

Central Remedial Clinic
(A company limited by guarantee)

Governors' report and financial statements for the
year ended 31 December 2013



Building a better
working world

GOVERNORS' REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2013

TABLE OF CONTENTS	<i>PAGE</i>
MEMBERS, GOVERNORS AND OTHER INFORMATION	2
GOVERNORS' REPORT	5
INDEPENDENT AUDITOR'S REPORT	10
PROFIT AND LOSS ACCOUNT	12
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES	13
BALANCE SHEET	14
CASH FLOW STATEMENT	15
NOTES TO THE FINANCIAL STATEMENTS	16

MEMBERS, GOVERNORS AND OTHER INFORMATION
for the year ended 31 December 2013

MEMBERS

The Company currently has six members which is below the statutory minimum number of members (seven) required under Company law for a company limited by guarantee. Some of the current members have indicated that they wish to resign immediately after the Annual General Meeting for 2014. The Governors propose to hold an Extraordinary General Meeting of the members immediately before the 2014 AGM for the purpose of adopting new Articles of Association so that the Company has a modern set of Articles. The new Articles, if adopted, will permit the Board to appoint new members to bring the number of members up to at least the number of members necessary to comply with Company law. Upon the adoption of the new Articles, the Governors will, as an interim measure, appoint such members from their number. As part of its strategic review, the Board will identify the optimum membership structure for the Company's business. Suitable individuals will be identified and appointed as members of the Company and the appointed board members will resign as members of the Company.

GOVERNORS

For the period from 1/1/2013 to 13/12/2013

Mr. H. Goulding (Chairperson) *(resigned as Chairperson 10/6/2013, resigned from Board 13/12/2013)*

Mr. V. Brady *(resigned 13/12/2013)*

Ms. H. Jameson *(resigned 13/12/2013)*

Mr. J. Nugent *(appointed Chairperson 10/6/2013, resigned 13/12/2013)*

Mr. P. Ryan *(resigned 13/12/2013)*

Mr. M. Walsh *(resigned 13/12/2013)*

Mr. B. Conlan *(resigned 10/6/2013)*

Ms. A. Rice-Jones *(resigned 13/12/2013)*

Mr. D. Martin *(resigned 13/12/2013)*

Mr. P. Kiely *(appointed 10/6/2013, resigned 25/11/2013)*

Ms. M. Day *(appointed 10/6/2013, resigned 13/12/2013)*

Ms. F. Sheppard *(appointed 5/8/2013, resigned 13/12/2013)*

For the period from 16/2/2014 to 11/4/2014

Mr. J. Cregan (HSE) *(appointed 16/2/2014, resigned 11/4/2014)*

Ms. A. Fitzgerald (HSE) *(appointed 16/2/2014, resigned 11/4/2014)*

For the period from 27/3/2014

Mr. K. Timmins (Chairperson) *(appointed 27/3/2014)*

Ms. C.A. Casey (Vice-Chairperson) *(appointed 27/3/2014)*

Mr. M. McLachlan *(appointed 27/3/2014)*

Mr. D. Daly *(appointed 14/4/2014)*

Mr. S. Hickey *(appointed 27/3/2014)*

Mr. T. Fleming *(appointed 27/3/2014)*

Mr. T. Quinn *(appointed 27/3/2014)*

Ms. E. Moriarty Crowley *(appointed 27/3/2014)*

Ms. C. McElhinney *(appointed 14/4/2014)*

CENTRAL REMEDIAL CLINIC
(A company limited by guarantee)

MEMBERS, GOVERNORS AND OTHER INFORMATION
for the year ended 31 December 2013 (continued)

SECRETARY

For the period from 1/1/2013 to 6/12/2013

Mr. P. Kiely (*resigned 1/7/2013*)

Mr. B. Conlan (*appointed 1/7/2013, resigned 6/12/2013*)

For the period from 27/3/2014

Ms. C.A. Casey (*appointed 27/3/2014*)

BOARD REMUNERATION COMMITTEE

For the period from 1/1/2013 to 13/12/2013

Mr. H. Goulding (Chairperson) (*resigned 13/12/2013*)

Mr. J. Nugent (*resigned 13/12/2013*)

Mr. D. Martin (*resigned 13/12/2013*)

For the period from 14/4/2014

Ms. C.A. Casey (Chairperson) (*appointed 14/4/2014*)

Mr. K. Timmins (*appointed 14/4/2014*)

Mr. T. Fleming (*appointed 14/4/2014*)

Mr. M. McLachlan (*appointed 14/4/2014*)

BOARD AUDIT COMMITTEE

For the period from 1/1/2013 to 13/12/2013

Mr. J. Nugent (Chairperson) (*resigned 13/12/2013*)

Mr. B. Conlan (*resigned 10/6/2013*)

Mr. V. Brady (*resigned 13/12/2013*)

For the period from 14/4/2014

Ms. C. McElhinney (Chairperson) (*appointed 14/4/2014*)

Mr. S. Hickey (*appointed 14/4/2014*)

Ms. E. Moriarty Crowley (*appointed 14/4/2014*)

Mr. D. Daly (*appointed 14/4/2014*)

CENTRAL REMEDIAL CLINIC
(A company limited by guarantee)

MEMBERS, GOVERNORS AND OTHER INFORMATION
for the year ended 31 December 2013 (continued)

REGISTERED OFFICE Penny Ansley Memorial Building,
Vernon Avenue,
Clontarf,
Dublin 3.

COMPANY REGISTERED NUMBER 14880

CHARITY NUMBER CHY4998

BANKERS AIB Bank,
53/54 Main Street,
Finglas,
Dublin 11.

SOLICITORS Gore & Grimes Solicitors,
Cavendish House,
Smithfield,
Dublin 7.

Mason Hayes & Curran,
South Bank House,
Barrow Street,
Dublin 4.

AUDITORS Ernst & Young,
Chartered Accountants,
Ernst & Young Building,
Harcourt Centre,
Harcourt Street,
Dublin 2.

GOVERNORS' REPORT
for the year ended 31 December 2013

The Board of Governors of the Company is responsible for the overall control and management of the Company. The Governors present herewith their annual report and financial statements for the year ended 31 December 2013.

