Milford Care Centre

Annual Report

Financial Year Ended 31 December 2018

CONTENTS

DIRECTORS AND OTHER INFORMATION

Board of Directors at 21 May 2019

Mr Joseph F. Murphy (Chairperson)
Dr Con Cronin
Sr. Teresa Ryan LCM
Sr. Denise Maher LCM
Mr Joe McEntee
Ms Catherine Duffy
Ms Margaret V. O'Connell
Mr Ken McCauley – was appointed on the 21 May 2019

Solicitors

Dundon Callanan
Solicitors
17 The Crescent
Limerick

Secretary and Registered Office

Mr James Barry
Milford House
Castletroy
Limerick

Registered Number: 291969

Principal Bankers

Bank of Ireland
94 O'Connell Street
Limerick

Auditors

PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Bank Place
Limerick

Charitable Status No

CHY12761

Registered Charity Number

20038113

DIRECTORS' REPORT

The directors present their report and the financial statements of the company for the financial 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 Irish law.

Irish law requires the directors to prepare financial statements for each financial year that give a true and fair view of the company's assets, liabilities and financial position as at the end of the financial year and of 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), and the Charity SORP (FRS 102).

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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for 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.

Objectives and activities
The main object of Milford Care Centre ("MCC") is the promotion of health and wellbeing through the provision and management of its established services for older persons and those requiring palliative care in the Mid-West Region in accordance with its mission and values and those of the Congregation of the Little Company of Mary.

DIRECTORS' REPORT - continued

Overview of service provision
Milford Care Centre is a voluntary, not for profit organisation with specific operating entities which provide a range of both publicly supported and privately funded healthcare services to older adults and patients with palliative care needs. Since its inception in 1928, MCC has developed incrementally and now comprises:

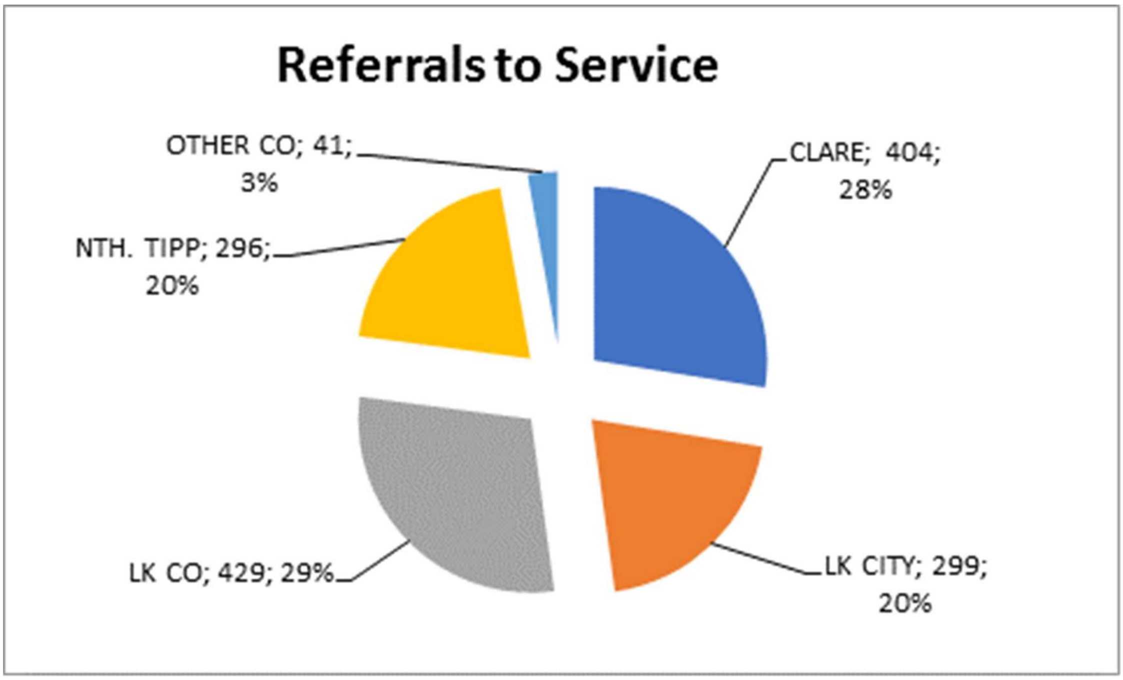
- A 34-bed Specialist Palliative Care Inpatient Unit servicing Clare Limerick and North Tipperary. Currently there are only 30 beds in operation as agreed with the Health Service Executive (HSE).
- A Specialist Palliative Care Day Unit
- A community based, multi-disciplinary Specialist Palliative Care Team, working from bases in Limerick City, Ennis, Nenagh, Thurles and Newcastle West
- A Day Care Centre for Older Adults
- Bereavement Support and Counselling Services
- An Education, Research and Quality Department
- A 47 bed Voluntary Nursing Home (not for profit), with additional bed capacity increasing to 69 bed to come in quarter 2, 2019.

Quality
Milford Care Centre strives to continuously develop and improve the care and support it provides to the people of the Mid West through implementation of an audit and quality assurance programme across all clinical and non-clinical aspects of the service.

Achievements and performance
In all there are approximately 360 staff engaged in MCC's services and approximately 200 volunteers involved in a wide range of support initiatives. A summary of service activity levels are outlined hereunder:

Specialist Palliative Care
Milford Hospice, an operating entity of Milford Care Centre, is the sole designated Specialist Palliative Care service provider serving the entire Mid-West region and operates a Specialist Palliative Care In-Patient Unit and a dedicated Specialist Palliative Care Day Unit at its central base in Castletroy Limerick. In addition, it also provides a comprehensive Specialist Palliative Care Community Service operating from bases in Limerick City, Ennis, Nenagh, Thurles and Newcastle west.

