

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

Annual Financial Statements

Year Ended 31 December 2017

CONTENTS	Page
GENERAL INFORMATION	2
STATEMENT OF BOARD MEMBERS' RESPONSIBILITIES.....	3
STATEMENT OF AUDITORS' REPORT	4 – 6
BOARD MEMBERS' REPORT.....	7-11
CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHAIRPERSON	12
STATEMENT OF ACCOUNTING POLICIES.....	13-14
 FORMS	
FORM 1 - NON - CAPITAL INCOME AND EXPENDITURE ACCOUNT	15
FORM 2 - CAPITAL INCOME AND EXPENDITURE ACCOUNT	16
FORM 3 - BALANCE SHEET	17
FORM 4 - CASH FLOW STATEMENT	18
 NOTES	
Note 1 NON-CAPITAL INCOME AND EXPENDITURE - DETAILS.....	19 - 21
Note 2 INSURANCE	21
Note 3 MISCELLANEOUS NON-CAPITAL EXPENDITURE ON CAPITAL PROJECTS	21
Note 4 MISCELLANEOUS EXPENSES	21
Note 5 ANALYSIS OF PATIENT INCOME.....	22
Note 6 INCOME FROM EXTERNAL AGENCIES	22
Note 7 OTHER INCOME	22
Note 8 SUMMARY PAY ANALYSIS (Memo Only).....	22
Note 8(a) Additional Analysis – Department of Expenditure and Reform Circular 13/2014 requirement.....	23
Note 9 RECONCILIATION OF EXPENDITURE TO COST OF SERVICES (Memo Only)	24
Note 10 ROAD TRAFFIC ACCIDENT MEMO ACCOUNT	24
Note 11 STATEMENT OF ADVANCES & BALANCES DUE FROM HEALTH SERVICE EXECUTIVE NON-CAPITAL & CAPITAL	25
Note 12 PURCHASE OF EQUIPMENT AND VEHICLES FROM NON-CAPITAL ACCOUNT (Capitalised).....	26
Note 13 SCHEDULE OF FIXED ASSETS & DEPRECIATION	27-28
Note 14 DEBTORS	29
Note 15 STOCKS	29
Note 16 CREDITORS	29
Note 17 BANK LOANS	30
Note 18 CAPITALISATION ACCOUNT	30
Note 19 NOTE TO THE CASH FLOW STATEMENT	31
Note 20 ANALYSIS OF CHANGES IN NET DEBT	31
Note 21 RECONCILIATION OF NET CASH OUTFLOW TO MOVEMENT IN NET DEBT	31
Note 22 SCOPE AND BASIS OF PREPARATION OF FINANCIAL STATEMENTS	32
Note 23 SUBSIDIARY COMPANIES.....	32
Note 24 CAPITAL COMMITMENTS	33
Note 25 GOING CONCERN.....	33
Note 26 BOARD MEMBERS' FEES AND CHIEF EXECUTIVE OFFICER'S SALARY	33
Note 27 LEASE COMMITMENTS	34
Note 28 CONTINGENT LIABILITY	34

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

Tallaght University Hospital Board

Board Members

Mr L Dowdall (appointed Chairperson 22 May 2017)
Mr M Scanlan (resigned 22 May 2017)
Professor P Barker
Dr A Brady (appointed February 2018)
Mr E Brown (appointed 24 July 2017) (resigned 15 January 2018)
Dr J Kiely
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

Mr D Slevin (CEO)
Mr D Carter
Ms H Daly (ceased 11 May 2017)
Dr D Fahey
Mr J Kelly
Ms S Larkin (commenced 19 June 2017)
Ms A Lynch (commenced 11 May 2017)
Dr S Ni Bhriain
Ms L Nugent
Mr J O'Connell (ceased 20 March 2017)
Dr E O'Leary (ceased 27 November 2017)
Professor Paul Ridgeway (commenced 22 January 2018)
Dr C Wall

The Board was reconstituted on the 20 February 2017 with all existing Board Members being reappointed.

Solicitors

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

Bankers

Allied Irish Banks plc
Tallaght
Dublin 24

Bank of Ireland
Tallaght
Dublin 24

Auditors

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

**STATEMENT OF BOARD MEMBERS' RESPONSIBILITIES
YEAR ENDED 31 DECEMBER 2017**

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.

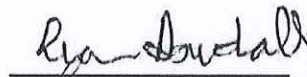
In preparing those statements, the Members of the Board are required to:

- 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 at least one year 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.

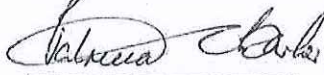
On behalf of the Board

Signed:


Chairperson

Date: 21.05.2018

Signed:


Board Member

Date: 21.5.2018

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 'hospital')

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the hospital at 31 December 2017 and of the income and expenditure and cash flows 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 28, 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 & 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 hospital 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 €1,502,820 during the year ended 31 December 2017 and, as of that date, the Hospital's net current liabilities is €17,148,721 and the Hospital's accumulated non-capital income and expenditure account accumulated deficit is €20,455,981. 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 Board Member's are responsible for the other information. The other information comprises the information included in the reports and financial statements, other than the financial statements and our auditor's report thereon. 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.

