

**The Adelaide & Meath Hospital, Dublin
Incorporating The National Children's Hospital
(Tallaght University Hospital)**

Annual Financial Statements

Year Ended 31 December 2018

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GENERAL INFORMATION

Address

Adelaide & Meath Hospital, Dublin, Incorporating The National Children's Hospital (Tallaght University Hospital)
Tallaght
Dublin 24

Telephone Number

01 414 2000

Charity Number

20037161

CHY Number

12587

Tallaght University Hospital Board

Board Members

Mr L Dowdall (Chairperson)
Professor P Barker
Dr A Brady (appointed February 2018)
Mr E Brown (resigned 15 January 2018)
Mr E Fleming (appointed December 2018)
Dr J Kiely (resigned January 2019)
Ms A Lee
Mr A McConnell (resigned 22 January 2018)
Professor K Monks
Archdeacon D Pierpoint
Mr D Seaman
Mrs M Shields
Mr M Varian (appointed 26 March 2018)

Executives in attendance

Ms L Nugent (CEO – appointed 9 January 2019)
Mr D Slevin (CEO – resigned 8 January 2019)
Mr D Carter
Dr D Fahey (resigned July 2018)
Mr J Kelly
Ms S Larkin
Ms A Lynch
Dr S Ni Bhriain (ceased September 2018)
Mr J Quinlan (commenced October 2018)
Professor Paul Ridgeway (commenced 22 January 2018)
Dr C Wall

Solicitors

A & L Goodbody
International Financial Services Centre
North Wall Quay
Dublin 1

Bankers

Bank of Ireland
Tallaght
Dublin 24

Allied Irish Banks plc
Tallaght
Dublin 24

Auditors

Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House
Earlsfort Terrace
Dublin 2

**BOARD MEMBERS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

OBJECTIVES AND ACTIVITIES

In March 2018 the Tallaght Hospital announced that it was formally changing the name of the hospital to Tallaght University Hospital. The change of title marks a significant milestone in the evolution of the Hospital. The Board and Management believe the new name is more reflective of the Hospital's position as one of the country's leading academic teaching hospitals.

With effect from 1 January 2019 the paediatric services provided by the Hospital associated with the National Children's Hospital, including certain employees, property, rights and liabilities of the Hospital were transferred to Children's Health Ireland (CHI) which was established by the Children's Health Act 2018. Tallaght University Hospital operates a Service Level Agreement with CHI for indirect pay, non-pay expenditure and non-exchequer income. The Hospital Charter was updated and revised to reflect the demerger of Paediatric Services and a Ministerial Order will legislate for these changes in 2019. Under these changes to the Hospital Charter the official name of the Hospital will change to The Adelaide & Meath Hospital, Dublin.

The Tallaght University Hospital Foundation (TUHF) was incorporated on 6 December 2017 and commenced operation in 2018 as an independent Foundation whose primary objective is to support, promote and enhance the services provided by Tallaght University Hospital. The TUHF is an autonomous charitable legal entity, entirely separate from the Hospital. In recognition that the TUHF will be more efficient and effective than the Hospital in raising funds for the benefit of the Hospital, both parties have signed a Relationship Agreement whereby the Hospital agreed to provide (from non-exchequer funds) a start-up donation of €0.3m. Subject to consultation on business plans and budgets which prioritise capital projects in support of the Hospital's strategic goals, the Hospital may provide further conditional donations, from non-exchequer funds, to be agreed in advance between the Hospital and TUHF.

Tallaght University Hospital is one of Ireland's largest acute teaching hospitals, providing child-health, adult, psychiatric and age-related healthcare on one site. With 562 beds, 12 theatres and 14 Critical Care beds in operation, the Hospital treats over 410,000 patients per year and employs almost 3,000 staff. The Hospital provides access for patients to over 20 medical and surgical specialties, with comprehensive on-site Laboratory and Radiology support services. It is also a national urology centre, the second largest provider of dialysis services in the country and a regional orthopaedic trauma centre.

Tallaght University Hospital is one of two main teaching hospitals of Trinity College Dublin - specialising in the training and professional development of staff in areas such as nursing, health and social care professionals, emergency medicine and surgery, amongst many others.

Tallaght University Hospital is a Voluntary Hospital underpinned by the legal status of a Chartered Corporation established under Statutory Instrument, providing adult and paediatric services to a catchment population of approximately 450,000 people (80% of which are located in South Dublin and parts of Kildare), and serves approximately 200 General Practitioners. Mental Health services operate on-site under HSE governance structures, with close operational alignment to the adult services provided by Tallaght University Hospital.

The Trinity Health Ireland (THI) collaborative agreement underpins Tallaght University Hospital's valued relationships with Trinity College Dublin (TCD), St. James's Hospital, and the Coombe Women and Infants University Hospital. Uniquely, up until the end of 2018 (after which paediatric activity moves to the CHI), Tallaght University Hospital operates within two Hospital Group Structures detailed below:

1. The Dublin Midlands Hospital Group (DMHG) and the Children's Hospital Group (CHG)
2. The Dublin South Central Primary Care Community Health Organisation (CHO) Area Seven

Tallaght University Hospital has long-standing strategic and operational alliances with Naas General Hospital and Peamount Healthcare, among other healthcare providers within the region.

BOARD MEMBERS' REPORT - continued

ACHIEVEMENTS AND PERFORMANCE

Tallaght University Hospital is a busy trauma Hospital based in Tallaght. Its focus is on providing both emergency and elective care to its community and to the wider population.

The number of Adult Emergency Department attendances increased by a further 2% in 2018, bring the total to over 51,000. In line with previous year there has been a further increase in the number of over 75 year old patients presentations, with a further increase in acuity of patients. To address the increase in older patients presenting to ED, a Gerontological Emergency department intervention (GEDI) team was established in 2018. Aligned with organisational priorities, the purpose of the service was to proactively identify and assess medical and social care needs of frail older patients who present to Emergency Department. Early identification and assessment and proactive management of the physical, functional and social care needs by Health & Social Care, Nursing and Medical staff has assisted in reducing the need for acute hospital admission, reduced mortality, shorter length of hospital stay and reduced likelihood of dependence on residential care. In latter part of 2018 our HSE colleagues in CHO7 introduced a similar team in the community, this further enhanced the quality of service provided to this cohort of patients. In addition, both teams work in close collaboration with the integrated care team for older persons, under the clinical governance of the community geriatrician.

The hospital has seen an increase in demand for critical care beds, leading to challenges with access to high dependency post-operative surgical beds. Funding was approved by DMHG in early 2018 to open 3 additional beds. In June 2018 the Post-Operative surgical assessment unit (POSU) opened. This has facilitated an improved access to appropriate critical care beds for post-operative patients. The Hospital continues to have challenges with a lack of critical care beds. This will be addressed with a new Intensive Care Unit capital build, which is at an advanced stage of planning.

The Hospital continues to work on reducing out-patient and in-patient waiting lists. There were in excess of 250,000 adult outpatient attendances in 2018. The Hospital continued to face challenges in meeting the referral rate resulting in a growth in the waiting list and have worked closely with the NTPF to identify waiting lists initiatives, including the introduction of GP lead clinics. The introduction of ring-fenced elective surgical beds in Quarter 2 and ongoing collaboration with NTPF have contributed to a decrease in inpatient and day case waiting lists in 2018, with inpatient waiting lists numbers at their lowest level in over 2 years.

The opening of the SIMMs building in September 2018 was an important milestone for the Hospital as it will be the first in a series of developments in which the Hospital will bring speciality clinical services into the community. This initiative is just one of the many steps that the Hospital will be taking as we work towards developing a sustainable modern healing healthcare environment. The Simms Building is a €5m capital investment project commissioned in collaboration with the HSE. The Hospital's Endocrinology, Diabetes and Podiatry clinics which treat over 12,000 patients per year will now take place in this new modern building. This move enables us to provide patients with more comfortable, spacious treatment rooms and our colleagues working there, an improved working environment. Plans are now underway for our Neurology Clinics to move in early 2019.

STRUCTURE, GOVERNANCE AND MANAGEMENT

In accordance with by-laws made in November 2014 under the Tallaght Hospital Charter, the Board comprises 11 members appointed as follows:

- one member appointed by the Adelaide Health Foundation (M Varian replaced A McConnell);
- one member appointed by the Meath Foundation (M Shields);
- one member appointed by the National Children's Hospital (E Fleming);
- four members appointed by the Minister for Health on the nomination of the Church of Ireland Archbishop of Dublin/President of the Hospital (L Dowdall, D Seaman, D Pierpoint and P Barker);
- one member appointed by the Minister for Health on the nomination of Trinity College Dublin (A Brady);
- one member appointed by the Minister for Health on the nomination of the HSE (A Lee); and
- two members appointed by the Minister for Health on the nomination of the Hospital Board (K Monks and a vacant position until J Kiely is replaced).

