

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

**Annual Financial Statements**

**Year Ended 31 December 2019**

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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)  
Prof. P Barker (retired December 2019, re-appointed March 2020)  
Dr A Brady  
Mr E Fleming  
Mr J Hennessy (appointed March 2020)  
Dr J Kiely (resigned January 2019)  
Ms A Lee (retired December 2019)  
Prof. K Monks  
Dr Darach Ó Ciardha (appointed September 2019)  
Archdeacon D Pierpoint  
Mr D Seaman  
Mrs M Shields  
Mr M Varian

### Executives in attendance

Ms L Nugent (CEO – appointed 9 January 2019)  
Mr D Slevin (CEO – resigned 8 January 2019)  
Mr D Carter  
Mr J Kelly  
Ms S Larkin  
Dr P Lavin (commenced July 2019)  
Ms Á Lynch  
Prof. J Quinlan  
Prof. Paul Ridgeway  
Prof. 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 2019**

### **OBJECTIVES AND ACTIVITIES**

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. Under these changes to the Hospital Charter the official name of the Hospital will change to The Adelaide & Meath Hospital, Dublin. A Ministerial Order to legislate for the changes is being drafted by the Office of the Parliamentary Counsel in conjunction with Officials from the Department of Health.

Tallaght University Hospital is one of Ireland's largest acute teaching hospitals, providing adult, psychiatric and age-related healthcare on one site. With 495 adult beds, 12 theatres and 14 Critical Care beds in operation, the Hospital 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. The Hospital is a provider of local, regional and national specialties. It is also a national urology centre, the second largest provider of dialysis services in the country and a regional orthopaedic trauma centre. The Hospital's adult Emergency Department catered for over 52,300 attendances in 2019 and in excess of 251,000 patients were treated through the Hospital's adult outpatient clinics in 2019.

The Hospital also has 67 paediatric beds under the governance of Children's Health Ireland and 52 mental health beds under HSE governance.

A new satellite centre is to be built at TUH as part of the National Children's Hospital project as a key element of an integrated clinical network for paediatric services nationally.

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. During 2019 €0.52m was provided by the Hospital to the TUHF under this arrangement.

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 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. The Hospital is part of the Dublin Midlands Hospital Group which serves a population of over 1.2 million across seven counties and has long-standing strategic and operational alliances with Naas General Hospital and Peamount Healthcare, among other healthcare providers within the region.

### **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 3% in 2019, bring the total to over 52,300. In line with previous years there has been a further increase in the number of over 75 year old patients' presentations, with a further increase in acuity of patients. The Gerontological Emergency department intervention (GEDI) team continues to work in the Emergency Department focusing on the needs of their patients.

## **BOARD MEMBERS' REPORT - continued**

Aligned with organisational priorities, the purpose of the service is to proactively identify and assess medical and social care needs of frail older patients who present to the 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.

The Hospital continues to see an increase in demand for critical care beds, leading to challenges with access to high dependency post-operative surgical beds. The Post-Operative surgical assessment unit (POSU) remains operational. 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 251,000 adult outpatient attendances in 2019. 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 ring fencing of elective surgical beds and ongoing collaboration with NTPF have contributed to a decrease in inpatient and day case waiting lists in 2019, with inpatient waiting lists numbers at their lowest level in over 3 years.

The opening of the SIMMs building and the CRY Unit were important milestones for the Hospital as they are the first in a series of developments in which the Hospital will bring speciality clinical services into the community. These initiatives are just some of the many steps that the Hospital will be taking as we work towards developing a sustainable modern healing healthcare environment. The Hospital's Endocrinology, Diabetes, Neurology and Podiatry clinics which treat over 20,000 patients per year now take place in this new building. Further off site units are planned for 2020, with the opening of the Community Radiology Unit and Tallaght Cross West. Additionally the new Renal Dialysis Unit will open in late 2020 also.

## **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 (Mr M Varian);
- one member appointed by the Meath Foundation (Mrs M Shields);
- one member appointed by the National Children's Hospital (Mr 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 (Mr L Dowdall, Mr D Seaman, Archdeacon D Pierpoint and Prof P Barker);
- one member appointed by the Minister for Health on the nomination of Trinity College Dublin (Dr A Brady);
- one member appointed by the Minister for Health on the nomination of the HSE (Ms A Lee resigned December 2019, replaced by Mr J Hennessy March 2020); and
- two members appointed by the Minister for Health on the nomination of the Hospital Board (Prof K Monks, Dr J Kiely resigned January 2019, replaced by Dr D Ó Chiardha September 2019).

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.

Amendments to the composition of the Board have been agreed under a revision to the Tallaght Hospital Charter which will come into effect after a Ministerial Order which is awaited to legislate for changes to the Charter.

The Hospital Board approved the Hospital Strategy at its meeting on 23rd October 2019. A key aim is to improve access to our services. The strategy includes a combination of care pathway redesign, digital enablement and capacity investment actions aimed specifically to improve wait times. This strategic approach will consolidate the Hospital's position as a leader in integrated care. Given our unique position within a vibrant community and the growing Tallaght health quarter we will strive to fulfil the potential truly to be a hospital without walls.

## BOARD MEMBERS' REPORT - continued

As an academic teaching hospital of Trinity College Dublin, the Hospital Board values the important role we play in educating and training future healthcare leaders. The Hospital Board wants to foster a culture of innovation and research as a means of ensuring that we provide the best care options possible in an environment that is fit for purpose and uses enablers such as developments in digital health technology.

The Hospital Board recognises the need to demonstrate value for money and a continuous quality improvement focus in everything we plan and do.

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 2018 or 2019.

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 financial 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.

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 2019 comprised Prof Patricia Barker (Chairperson and member of Board, retired December 2019, re-appointed March 2020), Mr. Seán Quigley, Ms Anna Lee (member of the Board, retired from Board and Audit Committee December 2019) 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 preparation of 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 2019. The Committee held eight meetings during 2019, including two meetings held jointly with the QSRM.

## **BOARD MEMBERS' REPORT - continued**

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.

Various members of the Senior Management Team meet with the AC during the course of the year to inform the AC on their respective contributions to the Hospital's control and risk systems. These included, for example, officers from the Procurement, IT and Data Processing Departments.

