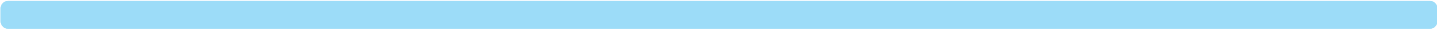


St. Michael's House

Services for People with Disabilities



FINANCIAL STATEMENTS 2018



St. Michael's House
(a company limited by guarantee and
not having a share capital)

Reports and Financial Statements
for the financial year ended
31 December 2018



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ST. MICHAEL'S HOUSE CLG

GENERAL INFORMATION

CURRENT DIRECTORS

Martin Lyes (Chairperson)
James Cuddy
Michael O'Farrell
Raymond Brett
David Hughes
Eilis Hennessy
Pat Cullen
Ailis Quinlan
Niamh Moran
Liam O'Donohoe
Anthony Staines
Tom Casey
Noel Beecher

**SECRETARY AND
REGISTERED OFFICE**

Declan Ryan
St Michael's House
Administration Building
Ballymun Road
Dublin 9

AUDITORS

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

SOLICITORS

Gore & Grimes
Cavendish House
Arran Court
Smithfield
Dublin 7

BANKERS

Allied Irish Banks p.l.c.
60 Clonskeagh Road
Dublin 14

COMPANY REGISTRATION NUMBER

27628

CHARITY REGISTRATION NUMBER

CHY 5692

DIRECTORS' REPORT

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report, for the financial year ended 31 December 2018.

PRINCIPAL ACTIVITY

The main sources of funding for services and supports provided by St. Michael's House are the Health Service Executive (HSE) and the Department of Education and Skills.

The principal activity of the company continued to be the provision of a comprehensive service to persons with intellectual disabilities and their families, including the operation of special schools, adult day services, vocational training, social and recreational supports, community residential houses, early services and clinical services.

RESULTS FOR THE YEAR

	2018 €	2017 €
Surplus on ordinary activities	821,813	472,141

Following the generation of a surplus in 2017, the Directors are again pleased to report another surplus of €821,813 for 2018. This followed a number of years where significant deficits had been incurred leading to a detailed financial and operational review by the HSE during 2017. This review led to the resolution of a number of areas of difficulty and funding for areas where work had been undertaken by St Michael's House for the HSE but for which funding had not been provided in the past. The positive outcome for 2018 reflects the continued close working relationship between the organisation and the HSE.

The review referred to above also brought a new clarity and agreement on the need and justification for long term sustainable funding from the HSE so that accumulated deficits incurred could be financed appropriately. While some discussions have taken place with the HSE, it has not been possible to progress these in a meaningful way in 2018. While the HSE continues to fund these accumulated deficits from a cash flow perspective, this does not address the significant net current liabilities in the Balance Sheet.

Recent years have placed a very significant strain on St. Michael's House as deficits have drained its ability to invest in new services and infrastructure. The lack of investment in Information Technology in particular is now a critical issue as the aging Information Technology infrastructure is reaching end of life. A strategic plan for Information Technology has been developed but funding will be required to deliver the plan over the next 3 years.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

Following extensive consultation, research and environmental analysis the 5 year Strategic Plan for St Michael's House was completed by the Chief Executive and Staff Team under the direction of the Board. The St Michael's House Strategic Plan 2017 – 2021 Building Community; Supporting Independence sets out the refreshed vision of St Michael's House as 'A world where the potential of each individual with an intellectual disability is achieved'.

St. Michael's House mission is to 'Support individuals with intellectual disabilities to achieve their potential and live as independently as possible in ordinary places in the community connected to natural support networks'. The Strategic Plan 2017 – 2021 is founded on six high level goals which are designed to carry our mission forward in a structured and measurable manner. While the scope is broad the underlying objectives feed through to every aspect of the lives of the people who St. Michael's House support. Each goal is underpinned by a set of high level key performance indicators and measures of success which ensure that there is clarity about the progress with each one.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS (CONTINUED)

The six high level goals are:

1. Ensure that People will be supported to have services and supports that meet their needs;
2. Ensure service change, customisation and reconfiguration to make best use of allocated resources;
3. Ensure St Michael's House achieves measurable standards of excellence;
4. Ensure that individuals, families, employees and volunteers are skilled, competent and resilient;
5. Develop Strategic alliances to bridge resource and competency gaps;
6. Ensure St Michael's House achieves measurable standards of excellence.

St. Michael's House has identified the following list of key strategic challenges and opportunities which face the organisation during the period of the plan:

1. To manage, maintain and renew existing services;
2. To manage day, residential and respite service waiting lists and residential emergencies in collaboration with the HSE;
3. To manage, maintain and reconfigure existing services in accordance with the National Policy Framework and operate within allocated resources;
4. To respond to unmet need and individual emergencies in the absence of a National Disability Strategy with an accompanying multi-annual investment fund;
5. To deliver on the national policy Progressing Reconfiguration of Disability Services for Children and Young People as Lead Agency for a number of Network Teams whilst maintaining adequate clinical supports for those over 18 years;
6. To progress our decongregation programme to community life for men and women presently resident at St Mary's Baldoyle and the Glens Complex, Ballymun;
7. To be compliant with the provisions of the Health Act Regulations (2013) whilst presenting a balanced budget;
8. To reconfigure existing day services and develop new day services and supports in accordance with the Interim Standards for New Directions (HSE 2015);
9. To meet the needs of young people leaving school and training centres as they grow into adulthood and achieve their potential for independence, further education, health and occupation;
10. To redesign our services for men and women over 18 years enabling them to access leisure, education, occupation and supported living;
11. To meet the changing needs of adult service users over 50 years of age who require increased medical and behavioural supports and retirement programmes;
12. To implement a funded workforce plan including the development of a targeted volunteering programme bringing added value to individuals supported;
13. To maintain our housing and premises infrastructure ensuring it is fit for purpose and develop strategic partnerships with other housing providers and agencies. St. Michael's House Housing Association, a fellow group company, is tasked with this area;
14. To develop a robust information communications and technology infrastructure to support the delivery of real time business information including an electronic person record system making best use of time and resources;
15. To create and maintain a structured meaningful stakeholder consultation and engagement forum ensuring we are connected with the men, women and families we support;
16. To create and deliver a financially sustainable operating business model over the period 2017 – 2021.

