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Stewarts Care Limited

Directors' Report and Financial Statements

Financial Year Ended 31 December 2018

CONTENTS

DIRECTORS AND OTHER INFORMATION

Board of directors at 31 December 2018

G Fagan (Chairperson)
E Conway
T Doherty
F Fletcher
E Foley
R Grier
J Hynes
P Murray
A Roche
R Sharpe

Solicitors

William Fry Solicitors
2 Grand Canal Square
Dublin 2

O'Mara Geraghty McCourt
51 Northumberland Road
Dublin 4

Secretary and registered office

F Fletcher
Stewarts
Mill Lane
Palmerstown
Dublin 20

Bankers

AIB Group

Ulster Bank

Charities Regulatory Authority number: 20040314

CHY number: CHY13177

CRO registered number: 296282

Auditors

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

DIRECTORS' REPORT

The directors present their report and the financial statements of the company for the financial year ended 31 December 2018.

Principal activities

Stewarts Care Limited provides residential accommodation including supported living and daily learning, recreational, cultural and therapeutic experiences to approximately 262 users of the service. Daytime support services are availed of by 514 adults and 181 children. Respite services are provided to 145 adults and 43 children. More than 50% of the total income was received from public exchequer sources in the year.

Business review

The operating deficit for the year for the company was €2,072,902 before the inclusion of the actuarial loss from the defined benefit obligation which was €10,176,000. The net liability position at 31 December 2018 was €19,185,842, which decreased in the current year primarily as a result of a decrease in the defined benefit liability of €9,208,000.

Accounting records

The measures taken by the directors to secure compliance with the company'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 Stewarts, Mill Lane, Palmerstown, Dublin 20.

Dividends

The directors do not recommend payment of a dividend.

Surplus and reserves

The surplus for the year is set out in the profit and loss account on page 12.

	€
The surplus for the year amounted to	7,695,663

Research and development

During 2018, Stewarts Research Ethics Committee approved seven research applications:

Research title: "Is there a drift between communication and practice when it comes to early intervention from a families and early interventionist point of view". (Researcher: Ms. Emma Craig, Stewarts).

Research title: "Naturalistic decision-making processes of multidisciplinary teams that facility community-living options for adults with intellectual disabilities". (Researcher: Ms. Precious Jenga, UCD).

Research title: "Moral distress of registered nurses offering palliative care for people with intellectual disabilities in residential care settings". (Researcher: Ms. Shivam Singh, TCD).

Research title: "An Irish-English Study of Historical Intellectual Disability Practice: An oral historical account of the sustainability of a healthcare workforce". (Researcher: Dr. Colin Griffiths, TCD).

Research title: "Assessing the impact of person-centred planning on the community integration of adults with an intellectual disability". (Researcher: Dr. Darren McCausland, TCD).

Research title: "Culture & Ethnicity: Critical Factors in Irish Early Intervention Services" (Researcher: Ndemazia Asonglefack Jungwa, UCC).

Research title: "The Development and Evaluation of a Parents Plus programme for parents of older children and adolescents with special needs". (Researcher: Professor John Sharry, Parents Plus, The Mater Hospital).

Political donations

The company did not make any political donations during the period.

DIRECTORS' REPORT - continued

Branches
The company does not operate any branches outside the Republic of Ireland.

Future developments
In the period 2017-2019 the organisation has identified its key tasks as:

- Promoting a culture of inclusion in everything we do.
- Fostering and upholding a culture of dignity and respect that is honest, compassionate, transparent and accountable.
- Supporting learning, innovation and creativity.
- Developing a person-centered approach that supports living in the community for all service users.
- Fostering open and clear communications with service users, families, staff and other stakeholders.
- Person centredness: putting the person at the centre of everything we do

In seeking to achieve movement towards the need to support better life experiences for service users in the context of increased community living and working to reduce the numbers of people living in congregated settings, we will be challenged to develop new partnerships and funding mechanisms to enable this transition.

Taxation
The company has charitable tax status.

Principal risks and uncertainties
The Office of Risk and Quality in Stewarts prescribe and monitor implementation of a robust risk management framework to ensure all clinical and non-clinical risks are managed effectively. A new *Risk Governance and Escalation Pathway* was rolled out in 2018 where a formal pathway was made available to escalate risks from frontline staff up to Board level, as required.

The Clinical Indemnity Scheme (CIS) provides indemnity to Stewarts in relation to clinical incidents. A National Incident Management System (NIMS) has been provided since July 2015.