Continued on next page/

/Continued from previous page

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 Board Members

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 Board Members 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 hospital'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 Board Members either intend to liquidate the hospital 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 hospital's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board Members.
- Conclude on the appropriateness of the Board Members' 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 hospital'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 hospital (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.

Continued on next page/

/Continued from previous page

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

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.

This report is made solely to the Board Members of the hospital, as a body, in accordance with our engagement letter. Our audit work has been undertaken so that we might state to the hospital's Board Members 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 hospital and the hospital's Board Members as a body, for our audit work, for this report, or for the opinions we have formed.



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

Date: 21/5/18

**BOARD MEMBERS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

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.

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, Tallaght University Hospital operates within two Hospital Group Structures — the Dublin Midlands Hospital Group (DMHG) and the Children's Hospital Group (CHG) — and within 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.

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. This is achieved through the provision of paediatric, adult, age-related and psychiatric services.

Year on year the Hospital has experienced an increase in emergency activity with attendances to the Adult Emergency department exceeding 50,000 for the first time (a 2% increase on 2016). The Hospital strived to meet the needs of an aging local population, which was evident in the 7% increase in patients over the age of 75 who attended the emergency department. To address this a new structure was implemented in 2017 with the appointments of a Clinical Nurse Manager with responsibility for the management of admitted patients in ED and of an Assistant Director of Nursing for Patient Flow in the Acute Floor. These individuals work closely with the Hospital's Patient Flow and Discharge Planning teams to improve patient flow both on the acute floor and on the wards.

Burkitt Ward was reconfigured in August 2017 as an older person's ward to provide specialist dedicated multidisciplinary care under the governance of the Geriatricians. The ward was refurbished to meet the needs of the older patient, with new colour scheme in line with dementia friendly environment, hand rails, electric beds and a new therapy room with gym equipment to facilitate treatment and rehabilitation. The objective of restructuring the ward is to provide improved quality of care and optimise patient flow.

Increased Emergency attendances resulted in further challenges in 2017 for scheduling elective activity. The Hospital focused on ensuring that urgent activity was scheduled and patients received their treatment. To address long waiters on the lists the Hospital managed a three pronged approach. Opportunities were taken to work on hybrid models with the private sector to provide waiting lists initiatives. The Hospital worked closely with the National Treatment Purchase Fund from August 2017 onwards. This was a very successful initiative with patients from a range of specialties receiving treatment. Ongoing validation and management of the waiting

list also reduced the number of long waiters. This resulted in a 10% drop in the waiting list over a period of 6 months and a 44% drop in patients waiting greater than 18 months.

There were in excess of 253,000 adult outpatient attendances in 2017. The Hospital continued to face challenges in meeting the referral rate resulting in a growth in the waiting list. Although no funding was made available from the HSE for outpatient waiting list initiatives, the Hospital continued to work locally to improve the patient experience. The Hospital has an average of 23,000 Warfarin attendances each year. In 2017 a new initiative commenced to identify patients suitable for a transfer from warfarin to alternative Direct Oral Anti-coagulants (DOACs). This new patient pathway enables patients being transferred from Warfarin to Haematology, Cardiology or Atrial Fibrillation Clinics significantly reducing the patient's requirement to attend the Hospital and have bloods taken. 2017 saw a reduction of 3,000 Warfarin attendances, a drop of 13%.

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;
- one member appointed by the Meath Foundation;
- one member appointed by the National Children's Hospital;
- four members appointed by the Minister for Health on the nomination of the Church of Ireland Archbishop of Dublin/President of the Hospital;
- one member appointed by the Minister for Health on the nomination of Trinity College Dublin;
- one member appointed by the Minister for Health on the nomination of the HSE; and
- two members appointed by the Minister for Health on the nomination of the Hospital Board.

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 are listed on page 2.

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 2016 or 2017. 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); Nominations Committee; and Governance Committee (disbanded in February 2017 as roles are now integrated under Audit Committee 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 2017 comprised Professor Patricia Barker (Chairman and member of Board), Mr. Seán Quigley, Professor Richard Reilly 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 2017. The Committee held seven meetings during 2017.

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 the required procurement process, Deloitte were re-appointed independent external auditor.

The **Finance Committee** comprises of Dr James Kiely (Chairman and member of Board), Mr Edward Fleming 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 2017 the Finance Committee 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 (Chairman and member of Board), Professor Kathy Monks (Board Member) and Mr Brendan Mulligan. The role of the SODC is to 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 and to ensure the remuneration and terms of service of the CEO and members of the Executive Management Team are overseen by a committee of the Board whose members have no personal financial interest in such matters and who in making recommendations to the Board will have due regard to the interests of the Hospital, the HSE and taxpayers in general and also to ensure compliance with the relevant legislation. During 2017 the Committee were updated on European Working Time Directive compliance, staff engagement, Human Resources Strategy/Work Plan and legal cases.

The **Quality, Safety and Risk Management Committee (QSRM)** comprises of Mrs Mairead Shields (Chairman and member of Board), Ms Anna Lee (Board Member), Mr Ciaran Young, Dr Gerard O'Connor and Professor Richard Reilly. 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 2017 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 2017. 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 (Chairman), Dr James Kiely (vice-chairman) and Mr David Seaman (chairman of SODC). The Nominations Committee assists the Board in fulfilling its oversight responsibilities by ensuring that plans are in place for the orderly 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 2017 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 Chairman 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 2017 (re 2016). The Hospital will submit the annual compliance statement in May 2018 (re 2017).