The Strategic Plan, with its goals and tangible objectives, addresses these challenges and opportunities. The plan was drawn up following a very wide consultation process and it is designed to realise the maximum gain from the resources available. In meeting these challenges the organisation's financial resources and the built environment are critical but the skills, experience and creativity of our staff is the most valuable asset which the organisation has.

The Strategic Plan provided the framework and guidance for all the activities of the organisation in 2018. The Board approved the St. Michael's House Service Plan 2018 in February 2018 and received progress reports in June and December.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS (CONTINUED)

The Strategic Plan Year End Review 2018 showed a high level of completion of objectives demonstrating that the plan is built on solid foundations and is being implemented effectively by the Management Team. These achievements in particular stood out as building blocks for future developments:

1. **Director of Quality Improvement and Safety Development**
The appointment of the Director of Quality Improvement and Safety Development opens the way to establishing a department which will move this critical area forward in a coherent manner to support the implementation of a range of actions identified in the Strategic Plan.
2. **Person Centred Planning (PCP)**
2018 has been an exciting year for Person Centred Planning within the organisation. An evaluation study was completed in 2018 by a University College Dublin (UCD) research student into the person centred planning process. The findings and recommendations have informed the further refinement and development of the process and were presented at the St Michael's House and UCD Centre for Disability Studies Research Forum in January 2019 and at conferences and events nationally and internationally.

In 2018 St. Michael's House recruited 15 staff volunteers to the Person Centred Planning mentors panel to support the roll out of the Person Centred Planning process in the organisation, to enhance the growth of person centred planning in the organisation.

In November an exciting and inspiring PCP showcase was held in the leisure centre which over 80 people attended. The showcase provided people who use services an opportunity to share their Person Centred Plans.

3. **QQI**
2018 has been the most successful year to date for QQI, and the number of learners achieving QQI accreditation is increasing dramatically. In 2018, St. Michael's House submitted over 150 learner portfolios for certification at Level 2 on the National Framework of Qualifications, representing a huge jump from 55 portfolios 4 years ago. Over 50 new trainers were trained this year and it is anticipated that the demand for the courses will continue to grow. Many of learners are working towards a Major Award in General Learning at Level 2, and many are very close to achieving the 6 modules to achieve this major award.

The delivery of QQI awards provides an opportunity for an external evaluation of the modules undertaken and the work produced by learners. The quality of training in St. Michael's House day services is now evaluated and measured against national standards.

There are a large number of courses currently running in a variety of locations, and many are taking place in community venues. The delivery of QQI into our local centres, where individuals with significant support needs were provided with the opportunity to engage in further education, has been greatly expanded. These learners will be attending their first QQI graduation in March 2019.

Going Concern

The Company generated a surplus for the year of €821,813 (2017: €472,141) and at the balance sheet date had net current liabilities of €7,423,573 (2017: €6,967,951).

The Company is almost entirely dependent on the HSE and Department of Education and Skills to continue to fund its operations. As referred to above, there is no firm commitment at this stage from the HSE regarding permanent additional funding to meet historic deficits and address the net current liability situation. The Directors are hopeful discussions can be reopened with the HSE in 2019. In the meantime, the HSE continue to provide forward funding to ensure St. Michael's House can meet its ongoing obligations.

Going Concern (Continued)

In 2019, increased costs relating to changing needs of services users has resulted in a potential significant funding shortfall. A breakeven plan prepared by management setting out non service and service-impacting measures and associated risks is under discussion with the HSE, the outcome of which is unclear at this stage. An application for forward funding for 2019 has been approved by the HSE. While this provides comfort that St Michael's House can meet its ongoing obligations, it does not address the net current liability situation and there is uncertainty regarding the timing, amount and nature of additional financial support from the HSE.

On the basis of Management's forecast of the Company's cash requirements and on the basis that funding will be made available to meet these cash requirements, the Directors believe they have adequate resources to continue as a going concern for the foreseeable future. The Directors are therefore of the opinion that it is appropriate to prepare the financial statements on a going concern basis. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

CORPORATE GOVERNANCE

Board of Directors

The Board ensures that the vision, mission and core values of St. Michael's House as expressed in its constitutional documents are upheld and realised in practice through the adoption and implementation of strategic plans and through regular oversight of their implementation. The Board is responsible for exercising all the powers of the organisation, other than those reserved to its members, and has collective responsibility for all of its operations. As an organisation with professional staff, where Directors have no role in the day-to-day running of the company, the Board of St. Michael's House operates by devolving responsibility for the conduct of its business to a CEO and in turn through her to other staff.

The members of the Board serve on a voluntary basis and understand and identify with the mission and values of St. Michael's House. The Board appointed three Directors in 2018 following an open call in the national media. These Directors were selected in line with the criteria set out in the Competency Framework of the Corporate Governance Manual. The Framework aims to create a diverse Board which includes men and women of independent mind who are familiar with and/or are sensitive to the works of St. Michael's House, understand its operating environment, and are familiar with the lived experience of service users.

All Directors receive Induction Training on Corporate Governance. A Code of Conduct outlines the responsibility of each Director and includes procedures for dealing with any potential conflict of interest which may arise between their responsibilities as Directors and their outside interests. The Chairperson sets the agenda for each Board meeting. Executive management attend Board meetings and make regular presentations on the strategies and operations of the organisation. In 2018, the Board had eight scheduled meetings (one meeting was cancelled due to bad weather). The organisation's Corporate Governance Manual identifies those matters which are specifically reserved for decision by the Board.

The Board and Management are committed to maintaining a high standard of corporate governance in accordance with the organisation's Corporate Governance Manual, the HSE Annual Compliance Statement for Section 38 Bodies and have used the Code of Practice for the Governance of State Bodies 2016 as a guide in drawing up the Corporate Governance Manual.

