

**NMH Foundation**  
**(A company limited by guarantee and not having a share capital)**

**Annual Report**

**Financial Year Ended 31 December 2017**

**Dated: 12 November 2018**

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## DIRECTORS AND OTHER INFORMATION

### Board of directors at 31 December 2017

Dr Rhona Mahony  
Dr Peter Boylan  
Dr John Murphy  
Ms Niamh Callaghan  
Mr Ronan Gavin  
Ms Ruth Curran  
Mr Pádraig McManus  
Ms Caroline Keeling (appointed 17th July 2017)  
Mr Chris O'Connell (appointed 17th July 2017)  
Ms Meliosa O'Caoimh (appointed 24th November 2017)

### Solicitors

Mason Hayes & Curran  
South Bank House  
Barrow Street  
Dublin 4

Arthur Cox  
Earlsfort Centre  
Earlsfort Terrace  
Dublin 2

### Secretary and registered office

Ronan Gavin  
National Maternity Hospital  
Holles Street  
Dublin 2

### Bankers

Bank of Ireland  
2 College Green  
Dublin 2

**Registered number:** 518984 (Incorporated on 18 October 2012)

**Charity registration no.:** CHY (Revenue) No 20389  
Registered Charity No 20080891  
S.848a Donations Relief granted 18 April 2013

### Auditors

PricewaterhouseCoopers  
Chartered Accountants and Statutory Audit Firm  
One Spencer Dock  
North Wall Quay  
Dublin 1

## **DIRECTORS' REPORT (INCORPORATING THE TRUSTEES REPORT)**

The directors present herewith their report and the audited financial statements for the financial year ended 31 December 2017.

The Directors of the NMH Foundation (the Foundation) are its trustees for the purposes of Charity Law. This report incorporates statutory requirements as outlined in the Companies Act 2014 and has been prepared in reference to the Statement of Recommended Practice for Charities in accordance with the Financial Reporting Standard applicable in the Republic of Ireland (FRS102) (effective 1 January 2015). The Charity SORP (FRS 102) is not yet mandatory in the Republic of Ireland and the Irish Charity Regulator has not yet prescribed accounting regulations for Irish Charities. In the absence of such prescriptive guidance, the Trustees have adopted the Charity SORP (FRS 102) as it is considered best practice.

### **Objectives and activities**

The Foundation, as a voluntary charitable organisation, has as its main objective the development of a sustainable fundraising capability that will support the National Maternity Hospital in maintaining its position as a centre of excellence in the delivery of mother and baby care and research.

The main activity of the Foundation is raising funds to support the work of the National Maternity Hospital, Holles Street. The Foundation supports all areas of need within the NMH, including equipment, research and education programmes; and support services for mothers and babies. Money is raised through direct donations, events and corporate partnerships.

### **New initiatives scheme**

New initiatives include increased community fundraising, direct debit/regular giving and increased event activity.

### **Legal status and governing document**

The Foundation is an Irish company incorporated on 18 October 2012. It is a company limited by guarantee and does not have a share capital. The Foundation is a not-for-profit organisation with charitable status granted on 18 April 2013, with Articles of Association and a board of non-executive Directors. The Foundation's CHY (Revenue) number is CHY 20389 and its registration charity number is 20080891.

### **Statement of Board of Directors' responsibilities**

The Board of Directors is responsible for preparing the Directors' Report and the financial statements of the Foundation.

The Board of Directors is required to prepare financial statements, for each financial year, that give a true and fair view of the Foundation's assets, liabilities and financial position as at the end of the financial year and of the surplus or deficit of the foundation for the financial year. The Board of Directors has prepared the financial statements in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 which is the Financial Reporting Standard applicable in the UK and Republic of Ireland) and Charities Statement of Recommended Practice (SORP) (FRS 102).

Under Company Law, the Board of Directors shall not approve the financial statements unless it is satisfied that they give a true and fair view of the assets, liabilities and financial position of the Foundation, as at the end of the financial year and the surplus or deficit of the Foundation for the financial year, and otherwise comply with the Companies Act 2014.

## **DIRECTORS' REPORT (INCORPORATING THE TRUSTEES REPORT) - continued**

### **Statement of Board of Directors' responsibilities - continued**

In preparing these financial statements, the Board of Directors is required to:

- select suitable accounting policies 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 applicable accounting standards and identify the standards in question, subject to any material departures from those standards being disclosed and explained in the notes to the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Foundation will continue in business.