The service treated a total of 1,725 individual patients in 2018 across the geographical spread of the Mid West. There were 1,469 new referrals (up 7.9% on 2017) during the year and these patients originated primarily came from the Mid-West as can be seen from the following Chart.



DIRECTORS' REPORT - continued

Achievements and performance - continued
In summary, over 49% of referrals came from the Limerick City and County area while referrals from Tipperary increased to 20% (up 59) and Clare's referrals increased to 28% (up 45). The remaining 3% or 41 people were referred from neighbouring counties (42 in 2017).

60.7% of the referrals presented with a malignant diagnosis and 39.3% had non-malignant conditions (59.7% and 40% respectively in 2017 – with 0.3% with unlisted diagnoses).

Education, Research and Quality
Throughout the year there were 102 courses provided in MCC which facilitated a total of 1,415 participants. Of these, 23 were delivered off-site to 311 participants. Furthermore, there was active engagement in Research with work continuing the development of a new 5 Year Research Strategy for the Centre.

Older Adults Day Care
This service operates five days per week and had an average daily attendance of 26 clients. Throughout the year 67 new service users were admitted and there was also a review undertaken of the admission/discharge policies and procedures.

Nursing Home
The Nursing Home had reduced bed capacity of 46 beds at the start of the year due to building works but returned to 47 beds during September. This capacity includes 3 HSE contract beds, with two of these reserved primarily as stepdown Level Two palliative care beds, whose role it is primarily to support the specialist in-patient unit.

There were 27 new admissions, 19 were to long stay beds and 8 were to the palliative care step-down beds. Average bed occupancy was 97.3% (up from 95.4%)

New Development Project

a. **Specialist Palliative Care In-Patient Unit**
   This new purpose-built Unit, designed for 38 beds and which had 34 beds developed in Phase 1, became operational on 7th February 2018. However, based on the existing service agreement with HSE, only 30 beds have been commissioned to date and this is a situation under review and discussion with HSE. The new facility has an all single patient bedroom occupancy configuration and additional overnight accommodation for families.

b. **Nursing Home**
   Work on adapting and enhancing the existing 47 bed Nursing Home to an expanded 69 bed capacity facility, with all single room occupancy over 2 floors, commenced in the 1st Quarter of 2018 following the transfer of patients from the former Hospice Unit to the above new Unit. The adaptation works associated with adapting the former Hospice Unit into Nursing Home beds was completed in mid-2018 and then the upgrade of the existing Nursing Home on the Ground Floor commenced over 2 Phases, with a target completion date of end of December 2018. In August 2018, the Nursing Home was registered for a 3 Year period by HIQA, who had previously given their approval for these works to be undertaken. All target dates set were met and a commissioning date for the additional beds was agreed with HIQA for late January 2019.

Financial overview
The financial statements have been prepared in accordance with the Charities Statement of Recommended Practice (SORP). For the year ended 31 December 2018 the net income was €1,671,723 (2017: €5,572,311). This was primarily attributable to a reduction in restricted reserve activity arising from Grants and Donations received during 2017 for the purposes of funding the ongoing Capital Development Project.

Income of €21,694,587 for 2018 showed a decrease on the comparable figure of €24,157,147 for the previous year. This was mainly attributable to a decrease in restricted grants and donations receivable specifically in respect of the Capital Development Project. Overall, expenditure at €20,022,866 was up on the 2017 reported amount of €18,584,836. A detailed analysis of the categories of these reported results are shown in the Statement of Financial Activities (SOFA) and related notes.

DIRECTORS' REPORT - continued

Financial overview - continued

Reserves held by the company at year-end are represented as follows:	€
Endowment reserve	9,341,985
Restricted reserve	15,351,943
Unrestricted reserve	8,815,177
Total reserves	33,509,105

The year-end operational financial position of MCC remained satisfactory. In the context of ongoing patient referrals to the service during the year the Directors expect that the present level of activity will be sustained for the foreseeable future and MCC's financial position will be managed accordingly.

These financial statements include all costs relating to the payment of all Lansdowne Road Agreement (LRA) and the new Public Sector Stability Agreement (PSSA) pay awards since 2016 and thus maintaining MCC's contractual staff linkage with the HSE pay scales. The total cost of these pay awards to the end of 2018 was €646,148. The relevant application seeking the additional funding required to cover these pay costs has been made to the HSE and followed up with subsequent discussions but to date MCC have not received any decision from HSE. This issue is deemed by the Board of Directors as an outstanding issue and they strongly believe that this funding should be made available to MCC. MCC will continue its efforts to achieve a satisfactory outcome in relation to this funding.

Capital development project

During 2018, the key focus of the Development Project was on completing the new 34 bed, all single occupancy, specialist palliative care unit of which 30 beds became operational in February 2018 and the building costs incurred to date were substantially in line with the approved budget.

The overall budget for the Capital Development Project covering both Palliative Care Unit (PCU) and Older Persons services was €15.42m. Of this amount €12.07m related to the new PCU works and €3.35M related to the adaption / enlargement works to the Nursing Home. The completion of these works will result in an all single room bed occupancy configuration and additional overnight accommodation for families. Milford Nursing Home is a non-publicly funded service and all associated works are being funded directly from Nursing Home resources. The Little Company of Mary financially committed to contribute to the remedial works in the Nursing Home and also to the building of the new 34 bed specialist palliative care In-patient Unit. The new Palliative Care inpatient Unit has been generously funded by a combination of sources including a total of €3.4m from both the JP McManus Benevolent Fund and the JP McManus Pro Am Event 2010. Other corporate and private benefactors amounted to €1.49m. The funding receiving included general a specific contribution towards a new Therapeutic Garden, a complete overhead bed hoist solution for all patient rooms and to help fund the family overnight rooms. A capital contribution of €1.5m from HSE was also received. MCC also designated a total of €3.295m from within its existing reserves towards meeting the costs of the project.