The Governors are listed on page 2.

All of the continuing members of the Board of Governors of the Company resigned on 13 December 2013, notwithstanding the obligation under Section 174 of the Companies Act 1963 for each company to have a minimum of two directors. Following the appointment of an Interim Administrator to Central Remedial Clinic by the Health Service Executive, a process was put in place to appoint a new Board of Governors.

This process has been completed since the year end.

REVIEW OF THE DEVELOPMENT AND PERFORMANCE OF THE BUSINESS

The Central Remedial Clinic (the **Company** or **CRC**) is a national centre providing a comprehensive range of services for children and adults with physical disabilities across a number of locations in Dublin, Limerick and Waterford.

The year 2013 saw considerable change and upheaval for the Company, with the retirement of the Chief Executive followed by the appointment and subsequent resignation of the new Chief Executive Officer and finally the resignation of the entire Board of the Company. This resulted in a turbulent and traumatic time for the Company, its staff and their clients.

Despite this, the Company's staff continued to expertly and competently deliver the expert care and treatment which the Company is renowned for to over 4,000 children and adults over the course of 2013.

The Company is a registered charity (registered number CHY 4998).

The Company's services are primarily funded by the Health Service Executive (**HSE**) and The Department of Education Skills and Science. While the Company was in receipt of additional funding from Friends and Supporters of the Central Remedial Clinic Limited, and was able to reduce expenditure, additional costs arose from the retirement of a Chief Executive, and the outcome for the year is a deficit of €721,845, compared with a deficit of €147,034 in 2012.

The Company continued to rely on Government funding to deliver the service it provides to its clients. To this end the Company engaged in a number of service level agreements with its principal funder, the HSE through which activity and performance was monitored.

GOVERNANCE ISSUES 2013 / EVENTS SINCE YEAR END

During the year, a number of governance issues emerged in relation to the Company. These centred on issues relating to the remuneration and appointment of a Chief Executive, the remuneration of certain Company executives and the severance arrangement to a former Chief Executive on his retirement from the Company. In December 2013 the entire Board of Governors resigned at the request of the HSE, following which the then Chief Executive resigned.

GOVERNORS' REPORT
for the year ended 31 December 2013 (continued)

GOVERNANCE ISSUES 2013 / EVENTS SINCE YEAR END (continued)

The HSE subsequently appointed an Interim Administrator as temporary Chief Executive Officer to ensure continuity of service delivery to clients of the Company, to oversee the restoration of appropriate corporate governance and the appointment of a new Board of Governors and Chief Executive and to identify any legacy issues that, in their view, required the attention of the Company. The Interim Administrator's report was issued on the 19th June 2014 and this report including all associated documentation deemed relevant by the Interim Administrator is available for downloading at <http://hse.ie/eng/services/publications>.

The process of appointing a new Board of Governors and Chief Executive has been completed in 2014.

Specifically pertaining to the financial statements relating to 2013, the Board notes that the Interim Administrator's Report identified that

- *"Service Arrangement/Agreement obligations have been met and there are no apparent obstacles to the HSE and CRC entering into similar arrangements in 2014"*
- *"The CRC has sound systems of financial control in place"*
- *"Legacy issues identified are confined to a small number of issues which have to be brought to a conclusion (i.e. executive team structure and pay in 2015 or earlier and the full application of public sector pay cuts to former CEO) and some general comments and general observations are made to assist the Board throughout the report."*

Following an open and transparent process using the Public Appointments Service, the new Chief Executive of the Company took up her position with effect from 1st June 2014.

These issues and immediate actions taken by the new Board and Chief Executive Officer were discussed at length by the new Chairman of the Company when he appeared before the Public Accounts Committee on the 2nd July 2014. His statement is available for inspection on the PAC website at www.oireachtas.ie.

RELATED PARTIES

Income disclosed in the Profit and Loss Account includes financial and other support from a related undertaking, Friends and Supporters of the Central Remedial Clinic Limited, a company limited by guarantee, CHY number 10310. In 2013, Friends and Supporters of the Central Remedial Clinic Limited was a related party by virtue of having a number of members and Governors in common with the Company. Friends and Supporters of the Central Remedial Clinic Limited is not a subsidiary of the Company and its principal function as documented in the Interim Administrator's Report is to provide financial support to the Company. This involves the funding of capital projects, revenue expenses and other costs associated with the running of the Company.

As identified in the Interim Administrator's Report, the main source of the funds provided by Friends and Supporters of the Central Remedial Clinic Limited comes from its share of the proceeds of the lottery operated by The Care Trust Limited for the benefit of Central Remedial Clinic, Rehab Group and the Mater Hospital Group.

GOVERNORS' REPORT
for the year ended 31 December 2013 (continued)

RELATED PARTIES (continued)

The two companies, Central Remedial Clinic and Friends and Supporters of the Central Remedial Clinic Limited do not comprise a group of companies and consolidated financial statements are therefore not prepared.

As identified in the Interim Administrator's Report, funds held by Friends and Supporters of the Central Remedial Clinic Limited at the end of 2013 amounted to €12.8m.

RESULTS AND DIVIDENDS

The net deficit on the profit and loss account for the year was €721,845 (2012: deficit of €147,034). Under Article (3) of the Memorandum of Association of the Company, no distribution may be made by way of dividends.

PRINCIPAL RISKS AND UNCERTAINTIES

The new Governors together with the new CEO have begun a process to assess and re-evaluate the robustness of the Company's financial controls. The Governors believe that the following risks and uncertainties are the risks that may have the most significant impact on the financial performance of the Company:

- Defined Benefit Pension Scheme

As detailed in Note 20 to the financial statements, the Company operates a separate defined benefit pension plan for eligible employees. The Interim Administrator's Report notes that *"as in the case of many private pension schemes, the CRC plan was not expected to meet minimum funding standard requirements and a revised funding proposal was prepared in 2011 to restore the CRC plan to compliance with the Funding Standard by 2017"*. In addition the Interim Administrator's Report quotes that *"The CRC Plan Actuary has certified (see Appendix 17 of the Report) that the Funding Proposal is currently on track"*.

