Children's University Hospital

Reports and Financial Statements for the year ended 31 December 2014

CONTENTS

DIRECTORS AND OTHER INFORMATION

DIRECTORS	Mr. S. Sheehan (Chairperson) Ms. S. Brady (Deputy Chairperson) Ms. M. Baker (Chief Executive) Mr. J. Caird (Chairperson of Medical Board) Ms. G. Bauer (Director of Nursing) Mr. J. Fitzpatrick (Finance Director) Ms. M. Cullen Dr. M. Drumm Mr. F. MacCumhaill Mr. D. McGrath Mr. F. McManus Sr. M. Rock Ms. P. Shovlin
SECRETARY AND REGISTERED OFFICE	Mr. P. Mahony Children's University Hospital Temple Street Dublin 1
CHARITY REGISTRATION NUMBER	CHY229
COMPANY REGISTRATION NUMBER	351404
BANKERS	Bank of Ireland 2 College Green Dublin 2
AUDITORS	Deloitte & Touche Chartered Accountants and Statutory Audit Firm Deloitte & Touche House Earlsfort Terrace Dublin 2

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

1. CORPORATE GOVERNANCE

Company Structure

Children's University Hospital (the "company") is a wholly owned subsidiary of Mater Misericordiae and The Children's University Hospitals Limited ("MMCUH"), a company limited by guarantee and not having a share capital. The Holding Company is also the parent of the Mater Misericordiae University Hospital and The Cappagh National Orthopaedic Hospital Limited. The company is a registered charity. The majority of the members of the ultimate parent company are Sisters of Mercy.

Code of Governance

A Code of Governance for Children's University Hospital is in place. The Code, which is available on the hospital website is periodically reviewed and updated to reflect prescribed and best practice governance arrangements.

Appointment of Directors

The Chairperson of the company is appointed by the Provincial Leader of the Sisters of Mercy in Ireland, South Central Province. There are currently 4 executive directors and 9 non-executive directors. The executive directors include the Chief Executive, the Chairperson of the Medical Board, the Director of Nursing and the Finance Director. The 9 non-executive directors include representatives from the religious, medical, business and fundraising communities.

The current directors of the company are set out on page 2 and have served throughout the year except where noted below:

Dr. Stephanie Ryan resigned as an executive director on 30th September 2014 following completion of her term of office as Chairperson of the Medical Board. Mr. John Caird, the incoming Chairperson of the Medical Board, was appointed an executive director on the same date.

Ms Grainne Bauer, the recently appointed Director of Nursing, was appointed as an executive director on 20th February 2015. This followed the resignation of Ms Suzanne Dempsey from that respective role and as an executive director on the same date.

Organisational Management

The Board of Directors are legally responsible for the overall control and management of the company. They meet eleven times annually. The Board is supported by a number of sub-committees including the Governance, Quality and Patient Safety Committee, the Executive Management Committee, the Audit Committee, the Finance Committee, the Medical Board, the Mission Effectiveness Committee, the Remuneration Committee and the Ethics Committee.

A formal schedule of matters reserved for Board approval is in place and is reviewed on an annual basis.

Subject to these reserved matters, the Board delegates the management of the day-to-day operation of the Hospital and the implementation of Board policy and strategy to the Chief Executive. The Hospital Executive Management Committee, chaired by the Chief Executive and consisting of the key senior executives, is the main day to day decision making forum of the Hospital. Its work is supported by the Medical Board, Nursing Executive, Corporate Management Team and other specific committees as required.

Risk Management

The Board have responsibility for the identification and evaluation of significant risks, together with design and operation of suitable internal control systems.

In order to discharge that responsibility in a manner which ensures compliance with legislation and regulations, the Board has established an organisational structure with clear operating and reporting lines, secured the services of appropriately qualified personnel, designed suitable lines of responsibility, put in place appropriate authorisation limits, made arrangements in respect of segregation of duties and delegated the necessary authority for decision making.

The Governance, Quality and Patient Safety Committee is a sub-committee of the Board of Directors and assists the Board in fulfilling its responsibilities relating to the delivery of the highest standard of quality care to patients through the active promotion of communication, collaboration and engagement between patients, their families and hospital staff.

The Clinical Governance Committee is a multidisciplinary Committee and is chaired by the Clinical Director who reports upwards to the Governance, Quality and Patient Safety Committee. The role of the Committee is to ensure that there are appropriate mechanisms in place to monitor the effectiveness and quality of clinical care to children and their families; to facilitate shared learning and examples of good practice across all disciplines; to ensure learning from adverse events and co-ordinate and monitor action plans arising from internal and external reviews as well as provide oversight to hospitals adherence to National standards. The Clinical Director and Quality Manager meet the Governance, Quality and Patient Safety Committee bi-annually to report on activities of the Clinical Governance Committee.