Fundraising

Fundraising continued to play a vital role in financing the operational budget requirement of running and developing the Specialist Palliative and Day Care Centres. Funding received was allocated to cover both revenue shortfalls in MCC's publicly funded services and minor capital expenditure, along with contributing towards the capital costs for the new Palliative Care Unit. The Fundraising Department coordinates fundraising activities. MCC's fundraising activities are reliant on many volunteers who generously assist in operating the various fundraising events that take place throughout the year. In 2018, directly generated fundraising income (excluding gifts and donations) amounted to €1.28m which was broadly in line with the 2017 income. As in 2017 we received €130,000 from the North Tipperary Hospice, and this ongoing financial support is greatly appreciated.

Operational funding

Both the Hospice and Day Care services are publicly supported and the operating costs of these designated services, both pay and non-pay, are funded by a number of sources. The primary funder is the Health Service Executive (HSE) covering circa 72% of total costs through a Section 39 Agency Service Level Agreement, which prescribes agreed service levels in the areas of both specialist palliative care and day care. This compares to 78% HSE funding levels in 2017. The reduced funding is based on HSE's position to date in not funding previously funded pay costs as provided for with the pay restoration process and the terms of the new Public Sector Stability Agreement. A further 16% (similar to 2017) is derived from a combination of private health

DIRECTORS' REPORT - continued

Operational funding - continued

insurance income, education, catering and other income. The balance of 12% (up from a comparable 6% in 2017) of all operating costs, including the pay and non-pay costs for all staff engaged in these publicly supported services, are met from the proceeds of fundraising activities.

The Directors would like to acknowledge and thank all of its funders, including the general public and HSE, for their ongoing support and remain committed to continuing the effective and efficient deliverance of high quality patient centred care.

Milford Nursing Home is privately funded and is registered with HIQA. This facility is run on a not-for-profit basis and its operating costs are met primarily from residents' fee income. There is no direct fundraising undertaken for the Nursing Home.

MCC is not a public sector organisation, nor are its employees deemed to be public servants.

Directors and Chief Executive Remuneration and related matters

The Directors of Milford Care Centre provide their services on a voluntary basis and do not receive any remuneration or expenses from the organisation.

All issues relating to the remuneration of the Chief Executive is within the direct responsibility and governance of the Board of Directors. In this regard, the Directors can confirm that the Chief Executive salary is €121,082, which includes a contribution of €13,676 from Milford Nursing Home, which is a non-publicly funded service. The balance of €107,406 relates to those activities of MCC supported by public funding, private health insurance income, public donations and other income. The Chief Executive is a member of a defined benefit scheme which was closed to further accrual in 2007 and which was replaced by a contributory defined contribution pension scheme. Full salary details payable to the Chief Executive and the Senior Management have been made available to the HSE.

Future commitments

Of the overall Capital Development Project Budget of €15.42m, a total of €14.383m was expended up to the end of 2018 leaving a financial commitment €1.037m to be incurred in 2019.

For 2019, the Centre has made provision of €1.880m (up from €1.55m in 2018) from its voluntary fundraising reserves to cover operational revenue shortfalls in its publicly funded services as well as meeting minor capital/equipping costs as this is not funded by HSE. This figure factors in receipt of possible limited additional funding from HSE in respect of pay restoration under the Lansdowne Road Agreement. A final decision on this is expected in the second quarter of 2019.

Plans for future activities

The indications for 2019 are that MCC will continue to be operating in an on-going challenging financial climate. MCC has been advised of its HSE allocation, which is a rollover of the 2018 amount received, but with no adjustment in respect of increment payments falling due and non-pay inflation costs. Furthermore, the HSE has not, to date, included an adjustment to the MCC's funding allocation in order to meet the pay increases arising under the Lansdowne Road Agreement (LRA) and the new Public Sector Stability Agreement (PSSA) which commenced in January 2018. However, the HSE has included MCC in a pay restoration process, developed by the Workplace Relations Commission, which has the potential to partially fund some of the additional Lansdowne Road Agreement (LRA) costs being incurred by MCC in respect of its Section 39 funded services but only, as things stand from a future unspecified date. To date the HSE has been unwilling to engage directly with MCC in respect of additional funding required in respect of the PSSA and associated future costs. To date MCC has been given no indication as to how much additional funding this process may bring but based on available information to date through the submission of the standard HSE template, there will clearly be a significant shortfall between the actual pay costs incurred and the level of possible additional HSE funding becoming available. If this becomes the HSE's final position in this matter, it is certain that this development will put extra pressure on MCC's financial position and further increase its dependency levels on voluntary fundraising. Given the long-established linkage for MCC staff with HSE Consolidated Pay Scales, the securing of additional funding is essential for the ongoing operations of the organisation. Furthermore, MCC remains committed to continuing its efforts to optimising efficiencies and adhering to value for money targets in all operational areas and will further endeavour to respond favourably to growing demands for its service at a time of ongoing scarce resources.

DIRECTORS' REPORT - continued

Plans for future activities - continued
Plans for future activities are defined in accordance with the following operational areas:-

Specialised Palliative Care Community Services
- Review service structures and delivery in the community in order to ensure that it meets HIQA standards and best practice.
- Review existing accommodation infrastructure across the Mid-West so as to ensure that office accommodation capacity and clinical facilities are sufficient to meet both current and future needs.

Milford Nursing Home
- Completion of building works / enhancements and fit out of the Nursing Home in early 2019, which will result in the increased bed capacity from 47 to 69 beds and a move to all single room occupancy becoming operational.

Strategic Plan
- Given that the previous joint HSE / MCC Strategic Plan for Palliative care in the Mid-West (2013-2017), has expired, MCC has engaged with HSE to develop a new Joint Strategic Plan covering the period beyond 2020. This process has started, and it is planned to have this completed before the end of 2019.

