Central Remedial Clinic

(A company limited by guarantee)

Directors' report and financial statements for the year ended 31 December 2014

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2014

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MEMBERS, DIRECTORS AND OTHER INFORMATION
for the year ended 31 December 2014

MEMBERS

In 2014, prior to the appointment of the new Board of Directors (see Directors report on page 5) the Company had only six members which was below the statutory minimum number of members then required under Company law for a company limited by guarantee. Those six members resigned immediately after the Annual General Meeting for 2014. In accordance with the Company's Articles of Association, the Board appointed new members from their number, such members having agreed to be appointed as an interim measure.

DIRECTORS

Appointed by the Health Services Executive ('HSE') for the period from 01/01/2014 to 11/4/2014

Mr. J. Cregan *(appointed 16/2/2014, resigned 11/4/2014)*
Ms. A. Fitzgerald *(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)*
Ms. F. Mahon (appointed 3/11/14)

SECRETARY

For the period from 27/3/2014:

Ms. C.A. Casey *(appointed 27/3/2014, resigned 3/11/2014)*
Ms. F. Mahon (appointed 3/11/2014)

BOARD REMUNERATION COMMITTEE

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)*

MEMBERS, DIRECTORS AND OTHER INFORMATION
for the year ended 31 December 2014 (Continued)

BOARD AUDIT COMMITTEE
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)*

BOARD QUALITY, RISK & SAFETY COMMITTEE
For the period from 01/12/2014
Ms. F. Mahon (Chairperson) (*appointed 01/12/2014*)
Mr. S. Hickey (*appointed 01/12/2014*)
Mr. M McLachlan (*appointed 01/12/2014*)

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	Mason Hayes & Curran, South Bank House, Barrow Street, Dublin 4. Gore & Grimes Solicitors, Cavendish House, Smithfield, Dublin 7. Eversheds One Earlsfort Centre Earlsfort Terrace Dublin 2

MEMBERS, DIRECTORS AND OTHER INFORMATION
for the year ended 31 December 2014 (Continued)

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

DIRECTORS' REPORT
for the year ended 31 December 2014

The Board of Directors of the Company is responsible for the overall control and management of the Central Remedial Clinic (‘the Company’ or ‘CRC’). The Directors present herewith their annual report and financial statements for the year ended 31 December 2014.

The Directors are listed on page 2.

On 13 December 2013, following the events described in detail in the 2013 financial statements all of the then Directors of the Company resigned, 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 CRC by the Health Service Executive (‘HSE’), a process was put in place to appoint a new Board of Directors. This process was completed during 2014.

REVIEW OF THE DEVELOPMENT AND PERFORMANCE OF THE BUSINESS

CRC is a national centre providing a comprehensive range of services for children and adults with physical and other disabilities across a number of locations in Ireland including Dublin, Limerick and Waterford with outreach and specialist services extending to other regions across the country. Despite difficult conditions for the staff and clients of CRC during 2014, expert care and treatment was delivered to over 4,000 children and adults.

Following the appointment of the new Board of Directors and Chief Executive Officer (‘CEO’), activity during the six months from June to December 2014 focused on a number of key areas including legacy issues identified in the report of the Interim Administrator. This time provided an opportunity for the new Directors and CEO to familiarise themselves with the services provided by the Company and prepare the ground for the development of a strategic plan.

Significant focus was placed on developing a communication strategy with all staff and service users and engagement with funding bodies and other key stakeholders.

The Company’s services are primarily funded by the HSE and The Department of Education and Skills (‘DES’). 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 continuously monitored throughout the year.

The outcome for the year is a surplus of €140,752, compared with a deficit of €721,845 in 2013.

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

DIRECTORS' REPORT
for the year ended 31 December 2014 (Continued)

GOVERNANCE

In February 2014 the HSE appointed an Interim Administrator to temporarily manage the Company following the resignation of the Board of Governors of the CRC.