The Board of Directors is responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain the transactions of the Foundation;
- enable, at any time, the assets, liabilities, financial position and surplus or deficit of the Foundation to be determined with reasonable accuracy; and
- enable those financial statements to be audited.

The Board of Directors is also responsible for safeguarding the assets of the Foundation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Principal activities and business review**

The company is responsible for the fundraising activities of the National Maternity Hospital.

The Directors consider the level of fundraising activity and the year-end financial position to be satisfactory.

### **Financial review**

The result for the year is set out on page 10. In the current financial year the NMH Foundation donated an MRI machine with a carrying value of €2,018,596 to the National Maternity Hospital. This has been recorded as a donation expense in the statement of financial activities (Note 9). This machine was purchased, installed and commissioned by the Foundation in 2016 and funded by donations received between 2014 and 2016.

### **Income generation**

The Foundation's income decreased from €1,277,955 in the year to 31 December 2016 to €401,445 in the year to 31 December 2017. The deficit for the year was €1,938,287. The reason for this large deficit is entirely as a result of the MRI donation to the Hospital by the Foundation.

### **Resources expended**

The vast majority of the resources expended goes towards supporting the fundraising activities of the Foundation. The remainder relates to support costs which facilitate the day to day running of the Foundation.

### **Reserves**

The Directors have reviewed the reserves on hand at the year end and analysed them as restricted and unrestricted where relevant. Performance for the year has been in line with expectations.

### **Principal risks and uncertainties**

The Directors have ultimate responsibility for ensuring that the Foundation has an appropriate system of controls, financial and otherwise. The Directors consider the principal risks and uncertainties faced by the Foundation to be the loss of public support and donor fatigue. In addition, the systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include:

- A strategic plan and an annual budget approved by the Directors.
- Regular consideration by the Directors of financial results and variance reports in relation to individual projects and overall budget and
- Delegation of authority and segregation of duties.

## **DIRECTORS' REPORT (INCORPORATING THE TRUSTEES REPORT) - continued**

### **Accounting records**

The measures taken by the Directors to secure compliance with the Foundation's obligation to keep adequate accounting records are the use of appropriate systems and procedures and employment of competent persons. The accounting records are kept at the National Maternity Hospital, Holles Street, Dublin 2.

### **Directors**

The names of the persons who served as Directors at any time during the year are set out below. Unless otherwise indicated they served as Directors for the entire year.

Dr Rhona Mahony	(and Member)
Dr Peter Boylan	(and Member)
Dr John Murphy	(and Member)
Ms Niamh Callaghan	(and Member)
Mr Aidan Devlin	(resigned 17 <sup>th</sup> July 2017)
Mr Ronan Gavin	(Secretary and Member)
Ms Rachel Hussey	(resigned 17 <sup>th</sup> July 2017)
Mr Pdraig McManus	(Chairman and Member)
Ms Ruth Curran	
Ms Caroline Keeling	(appointed 17 <sup>th</sup> July 2017)
Mr Chris O'Connell	(appointed 17 <sup>th</sup> July 2017)
Ms Meliosa O'Caoimh	(appointed 24 <sup>th</sup> November 2017)

Unless otherwise indicated, all of the above served for the entire period. This is a Company limited by guarantee without a share capital. The Articles of Association provide for the rotation of directors at AGMs. A retiring Director shall be eligible for re-election.

### **Events since the end of the financial year**

There are no significant or material subsequent events affecting the Foundation since the year end.

### **Future developments**

It is the intention of the Directors to continue to develop the existing activities of the Foundation.

### **Political donations**

The Foundation did not make any political donations during the financial period.

### **Research and development**

The Foundation did not incur any research and development expenditure during the financial period.

### **Disclosure of information to auditors**

The Directors in office at the date of this report have each confirmed that:

- as far as he/she is aware, there is no relevant audit information of which the Foundation's statutory auditors are unaware; and
- he/she has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Foundation's statutory auditors are aware of that information.

**DIRECTORS' REPORT (INCORPORATING THE TRUSTEES REPORT) - continued**

**Auditors**

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the Annual General Meeting.