The **Finance Committee** comprises of Mr Edward Fleming (member of the Board, appointed chairperson of the Finance Committee January 2019), Dr James Kiely (resigned from Board and as Chairperson of the Finance Committee from 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 2019 the Finance Committee met on six 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 Prof Kathy Monks (Chairperson and member of Board), Mr Brendan Mulligan and Mr Martin Leavy and in attendance is the Ms Sharon Larkin, Director of HR. 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) to oversee the remuneration and terms of service of members of the Executive Management Team (i.e. those reporting directly to the CEO). In ensuring oversight of these matters on behalf of the Board, the SODC will have due regard to the interests of the hospital and taxpayers in general. Where pre-existing vacancies within the EMT are filled, providing they do not involve any change in the remuneration, terms or conditions of the posts concerned, and are in accordance with HSE Policy and compliance with Public Sector Pay Policy, the HR Director will ensure these are presented to SODC for noting. Only items which fall outside of this remit may require a recommendation by the Chair of SODC 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.

The Committee is also be responsible for (a) reviewing, from time to time, such elements of the hospital's human resource strategy, policies, procedures and practices as it considers appropriate or as requested by the Board; (b) reviewing arrangements established by management for compliance with all human resource legislative and regulatory requirements and Department of Health, HSE and Board policies; and (c) making a recommendation or issuing an advisory to the Board where committee members are satisfied that such a course of action may be considered appropriate in particular circumstances.

During 2019 the Committee had four meetings and were updated on the SODC work-plan, on-going legal cases, compliance with the European Working Time Directive, Consultant Contract Compliance, HR Initiatives and Staff Engagement, Staff Learning and Development, TUH Healthy Ireland Initiatives and Staff Health & Wellbeing.

The **Quality, Safety and Risk Management Committee (QSRM)** comprises of Mrs Mairead Shields (Chairperson and member of Board), Dr Anne-Marie Brady (Board Member), Dr Declan Daly and Dr Gerard O'Connor. The QSRM Committee provides 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.

## BOARD MEMBERS' REPORT - continued

The main functions of the QSRM Board 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 organisation structure that clearly articulates roles and responsibility, reporting lines, authority and accountability for quality, safety and risk management across the organisation; ensure that the Executive is implementing the QSRM programme and that its outcomes are monitored and assessed through regular reporting; with a focus on the key performance indicators; review annually the risk information reported to the Committee and to the Board to ensure it is fit for purpose, seek documentary evidence and 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 2019 and kept to the same structure throughout the year maintaining the following core standing items: Risk Management / Risk Register, Serious Incident Update, HIQA/ National Standards for Safer Better Health Care, Patient and Community Advisory Council Update, Patient Advocacy Update, Internal Audit Report and Hospital Briefings. 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 **Governance and Nominating Committee** (formally known as the Nominations Committee) for the year ended 31 December 2019 comprised Mr Liam Dowdall (Chairperson and Chairperson of the Hospital Board), Mr David Seaman (Vice Chair and member of the Board) and Mr Sean McGlynn (external member) and in attendance were the CEO and Board Secretary. The composition of the Committee is structured as to achieve an appropriate balance of recent and relevant experience taking account the full range of the Committee's activities. Subject to Board approval, the committee may appoint up to three additional external members with the appropriate skills and relevant expertise. Membership of the committee is being considered at present.

- The committee in 2019 and is currently reviewing the size, roles, responsibilities, composition, diversity and structure of the Board and its committees with regard to competencies and skills of its members as related to the current and future needs of TUH and making recommendations to the Board as appropriate with regard to any changes.
- The committee in 2019 and is currently considering succession planning for Board and Committee members, the CEO and other senior executives in the course of its work, taking into account the challenges and opportunities facing TUH, and the skills and expertise needed on the Board to support its future direction.
- The committee keeps under review the leadership needs of the organisation, both at Board, committee and executive level with a view to ensuring the continued sustainability of the organisation.
- The committee keeps up to date and fully informed about strategic issues and commercial changes affecting TUH and the environment in which it operates.
- The committee is currently in the process of identifying and nominating for the approval of the Hospital Board, candidates to fill Board and Committee vacancies (including Externs to Board Committees).
- Before any appointment is made by the Board, the committee evaluates the balance of skills, knowledge, experience and diversity on the Board and its Committees, the results of the previous Board performance evaluation process that relates to the composition of the Board and, in the light of this evaluation, prepares a description of the role, capabilities and profile required for a particular appointment.
- The committee works and liaises as necessary with all other Board committees.
- The committee is in the process of formulating succession plans for members of the Board and in particular for the key roles of the Board Chair, Committee Chairs and CEO.
- The committee identified and recommended to the Hospital Board the appointment of the Vice Chair in July 2019.
- Membership of all Committees is agreed in consultation with the Chairs of those committees.

The Governance and Nominating Committee met six times during 2019.



## BOARD MEMBERS' REPORT - continued

The requirement for the HSE annual compliance statement came into effect on 1 January 2014 and applies to the Hospital's 2019 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 2019 (re 2018). The Hospital will submit the annual compliance statement in May 2020 (re 2019).

## FINANCIAL REVIEW

The outturn for 2018 includes the paediatric activities which since 1 January 2019 have transferred to Children's Health Ireland (CHI). In 2019 TUH operated a Service Level Agreement with CHI for indirect pay, non-pay expenditure and non-exchequer income. In relation to the adult services we finished the year 2019 with a net cost of €240.8m.

The below table summarises the financial outturn for 2019.

Total	2019	2018	2018	2018	Movement	
	Total	Total	Adult	Paeds	€'000	%
	€'000	€'000	€'000	€'000		
Net expenditure	240,842	244,953	224,238	20,715	(4,111)	-1.7%
HSE Allocation before once-off allocation	(240,838)	(240,671)	(218,541)	(22,130)	(167)	0.1%
	4	4,282	5,697	(1,415)		
Retrospective once-off allocation	(5,637)	0	0	0		
(Surplus)/deficit in year	(5,633)	4,282	5,697	(1,415)		
Cumulative deficit	19,105	24,738	24,738	0		
Final HSE allocation	(246,475)	(240,671)	(218,541)	(22,130)	0	(5,804) 2.4%

In 2019 the allocation received from the HSE relates to adult activity only. The Hospital received a final allocation of €246.5m in 2019, an increase of €5.8m over the previous year which reflects a reduction of €22.1m re paediatric services and a total increase of €27.9m re adult services. This adult related increase comprises a €22.3m (10.2%) year on year increase plus a once-off retrospective allocation of €5.6m in respect of the 2018 deficit on adult activity carried forward.