The Interim Administrator was charged with ensuring continuity of service delivery to clients of the Company, overseeing the restoration of appropriate corporate governance and the appointment of a new Board of Directors and Chief Executive. In addition the Interim Administrator was responsible for identifying any legacy issues that, in his view, required the attention of the Company.

The Interim Administrator’s report which issued on the 19 June 2014 details the background to the governance breaches, findings and subsequent recommended courses of action for the new CRC administration. This report, including all associated documentation deemed relevant by the Interim Administrator, is available for downloading on the HSE website at http://hse.ie/eng/services/publications.

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

The process of appointing a new Board of Directors was completed in 2014, and, following an open and transparent process using the Public Appointments Service, the new CEO took up her position with effect from 1 June 2014.

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 (‘F&S’), a company limited by guarantee, CHY number 10310. In 2014, F&S was a related party by virtue of having a number of members and Directors in common with the Company. F&S is not a subsidiary of the Company. The two companies do not therefore comprise a group of companies and consolidated financial statements are therefore not prepared.

The principal function of F&S is to provide financial support to CRC. This involves the funding of capital projects, revenue expenses and other costs associated with the running of the Company and provision of services.

The main source of the funds provided by F&S in 2014 came from its share of the proceeds of the lottery operated by The Care Trust Limited for the benefit of CRC, Rehab Group and the Mater Hospital Group. With effect from 1 September 2014, the share of these lottery proceeds attributable to CRC have been paid directly to CRC by The Care Trust Limited. These amounted to €441,219. At 31 December 2014 an amount of €7,355 was payable to CRC by The Care Trust Limited.

DIRECTORS' REPORT
for the year ended 31 December 2014 (Continued)

RELATED PARTIES (Continued)
A process to transfer the remaining assets of F&S (including the shares held by it in The Care Trust Limited) to CRC is underway following a formal approval by the Board of F&S in June 2014. Funds held by F&S, as per its most recent audited financial statements, amounted to €13.6M at 28 February 2014.

RESULTS AND DIVIDENDS
The net surplus on the profit and loss account for the year was €140,752 (2013: deficit of €721,845). Under Article (3) of the Memorandum of Association of the Company, no distribution may be made by way of dividends.

PRINCIPAL RISKS AND UNCERTAINITIES
The Directors and CEO continue to assess and re-evaluate the robustness of the Company's financial controls. They 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 Directors 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.

This is reflected in the actuarial losses of €6.957m incurred in 2014 and included in the Statement of Total Recognised Gains and Losses on page 14 of the financial statements.

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 F&S. In view of this the Directors have commenced a process to review future options in respect of this scheme.

Long Term Loan
In 2012 F&S 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 Directors remain of the view that the Company is not in a position to repay this loan and as a result made a formal request to F&S that this loan would be regarded by F&S as unrecoverable.

DIRECTORS' REPORT
for the year ended 31 December 2014 (Continued)

PRINCIPAL RISKS AND UNCERTAINITIES (Continued)

Long Term Loan (Continued)
At its meeting of 23 June 2015 the Board of F&S agreed to forgive the full amount of €3,000,000 in light of CRC's financial situation. This will be reflected in the 2015 Financial Statements for the Company.

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 operational costs in respect of HSE funded activities on an annual basis so as to ensure those costs do not exceed the related HSE funded income. This is articulated in the Service Level Agreement governing the relationship between the Company and the HSE. Steps must continue to be taken by the management of the Company to align costs with allocated income through continued reductions in the Company's cost base as required.

Guarantee to Care Trust Limited
On 1 June 2010, the Company entered into an agreement with The Rehab Group, Rehab Foundation Limited, F&S 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 and the pending transfer of the shares in The Care Trust to the Company.

EMPLOYEE MATTERS
At December 2014 there were 257 (2013: 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 Directors 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 F&S.

The Directors take comfort from the ongoing financial support from the HSE and note that no issues have been identified by the HSE during the course of 2014 and to date in 2015 which would imply that the Company is not meeting its ongoing obligations within the Service Level Agreements. The CRC delivered on all service level agreements in 2014.