**On behalf of the board**

  
Rhona Mahony

  
John Murphy



## ***Independent auditors' report to the members of NMH Foundation***

### **Report on the audit of the financial statements**

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#### **Opinion**

In our opinion, NMH Foundation's financial statements:

- give a true and fair view of the company's assets, liabilities and financial position as at 31 December 2017 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Irish law); and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

We have audited the financial statements, included within the A, which comprise:

- the balance sheet as at 31 December 2017;
  - the statement of financial activities for the year then ended;
  - the cash flow statement for the year then ended;
  - the statement of changes in equity for the year then ended; and
  - the notes to the financial statements, which include a description of the significant accounting policies.
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#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law.

Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.





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## Reporting on other information

The other information comprises all of the information in the Directors' Report and Financial Statements other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the Companies Act 2014 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland) and the Companies Act 2014 require us to also report certain opinions and matters as described below:

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.
- Based on our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

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## Responsibilities for the financial statements and the audit

### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of Board Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for such internal control as they 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.

### *Auditors' 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 auditors' 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.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:

[https://www.iaasa.ie/getmedia/b2389013-1c16-458b-9b8f-a98202dc9c3a/Description\\_of\\_auditors\\_responsibilities\\_for\\_audit.pdf](https://www.iaasa.ie/getmedia/b2389013-1c16-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf)

This description forms part of our auditors' report.

### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



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## Other required reporting

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### *Companies Act 2014 opinions on other matters*

- 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.
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### *Companies Act 2014 exception reporting*

#### *Directors' remuneration and transactions*

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

A handwritten signature in black ink, appearing to read 'John Dunne'.

John Dunne  
for and on behalf of PricewaterhouseCoopers  
Chartered Accountants and Statutory Audit Firm  
Dublin  
12 November 2018

**STATEMENT OF FINANCIAL ACTIVITIES**  
**Year Ended 31 December 2017**

	Notes	2017 €	2016 €
<b>Income and expenditure</b>		Unrestricted	Unrestricted
<b>Income from:</b>			
Investment income	5	94,420	95,264
Donations and legacies		134,923	901,927
Charitable activities & donations		<u>172,102</u>	<u>280,764</u>
<b>Total income</b>		<u>401,445</u>	<u>1,277,955</u>
<b>Expenditure on:</b>			
Loan interest	5	94,420	94,420
Raising funds	8	147,077	197,338
Charitable activities & donations	9	<u>2,098,235</u>	<u>109,549</u>
<b>Total expenditure</b>		<u>2,339,732</u>	<u>401,307</u>
<b>Net (expenditure)/income</b>		<u>(1,938,287)</u>	<u>876,648</u>
<b>Reconciliation of funds</b>			
Total funds brought forward		<u>2,025,913</u>	<u>1,149,265</u>
<b>Total funds carried forward</b>		<u>87,626</u>	<u>2,025,913</u>

There were no recognised gains or losses other than those dealt with in the Statements of Financial Activities above.

There is no difference between the net incoming resources for the period and the net incoming resources retained for the period stated above, and their historical cost equivalents.

**BALANCE SHEET**  
As at 31 December 2017

	Notes	2017 €	2016 €
<b>Fixed assets</b>			
Property investment	12	<u>8,750,000</u>	<u>8,750,000</u>
<b>Current assets</b>			
Stock		1,480	2,140
Debtors	13	102,069	238,115
Cash at bank		230,466	163,442
MRI Equipment		-	<u>1,772,244</u>
<b>Total current assets</b>		<u>334,015</u>	<u>2,175,941</u>
<b>Current liabilities</b>			
<b>Creditors</b> - amounts falling due within one year	14	<u>(246,389)</u>	<u>(150,028)</u>
<b>Net current assets</b>		<u>87,626</u>	<u>2,025,913</u>
<b>Long-term liabilities</b>			
<b>Creditors</b> - amounts falling due after more than one year	15	<u>(4,720,885)</u>	<u>(4,720,885)</u>
<b>Net assets</b>		<u>4,116,741</u>	<u>6,055,028</u>
<b>Capital and reserves</b>			
Accumulated fund		87,626	2,025,913
Asset revaluation reserve		<u>4,029,115</u>	<u>4,029,115</u>
<b>Members' funds - equity interests</b>		<u>4,116,741</u>	<u>6,055,028</u>

