# The National Orthopaedic Hospital Cappagh Designated Activity Company

# Reports and Financial Statements for the financial year ended 31 December 2024

COMPANY REGISTRATION NUMBER 396993

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## DIRECTORS AND OTHER INFORMATION

| | |
|---|---|
| **DIRECTORS** | Mr. Colin Byrne (Chairperson)<br>Ms. Tara Lillywhite<br>Mr. Brian Madden<br>Ms. Petra Augustinovíc<br>Ms. Colette Cotter (Appointed 10th April 2024)<br>Ms. Elaine Masterson (Appointed 7th February 2024)<br>Ms. Anne Marie Malone (Appointed 1st May 2025)<br>Ms. Michelle Jackson (resigned 15th March 2024)<br>Mr. Shane Deasy (resigned 25th November 2024)<br>Mr. Paul Connolly (resigned 21st August 2024) *<br>Prof John O'Byrne (resigned 12th December 2024) *<br><br>*(* - Executive directors)* |
| **COMPANY SECRETARY** | Ms. Orlagh O'Loghlen |
| **REGISTERED OFFICE** | Cappagh Road,<br>Finglas,<br>Dublin 11 |
| **COMPANY REGISTRATION NUMBER** | 396993 |
| **CHARITY REGISTRATION NUMBER** | 20058685 |
| **CHARITY CHY NUMBER** | 16342 |
| **SOLICITORS** | Mason Hayes Curran,<br>South Bank House,<br>Barrow Street,<br>Dublin 4 |
| **BANKERS** | Bank of Ireland,<br>Ballygall Road,<br>Finglas,<br>Dublin 11 |
| **INDEPENDENT AUDITOR** | Deloitte Ireland LLP,<br>Chartered Accountants and Statutory Audit Firm,<br>Deloitte & Touche House,<br>Earlsfort Terrace,<br>Dublin 2 |

The Directors present herewith their report and audited financial statements for the financial year ended 31 December 2024.

## CORPORATE GOVERNANCE

### *Company Structure*

The National Orthopaedic Hospital Cappagh Designated Activity Company ("the Company", "the Hospital", or "NOHC") is a Designated Activity Company (limited by shares). The Company is a wholly owned subsidiary of Mater Misericordiae and the Children's University Hospitals Company Limited by Guarantee ("MMCUH", or the "Member"), a company limited by guarantee and not having a share capital. MMCUH is also the parent of Mater Misericordiae University Hospital DAC. The majority of the members of MMCUH are directors of MMCUH. The Company has been granted charitable exemption by the Revenue Commissioners. The Company operates the National Orthopaedic Hospital at Cappagh Road, Finglas, Dublin 11.

### *Code of Governance*

The governance arrangements, including Board arrangements and responsibilities, are in compliance with the *Framework for the Corporate and Financial Governance of the Executive* and the core *Standards for Governance*. An internal written code of governance is in place and includes a system of internal controls to ensure compliance with the HSE Service Arrangement and with all applicable laws and regulations.

### *Appointment of Directors*

The Board is comprised of two executive directors and seven non-executive directors. The executive directors were the Clinical Director for the Adult Service (resigned 12th December 2024) and Clinical Director for the Paediatric Service (resigned 21st August 2024). Mr Shane Deasy, a non-executive director also resigned during the year.

The Company Secretary is charged with the provision of an induction process for all new Board members. The Company Secretary provides support to Board members and is available to deal with any matters on a formal and informal basis. All directors have access to independent professional advice, at the Company's expense, as and when required.

The current directors are set out on page 2 and have served throughout the financial year except where noted below:

- Ms. Colette Cotter was appointed as a non-executive director on 10 April 2024.
- Ms. Elaine Masterson was appointed as a non-executive director on 7 February 2024.
- Ms. Anne Marie Malone was appointed as a non-executive director on 1 May 2025.