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

The Directors note that there has been ongoing support to the Company from F&S. Given that the principal function of F&S is to provide financial support to the Company, it is assumed that this support will continue with the transfer of the remaining assets of F&S to CRC in 2015.

DIRECTORS' REPORT
for the year ended 31 December 2014 (Continued)

GOING CONCERN (Continued)
As noted in a previous section, during 2014 F&S agreed that all lottery funds due from The Care Trust Limited would be paid directly to the Company. This will continue in 2015 and subsequent years, thereby providing an additional direct source of funding to the Company.

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

ACCOUNTING RECORDS
The measures that the directors have taken to secure compliance with the requirements of sections 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records are the employment of appropriately qualified accounting personnel and the maintenance of computerised accounting records. The books of account for the Company are maintained at the Penny Ansley Memorial Building, Vernon Avenue, Clontarf, Dublin 3.

DIRECTORS' RESPONSIBILITIES STATEMENT
The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Irish Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company as at the end of the financial year, and the profit or loss of the Company for the financial year, and otherwise comply with the Companies Act 2014.

In preparing those 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, identify those standards, and note the effect and reasons for any material departure from those standards; 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 ensuring that the Company keeps or causes to be kept keeping adequate accounting records which correctly explain and record 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, enable them to ensure that the financial statements and directors report comply with the Companies Act 2014, and enable the financial statements to be audited. 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.

DIRECTORS' REPORT
for the year ended 31 December 2014 (Continued)

AUDITORS
Ernst & Young, Chartered Accountants, have completed an agreed contract term as auditors and have indicated their intention to resign, in conjunction with the appointment of new auditors in late 2015 following a competitive tender process to be undertaken by the Company.

On behalf of the Board

C. McELHINNEY C.A. CASEY

Directors

3 September 2015

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 2014 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses 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 391 of the Companies Act 2014. 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 directors and auditors
As explained more fully in the Directors' Responsibilities Statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014. 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 directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially 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 of the assets, liabilities and financial position of the Company as at 31 December 2014 and of its surplus for the year then ended;
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Continued /...

INDEPENDENT AUDITOR'S 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 Act 2014

- 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.
- In our opinion the information given in the directors' 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 sections 305 to 312 of the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

Breffni Maguire
for and on behalf of Ernst & Young
Chartered Accountants and Statutory Audit Firm
Dublin

4 September 2015

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2014

	Note	*2014* €	*2013* €
Income			
Grant income	2	16,369,982	16,728,337
Donations and fund-raising:			
Friends and Supporters of Central Remedial Clinic Limited	21	27,223	700,000
The Care Trust Limited – Lottery Proceeds	21	441,219	–
Other		36,795	328,962
Income from other activities	3	1,561,729	1,622,069
		18,436,948	19,379,368
Expenditure			
Staff costs	4(a)	(14,361,577)	(15,046,911)
Exceptional cost – Chief Executive Retirement	6(a)	–	(678,336)
Operating costs		(3,146,818)	(3,273,255)
Depreciation and amortisation	7/8	(1,262,335)	(1,527,733)
Capital grants amortised	16	541,288	541,288
		(18,229,442)	(19,984,947)
Net operating surplus/(deficit) for year	5	207,506	(605,579)
Interest payable and similar charges		(4,730)	(9,204)
Net finance expense in relation to defined benefit pension plan	20	(57,000)	(105,000)
Loss on disposal of fixed assets		(5,024)	(2,062)
Net surplus/(deficit) for year	15	140,752	(721,845)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2014

	Note	*2014* €	*2013* €
Surplus/(deficit) on ordinary activities for the year		140,752	(721,845)
Actuarial (loss)/surplus recognised on pension scheme	20	(6,957,000)	713,000
Total recognised losses for the year		(6,816,248)	(8,845)