The Hospital's outturn for 2019 was €240.8m representing a growth in cost of €16.6m (7.4%) over the adult services in 2018. The financial performance of the Hospital in 2019 demonstrated a breakeven position against the HSE allocation before retrospective allocation. The cumulative deficit reduced to €19.1m at 31 December 2019.

## BOARD MEMBERS' REPORT - continued

In 2019 the Hospital saw the net expenditure decrease by 1.7% (€4.1m) when compared with 2018.

Expenditure	2019	2018	Movement	
	€'000	€'000	€'000	%
Pay	201,611	206,777	(5,166)	-2.5%
Non-pay	97,930	94,853	3,077	3.2%
Gross expenditure	299,541	301,630	(2,089)	-0.7%
Income	(58,699)	(56,677)	(2,022)	3.6%
Net expenditure	240,842	244,953	(4,111)	-1.7%

Total pay in 2019 fell by €5.2m (2.5%) compared to 2018 mainly as a result of the transfer out from the Hospital of the direct pay costs in relation to paediatric services which moved to the CHI payroll in 2019.

Pay costs pertaining to adult activity increased in 2019 by €13.9m due to national wage agreements and payments to consultants in relation to back-pay on contracts settlement.

Non-pay expenditure increased by €3m (3.2%) in 2019 representing costs associated with increased activity levels. Significant increased computer costs reflects the Hospital investment in the development of digital enablement.

Income year on year has increased by €2m, predominantly due to the reflection in income of the Service Level Agreement with CHI.

Income	2019	2018	Movement	
	€'000	€'000	€'000	%
Patient income	31,730	34,228	(2,498)	-7.3%
Superannuation and Pension Levy	10,551	13,574	(3,023)	-22.3%
Income from external agencies	10,524	3,024	7,500	248.0%
Miscellaneous Income	5,894	5,851	43	0.7%
	58,699	56,677	2,022	3.6%

The reduction in patient income associated with paediatric activity has been somewhat offset by increased adult income due to the introduction of increased measures such as a new Private Health Insurance Leaflet, to capture potential private income.

Superannuation and pension levy income has decreased due to the loss of income associated with paediatric staff and the change in pension levy threshold levels.

Activity on capital projects in 2019 reflects the commencement of the building work on the new renal unit and significant medical equipment replacement including a replacement MRI for €2.3m.

In 2019 the Hospital completed its eighth 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). The Hospital went live with its 'Scan4Safety' project within the theatres in 2019. This is a quality and safety led project with the added focus of value improvement in the areas of supply chain which has improved patient safety and operational efficiency and reduced costs.

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.

## **BOARD MEMBERS' REPORT - continued**

### **GOING CONCERN**

The Hospital is funded by means of an annual revenue allocation from the Health Service Executive ("HSE"). The surplus of €5,633,415 for 2019 has resulted in net current liabilities of €14,228,355 and an accumulated deficit on Hospital's non-capital income and expenditure account of €19,104,912 at 31 December 2019.

The Hospital's current revenue allocation from the HSE for 2020 is €245 million, which represents a funding deficit of €3 million when compared to the original projected outturn of €248 million for 2020. As a result of the Covid-19 crisis the Hospital is currently projecting an outturn of €284 million of which €36 million pertains to the increased Covid-19 costs and loss of income. This is the current best estimate but this is an evolving situation and as events unfold this projection may change. 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 this financial crisis facing the Hospital has resulted in a request being made to the HSE to fund the costs associated with the Covid-19 pandemic. 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. This is effectively on a weekly basis during the management of the current crisis.

Notwithstanding the above, there has been no clarification from the HSE in relation to how the Covid-19 costs will be funded.

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.

### **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: 27 May 2020**

**Signed: Edward Fleming,  
Board Member**

**Date: 27 May 2020**

**STATEMENT OF BOARD MEMBERS' RESPONSIBILITIES  
YEAR ENDED 31 DECEMBER 2019**

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: 27 May 2020**

**Signed: Edward Fleming,  
Board Member**

**Date: 27 May 2020**

## **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 2019 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 31, 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 at 31 December 2019 the Hospital had net current liabilities of €14,228,355 and the Hospital's non-capital income and expenditure account accumulated deficit is €19,104,912. As stated in Note 25, these events or conditions, including the impact of the Covid-19 pandemic, along with other matters as set forth in Note 25, indicate that a material uncertainty exists that may cast significant doubt on the entity'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.

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

28 May 2020

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHAIRPERSON  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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 2019 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 16 to 39, which have been prepared under the statement of accounting policies set out on pages 16 and 17 properly show the state of affairs of the Hospital at 31 December 2019 and its income and expenditure and cash flow for the year then ended.

**Signed:           Liam Dowdall,  
                      Chairperson**

**Date: 27 May 2020**

**Signed:           Lucy Nugent,  
                      Chief Executive Officer**

**Date: 27 May 2020**



## 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 'Surplus/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 2019  
Form 1

	Notes	2019 €	2018 €
<b>Pay</b>			
Salaries	1	<b>188,159,335</b>	193,918,954
Superannuation and gratuities	1	<b>13,452,065</b>	12,858,474
		<u><b>201,611,400</b></u>	<u>206,777,428</u>
<b>Non-Pay</b>			
Direct Patient Care	1	<b>51,126,753</b>	51,011,941
Support Services	1	<b>26,995,060</b>	27,267,795
Financial and Administrative	1	<b>19,808,590</b>	16,573,088
		<u><b>97,930,403</b></u>	<u>94,852,824</u>
<b>Gross expenditure for the year</b>		<b>299,541,803</b>	301,630,252
Income	1	<u><b>(58,699,674)</b></u>	<u>(56,676,805)</u>
<b>Net expenditure for the year</b>		<u><b>240,842,129</b></u>	<u>244,953,447</u>
<b>Non-capital funding – HSE notified for the year</b>	11	<u><b>(246,475,544)</b></u>	<u>(240,671,101)</u>
<b>(Surplus)/deficit in year</b>	1(a)	<b>(5,633,415)</b>	4,282,346
<b>Cumulative non-capital deficit brought forward from previous year</b>		<u><b>24,738,327</b></u>	<u>20,455,981</u>
<b>Deficit of funding over net expenditure carried forward to following year</b>	1(a)	<u><b>19,104,912</b></u>	<u>24,738,327</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 2019 have been included in the non-capital income and expenditure account.