On behalf of the board

  
Rhona Mahony

  
John Murphy

**STATEMENT OF CHANGES IN EQUITY**  
**Financial Year Ended 31 December 2017**

	Unrestricted revaluation reserve €	Unrestricted accumulated fund €	Total €
Balance at 1 January 2016	4,029,115	1,149,265	5,178,380
Surplus for the year	-	876,648	876,648
Revaluation increment	-	-	-
<b>Balance at 31 December 2016</b>	<u>4,029,115</u>	<u>2,025,913</u>	<u>6,055,028</u>
Balance at 1 January 2017	4,029,115	2,025,913	6,055,028
Loss for the year	-	(1,938,287)	(1,938,287)
Revaluation increment	-	-	-
<b>Balance at 31 December 2017</b>	<u>4,029,115</u>	<u>87,626</u>	<u>4,116,741</u>

**CASH FLOW STATEMENT**  
**Financial Year Ended 31 December 2017**

	Notes	2017 €	2016 €
<b>Cash flows from operating activities</b>			
Cash flows provided by operating activities	16	<u>67,024</u>	<u>(1,028,550)</u>
<b>Cash flows from investing activities</b>			
Rental Income received		<u>94,420</u>	<u>94,420</u>
<b>Cash flows from financing activities</b>			
Interest paid on borrowings		<u>(94,420)</u>	<u>(94,420)</u>
<b>Change in cash and cash equivalents in the reporting period</b>		67,024	(1,028,550)
Cash and cash equivalents at the beginning of the reporting period	17	<u>163,442</u>	<u>1,191,993</u>
<b>Cash and cash equivalents at the end of the reporting period</b>	17	<u>230,466</u>	<u>163,443</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Statement of compliance

The financial statements have been prepared on a going concern basis and in accordance with Irish GAAP (accounting standards issued by the Financial Reporting Council of the UK and the Companies Act 2014). The entity financial statements comply with Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Companies Act 2014. The financial statements have also been prepared in accordance with the recommendations of the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charity SORP (FRS 102)).

### 2 General information

The Foundation's principal objective is the development of a sustainable fundraising capability that will support the National Maternity Hospital in maintaining its position as a centre of excellence in the delivery of mother and baby care and research.

The Company is incorporated as a Company Limited by Guarantee in the Republic of Ireland under registration number 518984. The address of its registered office is The National Maternity Hospital, Holles Street, Dublin 2. The Foundation's CHY (Revenue) number is CHY 20389 and its registration charity number is 20080891.

### 3 Summary of significant accounting policies

The significant accounting policies used in the preparation of the entity financial statements are set out below. These policies have been consistently applied to all financial years presented, unless otherwise stated.

The preparation of financial statements in conformity with FRS 102 requires the use of certain key assumptions concerning the future, and other key sources of estimation and uncertainty at the reporting date. It also requires the Directors to exercise their judgement in the process of applying the Foundation's accounting policies. The areas involving a higher degree of judgement or areas where assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed in note 4.

#### **Basis of preparation**

The financial statements have been prepared in accordance with the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) and Charities SORP (FRS 102), and the Companies Act 2014.

The Foundation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

#### **Historical cost convention**

The financial statements are prepared under the historical cost convention except that investments are stated at fair value.

## NOTES TO THE FINANCIAL STATEMENTS - continued

### 3 Summary of significant accounting policies - continued

#### **Going concern**

The Foundation meets its day-to-day working capital requirements through its cash balances and investments. The current economic conditions continue to create uncertainty over the ability of the foundation to maintain the level of donations received. The Foundation's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Foundation should be able to operate for the foreseeable future. After making enquiries, the Directors have a reasonable expectation that the Foundation has adequate resources to continue in operational existence for the foreseeable future. Therefore these financial statements have been prepared on a going concern basis.

#### **Income**

Income is recognised when the foundation has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

#### *Rental Income*

Rental income arises on the leasing of 65/66 Lower Mount Street Dublin 2. The Foundation has leased the property for an initial period of seven years. Rental income arising on the rental of investment properties held by the Foundation as investment properties is recognised as the rental income falls due.

#### *Legacy income and bequests*

For legacies and bequests, entitlement is taken as the earlier of the date on which either the foundation is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to clarify that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the foundation has been notified of the executor's intentions to make a distribution. Where legacies have been notified to the foundation or the foundation is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

#### *Donation income*

Income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably. Donations or grants that are subject to terms or performance related conditions or other conditions that must be met before there is unconditional entitlement to the gifted resources, have been separately identified within the financial statements.