Fundraising
- Continue efforts to maximise fundraising income with existing events being reviewed and the potential of additional events being explored, so as to ensure that essential income from voluntary sources is secured into the future.

Structure, governance and management
Milford Care Centre is a company limited by guarantee (No 291969). It is governed by a memorandum and articles of association. Its directors are appointed by the members who are in turn appointed by the Order of the Little Company of Mary. The company is registered with the Charities Regulatory Authority (Registration Number 20038113) and its Revenue Charitable Exemption No is 12761.

During the course of the year, revisions to MCC's Memorandum and Articles of Association were approved by both the Revenue Commissioners and the Charities Regulatory Authority and adopted by MCC, with an effective implementation date of 5th October 2018.

The organisation operates within strict governance structures with the Directors fulfilling the role of Trustees for the fundraising activities of Milford Hospice. In this capacity, the Directors are charged with responsibility for ensuring that voluntary donated funds received are used for the intended purposes only and it can assure their supporters that all funds raised in support of Milford Hospice's services are used solely for those purposes. The collective roles, responsibilities and governance arrangements for the Board of Directors and the Management Team as a group are outlined below.

Role of the Board of Directors
There are eight Directors whose key roles are as follows:
- Provide efficient and effective leadership for MCC, as required by legislation, within a framework of practical and discreet controls.
- Define, communicate and oversee the implementation of MCC's policies and procedures and ensure they remain in line with the ethos and values of the LCM and those outlined in MCC's Mission Statement.
- Review, approve and monitor the strategic and annual business plans for MCC on an ongoing basis and ensure they remain in line with the ethos and values of the LCM.
- Monitor and review the performance of the Chief Executive and Management Team in delivering on agreed MCC policies.
- Provide a vision for MCC in the future.
- Safeguard the ongoing reputation and well-being of MCC.

DIRECTORS' REPORT - continued

Board sub committees:
There are 3 Board Sub Committees as follows, each chaired by a Director with defined Terms of Reference and reporting directly to the Board:

- Financial Oversight Committee
- Clinical, Quality and Safety Committee
- Remuneration Committee

Management team:
MCC's Management Team consists of the following: Chief Executive; Director of Nursing, Therapy and Social Care; Consultant in Palliative Medicine; Head of Human Resources ; LCM Mission Development Sister; Head of Non-clinical Support Services; Head of Education, Research and Quality; Head of Finance.

Under the leadership of the Chief Executive, the role of MCC's Management Team is to:

- Manage the resources of MCC to achieve strategic and annual service goals
- Oversee the day-to-day operations of MCC services
- Develop and manage the implementation of strategic and annual organisation plans
- Work together as a cohesive team towards the achievement of defined objectives, in line with the ethos and vision of both LCM and MCC.

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 Milford House, Castletroy, Limerick.

Principal risks and uncertainties
The directors are not aware of any risks and uncertainties that need to be disclosed, other than that the company relies on government funding, via the HSE, for the greater part of its income and the current constraints on government spending constitute an element of commercial risk. On the basis of action taken to date to control costs, the directors believe this risk has been substantially mitigated.

Events since the end of the financial year
Other than as disclosed in this report, there have been no significant events since the end of the financial year.

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 is aware of that information.

Directors
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.

Mr Pat Gilmartin (Chairperson) - Resigned the 6 March 2019
Mr Joseph F. Murphy - Appointed Chairperson on the 6 March 2019
Dr Con Cronin
Mr Joe McEntee
Ms Catherine Duffy
Ms Margaret V. O'Connell
Sr Teresa Ryan LCM
Sr. Denise Maher LCM

Mr Ken McCauley was appointed Director on the 21 May 2019

DIRECTORS' REPORT - continued

Political donations
The company did not make any political donations in 2018.

Related party transactions and transactions with directors
Details of related party transactions are set out in note 27 to the financial statements. Apart from these, there were no contracts or arrangements of any significance in relation to the business of the company in which the directors had any interest as defined in the Companies Act 2014, at any time during the year ended 31 December 2018.

Statutory auditors
The re-appointment of PricewaterhouseCoopers as statutory Auditors was approved at the September 2018 Annual General Meeting.

On behalf of the Board

Mr Joseph F. Murphy Director	Mr Joe McEntee Director

21 May 2019

Independent auditors' report to the members of Milford Care Centre

Report on the audit of the financial statements

Opinion

In our opinion, Milford Care Centre'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 net income 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 promulgated by the Institute of Chartered Accountants in 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, which comprise:

- the balance sheet as at 31 December 2018;
- the statement of financial activities for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of changes in reserves 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 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.

Ken Johnson
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Limerick
21 May 2019

STATEMENT OF FINANCIAL ACTIVITIES
For the financial year ended 31 December 2018

	Note	Restricted 2018 €	Unrestricted 2018 €	Endowment 2018 €	Total 2018 €	Total 2017 €
Income and endowments from:						
Donations and legacies	5	1,060,000	729,377	-	1,789,377	6,043,905
Charitable activities	6	1,984,633	16,150,668	-	18,135,301	16,596,437
Other trading activities	7	-	1,762,704	-	1,762,704	1,506,261
Investments	8	-	7,205	-	7,205	10,544
Total income and endowments		3,044,633	18,649,954	-	21,694,587	24,157,147
Expenditure on:						
Raising funds	9	-	(304,225)	-	(304,225)	(320,869)
Charitable activities	10	(1,180,554)	(18,538,087)	-	(19,718,641)	(18,263,967)
Total expenditure		(1,180,554)	(18,842,312)	-	(20,022,866)	(18,584,836)
Net income/(expenditure)	12	1,864,079	(192,358)	-	1,671,721	5,572,311
Transfer between reserves		-	-	-	-	-
Net movement in reserves		1,864,079	(192,358)	-	1,671,721	5,572,311
Reconciliation of reserves:						
Total reserves brought forward		13,487,864	9,007,535	9,341,985	31,837,384	26,265,073
Total reserves carried forward		15,351,943	8,815,177	9,341,985	33,509,105	31,837,384

Net income arose solely from continuing operations.