The Quality, Risk and Safety Committee, comprising of a multi-disciplinary team and reporting to the Clinical Governance Committee and Executive Management Committee, is chaired by the Chief Executive and has responsibility to:

- Co-ordinate, oversee, prioritise and integrate clinical and non-clinical risk management and continuous quality improvement initiatives across the hospital;
- Promote a culture in which clinical and non-clinical risk and quality management will continue to develop as an integral and seamless component of the care process.

A policy on Protective Disclosures of Information puts a framework in place to ensure that where a concern about a healthcare professional is raised, it can be dealt with in a fair and transparent manner.

The organisational Corporate Risk Register is reviewed on a quarterly basis by a sub-group of the Quality, Risk and Safety Committee. The Quality, Risk and Safety performance indicators are submitted to the Board as part of the monthly performance report. The Quality Manager monitors progress in relation to the Hospital's Service Plan.

A Steering Group is in place to oversee the development of a Business Continuity Plan and Business Impact Analysis.

Internal controls and risk management are considered by the Audit Committee. The terms of reference of the Audit Committee have been approved by the Board and are reviewed on an annual basis and updated where necessary. The committee meets four times annually and supports the work of the Board by reviewing the effectiveness of internal controls and financial reporting and the statutory financial statements prior to submission to the Board for approval, along with the review of the operation of the internal and external audit process.

Employee Matters

The company endeavours to provide the employees with a safe environment in which to work and provides adequate training resources. All employees are responsible for maintaining general risk awareness, reporting incidents, complying with the rules and regulations set out in terms of employment, maintaining confidentiality of patient and company information and are trained in basic emergency procedures – resuscitation, evacuation and fire precautions as relevant to the employee's particular work area.

Environmental Matters

The company seeks to minimise adverse impacts on the environment from its activities whilst continuing to address health, safety and economic issues. The company has complied with all applicable legislation.

2. COMPANY AIMS & OBJECTIVES

Charitable Objectives

The mission statement for the Hospital is:

By caring for the sick, we participate in the healing ministry of Christ;
We honour the spirit of Catherine McAuley and the Sisters of Mercy;
We pledge ourselves to respect the dignity of human life;
to care for the sick with compassion and professionalism;
to promote excellence and equity, quality and accountability.
In our friendly and caring environment,
we strive to promote the highest quality of care for all
with dignity, compassion and respect.
We value our staff and encourage their development.

The charitable activities of the hospital are to:

- Administer healthcare services to the sick children from the local community, regional referral areas and national referral services;
- Educate and train medical doctors, nurses and allied health & social care professionals in the provision of healthcare services to the sick;
- Carry out research activity to promote innovation and technological advances in the care and treatment of patients.

All of the above is to be in keeping with the vision, mission and ethos of Catherine McAuley and the Sisters of Mercy in Ireland as espoused in the Mission Statement.

The company has been granted a licence by MMCUH relating to the use of the land and buildings making up the Children's University Hospital for the provision of the healthcare and related charitable activities set out above.

2015 key objectives

The 2015 Service Plan for Children's University Hospital forms the basis of the Service Level Agreement between the Hospital and the Health Services Executive. It sets out, at a high level, the type and volume of services that the Hospital will provide in 2015 within the allocated resources and in line with our Financial Plan. In 2015, there are a number of high level key objectives:

Access

- To provide services which are accessible in the right place at the right time and in line with best practice guidelines.
- To deliver acute paediatric care to the funded level to a secondary care population within our catchment area and to a tertiary population in specified services.
- To pro-actively manage scheduled and unscheduled activity levels in line with resource allocation, agreed activity levels and (SDU) Special Delivery Unit requirements.

2. COMPANY AIMS & OBJECTIVES (CONTINUED)

Clinical Integration

To drive the development of existing cross hospital collaborative initiatives including clinical service integration and the roll out of the Clinical Directorate structures with Our Lady's Children's Hospital, Crumlin (OLCHC) and the National Children's Hospital, Tallaght (NCH) in conjunction with the Group CEO.

Corporate Integration

To assist in the design, engagement and planning in preparation for the New Children's Hospital through participation and engagement at all levels with input from key stakeholders into the Definitive Business Case for the new hospital.

Quality

To investigate the feasibility of participation in external accreditation programmes, as a precursor for the future of hospital licensing, ensuring compliance with proposed legislative requirements.

The Service Plan sets out key goals, under ten overarching themes, through which the above high level objectives will be attained. The ten themes are:

- Quality and Patient Safety
- Financial Framework
- Development Agenda:
  - Paediatric Services Integration
  - National Children's Hospital
- Access
- Service Developments
- Workforce
- Communications
- Corporate and Clinical Governance
- Capital Projects and Infrastructure
- Key Performance Indicators

For each theme a set of defined goals has been identified and timeframes agreed, against which the success of this Service Plan will be measured.

A number of key factors influenced the development of the 2015 Service Plan, including:

- The Statement of Strategic Intent, developed in 2012 as part of the hospital's Development Agenda, which continues to help shape the future and direction of Children's University Hospital.

