Daughters of Charity Disability Support Services CLG

Annual Report

Financial Year Ended 31 December 2018

CONTENTS

DIRECTORS AND OTHER INFORMATION

Directors

Sr Goretti Butler
Sr Justine O'Brien
Sr Sheila Ryan
Sr Bernadette MacMahon
Sally Byrne
Noel Kidney
Daniel O'Hare
Michael Doyle
John O'Quigley
Rory Staines

Bankers

AIB Bank
7/12 Dame street
Dublin 2

Secretary and registered office

Sr Justine O'Brien
St. Catherine's Provincial House,
Dunardagh,
Temple Hill,
Blackrock,
Co. Dublin

Auditors

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

Solicitors

Byrne Wallace
88 Harcourt Street
Dublin 2

Hammond and Associates
23 Albert Road Upper
Glenageary
Co. Dublin

Sweeney McGann
67 O'Connell Street
Limerick

Mason Hayes and Curran
South Bank House
Barrow Street
Dublin 4

Company registered number: 527694

CHY (Revenue) Number: 21097

Registered Charity Number: 20084035

DIRECTORS' REPORT

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

Statement of directors' responsibilities
The directors are responsible for preparing the directors' report and the financial statements in accordance with the Companies Act 2014 and the applicable regulations.

Company law requires the directors to prepare financial statements for each 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 Irish law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable Irish Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2014.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 St. Vincent's Centre, Navan Road, Dublin 7, St. Vincent's Centre, Lisnagry, Co. Limerick and St. Anne's Centre, Sean Ross Abbey, Roscrea, Co. Tipperary,

Principal activities and review of the business
The principal activity of the company is the provision of supports to persons with an intellectual disability across Dublin, Limerick and North Tipperary/Offaly areas. The company's main source of income comes from an annual HSE revenue grant which is used for the day-to-day running costs of the disability service. In 2018, the company generated a surplus of €14,454,943 (2017: €13,817,395 restated), largely due to the recognition for the first time in their financial statements of donated properties. The actual result for the year, excluding the gain arising from the recognition of a number of the donated properties (net of depreciation), was a surplus of €312,314 (2017: €388,698 deficit).

The Daughters of Charity of St Vincent de Paul commenced providing specialised services to persons with intellectual disability on 1 January 1926. For many years the disability support services were managed by a Board of Management comprising of members of the Daughters of Charity of St Vincent de Paul and lay people. In 2014 it was agreed to establish a separate company to manage the Disability Services. These services were transferred to the Daughters of Charity Disability Support Services CLG on 1 January 2015. The company continues to use, free of charge, many properties belonging to the Daughters of Charity of St Vincent de Paul.

DIRECTORS' REPORT - continued

Principal activities and review of the business – continued
The directors are currently reviewing the overall corporate structure of the organization and have started a process of transferring certain properties to the company. The services currently provided by the company had previously been provided by three unincorporated entities, namely:

- Daughters of Charity Service for Persons with Intellectual Disability Dublin
- Daughters of Charity Service for Persons with Intellectual Disability Limerick
- Daughters of Charity Service for Persons with Intellectual Disability North Tipperary/Offaly

Directors and secretary's interests in shares
The names of the persons who were directors at any time during the year ended 31 December 2018 are set out below. Unless indicated otherwise, they served as directors for the entire year.

Sr Goretti Butler
Sr Justine O'Brien
Sr Sheila Ryan
Sr Bernadette MacMahon
Sally Byrne
Noel Kidney
Daniel O'Hare
Michael Doyle
John O'Quigley
Rory Staines

In accordance with the Articles of Association one third of the directors, or if their number is not a multiple of three then the nearest number to one-third, shall retire from office. At the Annual General Meeting to be held in 2019 the following directors shall retire and being eligible, offer themselves for re-election:

Michael Doyle
Rory Staines
Sr Goretti Butler
Sr Justine O'Brien

The directors and secretary had no interest in the shares of the company or any group company at 31 December 2018, as defined in paragraph 329 of the Companies Act 2014.

Results and dividends
The surplus for the year ended 31 December 2018 amounted to €14,454,943 (2017: €13,817,395 restated). The actual result for the year, excluding the gain arising from the recognition of a number of the donated properties (net of depreciation), was a surplus of €312,314 (2017: €388,698 deficit).

The company is precluded by its Memorandum and Articles of Association from paying a dividend either as part of its normal operations or on distribution of the company's assets in the event of it being wound up. All income must be applied solely towards the charitable objectives of the company.