There were no recognised gains or losses other than those listed above and the net movement in reserves for the financial year.

BALANCE SHEET
As at 31 December 2018

	Notes	2018 €	2017 €
Fixed assets			
Tangible assets	16	29,438,754	25,514,012
Current assets			
Stocks	17	104,218	88,639
Debtors	18	1,352,952	1,516,470
Cash at bank and in hand	19	4,312,665	9,341,981
		5,769,835	10,947,090
Creditors - amounts falling due within one year	20	(1,699,484)	(3,623,718)
Net current assets		4,070,351	7,323,372
Creditors - amounts falling due after one year	21	-	(1,000,000)
Net assets		33,509,105	31,837,384
Reserves of the charity			
Endowment reserve	24	9,341,985	9,341,985
Restricted reserve	24	15,351,943	13,487,864
Unrestricted reserve	24	8,815,177	9,007,535
Total charity reserves		33,509,105	31,837,384

On behalf of the board

Mr Joseph F. Murphy
Director

Mr Joe McEntee
Director

STATEMENT OF CHANGES IN RESERVES
For the financial year ended 31 December 2018

	Endowment	Restricted	Unrestricted	Total
	€	€	€	€
Balance at 1 January 2018	9,341,985	13,487,864	9,007,535	31,837,384
Net income/(expenditure) for the year	-	1,864,079	(192,358)	1,671,721
Balance at 31 December 2018	9,341,985	15,351,943	8,815,177	33,509,105
Balance at 1 January 2017	9,341,985	8,347,423	8,575,665	26,265,073
Net income for the year	-	5,140,441	431,870	5,572,311
Balance at 31 December 2017	9,341,985	13,487,864	9,007,535	31,837,384

STATEMENT OF CASH FLOWS
For the financial Year Ended 31 December 2018

	Note	2018 €	2017 €
Net cash generated from operating activities	26	1,121,363	7,605,688
Cash flows from investing activities			
Purchases of tangible fixed assets		(5,157,884)	(8,167,877)
Interest received		7,205	10,544
Net cash used in investing activities		(5,150,679)	(8,157,333)
Cash flows from financing activities			
(Repayment)/proceeds from issue of bank borrowings		(1,000,000)	1,000,000
Net cash generated from financing activities		(1,000,000)	1,000,000
Net (decrease)/increase in cash and cash equivalents		(5,029,316)	448,355
Cash and cash equivalents at 1 January		9,341,981	8,893,626
Cash and cash equivalents at 31 December		4,312,665	9,341,981
Cash and cash equivalents consists of:			
Cash at bank and in hand	19	4,312,665	9,341,981
Cash and cash equivalents		4,312,665	9,341,981

NOTES TO THE FINANCIAL STATEMENTS

1 General information

Milford Care Centre is a voluntary, not-for-profit organisation and registered charity. It was first established by the Little Company of Mary Sisters in 1928 and now provides Specialist Palliative Care and Older Persons Services in the Mid-West of Ireland. The Board of Directors and Management Team oversees the service delivery and fundraising activities. Milford Care Centre is incorporated as a company limited by guarantee in the Republic of Ireland, registered number 291969. The company registered office is at Milford House, Castletroy, Co. Limerick

2 Statement of compliance

The entity financial statements have been prepared on the going concern basis and in accordance with Irish GAAP (accounting standards issued by the Financial Reporting Council 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), Charities SORP (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.

The company's principal accounting policies are set out below:

(a) Basis of preparation
The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the *Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)* (Charities SORP (FRS 102)), *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (FRS 102) and the Companies Act 2014.

The preparation of financial statements in conformity with Charities SORP (FRS 102) requires the use of certain key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date. 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.

(b) Going concern
The company meets its day-to-day working capital requirements through cash generated from operations, its bank facilities and fundraising activities. The company’s forecasts and projections show that the company will generate sufficient cash flows from its operations. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Therefore these entity financial statements have been prepared on a going concern basis.

3 Summary of significant accounting policies - continued

(c) Revenue recognition

Income

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

Contributions, donations and legacies

Income earned from contributions, donations and legacies comprises of:

(i) The performance model is being adopted and therefore donations are recognised when received unless performance obligations have not been met in which case the income is included in deferred income until such time as the performance obligations have been met.

(ii) Legacies for which entitlement is taken as the earlier of the date on which either the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executors' intention to make a distribution.

Grant income

Income from government and other grants, whether ‘capital’ grants or ‘revenue’ grants, is recognised when the company has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Grants relating to expenditure to be incurred in a future accounting period received in advance are deferred to the extent that there are unfulfilled performance conditions which must be satisfied, and are recognised in the future period when such conditions are satisfied.

Funding income and patient fee income

Income received from the HSE and patient fee income is accounted for when the company has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably

Income received from the HSE is considered to be unrestricted income, and has been designated as such in the Statement of Financial Activities.

Earned from other trading activities

Income earned from other trading activities includes fundraising income, sales of food in canteens and income from people paying to use ancillary service offerings such as hairdressing. Such income is recognised as it is receivable.

Fundraising income

Income from fundraising activities is accounted for on a receipts basis.

Donated services and facilities

In accordance with the Charities SORP (FRS 102), general volunteer time is not recognised.

Interest income

Interest income is recognised using the effective interest rate method. Interest income is presented as "Income from Investments" in the Statement of Financial Activities.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

(d) Reserves
All transactions of the company have been recorded and reported as income into or expenditure from reserves which are designated as "restricted", "endowment" or "unrestricted".

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

Unrestricted reserve
All other income is treated as unrestricted and relates to the core objective of providing services in accordance with the overall charity objectives.