### *Terms of Office*

*Chairperson:*

MMCUH shall, by notice in writing to the Board, be entitled to appoint one of the Directors to be the chairperson of the Board and at any time (by notice in writing to the Board) to substitute another Director as the Chairperson in his / her place. In the event that MMCUH does not exercise its right to appoint the Chairperson of the Board pursuant to Regulation 18 of the Constitution of the Company, then the Board shall appoint one of the Directors to be the chairperson of the Board and such person shall, for the purposes of Regulation 18, be deemed to have been appointed by MMCUH (and MMCUH shall be entitled at any time to substitute another Director as the Chairperson in his / her place). No person shall be entitled to be appointed as Chairperson of the Board for more than nine years in succession (the 'Chair Successive Term Limitation') without the prior written consent of MMCUH.

## CORPORATE GOVERNANCE (CONTINUED)

For the purposes of Regulation 18, and the calculation of the Chair Successive Term Limitation, the term of the chairperson of the Company who has been appointed prior to the date of adoption of the said Constitution (the Existing Chairperson) shall be deemed to have first commenced on the date of adoption of the said Constitution (15th April, 2019), and the Existing Chairperson shall be deemed to have been appointed pursuant to Regulation 18 and shall continue as 'Chairperson' unless and until they are replaced pursuant to Regulation 18.

*Directors:*
The term of office for a Director shall be three years and a Director may be appointed for successive terms provided that no person shall be entitled to be appointed as a Director for more than nine years in succession (the 'Successive Term Limitation') without the prior written consent of MMCUH. No Director shall be entitled to be appointed on terms where he/she holds office for life. For the purposes of Regulation 20 of the said Constitution and the calculation of the Successive Term Limitation, the term of any Director who has been appointed prior to the date of adoption of this said Constitution shall be deemed to have first commenced on the date of adoption of the said Constitution.

### *Directors' and Secretary's Interests in Shares*

Neither the Directors nor the Company Secretary who held office at the beginning and end of the financial year had any direct or indirect interest in the share capital of the Company or any other group company.

### *Directors' Interests in Contracts*

There were no contracts or arrangements in relation to the Company's business with the exception of contracts of employment of the Executive Directors.

### Organisational Management

The Board of Directors are legally responsible for the overall control and management of the Company. They meet on a regular basis, typically seven times annually. The Board is supported by a number of sub-committees including the Executive Management Committee, the Finance and General Purposes Committee, the Remuneration and Nominations Committee, the Audit Committee, the Ethics Committee and the Mission Effectiveness (and Patient Care) Committee.

A formal schedule of matters reserved for Board approval is in place. Subject to those reserved matters, the Board delegates the management of the day-to-day operation of the Hospital and the implementation of Board policy and strategy to the Chief Executive. The Hospital Executive Management Committee (the "Executive Management" or the "Executive"), chaired by the Chief Executive and consisting of the key senior executives, is the main day to day decision making forum of the Hospital. Its work is supported by the Medical Board, Nursing Administration and other specific committees as required.

### *Risk Management*

Systems and procedures have been established to manage identified risks.

The Board and the Executive Management Committee have the following Committees to assist them in carrying out their responsibilities with regard to risk management:

*The Clinical Governance and Clinical Risk Management Committee*
The Clinical Governance and Clinical Risk Management Committee is chaired by of the Chief Executive and has responsibility for overseeing the risk management programme in relation to the management of clinical risk (i.e. for all risks that are directly related to clinical services delivered to patients). This Committee is responsible for ensuring that there are adequate clinical risk identification and analysis systems in place and that appropriate clinical risk mitigation initiatives are taken when considered necessary in order to deliver the highest standard of quality care to patients.

## CORPORATE GOVERNANCE (CONTINUED)

*The Health and Safety Risk Management Committee*
The Health and Safety Risk Management Committee has responsibility for overseeing the risk management programme in relation to the management of non-clinical risk. This Committee is comprised of a multi-disciplinary team and is chaired by the Chief Executive. It ensures that adequate risk identification and analysis systems are in place and that appropriate risk treatment initiatives are taken when considered necessary.

*The Audit and Risk Committee*
The Audit and Risk Committee meets four times per financial year and has responsibility for reviewing the Company's internal controls, risk management and monitoring and reviewing the effectiveness of Internal Audit. It is comprised of an independent chairperson and at least two non-executive directors of NOHC. It also monitors the external auditor's independence and the effectiveness of the external audit process. The Chairperson of that Committee reports annually to the Board on such matters.