Charitable and political donations
During the period, the company made no charitable or political donations.

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

DIRECTORS' REPORT - continued

Principle risks and uncertainties
The directors have identified five areas where major risks may occur:

- Governance
  The directors have established four sub-committees to provide governance and oversight of what they consider the main areas affecting governance namely:
  - Quality and risk
  - Finance and audit
  - Remuneration
  - Nominations
  - Service ethics
- Operational
  Regular meetings take place with the Health Service Executive to ensure all services are being carried out in accordance the Service Level Arrangement.
- Financial
  Regular reviews by the Board of Directors of monthly financial reports which clearly indicate financial performance.

The directors have reviewed the measures in place to address these risks. Of key importance underlying each of these risks is the directors' awareness of the risk associated with the care of children and adults with disabilities. The purpose of the fore mentioned sub-committees is to ensure the systems, procedures and services delivered are adequate to ensure the care and safety of service users and staff at all times.

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 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.

Auditors
The Auditor, 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.

Directors

Sr G Butler

Sr S Ryan

Date: 10 July 2019

Independent auditors' report to the members of Daughters of Charity Disability Support Services Limited by Guarantee

Report on the audit of the financial statements

Opinion

In our opinion, Daughters of Charity Disability Support Services Limited by Guarantee'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 the company's surplus 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 Annual Report and Financial Statements (the "Annual Report"), which comprise:

- the balance sheet as at 31 December 2018;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows 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 Annual 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 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/b2389013-1cf6-458b-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.

Aisling Fitzgerald
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin
10 July 2019

STATEMENT OF COMPREHENSIVE INCOME
Financial Year Ended 31 December 2018

	Notes	2018 €	Restated 2017 €
State funding		123,215,779	118,576,793
Other income		5,124,131	4,585,296
Non-recurring gain - donated properties	12	15,385,971	14,706,475
Total income	8	143,725,881	137,868,564
Administrative expenses	9	(129,270,938)	(124,051,169)
Surplus before taxation		14,454,943	13,817,395
Taxation	11	-	-
Surplus for the financial year		14,454,943	13,817,395
Other comprehensive income		-	-
Total comprehensive income for the year		14,454,943	13,817,395

BALANCE SHEET
As at 31 December 2018

	Notes	2018 €	Restated 2017 €
Fixed assets			
Tangible assets	12	29,073,588	14,374,832
Current assets			
Debtors	13	8,577,277	8,436,161
Cash at bank and in hand		1,640,274	22,009
		10,217,551	8,458,170
Creditors: amounts falling due within one year	14	(12,919,021)	(10,915,827)
Net current liabilities		(2,701,470)	(2,457,657)
Net assets		26,372,118	11,917,175
Capital and reserves			
Profit and loss account	17	26,372,118	11,917,175
Total equity		26,372,118	11,917,175

The financial statements were approved and authorised for issue by the board on 10 July 2019.

On behalf of the board

Sr G Butler

Sr S Ryan

STATEMENT OF CHANGES IN EQUITY
Financial Year Ended 31 December 2018

	Note	Profit and loss account €
Balance at 1 January 2017 as previously stated		(1,900,219)
Total comprehensive deficit for the year as previously stated		(388,700)
Restatement of donated properties	21	14,706,475
Restatement of depreciation	21	(500,381)
At 31 December 2017 - restated		11,917,175
Balance at 1 January 2018 - restated		11,917,175
Total comprehensive income for the year		14,454,943
At 31 December 2018		26,372,118

STATEMENT OF CASH FLOWS
Financial Year Ended 31 December 2018

	Notes	2018 €	Restated 2017 €
Cash generated from operations	20	3,243,063	220,066
Net cash generated from operating activities		3,243,063	220,066
Cash flows from investing activities			
Payments to acquire tangible fixed assets		(309,755)	(210,922)
Net cash flow from investing activities		(309,755)	(210,922)
Net increase in cash and cash equivalents		2,933,308	9,144
Cash and cash equivalents at 1 January		(1,293,034)	(1,302,178)
Cash and cash equivalents at 31 December		1,640,274	(1,293,034)
Cash and cash equivalents consists of:			
Cash at bank and in hand		1,640,274	22,009
Bank overdraft	14	-	(1,315,043)
Cash and cash equivalents		1,640,274	(1,293,034)

NOTES TO THE FINANCIAL STATEMENTS

1 General information

The principal activity of the company is providing support to persons with an intellectual disability in the Dublin, Limerick and North Tipperary/Offaly areas.