Designated reserve
The designated reserve represents funds that the Board of Directors have assigned for specific purposes.

Endowment reserve
Endowment reserves are a permanent reserve whereby the initial capital amount invested will not be accessed but rather the return on the initial investment will provide funding or access to fixed assets on an annual basis. Net assets in the amount of €9,341,985 acquired by the company from the Order of the Little Company of Mary at the date of incorporation in 1998 are considered to be a restricted endowment reserve.

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

(e) Expenditure
Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Expenditure on raising funds comprise the costs incurred by Milford Care Centre in raising funds for its charitable purposes. It includes the costs of all fundraising activities and events and the sale of donated goods. It also includes advertising and marketing costs.
- Expenditure on charitable activities includes the costs incurred in undertaking the various charitable activities which are performed for the benefit of Milford Care Centre beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities.

(f) Allocation of support costs
Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the charity’s programmes and activities. The basis on which support costs have been allocated is set out in note 11.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

(g) 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 contribution pension plans).

(i) Short term employee benefits
Short term employee benefits, including 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 contribution plan
The company currently operates two contributory defined contribution plans for employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further contributions or to make direct benefit payments to employees if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The assets of the plan are held separately from the company in independently administered funds. The contributions to the defined contribution plan are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet.

(h) Tangible fixed assets
Tangible fixed assets are carried at 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
Land is carried at cost.

(ii) Buildings, computer equipment, fixtures and fittings and motor vehicles
Buildings, computer equipment, fixtures and fittings and motor vehicles 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	30 - 50 years
Computer equipment	3 - 5 years
Fixtures and fittings	5 - 8 years
Motor vehicles	3 - 5 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 value or useful lives is accounted for prospectively.

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

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

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

(i) Leases

(i) 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 period of the lease.

(j) Deferred income

Grants relating to expenditure to be incurred in a future accounting period received in advance are deferred and recognised in the period to which they relate.

(k) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, 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.

Restricted and designated funds

In certain circumstances, Milford Care Centre receives grants or donations that are subject to a requirement that these funds be used in a specific way or for a specific purpose. These funds are considered to be restricted funds both in the analysis of cash balances and the analysis of reserves contained in the notes to the financial statements.

From time to time, the Board of Directors designates certain funds to specific projects. Any funds held for this purpose are considered to be designated funds both in the analysis of cash balances and the analysis of reserves contained in the notes to the financial statements.

(l) 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 and cash and cash equivalents 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.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

(l) Financial instruments - continued

(i) Financial assets - continued

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, bank loans, loans from fellow group companies, 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, and financial liability 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.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle to liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS - continued

4 Critical estimates and judgements

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 company has not used any critical judgements, apart from those involving estimates, in applying the entity's accounting policies.

(b) Critical accounting estimates and assumptions

The directors make estimates and assumptions concerning the future in the process of preparing the entity financial statements. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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) 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 16 for the carrying amount of the tangible fixed assets, and note 3(h) (iii) 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 debtors are recoverable. When assessing impairment of such debtors, the directors consider factors including the current credit rating of the debtor, the age profile of outstanding invoices, recent correspondence and historical experience of cash collections from the debtor. See note 18 for the net carrying amount of the debtors and any impairment loss recognised in the financial year.

5 Donations and legacies

	Restricted	Unrestricted	2018 Total	2017 Total
	€	€	€	€
Legacies and Bequests	-	183,755	183,755	151,055
General Donations	1,000,000	71,396	1,071,396	1,467,550
Generated Fundraising Donations	60,000	474,226	534,226	1,425,300
Charitable Foundation Grant	-	-	-	3,000,000
	1,060,000	729,377	1,789,377	6,043,905

6 Charitable activities

	Restricted	Unrestricted	2018 Total	2017 Total
	€	€	€	€
Health Service Executive Income	1,984,633	11,178,387	13,163,020	12,124,001
Patients' fees and refunds	-	4,695,947	4,695,947	4,223,017
Education and training	-	276,334	276,334	249,419
	1,984,633	16,150,668	18,135,301	16,596,437

NOTES TO THE FINANCIAL STATEMENTS - continued

7 Other trading activities

	Restricted €	Unrestricted €	2018 Total €	2017 Total €
Fundraising events	-	1,084,434	1,084,434	1,286,267
Catering income	-	271,591	271,591	204,914
Sundry income	-	406,679	406,679	15,080
	-	1,762,704	1,762,704	1,506,261

8 Investments

	Restricted €	Unrestricted €	2018 Total €	2017 Total €
Interest received	-	7,205	7,205	10,544
	-	7,205	7,205	10,544

9 Expenditure on generating funds

	Restricted €	Unrestricted €	2018 Total €	2017 Total €
Direct fundraising event costs	-	161,424	161,424	181,533
Other fundraising activity costs	-	81,175	81,175	75,341
Sale of donated goods	-	61,626	61,626	63,995
	-	304,225	304,225	320,869

	Support costs €	Direct Costs €	2018 Total €	2017 Total €
Direct fundraising event costs	119,928	41,496	161,424	181,533
Other fundraising activity costs	1,138	80,037	81,175	75,341
Sale of donated goods	27,191	34,435	61,626	63,995
	148,257	155,968	304,225	320,869

10 Expenditure on charitable activities

	Restricted €	Unrestricted €	2018 Total €	2017 Total €
Hospice in-patient unit & community services	788,043	13,813,407	14,601,450	13,380,613
Daycare palliative & older persons services	147,269	1,339,901	1,487,170	1,481,955
Nursing Home Services	245,242	3,345,860	3,591,102	3,390,888
	1,180,554	18,499,168	19,679,722	18,253,456
Bank interest and charges	-	38,919	38,919	10,511
	1,180,554	18,538,087	19,718,641	18,263,967