*The Finance and General Purposes Committee*
The Finance and General Purposes Committee, which meets prior to each Board meeting, has responsibility for monitoring the day- to-day financial management of the Company and advising the Board on the financial affairs of the Company and other related operational matters. It is chaired by a non-executive member of the Board and comprises two Non-Executive Directors, the Chief Executive and the Head of Finance.

### *Employee Matters*

The Company endeavours to provide employees with a safe environment in which to work and provides adequate training resources to ensure this.

All employees are responsible for maintaining general risk awareness, reporting incidents, complying with the rules and regulations set out in their terms of employment, and maintaining the confidentiality of patient and Company information, and are trained in basic emergency procedures - resuscitation, evacuation and fire precautions as relevant to the employees' particular work area.

### *Environmental Matters*

The Company seeks to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The Company has complied in all material respects with all applicable environmental legislation and regulations.

## COMPANY'S AIMS AND OBJECTIVES

### *Charitable Objectives*

The Company is a registered charity (registered number CHY 16342) and is engaged in the provision of orthopaedic and rehabilitation services to paediatric and adult patients. This service is primarily funded by the Health Service Executive ("HSE"), National Treatment Purchase Fund ("NTPF") and also from other sources including income earned from private medical insurers.

The mission statement of the Hospital is; -

*"We commit to caring for all patients with excellence, respecting the uniqueness of each person and treating everyone with compassion and integrity."*

In keeping with the mission statement, the charitable activities of the Company are to:

- Administer orthopaedic and rehabilitation services to the local, regional and national referral areas via tertiary referral services;
- Educate and train medical doctors, nurses and allied health professionals (under graduate and post graduate) in the provision of orthopaedic, medical and rehabilitation services.

To carry out these activities, the Company has a licence from The National Orthopaedic Hospital Cappagh Trust Company Limited by Guarantee ("the Trustee Company") to operate the Hospital, including the assets transferred to it for the provision of healthcare or educational purposes under the terms of the Lady Martin Cappagh Charity ("the Trust").

### *2025 Key Objectives*

The principal objectives of the Company for the next financial year are as follows:

*Activity*

- Adherence to the HSE Service Level Agreement, which sets out the level of activity that the Hospital is to provide within the allocated resources.
- Reduce Patient Treatment List ("PTL") waiting times for Inpatient, Day Cases and Out Patient activity.
- Provide rehabilitation services to meet the needs of patients.
- Expand and develop the orthopaedic service in the Hospital including accepting national referrals.

*Financial Performance*

- Operate within the allocated revenue from the HSE and expected other revenue, through the achievement of operational efficiencies.

*Patient Care, Education and Research*

- Provide quality patient care and safe service to patients.
- Promote and support education, training and research.
- Provide a safe and clean environment for patients, visitors and staff.

*Capital Development*

- Progress the development of a new High Dependency Unit, ward block and additional operating theatres to detail design and planning.
- Commence construction of a new building adjoining the Cappagh Kids Outpatients Department, to provide additional treatment rooms, radiology facilities and other multi-purpose space.

## REVIEW OF PERFORMANCE AND ACHIEVEMENTS FOR THE FINANCIAL YEAR

The achievements and performance levels achieved in the financial year were as follows:

*Financial Performance*
Revenue increased to €78.7m (2023: €68.6m), an increase of €10.1m. The net HSE revenue allocation of €60.1m has increased from 2023 (€54.6m).

The Hospital received €10m from the National Treatment Purchase Fund in respect of the initiative to treat long waiters (2023: €7.0m).

The Company had a financial deficit of €0.4m (2023: €0.5m deficit) for the financial year. This was as a result of a reduction in the expected 2024 HSE budget allocation that the Hospital became aware of in the final month of the financial year.

*Activity*

Surgical activity remained strong throughout the year. Total core activity exceeded the targets set by the HSE by 2%. Inpatient activity was 93% of the target and day case activity exceeded the target by 4.5%. There was an increase of 9% in Hip and Knee activity compared to 2023.