Risk Management: The Board is committed to ensuring that managing risks is an integral part of the organisation's activities. The principal risks faced by St. Michael's House are having sufficient funding to provide on-going services and ensuring sufficient resources and personnel are available to meet service requirements. The Board established an Audit & Risk Committee, which receives regular Risk Management Reports and has developed a policy to ensure that it is advised of significant events which require its attention. In addition the Board receives regular reports on the systems, policies and procedures in place to ensure that services are delivered to a high standard and risks are anticipated and managed.

Internal Controls: The Board has established structures, policies and procedures to review and report on internal controls including financial, operational and compliance controls. The operation of these controls has been delegated to the Executive Management Team. The Board approved the revised Executive Governance Structure which set out the key committees and team members who are charged with responsibility for undertaking, completing and monitoring the work necessary to ensure good governance of all services and supports provided by St Michael's House. The Board of Directors has appointed an external provider of internal audit services in support of the internal control processes.

Quality Assurance: Services provided by St. Michael's House are developed, planned and delivered based on the needs and goals of people with intellectual disabilities and their families. Service users' life choices and wishes are at the core of service delivery and development. Providing services in this way ensures that St. Michael's House is focused on delivering services to best international standards. The Health Information and Quality Authority (HIQA) is responsible for the registration and inspection of all residential services for children and adults with disabilities, including respite services, run by the HSE and private and voluntary services.

As of the 31st of December 2018 the organisation had registered the 78 residential services it operates in 75 designated centres.

Health and Safety: St. Michael's House is committed to ensuring the health and safety of service users, their families, staff and members of the public. The organisation takes account of legislative obligations under the Safety, Health and Welfare at Work Act 2005; General Applications Regulations 2007 and all associated legislation; the organisation's Safety Statement describes the management system and details of its structure and how it is resourced. In addition it provides a framework for the development of site-specific safety arrangements in all centres. The organisation's Safety Statement details the responsibilities that staff at all levels have in relation to safety matters. In addition, Safety Representatives form an active part of the organisation's consultation arrangements, bringing employee representations on staff health and safety matters through the forum of the Safety Committee. The organisation's Annual Health and Safety Audit Programme monitors compliance with safety standards across the organisation. Two Board members have specific responsibility for health and safety and report to the Quality & Safety Committee on the organisation's compliance and performance in relation to health and safety.

Board of Directors & Sub-Committees:

Board of Directors: St. Michael's House is governed by a voluntary Board of Directors five of whom are parents of a person with an intellectual disability. Board members work on a voluntary basis and do not receive any remuneration.

Board Members (2018): Martin Lyes (Chairperson), Dermot O'Beirne, James Cuddy, David Hughes, Raymond Brett, Eilis Hennessy, Michael O'Farrell, Pat Cullen, Ailis Quinlan, Niamh Moran, Liam O'Donohoe, Tom Casey and Anthony Staines

The Board would like to express its sincere appreciation of the commitment and dedication of management and staff to maintaining the quality of existing services and for developing new services for people with an intellectual disability and their families. The Directors are satisfied with the operational performance of the organisation in what is a very challenging economic climate with increasing demands and constrained funding.

The terms of reference of the four Board Sub-committees are set out in the Corporate Governance Manual. Each Committee adopted a schedule of meetings and workplan for 2018 and made regular reports to the Board on their work. The Committees kept their terms of reference under review and brought any recommendations for changes to the terms of reference forward to the Board for approval.

Finance Committee: The Finance Committee monitors and reviews all aspects of the financial performance of St. Michael's House. The Committee reviews and recommends for approval the annual overall operating budget for the company and keeps under review the management accounts including the cash flow position of the Company. The Committee receives reports on the implementation of the organisation's Procurement Policy and reviews the policy on an annual basis.

Committee Members: Michael O'Farrell (Chairperson), Martin Lyes, David Hughes, Pat Cullen, and Laura Beausang.

Audit & Risk Committee: The Audit & Risk Committee keeps under review the scope and effectiveness of the Company's internal financial controls and risk management systems and the process for monitoring compliance with legislation and regulations associated with financial reporting. The Committee considers and recommends the appointment, re-appointment and removal of the External Auditor and the audit fee. The Committee ensures that risks are properly identified, assessed, reported and controlled.

Committee Members: Dermot O'Beirne (Chairperson), Martin Lyes, Ailis Quinlan, Rosemary Ryan, Noel Beecher.

Quality & Safety Committee: The Quality & Safety Committee provides assurance to the Board that there are appropriate and effective systems, structures and processes in place that cover all aspects of clinical, social care and occupational safety, and sets and monitors the delivery of key performance indicators for the quality and safety function at executive and local levels. The Committee ensures that St. Michael's House is operating within the provisions and standards set out in the legislation or regulation which is material to the work of the company.

Committee Members: Eilis Hennessy (Chairperson), Martin Lyes, Raymond Brett, Niamh Moran, and Ailis Quinlan.

Governance Committee: the Governance Committee maintains the constitution of the company under regular review and provides recommendations to the Board as appropriate. It keeps under review the Competency Framework and ensures that the identification and nomination of candidates for approval by the Board for appointment as Directors is carried out in line with the Framework. The Committee acts as a support to the Chairperson in making decisions in emergency circumstances and takes responsibility for the process of recruiting and agreeing contract terms with the Chief Executive Officer for approval by the Board. It acts as the Remuneration Committee ensuring compliance with requirements of regulation.

Committee Members: Martin Lyes (Chairperson), Dermot O'Beirne, James Cuddy, Michael O'Farrell, Tom Casey, Niamh Moran and Liam O'Donohoe.