2 Statement of compliance

The financial reporting framework that has been applied in their preparation is the 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). The entity financial statements have been prepared on a going concern basis.

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.

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 or uncertainty at the end of the financial year. It also requires the directors to exercise their 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.

(b) Foreign currency
The company’s functional and presentation currency is the euro, denominated by the symbol “€”.

(c) Income
State funding represents amounts received from state agencies (primarily the HSE) to enable the company to provide services. Such revenue grants are recognised once the granting agency has indicated the allocation of grant assistance to the company.

State funding includes amounts deducted from employee payroll in respect of pension as the HSE has indicated that such amounts should be recognised as income of the company. Such income is recognised as it is deducted.

Income in respect of residential support maintenance and accommodation contributions\long stay charges represents contributions payable by patients and it is recognised as it is arises.

Other income is recognised when the company has entitlement to the funds and assets, any performance conditions attached to the items of income have been met and it is probable that the income will be received and the amount can be measured reliably.

Donated assets or cash are recognised in the financial statements when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably. The 6 December 2018 is considered to be the accounting reference date for the transfer of certain properties to the company as this was the date that the declations of trust for the tranfer of properties was signed.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

(d) 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. An expense is recognised in the profit and loss account when the company has a present legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

(ii) Post-employment benefits

Superannuation benefits for the employees are governed by the Nominated Health Agencies Superannuation Scheme (NHASS) or the Single Public Service Pension Scheme (SPSPS). The NHASS and SPSPS are State plans for the purposes of FRS 102.

The NHASS is administered, funded and underwritten by the Department of Health. The company operates as an agent in the operation of the scheme and does not contribute financially to the scheme.

The directors believe that the liability in respect of pension benefits payable to employees who are members of the NHASS will be met in full by the Department of Health, the company is not exposed to the actuarial risk arising from the NHASS and from the company's perspective the NHASS is, in substance, a defined contribution scheme.

Contributions from employees who are members of the scheme are credited to the Income and Expenditure account when received. Payments in respect of pensions and lump sum payments are charged to the Income and Expenditure account as amounts become payable.

With effect from 1 January 2013 the Single Public Service Pension Scheme (SPSPS) commenced. Most new employees will be members of the Single Public Service Pension Scheme (SPSPS). Pension contributions are remitted to the Department of Public Expenditure and Reform. The administration of the scheme is operated by the Department of Public Expenditure and Reform. The Department of Public Expenditure and Reform is responsible for the payment of lump sums and pensions on behalf of the SPSPS without recourse to the company.

(e) Operating leases

Operating leases do not transfer substantially all the risks and rewards of ownership to the lessor. Payments under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease.

(f) Tangible fixed assets

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

(i) Deprecation and residual values

Deprecation on assets is calculated using the straight-line method over their estimated useful lives, as follows:

Leasehold improvements	2.5%
Land and buildings	2.5%
Motor vehicles	20%
Fixtures and fittings	20%

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

(f) Tangible fixed assets - continued

(i) Depreciation and residual values - continued

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 the residual value or the useful life is accounted for prospectively.

(ii) Subsequent additions

Subsequent costs 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.

Repairs and maintenance costs are expensed as incurred.

(iii) De-recognition

Tangible fixed assets are derecognised on disposal or when no economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit and loss.

(g) 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, investments in corporate bonds and financial assets from arrangements which constitute financing transactions 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.

Such financial assets are subsequently measured at fair value and the changes in fair value are recognised in profit or loss, 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.

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.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

(g) Financial instruments - continued

(ii) Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares, 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.

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.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is treated as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

4 Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements made in the process of preparing the charity 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 trustees 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. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Fair value of properties transferred

On 6 December 2018 the Daughters of Charity of St Vincent de Paul transferred a number of property assets to the Daughters of Charity Disability Support Services CLG for nil consideration. Although it was initially intended that these properties would transfer on 1 January 2015, at the time the CLG was formed, the Declaration of Trust for the transfer of certain properties was not signed until 6 December 2018, and therefore the accounting reference date for the transfer of the beneficial ownership of the properties has been designated as 6 December 2018. As the receipt of the properties is considered to be a donation from a connected party, the properties have been included in the financial statements of the Daughters of Charity Disability Support Services CLG at their fair value. Fair value has been determined by management using the assistance of independent professional valuers De Coursy Estate Agents and Lloyd Daly & Associates Ltd, and is based on the market value of the relevant properties calculated on an existing use basis and applying the red book valuation rules. The valuations were performed on 28 October 2018. Management have concluded that there would not have been a material movement in the values of the properties between 28 October 2018 and 6 December 2018. Property valuations and the assumptions used to arrive at such valuations are by their nature judgemental.