The Chairperson is elected from the Board from among the members appointed by the Minister. The Vice Chairperson is appointed by the Board from among its members.

BOARD MEMBERS' REPORT - continued

Amendments to the composition of the Board have been agreed under a revision to the Tallaght Hospital Charter which will come into effect later in 2019.

No remuneration is paid in respect of Board Membership. Board Members may be reimbursed for reasonable expenses incurred in accordance with the standard public service travel and subsistence rates. There were no such payments to Board Members in 2017 or 2018.

In accordance with the HIQA report of 8 May 2012, no employee of the Hospital can be a member of the Board. However, the Chief Executive and appropriate members of the senior management team generally attend and participate in Board meetings. This is designed to ensure, on the one hand, that Board Members are fully aware of the practical impact on the Hospital of their decisions, and on the other hand, that the senior management team is fully aware of the governance and other requirements of the Board. The aim is to achieve a corporate approach by all concerned. Decisions are taken by consensus involving both the Board Members and the management team but, should a vote be required, voting is confined to Board Members

The Executives in the various directorates in the Hospital are responsible for developing and implementing internal controls, the purpose of which is to mitigate the effects of any risks or threats to the achievement of the objectives of those directorates. The Executives of these directorates have given reassurances to the Hospital Board as to the adequacy of these internal controls. Oversight of the internal controls is effected through the internal audit function, the Audit Committee and external audit review. The Audit Committee liaises very closely with the External Auditors and also gains additional assurances on the adequacy of internal controls through them. Pre- and post-audit meetings are held every year during which relevant aspects of the audit are discussed.

The Internal Auditor produces an annual audit plan through examining the objectives of the Hospital, assessing the key risks which may prevent those objectives from being achieved and the relevant controls put in place to mitigate those risks. This effectively constitutes an independent review of the key controls in the Hospital. Consultations with the Executive Management Team of the Hospital are used by the Audit Committee to prioritise audits in particular areas. This plan is approved by the Audit Committee on an annual basis.

In addition to the above, the Hospital Board has established the following committees: Audit Committee; Finance Committee; Staff & Organisation Development Committee; Quality, Safety & Risk Management Committee (QSRM); and Nominations Committee. Each committee has specific functions in assisting the Hospital Board to fulfil its oversight responsibilities.

The **Audit Committee** for the year ended 31 December 2018 comprised Professor Patricia Barker (Chairperson and member of Board), Mr. Seán Quigley, Ms Anna Lee (member of the Board) and Mr. Peter Dennehy. While all members of the Board have a duty to act in the interests of the Hospital, the Audit Committee has a particular role, acting independently from the Senior Management Team, to ensure that the interests of the stakeholders are properly protected in relation to the financial reporting oversight, internal financial control, external audit, financial risk management and corporate governance. The oversight of other matters of risk (i.e. all non-financial risks) are dealt with by the Board's Quality, Safety and Risk Management Committee.

The Audit Committee oversees the Hospital's financial reporting process on behalf of the Board. The Senior Management Team has the primary responsibility for the financial statements, for maintaining effective internal control over financial reporting, and for assessing the effectiveness of internal control over financial reporting. In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed the annual financial statements with the Senior Management Team and the external auditors, including a discussion of the accounting principles adopted; the reasonableness of significant judgments; and the clarity of disclosures in the financial statements. The Audit Committee is governed by a charter which was last amended during 2018. The Committee held seven meetings during 2018.

The meetings of the Committee are designed to facilitate and encourage communication among the Committee, the Hospital, the Hospital's internal audit function and the independent auditor. The Committee discussed with the internal auditors and independent auditor the overall scope and plans for their respective audits. The Committee meets with the internal auditors and the independent auditor, with and without management present, to discuss the results of their examinations; their evaluations of the internal control; and the overall quality of the financial reporting.

Following an appropriate procurement process, Deloitte Ireland LLP were re-appointed independent external auditor in 2017.

BOARD MEMBERS' REPORT - continued

The **Finance Committee** comprises of Dr James Kiely (Chairperson and member of Board, resigned January 2019), Mr Edward Fleming (appointed Board member December 2018, appointed chairperson of the finance committee January 2019), Mr Mark Varian (Board Member) and Mr Declan Lyons. The main function of Finance Committee is to oversee the processes for securing and applying Hospital revenue and capital funding including issues relating to budgetary management, value for money, immediate, medium and longer term financial planning, capital expenditure and income collection, as well as strategic issues affecting the Hospital's funding (such as activity based funding) or income. The Committee also deals with such other specific issues in relation to financial management that are referred to it by the Board and with any other related issues that it considers appropriate. During 2018 the Finance Committee met on five occasions and reviewed the financial projection for the Hospital, the financial allocation and the capital planning process.

The **Staff and Organisation Development Committee (SODC)** comprises of Mr David Seaman (Chairperson and member of Board), Professor Kathy Monks (Board Member) and Mr Brendan Mulligan and in attendance is the HR Director. The Chairperson of the Hospital Board and the CEO attend meetings as required and at least once per year.

The role of the SODC is to (a) oversee the development and implementation of Hospital policies, procedures and systems to recruit, retain, develop, motivate and equip Hospital staff to continuously improve the services they provide to patients (b) demonstrate by ensuring that the remuneration and terms of service of the CEO and members of the Executive Management Team (i.e. those reporting directly to the CEO) are overseen by this committee of the Board whose members have no personal financial interest in such matters and who in ensuring oversight of these matters on behalf of the Board will have due regard to the interests of the hospital and taxpayers in general. Where pre-existing vacancies within the EMT are being filled, providing it does not involve any change in the remuneration, terms or conditions of the posts concerned and it is in accordance with HSE Policy and compliance with Public Sector Pay Policy to ensure these are presented to this committee for noting. Only items which fall outside of this remit may require a recommendation by the Chair of this committee to the Hospital Board for approval and, (c) undertake such other matters as are ancillary to the functions specified above or as are delegated by the Board to the Committee from time to time.

During 2018 the Committee had four meetings and were updated on the SODC work-plan, on-going legal cases, compliance with Children First Training and European Working Time Directive, Consultant Contract Compliance, establishment of Children's Health Ireland, HR Initiatives and Staff Engagement, HR Strategy.

The **Quality, Safety and Risk Management Committee (QSRM)** comprises of Mrs Mairead Shields (Chairperson and member of Board), Dr. Anne-Marie Brady (Board Member), Mr Ciaran Young and Dr Gerard O'Connor. The QSRM Committee provide oversight on behalf of the Hospital Board of non-financial risks and the risk management process The QSRM Committee is responsible for overall policies, systems and structures for risk management across the hospital.

The main functions of the QSRM Committee are to oversee the development by the Executive of a QSRM programme for the Hospital and any subsequent amendments deemed necessary; recommend to the Board a QSRM programme and executive structure that clearly articulates responsibility, authority and accountability for quality, safety and risk management across the organisation; secure assurances from the Executive on the implementation of the QSRM programme including monitored outcomes through key performance indicators; secure assurance from the Executive that the hospital is conforming with all regulatory and legal requirements to assure quality, safety and risk management; act as advocates at Hospital Board level for QSRM issues which cannot be resolved by the Executive Management Team and provide oversight on behalf of the Hospital Board of non-financial risks and the risk management process.

The Committee met on four occasions in 2018 and kept to the same structure throughout the year maintaining the following core standing items: Serious Incident Update, HIQA/ National Standards for Safer Better Health Care, Patient Advocacy and Community Engagement, Risk Management / Risk Register, Internal Audit Report and QSRM Board Committee Key Work Programme 2018. The other items selected for the agenda would be routinely decided at a pre-meeting with the Chair of the QSRM Board Committee, Director of QSRM and QSRM Programme Co-ordinator based on topics selected by the Non-Executive Directors, topics recommended by the Director of QSRM/Chair of the QSRM Executive Committee and matters arising from previous QSRM Board Committee meetings.

The **Nominations Committee** comprises of Mr Liam Dowdall (Chairperson), Dr James Kiely (vice-chairperson) and Mr David Seaman (chairperson of SODC) and held three meetings in 2018. The Nominations Committee assists the Board in fulfilling its oversight responsibilities by ensuring that plans are in place for the orderly

BOARD MEMBERS' REPORT - continued

succession of appointments to the Board so as to maintain an appropriate balance of skills and experience within the Hospital Board and to ensure progressive refreshing of the Board.