ST. MICHAEL'S HOUSE CLG

DIRECTORS' REPORT (CONTINUED)

Board Attendance:

Attendance of Directors at SMH Board Meetings and Committees 2018

Name	SMH Board		Finance		Quality & Safety		Audit & Risk		Governance	
	A	B	A	B	A	B	A	B	A	B
Martin Lyes	8	8	9	7	6	6	5	5	7	7
Dermot O'Beirne	8	8	-	-	-	-	5	5	7	7
Michael O'Farrell	8	7	9	9	-	-	-	-	7	5
Jim Cuddy	8	7	-	-	-	-	-	-	7	5
David Hughes	8	6	9	3	-	-	-	-	-	-
Prof. Eilis Hennessy	8	8	-	-	6	6	-	-	-	-
Raymond Brett	8	5	-	-	6	2	-	-	-	-
Dr Ailis Quinlan	8	5	-	-	6	3	5	4	-	-
Pat Cullen	8	7	9	9	-	-	-	-	-	-
Niamh Moran	8	7	-	-	6	4	-	-	1	1
Liam O'Donohoe	3	2	-	-	1	1	-	-	6	5
Tom Casey	3	2	-	-	-	-	-	-	7	7
Prof. Anthony Staines	3	2	-	-	1	1	-	-	-	-

Table of attendance at Board of Director and Board Sub Committee meetings of St. Michaels House held in 2018.

A Represents the number of meetings held during the period the Director was a member of the Board/Committee

B Represents the number of meetings attended during the period.

No fees or expenses are paid to Directors.

DIRECTORS AND SECRETARY OF THE COMPANY

The directors, and secretary, who served at any time during the financial year as directors of the Company except as noted, were as follows:

Martin Lyes (Chairperson)

James Cuddy

Dermot O'Beirne (retired 12 March 2019)

Michael O'Farrell

Eilis Hennessy

Raymond Brett

David Hughes

Pat Cullen

Ailis Quinlan

Niamh Moran

Liam O'Donohoe (appointed 4 September 2018)

Anthony Staines (appointed 4 September 2018)

Tom Casey (appointed 4 September 2018)

Noel Beecher (appointed 9th April 2019)

Secretary:

Declan Ryan

The current directors and secretary are listed on page 2.

DIRECTORS COMPLIANCE STATEMENT

The directors acknowledge that they are responsible for securing the Company's compliance with the Company's "relevant obligations" within the meaning of section 225 of the Companies Act 2014 (described below as the "Relevant Obligations").

The directors confirm that they have:

- drawn up a compliance policy statement setting out the Company's policies (that are, in the opinion of the directors, appropriate to the Company) in respect of the Company's compliance with its Relevant Obligations;
- put in place appropriate arrangements or structures that, in the opinion of the directors, provide a reasonable assurance of compliance in all material respects with the Company's Relevant Obligations; and
- during the financial year to which this report relates, conducted a review of the arrangements or structures that the directors have put in place to ensure material compliance with the Company's Relevant Obligations.

POLITICAL CONTRIBUTIONS

St. Michael's House Group does not make contributions to political parties. The Directors have satisfied themselves that there were no political contributions during the year, which require disclosure under the Electoral Act, 1997

COMPLIANCE WITH PUBLIC PAY

As a publicly funded body, St. Michael's House is required to comply with Public Pay Policy. The Directors have satisfied themselves that St. Michael's House is in compliance with this policy.

EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events after the balance sheet date.

ACCOUNTING RECORDS

The measures that the directors have taken to secure compliance with the requirements of sections 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records, are the engagement of appropriately qualified accounting personnel and the maintenance of computerised accounting systems. The company's accounting records are maintained at the company's registered office at St. Michael's House, Administration Building, Ballymun, Dublin 9.

APPROVAL OF REDUCED DISCLOSURES

The company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph

1.12. The company's ultimate parent company has been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

DISCLOSURE OF INFORMATION TO AUDITORS

In the case of each of the persons who are directors at the time the directors' report and financial statements are approved:

- a) So far as the director is aware, there is no relevant audit information of which the company's statutory auditors are unaware; and
- b) each director has taken all steps that ought to have been taken by the director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 330 of the Companies Act 2014.

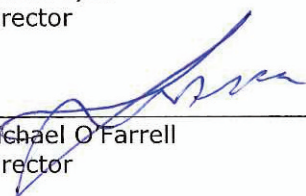
AUDITORS

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

Approved by the Board on 21 May 2019 and signed on its behalf by:



Martin Lyes
Director



Michael O'Farrell
Director

DIRECTORS' RESPONSIBILITIES STATEMENT

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

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

In preparing those financial statements, the directors are required to:

- select suitable accounting policies for the company financial statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with the applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for ensuring that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, enable at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy, enable them to ensure that the financial statements and directors' report comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

STATEMENT ON INTERNAL FINANCIAL CONTROL

The Board of St. Michael's House acknowledge its responsibility for the system of internal financial control in the agency and for putting in place processes and procedures for the purpose of ensuring that the system is effective.

The system can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely period.

The Board has taken steps to ensure an appropriate control environment is in place by:

- Establishing formal procedures through various committee functions to monitor the activities and safeguard the assets of the organisation;
- Clearly defining and documenting management responsibilities and powers;
- Developing a strong culture of accountability across all levels of the organisation.

The Board has also established processes to identify and evaluate business risks. This is achieved in a number of ways including:

- Identifying the nature, extent and financial implications of risks facing St. Michael's House;
- Assessing the likelihood of identified risks occurring;
- Assessing St. Michael's House's ability to manage and mitigate the risks that do occur
- Working closely with the HSE and various agencies and institutions to ensure that there is a clear understanding of St. Michael's House's goals and support for the agency's strategies to achieve those goals;
- Carrying out regular reviews of strategic plans both short and long term and evaluating the risks to bringing those plans to fruition;
- Setting annual and longer term targets for each area of our business followed by the regular reporting on the results achieved.

The system of internal financial control is based on a framework of regular management information, administrative procedures including segregation of duties, and a system of delegation and accountability. In particular it includes:

- A comprehensive budgeting system with an annual budget which is reviewed and agreed by the Board of Directors;
- Regular reviews by the Board of Directors of periodic and annual financial reports which indicate financial performance against forecasts;
- Setting targets to measure financial and other performances;
- Clearly defined capital investment control guidelines;
- Formal project management disciplines.

St. Michael's House uses an independent audit firm to provide its internal audit function. The Board considers areas of emphasis. The reports of the internal auditor are presented to the Audit and Risk Committee and to Board and delivery of the recommendations is monitored. The internal audit function operates in accordance with the Framework Code of Best Practice set out in the Code of Practice on the Governance of State Bodies. The current work plan takes account of areas of potential risk identified in a risk assessment exercise carried out with management at the start of the current planning cycle. The Internal Auditor provides the Committee with reports on assignments carried out. These reports highlight deficiencies or weaknesses, if any, in the system of internal financial control and the recommended corrective measures to be taken where necessary. The Audit and Risk Committee receives updates on the status of issues raised by the Internal Audit.