#### *Subscription Income*

Subscription income is recognised by the Foundation when the Foundation becomes entitled to the income, there is sufficient certainty of receipt and the subscription can be reliably measured.

#### **Funds**

All transactions of the Foundation have been recorded and reported as income into or expenditure from funds which are designated as "restricted", or "unrestricted".

Income is treated as restricted where the donor has specified that it may only be used for a particular purpose or where it has been raised for a particular purpose. All other income is treated as unrestricted. Expenditure is treated as being made out of restricted funds to the extent that it meets the criteria specified by the donor or the terms under which it was raised. All other expenditure is treated as unrestricted.

The balance on each restricted fund at the end of the year represents the asset held by the organisation for particular purposes specified by the donors. The balance of the unrestricted fund at the end of the year represents the assets held by the organisation for general use in furtherance of its work. Endowment fund represents amounts held for investment purpose. Income from these principal amounts will either be (a) unrestricted and used for general purposes, or (b) restricted by the donor or by the Board.



## NOTES TO THE FINANCIAL STATEMENTS - continued

### 3 Summary of significant accounting policies - continued

#### **Financial instruments**

The company has chosen to apply the provisions of Sections 11 and 12 of FRS 102 to account for all of its financial instruments.

#### *(i) Financial assets*

Basic financial assets, including trade and other debtors, cash and cash equivalents, short-term deposits and investments in corporate bonds, are initially recognised at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial asset is initially measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument.

Trade and other debtors, cash and cash equivalents are subsequently measured at amortised cost using the effective interest method.

At the end of each financial year financial assets measured at amortised cost are assessed for objective evidence of impairment. If there is objective evidence that a financial asset measured at amortised cost is impaired an impairment loss is recognised in profit or loss. The impairment loss is the difference between the financial asset's carrying amount and the present value of the financial asset's estimated cash inflows discounted at the asset's original effective interest rate.

If, in a subsequent financial year, the amount of an impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognised the previously recognised impairment loss is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment loss not previously been recognised. The impairment reversal is recognised in profit or loss.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value. Fair value is "the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction other than in a forced or liquidation sale". Estimates are made at a specific point in time, based on market conditions and information about the financial instrument.

Such financial assets subsequently measured at fair value and the changes in fair value are recognised in the Statement of Financial Activities, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are subsequently measured at cost less impairment.

Realised gains and losses on disposal of investments are the difference between sales proceeds receivable and carrying value. Unrealised gains and losses are the difference between market value at year end and carrying value.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of ownership of the financial asset are transferred to another party or (c) control of the financial asset has been transferred to another party who has the practical ability to unilaterally sell the financial asset to an unrelated third party without imposing additional restrictions.

#### *(ii) Financial liabilities*

Trade and other creditors, bank loans, loans from fellow group companies, preference shares and financial liabilities from arrangements which constitute financing transactions are subsequently carried at amortised cost, using the effective interest method.

Basic financial liabilities, including trade and other creditors, loans from third parties, are initially recognised at settlement price.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

**Financial instruments - continued**

*(ii) Financial liabilities - continued*

Variable rate loans were recognised initially at an amount equal to the principal payable at maturity, and therefore re-estimating the future interest payments has no significant effect on the carrying amount of the loans, which have not been discounted.

**Investment property**

Investment property is held at fair value. Gains and losses arising from the revaluation of the investment property are included in the Statement of Financial Activities. See note 12 for additional information.

4 Critical accounting judgements

Estimates and judgements made in the process of preparing the foundation entity financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors make estimates and assumptions concerning the future in the process of preparing the entity financial statements. The resulting accounting estimates will, by definition, seldom equal the related actual results.

*(i) Valuation of Non-exchange transactions*

The financial statements include non-exchange transactions where the Foundation has benefited from the donation of time and other goods and services from various donors. The Foundation did not have any non-exchange transactions in 2017 (2016: nil).

5 Investment income and management costs	2017 €	2016 €
Interest received on deposit account	-	844
Rent received on investment property	94,420	94,420
	<u>94,420</u>	<u>95,264</u>
Interest payable on loan to purchase investment property	<u>(94,420)</u>	<u>(94,420)</u>

Interest payable is accrued at a rate of 2% per annum.