NOTES TO THE FINANCIAL STATEMENTS - continued

4 Judgements in applying accounting policies and key sources of estimation uncertainty - continued

(ii) *Tangible fixed assets depreciation and useful economic lives*
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 12 for the carrying amount of the tangible fixed assets.

5 Donated services and properties

Donated professional services and donated properties are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from use by the charity of the item is probable and that the economic benefit can be measured reliably.

On receipt, donated professional services and donated properties are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain on the open market; a corresponding amount is then recognised in expenditure (for professional services) and tangible assets (for donated properties) in the period of receipt.

Beneficial ownership of properties
The company uses properties belonging to the Daughters of Charity of St Vincent de Paul to provide charitable services. On 6 December 2018, the company recognised these properties at their respective fair values on the balance sheet with a corresponding amount being recognised as income in the statement of comprehensive income. The total fair value of the properties recognised amounted to €14,165,000 (see note 8 and note 12).

6 Going concern

Following the transfer of the beneficial ownership of a number of properties from the Daughters of Charity of St Vincent de Paul Service for Persons with a Mental Handicap CLG and additions to leasehold improvements and office equipment funded by the congregation of the Daughters of Charity of St Vincent de Paul the company generated a surplus of €14,454,943. Without the recognition of this income, the company would have generated an operational surplus of €312,314 for the year. Leaving aside the surplus recognised in the current year and prior year income statement in relation to the recognition of donated properties and leasehold improvements, the Service had accumulated operating deficits forward of €2,288,919 at 1 January 2018. At the balance sheet date, the company had net current liabilities of €2,701,470 and net assets of €26,372,118.

The Daughters of Charity Disability Support Services is primarily dependent on funding from the HSE to enable it to continue as a going concern. The company will continue to address this operational deficit through a combination of additional funding from the HSE and the conversion of agency staff to employees. If additional funding from the HSE is not forthcoming and/or the agency conversion process proves unsuccessful then the company will consider reducing services to Service Users and their families. These measures should generate sufficient resources to enable the company to continue as a going concern. Furthermore, the HSE has not given any indication that it will withdraw its financial support from the company in foreseeable future.

On this basis the financial statements have been prepared under the going concern basis. The Board of Directors are of the opinion that there is a reasonable expectation that the company will continue to trade.

NOTES TO THE FINANCIAL STATEMENTS - continued

7 Prior year restatements

Changes in respect of prior year are corrected retrospectively in the first set of financial statements authorised for issue after the identification of the change.

8 Total income

	2018	Restated 2017
	€	€
Total income for the year is made up as follows:		
State funding		
HSE - Dublin Allocation for service provision (S38 Health Act funding) Dublin Service	67,594,189	64,558,649
HSE - Mid West Allocation for service provision (S38 Health Act funding) Limerick Service	29,194,226	26,449,067
HSE - Mid West Allocation for service provision (S38 Health Act funding) North Tipperary Service	14,465,582	13,812,396
HSE - Naas Allocation for service provision (S38 Health Act funding) North Tipperary Service	370,029	495,337
HSE - Mid Leinster Allocation for service provision (S38 Health Act funding) North Tipperary Service	1,771,726	1,857,022
Sub total	113,395,752	107,172,471
HSE - Mid West Allocation for service provision (S38 Health Act funding) ELCS Limerick Service	1,643,037	1,599,608
HSE - Mid West (S38 Health Act funding) Miscellaneous funding - Limerick Service	924,080	2,373,868
HSE - Mid West (S38 Health Act funding) Miscellaneous funding - North Tipperary Service	214,577	303,426
HSE - Naas (S38 Health Act Funding) Miscellaneous funding - North Tipperary Service	12,515	-
HSE - Mid Leinster (S38 Health Act Funding) Miscellaneous funding - North Tipperary Service	70,339	-
HSE - Dublin - invoiced services (S38 Health Act funding) Dublin Service	619,474	825,326
HSE - Dublin - Pathways (S38 Health Act funding) Dublin Service	45,404	33,526
HSE - Dublin - Minor Capital	125,000	229,000
Department of Education & Skills - Development and Education Centre	149,177	183,960
Department of Education & Skills - Development Education Centre - ASD	207,000	155,093
Department of Education & Skills - VEC	44,328	36,387
Superannuation contributions - NHASS	2,722,776	2,809,755
Pension Related Deduction	3,042,320	2,854,373
Sub total	9,820,027	11,404,322
Total state funding	123,215,779	118,576,793
Other income		
RSSMAC's Long stay charges	4,261,695	3,696,413
Social welfare refunds	500,973	440,406
Canteen	113,342	119,761
Enterprise and employment	-	102,905
Sundry income	248,121	225,811
Total other income	5,124,131	4,585,296