The net deficit in the prior year arises 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 25 May 2020.

**On behalf of the Board**

**Signed:** Liam Dowdall,  
Chairperson

**Date:** 27 May 2020

**Signed:** Lucy Nugent,  
Chief Executive Officer

**Date:** 27 May 2020

**CAPITAL INCOME AND EXPENDITURE ACCOUNT**  
Year Ended 31 December 2019  
Form 2

	Note	2019 €	2018 €
<b>Capital Income Sources</b>			
HSE – Capital Grant	11	<b>(13,033,247)</b>	(4,106,206)
Capital developments income	17	<b>(1,313,242)</b>	(2,534,772)
Grants from other sources		<b>(109,995)</b>	(1,083,822)
<b>Total capital income</b>		<b><u>(14,456,484)</u></b>	<b><u>(7,724,800)</u></b>
<b>Capital expenditure: Capitalised</b>			
Land		-	510,750
Work in progress		<b>9,819,284</b>	368,558
Non-computer equipment		<b>3,433,655</b>	2,205,188
Computer equipment		<b>422,586</b>	2,075,268
<b>Capital Expenditure - Capitalised</b>		<b>13,675,525</b>	5,159,764
<b>Capital Expenditure - Not Capitalised</b>		<b>50,000</b>	15,220
<b>Total capital expenditure</b>		<b><u>13,725,525</u></b>	<b><u>5,174,984</u></b>
<b>Opening surplus carried forward from the previous year</b>		<b><u>(4,145,598)</u></b>	<b><u>(1,595,782)</u></b>
<b>Closing surplus carried forward to the following year</b>		<b><u>(4,876,557)</u></b>	<b><u>(4,145,598)</u></b>

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 2019 have been included in the non-capital income and expenditure account.

The net surplus in the prior year arises 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 25 May 2020.

**On behalf of the Board**

**Signed:** Liam Dowdall,  
Chairperson

**Date:** 27 May 2020

**Signed:** Lucy Nugent,  
Chief Executive Officer

**Date:** 27 May 2020

**BALANCE SHEET**  
 As at 31 December 2019  
 Form 3

	Notes	2019 €	2018 €
<b>Fixed assets</b>			
Tangible assets	13	<b>46,906,412</b>	36,702,752
<b>Current assets</b>			
Debtors	14	<b>44,691,680</b>	47,426,586
Stocks	15	<b>5,016,872</b>	5,020,194
Cash in hand and bank balances		<b>11,160,141</b>	4,644,892
		<u><b>60,868,693</b></u>	<u>57,091,672</u>
<b>Creditors - amounts falling due within one year:</b>			
Creditors	16	<b>(69,300,707)</b>	(67,338,583)
Bank overdraft		<b>(5,796,341)</b>	(10,345,818)
		<u><b>(75,097,048)</b></u>	<u>(77,684,401)</u>
<b>Net current liabilities</b>		<u><b>(14,228,355)</b></u>	<u>(20,592,729)</u>
<b>Total assets less current liabilities</b>		<u><b>32,678,057</b></u>	<u>16,110,023</u>
<b>Creditors - amounts falling due in more than one year</b>			
		-	-
		<u><b>32,678,057</b></u>	<u>16,110,023</u>
<b>Capital and reserves</b>			
Non-capital income and expenditure account - deficit		<b>(19,104,912)</b>	(24,738,327)
Capital income and expenditure account		<b>4,876,557</b>	4,145,598
Capitalisation account	18	<b>46,906,412</b>	36,702,752
		<u><b>32,678,057</b></u>	<u>16,110,023</u>

The balance sheet above for the prior year 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 25 May 2020.

**On behalf of the Board**

**Signed: Liam Dowdall,  
 Chairperson**

**Date: 27 May 2020**

**Signed: Lucy Nugent,  
 Chief Executive Officer**

**Date: 27 May 2020**

**CASH FLOW STATEMENT**  
 For the year ended 31 December 2019  
 Form 4

	Notes	2019 €	2018 €
<b>Net cash inflow from operating activities</b>	19	<b>9,233,578</b>	4,343,407
<b>Returns on investment and servicing of finance</b>			
Interest paid on loans and overdrafts		<u>(53,365)</u>	<u>(47,001)</u>
<b>Net cash outflow from servicing of finance</b>		<u>(53,365)</u>	<u>(47,001)</u>
<b>Capital expenditure</b>			
Payments from capital for fixed asset additions		<b>(9,490,116)</b>	(5,243,800)
Payments from non-capital for fixed asset additions		<u>(1,803,238)</u>	<u>(1,156,363)</u>
<b>Net cash outflow from capital expenditure</b>		<u>(11,293,354)</u>	<u>(6,400,163)</u>
<b>Net cash outflow before financing</b>		<b>(2,113,141)</b>	(2,103,757)
<b>Financing</b>			
HSE capital grant received		<b>11,754,630</b>	4,035,676
Receipts from other sources		<u>1,423,237</u>	<u>1,083,822</u>
<b>Net cash inflow from financing</b>		<u>13,177,866</u>	<u>5,119,498</u>
<b>Net cash inflow</b>		<u>11,064,726</u>	<u>3,015,741</u>
Increase in cash in hand and bank balances	20	<b>6,515,249</b>	651,108
Decrease in bank loans under 1 year and overdrafts	20	<b>4,549,477</b>	1,940,105
Decrease in bank loans over 1 year	20	<u>-</u>	<u>424,528</u>
<b>Changes in net debt</b>		<u>11,064,726</u>	<u>3,015,741</u>