In addition to the HSE activity, there was 1,056 inpatient discharges via NTPF funded initiatives.

*Capital Development*

The preliminary design phase of the new ward block is ongoing. The current proposal is for a 72-bed ward block, a 10-bed High Dependency Unit, three operating theatres along with ancillary infrastructure.

A new building for paediatric radiology adjoining the Cappagh Kids Outpatient Department is currently going through the tender process to appoint a contractor with building work expected to start in the coming months.

*Patient Care, Education and Research*

The Hospital maintained various quality accreditations in 2024 and implemented some new processes, including the following:

- The Hospital continued with same-day hip replacements for suitable patients, the first public hospital in the State to provide this initiative. The Hospital also continued with the same-day knee replacement programme for a limited number of cases.
- The Hospital has continued its collaboration with Children's Health Ireland to undertake waiting list initiatives for paediatric patients.
- The Hospital's laboratory maintained the Irish National Accreditation Board ('INAB') accreditation (ISO 15189) for Blood Transfusion, Haematology and Microbiology tests.
- The Hospital was successful in retaining the Irish Medicine Board ('IMB') licence for the National Bone Bank (Tissue Establishment).

## GOING CONCERN

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in Note 1 to the Financial Statements.

## EU LATE PAYMENTS REGULATIONS

The Prompt Payments of Account Act, 1997 and European Communities (Late Payment in Commercial Transactions) Regulations 2012 impose a legal requirement on bodies to make interest payments in respect of invoices that are paid in excess of 30 days after receipt. In so far as is permitted by cashflow constraints, it is Company policy to settle all invoices within the appropriate timeframe. The interest paid under the terms of the regulations amounted to €Nil (2023: €Nil).

## PRINCIPAL RISKS AND UNCERTAINTIES

Pursuant to Irish company law, the Company is required to give a description of the principal risks and uncertainties facing the Company. The principal risks identified as facing the Company are:

*Clinical Risk*
The Company is performing complex medical procedures, with the associated underlying clinical risks, and is dependent upon the availability of skilled and competent staff to maintain activity levels and ensure the safe delivery of services to patients. The difficulty in recruiting suitably qualified staff could impact on the Hospital's ability to achieve its PTL targets. The effects of inadequate HSE funding is resulting in some services not being delivered in a timely manner. The consultant sub speciality skill mix will require ongoing review to ensure patient demands can be facilitated in a timely manner.

*Health and Safety Risk*
The Company is subject to increasingly stringent compliance in the areas of hygiene, infection control and health and safety, including compliance with the Health & Safety Act 1989 and the HIQA National Standards for Safer Better Healthcare. The Company places the highest importance on minimising risk to patients, visitors and staff. Continued developments in these areas will result in additional compliance costs.

The Hospital was impacted by the HSE ransomware attack which took place in May 2021, which caused disruption to hospital services. The Company requires significant investment in IT systems and resources to safeguard systems from such attacks in the future. The Company received €1.2m funding from the HSE in 2024 for server and network upgrades, however further funding is required to further enhance aged ICT infrastructure.

*Financial Risk*
The Company relies on the HSE for funding to deliver its services and is subject to the annual agreement of budgets and the determination of funding with the Department of Health. The funding model changed in July 2024 when financial limits were introduced and no supplementary budget allocation was received in the year. A deduction of €1.0m was taken from the 2024 allocation in December 2024, resulting in the Hospital is reporting a deficit of €0.40m in the period. It is anticipated that there will be similar challenges in 2025, given the current financial allocation and resultant deficits. Without an increase in HSE allocation, the Company will be required to reduce HSE activity and/or increase NTPF activity to generate additional income.

The Company's activities expose it to a number of financial risks including inflation, credit risk, cash flow risk and liquidity risks. These are disclosed in Note 20 to the financial statements.

The introduction of the Health Amendment Act (2014) significantly reduced the charges which the Company could bill to private insurance providers for Inpatients and Day cases admissions. The abolition of the statutory charge for inpatients in 2023 further reduced income as did the introduction of Public Only Consultant Contracts ("POCC") which has and will continue to lead to further significant reductions in private insurance income.