NOTES TO THE FINANCIAL STATEMENTS - continued

8 Total income - continued

	2018 €	Restated 2017 €
Donated properties		
Leasehold improvements – note 21	1,220,971	14,706,475
Transfer of beneficial ownership of properties to the company – note 12	14,165,000	-
Total donated properties	15,385,971	14,706,475
Total income	143,725,881	137,868,564

9 Administrative expenses

	2018 €	Restated 2017 €
Expenditure is made up as follows:		
Staff costs – note 10	110,618,912	108,624,927
Other administrative expenses	18,652,026	15,426,242
Total expenditure	129,270,938	124,051,169

Auditors remuneration

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

	2018 €	Restated 2017 €
Audit of entity financial statements	42,250	41,200

	2018 €	Restated 2017 €
Other administrative expenses for the year includes:		
- Depreciation on tangible assets – note 12	996,970	542,564
- Operating lease rentals	405,783	367,025

10 Employee information

(i) Employees

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

	2018 Number	2017 Number
Management and administration	101	94
Medical	4	5
Nursing	523	519
Health and social care professionals	313	307
General support services	145	147
Other patient and client care	763	745
	1,849	1,817

NOTES TO THE FINANCIAL STATEMENTS - continued

10 Employee information - continued

	2018 €	2017 €
(ii) Staff costs		
Staff costs comprise:		
Wages and salaries	92,655,683	92,072,019
Social insurance costs	9,162,624	9,017,615
Other retirement benefit costs	8,800,605	7,535,293
	110,618,912	108,624,927
(iii) Directors		
Emoluments:	-	-
Benefits under long term incentive schemes	-	-
Contributions to retirement benefit schemes:		
- Defined benefit scheme	-	-
- Defined contribution scheme	-	-
	-	-

None of the directors are in receipt of any remuneration or benefits of any kind from the company.

	2018 €	2017 €
(iv) Key management compensation		
Key management includes the members of senior management. The compensation paid or payable to key management for employee services is shown below:		
Salaries and other short term benefits	922,492	830,569
Social insurance costs	91,738	82,120
Total key management compensation	1,014,230	912,689

The CEO, Mr. D Cronin, who retired on 3 September 2018, received remuneration of €96,981 (2017: €138,701). Ms. N. Jackson was appointed CEO on 3 September 2018 and received remuneration of €37,440 (2017: €Nil).

NOTES TO THE FINANCIAL STATEMENTS - continued

10 Employee information - continued

(v) The number of higher paid employees was:	2018 Number	2017 Number
In the band €60,001 to €70,000	188	160
In the band €70,001 to €80,000	61	48
In the band €80,001 to €90,000	17	11
In the band €90,001 to €100,000	5	6
In the band €100,001 to €110,000	3	2
In the band €110,001 to €120,000	1	-
In the band €120,001 to €130,000	-	1
In the band €130,001 to €140,000	-	1
In the band €140,001 to €150,000	1	-
In the band €170,001 to €180,000	-	1
In the band €210,001 to €220,000	1	-
In the band €220,001 to €230,000	1	1
	278	231

11 Taxation

The company has been granted charitable tax exemption by the Revenue Commissioners.

12 Tangible assets

	Restated Leasehold improvements €	Land and buildings €	Restated Office equipment and furniture €	Vehicles €	Restated Total €
Cost					
At 31 December 2017	13,948,087	-	758,388	210,923	14,917,398
Additions	1,176,369	14,165,000	44,602	309,753	15,695,724
At 31 December 2018	15,124,456	14,165,000	802,990	520,676	30,613,122
Deprecation					
At 31 December 2017	(348,704)	-	(151,678)	(42,182)	(542,564)
Charge for the year	(378,112)	(354,125)	(160,598)	(104,135)	(996,970)
At 31 December 2018	(726,816)	(354,125)	(312,276)	(146,317)	(1,539,534)
Net book value					
At 31 December 2017	13,599,381	-	606,710	168,741	14,374,832
At 31 December 2018	14,397,640	13,810,875	490,714	374,359	29,073,588

Refer to note 21 where the 2017 restatement of tangible assets have been described in more detail.