NOTES TO THE FINANCIAL STATEMENTS

**Note 1 - Non-capital income and expenditure - details**

	Notes	2019 €	2018 €
<b>Pay</b>			
Management and administration		24,647,663	25,204,889
Medical and dental (NCHD)		26,431,878	29,558,008
Medical and dental (consultants)		28,035,345	26,294,238
Nursing		59,003,900	61,794,930
Paramedical		27,298,183	27,449,299
Support services		19,975,917	21,003,989
Maintenance and technical		2,766,449	2,613,601
	8	<u>188,159,335</u>	<u>193,918,954</u>
Pension payments		11,452,073	10,859,814
Lump sums		1,999,992	1,998,660
		<u>13,452,065</u>	<u>12,858,474</u>
<b>Total pay</b>		<b>201,611,400</b>	<b>206,777,428</b>
<b>Non-pay</b>			
<b>Direct patient care</b>			
Drugs and medicine		21,312,557	21,293,001
Blood		2,550,728	2,364,064
Medical gases		234,905	260,947
Medical and surgical supplies		25,197,050	24,264,880
Medical equipment	12	952,713	637,475
Medical equipment supplies		878,800	2,191,574
		<u>51,126,753</u>	<u>51,011,941</u>
<b>Support services</b>			
X-Ray imaging equipment	12	112,186	45,925
X-Ray imaging		2,173,592	2,637,242
Laboratory equipment	12	127,414	76,933
Laboratory supplies		7,409,397	6,790,112
Catering equipment	12	-	31,065
Catering		1,563,955	1,492,802
Light and heat		1,960,918	2,177,352
Cleaning and laundry		5,373,643	5,592,780
Furniture and hardware		277,585	315,782
Bedding and clothing		1,992,826	2,134,980
Maintenance		3,911,078	3,982,829
Travel and subsistence		267,788	407,936
Transport of patients		1,824,678	1,582,057
		<u>26,995,060</u>	<u>27,267,795</u>

NOTES TO THE FINANCIAL STATEMENTS

Note 1 - Non-capital income and expenditure - details - continued	Notes	2019 €	2018 €
<b>Financial and administrative</b>			
Bank interest		53,365	47,001
Bank charges		41,310	32,927
Insurance	2	374,474	354,672
Audit		64,483	62,946
Legal		540,764	487,735
Office expenses		3,926,657	4,063,051
Office contracts		299,113	330,347
Computer and office equipment	12	1,190,843	364,965
Computer supplies		3,094,462	2,052,916
Professional services		2,914,947	2,563,475
Adjustment to Doubtful Debts Provision		2,633,085	2,332,660
Miscellaneous	4	4,675,087	3,880,393
		<u>19,808,590</u>	<u>16,573,088</u>
<b>Total non-pay</b>		<u>97,930,403</u>	<u>94,852,824</u>
<b>Total gross expenditure</b>		<u>299,541,803</u>	<u>301,630,252</u>
<b>Income</b>			
<b>Patient income</b>			
In-patient	5	30,284,121	32,540,234
Out-patient	5	915,813	1,317,294
		<u>31,199,934</u>	<u>33,857,528</u>
<b>Other income</b>			
Superannuation		5,258,662	5,535,917
Pension Levy		5,293,002	8,038,511
Car park income and other payroll deductions		572,440	578,917
Road Traffic Accident (RTA) Receipts	10	529,921	370,781
Income from external agencies	6	10,523,896	3,023,660
Canteen Receipts		905,100	901,977
Other income	7	4,416,719	4,369,514
		<u>27,499,740</u>	<u>22,819,277</u>
<b>Total income</b>		<u>58,699,674</u>	<u>56,676,805</u>
<b>Net expenditure</b>	9	<u>240,842,129</u>	<u>244,953,447</u>



NOTES TO THE FINANCIAL STATEMENTS - continued

Note 1(a)	Note	2019 €	2018 €
Net expenditure in year		<b>240,842,129</b>	244,953,447
Allocation in year before once-off allocation	11	<b>(240,838,544)</b>	<u>(240,671,101)</u>
Deficit in year before once-off allocation		<b>3,585</b>	4,282,346
Retrospective once-off allocation	11	<b>(5,637,000)</b>	-
(Surplus)/deficit in year after once-off allocation		<b>(5,633,415)</b>	4,282,346
Cumulative deficit brought forward from previous year		<b>24,738,327</b>	<u>20,455,981</u>
Cumulative deficit carried forward to following year		<b>19,104,912</b>	<u>24,738,327</u>

The retrospective once-off allocation received in 2019 relates to the 2018 deficit on adult activity carried forward.

Note 2 – Insurance	2019 €	2018 €
Public liability	<b>18,478</b>	18,777
Property	<b>200,457</b>	200,364
Board Members' and officers' liability	<b>64,394</b>	62,602
Other	<b>35,929</b>	35,025
Broker Fee	<b>55,216</b>	37,904
	<b>374,474</b>	<u>354,672</u>

**Note 3 – Miscellaneous non-capital expenditure on capital projects**

Not applicable

Note 4 – Miscellaneous expenses	2019 €	2018 €
Security and traffic management	<b>1,508,226</b>	1,454,209
Subscriptions	<b>320,107</b>	324,802
Education/training	<b>1,149,419</b>	782,824
Donation to Tallaght University Hospital Foundation	22	300,000
Other	<b>1,177,335</b>	1,018,558
	<b>4,675,087</b>	<u>3,880,393</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

<b>Note 5 – Analysis of patient income</b>	<b>2019</b>	<b>2018</b>
	<b>€</b>	<b>€</b>
<b>In-Patient</b>		
Statutory in-patient charges	1,464,160	1,564,450
Private/semi-private	28,657,037	30,919,763
Other in-patient charges	162,924	56,021
	<u>30,284,121</u>	<u>32,540,234</u>
<b>Out-patient</b>		
Statutory accident and emergency charge	915,813	1,317,294
	<u>915,813</u>	<u>1,317,294</u>
<b>Total patient income</b>	<u>31,199,934</u>	<u>33,857,528</u>

<b>Note 6 – Income from external agencies</b>	<b>2019</b>	<b>2018</b>
	<b>€</b>	<b>€</b>
Childrens' Health Ireland	7,522,617	-
Psychiatric and other services	3,001,279	3,023,660
	<u>10,523,896</u>	<u>3,023,660</u>

<b>Note 7 – Other income</b>	<b>2019</b>	<b>2018</b>
	<b>€</b>	<b>€</b>
Rents/licences	826,768	258,627
Other income	3,589,951	4,110,887
	<u>4,416,719</u>	<u>4,369,514</u>

Included in Other Income is €3,473,448 (2018: €3,770,163) re drug cost re-imbursed under the Primary Care Reimbursement Service.