ST. MICHAEL'S HOUSE CLG

STATEMENT ON INTERNAL FINANCIAL CONTROL (CONTINUED)

The Board's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the Internal Auditor, the Audit and Risk Committee which oversees the work of the Internal Auditor and the executive managers within St. Michael's House who have responsibility for the development and maintenance of the financial control framework.

The Board confirms that in the year to 31 December 2018, the Internal Audit function undertook a number of internal audits around certain aspects of the internal financial control environment.

The Board is not aware of any instances where any material breaches in control occurred.

The Board is not aware of any material losses or frauds.

The Board confirms that St Michael's House is in compliance with current procurement rules and guidelines as set out by the Office of Government Procurement

Approved by the Board and signed on its behalf by:



Martin Lyes



Michael O'Farrell

Date: 21 May 2019

Independent auditor's report to the members of St. Michael's House CLG

Report on the audit of the financial statements

Opinion on the financial statements of St. Michael's House (the 'company')

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at financial year ended 31 December 2018 and of the surplus for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014.

The financial statements we have audited comprise:

- the Income Statement;
- the Balance Sheet;
- the Statement of Changes in Equity;
- the Statement of Cash Flows and
- the related notes 1 to 22, including a summary of significant accounting policies as set out in note 1.

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

Basis for opinion

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

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

Material Uncertainty Related to Going concern

We draw attention to note 1 to the financial statements concerning the company's ability to continue as a going concern. As at the balance sheet date the company had net current liabilities of €7,423,573. The company is dependent on the HSE and Department of Education and Skills to continue to fund its operations. As at the date of approval of the financial statements, the company has not received any commitments to fund a reduction in its net current liabilities at the balance sheet date. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. While the HSE has provided additional funding in 2019, there is no firm commitment received by the Directors at this stage from the HSE regarding additional funding to meet historic deficits. On the basis of additional funding being received, the directors have prepared the financial statements on a going concern basis. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern. Our opinion is not modified in respect of this matter.

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Independent auditor's report to the members of St. Michael's House CLG

Other information

The directors are responsible for the other information. The other information comprises the information included in the Reports and Financial Statements for the financial year ended 31 December 2018, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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Independent auditor's report to the members of St. Michael's House CLG

Auditor's responsibilities for the audit of the financial statements (continued)

- 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 company'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.

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2014

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


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

Matters on which we are required to report by exception

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

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

Under the Code of Practice for the Governance of State Bodies (August 2016) (the "Code of Practice"), we are required to report to you if the statement regarding the system of internal control required under the Code of Practice as included in the Corporate Governance Statement in the Statement on System on Internal Control does not reflect the company's compliance with paragraph 1.9(iv) of the Code of Practice or if it is not consistent with the information of which we are aware from our audit work on the financial statements. We have nothing to report in this respect.



Richard Howard

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

28 May 2019

ST. MICHAEL'S HOUSE CLG

**INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

	<i>Notes</i>	2018 €	2017 €
INCOME	3	101,629,166	96,565,609
EXPENDITURE		(100,807,353)	(96,093,468)
SURPLUS ON ORDINARY ACTIVITIES	6	<u>821,813</u>	<u>472,141</u>

ST. MICHAEL'S HOUSE CLG

BALANCE SHEET FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Notes	2018 €	2017 €
FIXED ASSETS			
Tangible Assets	10	49,714,464	50,581,774
		49,714,464	50,581,774
CURRENT ASSETS			
Receivables and prepayments	11	6,682,529	9,433,216
		6,682,529	9,433,216
CREDITORS: Amounts falling due within one year			
Creditors and accruals	12	(10,291,247)	(11,282,625)
Amounts owed to fellow group companies		-	(1,323,094)
Bank Overdraft	14	(3,486,950)	(3,467,229)
Term Loan	15	(327,905)	(328,219)
		(14,106,102)	(16,401,167)
NET CURRENT LIABILITIES		(7,423,573)	(6,967,951)
TOTAL ASSETS LESS CURRENT LIABILITIES		42,290,891	43,613,823
CREDITORS: (Amounts falling due after more than one year)			
Term Loan	15	(2,850,336)	(3,212,680)
NET ASSETS		39,440,555	40,401,143
CAPITAL AND RESERVES			
Capital reserves	16	46,503,687	47,898,176
Revenue deficit		(7,063,132)	(7,497,033)
		39,440,555	40,401,143

The financial statements were approved by the Board of Directors on 21 May 2019 and signed on its behalf by:



Martin Lyes
Director



Michael O'Farrell
Director

ST. MICHAEL'S HOUSE CLG

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	<i>Note</i>	Capital Reserve €	Revenue Deficit €	Total €
Balance at 1 January 2017		49,728,398	(7,590,727)	42,137,671
Surplus for the financial year		-	472,141	472,141
Grants amortised in the year		(2,268,378)	-	(2,268,378)
Grants received in the year		59,709	-	59,709
Transfers between reserves		378,447	(378,447)	-
At 31 December 2017		47,898,176	(7,497,033)	40,401,143
Surplus for the financial year		-	821,813	821,813
Grants amortised in the year	16	(2,293,351)	-	(2,293,351)
Grants received in the year	16	510,950	-	510,950
Transfers between reserves	20	387,912	(387,912)	-
At 31 December 2018		46,503,687	(7,063,132)	39,440,555

ST. MICHAEL'S HOUSE CLG

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

	<i>Notes</i>	2018 €	2017 €
NET CASH INFLOW FROM OPERATING ACTIVITIES	13	2,013,650	354,016
CASHFLOWS FROM INVESTING ACTIVITIES			
Payments to acquire tangible fixed assets	10	(1,601,732)	(832,955)
Net interest payable		(68,981)	(86,037)
Net cash flows from investing activities		(1,670,713)	(918,992)
CASH FLOWS FROM FINANCING ACTIVITIES			
Term loan repaid		(362,658)	(341,265)
Net decrease in cash and cash equivalents		(19,721)	(906,241)
Overdraft at beginning of financial year		(3,467,229)	(2,560,988)
Overdraft at end of financial year		(3,486,950)	(3,467,229)

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the financial year and to the preceding year.