BALANCE SHEET
at 31 December 2014

ASSETS EMPLOYED	*Note*	*2014* €	*2013* €
FIXED ASSETS			
Intangible assets	7	1,714,286	1,771,429
Tangible assets	8	13,384,572	14,257,238
		15,098,858	16,028,667
CURRENT ASSETS			
Grants receivable	9	1,535,582	1,636,697
Debtors and prepaid expenses	10	69,666	282,484
Stocks	11	49,367	63,743
Short-term investments	12	800	800
Cash and bank deposits		539,482	181,809
		2,194,897	2,165,533
CURRENT LIABILITIES			
Creditors and accrued expenses	13	(1,441,329)	(1,782,861)
Bank overdraft	18	(281,584)	(380,961)
		(1,722,913)	(2,163,822)
NET CURRENT ASSETS		471,984	1,711
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	(9,277,000)	(2,379,000)
		(12,277,000)	(5,379,000)
		3,293,842	10,651,378
FINANCED BY			
Reserves	15	(5,461,629)	1,354,619
Capital grants	16	8,755,471	9,296,759
		3,293,842	10,651,378

On Behalf of the Board of Directors on 3 September 2015.

C. McELHINNEY C.A. CASEY

Directors

CASH FLOW STATEMENT
for the year ended 31 December 2014

			2014		2013
	Note	€	€	€	€
Net cash inflow from operating activities before payment of pension obligation	17		1,498,330		2,012,192
Payment of defined benefit pension obligation	20		(699,000)		(1,101,000)
Net cash inflow from operating activities			799,330		911,192
Returns on investments and servicing of finance					
Net interest paid			(4,730)		(9,204)
Investing activities					
Payments to acquire tangible fixed assets		(388,892)		(386,237)	
Proceeds from sale of tangible fixed assets		51,342		25,791	
			(337,550)		(360,446)
Increase in cash and cash equivalents	18		457,050		541,542

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014

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 Act 2014 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 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 2014 by €0.350m or 2.5%, to an amount of €13.663m. A surplus arose for the year of €0.141m, following a loss of €0.772m in 2013. Net current assets amounted to €0.472m at 31 December 2014, compared with an amount of €0.0017m at 31 December 2013. Cash flow was positive in 2014, largely as a result of the commencement of lottery proceeds from The Care Trust Limited during 2014, representing a new source of direct funding for the Company with €0.441m received in 2014, and the Company has also operated within its bank facilities. However, an actuarial loss of €6.957m was suffered on the Company’s defined benefit pension scheme in 2014, and as a result the Company has a deficit of €5.462m on its reserves at 31 December 2014.

The revenue allocation from the HSE dropped for 2015 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 on HSE funded activities. The Directors believe that the required cost savings as anticipated in its financial projections for 2015 and 2016 will be achieved, and that agreement will be reached with the HSE regarding sufficient levels of funding to secure financial break even on HSE funded activities.

The Directors note that there has been ongoing support to the Company from F&S. Given that the principal function of F&S is to provide financial support to the Company, it is assumed that this support will continue with the transfer of the remaining assets of F&S to CRC in 2015.

On this basis, the Directors 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.

1. ACCOUNTING POLICIES (Continued)

(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
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.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (Continued)

1. ACCOUNTING POLICIES (Continued)

(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 Directors 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.

(g) Taxation
The Company has charitable status and is exempt from corporation tax.

2. GRANT INCOME

	2014	*2013*
	€	€
DEPARTMENT OF HEALTH & CHILDREN		
HSE Dublin	13,663,230	14,014,184
OTHER HSE AREA BOARDS:		
HSE Dublin Southwest	184,995	184,995
HSE Dublin Northwest	183,012	184,609
HSE MWHB	389,426	394,228
HSE South	925,944	925,944
HSE Dublin Mid-Leinster	11,156	11,156
HSE Dublin Area 8 - Nursing Homes Seating Programme	54,910	54,910
HSE Swords - Transition Programme	152,544	152,543
HSE SAT Project	35,418	–
	1,937,405	1,908,385

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (Continued)