An Organisational Risk Register identifies foreseeable risks identified in the company and is reviewed by the Board on a quarterly basis. The Corporate Risk Register is used to:

- Maintain a record of organisational risks.
- Track risks, the management and allocation of risk.
- Prioritise actions aimed at reduction/elimination of risk
- Principal risk and uncertainties are identified in the Corporate Risk Register.

The Company complies with the Governance Code for community, voluntary and charitable organisations in Ireland. We confirm that a review of our organisation's compliance with the principles included in the Code was conducted during 2016. This review was based on an assessment of our organisational practice against the recommended actions for each principle. The review sets out actions and completion dates for any issues that the assessment identifies need to be addressed.

Financial risk management
The Directors have ultimate responsibility for ensuring that the charity has appropriate system of controls, financial and otherwise. The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include:

- A strategic plan (2017-2019) approved by the Directors.
- A Service Arrangement with the principal funder (HSE).
- Regular consideration by the Directors of financial results, variance from budgets and reports from the Head of Finance and from reports of the Audit and Financial Risk Sub-committee to the Board.
- Internal and external Audit.
- Delegation of authority and segregation of duties.
- As a publicly funded body Stewarts Care Limited is required to comply with Public Pay Policy. As a publicly funded body Stewarts Care Limited is in full compliance with Public Pay Policy, except as declared in the Annual Compliance Statement.

DIRECTORS' REPORT - continued

Financial risk management - continued

- Adherence to the principles of the Governance Code for Community, Voluntary and Charitable Organisations.
- Registration and Compliance with the requirements of the Charities Regulatory Authority.

The Directors have in place a formal organisational risk management policy and process to assess risks and implement risk management strategies. This involves identifying the types of risks the Company faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating these risks.

The Directors recognise the risks and uncertainties that may be applicable in respect of pension liabilities for their investment portfolio. There are risks that exist which are outside the control of the Directors and the Board of Directors around the valuation of investments which are impacted by external factors. The Directors attempt to mitigate these risks by engaging with professional investment managers who have the necessary skills and expertise to undertake this role.

Directors' and secretary's interests

The directors and secretary in office at 31 December 2018 and 2017 had no interest in the share capital of the company or any other group company.

Events since the end of the financial year

There have been no significant events affecting the company since the year end.

Structure, governance and management

Stewarts Care Limited was converted to a private company limited by shares on 1 December 2016.

Directors' compliance statement

As required by Section 225(2) of the Companies Act 2014, the directors acknowledge that:

1. they are responsible for securing the company's compliance with its relevant obligations (as defined in that legislation);
2. they have drawn up a compliance policy statement during the financial year and have in place arrangements and structures that are, in the directors' opinion, designed to secure material compliance with the relevant obligations; and
3. the arrangements and structures will be reviewed by the directors in the coming financial year.

Disclosure of information to auditors

For a financial year beginning on or after 1 June 2015 the directors' report is required by the Companies Act 2014, section 330, to include a statement on relevant audit information.

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 company'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 company's statutory auditors are aware of that information.

DIRECTORS' REPORT - continued

Directors

The names of the persons who were directors of the company who served as directors during the financial year are:

G Fagan (Chairperson)
E Conway
T Doherty
F Fletcher
E Foley
R Grier
J Hynes
P Murray
A Roche
R Sharpe

Ms F Finlay served until she retired on 21 February 2018.

Mr M Green served until he retired on 21 February 2018.

Mr M Murphy served until he retired on 13 September 2018.

Professor E Conway served from her appointment on 11 July 2018.

Mr E Foley served for his appointment on 11 July 2018.

Ms A Roche served for her appointment on 12 December 2018.

Mr M Green and Ms F Finlay retired from Board on 21 February 2018 having exceeded the permitted term for service as a Director under Regulation 30 (e) of the constitution of the company.

All other directors served for the entire financial year.

Attendance of Board members at Board meetings
1 January 2018 – 31 December 2018

Board Member	Date of Stewarts Care Limited Board Meeting									
	07/02/18	21/02/18	22/03/18	25/04/18	13/06/18	11/07/18	12/09/18	24/10/18	21/11/18	12/12/18
E Conway ~						✓	✓	✓	✓	✓
T Doherty	✓	✓	✓	X	✓	✓	✓	X	✓	✓
G Fagan	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
F Finlay *	✓	✓								
F Fletcher	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
E Foley ~						✓	✓	✓	✓	✓
M Green *	✓	✓								
R Grier	✓	✓	X	✓	✓	✓	X	X	✓	✓
J Hynes	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
M Murphy *	✓	X	✓	✓	✓	X	X			
P Murray	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
A Roche ~										✓
R Sharpe	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Note:
* Ms F Finlay, Mr M Green and Mr M Murphy retired from the Board in 2018.
~ Professor E Conway, Mr E Foley and Ms A Roche were appointed to the Board in 2018.