Up until 6 December 2018, the Daughters of Charity of St Vincent de Paul Order held the beneficial ownership and legal title to various properties which were used by Daughters of Charity Disability Support Services CLG in providing services to clients. On 6 December 2018, a declaration of trust were signed between the Order and the Daughters of Charity Disability Support Services CLG which transferred the beneficial ownership of various properties for nil consideration to Daughters of Charity Disability Support Services CLG. The properties were valued on 28 October 2018 by De Courcy Estate Agents and Lloyd Daly & Associates Ltd on the basis of fair market value on an existing use basis at the date of transfer.

NOTES TO THE FINANCIAL STATEMENTS - continued

13 Debtors

	2018	2017
	€	€
Amounts falling due within one year:		
Debtors and prepayments (including provision of Nil (2017: Nil)	1,215,711	2,096,851
Prepayments	178,201	192,663
Amounts due from the HSE	7,183,365	5,725,604
Amounts due from related parties – note 18	-	421,043
	8,577,277	8,436,161

14 Creditors

	2018	2017
	€	€
Amounts falling due within one year:		
Bank overdraft	-	1,315,043
Trade creditors	1,583,317	1,210,025
Other creditors and accruals	8,716,215	5,993,933
PAYE/PRSI	2,619,489	2,396,826
	12,919,021	10,915,827

Trade and other creditors are payable at various dates in the three months after the end of the financial year in accordance with the creditors usual and customary credit terms. Creditors for tax and social insurance are payable in the timeframe set down in the relevant legislation.

15 Post-employment benefits

All staff employed by the company are members of either Nominated Health Agencies Superannuation Scheme (NHASS) or the Single Public Service Pension Scheme (SPSPS).

Nominated Health Agencies Superannuation Scheme (NHASS)
The NHASS is a ‘pay as you go’ state plan administered, funded and underwritten by the Department of Health. It is the Directors' understanding that the funds required in the future to pay pension benefits under the NHASS, as they arise will be reimbursed to the company in full by the Department of Health or the HSE.

Therefore, the Directors have concluded that from the entity’s perspective the NHASS is, in substance, a defined contribution scheme and that it is not necessary for the financial statements of the company to include any liability at the balance sheet date in respect of pension entitlements accrued to that date by employees of the company, nor the disclosure requirements of FRS 102 in respect of defined benefit schemes. The above issue is similar to that applying in the majority of publicly funded organisations.

In the year ending 31 December 2018 the company received €2,722,776 (2017: €2,809,755) in contributions from members of the NHASS. The company also received €4,482,665 (2017: €4,646,624) from the HSE in respect of the NHASS costs, this amount is included with the main revenue grant received from the HSE during the year. €7,101,146 (2017: €7,535,293) was paid out in lump sums and pensions during the year. All these amounts are included in the Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS - continued

15 Post-employment benefits - continued

With effect from 31 December 2012 the Nominated Health Agencies Superannuation Scheme (NHASS) was closed to new members.

Single Public Service Pension Scheme (SPSPS)
With effect from 1 January 2013 the Single Public Service Pension Scheme (SPSPS) commenced. Most new employees will be members of the SPSPS which will provide Consumer Price Index linked defined benefit pensions based on career average pay. The company's obligation under the SPSPS is to deduct pension contributions from employees who are members of the SPSPS and remit those pension contributions to the Department of Public Expenditure and Reform. The Department of Public Expenditure and Reform are responsible for payments under the SPSPS.

16 Financial instruments

	Notes	2018 €	2017 €
The company has the following financial instruments:			
Financial assets that are debt instruments measured at amortised cost			
- Amounts due from related parties	13	-	421,043
- Other debtors	13	1,215,711	2,096,851
- Amounts due from the HSE	13	7,183,365	5,275,604
- Cash at bank and in hand		1,640,274	22,009
Financial liabilities measured at amortised cost			
- Bank overdrafts	14	-	1,315,043
- Trade creditors	14	1,583,317	1,210,025
- Other creditors and accruals	14	11,335,704	8,390,759

17 Profit and loss account

	2018 €	As restated 2017 €
Profit and loss account	26,372,118	11,917,175

Profit and loss account
Profit and loss account represents accumulated comprehensive income for the financial year and prior financial years.