The Governors note that the valuation of both the assets and liabilities of the pension fund are very sensitive to the underlying assumptions adopted when calculating the scheme position at any point in time. Any negative change in the underlying assumptions could significantly impact on the quantum of the liability that the Company is required to recognise.

As the Company is a Section 38 agency and a 'not for profit' company, any increase in the pension deficit cannot be resolved without the support of the HSE or funding from Friends and Supporters of the Central Remedial Clinic Limited.

- Long Term Loan

In 2012, Friends and Supporters of the Central Remedial Clinic Limited advanced a long term interest free loan to the value of €3,000,000 to the Company to assist in financing the Company's pension liabilities under the defined benefit pension scheme. As the Company is a Section 38 agency and a 'not for profit' company, the Governors formed the view that the Company is not in a position to repay this loan.

GOVERNORS' REPORT
for the year ended 31 December 2013 (continued)

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

- Break-Even Mandate

As the Company is a Section 38 agency and a 'not for profit' company, it is essential that the Company manages its costs on an annual basis so as to ensure its costs do not exceed its income. This is articulated in the Service Level Agreement governing the relationship between the Company and the HSE. As the Company, for the second year, has recorded a deficit on the Profit and Loss Account, steps must now be taken to remediate the loss through reductions in the Company's cost base.

- Guarantee to Care Trust Limited

On 1st June 2010, the Company entered into an agreement with The Rehab Group, Rehab Foundation Limited, Friends and Supporters of The Central Remedial Clinic Limited and The Care Trust Limited which provides that all losses of The Care Trust Limited arising from its lottery and non-lottery fund raising activities shall be borne by The Rehab Group and the Company equally. This guarantee needs to be considered in light of the risks identified above.

EMPLOYEE MATTERS

At December 2013 there were 256 whole time equivalent employees.

GOING CONCERN

The financial statements have been prepared on the going concern basis. In assessing the appropriateness of the going concern basis, the Governors must take account of all relevant information covering a period of at least twelve months from the date of approval of the signing of the financial statements.

As identified earlier, the Company relies heavily on funding from the HSE and Friends and Supporters of the Central Remedial Clinic Limited.

The Governors take comfort from the ongoing financial support from the HSE and the Interim Administrator's Report which concludes that Service Arrangement/Agreement obligations have been met and confirms that there are no obstacles to the HSE and the Company entering into similar arrangements in 2014 and beyond.

The Governors note that there has been ongoing support to the Company from Friends and Supporters of the Central Remedial Clinic Limited. Given that the principal function of Friends and Supporters of the Central Remedial Clinic Limited is to provide financial support to the Company, it is assumed that this support will continue.

The Company will continue to operate its business within budgets agreed with the HSE and other agencies.

GOVERNORS' REPORT
for the year ended 31 December 2013 (Continued)

ACCOUNTING RECORDS

The Governors are responsible for ensuring that proper books and accounting records are kept by the Company as required by section 202 of the Companies Act, 1990. The Governors believe that this requirement has been complied with as the Company has continued to employ accounting personnel with appropriate expertise and adequate resources have been provided to the financial function. The books of account for the Company are maintained at the Penny Ansley Memorial Building, Vernon Avenue, Clontarf, Dublin 3.

GOVERNORS' RESPONSIBILITIES STATEMENT

The Governors are responsible for preparing the Governors' Report and the financial statements in accordance with Irish law and regulations.

Irish company law requires the Governors to prepare financial statements giving a true and fair view of the state of affairs of the Company and the profit or loss of the Company for each financial year. Under that law the Governors have elected to prepare the financial statements in accordance with Irish Generally Accepted Accounting Practice (accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland and Irish law).

In preparing these financial statements, the Governors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and accounting estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Governors are responsible for keeping proper books of account that 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 Acts 1963 to 2013. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, Ernst & Young, Chartered Accountants, have indicated their willingness to remain in office in accordance with Section 160(2) of the Companies Act, 1963.

On behalf of the Board

K. Timmins

C. McElhinney

12 September 2014

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CENTRAL REMEDIAL CLINIC
(A company limited by guarantee)**

We have audited the financial statements of Central Remedial Clinic for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement, and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

This report is made solely to the Company's members, as a body, in accordance with section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Governors and auditors

As explained more fully in the Governors' Responsibilities Statement set out on page 9, the Governors are responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland of the state of the Company's affairs as at 31 December 2013 and of its deficit and cash flows for the year then ended.
- have been properly prepared in accordance with the requirements of the Companies Acts 1963 to 2013.

Continued/...



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
CENTRAL REMEDIAL CLINIC
(A company limited by guarantee) (Continued)**

Matters on which we are required to report by the Companies Acts 1963 to 2013

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion proper books of account have been kept by the Company.
- The financial statements are in agreement with the books of account.
- In our opinion the information given in the Governors' report is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the provisions in the Companies Acts 1963 to 2013 which require us to report to you if, in our opinion, the disclosures of Governors' remuneration and transactions specified by law are not made.

Breffni Maguire
For and on behalf of Ernst & Young

Dublin

12 September 2014

CENTRAL REMEDIAL CLINIC
(A company limited by guarantee)

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2013

	<i>Note</i>	<i>2013</i> €	<i>2012</i> €
<i>Income</i>			
Grant income	2	16,728,337	16,627,662
Donations and fund-raising			
- Friends and Supporters of Central Remedial Clinic Limited	21	700,000	400,000
- Other		328,962	504,890
Income from other activities	3	1,622,069	1,884,540
		<u>19,379,368</u>	<u>19,417,092</u>
<i>Expenditure</i>			
Staff costs	4(a)	(15,046,911)	(15,170,457)
Exceptional cost – Chief Executive Retirement	6(a)	(678,336)	–
Operating costs		(3,273,255)	(3,504,002)
Depreciation and amortisation	7/8	(1,527,733)	(1,429,988)
Capital grants amortised	16	541,288	558,220
		<u>(19,984,947)</u>	<u>(19,546,227)</u>
Net operating deficit for year	5	(605,579)	(129,135)
Interest payable and similar charges		(9,204)	(4,741)
Net finance expense in relation to defined benefit pension plan	20	(105,000)	(3,000)
Loss on disposal of fixed assets		(2,062)	(10,158)
Net deficit for year	15	<u><u>(721,845)</u></u>	<u><u>(147,034)</u></u>

On behalf of the Board of Governors on 12 September 2014.