- The National Standards for Safer and Better Healthcare (HIQA) developed as part of the Patient Safety First Initiative and hospital licensing.

- The culture of hygiene awareness that has been prioritized by the Board of Directors at Children's University Hospital and associated action plan.

- The economic and financial environment, expected funding levels and requirements for cost containment initiatives and value for money.

- The Hospital's Quality Improvement Program for 2015.

3. REVIEW OF PERFORMANCE AND ACHIEVEMENTS FOR THE YEAR

Proactive planning in 2014 for efficient use of infrastructural, human and financial resources were critical to ensuring that activity targets, as agreed with the HSE, were materially attained despite the ever challenging financial environment. The trends in activity levels, which should be considered in the context of capacity constraints, funding challenges and increased complexity trends, can be demonstrated as follows:

- In-Patient discharges increased by 3% to 7,809;
- Day cases remained static at 7,962;
- A&E attendances decreased by 1% to 52,024
- Out-Patient attendances decreased by 1% to 75,891.

Average length of stay remained static at c. 3.9 days.

The Hospital incurred a financial loss of €18,000 for 2014 (2013: €646,000) thereby bringing the cumulative deficit at year-end to €1,400,000 (2013: €1,382,000). The HSE Allocation for 2014 amounted to €89,838,000 (2013: €80,475,000). Further details are set out in Section 4 below and in the body of the financial statements.

There were a number of noteworthy achievements and events during the year, including:

- **Renal Transplantation** - The renal transplantation team at Temple Street conducted 19 transplants in 2014 which was the most transplants conducted in any one year since the hospital started its national transplant service in 2003. As well as being a record year for transplant numbers in children, 2014 was also the year in which the hospitals transplant program undertook its 100th kidney transplant.

- **Bilateral Cochlear implant programme** - July 2014 saw the conducting of the first bilateral simultaneous and sequential cochlear implants under the Temple Street and Beaumont cochlear implant programme. 30 bilateral sequential implants were conducted before the end of the year, facilitating hearing and communications skills in children.

- **Hand Hygiene** - In September 2014, Temple Street launched a new campaign to help increase hand hygiene compliance, prevent hospital acquired infection and bring the Hospital in line with HSE required standards. The initiative resulted in compliance increasing from 62% in May 2014 to 85% in November 2014. The 2015 target is 90%.

- **Hospital website** - A completely re-designed and re-developed hospital website (www.cuh.ie) was launched containing much more engaging, user friendly, dynamic and up to date content.

- **Capital Developments** - A three story extension to the Theatre and Laboratory buildings was completed in April 2014. The project, which cost €1,900,000 and was funded by the HSE, resulted in additional clinical space for laboratory analysis and interpretation and the provision of additional recovery bays within theatre. Other significant capital projects which commenced in 2014, and will be completed in 2015, included the development of additional clinical space in the A&E department (cost €700,000) and of an endoscopy decontamination unit (cost €500,000).

- **ICT Developments** - Significant ICT developments included:

    - Commissioning of a patient entertainment system in Top Flat, with plans now in place to extend it to all wards. The system, which provides controlled bedside access to TV, movies and radio to patients, is being funded by the Children's Fund for Health;

    - Initiation of the first step in the Hospital's transition to an electronic patient record with the launch of the Orion Clinical Portal in Neurosurgery and Endocrinology. Rollout to the remainder of the Hospital is planned;

3. REVIEW OF PERFORMANCE AND ACHIEVEMENTS FOR THE YEAR (CONTINUED)

- Completion of the rollout of the national new-born bloodspot screening system (Specimen Gate) in the National New-born Bloodspot Laboratory (NNBSL). The Hospital received a commendation at Irish Healthcare Awards for the project's focus on improving patient care, innovation and collaboration;

- Implementation of the Healthlinks system, thereby improving communication with GP's and enabling the electronic transmission of laboratory results.

The Board and Senior Management continue to work closely with key stakeholders in order to progress the advancement of the Children's Hospital Group.

The directors are satisfied that the demanding targets set by the HSE were substantially met in difficult circumstances and in the context of available funding and is encouraged by the improvements in workflow, procedures and systems that were made during the year.

4. RESULTS

2014 proved to be an exceptionally challenging year in financial terms with increasing costs occurring at a time of reducing income. Maintaining activity levels and avoiding service reductions necessitated ongoing and extensive engagement with the HSE re underlying funding levels. Such discussions ultimately resulted in a HSE Revenue Allocation uplift, from €80,475,000 in 2013 to €89,838,000 in 2014, an increase of 12%. The Revenue Allocation net of adjustments amounted to €88,836,000 (2013: €81,055,000). The adjustments relate to release and deferral of capital and revenue funding receipts.