18 Related party transactions

The Daughters of Charity of St Vincent de Paul commenced providing specialised services to person with intellectual disability on 1 January 1926. These services were eventually transferred to the Daughters of Charity Disability Support Services on 1 January 2015. The company continues to use, free of charge, many properties belonging to the Daughters of Charity of St Vincent de Paul.

All the members of the company are also members of the congregation of the Daughters of Charity of St Vincent de Paul.

NOTES TO THE FINANCIAL STATEMENTS - continued

19 Commitments

Future minimum lease payments under non-cancellable operating leases at the end of the financial year were:

	2018	2017
	€	€
Payments due		
Not later than one year	291,747	236,250
Later than one year and not later than five years	439,408	396,377
	731,155	632,627

20 Cash generated from operations

Reconciliation of surplus before taxation to cash generated from operations:

	2018	Restated 2017
	€	€
Surplus before taxation	14,454,943	13,817,395
Adjustment for:		
Depreciation	996,970	542,564
Value of donated properties	(15,385,971)	(14,706,475)
Adjusted profit (loss) before taxation	65,942	(346,516)
Increase in debtors	(141,116)	(769,332)
Increase in creditors	3,318,237	1,335,914
Cash generated from operations	3,243,063	220,066

21 Restatement of prior year's results

The company uses the St Vincent's Centre, a property belonging to the Daughters of Charity of St Vincent de Paul, in providing charitable services. Since 1 January 2017, leasehold improvements have been made to the St Vincent's Centre. The Daughters of Charity of St Vincent de Paul in Ireland reimbursed the company for these expenses incurred. Consequently, no income, expenses or leasehold assets were recognised by the company as there was a net cash impact of nil for the company.

In order to correctly reflect the leasehold improvement assets acquired using these donated funds, the leasehold costs incurred up until 1 January 2018 were recognised and accounted for in the current year's financial statements as a restatement of prior year's results.

NOTES TO THE FINANCIAL STATEMENTS - continued

21 Restatement of prior year's results - continued

The impact of the restatement on tangible assets is summarised as follows:

	Leasehold improvements €	Office equipment and furniture €	Total €
Cost			
At 1 January 2017	-	-	-
Restated additions – leasehold improvements	13,948,087	758,388	
At 31 December 2017 - restated	13,948,087	758,388	14,706,475
Depreciation			
At 1 January 2017	-	-	-
Restated charge – leasehold improvements	(348,704)	(151,677)	(500,381)
At 31 December 2017 - restated	(348,704)	(151,677)	(500,381)

For the impact of the restatement on the statement of comprehensive income, refer to the statement of changes in equity.

22 Events since the end of the financial year

No subsequent events have occurred since the end of the financial period.

23 Ultimate controlling party

The ultimate controlling party of the Daughters of Charity Disability Support Services Limited is the congregation of the Daughters of Charity of St Vincent de Paul in Ireland.

24 Approval of financial statements

The financial statements were approved by the board on 10 July 2019.

UNAUDITED SCHEDULES – INCOME AND EXPENDITURE
SCHEDULE 1 - DUBLIN SERVICE
Financial Year Ended 31 December 2018

	2018	2017
	€	€
Schedule 1 - Pay expenditure		
Administration	3,439,981	3,254,141
Medical and dental	1,129,082	1,040,671
Nursing and allied	45,702,067	44,503,355
Paramedical	3,285,421	3,235,205
Catering, housekeeping and other	4,545,282	4,480,569
Maintenance	510,021	688,781
Superannuation	4,908,163	4,940,212
	63,520,017	62,142,934
Schedule 2 - Non pay expenditure		
Drugs and medicines	403,681	377,333
Medical and surgical appliances	622,410	721,676
Catering	1,457,029	1,042,304
Power, heat and light	1,102,905	875,114
Cleaning and washing	663,605	642,186
Hardware and crockery	170,372	90,103
Bedding and clothing	23,145	19,124
Maintenance	2,006,026	1,476,206
Farm and grounds	204,516	187,417
Transport and travel	718,914	819,190
Bank interest and charges	12,734	15,901
Insurance	132,375	142,477
Audit	43,492	43,592
Office expenses	1,002,856	921,739
Rent and water charges	306,539	293,102
Security	272,104	259,616
Professional fees	273,751	178,227
Trainee allowances	34,513	65,545
Training courses	196,090	168,234
Client activities	114,664	194,068
Membership subscriptions	200,935	183,765
Capitation payments	149,602	139,487
Depreciation	838,628	518,280
Sundries	228,702	181,729
	11,179,588	9,556,415
Schedule 3 – Income		
Superannuation	1,477,210	1,560,318
Pension levy	1,676,663	1,595,628
RSSMAC's/Long stay charges	2,561,517	2,362,980
Payroll refunds	217,324	198,789
Canteen	91,645	96,165
Sundry income	1,110,193	729,914
Donated property	11,085,464	14,706,475
	18,220,006	22,183,126
Schedule 4 - Health Service Executive		
Revenue grant	67,594,189	64,558,650