K. Timmins

C. McElhinney

Governors

CENTRAL REMEDIAL CLINIC
(A company limited by guarantee)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2013

	<i>Note</i>	<i>2013</i> €	<i>2012</i> €
Deficit on ordinary activities for the year		(721,845)	(147,034)
Actuarial gain/(loss) recognised on pension scheme	20	713,000	(2,007,000)
Total recognised losses for the year		<u>(8,845)</u>	<u>(2,154,034)</u>

CENTRAL REMEDIAL CLINIC
(A company limited by guarantee)

BALANCE SHEET
at 31 December 2013

		2013	2012
	<i>Note</i>	€	€
ASSETS EMPLOYED			
FIXED ASSETS			
Intangible assets	7	1,771,429	–
Tangible assets	8	14,257,238	15,198,016
		<u>16,028,667</u>	<u>15,198,016</u>
CURRENT ASSETS			
Grants receivable	9	1,636,697	1,746,626
Debtors and prepaid expenses	10	282,484	2,898,830
Stocks	11	63,743	90,775
Short-term investments	12	800	800
Cash and bank deposits		181,809	100,780
		<u>2,165,533</u>	<u>4,837,811</u>
CURRENT LIABILITIES			
Creditors and accrued expenses	13	(1,782,861)	(1,862,842)
Bank overdraft	18	(380,961)	(841,474)
		<u>(2,163,822)</u>	<u>(2,704,316)</u>
NET CURRENT ASSETS		<u>1,711</u>	<u>2,133,495</u>
NON-CURRENT LIABILITIES			
Long term loan – Friends and Supporters of the Central Remedial Clinic Limited	14	(3,000,000)	(3,000,000)
Pension liability	20	(2,379,000)	(3,130,000)
		<u>(5,379,000)</u>	<u>(6,130,000)</u>
		<u>10,651,378</u>	<u>11,201,511</u>
FINANCED BY			
Reserves	15	1,354,619	1,363,464
Capital grants	16	9,296,759	9,838,047
		<u>10,651,378</u>	<u>11,201,511</u>

On Behalf of the Board of Governors on 12 September 2014.

K. Timmins

C. McElhinney

Governors

CENTRAL REMEDIAL CLINIC
(A company limited by guarantee)

CASH FLOW STATEMENT
for the year ended 31 December 2013

	Note	€	2013 €	€	2012 €
<i>Net cash inflow from operating activities before payment of pension obligation</i>	17		2,012,192		637,516
<i>Payment of defined benefit pension obligation</i>	20		(1,101,000)		(3,831,000)
<i>Net cash inflow/(outflow) from operating activities</i>			<u>911,192</u>		<u>(3,193,484)</u>
<i>Returns on investments and servicing of finance</i>					
Net interest paid			(9,204)		(4,741)
<i>Investing activities</i>					
Payments to acquire tangible fixed assets		(386,237)		(463,809)	
Proceeds from sale of tangible fixed assets		25,791		-	
Capital grants received		-		23,907	
		<u> </u>	(360,446)	<u> </u>	(439,902)
<i>Financing</i>					
Loan received from Friends & Supporters of the Central Remedial Clinic			-		3,000,000
			<u> </u>	<u> </u>	
<i>Increase/(decrease) in cash and cash equivalents</i>	18		<u>541,542</u>		<u>(638,127)</u>

NOTES TO THE FINANCIAL STATEMENTS
31 December 2013

1. ACCOUNTING POLICIES

The significant accounting policies adopted by the Company are as follows:

(a) *Basis of preparation and going concern*

The Company is not required to comply with the profit and loss format as prescribed under the Companies (Amendment) Act, 1986 as it is not trading for the acquisition of gain by the members. The Company has adopted a profit and loss account utilising income and expenditure headings in order to reflect the special nature of its business in promoting healthcare through a variety of funding sources.

The Company is dependent upon the Health Service Executive (**HSE**) providing adequate funding to ensure that it can meet its liabilities as they fall due. The main revenue allocation from the HSE fell in 2013 by €144,000 or 1%, to an amount of €14,014,184, and a loss was incurred for the year of €721,845, following a loss of €147,034 in 2012. Notwithstanding these losses, net current assets amounted to €1,711 at 31 December 2013, with net assets amounting to €10,651,378 at that date. Cash flow was positive in 2013, and the Company has operated within its bank facilities.

The revenue allocation for 2014, as notified by the HSE, amounts to €13,602,268 (representing a 2.9% reduction compared to the allocation for 2013), and further reductions in funding are anticipated in the future with the Company's mandate from the HSE being to achieve a financial break even. The Governors believe that the required cost savings as anticipated in its financial projections for 2014 and 2015 will be achieved, and that agreement will be reached with the HSE regarding sufficient levels of funding to secure financial break even.

On this basis, the Governors believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

(b) *Accounting convention*

The financial statements are prepared under the historical cost convention.

(c) *Revenue and capital grants*

Government grants are recognised when received or agreed as receivable by the granting authority. Revenue grants are taken to the revenue account in the period to which they relate. Capital grants are treated as a deferred credit and amortised on the same rate and basis as the related fixed assets.

(d) *Fixed assets*

Tangible

Depreciation is calculated on the original cost of fixed assets at rates designed to write off the costs of these assets over the period of their expected useful lives.

The rates being used are as follows:

Land	Nil	
Buildings	4%	straight line method
Medical equipment	10%	straight line method
Office equipment	10%	straight line method

NOTES TO THE FINANCIAL STATEMENTS
31 December 2013 (continued)

1. ACCOUNTING POLICIES (continued)

(d) *Fixed assets (continued)*

Other equipment	10%	straight line method
Fixtures and fittings	10%	straight line method
Computer equipment	25%	straight line method
Motor vehicles (vans)	25%	straight line method

Intangible

Payments to third parties to secure the right to use facilities owned by those third parties for a defined period are capitalised as Intangible Fixed Assets and are amortised over the defined period.