FINANCIAL REVIEW

In 2017, the Hospital received an increased allocation year on year of 11.3% (€23.2m). 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 2017 was €229.4 representing a growth in cost of 9.8% (€20.4m) over the full year 2016 outturn of €209m. This growth in costs can be attributed to the following; full year effect of 2016 national pay awards (€2.6m), 2017 national pay awards (€6.6m), service developments 2016 full year impact 2017 (€5.4m), service development funded 2017 (€1.4m), reduction in private health insurance income (€2.0m), pension costs (€1.5m), CRE costs (€1.0m). The financial performance of the Hospital in 2017 demonstrated a deficit of €1.5m leading to a cumulative deficit of €20.4m as at 31 December 2017.

In 2017 the Hospital saw the net expenditure increase by 9.8% (€20.4m) when compared with 2016. Pay and pensions expenditure increased by 6.2% (€11.6m). The reason for the increase is due to the full year impact of 2016 national wage agreement (€2.6m) and the 2017 national wage agreements (€6.6m). Staffing levels for 2017 remained static outside of HSE approved service developments. Agency costs increased €1.3m year on year due to the requirement to fill vacant NCHD posts and increase in pension costs 13% (€1.5m). Non-pay expenditure increased by 8.8% (€7.1m) as a result of full year impact 2017 of the new service activity (renal dialysis €3.7m), increased out-sourcing initiatives (€0.7m) to reduce waiting lists. The impact of CRE in the Hospital during 2017 increased the non-pay costs in the Hospital by €1.0m in areas such as laboratory reagents and kits for testing, cleaning and laundry. The Hospital incurred additional costs as a result of new laboratory testing equipment (€0.5m) purchased to assist with containing the spread of CRE. The Hospital is still dealing with CRE and it continues to be a significant on-going cost to the Hospital. Income year on year has decreased by 2.8% (€1.7m) mainly due to the reduction in private health insurance income. This is as a result of insurance companies asking patients not to use their private health insurance in public hospitals unless they get access to a single room. The impact to the Hospital is significant as there is not the capacity to offer single rooms to all private patients due to the pressure associated with the requirement to isolate very sick patients. This is a national issue and needs to be addressed directly between the DOH and the insurance companies.

The Hospital continued to enhance and upgrade the new HR and Payroll system, SAP HR. 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 system and has successfully developed a link to automatically transfer patient billing information from our Patient Management System to our SAP financial system. In 2017 the Hospital completed its fifth 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). It is intended in future years the Hospital will be funded for inpatient and day cases based on ABF which is a move away from the traditional block grant funding

approach. Tallaght University Hospital is at the forefront in relation to income collection and continues to lead and advise in relation to the continuous development of accounting treatment in relation to HSE patient income charging structures.

GOING CONCERN

The Hospital is funded by means of an annual revenue allocation from the Health Service Executive ("HSE"). The Hospital incurred a net deficit of €1,502,820 during the year ended 31 December 2017 and, as of that date, the Hospital's net current liabilities are €17,148,721 and the Hospital's accumulated non-capital income and expenditure account accumulated deficit is €20,455,981. The funding of the net current liabilities, in the absence of a commitment from the HSE, represents a material uncertainty for the Hospital's ability to continue as a going concern. However, having considered the history of how HSE funds have been allocated to the Hospital and the absence of any indication that such funding will be withdrawn, the Board can reasonably take the view that the Hospital will continue as a going concern for the next 12 months.

The Hospital's current revenue allocation for 2018 is €226.6 million which represents a 1.2% / €2.8m decrease against the outgoing run-rate for 2017. 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 Hospital continues to proactively engage with the HSE in respect of the revenue allocation for 2018 and dealing with the accumulated deficit. The bank-overdraft facility is authorised by the HSE. The HSE has not given any indication that it will withdraw its financial support from the Hospital in the foreseeable future.

On this basis these financial statements have been prepared on the going concern basis. 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. The financial statements do not include the adjustments that would result if the Hospital was unable to continue as a going concern.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

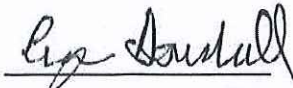
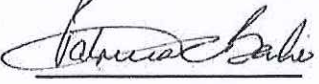
Each of the persons who is a Board Member at the date of approval of this report confirms that:

- (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 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:		Chairperson	Date:	<u>21.05.2018</u>
Signed:		Board Member	Date:	<u>21.5.2018</u>

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHAIRPERSON
FOR THE YEAR ENDED 31 DECEMBER 2017**

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 2017 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 13 to 34, which have been prepared under the statement of accounting policies set out on pages 13 and 14 properly show the state of affairs of the Hospital at 31 December 2017 and its income and expenditure and cash flow for the year then ended.

Signed:  Chairperson Date: 21-05-2018

Signed:  Chief Executive Officer Date: 21/5/18

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, The Meath Foundation or The National Children's Hospital (a company limited by guarantee and not having a share capital), 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 net 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 income and expenditure account when paid.

(ii) Single Public Service Pension Scheme

The Single Public Service Pension Scheme (SPSPS) applies to all employees who are joining 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 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.