UNAUDITED SCHEDULES – INCOME AND EXPENDITURE - continued
SCHEDULE 1 - DUBLIN SERVICE
Financial Year Ended 31 December 2018

	2018	2017
	€	€
Schedule 5 - Reclassification of prior year capital deficit funding as leasehold improvements		
Donated properties – leasehold improvements	350,507	-
Other administrative expenses	(350,507)	-
	-	-
Surplus for the year	11,114,590	15,042,427

UNAUDITED SCHEDULES – INCOME AND EXPENDITURE
SCHEDULE 2 - LIMERICK SERVICE
Financial Year Ended 31 December 2018

	2018	2017
	€	€
Schedule 1 - Pay expenditure		
Administration	1,316,524	1,289,682
Medical and dental	199,560	148,335
Nursing and allied	22,145,471	21,641,051
Para medical	2,119,439	2,045,487
Catering, housekeeping and other	3,552,120	3,342,392
Maintenance	281,017	312,597
Pensions and gratuities	1,396,254	1,981,739
	31,010,385	30,761,283
Schedule 2 - Non pay expenditure		
Drugs and medicines	128,836	151,218
Medical and surgical appliances	163,081	198,256
Catering	691,712	465,226
Power, heat and light	574,408	422,009
Cleaning and washing	313,023	282,504
Hardware and crockery	36,859	40,821
Maintenance	1,138,788	641,200
Transport and travel	503,778	501,047
Bank interest and charges	3,601	9,273
Insurance	61,252	60,813
Audit	12,669	16,468
Office expenses	526,393	483,406
Professional fees	75,142	77,990
Training courses	32,328	40,185
Service user activities	75,075	85,649
Membership subscriptions	-	41,857
Sundries	62,746	47,155
Depreciation	135,481	8,770
	4,535,172	3,573,847
Schedule 3 - Income		
Superannuation	869,190	865,871
Pension levy	993,610	918,332
HSE - East Limerick Children's Services	1,643,037	1,599,612
HSE - miscellaneous funding	924,080	2,051,011
RSSMAC's	1,169,172	758,799
Payroll refunds	177,661	150,193
Canteen	5,207	3,253
Sundry	304,043	127,864
Donated property	3,950,000	-
	10,036,000	6,474,935
Schedule 4 - Health Service Executive		
Revenue grant	29,194,226	26,747,618
Surplus/(deficit) for the year	3,684,669	(1,112,577)

UNAUDITED SCHEDULES – INCOME AND EXPENDITURE
SCHEDULE 3 - NORTH TIPPERARY SERVICE
Financial Year Ended 31 December 2018

	2018 €	2017 €
Schedule 1 - Pay expenditure		
Administration	537,560	494,968
Nursing and allied	14,161,846	14,058,885
Para medical	317,504	286,141
Catering and housekeeping	111,949	107,714
Maintenance	162,907	159,658
Pensions and gratuities	796,729	613,343
	16,088,495	15,720,709
Schedule 2 - Non pay expenditure		
Drugs and medicines	-	63,792
Medical supplies	272,422	77,312
Catering	374,339	407,553
Power, heat and light	341,789	359,250
Cleaning and washing	52,412	19,549
Maintenance	434,513	393,453
Transport and travel	504,080	436,949
Bank interest and charges	1,886	1,374
Recruitment	25,080	28,175
Insurance	34,522	38,783
Audit	13,039	13,768
Office expenses	297,434	254,546
Rent and water charges	121,573	98,308
Professional fees	30,657	40,287
Training courses	34,381	22,086
Sundries	25,773	25,280
Depreciation	22,860	15,515
	2,586,760	2,295,980
Schedule 3 - Income		
Superannuation	376,376	383,566
Pension levy	372,047	340,413
HSE miscellaneous income	297,431	20,343
Long stay charges	531,006	303,426
Payroll refunds	105,988	574,634
Canteen	16,490	91,428
Sundry income	24,264	25,669
	1,723,602	1,739,479
Schedule 4 - Health Service Executive		
Revenue grant	16,607,337	16,164,755
(Deficit) for the year	(344,316)	(112,455)