The requirement for the HSE annual compliance statement came into effect on 1 January 2014 and applies to the Hospital's 2018 financial statements. The purpose of the HSE compliance statement is to strengthen the overall governance arrangements in place within funded agencies. The annual compliance statement requires the Chairperson and a member of the Board to sign the annual compliance statement which sets out requirements for compliance in eight key areas including Government pay policy.

Following a review by the Audit Committee at which no areas of non-compliance were identified, Tallaght University Hospital signed and submitted the HSE compliance statement in May 2018 (re 2017). The Hospital will submit the annual compliance statement in May 2019 (re 2018).

FINANCIAL REVIEW

The below table summarises the financial outturn for 2018.

Total	2018	2017	Movement	
	€000	€000	€000	%
HSE Allocation	(240,671)	(227,938)	(12,733)	5.6%
Net expenditure	244,953	229,440	15,513	6.8%
Deficit	4,282	1,502		
Cumulative deficit	24,738	20,456		

In 2018, the Hospital received an increased allocation year on year of 5.6% (€12.7m). Although welcomed, this increase in allocation was not sufficient to meet the combination of the increase in costs and the reduction in income for the year. The Hospital's outturn for 2018 was €244.9m representing a growth in cost of 6.8% (€15.5m) over the full year 2017. The financial performance of the Hospital in 2018 demonstrated a deficit of €4.3m leading to a cumulative deficit of €24.7m as at 31 December 2018.

In 2018 the Hospital saw the net expenditure increase by 6.8% (€15.5m) when compared with 2017.

Expenditure	2018	2017	Movement	
	€000	€000	€000	%
Pay	206,777	199,019	7,758	3.9%
Non-pay	94,202	88,488	5,714	6.5%
Gross expenditure	300,979	287,507	13,472	4.7%
Income	(56,026)	(58,067)	2,041	-3.5%
	244,953	229,440	15,513	6.8%

Pay expenditure increased by 3.9% (€7.8m). This increase can be attributed to the following; full year impact of 2017 national wage agreement (€0.4m) and the 2018 national wage agreements (€3.1m). Staff levels for 2018 increased by 44 WTE (€2.1m) as a result of approved front line service posts for Consultants (10), NCHD (7), and Nursing posts (22). Agency and overtime costs grew by €2.2m due to the Hospital being in escalation mode for longer periods of 2018 and the requirement to provide 24/7 supervision to higher dependency patients.

Non-pay expenditure increased by €5.7m. This increase in cost can be attributed largely to an increase in drugs of €2.3m of which €2.1m is funded through income from the PCRS scheme. The Bad Debt Provision also increased year on year by €1.2m. CPE related cleaning costs grew by €0.5m. There were further increases in laboratory costs primarily due to increased activity for reagents of €0.9m and increased costs to building maintenance and other of €0.8m.

BOARD MEMBERS' REPORT - continued

Income year on year has decreased by €2m, predominantly due to the reduction in private health insurance income (PHI).

Income	2018	2017	Movement	
	€000	€000	€000	%
Patient Income	34,228	38,895	(4,667)	-12.0%
Superannuation and Pension Levy	13,574	13,149	425	3.2%
Income from external agencies	3,024	2,843	181	6.4%
Other Miscellaneous Income	5,200	3,180	2,020	63.5%
	<u>56,026</u>	<u>58,067</u>	<u>(2,041)</u>	<u>-3.5%</u>

Patient Income reduced year on year by €4.7m. A factor in reduced income, is apparent communications from insurance companies to patients advising on their options not to use private health insurance in public hospitals unless accommodated in a single room. This is a national issue and needs to be addressed directly between the DOH and the insurance companies. The challenge for the Hospital is we do not have the capacity to offer single rooms to all private patients due to constant pressures associated with escalation and isolation of sick patients.

The reduction in patient income was offset somewhat by the growth in the Primary Care Reimbursement Service (PCRS) income (detail within "other" income) of €2.1m and an increase in pension levy of €0.5m. PCRS income more than doubled in 2018 when compared to 2017.

The Hospital continued to enhance and upgrade the new HR and Payroll SAP system. This continued focus has created better reporting and transparency in relation to pay. The Hospital continues to work with St. James Hospital in relation to the shared development and enhancement of the SAP financial management system.

In 2018 the Hospital completed its seventh annual Patient Level Costing study. The Hospital continues to build its competencies in this area. Patient Level Costing is one of the key building blocks for the roll out of 'Activity Based Funding' (ABF). TUH has started its 'Scan4Safety' project. This is a quality and safety led project with the added focus of value improvement in the areas of supply chain.

The Hospital is at the forefront in relation to income collection, with favourable debtor days when compared to equivalent hospitals. We are continuously looking at improvements and technology developments to enhance income collection.

GOING CONCERN

The Hospital is funded by means of an annual revenue allocation from the Health Service Executive ("HSE"). The deficit of €4,282,346 for 2018 has resulted in net current liabilities of €20,592,729 and an accumulated deficit on Hospital's non-capital income and expenditure account of €24,738,327 at 31 December 2018.

The Hospital's current revenue allocation from the HSE for 2019 is €226.4 million, which represents a funding deficit when compared to the projected outturn of €233 million for 2019. This presents a challenge to management to maintain activity at current levels. The Hospital remains dependent on the ongoing support of the HSE to provide adequate funding to enable it to continue to provide services.

The magnitude of the financial challenge facing the Hospital has resulted in a request being made to the HSE for an acceleration of cash to assist in funding the net current liabilities, accumulated deficit and 2019 projected deficit. The Hospital's bank-overdraft facility is authorised by the HSE. The Hospital continues to proactively engage with the HSE in respect of these matters.

Notwithstanding the above, there remains a material uncertainty in relation to available cash funding from the HSE in order to meet the service commitments of the Hospital.

The Board have considered the history of how HSE funds have been allocated to the Hospital and the fact the HSE has not given any indication that it will withdraw its financial support from the Hospital.

BOARD MEMBERS' REPORT - continued

The Board Members are of the opinion that it remains appropriate to present the financial statements on a going concern basis and that there is a reasonable expectation that the Hospital will continue to trade for a period of at least 12 months from the date of approval of these financial statements. The financial statements do not include any adjustments that would result if the Hospital was unable to continue as a going concern. On this basis, these financial statements have been prepared on the going concern basis.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who is a Board Member at the date of approval of this report confirms that:

- (i) so far as the Board Member is aware, there is no relevant audit information of which the Hospital's auditors are unaware; and
- (ii) the Board Member has taken all the steps that he/she ought to have taken as a Board Member in order to make himself/herself aware of any relevant audit information and to establish that the Hospital's auditors are aware of that information.

INDEPENDENT AUDITORS

The auditors, Deloitte Ireland LLP have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

On behalf of the Board

Signed:


Liam Dowdall, Chairperson

Date: 20-05-2019

Signed:


Anna Lee, Board Member

Date: 20-05-2019

**STATEMENT OF BOARD MEMBERS' RESPONSIBILITIES
YEAR ENDED 31 DECEMBER 2018**

The Members of the Board are to prepare financial statements for each financial year which properly show the state of affairs of The Adelaide & Meath Hospital, Dublin, Incorporating The National Children's Hospital (Tallaght University Hospital) and its income and expenditure for that period.

In preparing those statements, the Members of the Board are required to:

- select suitable accounting policies for the Hospital financial statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- disclose and explain any material departures from applicable accounting standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that The Adelaide & Meath Hospital, Dublin, Incorporating The National Children's Hospital (Tallaght University Hospital) will not continue in existence for a period of at least 12 months from the date of signing of the financial statements.

The Members of the Board are responsible for the maintenance and integrity of the corporate and financial information included on the Hospital's website, for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of The Adelaide & Meath Hospital, Dublin, Incorporating The National Children's Hospital (Tallaght University Hospital) and to enable the Board to ensure that the financial statements comply with the Accounting Standards for Voluntary Hospitals issued by the Department of Health and Children. The Board is also responsible for safeguarding the assets of The Adelaide & Meath Hospital, Dublin, Incorporating The National Children's Hospital (Tallaght University Hospital) and hence for taking reasonable steps for the prevention and the detection of fraud and other irregularities.