(e) *Stocks*

Stocks are valued at cost.

(f) *Pension costs*

The Company operates two pension schemes for staff

(i) *Defined benefit pension scheme.*

Pension benefits are funded over the employee's period of service by way of contributions to a separately administered fund. Contributions are charged to the profit and loss account in the period to which they relate.

In accordance with 'FRS17 - Retirement Benefits', defined benefit scheme assets are valued at market value and scheme liabilities are measured on an actuarial basis, using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Any surplus is shown as an asset on the balance sheet net of the deferred tax impact. Any deficit is shown on the balance sheet as a liability net of the deferred tax impact. The operating and financing cost of pension and post-retirement schemes are recognised separately in the profit and loss account. Service costs are systematically spread over the service lives of the members and financing costs are recognised in the period in which they arise. The costs of past service benefit enhancements, settlements and curtailments are also recognised in the period in which they arise. The difference between actual and expected returns on assets during the year and changes in actuarial assumptions, are recognised in the Statement of Total Recognised Gains and Losses.

(ii) *Voluntary Hospital Superannuation Scheme*

Certain employees of the Company are members of the Voluntary Hospital Superannuation Scheme. While the Company makes a contribution to the future pension costs of its staff who are members of this scheme, the Governors consider that the Company has no liability arising from the potential under funding of the scheme, which is administered, funded and underwritten by the Department of Health and Children. The Company contribution is paid as a fee to the Mater Hospital Limited, who act as an agent in the operation of the scheme, and is included in pension and superannuation costs in the Company's accounts. The related staff deductions are also paid to the Mater Hospital Limited on behalf of staff.

CENTRAL REMEDIAL CLINIC
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
31 December 2013 (continued)

1. ACCOUNTING POLICIES (continued)

(g) *Taxation*

The Company has charitable status and is exempt from corporation tax.

2.	GRANT INCOME	2013	2012
		€	€
	DEPARTMENT OF HEALTH & CHILDREN		
	HSE Dublin	14,014,184	14,158,069
	<i>OTHER HSE AREA BOARDS:</i>		
	HSE Dublin Southwest	184,995	187,242
	HSE Dublin Northwest	184,609	187,094
	HSE MWHB	394,228	395,533
	HSE South	925,944	942,245
	HSE Dublin Mid-Leinster	11,156	11,376
	HSE Dublin Area 8 – Nursing Homes Seating Programme*	54,910	–
	HSE Swords - Transition Programme*	152,543	–
		<u>1,908,385</u>	<u>1,723,490</u>
	<i>DEPARTMENT OF EDUCATION:</i>		
	School Grants	750,437	711,892
	<i>LEARGUS GRANT</i>		
	Scoil Mochua Clondalkin	12,800	–
	<i>DUBLIN CORPORATION:</i>		
	School Meals	21,531	22,111
	<i>NATIONAL LOTTERY:</i>		
	Hartstown DAC	5,000	8,000
	Firhouse DAC	6,000	4,100
	Coolock DAC	10,000	–
		<u>21,000</u>	<u>12,100</u>
		<u><u>16,728,337</u></u>	<u><u>16,627,662</u></u>

*These activities are included under Grant Income in 2013 as a relevant service level agreement was in place in 2013. They are included under Income from Other Activities (Note 3) in 2012. The Company has complied with Circular No. 17/2010 'Requirements for Grants and Grants-in-Aid' issued on the 22nd December 2010 by the Minister of Finance in the presentation of the grant aid received by the Company.

CENTRAL REMEDIAL CLINIC
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
31 December 2013 (continued)

3.	INCOME FROM OTHER ACTIVITIES	2013	2012
		€	€
	Seating sales	129,596	157,250
	HSE Dublin Area 8 – Nursing Homes		
	Seating Programme*	–	55,328
	Swimming pool, catering and other activities	314,773	368,318
	HSE Swords –		
	Rehabilitative Training Programme	371,837	391,092
	SOLAS/FAS - Vocational Training Programme	311,780	270,708
	HSE Swords - Transition Programme*	–	171,600
	HSE Dublin North West – School leavers day service	4,142	-
	Pension levy income (due to related reduction		
	in allocation by HSE)	425,367	470,244
	ESS Conference	64,574	-
		<u>1,622,069</u>	<u>1,884,540</u>

*These activities are included under Grant Income (Note 2) in 2013 as a relevant service level agreement was in place in that year.

4.	STAFF COSTS	2013	2012
		€	€
	(a) Staff costs are as follows:		
	Wages and salaries	12,515,386	12,709,853
	Social security costs	1,124,005	1,159,885
	Pension and superannuation costs	1,407,520	1,300,719
		<u>15,046,911</u>	<u>15,170,457</u>

(b) The monthly average number of employees during the year were as follows:

	2013	2012
Medical and nursing	120	122
Clerical and administration	51	68
Other	94	91
	<u>265</u>	<u>281</u>

CENTRAL REMEDIAL CLINIC
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
31 December 2013 (continued)

4.	STAFF COSTS (continued)	2013	2012
		€	€
	(c) Remuneration - Chief Executive		
	Payroll payments for the Chief Executives who held office during the year were as follows:		
	Mr. P. Kiely (January to June 2013)		
	Gross pay	122,582	223,819
	Mileage allowance	11,616	19,046
	Pension contribution	25,805	55,962
	Mr. B. Conlan (June 2013 to December 2013)		
	Gross pay	47,263	–
	Mileage allowance	–	–
	Pension contribution	4,167	–
	Mr. J. Nugent (December 2013)		
	Gross pay	–	–
	Mileage allowance	–	–
	Pension contribution	–	–
		<u>211,433</u>	<u>298,827</u>
	Total		
		<u>211,433</u>	<u>298,827</u>
5.	NET OPERATING DEFICIT	2013	2012
		€	€
	This is stated after charging/(crediting):		
	Governors remuneration*	–	–
	Auditor's remuneration		
	- audit of accounts	23,210	23,930
	- other assurance services	2,095	2,165
	- tax advisory services	2,500	–
	- other non-audit services	4,646	38,323
	Depreciation of tangible fixed assets (Note 8)	1,299,162	1,429,988
	Amortisation of intangible fixed assets (Note 7)	228,571	–
	Capital grant amortised (Note 16)	(541,288)	(558,220)
		<u>1,299,162</u>	<u>1,429,988</u>
		<u>(541,288)</u>	<u>(558,220)</u>