*General Data Protection Regulation Risk*
The EU General Data Protection Regulation (GDPR) came into effect on 25th May 2018. The Company's activities expose it to data protection and cyber security risks due to the retention of patient, employee and supplier data.

The Company has a Data Protection Officer (DPO) to assist the Company in meeting the compliance requirements of the GDPR.

**HOSPITAL GROUP**

With the reconfiguration of the hospital groups into HSE health regions, the Hospital became part of the new HSE Dublin and North East health region in 2024. The hospital was part of what was formally the Royal College of Surgeons Hospital Group ("RCSIHG"). The hospitals within this group comprises ten hospitals covering the full range of clinical tertiary and a number of quaternary services with the Royal College of Surgeons in Ireland as its academic partner. Member hospitals within the Royal College of Surgeons Hospital Group include the Mater Misericordiae University Hospital, National Orthopaedic Hospital Cappagh, Our Lady's Hospital Navan, Beaumont Hospital, Connolly Hospital, Our Lady of Lourdes Hospital Drogheda, Louth County Hospital, Cavan General Hospital, Monaghan Hospital and the Rotunda Hospital. The Hospital Groups were stood down in late 2024 and under the new health region structure, NOHC is now part of the Dublin and North East health region.

## POST BALANCE SHEET EVENTS

There were no significant subsequent events since year end.

## POLITICAL CONTRIBUTIONS

There were no political donations made during the financial year (2023: Nil).

## 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 systems. The Company's accounting records are maintained at the Company's registered office at Cappagh Road, Finglas, Dublin 11.

## DIRECTORS' COMPLIANCE STATEMENT

- As required by Section 225 of the Companies Act 2014, the directors acknowledge that the directors are responsible for securing the Company's compliance with its relevant obligations under the 2014 Act; and

- The directors confirm that the directors have completed the following procedures in order to comply with the directors' obligations:

  (a) the putting in place of appropriate arrangements or structures that are, in the directors' opinion, designed to secure material compliance with the Company's relevant obligations; and
  (b) reviewing of any arrangements or structures that are in place or being put in place.

## DISCLOSURE OF INFORMATION TO AUDITORS

In the case of each of the persons who are directors at the time the directors' report and financial statements are approved:

(a) so far as the director is aware, there is no relevant audit information of which the Company's statutory auditors are unaware; and

(b) each director has taken all steps that ought to have been reasonably taken by the director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 330 of the Companies Act 2014.

**AUDITORS**

The auditors, Deloitte Ireland LLP, Chartered Accountants and Statutory Audit Firm, continue in office in accordance with Section 383(2) of the Companies Act 2014.

Colin Byrne
Director

Tara Lillywhite
Director

Date: 28 May 2025

## DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the directors' report and the financial statements in accordance with the Companies Act 2014.

Irish company law requires the directors to prepare financial statements for each financial year. Under the law, the directors have elected to prepare the financial statements in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council* ("relevant financial reporting framework"). 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 financial year end date and of 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 for the Company Financial Statements 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 the applicable accounting standards, identify those standards, and note the effect and the 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 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.

Deloitte.

Deloitte Ireland LLP
Chartered Accountants &
Statutory Audit Firm

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE NATIONAL ORTHOPAEDIC HOSPITAL CAPPAGH DESIGNATED ACTIVITY COMPANY

## Report on the audit of the financial statements

### Opinion on the financial statements of The National Orthopaedic Hospital Cappagh Designated Activity Company ("the company")

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 2024 and of the loss for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014.

The financial statements we have audited comprise:

- the Statement of Income and Retained Earnings;
- the Balance Sheet;
- the Statement of Cash Flows; and
- the related notes 1 to 24, including a summary of significant accounting policies as set out in note 2.

The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2014 and FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' issued by the Financial Reporting Council ("the relevant financial reporting framework").

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the "*Auditor's responsibilities for the audit of the financial statements*" section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Other information

The other information comprises the information included in the Reports and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Reports and Financial Statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE NATIONAL ORTHOPAEDIC HOSPITAL CAPPAGH DESIGNATED ACTIVITY COMPANY

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Responsibilities of directors**
As explained more fully in the Directors' Responsibilities Statement, 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on IAASA's website at: https://iaasa.ie/publications/description-of-the-auditors-responsibilities-for-the-audit-of-the-financial-statements. This description forms part of our auditor's report.