On behalf of the Board

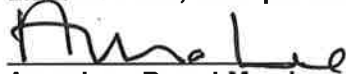
Signed:



Liam Dowdall, Chairperson

Date: 20-05-2019

Signed:



Anna Lee, Board Member

Date: 20-05-2019

INDEPENDENT AUDITOR'S REPORT TO THE BOARD MEMBERS OF THE ADELAIDE & MEATH HOSPITAL, DUBLIN INCORPORATING THE NATIONAL CHILDREN'S HOSPITAL (TALLAGHT UNIVERSITY HOSPITAL)

Report on the audit of the financial statements

Opinion on the financial statements of The Adelaide & Meath Hospital, Dublin Incorporating The National Children's Hospital (Tallaght University Hospital) (the 'entity')

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the entity as at 31 December 2018 and of the result for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework.

The financial statements we have audited comprise:

- the Non-Capital Income and Expenditure Account;
- the Capital Income and Expenditure Account;
- the Balance Sheet;
- the Cash Flow Statement; and
- the related notes 1 to 29, including a summary of significant accounting policies as set out in the Statement of Accounting Policies.

The relevant financial reporting framework that has been applied in their preparation is the Accounting Standards and the Format of Accounts for Voluntary Hospitals issued by the Department of Health and Children in Ireland ("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 entity 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 25 in the financial statements, which indicates that the Hospital incurred a net deficit of €4,282,346 during the financial year ended 31 December 2018 and, as of that date, the Hospital's net current liabilities is €20,592,729 and the Hospital's non-capital income and expenditure account accumulated deficit is €24,738,327. As stated in Note 25, these events or conditions, along with other matters as set forth in Note 25, indicate that a material uncertainty exists that may cast significant doubt on the Hospital's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are expected 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 expected to report that fact.

We have nothing to report in this regard.

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INDEPENDENT AUDITOR'S REPORT TO THE BOARD MEMBERS OF THE ADELAIDE & MEATH HOSPITAL, DUBLIN INCORPORATING THE NATIONAL CHILDREN'S HOSPITAL (TALLAGHT UNIVERSITY HOSPITAL)

Responsibilities of directors

As explained more fully in the Statement of Board Members' Responsibilities, the board members are responsible for the preparation of the financial statements that give a true and fair view, 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 board members are responsible for assessing the entity'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 entity 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.

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity (or where relevant, the group) to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

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INDEPENDENT AUDITOR'S REPORT TO THE BOARD MEMBERS OF THE ADELAIDE & MEATH HOSPITAL, DUBLIN INCORPORATING THE NATIONAL CHILDREN'S HOSPITAL (TALLAGHT UNIVERSITY HOSPITAL)

Auditor's responsibilities for the audit of the financial statements

This report is made solely to the entity's directors, as a body, in accordance with our engagement letter. Our audit work has been undertaken so that we might state to the entity's directors those matters we are expected 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 entity and the entity's directors as a body, for our audit work, for this report, or for the opinions we have formed.



Kevin Sheehan
For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House, Earlsfort Terrace, Dublin 2

Date: 20/5/19


**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHAIRPERSON
FOR THE YEAR ENDED 31 DECEMBER 2018**

We certify that the financial statements of The Adelaide & Meath Hospital, Dublin, Incorporating The National Children's Hospital (Tallaght University Hospital) for the year ended 31 December 2018 as set out herein are in agreement with the books of account and have been drawn up in accordance with the Accounting Standards for Voluntary Hospitals issued by the Department of Health and Children.

The financial statements on pages 15 to 37, which have been prepared under the statement of accounting policies set out on pages 15 and 16 properly show the state of affairs of the Hospital at 31 December 2018 and its income and expenditure and cash flow for the year then ended.

Signed: 
Liam Dowdall, Chairperson

Date: 20-05-2019

Signed: 
Lucy Nugent, Chief Executive Officer

Date: 20/05/19

STATEMENT OF ACCOUNTING POLICIES

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

Historical cost convention and presentation of Form 1

The financial statements are prepared under the historical cost convention. The Board amended the format of Form 1 to show a specific current year out-turn and moved the 'Cumulative non-capital deficit brought forward from previous year', normally at the beginning of the report, to now follow the 'Deficit in year'. The Board are of the opinion this more clearly reflects the financial position for the year.

Basis of consolidation

The Hospital was established under a Charter as amended by an Order passed by both Houses of the Oireachtas in July 1996 and came into being on 1 August 1996.

These financial statements do not include the accounts of The Adelaide Hospital Society CLG, The Meath Foundation CLG, The National Children's Hospital CLG or the Tallaght University Hospital Foundation CLG, all of which are separate legal entities over which the Hospital has no control. Details of these entities are included in note 22 to the financial statements.

Health Service Executive funding

The Health Service Executive (HSE) provides funding towards the annual running costs of the Hospital in accordance with the Service Level Agreement. These grants / funding are accounted for on an accruals basis to the extent that they have been approved by the HSE. All exchequer funding received is from the HSE.

Income from patients

Income is accounted for on a receivables basis except for the following categories of income which are accounted for on a cash receipts basis, due to inherent uncertainty as to their collectability:

- (i) Income arising under the Health (Amendment) Act 1986 which provides for the imposition of charges in respect of hospital in-patient and out-patient services on persons for the treatment of injuries received in certain road traffic accidents.
- (ii) Income receivable in accordance with the provisions of the Health (Out-patient charges) Regulations 1987.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises cost of purchase including charges such as freight and duty where appropriate. Net realisable value comprises the actual or estimated disposal price (normally a return price to the supplier).

Pensions

(i) Voluntary Hospitals Superannuation Scheme 1969

The Voluntary Hospitals Superannuation Scheme applies to all employees who joined the public sector prior to January 2013. The liability in respect of pensions payable to employees who are members of this scheme has been underwritten by the Minister for Health. Contributions from employees who are members of the scheme are treated as income in accordance with the Department of Health guidelines. Pension payments under the scheme are charged to the non-capital income and expenditure account when paid.

(ii) Single Public Service Pension Scheme

The Single Public Service Pension Scheme (SPSPS) applies to all employees who join the public sector as new entrants after January 2013. In line with the guidance of this scheme, all employee contributions are paid over to the state pension account and not included in the non-capital or capital income and expenditure account. The Department of Public Expenditure and Reform ('DPER') is responsible for the SPSPS and under the Public Service Pensions (Single Scheme and Other Provisions) Act 2012, Section 44(1) (b), payments arising under this Single Scheme to retiring employees shall be paid from funds provided by the Oireachtas for that purpose.

Fixed assets

- (i) Fixed assets acquisitions including revenue funded maintenance projects, regardless of the source of funds (except if it is less than €3,809 per non-computer item and €1,270 per computer item out of non-capital funds), in accordance with the accounting standards laid down by the Department of Health and Children, are capitalised.

STATEMENT OF ACCOUNTING POLICIES -Continued

Fixed Assets- continued

(ii) The basis of valuation of the Hospital's fixed assets is as follows:

<u>Land</u> Cost with no depreciation	<u>Buildings</u> Cost less accumulated depreciation
<u>Fixtures, Fittings and Equipment</u> Cost less accumulated depreciation	<u>Work-in-progress</u> Cost with no depreciation

Depreciation

Fixed assets are depreciated in compliance with Department of Health and Children accounting standards. The depreciation, which is matched by an equivalent amortisation of the capitalisation account, is not charged against the non-capital or capital income and expenditure account. Depreciation is charged to the capitalisation account (see note 18) and is calculated at the following rates:

Land

Depreciation is not charged on land.

Buildings

2.5% reducing balance.

Fixtures, Fittings and Equipment

Computer Equipment -straight line over expected useful life of 3 years
All other Equipment – straight line over expected useful life of 7 years.

Work-in-progress

Depreciation is not charged on work-in-progress assets until they are brought into use.

Capitalisation account

The capitalisation account represents the unamortised value of funds for fixed assets.

Capital Income and Expenditure Account

The capital income and expenditure account represents the value of capital grants (HSE and other sources) received not yet spent.

Deficit - financing arrangements

The Hospital has, with the prior approval of the Department of Health, entered into financing arrangements for the non-capital deficit in 1998. No part of HSE funding or any other income or funds which should accrue to the running cost of the Hospital service, has been used in the service of this arrangement. The net income earned by the Hospital from the car park is recorded directly to the deficit financing reserve account in the balance sheet to finance the repayment of the loan. This loan has been fully repaid in 2018 and the remaining balance on the deficit financing reserve has been transferred to capital developments income in the capital income and expenditure account, to be utilised for capital purposes.

Designated funds

Income received for specific projects and expenditure from external bodies is recognised in the non-capital or capital income and expenditure account (dependant on the type of expenditure) to the extent of the expenditure being incurred, with income received in excess of this level being treated as deferred income in the balance sheet.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the balance sheet date, and revenues, costs and non-monetary assets at the exchange rates ruling at the dates of the transactions.