<b>Note 8 – Summary pay analysis</b>	<b>2019</b>	<b>2018</b>
	<b>€</b>	<b>€</b>
Basic pay	144,795,762	149,799,475
Overtime	9,527,793	10,107,493
Premium pay	6,884,641	7,551,432
Shift allowance	210,724	203,936
Holiday/public holiday premiums	2,174,124	2,261,949
Higher degree	55,046	56,961
On call/standby	4,113,410	3,787,687
PRSI employer	16,201,023	16,053,968
Travel allowances	321,678	323,896
Other	3,875,134	3,772,157
	<u>188,159,335</u>	<u>193,918,954</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:

<b>Pay Band</b>	<b>2019 Number of Employees</b>	2018 Number of Employees
60,000-69,999	<b>287</b>	299
70,000-79,999	<b>107</b>	112
80,000-89,999	<b>81</b>	85
90,000-99,999	<b>33</b>	29
100,000-109,999	<b>24</b>	19
110,000-119,999	<b>9</b>	14
120,000-129,999	<b>13</b>	6
130,000-139,999	<b>8</b>	7
140,000-149,999	<b>9</b>	5
150,000-159,999	<b>11</b>	17
160,000-169,999	<b>12</b>	19
170,000-179,999	<b>7</b>	20
180,000-189,999	<b>9</b>	17
190,000-199,999	<b>3</b>	9
200,000-209,999	<b>4</b>	9
210,000-219,999	<b>8</b>	4
220,000-229,999	<b>5</b>	4
230,000-239,999	<b>10</b>	4
240,000-249,999	<b>8</b>	1
250,000-269,999	<b>7</b>	1
260,000-259,999	<b>4</b>	1
270,000-279,999	<b>5</b>	1
280,000-289,999	<b>1</b>	-
290,000-299,999	<b>3</b>	2
300,000-309,999	<b>4</b>	1
310,000-319,999	<b>1</b>	-
350,000-359,999	<b>1</b>	-
<b>Total Employees</b>	<b>674</b>	<b>686</b>

NOTES TO THE FINANCIAL STATEMENTS - continued

<b>Note 9 - Reconciliation of expenditure to cost of services</b>	Notes	<b>2019</b> €	2018 €
Net expenditure - current year	1	<b>240,842,129</b>	244,953,447
<b>Deduct:</b>			
Adjustment re purchase of equipment from non-capital	12	<u><b>(2,383,156)</b></u>	<u>(1,156,363)</u>
<b>Total deductions</b>		<u><b>(2,383,156)</b></u>	<u>(1,156,363)</u>
<b>Sub-total</b>		<b>238,458,973</b>	243,797,084
<b>Add-back</b>			
Depreciation charge for the year	13	<u><b>5,267,802</b></u>	<u>6,266,544</u>
<b>Net running cost of service</b>		<u><b>243,726,775</b></u>	<u>250,063,628</u>
<b>Note 10 – Road traffic accident memo account</b>		<b>2019</b> €	2018 €
Balance at 1 January		<b>6,317,835</b>	5,247,054
Bills issued in respect of the year		<b>1,228,425</b>	1,441,562
Less cash received during the year		<b>(529,921)</b>	(370,781)
Less cash received re paediatric balances		<u><b>(70,223)</b></u>	<u>-</u>
<b>Balance at 31 December</b>		<u><b>6,946,116</b></u>	<u>6,317,835</u>

The Hospital continues to administer and collect paediatric road traffic accident balances on behalf of Children's Health Ireland.

NOTES TO THE FINANCIAL STATEMENTS - continued

Note 11 – Statement of advances and balances due from Health Service Executive Non-Capital and Capital	Notes	2019 €	2018 €
<b>Non-capital</b>			
Allocation in year before once-off retrospective allocation	1(a)	<b>240,838,544</b>	240,671,101
Retrospective once-off allocation	1(a)	<b>5,637,000</b>	-
Allocation in year	1(a)	<b>246,475,544</b>	240,671,101
Less remittances from HSE Non-Capital		<b>(220,580,816)</b>	(214,845,701)
Amount due from HSE re consultants' back pay		-	6,032,844
Balance due from HSE in respect of the year		<b>25,894,728</b>	31,858,244
Balance due from HSE re previous years as at 1 January		<b>31,858,244</b>	19,278,420
Less remittances from HSE in year re previous years		<b>(25,825,399)</b>	(19,702,456)
Reduce amount due from HSE re consultants back pay		<b>(3,349,834)</b>	-
Adjustment to historic balances		-	424,036
Balance due from HSE re previous years as at 31 December		<b>2,683,011</b>	-
<b>Total balance of non-capital funding due from HSE</b>	14	<b>28,577,739</b>	31,858,244
<b>Capital</b>			
Total capital grants notified by HSE for the year		<b>13,033,247</b>	4,106,206
Less remittances from HSE Capital in the year		<b>(11,633,292)</b>	(3,984,878)
Balance due from HSE in respect of the year		<b>1,399,955</b>	121,328
Balance due from HSE re previous years as at 1 January		<b>132,452</b>	61,922
Less remittances from HSE in year re previous years		<b>(121,338)</b>	(50,798)
Balance due to HSE re previous years as at 31 December		<b>11,114</b>	11,124
<b>Total balance of capital funding due from HSE</b>	14	<b>1,411,069</b>	132,452
<b>Gross total due from HSE Capital and Non-Capital</b>	14	<b>29,988,808</b>	31,990,696

NOTES TO THE FINANCIAL STATEMENTS - continued

<b>Note 12 – Purchase of equipment from non-capital account (capitalised)</b>	Note	<b>2019 €</b>	2018 €
Medical equipment		<b>952,713</b>	637,475
X-Ray imaging equipment		<b>112,186</b>	45,925
Laboratory equipment		<b>127,414</b>	76,933
Computer and office equipment		<b>1,190,843</b>	364,965
Catering equipment		-	31,065
	9	<b><u>2,383,156</u></b>	<u>1,156,363</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