Fixed Assets- continued

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

Land

Cost with no depreciation.

Buildings

Cost less accumulated depreciation.

Fixtures, Fittings and Equipment

Cost less accumulated 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 income and expenditure account. Depreciation 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.

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 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.

Designated Funds

Income received for specific projects and expenditure from external bodies is recognised 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.

Profits and losses arising from foreign currency translations and on settlement of amounts receivable and payable in foreign currency are dealt with through the 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 2017
 Form 1

	Notes	2017 €	2016 €
Pay			
Salaries	1	185,629,889	175,583,582
Superannuation and gratuities	1	13,389,150	11,839,863
		<u>199,019,039</u>	<u>187,423,445</u>
Non-Pay			
Direct Patient Care	1	49,386,659	44,812,911
Support Services	1	25,371,496	23,923,190
Financial and Administrative	1	13,730,246	12,594,518
		<u>88,488,401</u>	<u>81,330,619</u>
Gross expenditure for the year		287,507,440	268,754,064
Income	1	(58,067,115)	(59,718,376)
Net expenditure for the year		229,440,325	<u>209,035,688</u>
Non-capital funding – HSE notified for the year	11	<u>(227,937,505)</u>	(204,748,866)
Deficit in year		1,502,820	4,286,822
Cumulative non-capital deficit brought forward from previous year		<u>18,953,161</u>	<u>14,666,339</u>
Deficit of funding over net expenditure carried forward to following year	1(a)	<u>20,455,981</u>	<u>18,953,161</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 2017 have been included in the Income and Expenditure Account.

The net deficit in the current and prior years arise from continuing operations. 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 21 May 2018.

On behalf of the Board

Signed:  Chairperson

Date: 21.05.2018

Signed:  Chief Executive Officer

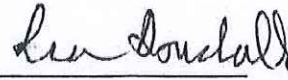
Date: 21/5/18

CAPITAL INCOME AND EXPENDITURE ACCOUNT
 Year Ended 31 December 2017
 Form 2


	Note	2017 €	2016 €
Capital Income Sources			
HSE – Capital Grant	11	(2,752,119)	(2,499,948)
Grants from other sources		<u>(152,540)</u>	<u>(267,296)</u>
Total capital income		<u>(2,904,659)</u>	<u>(2,767,244)</u>
Capital expenditure: Capitalised			
Buildings		-	676,300
Work in progress		355,285	224,990
Non-computer equipment		1,965,116	1,772,563
Computer equipment		<u>256,964</u>	<u>1,134,829</u>
Capital Expenditure - Capitalised		<u>2,577,365</u>	<u>3,808,682</u>
Capital Expenditure - Not Capitalised		<u>-</u>	<u>90,964</u>
Total capital expenditure		<u>2,577,365</u>	<u>3,899,646</u>
Opening surplus carried forward from the previous year		<u>(1,268,489)</u>	<u>(2,400,891)</u>
Closing surplus carried forward to the following year		<u>(1,595,782)</u>	<u>(1,268,489)</u>

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.....21.....May.....2018..

On behalf of the Board

Signed:  Chairperson

Date: 21.05.2018

Signed:  Chief Executive Officer

Date: 21/5/18

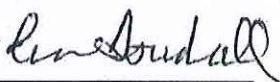
The Adelaide & Meath Hospital, Dublin
Incorporating The National Children's Hospital (Tallaght University Hospital)

BALANCE SHEET
As at 31 December 2017
Form 3

	Notes	2017 €	2016 €
Fixed assets			
Tangible assets	13	36,653,169	37,046,497
Current assets			
Debtors	14	34,801,781	31,135,904
Stocks	15	4,689,760	4,607,258
Cash in hand and bank balances		3,993,784	2,787,117
		<u>43,485,325</u>	<u>38,530,279</u>
Creditors - amounts falling due within one year:			
Creditors	16	(48,348,123)	(43,968,397)
Bank overdraft		(11,854,212)	(10,936,570)
Bank loan	17	(431,711)	(431,711)
		<u>(60,634,046)</u>	<u>(55,336,678)</u>
Net current liabilities		<u>(17,148,721)</u>	<u>(16,806,399)</u>
Total assets less current liabilities		<u>19,504,448</u>	<u>20,240,098</u>
Creditors - amounts falling due in more than one year			
Bank loans	17	(424,528)	(856,236)
Deficit financing account	17	856,239	1,287,947
Deficit financing reserve	17	(2,143,189)	(1,309,984)
		<u>(1,711,478)</u>	<u>(878,273)</u>
		<u>17,792,970</u>	<u>19,361,825</u>
Capital and reserves			
Non-capital income and expenditure account		(20,455,981)	(18,953,161)
Capital income and expenditure account		1,595,782	1,268,489
Capitalisation account	18	36,653,169	37,046,497
		<u>17,792,970</u>	<u>19,361,825</u>

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 ... 21.05.2018 ...