Surpluses and deficits arising from foreign currency translations and on settlement of amounts receivable and payable in foreign currency are dealt with through the non-capital income and expenditure account.

Monetary assets are money held and amounts to be received in money; all other assets are non-monetary assets.

NON-CAPITAL INCOME AND EXPENDITURE ACCOUNT
 Year Ended 31 December 2018
 Form 1

	Notes	2018 €	2017 €
Pay			
Salaries	1	193,918,954	185,629,889
Superannuation and gratuities	1	12,858,474	13,389,150
		<u>206,777,428</u>	<u>199,019,039</u>
Non-Pay			
Direct Patient Care	1	51,011,941	49,386,659
Support Services	1	27,227,595	25,371,496
Financial and Administrative	1	15,962,757	13,730,246
		<u>94,202,293</u>	<u>88,488,401</u>
Gross expenditure for the year		300,979,721	287,507,440
Income	1	<u>(56,026,274)</u>	<u>(58,067,115)</u>
Net expenditure for the year		<u>244,953,447</u>	<u>229,440,325</u>
Non-capital funding – HSE notified for the year	11	<u>(240,671,101)</u>	<u>(227,937,505)</u>
Deficit in year	1(a)	4,282,346	1,502,820
Cumulative non-capital deficit brought forward from previous year		<u>20,455,981</u>	<u>18,953,161</u>
Deficit of funding over net expenditure carried forward to following year	1(a)	<u>24,738,327</u>	<u>20,455,981</u>

With the exception of fixed asset depreciation which is dealt with through the capitalisation account, all recognised gains and losses for the year ended 31 December 2018 have been included in the non-capital income and expenditure account.

The net deficit in the current and prior years arise from continuing and discontinued operations. Please refer to note 29 for disclosures relating to discontinued operations included in the above non-capital income and expenditure account.

The financial statements which include the accounting policies and notes, which were drawn up in compliance with the Accounting Standards for Voluntary Hospitals issued by the Department of Health and Children, were approved by the Board on 20th May 2019.

On behalf of the Board

Signed:


 Liam Dowdall, Chairperson

Date: 20-05-2019

Signed:


 Lucy Nugent, Chief Executive Officer

Date: 20/05/19

CAPITAL INCOME AND EXPENDITURE ACCOUNT
Year Ended 31 December 2018
Form 2

	Note	2018 €	2017 €
Capital Income Sources			
HSE – Capital Grant	11	(4,106,206)	(2,752,119)
Capital developments income	17	(2,534,772)	-
Grants from other sources		<u>(1,083,822)</u>	<u>(152,540)</u>
Total capital income		<u>(7,724,800)</u>	<u>(2,904,659)</u>
Capital expenditure: Capitalised			
Land		510,750	-
Work in progress		368,558	355,285
Non-computer equipment		2,205,188	1,965,116
Computer equipment		<u>2,075,268</u>	<u>256,964</u>
Capital Expenditure - Capitalised		<u>5,159,764</u>	<u>2,577,365</u>
Capital Expenditure - Not Capitalised		<u>15,220</u>	<u>-</u>
Total capital expenditure		<u>5,174,984</u>	<u>2,577,365</u>
Opening surplus carried forward from the previous year		<u>(1,595,782)</u>	<u>(1,268,489)</u>
Closing surplus carried forward to the following year		<u>(4,145,598)</u>	<u>(1,595,782)</u>

With the exception of fixed asset depreciation which is dealt with through the capitalisation account, all recognised gains and losses for the year ended 31 December 2018 have been included in the non-capital income and expenditure account.

The net surplus in the current and prior years arise from continuing and discontinued operations. Please refer to note 29 for disclosures relating to discontinued operations included in the above capital income and expenditure account.

The financial statements which include the accounting policies and notes, which were drawn up in compliance with the Accounting Standards for Voluntary Hospitals issued by the Department of Health and Children, were approved by the Board on 20th May 2019.

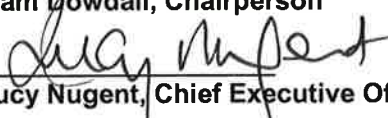
On behalf of the Board

Signed:


Liam Dowdall, Chairperson

Date: 20-05-2019

Signed:


Lucy Nugent, Chief Executive Officer

Date: 20/05/19

BALANCE SHEET
As at 31 December 2018
Form 3

	Notes	2018 €	2017 €
Fixed assets			
Tangible assets	13	36,702,752	36,653,169
Current assets			
Debtors	14	47,426,586	34,801,781
Stocks	15	5,020,194	4,689,760
Cash in hand and bank balances		4,644,892	3,993,784
		57,091,672	43,485,325
Creditors - amounts falling due within one year:			
Creditors	16	(67,338,583)	(48,348,123)
Bank overdraft		(10,345,818)	(11,854,212)
Bank loan	17	-	(431,711)
		(77,684,401)	(60,634,046)
Net current liabilities			
		(20,592,729)	(17,148,721)
Total assets less current liabilities			
		16,110,023	19,504,448
Creditors - amounts falling due in more than one year			
Bank loans	17	-	(424,528)
Deficit financing account	17	-	856,239
Deficit financing reserve	17	-	(2,143,189)
		-	(1,711,478)
		16,110,023	17,792,970
Capital and reserves			
Non-capital income and expenditure account - deficit		(24,738,327)	(20,455,981)
Capital income and expenditure account		4,145,598	1,595,782
Capitalisation account	18	36,702,752	36,653,169
		16,110,023	17,792,970

The balance sheet above includes balances related to both continuing and discontinued operations (discontinued operations referred to in note 29).

The financial statements which include the accounting policies and notes, which were drawn up in compliance with the Accounting Standards for Voluntary Hospitals issued by the Department of Health and Children, were approved by the Board on 20.05.2019.

On behalf of the Board

Signed:


Liam Dowdall, Chairperson

Date: 20/05/2019

Signed:


Lucy Nugent, Chief Executive Officer

Date: 20/05/19

CASH FLOW STATEMENT
 For the year ended 31 December 2018
 Form 4

	Notes	2018 €	2017 €
Net cash inflow from operating activities	19	4,343,407	2,511,305
Returns on investment and servicing of finance			
Interest paid on loans and overdrafts		<u>(47,001)</u>	<u>(78,813)</u>
Net cash outflow from servicing of finance		<u>(47,001)</u>	<u>(78,813)</u>
Capital expenditure			
Payments from capital for fixed asset additions		<u>(5,243,800)</u>	(2,764,168)
Payments from non-capital for fixed asset additions		<u>(1,156,363)</u>	<u>(2,403,344)</u>
Net cash outflow from capital expenditure		<u>(6,400,163)</u>	<u>(5,167,512)</u>
Net cash outflow before financing		(2,103,757)	(2,735,020)
Financing			
HSE capital grant received		4,035,676	3,303,213
Receipts from other sources		<u>1,083,822</u>	<u>152,540</u>
Net cash inflow from financing		<u>5,119,498</u>	<u>3,455,753</u>
Net cash inflow/(outflow)		<u>3,015,741</u>	<u>720,733</u>
Increase in cash in hand and bank balances	20	651,108	1,206,667
Decrease/ (increase) in bank loans under 1 year and overdrafts	20	1,940,105	(917,642)
Decrease in bank loans over 1 year	20	<u>424,528</u>	<u>431,708</u>
Changes in net debt		<u>3,015,741</u>	<u>720,733</u>

NOTES TO THE FINANCIAL STATEMENTS

Note 1 - Non-capital income and expenditure - details	Notes	2018 €	2017 €
Pay			
Management and administration		25,204,889	24,774,704
Medical and dental (NCHD)		29,558,008	28,078,270
Medical and dental (consultants)		26,294,238	25,098,481
Nursing		61,794,930	59,693,218
Paramedical		27,449,299	26,025,762
Support services		21,003,989	19,513,514
Maintenance and technical		2,613,601	2,445,940
	8	<u>193,918,954</u>	<u>185,629,889</u>
Pension payments		10,859,814	10,559,305
Lump sums		1,998,660	2,829,845
		<u>12,858,474</u>	<u>13,389,150</u>
Total pay		206,777,428	199,019,039
Non-pay			
Direct patient care			
Drugs and medicine		21,293,001	18,951,394
Blood		2,364,064	2,611,270
Medical gases		260,947	255,839
Medical and surgical supplies		24,264,880	25,098,303
Medical equipment	12	637,475	1,109,479
Medical equipment supplies		2,191,574	1,360,374
		<u>51,011,941</u>	<u>49,386,659</u>
Support services			
X-Ray imaging equipment	12	45,925	37,985
X-Ray imaging		2,637,242	2,488,152
Laboratory equipment	12	76,933	354,712
Laboratory supplies		6,790,112	5,905,667
Catering equipment	12	31,065	44,949
Catering		1,492,802	1,465,719
Light and heat		2,137,152	2,048,152
Cleaning and laundry		5,592,780	5,082,252
Furniture and hardware		315,782	324,026
Bedding and clothing		2,134,980	2,225,792
Maintenance		3,982,829	3,494,900
Travel and subsistence		407,936	281,556
Transport of patients		1,582,057	1,617,634
		<u>27,227,595</u>	<u>25,371,496</u>

