



2017  
St. Michael's House  
**ANNUAL  
REPORT**

FULL FINANCIAL  
STATEMENTS



**ST. MICHAEL'S HOUSE**  
*services for people with intellectual disabilities*

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 2017

**ST. MICHAEL'S HOUSE**

**REPORTS AND FINANCIAL STATEMENTS**

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**ST. MICHAEL'S HOUSE**

**GENERAL INFORMATION**

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**CURRENT DIRECTORS**

Martin Lyes (Chairperson)  
James Cuddy  
Dermot O'Beirne  
Michael O'Farrell  
Raymond Brett  
David Hughes  
Ellis Hennessy  
Pat Cullen  
Ailis Quinlan  
Niamh Mohan

**SECRETARY AND  
REGISTERED OFFICE**

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

**AUDITORS**

Deloitte  
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

## ST. MICHAEL'S HOUSE

### DIRECTORS' REPORT

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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 2017.

#### 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

	2017 €	2016 €
Surplus/(deficit) on ordinary activities	472,141	(1,577,299)
Reversal of non-cash accrual re St Mary's Baldoyle	-	384,893
Surplus/(deficit) for the year	<u>472,141</u>	<u>(1,192,406)</u>

The Board are pleased to report a surplus of €472,141 for 2017. A significant enhancement of the working relationship between the organisation and the HSE during 2017 led to a detailed financial and operational review which was very much welcomed by the Board. The review has 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 review also brought a new clarity and agreement on the need and justification for long term sustainable funding from the HSE. The conclusion of this review has resulted in funding by the HSE of the cost base of the organisation which has increased in recent years to meet the more complex needs of our Service Users; and to meet compliance requirements under the health act regulations.

The last three 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 is planned for development in 2018.

#### BUSINESS REVIEW AND FUTURE DEVELOPMENTS

Following extensive consultation, research and environmental analysis a 5 year Strategic Plan for St Michael's House was completed by the Chief Executive and Staff Team of St Michael's House in 2016 under the direction of the Board.

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'.

The revised 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 strategy framework comprises the following elements

1. Six high level goals for the organisation for implementation over the lifetime of the strategy.
2. The aim of the high level goal is stated in each section
3. A number of objectives sit under each goal. The objectives are SMART (specific; measurable; achievable; realistic; time bound) and are action, output and / or outcomes oriented.
4. Each goal will be underpinned by a set of high level key performance indicators and measures of success.



## ST. MICHAEL'S HOUSE

### DIRECTORS' REPORT (CONTINUED)

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The 2016 annual financial statements highlighted the key strategic challenges and opportunities facing St. Michael's House – these remain relevant today, as follows:

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 2016 – 2021.

The Strategic Plan, with its goals and tangible objectives, address these challenges and opportunities.

St Michael's House submitted a Financial Sustainability plan to HSE in 2016 arising from the concerns related to the organisation's accumulated deficit and its financial viability into the future. The operational cost of delivering the existing level of service did not match the funding allocation and urgently required review. In late 2016 into early 2017 St. Michael's House and HSE collaborated on an intensive financial and service review and this is further commented on in the next section.

Three achievements in 2017 contributed towards implementing the Strategic Plan, as follows:

- The Person Centred Planning (PCP) Policy was finalised and launched in October 2017 with training and information provided to staff.
- A multi annual needs based plan was developed for young adults leaving schools and training centres between 2018 – 2021
- The executive governance structures were adopted in 2017

## ST. MICHAEL'S HOUSE

### DIRECTORS' REPORT (CONTINUED)

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#### Going Concern

The Company generated a surplus for the year of €472,141 (2016: deficit of €1,192,406) and at the balance sheet date had net current liabilities of €6,967,951 (2016: €6,528,275).