* The Memorandum of Association of the Company provides that no member of the Board of Governors shall be appointed to any salaried office of the Company or any office of the Company paid by fees and that no remuneration or benefit in money or moneys worth shall be given by the Company to any member of such Board of Governors except payment of out of pocket expenses. No such expenses were paid to Board members in 2013 or 2012 in their capacity as Governors.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2013 (continued)

6. EXCEPTIONAL COSTS – CHIEF EXECUTIVE RETIREMENT

(a) Costs relating to the retirement of Paul Kiely as Chief Executive are as follows:

	2013	2012
	€	€
Compensation on loss of office	473,336	–
Actuarial cost of augmentation of pension benefits per FRS 17 (Note 20)	205,000	–
	<u>678,336</u>	<u>–</u>

(b) Related payments are as follows:

Compensation on loss of office	473,336	–
Payment to pension scheme	267,689	–
	<u>741,025</u>	<u>–</u>

The actuarial cost relating to the augmentation of pension benefits for Mr. Kiely in the sum of €205,000 was funded in full by the payment of €267,689 to the pension scheme.

7. INTANGIBLE FIXED ASSETS

*Operating
Licences*
€

Cost

At 1 January 2013	–
Transferred from Debtors (Note 10)	2,000,000
At 31 December 2013	<u>2,000,000</u>

Amortisation

At 1 January 2013	–
Charge for the year	228,571
At 31 December 2013	<u>228,571</u>

Net book amounts

At 31 December 2013	<u>1,771,429</u>
At 31 December 2012	<u>–</u>

CENTRAL REMEDIAL CLINIC
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013 (continued)

8. TANGIBLE FIXED
ASSETS

	<i>Land</i>	<i>Buildings</i>	<i>Medical equipment</i>	<i>Office equipment</i>	<i>Other equipment</i>	<i>Fixtures and fittings</i>	<i>Computer equipment</i>	<i>Motor vehicles</i>	<i>Total</i>
	€	€	€	€	€	€	€	€	€
<i>Cost</i>									
At 1 January 2013	805,181	26,757,684	2,023,049	449,035	1,203,637	3,966,954	2,359,972	750,239	38,315,751
Additions	-	220,342	66,750	250	15,054	15,985	42,941	24,915	386,237
Disposals	-	-	(194,834)	(16,279)	(8,428)	(3,856)	(181,111)	(55,604)	(460,112)
At 31 December 2013	805,181	26,978,026	1,894,965	433,006	1,210,263	3,979,083	2,221,802	719,550	38,241,876
<i>Depreciation</i>									
At 1 January 2013	-	13,764,941	1,544,558	412,818	757,954	3,677,071	2,261,651	698,742	23,117,735
Charge for the year	-	890,603	128,523	9,329	95,212	73,179	63,414	38,902	1,299,162
Disposals	-	-	(175,266)	(15,377)	(6,437)	(3,583)	(175,992)	(55,604)	(432,259)
At 31 December 2013	-	14,655,544	1,497,815	406,770	846,729	3,746,667	2,149,073	682,040	23,984,638
<i>Net book amounts</i>									
At 31 December 2013	805,181	12,322,482	397,150	26,236	363,534	232,416	72,729	37,510	14,257,238
At 31 December 2012	805,181	12,992,743	478,491	36,217	445,683	289,883	98,321	51,497	15,198,016

CENTRAL REMEDIAL CLINIC
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
31 December 2013 (continued)

9.	GRANTS RECEIVABLE	2013	2012
		€	€
	Health Service Executive	1,514,153	1,418,465
	Dublin Corporation	1,720	1,691
	Other Health Board Grants	120,824	326,470
		<u>1,636,697</u>	<u>1,746,626</u>
		<u><u>1,636,697</u></u>	<u><u>1,746,626</u></u>
10.	DEBTORS AND PREPAID EXPENSES	2013	2012
		€	€
	Patients' fees and appliances	98,762	96,538
	Other	37,220	42,700
	Amounts due from related undertaking		
	CRC Medical Devices Limited (Note 19)	–	550,000
	Prepaid expenses and accrued income	146,502	209,592
	Amounts paid in respect of anticipated future licence (a)	–	2,000,000
		<u>282,484</u>	<u>2,898,830</u>
		<u><u>282,484</u></u>	<u><u>2,898,830</u></u>

(a) In 2009 and 2010 the Company paid the above amount to the Health Service Executive (**HSE**) under a 'Heads of Terms' agreement in respect of an anticipated future licence, whereby the Company would be permitted to operate a regional assessment and treatment centre in Waterford Regional Hospital. The facility is currently in operation but negotiations to finalise the contract are still ongoing. During 2013, the terms relating to the contract were discussed between the parties and draft agreements were exchanged. As a result of these events in 2013, the amount paid has been capitalised as an Intangible Fixed Asset (Note 7). It is being amortised to the profit and loss account over the period of the agreement of 35 years, from the commencement of services in January 2010.

CENTRAL REMEDIAL CLINIC
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
31 December 2013 (continued)

11.	STOCKS	2013 €	2012 €
	Seating stocks	63,743	74,060
	Other stocks	-	16,715
		<u>63,743</u>	<u>90,775</u>

The estimated replacement cost of stocks is not materially different from the amounts shown above.