General Information and Basis of Accounting

St. Michael's House is a company incorporated in Ireland under the Companies Act 2014. The address of the registered office is St. Michael's House, Administration Building, Ballymun Road, Ballymun, Dublin 9. The nature of the company's operations and its principal activities are set out in the directors' report.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with the Companies Act 2014 and Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. Where appropriate, comparative balances have been reclassified in line with current year classifications.

The functional currency of St. Michael's House is the euro (€).

These financial statements are separate financial statements.

St Michael's House meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. St Michael's House is consolidated in the financial statements of its ultimate parent, St Michael's House Group. Exemptions have been taken in these separate company financial statements in relation to related party transactions, financial instruments and remuneration of key management personnel.

Going Concern

The Company generated a surplus for the year of €821,813 (2017: €472,141) and at the balance sheet date had net current liabilities of €7,423,573 (2017: €6,967,951).

The Company is almost entirely dependent on the HSE and Department of Education and Skills to continue to fund its operations. There is no firm commitment at this stage from HSE regarding permanent additional funding to meet historic deficits and address with the net current liability situation. The Directors are hopeful discussions can be reopened with the HSE in 2019. In the meantime, the HSE continue to provide forward funding to ensure St Michael's House can meet its ongoing obligations. .

In 2019, increased costs relating to changing needs of service users has resulted in a potential significant funding shortfall. A breakeven plan, prepared by management setting out non service and service-impacting measures and associated risks, is under discussion with the HSE, the outcome of which is unclear at this stage. An application for forward funding for 2019 has been approved by the HSE. While this provides comfort that St Michael's House can meet its ongoing obligations, there is uncertainty regarding the timing, amount and nature of additional financial support from the HSE.

On the basis of Management's forecast of the Company's cash requirements and on the basis that funding will be made available to meet these cash requirements, the Directors believe they have adequate resources to continue as a going concern for the foreseeable future. The Directors are therefore of the opinion that it is appropriate to prepare the financial statements on a going concern basis. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

1. ACCOUNTING POLICIES (CONTINUED)

Financial Instruments

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

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

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

Taxation

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

Government Grants

Government grants specifically received for capital purposes are credited to the capital grants reserve. This reserve is amortised over the expected useful life of the asset to which it relates.

Revenue Grants

Revenue grants received and amounts receivable within one year of the balance sheet date are taken to the income and expenditure account.

Income - Sales

Sales are accounted for using the accruals basis of accounting.

Income - Fund Raising

Fund raising and donations income are accounted for on a cash receipts basis and are stated net of costs incurred in raising that income. A significant proportion of fund raising and donations income, determined by the Board, is designated for capital purposes and is credited to a capital expenditure reserve. Funds raised for specific capital projects and not spent at year end are deferred to match the related expenditure in the following year. Where fund raising income is designated for specific revenue based expenditure, the income is credited to the income and expenditure account and matched with the related revenue expenditure.

Capital Grants Reserve

Government grants specifically received for capital purposes are credited to the capital grants reserve. This reserve is amortised over the expected useful lives of the assets to which it relates.

1. ACCOUNTING POLICIES (CONTINUED)

Capital Expenditure Reserve/European Social Fund Grant Reserve

Income and grants designated for capital purposes, excluding Government Grants dealt with above, are credited to the Capital Expenditure Reserve. The Capital Expenditure Reserve is amortised over a period of 20 years and the European Social Fund grant reserve is amortised over a period of 40 or 10 years, as appropriate.

Fixed Assets and Depreciation

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and in the case of assets donated in kind, at the best estimate of cost at the date of receipt less accumulated depreciation.

Depreciation is calculated to write off the cost of tangible fixed assets over their expected useful lives, where all assets have a residual value of nil, as follows:

Freehold and long leasehold property	40 years
Furniture, equipment and computers	5 - 10 years
Motor vehicles	5 years

A half year's charge for depreciation is made in the year of acquisition and year of disposal.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell, which is equivalent to the net realisable value. Cost includes all expenditure that has been incurred in the normal course of business in bringing them to their present location and condition.

Leasing

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Pensions

Nominated Health Agencies and Voluntary Hospitals Superannuation Schemes are in operation for the employees of St. Michael's House and St. Mary's Hospital, Baldoyle. No provision has been made in respect of the benefits payable under the scheme as the liability is underwritten by the Minister for Health and Children.

Contributions from the employees who are members of the scheme are credited to the income and expenditure account when received. Pension payments under the scheme are charged to the income and expenditure account when paid.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

The following are the critical judgements and estimates that the Directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

- The depreciation rates are based on expected useful lives of the relevant assets. The estimates and underlying assumptions are reviewed on an ongoing basis and could have a material impact on both result for the year and financial position if altered
- Certain accruals are subject to estimate and judgement and the final cash outflow may not equate to the existing carrying value of the accrual
- The Directors have prepared the financial statements on a going concern basis of accounting. This assumption is subject to judgement and the company being able to meet its liabilities as they fall due.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. INCOME	2018 €	2017 €
HSE Allocation for service provision (S38 Health Act funding)	84,589,201	79,156,707
HSE Allocation Superannuation Funding (S38 Health Act funding)	1,898,295	1,502,094
HSE Meath for service provision (S38 Health Act funding)	633,335	627,289
HSE Dublin North East Invoiced services (S38 Health Act funding)	2,500,135	3,393,458
HSE Training and Travel Grant	34,712	41,259
Superannuation Contributions to NHASS / VHASS	2,165,489	2,293,883
Public Service Pension Levy (Section 38 Health Act funding)	2,521,567	2,301,827
Department of Education & Skills - Schools Capitation Grants	327,208	246,664
Department of Education & Skills - Schools Vocational Training Grants	109,883	137,681
Department of Education & Skills - Minor Grants	84,558	45,186
Department of Education & Skills - Secretaries Grants	391,081	267,613
Department of Education & Skills - Rents	374,712	375,519
Department of Education & Skills - Escort Grants	471,568	452,756
Department of Education & Skills - CIE School Transport Grants	17,220	21,035
Department of Education & Skills - Teaching Aids	5,190	32,499
Department of Education & Skills - Other Grants	25,088	67,891
Dublin City Council – School Meals in Special National Schools	45,739	48,072
Sub Total State Funding	96,194,981	91,011,433
Rent & Long Stay Charges	356,445	392,212
Open Training College Course Fee Income	968,765	1,041,251
Grants from fellow Group Companies	1,112,196	1,112,196
Sundry	150,065	124,842
Sub Total Income	98,782,452	93,681,934
Fundraising Income	553,363	615,297
Capital Reserve Amortisation	2,293,351	2,268,378
Total Available for Revenue Expenditure	101,629,166	96,565,609