The Company is almost entirely dependent on the HSE and Department of Education and Skills to continue to fund its operations. As stated above, in late 2016 into early 2017, St. Michael's House and HSE collaborated on an intensive financial and service review. The output of the review points to quality service and a cost effective use of funds. Increased funding for 2018 has been secured from the HSE which the Directors expect will contribute towards stabilising the organisation's financial future. This will support implementation of national policy, ensure present and future service user needs are met and will support the achievement of St Michael's House Strategic Plan 2017- 2021.

While there is no firm commitment at this stage from HSE regarding additional funding to meet historic deficits, the Directors are confident agreement can be reached. This view is supported by HSE agreement in the past to forward fund cash allocations to ensure St. Michael's House can meet its ongoing obligations. Nevertheless there is uncertainty regarding the timing, amount and nature of additional financial support from HSE to address the historic deficit.

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 2017 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 2017, the Board had nine scheduled meetings. Under the organisation's Corporate Governance Policies and Procedures there are a number of matters 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 Policy and the Code of Practice for the Governance of State Bodies 2016.

**Risk Management:** The Board is committed to ensuring that managing risks is an integral part of the organisation's activities. The principle 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 in December 2016, 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. In January 2017 the Board approved a 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 the Group is focused on delivering services to best international standards. Health Information and Quality Authority (HIQA) are 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 2017 the organisation had registered the 77 residential services it operates in 74 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 four 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 (2017):** Martin Lyes (Chairperson), Dermot O'Beirne, James Cuddy, David Hughes, Raymond Brett, Eilis Hennessy, Michael O'Farrell, Pat Cullen, Ailis Quinlan, and Niamh Moran.

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.

In December 2016, the Board adopted the revised Corporate Governance Manual which set out the terms of reference of Board Sub-committees. The four Committees established as a result met for the first time in 2017.



## ST. MICHAEL'S HOUSE

### DIRECTORS' REPORT (CONTINUED)

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**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, and Maurice Redmond (retired 2017).

**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:** Ellis 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 and Liam O'Donohoe.

**ST. MICHAEL'S HOUSE****DIRECTORS' REPORT (CONTINUED)****Board Attendance:**

Attendance of Directors at SMH Board Meetings and Committees 2017

Name	SMH Board		Finance		Quality & Safety		Audit & Risk		Governance	
	A	B	A	B	A	B	A	B	A	B
Martin Lyes	9	9	10	10	5	5	4	4	9	9
Dermot O'Beirne	9	8	-	-	-	-	4	4	9	8
Michael O'Farrell	9	8	10	10	-	-	-	-	9	9
Jim Cuddy	9	7	-	-	-	-	-	-	9	5
David Hughes	9	6	10	7	-	-	-	-	-	-
Prof. Eilis Hennessy	9	8	-	-	5	5	-	-	-	-
Raymond Brett	9	5	-	-	5	2	-	-	-	-
Dr Ailis Quinlan	5	3	-	-	4	3	1	1	-	-
Pat Cullen	5	4	5	5	-	-	-	-	-	-
Niamh Moran	5	4	-	-	4	3	-	-	-	-

*Table of attendance at Board of Director and Board Sub Committee meetings of St. Michaels House held in 2017.*

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.

## **ST. MICHAEL'S HOUSE**

### **DIRECTORS' REPORT (CONTINUED)**

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#### **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  
Michael O'Farrell  
Eilis Hennessy  
Raymond Brett  
David Hughes  
Pat Cullen (appointed 23 May 2017)  
Ailis Quinlan (appointed 23 May 2017)  
Niamh Moran (appointed 23 May 2017).

#### **Secretary:**

Declan Ryan

The current directors and secretary are listed on page 2.

#### **DIRECTORS COMPLIANCE STATEMENT**

As required by Section 225 of the Companies Act 2014, the directors acknowledge that they are responsible for securing the company's compliance with its relevant obligations; and confirm that, having taken appropriate advice, the directors commenced the following three procedures in order to comply with the directors' obligations:

- the drawing up of a "compliance policy statement" setting out the company's policies that, in the directors' opinion, are appropriate to the company, and respecting compliance by the company with its relevant obligations;
- the putting in place of appropriate arrangements or structures that are, in the directors' opinion, designed to secure material compliance with the company's relevant obligations; and
- reviewing of any arrangements or structures that are in place or being put in place.