On behalf of the Board

Signed:  Chairperson

Date: 21.05.2018

Signed:  Chief Executive Officer

Date: 21/5/18

CASH FLOW STATEMENT
 For the year ended 31 December 2017
 Form 4

	Notes	2017 €	2016 €
Net cash inflow from operating activities	19	2,511,305	2,142,900
Returns on investment and servicing of finance			
Interest paid on loans and overdrafts		<u>(78,813)</u>	<u>(17,129)</u>
Net cash outflow from servicing of finance		<u>(78,813)</u>	<u>(17,129)</u>
Capital expenditure			
Payments from capital for fixed asset additions		<u>(2,764,168)</u>	<u>(3,911,097)</u>
Payments from non-capital for fixed asset additions		<u>(2,403,344)</u>	<u>(1,727,897)</u>
Net cash outflow from capital expenditure		<u>(5,167,512)</u>	<u>(5,638,994)</u>
Net cash outflow before financing		<u>(2,735,020)</u>	<u>(3,513,223)</u>
Financing			
HSE capital grant received		<u>3,303,213</u>	2,001,318
Receipts from other sources		<u>152,540</u>	<u>267,296</u>
Net cash inflow from financing		<u>3,455,753</u>	<u>2,268,614</u>
Net cash inflow/(outflow)		<u>720,733</u>	<u>(1,244,609)</u>
Increase /(decrease) in cash in hand and bank balances	20	<u>1,206,667</u>	<u>(1,547,622)</u>
Increase in bank loans under 1 year and overdrafts	20	<u>(917,642)</u>	<u>(483,083)</u>
Decrease in bank loans over 1 year	20	<u>431,708</u>	<u>786,096</u>
Changes in net debt		<u>720,733</u>	<u>(1,244,609)</u>

NOTES TO THE FINANCIAL STATEMENTS

Note 1 - Non-capital income and expenditure - details

	Notes	2017 €	2016 €
Pay			
Management and administration		24,774,704	23,312,820
Medical and dental (NCHD)		28,078,270	25,056,470
Medical and dental (consultants)		25,098,481	23,325,099
Nursing		59,693,218	59,074,857
Paramedical		26,025,762	24,901,857
Support services		19,513,514	17,487,846
Maintenance and technical		2,445,940	2,424,633
	8	<u>185,629,889</u>	<u>175,583,582</u>
Pension payments		10,559,305	9,880,903
Lump sums		2,829,845	1,958,960
		<u>13,389,150</u>	<u>11,839,863</u>
Total pay		199,019,039	187,423,445
Non-pay			
Direct patient care			
Drugs and medicine		18,951,394	18,986,370
Blood		2,611,270	2,955,759
Medical gases		255,839	255,071
Medical and surgical supplies		25,098,303	20,300,571
Medical equipment	12	1,109,479	626,973
Medical equipment supplies		1,360,374	1,688,167
		<u>49,386,659</u>	<u>44,812,911</u>
Support services			
X-Ray imaging equipment	12	37,985	6,765
X-Ray imaging		2,488,152	2,304,129
Laboratory equipment	12	354,712	155,864
Laboratory supplies		5,905,667	6,424,813
Catering equipment	12	44,949	32,927
Catering		1,465,719	1,299,648
Light and heat		2,048,152	2,275,577
Cleaning and laundry		5,082,252	4,813,133
Furniture and hardware		324,026	330,696
Bedding		2,225,792	1,955,241
Maintenance equipment	12	-	25,587
Maintenance		3,494,900	3,238,112
Travel and subsistence		281,556	311,085
Transport of patients		1,617,634	749,613
		<u>25,371,496</u>	<u>23,923,190</u>

NOTES TO THE FINANCIAL STATEMENTS

Note 1 - Non-capital income and expenditure - details - continued	Notes	2017 €	2016 €
Financial and administrative			
Bank interest		78,813	17,129
Bank charges		29,247	62,160
Insurance	2	353,056	367,683
Audit		62,562	62,923
Legal		422,304	244,798
Office expenses		3,491,868	3,150,913
Office contracts		318,284	274,213
Computer equipment	12	637,980	412,420
Computer supplies		1,664,603	1,723,096
Professional services		2,473,894	1,590,129
Adjustment to Doubtful Debts Provision		1,130,309	1,338,674
Miscellaneous	4	3,067,326	3,350,380
		<u>13,730,246</u>	<u>12,594,518</u>
Total non-pay		<u>88,488,401</u>	<u>81,330,619</u>
Total gross expenditure		<u>287,507,440</u>	<u>268,754,064</u>
Income			
Patient income			
In-patient	5	37,233,523	40,588,745
Out-patient	5	1,113,507	1,080,354
		<u>38,347,030</u>	<u>41,669,099</u>
Other income			
Superannuation		5,611,317	5,627,876
Pension Levy		7,537,897	7,629,606
Other payroll deductions		257,833	242,077
Road Traffic Accident (RTA) Receipts	10	548,379	498,654
Income from external agencies	6	2,842,984	2,818,791
Canteen Receipts		895,180	882,008
Other income	7	2,026,495	350,265
		<u>19,720,085</u>	<u>18,049,277</u>
Total income		<u>58,067,115</u>	<u>59,718,376</u>
Net expenditure	9	<u>229,440,325</u>	<u>209,035,688</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

Note 1(a)	Note	2017 €	2016 €
Net expenditure in year		229,440,325	209,035,688
Allocation in year	11	(227,937,505)	(204,748,866)
Deficit in year		1,502,820	4,286,822
Cumulative deficit brought forward from previous year		18,953,161	14,666,339
Cumulative deficit carried forward to following year		20,455,981	18,953,161