4. STAFF NUMBERS, COSTS AND BANDS

The whole time equivalent of all staffing employed in providing the services of St. Michael's House including overtime, additional hours and agency at 31 December was 1,517 (2017: 1,385).

The average number in whole-time equivalents of persons employed by the company during the year, analysed by category is as follows:

	2018 Number	2017 Number
Management and administrative	94	93
Medical	10	9
Nursing	314	252
Clinical	614	587
Support services	418	396
	1,450	1,337

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018
4. STAFF NUMBERS, COSTS AND BANDS (CONTINUED)

The aggregate payroll costs of these employees were as follows:

	2018	2017
	€	€
Wages and salaries	69,108,049	65,780,993
Social welfare costs	6,960,008	6,615,573
Retirement benefit costs (Note 20)	3,904,534	3,809,495
	79,972,951	76,206,061
Agency payroll	3,470,696	2,730,036
	83,443,287	78,936,097

Bands of wages and salaries over €60,000

To ensure complete transparency in relation to salary bands and staff numbers the following information on staff aggregate remuneration is presented. Staff salaries inclusive of overtime, additional hours as per their individual P35, expressed in bands of €10,000 are as follows:

	2018	2017
	Number	Number
€60,000 - €70,000	125	123
€70,001 - €80,000	55	34
€80,001 - €90,000	17	11
€90,001 - €100,000	9	9
€100,001 - €110,000	2	2
€110,001 - €120,000	3	2
€120,001 - €130,000	1	2
€130,001 - €140,000	2	1
€140,001 - €150,000	-	-
€150,001 - €160,000	-	1
€160,001 - €170,000	-	-
€170,001 - €180,000	1	-
€180,001 - €190,000	-	-
€190,001 - €200,000	-	-
€200,001 - €210,000	1	1
Total number of staff	216	186

The salary of the Chief Executive is determined by the HSE and is currently €117,856.

Management Team Salaries

The St Michael's House management team comprises the ten staff as follows: the Chief Executive, the Directors of Operations, Finance and Human Resources, the Service Directors, Director of Clinical Services, College Director, Director of Psychiatry and Director of Quality Improvement and Safety Development. The annual cost of the management team salaries in 2018 was €1,017,435 (2017, €1,011,142).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

5. SUMMARY PAY ANALYSIS	2018	2017
	€	€
Management Administration	5,900,382	5,528,687
Medical Dental (Consultants)	1,693,155	1,716,410
Nursing	16,127,138	15,336,682
Paramedical	5,695,198	5,378,845
Catering, Housekeeping and Support Services	50,122,880	47,165,978
Pensions	2,754,740	2,580,026
Lump Sums	1,149,794	1,229,469
	83,443,287	78,936,097

This includes salaries attributable to agency staff totalling €3,470,696 (2017: €2,730,036)

6. SURPLUS ON ORDINARY ACTIVITIES	2018	2017
	€	€
The surplus on ordinary activities is stated after charging:		
- Depreciation: Owned assets	2,456,239	2,453,452
- Directors' emoluments	-	-
- Interest payable:		
- On bank loans and overdrafts repayable within five years	45,272	59,914
- On long-term loans	23,709	26,123
- Hire and rentals payable under operating leases	746,804	817,885
- Loss on disposal of assets	12,803	18,303
and after crediting:		
- Grants amortised	2,293,351	2,268,378

7. DIRECTORS' REMUNERATION AND TRANSACTIONS

The directors of St. Michael's House undertake their roles in a voluntary capacity. They do not receive any benefit from the holding of the post.

8. LEGAL, CONSULTANCY AND PROFESSIONAL FEES, TRAVEL AND HOSPITALITY

	2018	2017
	€	€
PR and Advertising	200	15,209
Legal	32,155	93,759
Other (e.g. IT, architects, investigations)	713,412	644,888
Travel and subsistence – staff mileage	326,007	355,686
Travel and subsistence – staff travel*	12,173	12,351
Hospitality	-	-
	1,083,947	1,121,893

*No expenditure on international travel was incurred.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018
9. TAX ON PROFIT ON ORDINARY ACTIVITIES

St. Michael's House is a registered charity and is exempt from Corporation tax.

10. TANGIBLE ASSETS

	Freehold & Long Leasehold Property €	Motor Vehicles €	Furniture, Equipment & Computers €	Total €
Cost:				
1 January 2018	75,661,126	5,240,519	9,409,853	90,311,498
Additions	585,220	220,554	795,958	1,601,732
Disposals	-	(24,330)	(149,899)	(174,229)
31 December 2018	76,246,346	5,436,743	10,055,912	91,739,001
Depreciation:				
1 January 2018	26,889,846	4,867,585	7,972,293	39,729,724
Charge for year	1,889,243	154,702	412,294	2,456,239
Disposals	-	(24,330)	(137,096)	(161,426)
31 December 2018	28,779,089	4,997,957	8,247,491	42,024,537
Net book value: 31 December 2018	47,467,257	438,786	1,808,421	49,714,464
Net book value: 31 December 2017	48,771,280	372,934	1,437,560	50,581,774

Certain buildings included under property above, are built on land owned by the State or its related agencies. Such buildings may not be sold or used other than for their current purpose.