#### **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.

**ST. MICHAEL'S HOUSE**

**DIRECTORS' REPORT (CONTINUED)**

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**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.

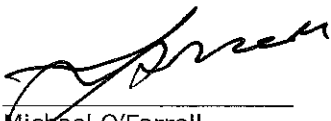
This confirmation is given and should be interpreted in accordance with the provisions of Section 330 of the Companies Act 2014.

**AUDITORS**

The auditors, Deloitte, 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 ..... 22/5/18 ..... and signed on its behalf by:

  
\_\_\_\_\_  
Dermot O'Beirne  
Director

  
\_\_\_\_\_  
Michael O'Farrell  
Director

## ST. MICHAEL'S HOUSE

### DIRECTORS' RESPONSIBILITIES STATEMENT

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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* ("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.



## ST. MICHAEL'S HOUSE

### STATEMENT ON INTERNAL FINANCIAL CONTROL

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The Board of St. Michael's House acknowledge our 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**

**STATEMENT ON INTERNAL FINANCIAL CONTROL (CONTINUED)**

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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.

We confirm that in the year to 31 December 2017, the Internal Audit function undertook a number of internal audits around certain aspects of the internal financial control environment.

We confirm 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:



Dermot O'Beirne



Michael O'Farrell

Date: 20/5/18

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

### 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 2017 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 23, 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" ("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 €6,967,951. 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 which will enable the company to breakeven in 2018, 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**

### **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 2017, 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

### 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:

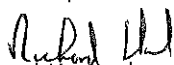
- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement 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  
Chartered Accountants and Statutory Audit Firm  
Deloitte & Touche House, Earlsfort Terrace, Dublin 2

Date 24 May 2018



**ST. MICHAEL'S HOUSE**

**INCOME STATEMENT  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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	<i>Notes</i>	<b>2017 €</b>	<b>2016 €</b>
<b>INCOME</b>	3	<b>96,565,609</b>	90,643,566
<b>EXPENDITURE</b>		<b>(96,093,468)</b>	(92,220,865)
<b>SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES</b>	6	<b>472,141</b>	(1,577,299)
Write down of St Mary's Baldoyle accrual	22	-	384,893
<b>SURPLUS/(DEFICIT) FOR FINANCIAL YEAR</b>		<b>472,141</b>	(1,192,406)

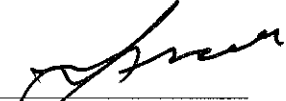
**ST. MICHAEL'S HOUSE**

**BALANCE SHEET  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

	Notes	2017 €	2016 €
<b>FIXED ASSETS</b>			
Tangible Assets	10	<b>50,581,774</b>	52,220,574
		<u>50,581,774</u>	<u>52,220,574</u>
<b>CURRENT ASSETS</b>			
Receivables and prepayments	11	<b>9,433,216</b>	7,073,464
		<u>9,433,216</u>	<u>7,073,464</u>
<b>CREDITORS: Amounts falling due within one year</b>			
Creditors and accruals	12	<b>(11,282,625)</b>	(10,329,761)
Amounts owed to fellow group companies		<b>(1,323,094)</b>	(383,454)
Bank Overdraft	14	<b>(3,467,229)</b>	(2,560,988)
Term Loan	15	<b>(328,219)</b>	(327,536)
		<u>(16,401,167)</u>	<u>(13,601,739)</u>
<b>NET CURRENT LIABILITIES</b>		<b>(6,967,951)</b>	(6,528,275)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>43,613,823</b>	45,692,299
<b>CREDITORS: (Amounts falling due after more than one year)</b>			
Term Loan	15	<b>(3,212,680)</b>	(3,554,628)
<b>NET ASSETS</b>		<b>40,401,143</b>	42,137,671
<b>CAPITAL AND RESERVES</b>			
Capital reserves	16	<b>47,898,176</b>	49,728,398
Revenue deficit		<b>(7,497,033)</b>	(7,590,727)
		<u>40,401,143</u>	<u>42,137,671</u>