Other Income amounted to €13,167,000 (2013: €16,715,000). Of the €3,548,000 (21%) reduction, €2,383,000 can be attributed to reductions in private insurer income, reflecting reduced statutory charges, shorter lengths of stay and a provision made regarding certain historic claims.

Expenditure in 2014 amounted to €101,986,000 (2013: €98,413,000). Pay related costs amounted to €70,823,000 (2013: €70,459,000), an increase of €364,000. Included within this are increased pension related costs of €420,000.

Non Pay related costs increased by €3,070,000 to €29,112,000 (2013: €26,042,000). Of this increase, €1,489,000 is attributable to increased clinical related spend, a further €1,034,000 is attributable to SDU professional medical fees and the balance to both increased operating costs and provisioning for bad debts.

An Operating Profit of €17,000 was recorded for 2014 (2013: Operating Loss of €643,000). After accounting for Interest and Bank Charges, the deficit recorded amounted to €18,000 (2013: deficit of €646,000).

The directors are satisfied with the performance of the company for the year.

5. GOING CONCERN

The company had a cumulative deficit of €1,400,000 at 31 December 2014 (2013: €1,382,000). The initial Allocation for 2015, as advised by the HSE, amounted to €87,776,000, a reduction of €2,062,000 (2.3%) on the final 2014 Allocation level. When incremental expenditure is considered, the financial challenge facing the Hospital for 2015, based on current funding levels, is projected at c. €3,200,000. Included within this amount is €600,000 attributable to projected increased pension related costs.

In assessing whether the financial statements should be prepared on a going concern basis, the directors have given due consideration to management's on-going discussions with the HSE regarding revenue and capital funding for the year ending 31 December 2015 and potential cost saving measures which may be introduced if such discussions prove unsuccessful.

5. GOING CONCERN (CONTINUED)

The Hospital is dependent upon the on-going support of the HSE to provide adequate funding to enable it to continue to provide services. The HSE has indicated that it will continue to engage with the Hospital in relation to the financial challenges and management expect its continued support in this regard.

For these reasons, the directors believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements. The financial statements do not include any adjustments that would result if the company was unable to continue as a going concern. In formulating this view, the directors have considered a period of twelve months from the date of approval of the financial statements.

6. EU LATE PAYMENTS REGULATIONS

The regulations impose a legal requirement on bodies to make interest payments in respect of invoices that are paid in excess of 30 days after receipt. In so far as is permitted by cashflow constraints, it is company policy to settle all invoices within the appropriate timeframe. The interest paid under the terms of the regulations amounted to €Nil (2013: €Nil).

7. PRINCIPAL RISKS AND UNCERTAINTIES

Under Irish Company Law, the company is required to give a description of the principal risks and uncertainties that the company faces.

The principal risks identified are set out below:

- The company is providing increasingly complex medical procedures, with the associated underlying clinical risks, reflecting the development of core specialities and the general advancement of medical knowledge and practices;
- The company is subject to increasingly stringent compliance in the areas of hygiene, infection control and health and safety. While the company places the highest importance on minimising risks to patients and staff, continued developments in these areas could result in additional compliance costs;
- The company relies principally on HSE funding to deliver its services. As such, it is subject to the annual agreement of budgets, determination of funding and increasingly stringent and specific Board and Corporate governance compliance arrangements. The company may also be affected by changes in healthcare policy;
- The company is dependent upon skilled and competent staff in order to maintain activity levels and ensure a safe delivery of service to patients. Employment control initiatives and adherence to the European Working Time Directive pose challenges in this regard;
- The draw on human resources, organisational knowledge and skill sets, away from core hospital business, to assist with the integration of paediatric services within the Paediatric Hospital Group, poses an increasing challenge;
- The company provides medical services, the demand for which may be affected by factors beyond its control. The accident and emergency pressures continue to be a challenge and are monitored on a daily basis;
- The decreasing numbers with private healthcare cover, increasing capacity in the system and declining rates are posing an ongoing challenge to income levels.

The company has long experience of coping with and minimising these risks while delivering excellent patient care within its catchment area and beyond.

8. POST BALANCE SHEET EVENTS

There were no significant post balance sheet events.

9. BOOKS OF ACCOUNT

The directors believe that they have complied with the requirement of Section 202 of the Companies Act, 1990 with regard to books of account by employing personnel with appropriate expertise and by providing adequate resources to the financial function. The books of account are maintained at Children's University Hospital, Temple Street, Dublin 1.

10. AUDITORS

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

Signed on behalf of the Board:

Date: 22 May 2015

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Deloitte.

Deloitte & Touche
Chartered Accountants &
Registered Auditors

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHILDREN'S UNIVERSITY HOSPITAL

We have audited the financial statements of Children's University Hospital for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 21. 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 auditors' 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.

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 Reports 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.

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 loss for the year then ended; and
- have been properly prepared in accordance with the Companies Acts, 1963 to 2013.