NOTES TO THE FINANCIAL STATEMENTS

Note 1 - Non-capital income and expenditure - details - continued	Notes	2018 €	2017 €
Financial and administrative			
Bank interest		47,001	78,813
Bank charges		32,927	29,247
Insurance	2	354,672	353,056
Audit		62,946	62,562
Legal		487,735	422,304
Office expenses		4,063,051	3,491,868
Office contracts		330,347	318,284
Computer equipment	12	364,965	637,980
Computer supplies		2,052,916	1,664,603
Professional services		2,563,475	2,473,894
Adjustment to Doubtful Debts Provision		2,332,660	1,130,309
Miscellaneous	4	3,270,062	3,067,326
		<u>15,962,757</u>	<u>13,730,246</u>
Total non-pay		<u>94,202,293</u>	<u>88,488,401</u>
Total gross expenditure		<u>300,979,721</u>	<u>287,507,440</u>
Income			
Patient income			
In-patient	5	32,540,234	37,233,523
Out-patient	5	1,317,294	1,113,507
		<u>33,857,528</u>	<u>38,347,030</u>
Other income			
Superannuation		5,535,917	5,611,317
Pension Levy		8,038,511	7,537,897
Other payroll deductions		228,386	257,833
Road Traffic Accident (RTA) Receipts	10	370,781	548,379
Income from external agencies	6	3,023,660	2,842,984
Canteen Receipts		901,977	895,180
Other income	7	4,069,514	2,026,495
		<u>22,168,746</u>	<u>19,720,085</u>
Total income		<u>56,026,274</u>	<u>58,067,115</u>
Net expenditure	9	<u>244,953,447</u>	<u>229,440,325</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

Note 1(a)	Note	2018 €	2017 €
Net expenditure in year		244,953,447	229,440,325
Allocation in year	11	<u>(240,671,101)</u>	<u>(227,937,505)</u>
Deficit in year		4,282,346	1,502,820
Cumulative deficit brought forward from previous year		<u>20,455,981</u>	<u>18,953,161</u>
Cumulative deficit carried forward to following year		<u>24,738,327</u>	<u>20,455,981</u>

Note 2 – Insurance	2018 €	2017 €
Public liability	18,777	22,009
Employers' liability	-	348
Property	200,364	189,438
Board Members' and officers' liability	62,602	63,994
Other	35,025	34,649
Broker Fee	37,904	42,618
	<u>354,672</u>	<u>353,056</u>

Note 3 – Miscellaneous non-capital expenditure on capital projects

Not applicable

Note 4 – Miscellaneous expenses	2018 €	2017 €
Security	1,143,878	1,465,011
Subscriptions	324,802	304,149
Education/training	782,824	541,765
Other	1,018,558	756,401
	<u>3,270,062</u>	<u>3,067,326</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

Note 5 – Analysis of patient income	2018	2017
	€	€
In-Patient		
Statutory in-patient charges	1,564,450	1,749,021
Private/semi-private	30,919,763	35,425,582
Other in-patient charges	56,021	58,920
	<u>32,540,234</u>	<u>37,233,523</u>
Out-patient		
Statutory accident and emergency charge	1,317,294	1,113,507
	<u>1,317,294</u>	<u>1,113,507</u>
Total patient income	<u>33,857,528</u>	<u>38,347,030</u>

Note 6 – Income from external agencies	2018	2017
	€	€
Psychiatric and other services	3,023,660	2,842,984
	<u>3,023,660</u>	<u>2,842,984</u>

Note 7 – Other income	2018	2017
	€	€
Rents/licences	258,627	264,926
Other income	3,810,887	1,761,569
	<u>4,069,514</u>	<u>2,026,495</u>

Included in Other Income is €3,770,164 (2017: €1,717,624) re drug cost re-imbursed under the Primary Care Reimbursement Service.

Note 8 – Summary pay analysis	2018	2017
	€	€
Basic pay	149,799,475	143,816,953
Overtime	10,107,493	9,389,112
Premium pay	7,551,432	7,338,754
Shift allowance	203,936	197,501
Holiday/public holiday premiums	2,261,949	2,132,787
Higher degree	56,961	59,370
On call/standby	3,787,687	3,775,068
PRSI employer	16,053,968	15,249,946
Travel allowances	323,896	352,311
Other	3,772,157	3,318,087
	<u>193,918,954</u>	<u>185,629,889</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

Note 8(a) - Additional Analysis – Department of Expenditure and Reform Circular 13/2014 requirement

The number of Hospital employees whose total employee benefits (including basic pay, allowances, overtime, night duty, weekends, on-call, arrears and excluding employer PRSI, employer pension costs) for the reporting period fell within each band of €10,000 from €60,000 upwards are as follows:

Pay Band	2018 Number of Employees	2017 Number of Employees
60,000-69,999	299	265
70,000-79,999	112	109
80,000-89,999	85	51
90,000-99,999	29	26
100,000-109,999	19	19
110,000-119,999	14	13
120,000-129,999	6	5
130,000-139,999	7	5
140,000-149,999	5	16
150,000-159,999	17	21
160,000-169,999	19	14
170,000-179,999	20	20
180,000-189,999	17	11
190,000-199,999	9	10
200,000-209,999	9	8
210,000-219,999	4	7
220,000-229,999	4	1
230,000-239,999	4	-
240,000-249,999	1	-
250,000-269,999	1	1
260,000-259,999	1	-
270,000-279,999	1	1
280,000-289,999	-	1
290,000-299,999	2	1
300,000-309,999	1	1
Total Employees	686	606

NOTES TO THE FINANCIAL STATEMENTS - continued

Note 9 - Reconciliation of expenditure to cost of services	Notes	2018 €	2017 €
Net expenditure - current year	1	244,953,447	229,440,325
Deduct:			
Adjustment re purchase of equipment from non-capital	12	<u>(1,156,363)</u>	<u>(2,185,105)</u>
Total deductions		<u>(1,156,363)</u>	<u>(2,185,105)</u>
Sub-total		243,797,084	227,255,220
Add-back			
Depreciation charge for the year	13	<u>6,266,544</u>	<u>5,155,798</u>
Running cost of service		<u>250,063,628</u>	<u>232,411,018</u>
Note 10 – Road traffic accident memo account		2018 €	2017 €
Balance at 1 January		5,247,054	6,273,375
Bills issued in respect of the year		1,441,562	958,505
Less cash received during the year		(370,781)	(548,379)
Less write-offs in year		<u>-</u>	<u>(1,436,447)</u>
Balance at 31 December		<u>6,317,835</u>	<u>5,247,054</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

Note 11 – Statement of advances and balances due from Health Service Executive Non-Capital and Capital	Notes	2018 €	2017 €
Non-capital			
Allocation in year	1(a)	240,671,101	227,937,505
Less remittances from HSE Non-Capital		(214,845,701)	(208,235,049)
Amount due from HSE re consultants' back pay		6,032,844	-
Balance due from HSE in respect of the year		31,858,244	19,702,456
Balance due from HSE re previous years as at 1 January		19,278,420	17,077,936
Less remittances from HSE in year re previous years		(19,702,456)	(17,501,972)
Adjustment to historic balances		424,036	-
Balance due to HSE re previous years as at 31 December		-	(424,036)
Total balance of non-capital funding due from HSE	14	31,858,244	19,278,420
Capital			
Total capital grants notified by HSE for the year		4,106,206	2,752,119
Less remittances from HSE Capital in the year		(3,984,878)	(2,690,197)
Balance due from HSE in respect of the year		121,328	61,922
Balance due from HSE re previous years as at 1 January		61,922	613,016
Less remittances from HSE in year re previous years		(50,798)	(613,016)
Balance due to HSE re previous years as at 31 December		11,124	-
Total balance of capital funding due from HSE	14	132,452	61,922
Gross total due from HSE Capital and Non-Capital	14	31,990,696	19,340,342