Mortgages have been registered or title deeds have been deposited with lenders in respect of certain properties costing approximately €7,874,172 (2017: €7,874,172) as security for long term loans. The current value of these loans is €3,178,241 (2017: €3,540,899) of which €327,905 (2017: €328,219) is payable within one year. The balance of these will be payable within the next 10 years with an approximate interest rate of 1.11% (2017: 1.11%)

In respect of certain properties costing approximately €32,059,326 (2017: €32,059,326) for which grants have been received from the Department of the Environment via the relevant public authority, there is a contingency to repay those amounts if the properties are sold. The related contingency is disclosed in Note 22.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

11. RECEIVABLES AND PREPAYMENTS	2018	2017
	€	€
Other prepayments and receivables	2,195,023	3,854,437
Amounts due from group companies	4,487,506	5,578,779
	6,682,529	9,433,216

12. CREDITORS: Amounts falling due within one year	2018	2017
	€	€
Health Service Executive advance	1,425,874	2,920,691
PAYE and PRSI	1,994,364	1,888,196
Trade and other creditors	1,383,509	1,151,819
Accruals	3,158,863	3,656,188
Deferred income	2,328,637	1,665,731
	10,291,247	11,282,625

Included in deferred income is an amount of €1,708,597 (2017: €1,539,313) which arises on fundraising for capital expenditure where the fundraising is not yet complete or the asset has not yet been purchased.

13. CASH FLOW STATEMENT

Reconciliation of surplus to cash generated by operations

	2018	2017
	€	€
Surplus for financial year	821,813	472,141
Adjustment for:		
Depreciation	2,456,239	2,453,452
Loss on disposal of fixed assets	12,803	18,303
Interest paid	68,981	86,037
Grants amortised	(2,293,351)	(2,268,378)
Capital grants received	510,950	59,709
	1,577,435	821,264
Operating cash flows before movement in working capital:		
Decrease /(increase) in debtors	2,750,687	(2,359,752)
(Decrease)/increase in creditors	(2,314,472)	1,892,504
Cash generated by operations	2,013,650	354,016

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018
14. BANK OVERDRAFT

The bank overdraft facility of the parent company is secured by a registered deposit of leasehold interests in a number of properties. This deposit of title deeds is separate from those outlined in Note 10.

15. TERM LOANS

	2018 €	2017 €
Loans wholly repayable	3,178,241	3,540,899
Included in current liabilities	327,905	328,219
Included in long term liabilities	2,850,336	3,212,680

Bank loans amounting to €3,178,241 (2017: €3,540,899) are repayable as follows:

	2018 €	2017 €
Within one year	327,905	328,219
From two to five years	1,311,621	1,311,620
Over five years	1,538,715	1,901,060
	3,178,241	3,540,899

16. CAPITAL RESERVES

	Capital Expenditure Reserve €	E.S.F. Grant Reserve €	Capital Grants Reserve €	Total €
Balance at 1 January 2018	4,363,336	1,580,429	41,954,411	47,898,176
Transfer from Income and Expenditure Account	387,912	-	-	387,912
Grants amortised during year	(433,642)	(152,968)	(1,706,741)	(2,293,351)
Grants received during year	-	-	510,950	510,950
Balance at 31 December 2018	4,317,606	1,427,461	40,758,620	46,503,687

The transfer from income to reserves of €387,912 (2017: €378,447) is made up of fundraising income.

In the financial statements all fundraising monies are reflected in income; however the amount of monies raised in respect of capital projects is transferred separately to the capital expenditure reserve fund.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

17. FUND RAISING INCOME	2018	2017
	€	€
Fund raising income comprises:		
- Unit and central fund raising	677,993	520,497
- Bequests and donations	29,631	11,000
- Parents' subscriptions	15,023	22,441
Total fundraising income for year	722,647	553,938
Net (increase)/decrease in deferred expenditure	(169,284)	61,359
Total fundraising income recognised in year	553,363	615,297
Fundraising used for revenue related expenditure	(165,451)	(236,850)
Fundraising transferred to capital expenditure reserve	387,912	378,447

18. LEASE COMMITMENTS	2018	2017
	€	€
Analysis of lease commitments in respect of:		
Operating leases:		
Amounts payable during the next twelve months in respect of operating leases which expire:		
- within one year	723,634	760,804
- between two and five years	2,349,427	2,594,430
- after five years	3,458,361	3,936,991
	6,531,422	7,292,225

The leases in respect of land and buildings are both cancellable and non-cancellable lease agreements and are for a period of 3 to 25 years with the final agreement expiring in 2033.

19. CAPITAL COMMITMENTS

There were no capital commitments at the year end 31 December 2018 (2017: €Nil).

20. RETIREMENT BENEFIT SCHEMES

The company operates the following pension schemes:

Nominated Health Agencies and Voluntary Hospitals Superannuation Schemes

The employees of St. Michael's House are members of the Nominated Health Agencies and Voluntary Hospitals Superannuation Schemes. No provision has been made in respect of the benefits payable under the scheme as the liability is administered and underwritten by the Minister for Health. The scheme is a contributory scheme and is non-funded in common with other public sector schemes. Contributions from employees who are members of the scheme are credited to the income and expenditure account when received. Pension payments under the scheme are charged to the income and expenditure account when paid.

In the year ending 31 December 2018, €2,165,489 (2017: €2,293,883) was retained and treated as income and €3,904,534 (2017: €3,809,495) to be paid to pensioners. The company has credited €1,898,295 (2017: €1,502,094) of HSE allocation income as funding received to fund the superannuation deficit.

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.

21. RELATED PARTY TRANSACTIONS

The directors have availed of the exemption available under Section 33 FRS 102 "Related Party Disclosures", which permits subsidiaries 100% of whose voting rights are controlled within the group, not to disclose transactions with other wholly owned entities of the group.

22. CONTINGENT LIABILITY

There is a contingent liability to repay capital grants amounting to €57,230,503 (2017: €57,256,353) if the company does not adhere to the terms and conditions of the grant agreements, which include provision for the use of the assets as originally intended.



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CHILDREN'S SERVICES



ADULT SERVICES