Emphasis of matter – going concern

In forming our opinion, which is not modified, we have considered the adequacy of the disclosures made in Note 1 to the financial statements concerning the Company's ability to continue as a going concern. These conditions, along with the other matters explained in Note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The Company is dependent on the ongoing support of the HSE to provide adequate funding to enable it to continue to provide services. The HSE has indicated that it will continue to engage with the Hospital in relation to the financial challenges and management expect its continued support in this regard. On that basis 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.

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Members of
Deloitte Touche Tohmatsu

Deloitte.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHILDREN'S UNIVERSITY HOSPITAL

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.
- The liabilities of the company exceed the assets of the company, as stated in the balance sheet and, in our opinion, on that basis there did exist at 31 December 2014 a financial situation which, under Section 40(1) of the Companies (Amendment) Act, 1983, may require the convening of an extraordinary general meeting of the company.

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.

Thomas Cassin
For and on behalf of Deloitte & Touche
Chartered Accountants and Statutory Audit Firm
Dublin

22 May 2015

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	**2014 €'000**	2013 €'000
TURNOVER			
- Revenue grants	3	**88,836**	81,055
- Other income	4	**13,167**	16,715
		102,003	97,770
COSTS			
Staff costs	5	**(70,823)**	(70,459)
Non pay costs		**(29,112)**	(26,042)
Depreciation		**(2,051)**	(1,912)
TOTAL COSTS		**(101,986)**	(98,413)
OPERATING PROFIT/(LOSS)		**17**	(643)
Interest payable and similar charges	6	**(35)**	(28)
Interest receivable		**-**	25
LOSS ON ORDINARY ACTIVITIES	8	**(18)**	(646)
Accumulated loss at beginning of year		**(1,382)**	(736)
Accumulated loss at end of year		**(1,400)**	(1,382)

All recognised gains and losses for both the current year and the previous year have been reflected in the above profit and loss account and arise from continuing activities.

The financial statements were approved by the Board of Directors on 22 May 2015 and signed on its behalf by:

BALANCE SHEET AS AT 31 DECEMBER 2014

	Notes	2014 €'000	2013 €'000
FIXED ASSETS	9	**2,795**	2,794
CURRENT ASSETS			
Stocks	10	**1,744**	1,961
Debtors	11	**3,975**	3,549
Grants receivable		**9,304**	9,749
		15,023	15,259
CREDITORS: (Amounts falling due within one year)	12	**(16,422)**	(16,640)
NET CURRENT LIABILITIES		**(1,399)**	(1,381)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,396**	1,413
CAPITAL GRANTS	13	**(2,795)**	(2,794)
NET LIABILITIES		**(1,399)**	(1,381)
FINANCED BY			
Share capital	14	**1**	1
Profit and loss account		**(1,400)**	(1,382)
SHAREHOLDERS' DEFICIT		**(1,399)**	(1,381)

The financial statements were approved by the Board of Directors on 22 May 2015 and signed on its behalf by:

Seán Sheehan

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CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	**2014 €'000**	2013 €'000
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	*15*	**(420)**	(1,460)
RETURNS ON INVESTMENT AND SERVICING OF FINANCE			
Interest paid and similar charges	*6*	**(35)**	(28)
Interest received		**-**	25
NET CASH OUTFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE		**(35)**	(3)
CAPITAL EXPENDITURE			
Payments to acquire fixed assets		**(3,074)**	(5,314)
NET CASH OUTFLOW BEFORE FINANCING		**(3,529)**	(6,777)
FINANCING			
HSE grants received in relation to fixed assets		**1,592**	2,486
Fundraised capital grants		**1,482**	2,828
NET CASH INFLOW FROM FINANCING ACTIVITIES		**3,074**	5,314
DECREASE IN CASH	*16 & 17*	**(455)**	(1,463)

1. GOING CONCERN

The Company is dependent upon the HSE providing adequate funding to ensure that it can meet its liabilities as and when they fall due. The Company had a cumulative deficit of €1,400,000 at 31 December 2014 (2013: €1,382,000). The initial Allocation for 2015, as advised by the HSE, amounted to €87,776,000, a reduction of €2,062,000 (2.3%) on the final 2014 Allocation level. When incremental expenditure is considered, the financial challenge facing the Hospital for 2015, based on current funding levels, is projected at c. €3,200,000. Included within this amount is €600,000 attributable to projected increased pension related costs.

In assessing whether the financial statements should be prepared on a going concern basis, the directors have given due consideration to management's on-going discussions with the HSE regarding revenue and capital funding for the year ending 31 December 2015 and potential cost saving measures which may be introduced if such discussions prove unsuccessful.

The Hospital is dependent upon the on-going support of the HSE to provide adequate funding to enable it to continue to provide services. The HSE has indicated that it will continue to engage with the Hospital in relation to the financial challenges and management expect its continued support in this regard.

For these reasons, the directors believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements. The financial statements do not include any adjustments that would result if the company was unable to continue as a going concern.