Note 2 – Insurance	2017 €	2016 €
Public liability	22,009	29,984
Broker Fee	42,618	61,477
Employers' liability	348	1,342
Property	189,438	176,348
Board Members' and officers' liability	63,994	60,163
Other	34,649	38,369
	<u>353,056</u>	<u>367,683</u>

Note 3 – Miscellaneous non-capital expenditure on capital projects

	2017 €	2016 €
N/a		

Note 4 – Miscellaneous expenses	2017 €	2016 €
Security	1,465,011	1,442,244
Subscriptions	304,149	317,100
Education/training	541,765	775,690
Other	756,401	815,346
	<u>3,067,326</u>	<u>3,350,380</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

Note 5 – Analysis of patient income	2017	2016
	€	€
In-Patient		
Statutory in-patient charges	1,749,021	1,288,759
Private/semi-private	35,425,582	39,096,144
Other in-patient charges	58,920	203,842
	<u>37,233,523</u>	<u>40,588,745</u>
Out-patient		
Statutory accident and emergency charge	1,113,507	1,080,354
	<u>1,113,507</u>	<u>1,080,354</u>
Total patient income	<u>38,347,030</u>	<u>41,669,099</u>

Note 6 – Income from external agencies

Psychiatric and other services	<u>2,842,984</u>	<u>2,818,791</u>
--------------------------------	------------------	------------------

Note 7 – Other income

	2017	2016
	€	€
Rents/licences	264,926	311,304
Other income	1,761,569	38,961
	<u>2,026,495</u>	<u>350,265</u>

Included in Other Income is €1,717,624 re drug cost re-imbursed under the Primary Care Reimbursement Service. In 2016 the re-imburement of €816,916 was offset against non-pay drug costs.

Note 8 – Summary pay analysis

	2017	2016
	€	€
Basic pay	143,816,953	136,809,808
Overtime	9,389,112	8,447,264
Premium pay	7,338,754	6,297,593
Shift allowance	197,501	211,673
Holiday/public holiday premiums	2,132,787	2,044,447
Higher degree	59,370	64,473
On call/standby	3,775,068	3,686,658
PRSI employer	15,249,946	14,379,553
Travel allowances	352,311	356,149
Other	3,318,087	3,285,964
	<u>185,629,889</u>	<u>175,583,582</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	2017 Number of Employees	2016 Number of Employees
60,000-69,999	265	223
70,000-79,999	109	90
80,000-89,999	51	50
90,000-99,999	26	24
100,000-109,999	19	15
110,000-119,999	13	6
120,000-129,999	5	8
130,000-139,999	5	10
140,000-149,999	16	11
150,000-159,999	21	15
160,000-169,999	14	17
170,000-179,999	20	18
180,000-189,999	11	13
190,000-199,999	10	5
200,000-209,999	8	1
210,000-219,999	7	6
220,000-229,999	1	4
230,000-239,999	-	2
250,000-259,999	1	-
270,000-279,999	1	1
280,000-289,999	1	1
290,000-299,999	1	-
300,000-309,999	1	-
320,000-329,999	-	1
Total Employees	606	521

NOTES TO THE FINANCIAL STATEMENTS - continued

Note 9 - Reconciliation of expenditure to cost of services	Notes	2017 €	2016 €
Net expenditure - current year	1	229,440,325	209,033,688
Deduct:			
Adjustment re purchase of equipment from non-capital	12	<u>(2,185,105)</u>	<u>(1,260,536)</u>
Total deductions		<u>(2,185,105)</u>	<u>(1,260,533)</u>
Sub-total		227,255,220	207,773,152
Add-back			
Depreciation charge for the year	13	<u>5,155,798</u>	<u>4,599,386</u>
Running cost of service		<u>232,411,018</u>	<u>212,374,538</u>
Note 10 – Road traffic accident memo account		2017 €	2016 €
Balance at 1 January		6,273,375	5,755,699
Bills issued in respect of the year		958,505	1,016,330
Less cash received during the year		(548,379)	(498,654)
Less write-offs in year		<u>(1,436,447)</u>	<u>-</u>
Balance at 31 December		<u>5,247,054</u>	<u>6,273,375</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

Note 11 – Statement of advances and balances due from Health Service Executive Non-Capital and Capital	Notes	2017 €	2016 €
Non-capital			
Allocation in year	1(a)	227,937,505	204,748,866
Less remittances from HSE Non-Capital		(208,235,049)	(187,246,894)
Balance due from HSE in respect of the year		19,702,456	17,501,972
Balance due from HSE re previous years as at 1 January		17,077,936	21,663,831
Less remittances from HSE in year re previous years		(17,501,972)	(22,087,867)
Balance due to HSE re previous years as at 31 December		(424,036)	(424,036)
Total balance of non-capital funding due from HSE	14	19,278,420	17,077,936
Capital			
Total capital grants notified by HSE for the year		2,752,119	2,499,948
Less remittances from HSE Capital in the year		(2,690,197)	(1,886,932)
Balance due from HSE in respect of the year		61,922	613,016
Balance due from HSE re previous years as at 1 January		613,016	114,386
Less remittances from HSE in year re previous years		(613,016)	(114,386)
Balance due to HSE re previous years as at 31 December		-	-
Total balance of capital funding due from HSE	14	61,922	613,016
Gross total due from HSE Capital and Non-Capital	14	19,340,342	17,690,952