DIRECTORS' REPORT - continued

Prompt Payment of Accounts Act, 1997 (Amendment Order 2000)

The directors acknowledge their responsibility for ensuring compliance with the Prompt Payment of Accounts Act 1997 (Amendment Order 2000). Procedures have been implemented to identify dates upon which invoices fall due for payment and for payment to be made on such dates. Accordingly the directors are satisfied that the company has complied with the provisions of the Act.

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 of directors

G Fagan (Chairman) Gerard Fagan

R Grier

17 July 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the directors' report and the financial statements in accordance with Irish law.

Irish law requires the directors to prepare financial statements for each financial year giving a true and fair view of the company's assets, liabilities and financial position at the end of the financial year and the profit or loss of the company for the financial year. Under that law the directors have 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 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* and promulgated by the Institute of Chartered Accountants in Ireland and Irish law).

Under Irish law, the directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the company's assets, liabilities and financial position as at the end of the financial year and the profit or loss of the company for the financial year.

In preparing these financial statements, the directors are 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;
- notify the company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 102; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain 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; and
- enable the directors to ensure that the financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

The directors 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.

On behalf of the board of directors

G Fagan (Chairman) Gerard Fagan

R Grier

pwc

Independent auditors' report to the members of Stewarts Care Limited

Report on the audit of the financial statements

Opinion

In our opinion, Stewarts Care Limited's financial statements:

- give a true and fair view of the company's assets, liabilities and financial position as at 31 December 2018 and of its loss 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 Directors' Report and Financial Statements, which comprise:

- the Balance Sheet as at 31 December 2018;
- the Profit and Loss Account and Statement of Comprehensive Income 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.

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.

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.

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 2018 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.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 8, 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/b2389013-1cf6-458b-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.

Other required reporting

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.

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.

John A Dunne
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin
18 September 2019

PROFIT AND LOSS ACCOUNT
Financial Year Ended 31 December 2018

	Notes	2018 €	2017 €
Turnover	6	60,353,707	53,453,326
Operating expenses		(57,280,479)	(50,696,696)
Provision for legacy Issue	19	-	(1,800,000)
Administrative expenses		(5,146,130)	(4,172,890)
		(62,426,609)	(56,669,586)
Operating (loss)	7	(2,072,902)	(3,216,260)
Interest income		1,918,287	1,836,321
Interest payable and similar charges		(2,325,722)	(2,205,942)
Net interest cost		(407,435)	(369,621)
(Deficit) for the year before taxation		(2,480,337)	(3,585,881)
Taxation	20	-	-
(Deficit) for the year after taxation		(2,480,337)	(3,585,881)

STATEMENT OF COMPREHENSIVE INCOME
Financial Year Ended 31 December 2018

	2018 €	2017 €
(Deficit) for the year	(2,480,337)	(3,585,881)
Other comprehensive income		
Re-measurement of net defined benefit pension liability	10,176,000	(184,000)
Total comprehensive income for the year	7,695,663	(3,769,881)

BALANCE SHEET
As at 31 December 2018

	Notes	2018 €	2017 €
Fixed assets			
Tangible assets	8	9,124,032	9,458,652
Current assets			
Debtors	10	2,066,530	3,339,884
Stocks	9	90,677	87,786
Cash at bank and in hand	22	2,574,415	1,892,192
		4,731,622	5,319,862
Current liabilities			
Creditors (amounts due within one year)	11	(9,647,125)	(8,723,028)
Net current (liabilities)		(4,915,503)	(3,403,166)
Creditors (amounts due after more than one year)	12	(9,069,642)	(9,404,262)
Provision for liabilities			
Provision for legacy issue	19	(1,800,000)	(1,800,000)
Provision for post-employment benefit obligation	14	(12,525,000)	(21,733,000)
Net (liabilities)		(19,186,113)	(26,881,776)
Capital and reserves			
Called up equity share capital presented as equity	13	3	3
General fund - revenue account deficit		(18,395,611)	(26,091,274)
Deficit from Stewart's Hospital - Mental Handicap Services		(790,505)	(790,505)
Total equity - (deficit)		(19,186,113)	(26,881,776)