<b>Note 13 – Schedule of fixed assets and depreciation</b>	<b>Land &amp; Buildings €</b>	<b>Work In Progress €</b>	<b>Equipment €</b>	<b>Fixtures and Fittings €</b>	<b>Computer Equipment €</b>	<b>Total €</b>
<b>Cost or valuation</b>						
At 31 December 2018	31,355,515	960,889	59,308,804	12,343,369	12,724,173	116,692,750
Additions from capital	-	9,819,284	3,433,655	-	422,586	13,675,525
Additions from non-capital	-	-	1,491,845	-	891,311	2,383,156
Transfer to Children's Health Ireland	-	-	(2,083,397)	-	-	(2,083,397)
Write-offs in year	-	-	(5,713,710)	-	(616,199)	(6,329,909)
<b>At 31 December 2019</b>	<b>31,355,515</b>	<b>10,780,173</b>	<b>56,437,197</b>	<b>12,343,369</b>	<b>13,421,871</b>	<b>124,338,125</b>
<b>Accumulated depreciation</b>						
At 31 December 2018	(7,593,756)	-	(49,267,388)	(12,343,369)	(10,785,485)	(79,989,998)
Depreciation charge for year	(569,072)	-	(3,022,590)	-	(1,676,140)	(5,267,802)
Transfer to Children's Health Ireland	-	-	1,496,178	-	-	1,496,178
Write-offs in year	-	-	5,713,710	-	616,199	6,329,909
<b>At 31 December 2019</b>	<b>(8,162,828)</b>	<b>-</b>	<b>(45,080,090)</b>	<b>(12,343,369)</b>	<b>(11,845,426)</b>	<b>(77,431,713)</b>
<b>Carrying amount</b>						
<b>At 31 December 2019</b>	<b>23,192,687</b>	<b>10,780,173</b>	<b>11,357,107</b>	<b>-</b>	<b>1,576,445</b>	<b>46,906,412</b>
At 31 December 2018	23,761,759	960,889	10,041,416	-	1,938,688	36,702,752

## 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 2019 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)

With effect from 1 January 2019 the paediatric services provided by the Hospital associated with the National Children's Hospital were transferred to Children's Health Ireland (CHI). Under this agreement equipment with a net book value of €587,219 was transferred.

In 2019, the Hospital wrote-off assets with cost valuation of €6,329,909 (2018 €5,987,870) for assets that are no longer in use. These assets had been fully depreciated at 31 December 2018 and 2019.

#### Note 13(d)

With effect from 20<sup>th</sup> 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 €30,131,712 for assets in use at 31 December 2019 (2018 €21,348,013) 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

<b>Note 14 – Debtors</b>	Notes	<b>2019</b> €	2018 €
HSE – revenue grants due	11	<b>28,577,739</b>	31,858,244
HSE - capital grants due	11	<b>1,411,069</b>	132,452
HSE – debtors		<b><u>29,988,808</u></b>	<u>31,990,696</u>
Patient debtors		<b>25,576,863</b>	21,179,084
Less provision for bad and doubtful debts		<b>(13,816,165)</b>	(10,895,089)
Net patient debtors		<b>11,760,698</b>	10,283,995
Other debtors		<b>2,942,174</b>	5,151,895
Non HSE debtors		<b><u>14,702,872</u></b>	<u>15,435,890</u>
		<b><u>44,691,680</u></b>	<u>47,426,586</u>
<b>Note 15 – Stocks</b>		<b>2019</b> €	2018 €
Pharmacy		<b>1,978,442</b>	1,924,219
Medical and surgical supplies		<b>2,190,000</b>	2,221,328
Other		<b>848,430</b>	874,647
		<b><u>5,016,872</u></b>	<u>5,020,194</u>
<b>Note 16 – Creditors</b>		<b>2019</b> €	2018 €
Creditors – capital		<b>4,354,852</b>	119,443
Creditors – non-capital		<b>54,086,233</b>	56,781,814
Designated funds		<b>4,761,420</b>	4,266,090
Wages and salaries (payroll deductions)		<b>835,197</b>	808,364
PAYE/PRSI		<b>5,263,005</b>	5,362,872
		<b><u>69,300,707</u></b>	<u>67,338,583</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

<b>Note 17 – Deficit financing reserve</b>	<b>2019</b>	<b>2018</b>
	<b>€</b>	<b>€</b>
Balance at start of year	-	(2,143,189)
Net income earned from car park	<b>(1,313,242)</b>	(1,267,032)
Loan repayment	-	856,239
Payment of interest	-	19,210
Transfer to Capital Developments Reserve	<b>1,313,242</b>	2,534,772
Balance at end of year	<u>-</u>	<u>-</u>

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.

<b>Note 18 - Capitalisation account</b>	<b>2019</b>	<b>2018</b>
	<b>€</b>	<b>€</b>
Balance at start of the year	<b>36,702,752</b>	36,653,169
<b>Additions</b>		
Capital expenditure	<b>13,675,525</b>	5,159,764
Non-capital expenditure	<b>2,383,156</b>	1,156,363
	<u><b>16,058,681</b></u>	<u>6,316,127</u>
<b>Less:</b>		
Transfer to Children's Health Ireland	<b>(587,219)</b>	-
Depreciation for the year	<b>(5,267,802)</b>	(6,266,544)
	<u><b>46,906,412</b></u>	<u>36,702,752</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

	2019 €	2018 €
<b>Note 19 - Note to the cash flow statement</b>		
Deficit non capital	<b>(19,104,912)</b>	(24,738,327)
Less deficit brought forward	<b>24,738,327</b>	20,455,981
Deficit for the current year	<b>5,633,415</b>	(4,282,346)
Adjustment re purchase of equipment from non-capital	<b>2,383,156</b>	1,156,362
Add-back all interest charges against non-capital	<b>53,365</b>	47,001
Decrease/(increase) in stocks	<b>3,322</b>	(330,434)
Decrease/(increase) in HSE debtors non-capital	<b>3,280,505</b>	(12,579,824)
Decrease in non-HSE debtors	<b>733,018</b>	25,549
(Decrease)/increase in non-capital creditors	<b>(2,853,204)</b>	19,059,277
Deficit financing account	-	856,239
Deficit financing reserve	-	391,583
<b>Net cash inflow from operating activities</b>	<b><u>9,233,578</u></b>	<b><u>4,343,407</u></b>

**Note 20 - Analysis of changes in net debt**

	At 31 December 2019 €	Cash flows €	At 31 December 2018 €
Cash in hand and bank balances	<b>11,160,141</b>	6,515,249	4,644,892
Bank overdraft	<b>(5,796,341)</b>	4,549,477	(10,345,818)
	<b><u>5,363,800</u></b>	<b><u>11,064,726</u></b>	<b><u>(5,700,926)</u></b>

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

	2019 €	2018 €
Increase in cash in the year	<b>11,064,726</b>	2,159,502
Net cash inflow from decrease in net debt	-	856,239
Changes in net debt resulting from cash flow	<b><u>11,064,726</u></b>	<b><u>3,015,741</u></b>
Net debt at beginning of the year	<b><u>(5,700,926)</u></b>	<b><u>(8,716,667)</u></b>
Net funds/(debt) at end of the year	<b><u>5,363,800</u></b>	<b><u>(5,700,926)</u></b>