The financial statements were approved by the Board of Directors on 22/15/18 and signed on its behalf by:

  
Dermot O'Beirne  
Director

  
Michael O'Farrell  
Director

**ST. MICHAEL'S HOUSE**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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	<b>Capital Reserve €</b>	<b>Revenue Deficit €</b>	<b>Total €</b>
Balance at 1 January 2016	51,952,388	(6,263,844)	45,688,544
Deficit for the financial year	-	(1,192,406)	(1,192,406)
Grants amortised in the year	(2,358,467)	-	(2,358,467)
Transfers between reserves	<u>134,477</u>	<u>(134,477)</u>	-
At 31 December 2016	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	<u>378,447</u>	<u>(378,447)</u>	-
<b>At 31 December 2017</b>	<b><u>47,898,176</u></b>	<b><u>(7,497,033)</u></b>	<b><u>40,401,143</u></b>

**ST. MICHAEL'S HOUSE****STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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	<i>Notes</i>	<b>2017</b> <b>€</b>	2016 €
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<i>13</i>	<b>354,016</b>	2,355,539
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>			
Payments to acquire tangible fixed assets	<i>10</i>	<b>(832,955)</b>	(731,427)
Net interest payable		<b>(86,037)</b>	(148,225)
<b>Net cash flows from investing activities</b>		<b>(918,992)</b>	(879,652)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Term loan repaid		<b>(341,265)</b>	(368,070)
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(906,241)</b>	1,107,817
<b>Overdraft at beginning of financial year</b>		<b>(2,560,988)</b>	(3,668,805)
<b>Overdraft at end of financial year</b>		<b>(3,467,229)</b>	(2,560,988)

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## ST. MICHAEL'S HOUSE

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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#### 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**

As at 31 December 2017 the company had net current liabilities of €6,967,951 (2016: €6,528,275). The Company is entirely dependent on the HSE and Department of Education and Skills to continue to fund its operations. In late 2016 and early 2017, St. Michael's House and HSE collaborated on an intensive financial and service review. The output of the review points to quality service and a cost effective use of funds. Increased funding for 2018 has been secured from the HSE which the Directors expect will contribute towards stabilising the organisation's financial future. This will support implementation of national policy, ensure present and future service user needs are met and will support the achievement of St Michael's House Strategic Plan 2017- 2021.

While there is no firm commitment at this stage from the HSE regarding additional funding to meet historic deficits, the Directors are confident agreement can be reached. This view is supported by HSE agreement to forward fund cash allocations to ensure St. Michael's House can meet its ongoing obligations. Nevertheless there is uncertainty regarding the timing, amount and nature of additional financial support from HSE, to address historic deficits.

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, being at least 12 month from the date of approval of the financial statements. 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.