On behalf of the board of directors

G Fagan (Chairman) Gerard Fagan

R Grier

STATEMENT OF CHANGES IN EQUITY
Financial Year Ended 31 December 2018

	Called-up share capital presented as equity	Deficit from Mental Handicap Services	Profit and loss account	Total
	€	€	€	€
Balance at 1 January 2017	3	(790,505)	(22,321,393)	(23,111,895)
Loss for the financial year	-	-	(3,585,881)	(3,585,881)
Other comprehensive income for the financial year	-	-	(184,000)	(184,000)
Total comprehensive income for the financial year	-	-	(3,769,881)	(3,769,881)
Balance at 31 December 2017	3	(790,505)	(26,091,274)	(26,881,776)
Balance at 1 January 2018	3	(790,505)	(26,091,274)	(26,881,776)
Loss for the financial year	-	-	(2,480,337)	(2,480,337)
Other comprehensive income for the financial year	-	-	10,176,000	10,176,000
Total comprehensive income for the financial year	-	-	7,695,663	7,695,663
Balance at 31 December 2018	3	(790,505)	(18,395,611)	(19,186,113)

NOTES TO THE FINANCIAL STATEMENTS

1 General information

These financial statements are the company's separate financial statements for the financial year beginning 1 January 2018 and ending 31 December 2018. Stewarts Care Limited provides residential accommodation and daily learning, recreational, cultural and therapeutic experiences to service users. The company is a company limited by shares incorporated in Ireland. The registered office of the company is Mill Lane, Palmerstown, Dublin 20.

2 Statement of compliance

The entity 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 promulgated by the Institute of Chartered Accountants in Ireland 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.

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.

(a) Basis of preparation
The entity financial statements have been prepared under the historical cost convention, as modified by measurement of freehold land and buildings at their deemed cost on transition to FRS 102. The financial statements are presented in Euro (symbol used €). The entity is a public benefit entity as defined by FRS 102.

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 uncertainty at the end of the financial year. It also requires the directors to exercise its judgement in the process of applying the company'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.

The company does not comply with the provisions of the Statement of Recommended Practice (SORP) 'Charities SORP FRS 102'. Adoption of this SORP is not mandatory.

(b) Going concern
The financial statements have been prepared on the going concern basis. The Company is dependent on the Health Service Executive (HSE) to fund its activities and the ongoing support of the HSE at an appropriate level is fundamental to the Company's ability to continue as a going concern. The HSE has not given any indication that it will withdraw its financial support from the Company in the foreseeable future. Management have reviewed the level of activity and costs of the Company and have drawn up plans to deal with the issues associated with current cost and funding pressures. The ongoing support of the HSE at an appropriate level is fundamental to the achievement of these plans.

(c) Disclosure exemptions for qualifying entities under FRS 102
FRS 102 allows a qualifying entity certain disclosure exemptions. The company is a qualifying entity and has taken advantage of the following disclosure exemptions for qualifying entities:

(i) Exemption from the requirements of Section 7 of FRS 102 and FRS 102 paragraph 3.17(d) to present a statement of cash flows
(ii) Exemption from the requirement of FRS 102 paragraph 33.7 to disclose key management personnel compensation in total.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

(d) Revenue recognition

Turnover

Turnover is the amount of revenue derived from the provision of goods and services falling within the company's ordinary activities after deduction of trade discounts and value-added tax. For Stewarts Care Limited turnover comprises revenue arising from the provision of services within the Hospital as well as income received from the Health Services Executive (HSE).

Turnover is recognised in the financial year in which the services are rendered and when the outcome of the provision of those services can be reliably measured. Revenue grants approved by the HSE are taken into revenue in the year in which approved. Maintenance charges to clients are taken to income in the year in which the charges are raised.

(e) Employee benefits

The company provides a range of benefits to employees, including short term employee benefits such as paid holiday arrangements and post-employment benefits (in the form of defined benefit or defined contribution pension plans).

(i) Short term employee benefits

Short term employee benefits, including wages and salaries, paid holiday arrangements and other similar non-monetary benefits, are recognised as an expense in the financial year in which employees render the related service.

(ii) Post-employment benefits

Defined benefit pension plan

The company operates a defined benefit pension plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. A defined benefit plan is a post-employment benefit other than a defined contribution plan.

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of each financial year less the fair value of the plan assets at that date.

The defined benefit obligation is calculated annually by an external actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in Euro and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of plan assets out of which the obligations are to be settled is measured in accordance with the company's accounting policy for financial assets. For most plan assets this is the quoted price in an active market. Where quoted prices are not available appropriate valuation techniques are used to estimate the fair value.