**Report on other legal and regulatory requirements**

**Opinion on other matters prescribed by the Companies Act 2014**
Based solely on the work undertaken in the course of the audit, we report that:

- 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.
- In our opinion, those parts of the directors' report specified for our review, which does not include sustainability reporting when required by Part 28 of the Companies Act 2014, have been prepared in accordance with the Companies Act 2014.

**Matters on which we are required to report by exception**
Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the provisions in 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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE NATIONAL ORTHOPAEDIC HOSPITAL CAPPAGH DESIGNATED ACTIVITY COMPANY

Use of our report

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.

Kevin Sheehan
For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House, 29 Earlsfort Terrace, Dublin 2

Date: 4 July 2025

**STATEMENT OF INCOME AND RETAINED EARNINGS**
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

| | *Notes* | **2024 €'000** | 2023 €'000 |
|---|---|---|---|
| **Revenue** | | | |
| Revenue grants (HSE) | *5* | **60,061** | 54,551 |
| Patient income | *5* | **11,689** | 8,986 |
| Other income | *5* | **4,128** | 3,504 |
| Capital grant recognised as income | *5,15* | **1,004** | **-** |
| Capital grant amortisation | *5,15* | **1,837** | 1,587 |
| | *5* | **78,719** | 68,628 |
| **Costs** | | | |
| Staff cost | *6* | **(46,698)** | (41,997) |
| Non-pay costs | *7* | **(30,532)** | (25,545) |
| Depreciation | *10* | **(1,837)** | (1,587) |
| | | **(79,067)** | (69,129) |
| Operating deficit | | **(348)** | (501) |
| Interest payable and similar charges | *8* | **(15)** | (11) |
| **Deficit on ordinary activities before taxation** | *9* | **(363)** | (512) |
| Taxation | | **-** | - |
| **Deficit on ordinary activities after taxation** | | **(363)** | (512) |
| **Retained earnings at the beginning of the reporting period** | | **1,183** | 1,695 |
| **Retained earnings at the end of the reporting period** | | **820** | 1,183 |

## BALANCE SHEET
## AS AT 31 DECEMBER 2024

| | Notes | 2024 €'000 | 2023 €'000 |
|---|---|---|---|
| **FIXED ASSETS** | | | |
| Tangible assets | *10* | **22,749** | 22,330 |
| **CURRENT ASSETS** | | | |
| Stocks | *11* | **968** | 950 |
| Debtors | *12* | **9,287** | 10,277 |
| Cash at bank and in hand | | **5,793** | 1,292 |
| | | **16,048** | 12,519 |
| **CREDITORS:** | | | |
| Creditors falling due within one year | *13* | **(12,676)** | (10,484) |
| **NET CURRENT ASSETS** | | **3,372** | 2,035 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **26,121** | 24,635 |
| **PROVISIONS FOR LIABILITIES** | *14* | **(3,016)** | (2,503) |
| **TOTAL ASSETS LESS LIABILITIES** | | **23,105** | 21,862 |
| **CAPITAL GRANTS** | *15* | **(22,256)** | (20,650) |
| **NET ASSETS** | | **849** | 1,212 |
| **Financed by:** | | | |
| **CAPITAL AND RESERVES** | | | |
| Called up share capital presented as equity | | **-** | - |
| Retained earnings | | **820** | 1,183 |
| Other reserves | *17* | **29** | 29 |
| **Shareholders' funds** | | **849** | 1,212 |

The financial statements were approved and authorised for issue by the Board of Directors on and signed on its behalf by:

Colin Byrne
Director

Tara Lillywhite
Director

## STATEMENT OF CASH FLOWS
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

| | *Notes* | **2024 €'000** | 2023 €'000 |
|---|---|---|---|
| **Net cash flows used in operating activities** | *18* | **3,459** | (14) |
| **Cash flows from investing activities** | | | |
| Payments to acquire tangible fixed assets | *10* | **(2,386)** | (3,027) |
| **Net cash flows used in investing activities** | | **(2,386)** | (3,027) |
| **Cash flows from financing activities** | | | |
| Capital grants received | *15* | **4,447** | 1,980 |
| Capital grants recognised as revenue | *15* | **(1,004)** | - |
| Interest (paid) | *8* | **(15)** | (11) |
| **Net cash flows from financing activities** | | **3,428** | 1,969 |
| **Net Increase in cash and cash equivalents** | | **4,501** | (1,072) |
| **Cash and cash equivalents at beginning of financial year** | | **1,292** | 2,364 |
| **Cash and cash equivalents at end of financial year** | | **5,793** | 1,292 |
| **Reconciliation to cash and cash equivalents** | | | |
| Cash in hand and at bank | | **5,793** | 1,292 |

## 1. GOING CONCERN

The Company is primarily funded by means of an annual revenue allocation from the HSE. As such, it is dependent on the HSE providing adequate funding to ensure that it can meet its liabilities as they fall due. The HSE has not given any indication that it will withdraw its annual funding allocation from the Hospital.

At the end of the financial year, the directors noted that the revenue allocation for 2024 as notified by the HSE was €60.1m, which was an increase on the 2023 allocation of €54.6m. Included in the 2024 allocation was one off funding of €1.3m related to IT infrastructure upgrades. The Company received €10.0m from the National Treatment Purchase Fund ("NTPF") initiative to treat long waiters. The Company had a financial deficit on ordinary activities of €0.363m (2023: €0.512m deficit) for the financial year. The Company had net current assets of €3.4m as at 31st December 2024 (31st December 2023: €2.0m).

The current revenue allocation for 2025 is €61.8m. The Hospital has also been allocated an income target of €8.0m for NTPF initiatives.

Given the current 2025 allocation and the deficits that have been recorded in the past two years, it will be necessary for the Company to implement a number of cost savings and revenue increasing measures in 2025. Without these measures the Company will have a material deficit on ordinary activities at year end resulting in a possible negative Shareholder's equity and net current liability position. Without an increase in allocation, the Company will be required to reduce HSE activity and increase NTPF activity to generate additional income. A combination of these two measures will be necessary to ensure, in so far as it is possible, that the Company is in a positive Shareholder's equity and net current asset position at year end. Those measures should also ensure the Company can remain in a position to meet its liabilities as they fall due for the foreseeable future.

There is a reasonable expectation that the Company will continue to receive a similar HSE annual revenue allocation for 2026 and that the Company will continue to do its best to manage expenditure within or close to the allocation received.

Having considered all of the above, the directors believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements and that there is a reasonable expectation that the Company will continue to trade for the foreseeable future. The financial statements do not include any adjustments nor disclosures that would result if the Company was unable to continue as a going concern.

## 2. MATERIAL ACCOUNTING POLICIES

### Basis of preparation

The financial statements have been prepared in accordance with the Companies Act 2014 and FRS 102, The Financial Reporting Standard applicable in the UK and Ireland.

### General information and basis of accounting

The National Orthopaedic Hospital Cappagh Designated Activity Company is a company incorporated in Ireland under the Companies Act 2014. The address of the registered office is Cappagh Road, Finglas, Dublin 11. The nature of the Company's operations and its principal activities are set out in the directors' report on pages 3 to 9.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

## 2. ACCOUNTING POLICIES (CONTINUED)

### Revenue

*Revenue grants and other income*
Revenue grants received and receivable from the Health Service Executive ("HSE") are credited to the Statement of Income and Retained Earnings on the basis of the allocated amount notified by the HSE to the Hospital at the end of the financial year. The revenue grant amount shown in the Statement of Income and Retained Earnings is net of revenue or capital amounts deferred or released, in accordance with the timing of the related underlying expenditure, and with the approval of the funding body.

As required by the Department of Health, revenue grants are treated for the purpose of the cashflow statement as cash generated from operating activities.

*Inpatients income*
This income is accounted for on a receivable basis.

*Road traffic accident income*
This income is accounted for on a receivable basis.

*Outpatient income*
This income is accounted for mainly on a cash receipts basis but with part on a receivable basis.