NOTES TO THE FINANCIAL STATEMENTS - continued

Note 12 – Purchase of equipment from non-capital account (capitalised)	Note	2017 €	2016 €
Medical equipment		1,109,479	626,973
X-Ray imaging equipment		37,985	6,765
Laboratory equipment		354,712	155,864
Computer and office equipment		637,980	412,420
Catering equipment		44,949	32,927
Maintenance equipment		-	25,587
	9	<u>2,185,105</u>	<u>1,260,536</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 2016	30,844,765	789,439	58,262,028	12,343,369	11,467,448	113,707,049
Additions from capital	-	355,285	1,965,116	-	256,964	2,577,365
Additions from non-capital	-	-	1,634,208	-	550,897	2,185,105
Transfer from WIP	-	(552,393)	-	-	552,393	-
Write-offs in year	-	-	(2,105,026)	-	-	(2,105,026)
At 31 December 2017	30,844,765	592,331	59,756,326	12,343,369	12,827,702	116,364,493
Accumulated depreciation						
At 31 December 2016	(6,412,620)	-	(47,650,395)	(12,343,369)	(10,254,168)	(76,660,552)
Depreciation charge for year	(597,470)	-	(3,441,039)	-	(1,117,289)	(5,155,798)
Write-offs in year	-	-	2,105,026	-	-	2,105,026
At 31 December 2017	(7,010,090)	-	(48,986,408)	(12,343,369)	(11,371,457)	(79,711,324)
Net book value						
At 31 December 2017	23,834,675	592,331	10,769,918	-	1,456,245	36,653,169
At 31 December 2016	24,432,145	789,439	10,611,633	-	1,213,280	37,046,497

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 in 2005.

Note 13(b)

Work-in-Progress at 31 December 2017 represented costs in respect of various on-going developments in clinical care.

Note 13(c)

In 2017, the Hospital wrote-off assets with cost valuation of €2,105,026 (2016 €1,069,062) for assets that are no longer in use. These assets had been fully depreciated at 31 December 2016 and 2017.

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 €17,778,101 for assets in use at 31 December 2017 (2016 €16,832,668) 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	2017 €	2016 €
HSE – revenue grants due	11	19,278,420	17,077,936
HSE - capital grants due	11	61,922	613,016
HSE – debtors		<u>19,340,342</u>	<u>17,690,952</u>
Patient debtors		21,480,542	20,488,840
Less provision for bad and doubtful debts		<u>(9,701,710)</u>	<u>(8,422,983)</u>
Net patient debtors		11,778,832	12,065,857
Other debtors		3,682,607	1,379,095
Non HSE debtors		<u>15,461,439</u>	<u>13,444,952</u>
		<u>34,801,781</u>	<u>31,135,904</u>

Note 15 – Stocks	2017 €	2016 €
Pharmacy	1,628,917	1,673,769
Medical and surgical supplies	2,185,232	2,100,479
Other	875,611	833,010
	<u>4,689,760</u>	<u>4,607,258</u>

Note 16 – Creditors	2017 €	2016 €
Creditors – capital	142,934	267,671
Creditors – non-capital	38,906,515	34,773,850
Designated funds	4,222,431	3,580,022
Wages and salaries	-	547,038
PAYE/PRSI	5,076,243	4,799,816
	<u>48,348,123</u>	<u>43,968,397</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

Note 17 - Bank loans	2017	2016
	€	€
Bank loans - greater than one year		
Deficit bank loan account	(424,528)	(856,236)
Deficit financing account	<u>856,239</u>	<u>1,287,947</u>
	<u>431,711</u>	<u>431,711</u>
Bank loans – within one year		
Deficit bank loan account	<u>(431,711)</u>	<u>(431,711)</u>
	<u>-</u>	<u>-</u>
Deficit financing reserve		
Balance at 1 January	(1,309,984)	(892,351)
Net income earned from car park	(1,292,973)	(1,242,764)
Loan repayment	431,708	786,096
Payment of interest	<u>28,060</u>	<u>39,035</u>
Balance at 31 December	<u>(2,143,189)</u>	<u>(1,309,984)</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. It is the intention of the Hospital to repay the loan in advance of its termination date of 2019 from income generated through the operation of the car park at the Hospital.

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 and does not form part of the deficit for the year shown in the Income and Expenditure Account on page 15. The servicing of the deficit bank loan account is not funded by the funding from the HSE.

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

Note 18 - Capitalisation account	2017	2016
	€	€
Balance at beginning of the year	37,046,497	36,576,665
Additions		
Capital expenditure	2,577,365	3,808,682
Non-capital expenditure	<u>2,185,105</u>	<u>1,260,536</u>
	<u>4,762,470</u>	<u>5,069,218</u>
Less:		
Depreciation for the year	<u>5,155,798</u>	<u>4,599,386</u>
Balance at year end	<u>36,653,169</u>	<u>37,046,497</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