The cost of the defined benefit pension plan, recognised in profit or loss, except where included in the cost of an asset, comprises:

(a) the increase in net defined benefit liability arising from employee service during the financial year; and
(b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost on the net defined benefit liability is determined by multiplying the net defined benefit liability by the discount rate (both as determined at the start of the financial year, taking account of any changes in the net defined benefit liability during the financial year as a result of contribution and benefit payments). This net interest cost is recognised in profit or loss as 'finance expense' and presented within 'interest payable and similar charges'.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

(e) Employee benefits - continued

(ii) Post-employment benefits - continued

Defined benefit pension plan - continued

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income. These amounts together with the return on plan assets less the interest income on plan assets included in the net interest cost, are presented as 'Re-measurement of net defined benefit liability' in other comprehensive income.

(f) Tangible fixed assets

Tangible fixed assets are carried at historical cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to the location and condition necessary for its intended use, applicable dismantling, removal and restoration costs and borrowing costs capitalised.

(i) Land and buildings

Land and buildings are carried at cost (or deemed cost for land and buildings measured at valuation at the date of transition to FRS 102) less accumulated depreciation and accumulated impairment losses. The difference between depreciation based on the deemed cost of land and buildings (which is recognised in profit or loss) and depreciation based on the asset's original cost is transferred from the revaluation reserve in equity to the profit and loss account reserve in equity each financial year.

(ii) Plant and machinery and fixtures, fittings, and equipment

Plant and machinery and fixtures, fittings, tools and equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

(iii) Depreciation and residual values

Land is not depreciated. Depreciation on other assets is calculated, using the straight-line method over their estimated useful lives, as follows:

Buildings	over 40-50 years
Plant and machinery	10 to 15 years
Fixtures, fittings, tools and equipment	3 to 8 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each financial year. The effect of any change in either residual values or useful lives is accounted for prospectively.

(iv) Subsequent additions and major components

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the company and the cost can be measured reliably.

The carrying amount of any replaced component is derecognised. Major components are treated as separate assets where they have significantly different patterns of consumption of economic benefits and are depreciated separately over their useful lives.

Repairs, maintenance and minor inspection costs are expensed as incurred.

(g) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities. Cash and cash equivalents are initially measured at transaction price and subsequently measured at amortised cost.

Bank deposits which have original maturities of more than three months are not cash and cash equivalents and are presented as current asset investments.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

(h) Provisions and contingencies

Provisions

Provisions are liabilities of uncertain timing or amount.

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that a transfer of economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the best estimate of the amount required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are reviewed at the end of each financial year and adjusted to reflect the current best estimate of the amount required to settle the obligation. The unwinding of the discount is recognised as a finance cost in profit or loss, presented as part of 'interest payable and similar charges' in the financial year in which it arises.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

(i) 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 and short-term deposits, are initially recognised at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction.

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.

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

Basic financial liabilities, including trade and other creditors, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial liability is initially measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

(i) Financial instruments - continued

(ii) Financial liabilities - continued

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as due within one year if payment is due within one year or less. If not, they are presented as falling due after more than one year. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

(j) Share capital presented as equity

Equity shares issued are recognised at the proceeds received and presented as share capital and share premium. Incremental costs directly attributable to the issue of new equity shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4 Critical accounting judgements and estimation uncertainty

Estimates and judgements made in the process of preparing the 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.

(a) Critical judgement in applying the entity's accounting policies

The following judgement, apart from those involving estimates, made by the directors has had significant effect on the amounts recognised in the entity financial statements:

(i) Useful economic lives of tangible fixed assets

The annual depreciation on tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reviewed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 8 for the carrying amount of the tangible fixed assets, and note 3 for the useful economic lives for each class of tangible fixed assets.

(ii) Impairment of debtors

The directors make an assessment at the end of each financial year of whether there is objective evidence that a trade or other debtor is impaired. When assessing impairment of trade and other debtors, the directors consider factors including the current credit rating of the debtor, the age profile of outstanding invoices, recent correspondence and trading activity, and historical experience of cash collections from the debtor. See note 10 for the net carrying amount of the debtors and the impairment loss recognised in the financial year.

(iii) Defined benefit pension plan

Certain employees participate in a defined benefit pension plan. The calculation of the cost of these pension benefits and the present value of the defined benefit obligation incorporate a number of estimates and assumptions, including; life expectancy, salary increases, inflation and the discount rate on corporate bonds. The pension plan assets are measured at fair value at the end of each financial year. The assumptions and estimates used in calculating the cost for the financial year, the defined benefit obligation and the fair value of the plan assets at the end of each financial year reflect historical experience and current trends. See note 14 for the disclosures relating to the defined benefit pension plan.

(iv) Provision for legacy issue

As more fully explained in note 19, a provision by its nature involves a degree of uncertainty as to the timing and amount of the outflow of economic benefits. The provision above contains a number of uncertainties and the directors believe they have made a prudent provision for any liability ultimately expected to arise.