**ST MICHAEL'S HOUSE**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

<b>3. INCOME</b>	<b>2017</b>	2016
	<b>€</b>	€
HSE Allocation for service provision (S38 Health Act funding)	<b>79,156,707</b>	74,629,454
HSE Allocation Superannuation Funding (S38 Health Act funding)	<b>1,502,094</b>	1,532,615
HSE Meath for service provision (S38 Health Act funding)	<b>627,289</b>	626,783
HSE Dublin North East Invoiced services (S38 Health Act funding)	<b>3,393,458</b>	851,353
HSE Training and Travel Grant	<b>41,259</b>	60,782
Superannuation Contributions to NHASS / VHASS	<b>2,293,883</b>	2,222,387
Public Service Pension Levy (Section 38 Health Act funding)	<b>2,301,827</b>	2,485,558
Department of Education & Skills - Schools Capitation Grants	<b>246,664</b>	272,098
Department of Education & Skills - Schools Vocational Training Grants	<b>137,681</b>	164,702
Department of Education & Skills - Minor Grants	<b>45,186</b>	5,073
Department of Education & Skills - Secretaries Grants	<b>267,613</b>	251,312
Department of Education & Skills - Rents	<b>375,519</b>	245,695
Department of Education & Skills - Escort Grants	<b>452,756</b>	454,527
Department of Education & Skills - CIE School Transport Grants	<b>21,035</b>	-
Department of Education & Skills - Teaching Aids	<b>32,499</b>	5,212
Department of Education & Skills - Other Grants	<b>67,891</b>	150,938
Dublin City Council – School Meals in Special National Schools	<b>48,072</b>	40,309
<b>Sub Total State Funding</b>	<b>91,011,433</b>	83,998,798
Rent & Long Stay Charges	<b>392,212</b>	510,212
Open Training College Course Fee Income	<b>1,041,251</b>	932,033
Grants from fellow Group Companies	<b>1,112,196</b>	2,112,196
Sundry	<b>124,842</b>	183,130
<b>Sub Total Income</b>	<b>93,681,934</b>	87,736,369
Fundraising Income	<b>615,297</b>	548,730
Capital Reserve Amortisation	<b>2,268,378</b>	2,358,467
<b>Total Available for Revenue Expenditure</b>	<b>96,565,609</b>	90,643,566

**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 1,385 (2016: 1,331).

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

	<b>2017</b>	2016
	<b>Number</b>	Number
Management and administrative	<b>93</b>	90
Medical	<b>9</b>	9
Nursing	<b>252</b>	248
Clinical	<b>587</b>	564
Support services	<b>396</b>	391
	<b>1,337</b>	1,302

**ST MICHAEL'S HOUSE**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**4. STAFF NUMBERS, COSTS AND BANDS (CONTINUED)**

The aggregate payroll costs of these employees were as follows:

	<b>2017</b>	2016
	<b>€</b>	€
Wages and salaries	<b>65,780,993</b>	62,867,891
Social welfare costs	<b>6,615,573</b>	6,292,986
Retirement benefit costs (Note 20)	<b>3,809,495</b>	3,809,241
	<b>76,206,061</b>	72,970,118
Agency payroll and intergroup payroll charges	<b>2,730,036</b>	2,541,247
	<b>78,936,097</b>	75,511,365

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:

	<b>2017</b>	2016
	<b>Number</b>	Number
€60,000 - €70,000	<b>123</b>	103
€70,001 - €80,000	<b>34</b>	40
€80,001 - €90,000	<b>11</b>	5
€90,001 - €100,000	<b>9</b>	8
€100,001 - €110,000	<b>2</b>	2
€110,001 - €120,000	<b>2</b>	1
€120,001 - €130,000	<b>2</b>	1
€130,001 - €140,000	<b>1</b>	1
€140,001 - €150,000	<b>-</b>	-
€150,001 - €160,000	<b>1</b>	-
€160,001 - €170,000	<b>-</b>	1
€170,001 - €180,000	<b>-</b>	-
€180,001 - €190,000	<b>-</b>	-
€190,001 - €200,000	<b>-</b>	1
€200,001 - €210,000	<b>1</b>	-
Total number of staff	<b>186</b>	163

The salary of the Chief Executive is determined by the HSE and is currently €110,000.

**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, Clinic Manager, College Director and Director of Psychiatry. The annual cost of the management team salaries in 2017 was €1,011,142 (2016, €989,907).

## ST MICHAEL'S HOUSE

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

5. SUMMARY PAY ANALYSIS	2017 €	2016 €
Management Administration	5,528,687	5,971,507
Medical Dental (Consultants)	1,716,410	1,549,565
Nursing	15,336,682	14,772,824
Paramedical	5,378,845	5,385,771
Catering, Housekeeping and Support Services	47,165,978	44,022,457
Pensions	2,580,026	2,443,544
Lump Sums	1,229,469	1,365,697
	<u>78,936,097</u>	<u>75,511,365</u>

This includes salaries attributable to agency staff totalling €2,695,831 (2016: €2,153,579).

6. SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES	2017 €	2016 €
The surplus /(deficit) on ordinary activities is stated after charging:		
- Depreciation: Owned assets	2,453,452	2,488,877
- Directors' emoluments	-	-
- Interest payable:		
- On bank loans and overdrafts repayable within five years	59,914	113,655
- On long-term loans	26,123	34,570
- Hire and rentals payable under operating leases	817,885	816,485
- Loss on disposal of assets	18,303	19,067
and after crediting:		
- Grants amortised	2,268,378	2,358,467
	<u>2,268,378</u>	<u>2,358,467</u>

### 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

	2017 €	2016 €
PR and Advertising	15,209	20,553
Legal	93,759	55,661
Other (e.g. IT, architects, investigations)	644,888	520,753
Travel and subsistence – staff mileage	355,686	313,438
Travel and subsistence – staff travel*	12,351	23,989
Hospitality	-	-
	<u>1,121,893</u>	<u>934,394</u>

\*No expenditure on international travel was incurred.

**ST MICHAEL'S HOUSE**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**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 €
<b>Cost:</b>				
1 January 2017	75,344,394	5,067,842	9,457,440	89,869,676
Additions	316,732	172,677	343,546	832,955
Disposals	-	-	(391,133)	(391,133)
<b>31 December 2017</b>	<b>75,661,126</b>	<b>5,240,519</b>	<b>9,409,853</b>	<b>90,311,498</b>
<b>Depreciation:</b>				
1 January 2017	25,024,535	4,732,019	7,892,548	37,649,102
Charge for year	1,865,311	135,566	452,575	2,453,452
Disposals	-	-	(372,830)	(372,830)
<b>31 December 2017</b>	<b>26,889,846</b>	<b>4,867,585</b>	<b>7,972,293</b>	<b>39,729,724</b>
<b>Net book value:</b>				
<b>31 December 2017</b>	<b>48,771,280</b>	<b>372,934</b>	<b>1,437,560</b>	<b>50,581,774</b>
Net book value:				
31 December 2016	50,319,859	335,823	1,564,892	52,220,574

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 (2016: €7,874,172) as security for long term loans. The current value of these loans is €3,540,899 (2016: €3,882,164) of which €328,219 (2016: €327,536) is payable within one year. The balance of these will be payable within the next 11 years with an approximate interest rate of 1.11% (2016: 1.11%)

In respect of certain properties costing approximately €32,059,326 (2016: €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 23.



**ST MICHAEL'S HOUSE**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

<b>11. RECEIVABLES AND PREPAYMENTS</b>	<b>2017</b>	<b>2016</b>
	<b>€</b>	<b>€</b>
Other prepayments and receivables	<b>3,854,437</b>	1,131,948
Trade debtors	-	9,879
Amounts due from group companies	<b>5,578,779</b>	5,931,637
	<b>9,433,216</b>	7,073,464

<b>12. CREDITORS: Amounts falling due within one year</b>	<b>2017</b>	<b>2016</b>
	<b>€</b>	<b>€</b>
Health Service Executive advance	<b>2,920,691</b>	1,058,702
PAYE and PRSI	<b>1,888,196</b>	3,517,418
Trade and other creditors	<b>1,151,819</b>	1,169,663
Accruals	<b>3,656,188</b>	2,567,890
Deferred income	<b>1,665,731</b>	2,016,088
	<b>11,282,625</b>	10,329,761

Included in deferred income is an amount of €1,539,313 (2016: €1,615,821) 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 deficit to cash generated by operations*

	<b>2017</b>	<b>2016</b>
	<b>€</b>	<b>€</b>
<b>Surplus/(deficit) for financial year</b>	<b>472,141</b>	(1,192,406)
<b>Adjustment for:</b>		
Depreciation	<b>2,453,452</b>	2,488,877
Loss on disposal of fixed assets	<b>18,303</b>	19,067
Interest paid	<b>86,037</b>	148,225
Grants amortised	<b>(2,268,378)</b>	(2,358,467)
Capital grants received	<b>59,709</b>	-
	<b>821,264</b>	(894,704)
<b>Operating cash flows before movement in working capital:</b>		
(Increase)/decrease in debtors	<b>(2,359,752)</b>	4,133,096
Decrease in stocks	-	11,377
Increase / (decrease) in creditors	<b>1,892,504</b>	(894,230)
<b>Cash generated by operations</b>	<b>354,016</b>	2,355,539

**ST. MICHAEL'S HOUSE**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**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.