NOTES TO THE FINANCIAL STATEMENTS - continued

Note 12 – Purchase of equipment from non-capital account (capitalised)	Note	2018 €	2017 €
Medical equipment		637,475	1,109,479
X-Ray imaging equipment		45,925	37,985
Laboratory equipment		76,933	354,712
Computer and office equipment		364,965	637,980
Catering equipment		31,065	44,949
	9	<u>1,156,363</u>	<u>2,185,105</u>

The Adelaide & Meath Hospital, Dublin
Incorporating The National Children's Hospital (Tallaght University Hospital)

NOTES TO THE FINANCIAL STATEMENTS - continued

Note 13 – Schedule of fixed assets and depreciation	Land & Buildings €	Work In Progress €	Equipment €	Fixtures and Fittings €	Computer Equipment €	Total €
Cost or valuation						
At 31 December 2017	30,844,765	592,331	59,756,326	12,343,369	12,827,702	116,364,493
Additions from capital	510,750	368,558	2,205,188	-	2,075,268	5,159,764
Additions from non-capital	-	-	870,370	-	285,993	1,156,363
Write-offs in year	-	-	(3,523,080)	-	(2,464,790)	(5,987,870)
At 31 December 2018	31,355,515	960,889	59,308,864	12,343,369	12,724,173	116,692,750
Accumulated depreciation						
At 31 December 2017	(7,010,090)	-	(48,986,408)	(12,343,369)	(11,371,457)	(79,711,324)
Depreciation charge for year	(583,666)	-	(3,804,060)	-	(1,878,818)	(6,266,544)
Write-offs in year	-	-	3,523,080	-	2,464,790	5,987,870
At 31 December 2018	(7,593,756)	-	(49,267,388)	(12,343,369)	(10,785,485)	(79,989,998)
Carrying amount						
At 31 December 2018	23,761,759	960,889	10,041,416	-	1,938,688	36,702,752
At 31 December 2017	23,834,675	592,331	10,769,918	-	1,456,245	36,653,169

NOTES TO THE FINANCIAL STATEMENTS - continued

Note 13 – Schedule of fixed assets and depreciation – continued

Note 13(a)

The new hospital was built and equipped by the Tallaght Hospital Board, the agency appointed under Ministerial Order to develop, build and equip the Hospital. During 1998 hospital buildings costing €131,817,084 were transferred from the Tallaght Hospital Board to the Minister for Health. The Minister has leased the buildings to the Hospital with effect from 19 June 1998 for a period of 150 years at an annual rent of €1.27. Land and Buildings included in note 13 reflects additions since that date. Costs and the related accumulated depreciation incurred by the Tallaght Hospital Board in equipping the hospital have been recognised in the fixed assets of the Hospital.

Note 13(b)

Work-in-Progress at 31 December 2018 represented costs in respect of on-going project work in relation to an extension to the Intensive Care Unit and construction of a new Renal Dialysis Unit.

Note 13(c)

In 2018, the Hospital wrote-off assets with cost valuation of €5,987,870 (2017 €2,105,026) for assets that are no longer in use. These assets had been fully depreciated at 31 December 2017 and 2018.

Note 13(d)

With effect from 20th August 2012 the Health Service Executive is entitled to request security on assets acquired through capital grant funding in excess of €100,000. A Deed of Charge of €21,348,013 for assets in use at 31 December 2018 (2017 €17,778,101) is in place for whichever is the earlier of:

- a period of 30 years, or
- until the asset is fully depreciated, or
- until the asset is sold.

NOTES TO THE FINANCIAL STATEMENTS - continued

Note 14 – Debtors	Notes	2018 €	2017 €
HSE – revenue grants due	11	31,858,244	19,278,420
HSE - capital grants due	11	132,452	61,922
HSE – debtors		<u>31,990,696</u>	<u>19,340,342</u>
Patient debtors		21,179,084	21,480,542
Less provision for bad and doubtful debts		<u>(10,895,089)</u>	<u>(9,701,710)</u>
Net patient debtors		10,283,995	11,778,832
Other debtors		5,151,895	3,682,607
Non HSE debtors		<u>15,435,890</u>	<u>15,461,439</u>
		<u>47,426,586</u>	<u>34,801,781</u>
Note 15 – Stocks		2018 €	2017 €
Pharmacy		1,924,219	1,628,917
Medical and surgical supplies		2,221,328	2,185,232
Other		874,647	875,611
		<u>5,020,194</u>	<u>4,689,760</u>
Note 16 – Creditors		2018 €	2017 €
Creditors – capital		119,443	142,934
Creditors – non-capital		56,781,814	38,906,515
Designated funds		4,266,090	4,222,431
Wages and salaries (payroll deductions)		808,364	-
PAYE/PRSI		5,362,872	5,076,243
		<u>67,338,583</u>	<u>48,348,123</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

Note 17 - Bank loans	2018	2017
	€	€
Bank loans - greater than one year		
Deficit bank loan account	-	(424,528)
Deficit financing account	-	856,239
	-	431,711
Bank loans – within one year		
Deficit bank loan account	-	(431,711)
	-	-
Deficit financing reserve		
Balance at 1 January	(2,143,189)	(1,309,984)
Net income earned from car park	(1,267,032)	(1,292,973)
Loan repayment	856,239	431,708
Payment of interest	19,210	28,060
Transfer to Capital Developments Reserve	2,534,772	-
Balance at 31 December	-	(2,143,189)

During 1998, the Hospital made the decision, approved by the Department of Health, to fund €10,792,774 of the 1998 deficit by means of a long-term bank loan. This element of the deficit was transferred from the non-capital income and expenditure account to a deficit financing account in the balance sheet during 1998. During 1999, the Hospital obtained a bank loan of €10,792,774 to fund this deficit. The Hospital completed repayment of the loan in 2018 from income generated through the operation of the car park at the Hospital. Following full repayment of the bank loan in 2018, the remaining balance on the deficit financing reserve has been transferred to capital developments income in the capital income and expenditure account, to be utilised for capital purposes.

The net income earned by the Hospital from the car park was recorded directly to the deficit financing reserve account in the balance sheet to finance the repayment of the loan and did not form part of the deficit for the year shown in the income and expenditure account on page 17. The servicing of the deficit bank loan account was not funded by the funding from the HSE.

The deficit bank loan account was secured by an assignment over income in respect of the car park and certain retail units in the Hospital.

Note 18 - Capitalisation account	2018	2017
	€	€
Balance at beginning of the year	36,653,169	37,046,497
Additions		
Capital expenditure	5,159,764	2,577,365
Non-capital expenditure	1,156,363	2,185,105
	6,316,127	4,762,470
Less:		
Depreciation for the year	(6,266,544)	(5,155,798)
Balance at year end	36,702,752	36,653,169

NOTES TO THE FINANCIAL STATEMENTS - continued

Note 19 - Note to the cash flow statement	2018	2017
	€	€
Deficit non capital	(24,738,327)	(20,455,981)
Less deficit brought forward	20,455,981	18,953,161
Deficit for the current year	(4,282,346)	(1,502,820)
Adjustment re purchase of equipment from non-capital	1,156,362	2,185,105
Add-back all interest charges against non-capital	47,001	78,813
Increase in stocks	(330,434)	(82,502)
Increase in HSE debtors non-capital	(12,579,824)	(2,200,484)
Decrease/(increase) in non-HSE debtors	25,549	(2,016,487)
Increase in non-capital creditors	19,059,277	4,784,765
Deficit financing account	856,239	431,708
Deficit financing reserve	391,583	833,205
Net cash inflow from operating activities	4,343,407	2,511,305

Note 20 - Analysis of changes in net debt

	At	Cash flows	At
	31 December		31 December
	2018	€	2017
	€	€	€
Cash in hand and bank balances	4,644,892	651,108	3,993,784
Bank overdraft	(10,345,818)	1,508,394	(11,854,212)
	(5,700,926)	2,159,502	(7,860,428)
Bank loans			
Debt due within one year	-	431,711	(431,711)
Debt due after one year	-	424,528	(424,528)
	-	856,239	(856,239)
	(5,700,926)	3,015,741	(8,716,667)

Note 21 - Reconciliation of net cash inflow/(outflow) to movement in net debt

	2018	2017
	€	€
Increase in cash in the year	2,159,502	289,025
Net cash inflow from decrease in net debt	856,239	431,708
Changes in net debt resulting from cash flow	3,015,741	720,733
Net debt at beginning of the year	(8,716,667)	(9,437,400)
Net debt at end of the year	(5,700,926)	(8,716,667)

NOTES TO THE FINANCIAL STATEMENTS - continued

Note 22 - Scope and basis of preparation of financial statements

The Hospital was established under a Charter as amended by an Order passed by both Houses of the Oireachtas in July 1996 and came into being on 1 August 1996. The Hospital represents the combination of the public activities of its three constituent base hospitals, the Adelaide Hospital, Meath Hospital and National Children's Hospital, under one Board of Management.