NOTES TO THE FINANCIAL STATEMENTS - continued

5 Holding company

The company is a wholly owned subsidiary of Stewarts Foundation Limited, a company incorporated in Ireland. Stewarts Foundation Limited has its registered office at Stewarts, Mill Lane, Palmerstown, Dublin 20. The consolidated financial statements of Stewarts Foundation are publicly available.

6 Income

	2018 €'000	2017 €'000
HSE funding	52,060,253	45,394,796
Other operating income	8,293,454	8,058,530
	60,353,707	53,453,326

7 Operating loss

	2018 €	2017 €
Operating loss has been arrived at after charging/(crediting):		
Depreciation	334,620	334,620
Amortisation of capital grant	(334,620)	(571,925)

Auditors' remuneration

Remuneration of the auditors (including expenses) for the statutory audit and other services carried out for the company by the company's auditors is as follows:

	2018 €	2017 €
Audit of entity financial statements	57,231	55,350
Tax advisory services	-	-
Other non-audit services	10,332	11,780
	67,563	67,130

NOTES TO THE FINANCIAL STATEMENTS - continued

8 Fixed assets

	Buildings	Furniture and equipment	Total
	€	€	€
Financial year ended 31 December 2017			
Opening carrying amount	9,793,539	-	9,793,539
Additions	-	-	-
Disposals	-	-	-
Depreciation	(334,620)	-	(334,620)
Carrying amount	9,458,919	-	9,458,919
At 31 December 2017			
Cost or deemed cost	14,516,778	400,906	14,917,684
Accumulated depreciation and impairment	(5,058,126)	(400,906)	(5,459,032)
Carrying amount	9,458,652	-	9,458,652
Financial year ended 31 December 2018			
Opening carrying amount	9,458,652	-	9,458,652
Additions	-	-	-
Disposals	-	-	-
Depreciation	(334,620)	-	(334,620)
Carrying amount	9,124,032	-	9,124,032
At 31 December 2018			
Cost or deemed cost	14,516,778	400,906	14,917,684
Accumulated depreciation and impairment	(5,392,746)	(400,906)	(5,793,652)
Carrying amount	9,124,037	-	9,124,032

9 Stocks

	2018	2017
	€	€
Stocks consist of clothing, fuel, provisions and household goods	90,677	87,786

There is no significant difference between the replacement cost and the carrying value.

No impairment provision has been recognised in relation to the carrying value of stock.

10 Debtors

	2018	2017
	€	€
HSE revenue grants receivable	985,583	2,498,940
Other debtors and prepayments	1,080,947	840,944
	2,066,530	3,339,884

No impairment provision has been recognised for debtors as all debtors are considered to be fully recoverable.

NOTES TO THE FINANCIAL STATEMENTS - continued

11 Creditors

	2018 €	2017 €
Amounts falling due within one year:		
Wages and holiday pay	2,447,147	2,344,562
PAYE/PRSI	989,707	920,235
Trade creditors and accruals	1,171,335	1,071,532
Client funds	5,038,936	4,386,699
	9,647,125	8,723,028

Wages and holiday pay are payable to employees at various dates over the coming months.

Tax and social insurance are payable at various dates over the coming months in accordance with the applicable statutory provisions.

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

Client funds comprise pensions and other allowances received on behalf of clients, net of charges raised for services provided.

Total client fund creditors of the company at 31 December 2018 are €5,038,936 (2017: €4,386,699).

In 2018, there were charges to clients of €1,267,023 (2017: €1,439,983) made by the company.

12 Creditors - amounts falling due later than one year

	2018 €	2017 €
Capital grant	9,069,642	9,404,262

13 Share capital

	2018 €	2017 €
Equity		
Authorised		
1,000,000 ordinary shares of €1.25 each	1,250,000	1,250,000
Allotted, called up and fully paid - presented as equity		
2 ordinary shares of €1.25 each	3	3

Neither the board, nor the secretary, hold any beneficial shareholdings in the group.

There is a single class of equity shares. There are no restrictions on the distribution of dividends and the repayment of capital. All shares carry equal voting rights and rank for dividends to the extent to which the total amount on each share is paid up.

General fund - revenue account deficit
This represents the accumulated annual surpluses and deficits of the company.

NOTES TO THE FINANCIAL STATEMENTS - continued

13 Share capital - continued

Deficit from Stewart's Hospital - Mental Handicap Services
The company took on the accumulated deficit of these services at 31 December 1999 as part of a group restructuring.