<b>15. TERM LOANS</b>	<b>2017</b>	2016
	<b>€</b>	€
Loans wholly repayable	<b>3,540,899</b>	3,882,164
Included in current liabilities	<b>328,219</b>	327,536
Included in long term liabilities	<b>3,212,680</b>	3,554,628

Bank loans amounting to €3,540,899 (2016: €3,882,164) are repayable as follows:

	<b>2017</b>	2016
	<b>€</b>	€
Within one year	<b>328,219</b>	327,536
From two to five years	<b>1,311,620</b>	1,310,144
Over five years	<b>1,901,060</b>	2,244,484
	<b>3,540,899</b>	3,882,164

**16. CAPITAL RESERVES**

	<b>Capital Expenditure Reserve €</b>	<b>E.S.F. Grant Reserve €</b>	<b>Capital Grants Reserve €</b>	<b>Total €</b>
Balance at 1 January 2017	4,385,451	1,733,397	43,609,550	49,728,398
Transfer from Income and Expenditure Account	378,447	-	-	378,447
Grants amortised during year	(400,562)	(152,968)	(1,714,848)	(2,268,378)
Grants received during year	-	-	59,709	59,709
<b>Balance at 31 December 2017</b>	<b>4,363,336</b>	<b>1,580,429</b>	<b>41,954,411</b>	<b>47,898,176</b>

The transfer from income to reserves of €378,447 (2016: €134,477) 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.

**ST. MICHAEL'S HOUSE****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

<b>17. FUND RAISING INCOME</b>	<b>2017</b>	<b>2016</b>
	<b>€</b>	<b>€</b>
Fund raising income comprises:		
- Unit and central fund raising	<b>520,515</b>	594,706
- Bequests and donations	<b>11,000</b>	18,000
- Parents' subscriptions	<b>22,422</b>	36,211
Total fundraising income for year	<b>553,937</b>	648,917
Net decrease/(increase) in deferred expenditure	<b>61,359</b>	(100,187)
Total fundraising income recognised in year	<b>615,296</b>	548,730
Fundraising used for revenue related expenditure	<b>(236,849)</b>	(414,253)
Fundraising transferred to capital expenditure reserve	<b>378,447</b>	134,477
<b>18. LEASE COMMITMENTS</b>	<b>2017</b>	<b>2016</b>
	<b>€</b>	<b>€</b>
Analysis of lease commitments in respect of:		
<b>Operating leases:</b>		
Amounts payable during the next twelve months in respect of operating leases which expire:		
- within one year	<b>760,804</b>	816,485
- between two and five years	<b>2,594,430</b>	2,735,603
- after five years	<b>3,936,991</b>	4,415,612
	<b>7,292,225</b>	7,967,700

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 2017 (2016: €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 and St. Mary's Hospital, Baldoyle, 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 2017, €2,293,883 (2016: €2,222,387) was retained and treated as income and €3,809,495 (2016: €3,809,241) to be paid to pensioners. The company has credited €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. ST MARY'S BALDOYLE**

St Michael's House took over the operation of St. Mary's Hospital Baldoyle in 2006. A provision against potential outstanding liabilities was created at that time. In the opinion of the directors, this remaining provision is no longer required and was credited to the income and expenditure account in 2016.

**23. CONTINGENT LIABILITY**

There is a contingent liability to repay capital grants amounting to €57,256,353 (2016: €57,196,644) 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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REPORT**



**ST. MICHAEL'S HOUSE**  
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