2.	GRANT INCOME (Continued)	*2014* €	*2013* €
	DEPARTMENT OF EDUCATION:		
	School Grants	717,741	750,437
	LEARGAS GRANT		
	Scoil Mochua Clondalkin	–	12,800
	DUBLIN CORPORATION:		
	School Meals	21,106	21,531
	NATIONAL LOTTERY:		
	Hartstown Day Activity Centre (DAC)	8,000	5,000
	Firhouse DAC	5,500	6,000
	Coolock DAC	–	10,000
	Client Technical Services Department Clontarf	17,000	–
		30,500	21,000
		16,369,982	16,728,337

The Company has complied with Circular No. 17/2010 'Requirements for Grants and Grants-in-Aid' issued on the 22 December 2010 by the Minister of Finance in the presentation of the grant aid received by the Company.

3.	INCOME FROM OTHER ACTIVITIES	*2014* €	*2013* €
	Seating sales	125,789	129,596
	Swimming pool, catering and other activities	353,446	314,773
	HSE Swords - Rehabilitative Training Programme	385,128	371,837
	SOLAS/FAS - Vocational Training Programme	291,359	311,780
	HSE Dublin North West - School leavers day service	12,430	4,142
	Pension levy income (due to related reduction in allocation by HSE)	387,722	425,367
	ESS Conference	5,855	64,574
		1,561,729	1,622,069

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (continued)

4. STAFF COSTS

(a) *Staff costs are as follows:*

	2014 €	*2013* €
Wages and salaries	12,042,752	12,515,386
Social security costs	1,106,619	1,124,005
Pension and superannuation costs	1,212,206	1,407,520
	14,361,577	15,046,911

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

	2014	*2013*
Medical and nursing	116	120
Clerical and administration	57	51
Other	94	94
	267	265

(c) *Remuneration - Chief Executive*

Payroll and other costs for the Chief Executives who held office during the year were as follows:

	2014 €	*2013* €
Mr. P. Kiely (January to June 2013)		
Gross pay	–	122,582
Mileage allowance	–	11,616
Pension contribution	–	25,805
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	–	–
Ms. S. Manahan (appointed 1 June 2014)		
Payroll costs	57,831	–
Total	57,831	211,433

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (Continued)

5. NET OPERATING SURPLUS/(DEFICIT)

	2014	*2013*
	€	€
This is stated after charging/(crediting):		
Directors remuneration*	–	–
Auditor's remuneration:		
- audit of accounts	22,515	23,210
- other assurance services	2,035	2,095
- tax advisory services	–	2,500
- other non-audit services	–	4,646
Depreciation of tangible fixed assets *(Note 8)*	1,205,192	1,299,162
Amortisation of intangible fixed assets *(Note 7)*	57,143	228,571
Capital grant amortised *(Note 16)*	(541,288)	(541,288)

* The Memorandum of Association of the Company provides that no member of the Board of Directors 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 Directors except payment of out of pocket expenses. No such out of pocket expenses were claimed by or paid to Board members in 2014 or 2013.

6. EXCEPTIONAL COSTS – CHIEF EXECUTIVE RETIREMENT

(a) *Costs relating to the retirement of Mr. Paul Kiely as Chief Executive in 2013 are as follows:*

	2014	*2013*
	€	€
Compensation on loss of office	–	473,336
Actuarial cost of augmentation of pension benefits per FRS 17 *(Note 20)*	–	205,000
	–	678,336

(b) *Related payments are as follows:*

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

The actuarial cost relating to the augmentation of pension benefits for Mr. Kiely in 2013 in the sum of €205,000 was funded in full by the payment of €267,689 to the pension scheme.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (Continued)

7. INTANGIBLE FIXED ASSETS

	Operating licences €
Cost:	
At 1 January 2014 & 31 December 2014	2,000,000
Amortisation:	
At 1 January 2014	228,571
Charge for the year	57,143
At 31 December 2014	285,714
Net book amounts:	
At 31 December 2014	1,714,286
At 31 December 2013	1,771,429
In respect of previous year:	
Cost:	
At 1 January 2013	–
Transferred from Debtors	2,000,000
At 31 December 2013	2,000,000
Amortisation	
At 1 January 2013	–
Charge for the year	228,571
At 31 December 2013	228,571
Net book amounts	
At 31 December 2013	1,771,429
At 31 December 2012	–