14 Retirement benefits

The company operates (with Stewarts Foundation Limited) two defined benefit pension schemes and also the recently introduced Single Public Service Pension Scheme.

The Stewarts Care Limited Pension Plan is a separately administered funded pension scheme. The majority of employees of the company are members of this scheme at 31 December 2018.

On 15 December 2008 Stewarts Care Limited (formerly Stewarts Hospital Services Limited) was officially designated as an approved organisation in respect of the Model Scheme (VHSS). The scheme is compulsory for all new staff who joined the Company from 1 January 2007 until the introduction of the Single Public Service Pension Scheme on 1 January 2013 for new-entrant public servants.

The Single Public Service Pension Scheme
The Single Public Service Pension Scheme ("Single Scheme") is the default pension scheme for new-entrant public servants who join on or after 1 January 2013. As per Statutory Instrument No. 581 of 2012, Stewarts Care is listed as a relevant authority for the administration of the Scheme (reference No. 341).

State Model Superannuation Scheme (VHSS)
The majority of staff employed by the Company since 1 January 2007 are members of either the Voluntary Hospitals Superannuation Scheme (VHSS) or the Single Public Service Pension Scheme (SPSPS).

The VHSS is a scheme underwritten by the Minister of Health and administered by the Company. The VHSS was established by the Minister for Health in 1969 and is compulsory for all persons appointed to the Company who are eligible under the scheme and is a condition of such appointments.

The SPSPS was established by the enactment of Public Service Pensions (Single Scheme and Other Provisions) Act, 2012 and, similarly, is compulsory for all persons appointed to the Company who are eligible under the scheme and is a condition of such appointments after 1 January 2013. Both the VHSS and the SPSPS are state plans as defined by FRS 102. However, as the Company does not make contributions to either scheme and the risk and ultimate liability in relation to both Schemes lies with the State the Schemes are neither defined benefit nor defined contribution schemes from the perspective of the Company.

The Board of Stewarts Care Limited believe that the funds required in the future to pay current pension liabilities, as they arise into the future, will be provided by the Department of Health under the VHSS. The Board have arrived at this opinion having taken account of precedent set on the closure of certain other healthcare facilities in recent years where pension payments (including retirement lump sum payments) have been honoured by the Department of Health. Therefore, they believe that it is not necessary for the financial statements of the Company to include the liability at the balance sheet date in respect of pension entitlements accrued to that date by employees of the Company, nor other disclosure requirements of the FRS 102, because the Executive Committee believes that liability rests with the Department of Health. The above issue is similar to that applying in the majority of other publicly funded hospitals.

NOTES TO THE FINANCIAL STATEMENTS - continued

14 Retirement benefits - continued

Stewarts Care Limited Pension Plan

This is a defined benefit pension scheme with assets held in a separately administered fund. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 1 January 2017 and is available for inspection by the scheme members but not for public inspection.

A full actuarial valuation of the scheme on which the amounts recognised in the financial statements are based, was carried out at 1 January 2017, by a qualified independent actuary.

Refer below for the principle actuarial assumptions for Stewarts Care Limited Pension Plan at the balance sheet date:

	2018 %	2017 %
Rate of increase in salaries:	2.5%	2.7%
Rate of increase in pensions in payment	1.5%	1.7%
Discount rate	2.1%	1.8%
Inflation assumption	1.5%	1.7%

The discount rate of 2.1% used in 2018 was derived using an approach where the Markit iBoxx indices is used when deriving the yield curve, with the Cairns model used to extrapolate the curve at longer durations. A refinement to the curve was implemented in 2018 which resulted in a flatter curve at the long end, resulting in lower discount rates at medium to long durations.

Assumptions regarding future mortality are set based on advice from published statistics and experience. The average remaining life expectancy in years for a pensioner retiring aged 65 is as follows:

	2018	2017
Male	23.1	23.0
Female	25.3	25.2

	Market value at 31 December 2018 €'000	Market value at 31 December 2017 €'000
The assets in the schemes were:		
Equities	24,703	27,928
Bonds	53,743	53,071
Diversified growth fund	26,491	25,613
Net current assets	314	349
	105,251	106,961

NOTES TO THE FINANCIAL STATEMENTS - continued

14 Retirement benefits - continued

	Pension assets €'000	Pension liabilities €'000	Pension deficit €'000
Movement in scheme assets and liabilities - 2018			
At 1 January 2018	106,961	(128,694)	(21,733)
Current service cost	-	(4,400)	(4,400)
Interest cost	-	(2,275)	(2,275)
Expected return on assets	1,918	-	1,918
Actuarial (gains)/losses on plan liabilities	-	12,952	12,952
Actuarial (loss)/gain on plan assets	(2,776)	-	(2,776)
Contributions by employer	3,787	-	3,787
Benefits paid/settled	(4,641)	4,641	-
Contributions by employees	2	-	2
At 31 December 2018	105,251	(117,776)	(12,525)

The best estimate of estimated pension costs in the next financial year is €3,975,000.