12.	SHORT-TERM INVESTMENTS	2013 €	2012 €
	Prize bonds	800	800
		<u>800</u>	<u>800</u>

13.	CREDITORS AND ACCRUED EXPENSES	2013 €	2012 €
	Other creditors	448,716	265,525
	PAYE, PRSI and other withholding taxes	318,123	340,311
	Accruals and deferred income	959,496	1,210,738
	Pension levy deductions	5,503	5,503
	Research Trust	51,023	40,765
		<u>1,782,861</u>	<u>1,862,842</u>

14.	LONG TERM LOAN	2013 €	2012 €
	Loan from Friends & Supporters of the Central Remedial Clinic Limited	3,000,000	3,000,000
		<u>3,000,000</u>	<u>3,000,000</u>

The loan was advanced to the Company in 2012 to assist in financing its pension liabilities under the Defined Benefit Pension Scheme and is unsecured, is interest free and is not repayable in the short term. There is no written loan agreement setting out the terms of this loan.

CENTRAL REMEDIAL CLINIC
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
31 December 2013 (continued)

15.	MOVEMENTS IN RESERVES		€
	As at 31 December 2011		3,517,498
	Deficit for the year		(147,034)
	Actuarial loss recognised on pension scheme during the year		(2,007,000)

	As at 31 December 2012		1,363,464
	Deficit for the year		(721,845)
	Actuarial gain recognised on pension scheme during the year		713,000

	As at 31 December 2013		<u><u>1,354,619</u></u>
16.	CAPITAL GRANTS	2013	2012
		€	€
	Balance at beginning of year	9,838,047	10,372,360
	Additions in year	-	23,907
	Amortised to the profit and loss account	(541,288)	(558,220)
		-----	-----
	Balance at end of year	<u><u>9,296,759</u></u>	<u><u>9,838,047</u></u>

CENTRAL REMEDIAL CLINIC
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
31 December 2013 (continued)

17.	RECONCILIATION OF OPERATING RESULT TO NET CASH INFLOW FROM OPERATING ACTIVITIES BEFORE PAYMENT OF PENSION OBLIGATION	2013 €	2012 €
	Operating deficit	(605,579)	(129,135)
	Non cash items		
	Depreciation and amortisation charges	1,527,733	1,429,988
	Amortisation of grants	(541,288)	(558,220)
	FRS 17 - pension service costs charged to the profit and loss account	958,000	570,000
		1,338,866	1,312,633
	Decrease/(increase) in debtors	726,275	(283,148)
	Decrease in stocks	27,032	4,495
	Decrease in creditors	(79,981)	(396,464)
		2,012,192	637,516
		2,012,192	637,516
18.	ANALYSIS OF CHANGE IN NET DEBT	2013 €	2012 €
	Balance at beginning of year	(3,740,694)	(102,567)
	Financing –		
	Long term loan from Friends & Supporters of the Central Remedial Clinic Limited`	–	(3,000,000)
	Net cash inflow/(outflow)	541,542	(638,127)
		(3,199,152)	(3,740,694)
		(3,199,152)	(3,740,694)
		2012 €	2013 €
		Change in year €	
	Cash and bank deposits	100,780	81,029
	Bank overdraft	(841,474)	460,513
	Long term loan from Friends & Supporters of the Central Remedial Clinic Limited	(3,000,000)	–
		(3,740,694)	(3,199,152)
		(3,740,694)	(3,199,152)

NOTES TO THE FINANCIAL STATEMENTS
31 December 2013 (Continued)

19.	CAPITAL COMMITMENTS	2013	2012
		€	€
	Authorised and contracted for	8,717	93,412
		<u> </u>	<u> </u>

20. PENSION COMMITMENTS

(a) **Defined Benefit Scheme**

The Company operates a separate defined benefit pension plan for eligible employees. The Defined Benefit Pension Scheme has been closed to new members since 1st January 2007. The scheme is externally funded and assets are held separately from those of the Company in an independently administered fund. The contributions are based on the advice of an independent professionally qualified actuary obtained at three yearly intervals. A full actuarial valuation was carried out on 1 January 2012, which is not available for public inspection.

Principal actuarial assumptions

The key financial assumptions used to calculate the retirement benefit liabilities under FRS 17, at the beginning and end of the year were as follows:

<i>Valuation method</i>	<i>2013 Projected unit %</i>	<i>2012 Projected unit %</i>
Inflation rate	2.00%	2.00%
Discount rate for scheme liabilities	3.80%	3.90%
Expected rate of salary increases	0.00%*	0.00%*
Rate of pension increases	2.00%	2.00%

*0.00% until 1 January 2017 and 2.00% thereafter.

The expected long-term rate of return on the assets of the scheme are:

	<i>2013 %</i>	<i>2012 %</i>
Equities	6.00%	6.00%
Bonds	2.50%	2.50%
Property	5.00%	5.00%
Cash	2.00%	2.00%
Matured Friends First Policies	3.51%	3.90%

NOTES TO THE FINANCIAL STATEMENTS
31 December 2013 (continued)

20. PENSION COMMITMENTS (continued)

	2013 €000	2012 €000
The net pension liability is analysed as follows:		
Equities	16,296	14,776
Bonds	9,074	4,113
Property	690	30
Other	634	4,988
	<hr/>	<hr/>
Total market value of assets	26,694	23,907
Actuarial value of schemes liabilities	(29,073)	(27,037)
	<hr/>	<hr/>
Deficit in the scheme pre and post deferred tax	(2,379)	(3,130)
	<u><u> </u></u>	<u><u> </u></u>

**The following amounts have been recognised
in the Profit and Loss Account:**

	2013 €'000	2012 €'000
<i>Charged to operating surplus</i>		
Current service cost	753	570
Past service cost	205	–
	<hr/>	<hr/>
	958	570
	<hr/>	<hr/>
<i>Net finance expense</i>		
Interest on pension scheme liabilities	1,079	1,186
Expected return on scheme assets	(974)	(1,183)
	<hr/>	<hr/>
	105	3
	<hr/>	<hr/>
Total charge to operations	1,063	573
	<u><u> </u></u>	<u><u> </u></u>

NOTES TO THE FINANCIAL STATEMENTS
31 December 2013 (continued)

20. PENSION COMMITMENTS (continued)

The following amounts have been recognised in the Statement of Total Recognised Gains and Losses (STRGL):