In 2009 and 2010 the Company paid the above amount to the Heath 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 was capitalised as an Intangible Fixed Asset. 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.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (Continued)

8. TANGIBLE FIXED ASSETS

	Land	*Buildings*	*Medical equipment*	*Office equipment*	*Other equipment*	*Fixtures and fittings*	*Computer equipment*	*Motor vehicles*	*Total*
	€	*€*	*€*	*€*	*€*	*€*	*€*	*€*	*€*
Cost:									
At 1 January 2014	805,181	26,978,026	1,894,965	433,006	1,210,263	3,979,083	2,221,802	719,550	38,241,876
Additions	–	56,578	80,146	2,563	132,377	17,987	47,196	52,045	388,892
Disposals	–	–	(13,235)	(18,089)	(110,785)	(21,291)	(190,581)	(138,379)	(492,360)
At 31 December 2014	805,181	27,034,604	1,961,876	417,480	1,231,855	3,975,779	2,078,417	633,216	3,813,408
Depreciation:									
At 1 January 2014	–	14,655,544	1,497,815	406,770	846,729	3,746,667	2,149,073	682,040	23,984,638
Charge for the year	–	855,832	103,101	7,148	91,439	67,276	49,867	30,529	1,205,192
Disposals	–	–	(12,695)	(17,843)	(82,037)	(14,623)	(189,103)	(119,693)	(435,994)
At 31 December 2014	–	15,511,376	1,588,221	396,075	856,131	3,799,320	2,009,837	592,876	24,753,836
Net book amounts:									
At 31 December 2014	805,181	11,523,228	373,655	21,405	375,724	176,459	68,580	40,340	13,384,572
At 31 December 2013	805,181	12,322,482	397,150	26,236	363,534	232,416	72,729	37,510	14,257,238

8. TANGIBLE FIXED ASSETS (continued)

In respect of previous year:

	Medical	*Office*	*Other*	*Fixtures*	*Computer*	*Motor*			
	Land	*Buildings*	*equipment*	*equipment*	*equipment*	*and fittings*	*equipment*	*vehicles*	*Total*
	€	€	€	€	€	€	€	€	€
Cost:									
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
Depreciation									
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
Net book amounts									
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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (Continued)

9. GRANTS RECEIVABLE	*2014*	*2013*
	€	€
Health Service Executive	1,427,382	1,514,153
Dublin Corporation	1,720	1,720
Other Health Board Grants	106,480	120,824
	1,535,582	1,636,697

10. DEBTORS AND PREPAID EXPENSES	*2014*	*2013*
	€	€
Patients' fees and appliances	60,170	98,762
The Care Trust Limited (Note 21)	7,355	–
Other	2,141	37,220
Prepaid expenses and accrued income	–	146,502
	69,666	282,484

11. STOCKS	*2014*	*2013*
	€	€
Seating stocks	49,367	63,743

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

12. SHORT-TERM INVESTMENTS	*2014*	*2013*
	€	€
Prize bonds	800	800

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (Continued)

13. CREDITORS AND ACCRUED EXPENSES	*2014* €	*2013* €
Accruals	927,435	959,496
Other creditors	142,412	448,716
PAYE, PRSI and other withholding taxes	316,237	318,123
Pension levy deductions	5,503	5,503
Friends and Supporters of the Central Remedial Clinic Limited (Note 21)	14,936	–
Research Trust	34,806	51,023
	1,441,329	1,782,861

14. LONG TERM LOAN	*2014* €	*2013* €
Loan from Friends & Supporters of the Central Remedial Clinic Limited ('F & S')	3,000,000	3,000,000

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, interest free and is not repayable in the short term. There is no written loan agreement setting out the terms of this loan.