All of the schemes liabilities above arise from schemes that are wholly or partly funded.

15 Security

The bank borrowings are secured by a global guarantee from Stewarts Foundation Limited.

16 Transactions with related parties

The company shares premises with its holding company, Stewarts Foundation Limited, and there is a degree of expenditure and income recognised initially by the one and then recharged or credited to the other as appropriate. This gives rise to balances between the parties. At 31 December 2018 there was a balance of €273,990 (2017: €205,151) due from Stewarts Foundation Limited. The company took responsibility for the accumulated deficit to 31 December 1998 of Stewarts Hospital - Mental Handicap Services of €790,505.

17 Directors' remuneration and loans

There was no remuneration of, nor loans to, directors in 2018 or 2017.

18 Staff costs and employee information

	2018 €	2017 €
Wages and salaries	43,715,058	37,376,505
Social insurance costs	4,016,628	3,577,733
Other retirement benefit costs	4,078,551	4,116,736
	51,810,987	45,070,974

NOTES TO THE FINANCIAL STATEMENTS - continued

18 Staff costs and employee information - continued

	2017 Number	2017 Number
The average number of persons employed by the company during the year was:	837	746

Key management compensation is reported in the Stewarts Foundation Limited group financial statements.

19 Provision for legacy issues

In 2017, a number of legacy issues came to light which require further third party independent investigation. This investigation has been commissioned by HSE, with the support of the Board, to review the appropriate use of Service User funds in the past.

Per FRS 102, a provision should be recognised only when:

- An entity has a present obligation (legal or constructive) as a result of a pat event.
- It is probable that a transfer of economic benefit will be required to settle the obligation.
- A reliable estimate can be made of the amount of the obligation.

There are 5 projects that will be reviewed by an external body to be appointed in consultation with HSE.

20 Taxation

No taxation arises as the company is a registered charity.

21 Events since the end of the financial year

There have been no significant events affecting the company since the year end.

22 Cash at bank and in hand

Of the cash balance €2,574,415 (2017: €1,892,192) €5,038,936 (2017: €4,386,192) relates to client funds.

23 Approval of financial statements

The directors approved these financial statements on 17 July 2019.

APPENDIX
Staff Salaries by Threshold (€'000's)

	Number 2018 Monthly	2018 Exec	2018 Weekly	2018
100 +	1	1	-	2
90 - 100	1	-	-	1
80 - 90	2	2	2	6
70 - 80	11	2	5	18
60 - 70	34	8	12	54

	2017 Monthly	2017 Exec	2017 Weekly	2017
100 +	-	2	-	2
90 - 100	1	1	-	2
80 - 90	4	1	2	7
70 - 80	9	3	6	18
60 - 70	29	4	15	48

	2016 Monthly	2016 Exec	2016 Weekly	2016
100 +	-	4	-	4
90 - 100	1	-	1	2
80 - 90	3	-	1	4
70 - 80	9	7	8	24
60 - 70	42	2	17	61

APPENDIX

	2018	2017
	€	€
Pay expenditure		
General support staff	28,707,498	23,341,178
Health and social care	1,452,598	1,262,062
Management/administration	2,668,435	2,367,800
Medical/dental	356,377	494,503
Nursing	7,733,125	7,230,991
Other patient care	2,778,849	2,633,321
Superannuation	4,097,440	4,163,109
Social insurance	4,016,613	3,578,010
	51,810,935	45,070,974
Non pay expenditure		
Medicine	132,570	115,066
Food	1,933,641	1,746,456
Energy	1,271,086	1,199,860
Cleaning and washing	736,209	565,513
Furniture	27,755	34,560
Bedding	21,641	36,664
Maintenance	2,499,153	3,051,250
Transport	1,173,090	1,027,646
Financial	637,013	651,141
Office	870,591	223,639
Miscellaneous	701,925	693,854
Depreciation/(amortisation)	-	(237,037)
Legacy provision	-	1,800,000
	10,004,674	10,908,612
FRS 102 Pension Adj	611,000	690,000
Gross expenditure	62,426,609	56,669,586
Net interest	407,435	369,621
Operating income	(8,293,454)	(8,058,530)
HSE revenue allocation	(52,060,253)	(43,394,796)
Turnover	(60,353,707)	(53,453,326)