	<i>2013</i>	<i>2012</i>
	<i>€'000</i>	<i>€'000</i>
Actual return less expected return on scheme assets	1,058	950
Actuarial loss on changes in demographic and financial assumptions related to liabilities	(345)	(2,957)
	<hr/>	<hr/>
Actuarial gain/(loss) recognised in STRGL	<u>713</u>	<u>(2,007)</u>

Mortality assumptions

The key mortality assumptions used to calculate the retirement benefit liabilities at the beginning and end of the year were as follows:

Male Pensioners	62% of PNML00-1	
Female Pensioners	70% of PNML00-1	
	<i>2013</i>	<i>2012</i>
	<i>years</i>	<i>years</i>
Life expectancy (Male age 65)	23.2	23.2
Life expectancy (Female age 65)	24.6	24.6

NOTES TO THE FINANCIAL STATEMENTS
31 December 2013 (continued)

20. PENSION COMMITMENTS (continued)

Changes in the present value of the defined benefit obligation are as follows:

	2013	2012
	€'000	€'000
Opening defined benefit obligation	27,037	22,898
Service cost	753	570
Interest cost	1,079	1,186
Actuarial loss	345	2,957
Benefits paid	(469)	(738)
Plan participants' contributions	250	314
Expenses paid	(79)	(104)
Premiums paid	(48)	(46)
Past service cost	205	-
	<u>29,073</u>	<u>27,037</u>

Changes in the fair value of plan assets are as follows:

	2013	2012
	€'000	€'000
Opening fair value of plan assets	23,907	18,517
Expected return	974	1,183
Actuarial gain	1,058	950
Contributions by employer	1,101	3,831
Benefits paid	(469)	(738)
Plan participants' contributions	250	314
Expenses paid	(79)	(104)
Premiums paid	(48)	(46)
	<u>26,694</u>	<u>23,907</u>

The major categories of plan assets as a percentage of total plan assets are as follows:

	2013	2012
	%	%
Equities	61.1%	61.8%
Bonds	33.9%	17.2%
Property	2.6%	0.1%
Other	2.4%	20.9%
	<u>100%</u>	<u>100%</u>

The pension plan has not invested in any of the Company's own financial instruments or other assets owned by the Company.

CENTRAL REMEDIAL CLINIC
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
31 December 2013 (continued)

20. PENSION COMMITMENTS (continued)

History of experience gains and losses

	2013	2012	2011	2000	2009
	€'000	€'000	€'000	€'000	€'000
Defined benefit obligation	(29,073)	(27,037)	(22,898)	(19,944)	(18,857)
Plan assets	26,694	23,907	18,517	17,732	14,519
	<u> </u>				
Deficit	(2,379)	(3,130)	(4,381)	(2,212)	(4,338)
	<u> </u>				
Experience adjustments on plan liabilities	(182)	(1,326)	1,364	(647)	(1,885)
Experience adjustments on plan assets	(1,058)	(950)	2,196	(754)	(1,524)

The employer contributions for 2014 have been estimated at €642,000.

(b) **Voluntary Hospital Superannuation Scheme**

A Voluntary Hospital Superannuation Scheme is in operation for the majority of the Company's employees and is administered, funded and underwritten by the Department of Health and Children. The Governors consider that the Company has no liability arising from the potential under funding of the scheme.

The Mater Hospital acts on behalf of Company as an agent in the operation of the Scheme and receives an amount payable by the Company, equating to double the relevant employees contributions, which amounted to €661,162 in 2013 (2012: €669,131). The contribution payable is included in staff pension and superannuation costs in the financial statements of the Company (Note 4).

21. RELATED PARTY TRANSACTIONS

Related parties include Friends and Supporters of the Central Remedial Clinic Limited, a company with which the Company had, in 2013, common members and Governors and Central Remedial Clinic Medical Devices Limited, which was formed by the Company in 2006. In 2007, the shares in Medical Devices Limited held by the Company were transferred to Friends and Supports of the Central Remedial Clinic Limited and it is therefore a 100% owned subsidiary of the Friends and Supporters of the Central Remedial Clinic Limited. During the year, donations received from Friends and Supporters of the Central Remedial Clinic Limited to the Company increased from €400,000 in 2012 to €700,000 in 2013.

In addition Friends and Supporters of the Central Remedial Clinic Limited own 50% of the issued share capital of The Care Trust Limited, a company set up to operate pools and lotteries for charitable purposes for the benefit of the Company, Rehab and the Mater Hospital.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2013 (continued)

21. RELATED PARTY TRANSACTIONS (continued)

Debtors (Note 10) include an amount of €Nil at 31 December 2013 (2012 - €550,000) due from Central Remedial Clinic Medical Devices Limited and an amount of €3,651 (2012 - €11,720) due from Friends and Supporters of the Central Remedial Clinic Limited.

Long Term Loan (Note 14) consists of a loan of €3,000,000 advanced to the Company in 2012 by Friends and Supporters of the Central Remedial Clinic Limited, to assist in financing the Company's pension liabilities under the Defined Benefit Pension Scheme. The loan is unsecured, interest free and not repayable in the short term. There is no written loan agreement setting out the terms of this loan.

22. CONTINGENT LIABILITIES

Certain legacy issues identified in the Interim Administrators Report may result in the Company incurring legal and professional costs in 2014.

The Company is not a shareholder in The Care Trust Limited, having transferred its shareholding to Friends and Supporters of the Central Remedial Clinic Limited. The Care Trust Limited has consistently generated significant funds for the benefit of the Company. By agreement dated 1st June 2010, the Company has entered into an agreement with The Rehab Group, Rehab Foundation Limited, Friends and Supporters of The Central Remedial Clinic Limited and The Care Trust Limited which provides that all losses of The Care Trust Limited arising from its lottery and non-lottery fund raising activities shall be borne by The Rehab Group and the Company equally and contributed no later than 30 days after a written request from the Board of The Care Trust detailing the amount required.

The Company is a joint guarantor together with The Rehab Group on a lease relating to the offices of The Care Trust Limited. The lease expires in May 2017.

23. APPROVAL OF SIGNING OF THE FINANCIAL STATEMENTS

The financial statements were approved for signing and authorised for issue by the Board of Governors on 12 September 2014.