2. STATEMENT OF ACCOUNTING POLICIES

Basis of preparation
The financial statements have been prepared under the historical cost convention and in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Companies Acts, 1963 to 2013.

Turnover

Revenue grants and other income
Revenue grants received and receivable from the Health Service Executive (HSE) are credited to the Profit and Loss Account on the basis of the allocated amount notified by the HSE to the Hospital at the end of the financial year. The revenue grant amount shown in the Profit and Loss Account is net of revenue or capital amounts deferred or released, in accordance with the timing of the related underlying expenditure, and with the approval of the funding body.

As required by the Department of Health and Children, revenue grants are treated for the purpose of the cashflow statement as cash generated from operating activities.

Outpatient and road traffic accident income
This income is accounted for on a cash receipts basis.

Retrospective pay awards
The expense is charged in the year in which the HSE allows the corresponding revenue allocation and therefore not necessarily in the year to which the expense relates.

Tangible fixed assets and depreciation
Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset by equal annual instalments over its expected useful life as follows:

Equipment	:	5 years
Computer equipment	:	3 years

2. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Stocks
Stocks are valued at the lower of cost and net realisable value. Cost comprises expenditure incurred in the normal course of business in bringing stocks to their present location and condition. Full provision is made for obsolete and slow moving items.

Capital grants
Capital grants are treated as deferred credits and are amortised to income on the same basis as the related assets are depreciated. In addition to capital grant allocations from the HSE, capital grants include fundraised capital grants.

Foreign currencies
The financial statements are expressed in Euro. Monetary assets and liabilities denominated in other currencies are translated using the exchange rates ruling at the balance sheet date. Transactions in other currencies are translated using the exchange rates ruling at the dates of the transactions.

Profits and losses arising from currency translation and on settlement of amounts receivable and payable in other currencies are dealt with in arriving at the result from ordinary activities.

Leases
Rentals under operating leases are charged against income on a straight-line basis over the term of the lease.

Pensions
The company operates a defined benefits pension scheme in respect of employees eligible for inclusion under the Voluntary Hospitals Superannuation Scheme. The scheme is administered, funded and underwritten by the Department of Health and Children. The company acts as agents 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 HSE and the Department of Health and Children, 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 ultimate under funding of the scheme.

Contributions received are credited to the Profit and Loss Account as they are received. Payments made under the scheme are charged to the Profit and Loss Account as they fall due.

Refunds of Contributions are charged to the Profit and Loss Account when notification is received from the Department of Health and Children to make a payment to an employee who is leaving the scheme.

A new Single Public Service Pension Scheme (Single Scheme) commenced with effect from 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.

Provision for doubtful debts
The ageing and recoverability of patient bills outstanding is considered at each balance sheet date and appropriate provision is made.

3. REVENUE GRANTS

	2014 €'000	2013 €'000
HSE revenue grants receivable	**89,838**	80,475
HSE revenue grants income released/(deferred)	**199**	(567)
HSE revenue grants transferred to other agencies	**(829)**	(449)
HSE revenue grants attributable to capital related items	**(438)**	-
HSE capital funding released	**-**	1,596
Other	**66**	-
Revenue grants	**88,836**	81,055

4. OTHER INCOME

	2014 €'000	2013 €'000
Patient income	**5,696**	8,861
Sundry income	**574**	604
	6,270	9,465
Payroll deductions:		
Superannuation contributions (Note 20)	**2,963**	3,058
Pension levy	**3,934**	4,192
	13,167	16,715

5. STAFF NUMBERS AND COSTS

The average number in whole-time equivalents of persons employed by the company (including executive directors) during the year, analysed by category, was as follows:

	2014 Number	2013 Number
Management	**5**	5
Administration	**185**	185
N.C.H.D.	**81**	80
Medical consultants	**55**	52
Nursing	**418**	408
Paramedical	**179**	182
Support services	**55**	59
	978	971

5. STAFF NUMBERS AND COSTS (CONTINUED)

The aggregate payroll costs of these employees were as follows:	**2014 €'000**	2013 €'000
Wages and salaries	**61,398**	61,450
Social welfare costs	**5,185**	5,189
	66,583	66,639
Pensions paid for the year (Note 20)	**4,240**	3,820
	70,823	70,459

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2014 €'000	2013 €'000
Interest paid and similar charges	**35**	28

7. TAXATION

There is no charge to taxation as the company has been granted charitable exemption by the Revenue Commissioners.