NOTES TO THE FINANCIAL STATEMENTS - continued

10 Expenditure on charitable activities - continued	Support costs €	Direct Costs €	2018 Total €	2017 Total €
Hospice in-patient unit & community services	1,455,797	13,145,653	14,601,450	13,380,613
Daycare palliative & older persons services	8,552	1,478,618	1,487,170	1,481,955
Nursing Home Services	81,931	3,509,171	3,591,102	3,390,888
	1,546,280	18,133,442	19,679,722	18,253,456
Bank interest and charges	-	38,919	38,919	10,511
	1,546,280	18,172,361	19,718,641	18,263,967

11 Analysis of governance and support costs – charitable activities	Support €	Governance €	Total €
Included in the support costs for charitable activities above are the following:			
2018			
Payroll costs	1,347,649	59,240	1,406,889
General, legal, compliance and regulatory costs	1,298	36,089	37,387
	1,348,947	95,329	1,444,276
2017			
Payroll costs	1,254,948	61,619	1,316,567
General, legal, compliance and regulatory costs	1,353	39,198	40,551
	1,256,301	100,817	1,357,118

Payroll costs are allocated as a % based on time spent in providing central administration services.

Analysis of governance and support costs – generating funds	Support €	Governance €	Total €
Included in the support costs for generating funds above are the following:			
2018			
Payroll costs	117,700	1,782	119,482
General, legal, compliance and regulatory costs	1,468	2,460	3,928
	119,168	4,242	123,410
2017			
Payroll costs	116,473	1,444	117,917
General, legal, compliance and regulatory costs	1,372	2,778	4,150
	117,845	4,222	122,067

Payroll costs are allocated as a % based on time spent on generating funds.

Following the review of the allocation basis in the current year, the prior year analysis has been restated for comparative purposes.

NOTES TO THE FINANCIAL STATEMENTS - continued

12 Net income

	2018	2017
	€	€
Net income for the financial year is stated after charging/(crediting):		
Depreciation	1,233,142	756,648
Operating lease expenses	124,310	139,519
Grants dispersed to palliative support bed units in Mid West area	278,904	278,904

13 Auditors remuneration

	2018	2017
	€	€
Remuneration (including expenses) for the statutory audit and other services carried out for the company by the company's auditors is as follows:		
Audit of entity financial statements	24,720	20,000
Other assurance services	5,166	7,100
	29,886	27,100

14 Employees and directors

	2018	2017
	Number	Number
(i) Employees		
The average number of persons employed by the company during the financial year was:	350	342

The staff costs comprise:	2018	2017
	€	€
Wages and salaries	13,361,526	12,662,592
Social insurance costs	1,404,321	1,327,239
Other retirement benefit costs	424,107	413,728
Staff costs	15,189,954	14,403,559

(ii) Directors

There are no emoluments paid to the directors in either year.

(iii) Key management compensation

Key management includes the Directors and members of senior management. The compensation paid or payable to key management for employee services is shown below, compensation paid and payable includes salaries, social insurance costs and post-employment benefits.

	2018	2017
	€	€
Board of Directors (8 people)	-	-
Executive team (8 people in 2018 and 7 people in 2017)	611,577	601,482
Total key management compensation	611,577	601,482

15 Taxation

Milford Care Centre has ongoing charitable status as granted by the Revenue Commissioners.

NOTES TO THE FINANCIAL STATEMENTS - continued

16 Fixed assets

	Land and buildings €	Construction in progress €	Fixtures and fittings €	Computer equipment €	Motor vehicles €	Total €
At 1 January 2018						
Cost	22,993,427	9,009,765	3,705,741	887,896	462,618	37,059,447
Accumulated depreciation and impairment	(6,746,695)	-	(3,674,631)	(704,771)	(419,338)	(11,545,435)
Carrying amount	16,246,732	9,009,765	31,110	183,125	43,280	25,514,012
Financial year ended 31 December 2018						
Opening carrying amount	16,246,732	9,009,765	31,110	183,125	43,280	25,514,012
Additions	3,864	4,858,302	254,007	18,164	23,547	5,157,884
Transfer	10,151,456	(11,358,490)	1,207,034	-	-	-
Disposals	-	-	-	-	-	-
Depreciation	(826,821)	-	(282,968)	(92,033)	(31,320)	(1,233,142)
Carrying amount	25,575,231	2,509,577	1,209,183	109,256	35,507	29,438,754
At 31 December 2018						
Cost	33,148,747	2,509,577	5,166,782	906,060	486,165	42,217,331
Accumulated depreciation and impairment	(7,573,516)	-	(3,957,599)	(796,804)	(450,658)	(12,778,577)
Carrying amount	25,575,231	2,509,577	1,209,183	109,256	35,507	29,438,754

During the financial year, tangible fixed assets with a carrying amount of Nil (2017: €Nil) were disposed of. The assets had a cost of €23,370 (2017: €50,990) and accumulated depreciation and impairment of €23,370 (2017: €50,990). There was a gain of €4,100 on the sale of the asset.

NOTES TO THE FINANCIAL STATEMENTS - continued

17 Stock

	2018	2017
	€	€
Consumables and supplies	104,218	88,639

The replacement cost of stocks is not significantly different to their balance sheet value.