As the Company is a Section 38 agency and a 'not for profit' company, the Directors remain of the view that the Company is not in a position to repay this loan and as a result made a formal request to F&S that this loan would be regarded by F&S as unrecoverable. At its meeting of 23 June 2015 the Board of F&S agreed to forgive the full amount of €3,000,000 in light of CRC's financial situation. This will be reflected in the 2015 Financial Statements.

15. MOVEMENTS IN RESERVES	€
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	1,354,619
Surplus for the year	140,752
Actuarial loss recognised on pension scheme during the year	(6,957,000)
As at 31 December 2014	(5,461,629)

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (Continued)

16. CAPITAL GRANTS

	2014 €	*2013* €
Balance at beginning of year	9,296,759	9,838,047
Amortised to the profit and loss account	(541,288)	(541,288)
Balance at end of year	8,755,471	9,296,759

17. RECONCILIATION OF OPERATING RESULT TO NET CASH INFLOW FROM OPERATING ACTIVITIES BEFORE PAYMENT OF PENSION OBLIGATION

	2014 €	*2013* €
Operating surplus/(deficit)	207,506	(605,579)
Non-cash items		
Depreciation and amortisation charges	1,262,335	1,527,733
Amortisation of grants	(541,288)	(541,288)
FRS 17 - pension service costs charged to the profit and loss account	583,000	958,000
	1,511,553	1,338,866
Decrease in debtors	313,933	726,275
Decrease in stocks	14,376	27,032
Decrease in creditors	(341,532)	(79,981)
Net cash inflow from operating activities before payment of pension obligation	1,498,330	2,012,192

18. ANALYSIS OF CHANGE IN NET DEBT

	2014 €	*2013* €
Balance at beginning of year	(3,199,152)	(3,740,694)
Net cash inflow	457,050	541,542
Balance at end of year	(2,742,102)	(3,199,152)

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (Continued)

18. ANALYSIS OF CHANGE IN NET DEBT (Continued)

	2013	*Change in year*	*2014*
	€	*€*	*€*
Cash and bank deposits	181,809	357,673	539,482
Bank overdraft	(380,961)	(99,377	(281,584)
Long term loan from Friends & Supporters of the Central Remedial Clinic Limited	(3,000,000)	-	(3,000,000)
	(3,199,152)	447,050	(2,742,102)

19. CAPITAL COMMITMENTS

	2014	*2013*
	€	*€*
Authorised and contracted for	–	8,717

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 1 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:

	2014	*2013*
Valuation method	*Projected unit*	*Projected unit*
	%	*%*
Inflation rate	1.75%	2.00%
Discount rate for scheme liabilities	2.10%	3.80%
Expected rate of salary increases	0.00%*	0.00%*
Rate of pension increases	1.75%	2.00%
Expected rate of return on assets	3.51%	3.80%

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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (Continued)

20. PENSION COMMITMENTS (Continued)

The expected long-term rate of return on the assets of the scheme are:	*2014*	*2013*
	%	*%*
Equities	5.50%	6.00%
Bonds	1.50%	2.50%
Property	4.50%	5.00%
Other	2.00%	1.50%
Matured Friends First Policies	2.10%	3.80%

The net pension liability is analysed as follows:	*2014*	*2013*
	€'000	*€'000*
Equities	15,664	16,296
Bonds	12,144	9,074
Property	32	690
Other	1,587	634
Total market value of assets	29,427	26,694
Actuarial value of schemes liabilities	(38,704)	(29,073)
Deficit in the scheme pre and post deferred tax	(9,277)	(2,379)

The following amounts have been recognised in the Profit and Loss Account:	*2014*	*2013*
	€'000	*€'000*
Charged to operating surplus		
Current service cost	583	753
Past service cost	–	205
	583	958
Net finance expense		
Interest on pension scheme liabilities	1,123	1,079
Expected return on scheme assets	(1,066)	(974)
	57	105
Total charge to operations	640	1,063

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (Continued)

20. PENSION COMMITMENTS (Continued)

The following amounts have been recognised in the Statement of Total Recognised Gains and Losses (STRGL):	*2014* *€'000*	*2013* *€'000*
Actual return less expected return on scheme assets	1,341	1,058
Actuarial loss on changes in demographic and financial assumptions related to liabilities	(8,298)	(345)
Actuarial (loss)/gain recognised in STRGL	(6,957)	713