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:

	2019 €	2018 €
<b>National Children's Hospital</b>		
Balance due from National Children's Hospital at start of year	74,499	77,502
Salary recoupments receivable	33,710	105,580
Grants receivable re non-pay	108,005	330,902
Receipts	<b>(203,019)</b>	(439,485)
Balance due from National Children's Hospital at end of year	<b>13,195</b>	74,499
<b>Meath Foundation</b>		
Balance due from Meath Foundation at start of year	21,440	43,171
Salary recoupments receivable	74,947	143,623
Grant payable re non-pay	10,000	-
Payments	<b>(10,000)</b>	-
Grants receivable re non-pay	749	24,571
Receipts	<b>(82,248)</b>	(189,925)
Balance due from Meath Foundation at end of year	<b>14,888</b>	21,440
<b>Adelaide Hospital Society</b>		
Balance due from Adelaide Hospital Society at start of year	601	49,921
Salary recoupments receivable	28,346	39,468
Grants receivable re non-pay	41,317	53,578
Receipts	<b>(34,859)</b>	(142,366)
Balance due from Adelaide Hospital Society at end of year	<b>35,405</b>	601

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.. Following consultation on business plans and budgets which prioritise capital projects in support of the Hospital's strategic goals, the Hospital provided further conditional donations of €0.52m during 2019, from non-exchequer funds, agreed between the Hospital and TUHF.

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**Note 22 - Scope and basis of preparation of financial statements - continued**

The Hospital had the following transactions with the TUFH:

	2019 €	2018 €
<b>Tallaght University Hospital Foundation</b>		
Initial period donation payable to TUHF	(520,000)	-
Start-up donation payable to TUHF	-	(300,000)
Donations receivable re non-pay	44,067	32,222
Re-imburement receivable re non-pay	-	60,000
Receipts	(32,567)	-
Payments made	520,000	207,778
Balance with Tallaght University Hospital Foundation at end of year	<u>11,500</u>	<u>-</u>

**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 2019 the hospital had capital commitments of €11.8 million (2018: €20.6 million) of which €9.2 million (2017: €19.3 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 surplus of €5,633,415 for 2019 has resulted in net current liabilities of €14,228,355 and an accumulated deficit on Hospital's non-capital income and expenditure account of €19,104,912 at 31 December 2019.

The Hospital's current revenue allocation from the HSE for 2020 is €245 million, which represents a funding deficit of €3 million when compared to the original projected outturn of €248 million for 2020. As a result of the Covid-19 crisis the Hospital is currently projecting an outturn of €284 million of which €36 million pertains to the increased Covid-19 costs and loss of income. This is the current best estimate but this is an evolving situation and as events unfold this projection may change. 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 this financial crisis facing the Hospital has resulted in a request being made to the HSE to fund the costs associated with the Covid-19 pandemic. 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. This is effectively on a weekly basis during the management of the current crisis.

Notwithstanding the above, there has been no clarification from the HSE in relation how to the Covid-19 costs will be funded.

NOTES TO THE FINANCIAL STATEMENTS - continued

**Note 25 - Going concern - continued**

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.

<b>Note 26 – Board Members’ fees and Chief Executive Officer’s salary</b>	<b>2019</b>	2018
	€	€
<b>Board Members’ fees</b>		
Reimbursement of expenses paid to Board Members	-	-
Fees paid to Board Members (Note 26(a))	-	-
	<u>                    </u>	<u>                    </u>
<b>Chief Executive Officer’s salary</b>		
Basic (01.01.2019 – 08.01.2019) - as per DOH salary scales (Note 26(b))	<b>20,274</b>	143,754
Basic (09.01.2019 – 31.12.2019) - as per DOH salary scales (Note 26(b))	<b>145,821</b>	-
	<u>166,095</u>	<u>143,754</u>
Chief Executive Officer’s travel and subsistence	<b>2,338</b>	4,737
	<u>                    </u>	<u>                    </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 leases in respect of buildings which expire:

	<b>2019</b>	2018
	€	€
Less than one year	<b>149,529</b>	136,433
Between two and five years	<b>598,116</b>	337,356
Over five years	<b>226,093</b>	287,062
	<u>973,738</u>	<u>760,851</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

**Note 28 – Consultants' back-pay on Contracts**

A liability of €2.6m (2018: €7.3m) has been included within this year's Financial Statements in relation to the balance of 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.

	2019 €	2018 €
Adult (receivable from HSE, Note 11)	2,683,011	6,032,844
Paediatrics (receivable from CHI, Note 29)	-	1,318,901
	<b>2,683,011</b>	<b>7,351,745</b>

**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 (Note 6).

Included in the non-capital income and expenditure account are the following elements in relation to the paediatric services which in 2019 are operated under the governance of CHI:

	2019 €	2018 €
Pay	3,673,805	22,754,081
Non-Pay	3,848,812	3,823,534
Gross expenditure in year	<b>7,522,617</b>	26,577,615
Income	<b>(7,522,617)</b>	(5,862,773)
Net expenditure in year	-	20,714,842
Non-capital funding - HSE notified in the year	-	(22,130,374)
(Surplus)/deficit in year	-	(1,415,532)
Deficit brought forward from previous year	-	1,415,532
Deficit of funding over net expenditure carried forward to following year	-	-

The capital income and expenditure account included expenditure of €nil (2018: €342,122) on medical equipment which has been funded from grants from the National Children's Hospital. There is a €nil balance at 31 December 2018 and 2019 on the capital income and expenditure account relating to paediatric services.

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**Note 29 – Discontinued activities – paediatric services - continued**

The balance sheet at 31 December 2018 included the following amounts which were transferred to Children's Health Ireland on 1 January 2019:

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

**Note 30 – Post balance sheet event**

As a result of the spread of the Covid-19 virus the Hospital is currently projecting increased costs and loss of income of €36m in 2020. This is the current best estimate but this is an evolving situation and as events unfold this projection may change. This crisis presents a challenge to management to maintain activity at current levels.

As there were no indications at 31 December 2019 that these additional costs would arise, there is no requirement to make any adjustment to the financial statements.

**Note 31 – Comparative amounts**

Some prior year comparative amounts have been reclassified on a basis consistent with the current year.