18 Debtors

	2018	2017
	€	€
Trade debtors	759,806	999,072
Prepayments	593,146	517,398
	1,352,952	1,516,470

19 Cash at bank and on hand

	2018	2017
	€	€
At 31 December	4,312,665	9,341,981

Cash balances on hand as at 31 December comprise the following:

	2018	2017
	€	€
Cash at bank	4,275,056	4,728,145
Designated cash	-	2,967,584
Restricted cash	37,609	1,646,252
	4,312,665	9,341,981

20 Creditors - amounts falling due within one year

	2018	2017
	€	€
Trade creditors and accruals	885,253	1,393,136
Other creditors including tax and social insurance	814,231	730,582
Deferred income	-	1,500,000
	1,699,484	3,623,718

	2018	2017
Other creditors including tax and social insurance comprise:		
PAYE	197,682	185,864
PRSI	167,543	156,417
VAT	2,778	2,049
Other creditors	446,228	386,252
	814,231	730,582

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

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

NOTES TO THE FINANCIAL STATEMENTS - continued

21 Creditors - amounts falling due after more than one year

	2018	2017
	€	€
Bank loan (note 22)	-	1,000,000
	-	1,000,000

22 Loans and other borrowings

Bank loans amounting to €1,000,000 were repaid in full in December 2018.

23 Financial instruments

The company has the following financial instruments:

		2018		2017
	€	€	€	€
Financial assets at fair value through net income or expenditure	-	-	-	-
Financial assets that are debt instruments measured at amortised cost:				
Trade debtors (note 18)	759,806	759,806	999,072	999,072
Cash at bank and in hand (note 19)	4,312,665	4,312,665	9,341,981	9,341,981
Financial liabilities measured at fair value through net income or expenditure	-	-	-	-
Financial liabilities measured at amortised cost:				
Trade creditors (note 20)	885,253		1,393,136	
Other creditors including taxation and social insurance (note 20)	814,231		730,582	
Deferred income (note 20)	-		1,500,000	
Bank loan (note 21)	-		1,000,000	
		1,699,484		4,623,718

Details of maturity of long term debt are outlined in note 22.

NOTES TO THE FINANCIAL STATEMENTS - continued

24 Reserves

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

Unrestricted reserve
All other income is treated as unrestricted and relates to the core objective of providing services in accordance with the overall charity objectives. Unrestricted reserves are further categorised as designated or undesignated.

Designation of unrestricted reserve	Designated	Undesignated	Total unrestricted reserve
	€	€	€
At 31 December 2016 and 1 January 2017	5,383,207	3,192,458	8,575,665
Annual operating commitment	280,200	(280,200)	-
Capital commitment	(675,000)	675,000	-
Net income for the financial year	-	431,870	431,870
At 31 December 2017	4,988,407	4,019,128	9,007,535
Annual operating commitment	-	-	-
Capital commitment	(4,988,407)	4,988,407	-
Net income/(expenditure) for the financial year	-	(192,358)	(192,358)
At 31 December 2018	-	8,815,177	8,815,177

The designated reserve represents funds that the Board of Directors have assigned for specific purposes.

Endowment reserve
The endowment reserve is a permanent reserve whereby the initial capital amount invested will not be accessed but rather the return on the initial investment will provide funding or access to fixed assets on an annual basis. Net assets in the amount of €9,341,985 acquired by the company from the Order of the Little Company of Mary at the date of incorporation in 1998 are considered to be a restricted endowment reserve.

The balance on each restricted reserve at the end of the year represents the assets held by the organisation for particular purposes specified by the donors. The balance on the unrestricted reserve at the end of the year represents the assets held by the organisation for general use in furtherance of its work.

25 Share capital

Milford Care Centre is a company limited by guarantee and does not have a share capital.

NOTES TO THE FINANCIAL STATEMENTS - continued

26 Note to the statement of cash flows

	2018	2017
	€	€
Net income for the financial year	1,671,721	5,572,311
Interest receivable	(7,205)	(10,544)
Operating income	1,664,516	5,561,767
Depreciation of tangible assets	1,233,141	756,648
Working capital movements:		
- Increase in stocks	(15,579)	(3,032)
- Decrease/(increase) in debtors	163,519	(263,027)
- (Decrease)/Increase in payables	(1,924,234)	1,553,332
Cash flow from operating activities	1,121,363	7,605,688

27 Related party transactions

Milford Care Centre and the Order of the Little Company of Mary are related parties due to common control.

The following related party transactions occurred in the year.	2018	2017
	€	€
Payments to the Order of Little Company of Mary for patient care and other Services	(5,000)	(16,000)
Payments to the Order of Little Company of Mary for utilities and provision of services	325,010	324,116
Grant received in respect of capital project from the Order of Little Company of Mary	1,000,000	1,000,000

The amounts due to related parties at the year end was as follows:

Order of Little Company of Mary	-	-

28 Pension scheme

The Company operates two contributory defined contribution pension schemes and a defined benefit scheme, which was closed to future accrual in 2007. The assets of the schemes are held separately from those of the Company in independently administered funds. The pension cost of €327,687 (2017: €336,645) represents contributions and related benefits payable by the Company to the funds. The company also funds the related administration costs and Pension amounting to €61,667 (2017: €77,386).

29 Future capital expenditure not provided for

	2018	2017
	€'000	€'000
Future capital expenditure not provided for at the yearend was as follows:		
Contracted for	1,200	5,015
Authorised by directors but not contracted for	300	100
	1,500	5,115

NOTES TO THE FINANCIAL STATEMENTS - continued

30 Contingent liabilities

A contingent charge exists to the HSE for €4.5 million (2017: €4.5 million) in respect of the grant aid provided by them which affects that part of the property as was constructed with the grant. The contingency is that the property should continue to be used for the purpose for which the grant was provided for a period of 25 years from 2008.

A second contingent charge exists to the HSE for €1.5 million (2017: €1.5 million) in respect of the grant aid provided by them which affects that part of the property as was constructed with the grant. The contingency is that the property should continue to be used for the purpose for which the grant was provided for a period of 50 years from 2017.

31 Financial 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	116,592	105,456
Later than one year and not later than five years	129,790	187,033
Later than five years	-	-
	246,382	292,489

The company had no other off balance sheet arrangements.

32 Events since the end of the financial year

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

33 Approval of financial statements

The financial statements were approved and authorised by the board of directors on 21 May 2019 and were signed on its behalf on that day.