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

	2014 *years*	*2013* *years*
Life expectancy (Male age 65)	23.2	23.2
Life expectancy (Female age 65)	24.6	24.6

Changes in the present value of the defined benefit obligation are as follows:	*2014* *€'000*	*2013* *€'000*
Opening defined benefit obligation	29,073	27,037
Service cost	583	753
Interest cost	1,123	1,079
Actuarial loss	8,298	345
Benefits paid	(547)	(469)
Plan participants' contributions	262	250
Expenses paid	(44)	(79)
Premiums paid	(44)	(48)
Past service cost	–	205
	38,704	29,073

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (Continued)

20. PENSION COMMITMENTS (Continued)

Changes in the fair value of plan assets are as follows:	*2014*	*2013*
	€'000	*€'000*
Opening fair value of plan assets	26,694	23,907
Expected return	1,066	974
Actuarial gain	1,341	1,058
Contributions by employer	699	1,101
Benefits paid	(547)	(469)
Plan participants' contributions	262	250
Expenses paid	(44)	(79)
Premiums paid	(44)	(48)
	29,427	26,694

The major categories of plan assets as a percentage of total plan assets are as follows:	*2014*	*2013*
	%	*%*
Equities	53.23%	61.1%
Bonds	41.27%	33.9%
Property	0.10%	2.6%
Other	5.40%	2.4%
	100%	100%

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

History of experience gains and losses

	2014	*2013*	*2012*	*2011*	*2010*
	€'000	*€'000*	*€'000*	*€'000*	*€'000*
Defined benefit obligation	(38,704)	(29,073)	(27,037)	(22,898)	(19,944)
Plan assets	29,427	26,694	23,907	18,517	17,732
Deficit	(9,277)	(2,379)	(3,130)	(4,381)	(2,212)
Experience adjustments on plan liabilities	(1,402)	(182)	(1,326)	1,364	(647)
Experience adjustments on plan assets	(1,341)	(1,058)	(950)	2,196	(754)

The employer contributions for 2015 have been estimated at €734,000.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (Continued)

20. PENSION COMMITMENTS (Continued)

(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 Directors 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 €628,398 in 2014 (2013: €661,162). 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 ('F&S'), a company with which the Company had, in 2013, common members and Directors and Central Remedial Clinic Medical Devices Limited, which was formed by the Company in 2006. In 2007, the shares in Central Remedial Clinic Medical Devices Limited held by the Company were transferred to F&S and it is therefore a 100% owned subsidiary of F&S. During the year, donations received from F&S decreased from €700,000 in 2013 to €27,223 in 2014.

In addition F&S 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. With effect from 1 September 2014 the share of these lottery proceeds attributable to the Company have been paid directly to the Company by The Care Trust Limited. These amounted to €441,219. Debtors (note 10) include an amount of €7,355 (2013: €Nil) payable to the Company by The Care Trust Limited.

A process to transfer the remaining assets of F&S (including the shares held by it in The Care Trust Limited) to CRC is underway following a formal approval by the Board of F&S in June 2014.

Debtors (note 10) include an amount of €Nil (2013: €3,651) due from Friends and Supporters of the Central Remedial Clinic Limited, and creditors (note 13) include an amount of €14,936 (2013: €Nil) due to that company.

Long Term Loan (Note 14) consists of a loan of €3,000,000 advanced to the Company in 2012 by F&S, 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. At its meeting of 23 June 2015 the Board of F&S agreed to forgive the full amount of €3,000,000 in light of CRC's financial situation. This will be reflected in the 2015 Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (Continued)

22. CONTINGENT LIABILITIES

Certain legacy issues identified in the Interim Administrators Report may result in the Company incurring legal and professional costs in 2015.

The Company is not, at the time of approving these accounts for signature, 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 1 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 Directors on 3 September 2015.