6 Payroll costs	2017 €	2016 €
Wages & Salaries	82,868	95,003
Employers PRSI	8,908	10,213
	<u>91,776</u>	<u>105,216</u>

The average number of persons employed by the Foundation during the financial year was one. The NMH Foundation employs one full time employee.

No salaries or fees are payable to the Directors of the Foundation.

NOTES TO THE FINANCIAL STATEMENTS - continued

<b>7 Key management compensation</b>	<b>2017</b>	<b>2016</b>
	€	€
Compensation paid or payable to key management personnel for employee services are shown below:		
Wages & Salaries	65,588	75,000
Employer PRSI	5,989	8,062
	<u>71,577</u>	<u>83,062</u>
<b>8 Expenditure on raising funds - unrestricted</b>	<b>2017</b>	<b>2016</b>
	€	€
Fundraising events	84,076	139,318
Support and governance costs (note 10)	39,210	47,215
Governance costs (note 10)	23,791	10,805
	<u>147,077</u>	<u>197,338</u>
<b>9 Expenditure on charitable activities &amp; donations - unrestricted</b>	<b>2017</b>	<b>2016</b>
	€	€
Payroll costs	55,065	63,130
Support and governance costs (note 10)	16,218	30,660
MRI Equipment	2,018,596	-
Hospital Equipment	8,356	15,759
	<u>2,098,235</u>	<u>109,549</u>

**Incoming resources and resources expended in the generation of funds for charitable activities**

The Foundation raises funds for much needed equipment for the National Maternity Hospital. The events listed below were held in the period ended 31 December 2017 to raise such funds:

	Income	Direct expenses	Direct contribution
	2017	2017	2017
	€	€	€
Fashion Show	69,890	33,213	36,677
Lisbon Run	49,115	37,477	11,638
Golf Classic	30,100	12,204	17,896
Mini Marathon	22,997	1,182	21,815
Total	<u>172,102</u>	<u>84,076</u>	<u>88,026</u>

## NOTES TO THE FINANCIAL STATEMENTS - continued

## 10 Analysis of governance and support costs

	Charitable activities		Raising funds		Basis of apportionment
	General support	Governance functions	General support	Governance functions	
<b>2017</b>					
Payroll costs	41,299	13,766	36,710	-	Pro-rata based on time incurred
Subscriptions/memberships	-	-	2,500	-	Based on specific expenditure plus pro-rata of costs
Bank and credit card charges	1,862	-	-	-	Based on specific expenditure plus pro-rata of costs
Printing and stationery	3,121	-	-	-	Based on specific expenditure plus pro-rata of costs
Advertising and marketing	4,085	-	-	-	Based on specific expenditure plus pro-rata of costs
Professional fees	-	-	-	23,791	Based on specific expenditure plus pro-rata of costs
Staff travel and conferences	1,404	-	-	-	Based on specific expenditure plus pro-rata of costs
Office equipment	5,480	-	-	-	Based on specific expenditure plus pro-rata of costs
Telephone	266	-	-	-	Based on specific expenditure plus pro-rata of costs
	<u>57,517</u>	<u>13,766</u>	<u>39,210</u>	<u>23,791</u>	
<b>2016</b>					
Payroll costs	47,348	15,782	42,086	-	Pro-rata based on time incurred
Subscriptions/memberships	-	-	5,129	-	Based on specific expenditure plus pro-rata of costs
Bank and credit card charges	1,940	-	-	-	Based on specific expenditure plus pro-rata of costs
Printing and stationery	8,540	-	-	-	Based on specific expenditure plus pro-rata of costs
Advertising and marketing	7,048	-	-	-	Based on specific expenditure plus pro-rata of costs
Professional fees	-	-	-	10,805	Based on specific expenditure plus pro-rata of costs
Staff travel and conferences	3407	-	-	-	Based on specific expenditure plus pro-rata of costs
Office equipment	9,615	-	-	-	Based on specific expenditure plus pro-rata of costs
Telephone	110	-	-	-	Based on specific expenditure plus pro-rata of costs
	<u>78,008</u>	<u>15,782</u>	<u>47,215</u>	<u>10,805</u>	