8. LOSS ON ORDINARY ACTIVITIES

The loss on ordinary activities is stated after charging/ (crediting):

		2014 €'000	2013 €'000
Depreciation		**2,052**	1,912
Executive directors' emoluments		**519**	553
Capital grant amortisation		**(2,052)**	(1,912)
Operating leases:	Land and buildings	**190**	150
	Equipment	**300**	305

Auditor's remuneration exclusive of VAT:

	2014 €'000	2013 €'000
- Audit	**25**	25
- Other assurance	**7**	7

9. FIXED ASSETS

	Improvements to Buildings €'000	Equipment €'000	Total €'000
Cost:			
At 1 January 2014	-	28,438	28,438
Additions	1,021	2,053	3,074
Transfers/Retirements	(1,021)	(222)	(1,243)
At 31 December 2014	**-**	**30,269**	**30,269**
Depreciation:			
At 1 January 2014	-	25,644	25,644
Charge for the year	-	2,052	2,052
Retirements	-	(222)	(222)
At 31 December 2014	-	**27,474**	**27,474**
Net book value:			
At 31 December 2014	-	**2,795**	**2,795**
At 31 December 2013	-	2,794	2,794

On 1 January 2002, the operation of the unincorporated hospital (Temple Street) was taken over by Children's University Hospital (a limited company). The land and buildings that comprised Temple Street were transferred to the Mater Misericordiae and the Children's University Hospitals Limited (Parent Company). The transfer was effected by their donation by the Sisters of Mercy to the Parent Company, which company is the sole shareholder of Children's University Hospital. The legal process was completed in 2006.

Expenditure capitalised during the year in respect of improvements to buildings has been transferred to the parent company at net book value along with the related capital grants. The amount transferred for the year ended 31 December 2014 amounted to €1,021,120 (2013: €3,973,444).

Certain fixed assets which have been funded by the Minister for Health and Children or a Health Board, are the property of the Hospital but may not be disposed of or applied to any other purposes without the Minister's prior consent.

10. STOCKS

	2014 €'000	2013 €'000
Consumables	**1,744**	1,961

There are no material differences between the replacement cost of stock and the balance sheet amounts.

11. DEBTORS (Amounts falling due within one year)

	2014 €'000	2013 €'000
Maintenance and in-patient charges	**2,932**	2,589
Sundry debtors and prepayments	**1,043**	960
	3,975	3,549

12. CREDITORS: (Amounts falling due within one year)

	2014 €'000	2013 €'000
Bank overdraft	**4,012**	3,557
Trade and sundry creditors	**4,512**	4,015
PAYE/PRSI	**1,915**	1,874
Pay accruals	**1,869**	2,057
Non-pay accruals	**3,349**	3,370
Deferred grants	**765**	1,767
	16,422	16,640

The bank overdraft facility is secured by a letter of Set-Of which entitles the bank to hold all Company monies held in the bank against the overdraft liability.

13. CAPITAL GRANTS

	2014 €'000	2013 €'000
At 1 January	**2,794**	3,366
Capital grants received during the year	**1,592**	2,486
Fundraised capital grants	**1,482**	2,828
Capital grant write-back:		
- Amortisation	**(2,052)**	(1,912)
- Other write-backs or transfers	**(1,021)**	(3,974)
At 31 December	**2,795**	2,794

14. SHARE CAPITAL

	2014 €'000	2013 €'000
Authorised:		
1,000 ordinary shares of €1 each	**1**	1
Issued:		
1,000 ordinary shares of €1 each	**1**	1

15. RECONCILIATION OF OPERATING PROFIT / (LOSS) TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2014 €'000	2013 €'000
Operating Profit/(loss)	**17**	(643)
Depreciation	**2,052**	1,912
Increase in debtors	**(426)**	(880)
Increase in non-capital creditors	**329**	2,443
Capital grant write-back	**(2,052)**	(1,912)
Decrease/(increase) in stocks	**217**	(218)
Increase in net Department of Health and Children balance	**(557)**	(2,162)
Net cash outflow from operating activities	**(420)**	(1,460)

16. ANALYSIS OF CHANGES IN DEBT

	At 01/01/2014 €'000	Cash Flow €'000	At 31/12/2014 €'000
Bank overdraft	(3,557)	(455)	**(4,012)**

17. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2014 €'000	2013 €'000
Decrease in cash in the year	**(455)**	(1,463)
Net debt at 1 January	**(3,557)**	(2,094)
Net debt at 31 December	**(4,012)**	(3,557)

18. CONTINGENT LIABILITIES

The directors are satisfied that there are no contingent liabilities.

19. FINANCIAL COMMITMENTS

Capital commitments
At 31 December 2014, the Company had outstanding contractual commitments in respect of building projects amounting to €498,000 (2013: €808,845).

Lease commitments
Annual commitments exist under non-cancellable operating leases as follows:

	Land and Buildings €'000	Equipment €'000	**Total €'000**
Expiring:			
Within one year	-	-	**-**
Between two and five years	190	300	**490**
More than five years	-	-	**-**
	190	300	**490**

20. PENSION SCHEME

The company operates a defined benefits pension scheme in respect of employees eligible for inclusion under the Voluntary Hospitals Superannuation Scheme (VHSS).