With effect from 1 August 1996 the Board of Management, managed on a combined basis, the public activities of the three constituent base hospitals in their original locations until 21 June 1998 when they moved to the new hospital located in Tallaght, Dublin 24. The fundraising and other private activities of the three constituent base hospitals continued to be managed by separate Boards, and while each has a nominated member on the Tallaght University Hospital Board, those entities are not regarded as related parties of the Hospital. Based on grant applications to these entities the Hospital has received the following support:

	2018 €	2017 €
National Children's Hospital		
Balance due from National Children's Hospital at start of year	77,502	225,971
Salary recouplements receivable	105,580	105,841
Grants receivable re non-pay	330,902	56,551
Receipts	(439,485)	(310,861)
Balance due from National Children's Hospital at end of year	<u>74,499</u>	<u>77,502</u>
Meath Foundation		
Balance due from Meath Foundation at start of year	43,171	33,866
Salary recouplements receivable	143,623	168,973
Grants receivable re non-pay	24,571	165,833
Receipts	(189,925)	(325,501)
Balance due from Meath Foundation at end of year	<u>21,440</u>	<u>43,171</u>
Adelaide Hospital Society		
Balance due from Adelaide Hospital Society at start of year	49,921	-
Salary recouplements receivable	39,468	69,693
Grants receivable re non-pay	53,578	30,656
Receipts	(142,366)	(50,427)
Balance due from Adelaide Hospital Society at end of year	<u>601</u>	<u>49,921</u>

The amounts above are netted against the related expenditure when incurred.

The **Tallaght University Hospital Foundation (TUHF)** was incorporated on 6 December 2017 and commenced operation in 2018 as an independent Foundation whose primary objective is to support, promote and enhance the services provided by Tallaght University Hospital. The TUHF is an autonomous charitable legal entity, entirely separate from the Hospital. In recognition that the TUHF will be more efficient and effective than the Hospital in raising funds for the benefit of the Hospital, both parties have signed a Relationship Agreement whereby the Hospital agreed to provide (from non-exchequer funds) a start-up donation of €0.3m. Subject to consultation on business plans and budgets which prioritise capital projects in support of the Hospital's strategic goals, the Hospital may provide further conditional donations, from non-exchequer funds, to be agreed in advance between the Hospital and TUHF.

NOTES TO THE FINANCIAL STATEMENTS - continued

The Hospital had the following transactions with the TUFH during 2018:

	2018 €	2017 €
Tallaght University Hospital Foundation		
Start-up donation payable	(300,000)	-
Re-imburement receivable re non-pay	60,000	-
Donations received re non-pay	32,222	-
Payments made	207,778	-
Balance with Tallaght University Hospital Foundation at end of year	-	-

Note 23 - Subsidiary companies

The Haughton Institute for Graduate Education and Training in the Health Sciences Limited

This limited company was set up in 1998 as a joint venture between St James' Hospital, Tallaght University Hospital and Trinity College, Dublin. Each of the three organisations hold one third of the share capital of the company and have nominated three directors each to the Haughton Board. The company's main activity has been to provide administrative and accounting services for a number of research programmes and projects. This company is not consolidated into the financial statements of the Hospital on the grounds of immateriality. The company ceased trading on the 31 August 2016 and there were no transactions with the Hospital in 2017 or 2018. The company was in liquidation in 2018 and was formally dissolved on 13 March 2019.

Note 24 – Capital commitments

At 31 December 2018 the hospital had capital commitments of €20.6 million (2017: €3.4 million) of which €19.3 million (2017: €1.4 million) was contracted.

Note 25 - Going concern

The Hospital is funded by means of an annual revenue allocation from the Health Service Executive ("HSE"). The deficit of €4,282,346 for 2018 has resulted in net current liabilities of €20,592,729 and an accumulated deficit on Hospital's non-capital income and expenditure account of €24,738,327 at 31 December 2018.

The Hospital's current revenue allocation from the HSE for 2019 is €226.4 million, which represents a funding deficit when compared to the projected outturn of €233 million for 2019. This presents a challenge to management to maintain activity at current levels. The Hospital remains dependent on the ongoing support of the HSE to provide adequate funding to enable it to continue to provide services.

The magnitude of the financial challenge facing the Hospital has resulted in a request being made to the HSE for an acceleration of cash to assist in funding the net current liabilities, accumulated deficit and 2019 projected deficit. The Hospital's bank-overdraft facility is authorised by the HSE. The Hospital continues to proactively engage with the HSE in respect of these matters.

Notwithstanding the above, there remains a material uncertainty in relation to available cash funding from the HSE in order to meet the service commitments of the Hospital.

The Board have considered the history of how HSE funds have been allocated to the Hospital and the fact the HSE has not given any indication that it will withdraw its financial support from the Hospital.

The Board Members are of the opinion that it remains appropriate to present the financial statements on a going concern basis and that there is a reasonable expectation that the Hospital will continue to trade for a period of at least 12 months from the date of approval of these financial statements. The financial statements do not include any adjustments that would result if the Hospital was unable to continue as a going concern.

On this basis, these financial statements have been prepared on the going concern basis.

NOTES TO THE FINANCIAL STATEMENTS - continued

Note 26 – Board Members' fees and Chief Executive Officer's salary	2018 €	2017 €
Board Members' fees		
Reimbursement of expenses paid to Board Members	-	-
Fees paid to Board Members (Note 26(a))	-	-
Chief Executive Officer's salary		
Basic- as per DOH salary scales (Note 26(b))	<u>143,754</u>	<u>138,701</u>
Chief Executive Officer's Travel and subsistence	<u>2,066</u>	<u>1,981</u>

Note 26 (a)

Board Members do not receive remuneration in respect of their position on the Hospital's Board.

Note 26 (b)

The Chief Executive Officer's superannuation arrangements conform to the standard entitlements in the model public sector superannuation scheme.

Note 27 – Lease commitments

Operating Leases

At the balance sheet date the Hospital had annual commitments under non-cancellable operating lease in respect of buildings which expire:

	2018 €
Less than one year	136,433
Between two and five years	337,356
Over five years	<u>287,062</u>
	<u>760,851</u>

Note 28 – Consultants' back-pay on Contracts

A liability of €7.3m has been included within this year's Financial Statements in relation to the consultants' back-pay settlement. Tallaght University Hospital are facilitating processing payments to consultants, based on instruction from the HSE.

There is a commitment from the HSE to fund the above liability, and consequently there is a corresponding receivable balance within debtors.

	2018 €
Adult (Receivable from HSE, Note 11)	6,032,844
Paediatrics (Receivable from CHI, Note 29)	<u>1,318,901</u>
	<u>7,351,745</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

Note 29 – Discontinued activities – paediatric services

With effect from 1 January 2019 the paediatric services provided by the Hospital associated with the National Children's Hospital, including certain employees, property, rights and liabilities of the Hospital were transferred to Children's Health Ireland (CHI) which was established by the Children's Health Act 2018. Tallaght University Hospital operates a Service Level Agreement with CHI for indirect pay, non-pay expenditure and non-exchequer income.

Included in the non-capital income and expenditure account are the following elements in relation to the discontinued paediatric services:

	2018 €	2017 €
Pay	22,754,081	21,801,773
Non-Pay	3,823,534	3,822,534
Gross expenditure in year	<u>26,577,615</u>	25,624,307
Income	<u>(5,862,773)</u>	(5,936,773)
Net expenditure in year	20,714,842	19,687,534
Non-capital funding - HSE notified in the year	<u>(22,130,374)</u>	(19,686,105)
(Surplus)/deficit in year	<u>(1,415,532)</u>	1,429
Deficit brought forward from previous year	<u>1,415,532</u>	1,414,103
Deficit of funding over net expenditure carried forward to following year	<u>-</u>	<u>1,415,532</u>

The capital income and expenditure account included expenditure of €342,122 (2017: €nil) on medical equipment which has been funded from grants from the National Children's Hospital. There is a €nil balance at 31 December 2018 on the capital income and expenditure account relating to paediatric services.

The balance sheet at 31 December 2018 includes the following amounts which will transfer to Children's Health Ireland from 1 January 2019:

	2018 €
Tangible fixed assets:	
Cost	2,083,397
Accumulated depreciation	<u>(1,496,178)</u>
Carrying amount	<u>587,219</u>
Debtors	1,318,901
Creditors – non-capital	<u>(1,318,901)</u>
Capitalisation account	<u>(587,219)</u>
NET	<u><u>-</u></u>