NOTES TO THE FINANCIAL STATEMENTS - continued

<b>11 Statutory and other information</b>	<b>2017</b>	<b>2016</b>
	€	€

The surplus/(deficit) for the year has been arrived at after charging/(crediting):

Directors' remuneration	-	-
Auditors' remuneration	<u>7,754</u>	<u>6,415</u>

<b>12 Investment assets</b>	<b>2017</b>	<b>2016</b>
	€	€

Investment property at fair value	<u>8,750,000</u>	<u>8,750,000</u>
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In April 2013 the Board passed a resolution to purchase the building on 65/66 Lower Mount Street, Dublin 2. This is an investment property. The Foundation has leased the property to the National Maternity Hospital for an initial period of seven years. The property was revalued in 2014 by an independent professional property agent. The relevant amount is based on the market value of the property as at 31 December 2014 as determined by the Board in conjunction with Knight Frank. The Board of Directors have determined that the investment property will be revalued on a 5 year rolling basis. The Directors will assess the movement on a yearly basis by way of external indices to determine if a valuation is required outside of the valuation schedule.

<b>13 Debtors</b>	<b>2017</b>	<b>2016</b>
	€	€

Debtors	<u>102,068</u>	<u>238,115</u>
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<b>14 Creditors - amounts falling due within one year</b>	<b>2017</b>	<b>2016</b>
	€	€

Creditors	5,076	22,398
Accruals	<u>241,313</u>	<u>127,630</u>
	<u>246,389</u>	<u>150,028</u>

Trade and other creditors are payable at various dates in the next three months in accordance with the suppliers' usual and customary credit terms.

<b>15 Creditors - amounts falling after more than one year</b>	<b>2017</b>	<b>2016</b>
	€	€

Loan from The Medical Fund	4,100,000	4,100,000
Loan from The Scientific Research College	<u>620,885</u>	<u>620,885</u>
	<u>4,720,885</u>	<u>4,720,885</u>

These loans were used to purchase the building at 65/66 Lower Mount St, Dublin 2. The Foundation's total loans at 31 December 2017 were €4,720,885 (2016: €4,720,885), representing inter entity loans, repayable upon sale of the property. The loans are subject to interest at a rate of 2% (2016: 2%).

NOTES TO THE FINANCIAL STATEMENTS - continued

16 Reconciliation of net incoming resources to net cash inflow from charitable activities	2017 €	2016 €
Net (expenditure)/income for the reporting period	(1,938,287)	876,648
Decrease in stocks	660	1,724
Decrease/(increase) in debtors	1,908,290	(1,954,998)
Increase in creditors	96,361	48,076
Net cash inflow/(outflow) from activities	<u>67,024</u>	<u>(1,028,550)</u>

17 Analysis of changes in net cash	2016 €	Cash flow €	2017 €
Cash at bank	<u>163,442</u>	<u>67,024</u>	<u>230,466</u>

18. Financial instruments	2017 €	2016 €
Financial assets at fair value through profit or loss		
Financial assets that are debt instruments measured at amortised cost:		
- Trade debtors	<u>102,068</u>	<u>238,115</u>
Cash at bank and in hand	<u>230,466</u>	<u>163,442</u>
Financial liabilities measured at amortised cost:		
- Trade creditors	5,076	22,398
- Borrowings from The Medical Fund	4,100,000	4,100,000
- Borrowings from The Scientific Research College	<u>620,885</u>	<u>620,885</u>
	<u>4,725,961</u>	<u>4,743,283</u>

19 Related party transactions

During the year the Foundation did not have any related party transactions in accordance with Charities SORP (FRS 102).

However, while not related parties under the generally applied definitions, the Foundation did engage in the following transactions with the following entities:

1. Loans, as set out in Note 15, are from NMH Medical Fund and NMH Scientific & Research College.
2. Lease of Property at 65/66 Lower Mount Street to the National Maternity Hospital at an annual rent of €98k.
3. An MRI machine purchased, installed and commissioned during 2016 from donations received between 2014 and 2016 was donated to the National Maternity Hospital in 2017.

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**20 Events after the end of the reporting period**

There were no events after the end of the reporting period which require disclosure in the financial statements.

**21 Approval of the financial statements**

The named representatives approved the financial statements on behalf of the Board of Directors on 12<sup>th</sup> November 2018.