Note 19 - Note to the cash flow statement

	2017 €	2016 €
Deficit non capital	(20,455,981)	(18,953,161)
Less deficit brought forward	18,953,161	14,666,339
Deficit for the current year	<u>(1,502,820)</u>	<u>(4,286,822)</u>
Adjustment re purchase of equipment from non-capital	2,185,105	1,260,536
Add-back all interest charges against non-capital	78,813	17,129
Increase in stocks	(82,502)	(195,081)
(Increase)/decrease in HSE debtors non-capital	(2,200,484)	4,585,895
Increase in non-HSE debtors	(2,016,487)	(142,537)
Increase/(decrease) in non-capital creditors	4,784,765	(299,949)
Deficit financing account	431,708	786,096
Deficit financing reserve	<u>833,205</u>	<u>417,633</u>
Net cash inflow from operating activities	<u>2,511,305</u>	<u>2,142,900</u>

Note 20 - Analysis of changes in net debt

	At 31 December 2017 €	Cash flows €	At 31 December 2016 €
Cash in hand and bank balances	3,993,784	(1,206,667)	2,787,117
Bank overdraft	<u>(11,854,212)</u>	<u>917,642</u>	<u>(10,936,570)</u>
	<u>(7,860,428)</u>	<u>(289,025)</u>	<u>(8,149,453)</u>
Bank loans			
Debt due within one year	(431,711)	-	(431,711)
Debt due after one year	<u>(424,528)</u>	<u>(431,708)</u>	<u>(856,236)</u>
	<u>(856,239)</u>	<u>(431,708)</u>	<u>(1,287,947)</u>
	<u>(8,716,667)</u>	<u>(720,733)</u>	<u>(9,437,400)</u>

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

	2017 €	2016 €
Increase/(decrease) in cash in the year	289,025	(2,030,705)
Net cash inflow from decrease in net debt	<u>431,708</u>	<u>786,096</u>
Changes in net debt resulting from cash flow	<u>720,733</u>	<u>(1,244,609)</u>
Net debt at beginning of the year	<u>(9,437,400)</u>	<u>(8,192,791)</u>
Net debt at end of the year	<u>(8,716,667)</u>	<u>(9,437,400)</u>

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:

	2017 €	2016 €
National Children's Hospital		
Balance due from National Children's Hospital at start of year	225,971	168,448
Salary recoupments receivable	105,841	46,996
Grants receivable re non-pay	56,551	140,577
Receipts	<u>(310,861)</u>	<u>(130,050)</u>
Balance due from National Children's Hospital at end of year	<u>77,502</u>	<u>225,971</u>
Meath Foundation		
Balance due from Meath Foundation at start of year	33,866	9,880
Salary recoupments receivable	168,973	56,125
Grants receivable re non-pay	165,833	49,050
Receipts	<u>(325,501)</u>	<u>(81,189)</u>
Balance due from Meath Foundation at end of year	<u>43,171</u>	<u>33,866</u>

There were grants amounting to €100,348 (2016: €60,360) received from the Adelaide Hospital Society.

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

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. The company paid the Hospital the sum of €nil in respect of salary recoupments in 2017 (2016: €nil) and neither party owed any transaction at year end (2016: €nil due to the Hospital).

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. At the date of signing the financial statements the company is in process of liquidation.

NOTES TO THE FINANCIAL STATEMENTS - continued

Note 24 – Capital commitments

At 31 December 2017 the hospital had capital commitments of €3.4 million (2016: €3.5 million) of which €1.4 million (2016: €3.0 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 Hospital incurred a net deficit of €1,502,820 during the year ended 31 December 2017 and, as of that date, the Hospital's net current liabilities are €17,148,721 and the Hospital's accumulated non-capital income and expenditure account accumulated deficit is €20,455,981. The funding of the net current liabilities, in the absence of a commitment from the HSE, represents a material uncertainty for the Hospital's ability to continue as a going concern. However, having considered the history of how HSE funds have been allocated to the Hospital and the absence of any indication that such funding will be withdrawn, the Board can reasonably take the view that the Hospital will continue as a going concern for the next 12 months.

The Hospital's current revenue allocation for 2018 is €226.6 million which represents a 1.2% / €2.8m decrease against the outgoing run-rate for 2017. 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 Hospital continues to proactively engage with the HSE in respect of the revenue allocation for 2018 and dealing with the accumulated deficit. The bank-overdraft facility is authorised by the HSE. The HSE has not given any indication that it will withdraw its financial support from the Hospital in the foreseeable future.

On this basis these financial statements have been prepared on the going concern basis. 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. The financial statements do not include the adjustments that would result if the Hospital was unable to continue as a going concern.

Note 26 – Board Members' fees and Chief Executive Officer's salary	2017	2016
	€	€
Board Members' fees		
Reimbursement of expenses paid to Board Members	-	-
Fees paid to Board Members (Note 26(a))	-	-
	<u> </u>	<u> </u>
Chief Executive Officer's salary		
Basic- as per DOH salary scales (Note 26(b))	<u>138,701</u>	<u>136,282</u>
Chief Executive Officer's Travel and subsistence	<u>1,981</u>	<u>1,329</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.

NOTES TO THE FINANCIAL STATEMENTS - continued

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:

	2017
	€
Less than one year	93,247
Between two and five years	<u>186,727</u>

Note 28 – Contingent Liability

Consultants' back-pay on Contracts

The Health Service Executive ("HSE") are addressing this issue on a national basis. No provision has been made in the financial statements for 2017 in respect of any liabilities which may arise as a result of these negotiations.