In the year ending 31 December 2014, €2,963,495 (2013: €3,057,505) was retained and treated as income and €4,240,141 (2013: €3,819,893) was paid to pensioners.

Whilst the VHSS scheme is a defined benefit scheme, the company has availed of the multi-employer scheme exemption from the disclosure requirements relating to defined benefit schemes in FRS 17 para. 9(a), on the grounds that the company's deemed contributions, as determined by the Department for Health and Children, are set in relation to the current service period only (i.e. are not affected by a surplus or deficit relating to the past service of its own employees or any other members of the scheme). On this basis the scheme is considered for disclosure purposes as a defined contribution scheme and no further disclosures are required.

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.

21. PARENT COMPANY AND RELATED PARTY TRANSACTIONS

Parent company

The company is a wholly owned subsidiary of Mater Misericordiae and The Children's University Hospitals Limited, a company incorporated in the Republic of Ireland. The net amount owed by the Mater Misericordiae and The Children's University Hospitals Limited to the company at 31 December 2014 was €76,148 (2013: €46,468). Mr Sean Sheehan, Chairperson and Ms. S. Brady, Deputy Chairperson, are non-executive directors of both entities.

Fundraising body

During the year, the Children's Fund for Health Limited provided the company with €1,921,296 (2013: €3,621,882) in respect of fundraised capital grants and other non-capital amounts. Of the-non capital amounts, €376,127 (2013: €721,416) comprised of research related grant receipts (out of a total for research grant receipts, from all sources, of €438,864 (2013: €1,208,889)). This income and related expenditure are netted in the financial statements.

As at 31 December 2014: €149,891(2013: €85,476) was due from the Children's Fund for Health Limited to the company. Ms. S. Brady is a non-executive director of both the Children's University Hospital and the Children's Fund for Health Limited.

SUPPLEMENTARY INFORMATION

(NOT COVERED BY THE INDEPENDENT AUDITORS' REPORT)

APPENDIX I - OTHER INCOME

	Appendix	2014 €'000	2013 €'000
Patient income	III	**5,696**	8,861
Sundry income	IV	**574**	604
		6,270	9,465
Payroll Deductions:			
Superannuation contributions		**2,963**	3,058
Pension levy		**3,934**	4,192
		13,167	16,715

APPENDIX II - TOTAL COSTS

	Appendix	2014 €'000	2013 €'000
Non-pay costs	V	**31,163**	27,954
Pay costs	VI	**70,823**	70,459
		101,986	98,413
Interest and charges	IX	**35**	28
Interest receivable	IX	**-**	(25)
		102,021	98,416

APPENDIX III - PATIENT INCOME

	2014 €'000	2013 €'000
Road traffic accidents	**65**	343
Maintenance charges	**5,614**	7,997
Miscellaneous	**17**	521
	5,696	8,861

APPENDIX IV - SUNDRY INCOME

	2014 €'000	2013 €'000
Canteen	**517**	543
Parents' accommodation	**57**	61
	574	604

APPENDIX V - NON-PAY COSTS

	Appendix	2014 €'000	2013 €'000
Bad debts		**191**	(121)
Medicines		**10,614**	10,342
Blood and blood products		**356**	352
Pathology		**2,830**	2,815
Medical and surgical appliances		**4,855**	3,870
X-Ray		**438**	453
Medical equipment		**1,359**	1,131
Food		**481**	466
Heat, light and power		**897**	1,132
Cleaning and washing		**1,735**	1,690
Furniture, crockery and hardware		**138**	160
Bedding and clothing		**28**	19
Maintenance		**1,029**	990
Transport and travel		**227**	207
Professional Fees		**627**	546
Finance	VII	**234**	239
Office	VIII	**3,384**	3,018
Sundries		**336**	319
Security		**370**	326
Depreciation		**2,052**	1,912
Capital grant write back		**(2,052)**	(1,912)
SDU – professional medical fees		**1,034**	-
		31,163	27,954

	2014 €'000	2013 €'000
APPENDIX VI - PAY COSTS		
Administration	**9,978**	9,814
Common contract	**10,649**	10,641
Medical - Other	**7,717**	7,957
Nursing	**23,503**	23,245
Paramedical	**12,155**	12,313
Catering, housekeeping etc.	**2,208**	2,310
Maintenance	**373**	359
Gratuities	**947**	857
Superannuation refunds	**66**	78
Pensions	**3,227**	2,885
	70,823	70,459

APPENDIX VII – FINANCE

Insurance	**210**	255
Legal fees	**24**	(16)
	234	239

APPENDIX VIII - OFFICE

Equipment and office expenses	**1,856**	1,835
Printing and stationery	**645**	562
Telephone	**236**	196
Advertising, recruitment and courses	**134**	118
Postage	**252**	201
Rent	**261**	106
	3,384	3,018

APPENDIX IX – INTEREST AND CHARGES

Interest and charges	**35**	28
Interest receivable	**-**	(25)