXATION

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

9. TANGIBLE ASSETS

	Land & buildings	Development in progress	Plant & Equipment	Fixtures & fittings	Total
	€	€	€	€	€
Cost/valuation					
At 1 January 2023	108,162,402	11,593,500	46,590,741	14,284,388	180,631,031
Additions	4,815,913	-	1,446,739	-	6,262,652
At 31 December 2023	112,978,315	11,593,500	48,037,480	14,284,388	186,893,683
Accumulated depreciation					
At 1 January 2023	45,368,256	6,593,500	39,272,774	14,101,925	105,336,455
Depreciation charge for year	2,749,499	-	1,878,591	38,516	4,666,606
At 31 December 2023	48,117,755	6,593,500	41,151,365	14,140,441	110,003,061
Net book value					
At 31 December 2023	64,860,560	5,000,000	6,886,115	143,947	76,890,622
At 31 December 2022	62,794,146	5,000,000	7,317,967	182,463	75,294,576

Fixed assets that have been funded by the HSE are the property of the Hospital but may not be disposed of or applied to any other purpose without the prior consent of the HSE and Department of Health.

Plant and equipment include assets with a net book value of €199,982 (2022: €222,202) which were acquired by way of finance lease. Assets to the value of €8,643,153 (2022: €8,643,153) are subject to a lien in favour of the HSE on foot of capital grants received.

10. STOCKS

	2023	2022
	€	€
Drugs and medicines	1,024,813	907,365
Medical and surgical supplies	2,332,112	1,811,057
	3,356,925	2,718,422

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

11. DEBTORS – amounts falling due within one year

	2023	2022
	€	€
HSE – amounts receivable	7,085,974	14,256,003
Patient debtors	4,225,592	4,207,514
Other debtors	2,209,481	2,100,621
Prepayments	816,296	780,461
	14,337,343	21,344,599

12. CREDITORS – amounts falling due within one year

	2023	2022
	€	€
Trade creditors	9,251,189	5,909,017
PAYE and social welfare	3,244,112	2,917,671
VAT	87,464	31,900
Accrued expenses and deferred income	10,143,118	11,918,324
Other creditors	547,421	830,932
Professional services withholding tax	83,442	63,470
Bank overdraft	4,246,064	3,741,681
	27,602,810	25,412,995
Creditors for taxation and social welfare included above	3,331,576	2,949,571

13. CAPITAL GRANTS

	2023	2022
	€	€
Grants received from HSE:		
Balance at 1 January	71,835,128	56,501,784
Received during the year	1,136,219	18,543,593
Transfer to profit and loss account	(3,356,115)	(3,210,249)
Balance at 31 December	69,615,232	71,835,128

14. COMPANY STRUCTURE

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

15. RESERVES

The profit and loss account reserve represents cumulative deficit to date.

The revaluation reserve represents the cumulative effect of revaluation of freehold land and buildings previously.

The donated asset reserve represents the value of donated assets received by the company net of the accumulated amortisation.

16. RELATED PARTY TRANSACTIONS

There are no related party transactions within the definitions of Section 33 of FRS 102 that require disclosure in these financial statements.

17. 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 financial 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.

17. PENSIONS - continued

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 Section 28 of FRS 102 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 €2,205,873 (2022: €2,093,335) were credited to the profit and loss account and pension payments of €6,255,438 (2022: €5,143,226) and lump sum payments of €2,176,226 (2022: €1,398,544) were charged to the profit and loss account.

A new Single Public Service Pension Scheme (Single Scheme) commenced with effect from 1st January 2013. The 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 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 and not credited to the Profit and Loss Account. In the opinion of the directors, the Department of Public Expenditure and Reform ("DPER") is responsible for this Single Scheme and payments arising under this scheme to retiring employees are payable by the State. Contributions from the employees paid over to the Department in 2021 amounted to €2,190,770 (2022: €2,109,764).

18. FINANCIAL INSTRUMENTS

	2023 €	2022 €
Financial assets		
Measured at undiscounted amounts receivable		
Patient debtors – Note 11	4,225,592	4,207,514
HSE – Amounts receivable – Note 11	7,085,974	14,256,003
	11,311,566	18,463,517
Financial liabilities		
Measured at amortised cost		
Obligations under finance leases – Note 21	-	-
Measured at undiscounted amounts payable		
Trade and other creditors – Note 12	19,394,306	17,827,341
Bank overdraft – Note 12	4,246,064	3,741,681
	23,640,370	21,569,112

19. RECONCILIATION OF DEFICIT BEFORE TAXATION TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2023 €	2022 €
Deficit before taxation	(3,706,809)	(1,303,270)
Finance costs (net)	24,410	69,728
Depreciation	4,666,606	4,479,532
Amortisation of grants	(3,356,115)	(3,210,249)
Increase in stocks	(638,503)	(447,693)
Decrease/(Increase) in debtors	7,007,256	(789,798)
Increase in creditors	1,685,432	660,592
Net cash outflow from operating activities	5,682,277	(541,158)

20. LEASE COMMITMENTS

Operating leases

At the balance sheet date, the future minimum lease payments under non-cancellable operating leases in respect of land and buildings are as follows:

	2023 €	2022 €
Payable within one year	1,239,276	901,834
Between two and five years	3,858,560	2,004,493
After five years	1,576,931	459,459

21. EVENTS AFTER THE BALANCE SHEET DATE

There have been no other significant events affecting the company since the end of the financial year that require disclosure in these financial statements.

22. MERCY UNIVERSITY FOUNDATION

The Mercy University Foundation funded the following to the Mercy Hospital during 2023.

	2023 €	2022 €
Salary and non-pay costs	227,060	10,725
Assets purchased and donated to the hospital	185,235	-

23. CONTINGENT LIABILITY

Capital Grants

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

24. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on May 27th 2024