*External agencies*
This income is accounted for on a receivable basis.

### Retrospective pay awards

The expense is charged in the financial year in which the HSE allows the corresponding revenue allocation and therefore not necessarily in the financial year to which the expense relates.

### Tangible fixed assets

All tangible fixed assets are carried at cost less accumulated depreciation and provisions for impairment.

Depreciation is calculated to write off the cost of tangible fixed assets over their expected useful lives as follows:

| | |
|---|---|
| Buildings | 2.5% reducing balance |
| Equipment: | |
| - Theatre equipment | 10 years straight line |
| - Medical equipment | 5 years straight line |
| - Computer equipment | 3 years straight line |
| Motor vehicles | 4 years straight line |
| Construction work in progress | Nil |

The Hospital grounds and buildings are operated by the Company under licence from The National Orthopaedic Hospital Cappagh Trust Company Limited by Guarantee as Trustee of The Lady Martin Cappagh Charity ("the Trust"). No fee is payable under the terms of the licence. Amounts capitalised in respect of buildings represent additions which were funded primarily by the HSE.

## 2. ACCOUNTING POLICIES (CONTINUED)

### Capital grants in respect of capital expenditure

Capital grants are treated as deferred credits and are amortised to income on the same basis as the related assets are depreciated. In addition to capital grant allocations from the HSE, capital grants include fundraised capital grants.

### Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost comprises expenditure incurred in the normal course of business in bringing stocks to their present location and condition. Full provision is made for obsolete and slow-moving items.

The Company holds consignment stocks. These stocks are the property of the various suppliers and are not included in the Company's financial statements.

### Provision for bad and doubtful debts

The ageing and recoverability of patient bills outstanding is considered on an ongoing basis and appropriate provision is made. In line with HSE policy, full provision has been made for all amounts excluding Road Traffic Accident (RTA) debt greater than 12 months with additional provision made against specific amounts whose recoverability is considered doubtful. All RTA debt is fully provided for.

### Retirement Benefit Costs

The Company operates a defined benefits pension scheme in respect of employees eligible for inclusion under the Voluntary Hospitals Superannuation Scheme. The scheme is administered, funded and underwritten by the Department of Health. The Company acts as agent in the operation of the scheme and does not make any contributions to the scheme.

Contributions are received from eligible employees only. In accordance with the service plan agreed with the HSE and the Department of Health, pension contributions received may be offset against pension payments made and the surplus or deficit each financial year forms part of the funding for the Company. The directors consider that the Company has no responsibility for any liability that falls due as a result of any ultimate under funding of the scheme.

Contributions received are credited to the Statement of Income and Retained Earnings as they are received. Payments made under the scheme are charged to the Statement of Income and Retained Earnings as they fall due.

Refunds of Contributions are charged to the Statement of Income and Retained Earnings when notification is received from the Department of Health to make a payment to an employee who is leaving the scheme.

In line with HSE HR Circular 008/2014, the Hospital is severally and jointly liable with the employee for any chargeable excess tax liability that arises on the employee's pension fund, resulting from reduction to the Standard Fund Threshold. The tax liability is payable in full by the Hospital with the excess tax recoupment by agreement from the employee, with the maximum period being 20 years. Recoupment is made by direct deduction from gross annual pension.

## 2. ACCOUNTING POLICIES (CONTINUED)

The Single Public Service Pension Scheme (Single Scheme) commenced with effect from 1st January 2013. The Scheme applies to all pensionable first-time entrants to the Public Service, as well as former public servants returning to the Public Service after a break of more than 26 weeks. Benefits are calculated by reference to "referable amounts" for each year's service that are uprated by the CPI as notified by the Minister. All contributions deducted from members wages/salaries are remitted to the nominated bank account of the Department of Public Expenditure and Reform ("DPER") and not credited to the Statement of Income and Retained Earnings. As per Public Service Pensions (Single Scheme and Other Provisions) Act 2012, Section 44(1)(b), payments arising under this Single Scheme to retiring employees shall be paid from funds provided by the Oireachtas for that purpose.

**Financial instruments**

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified at fair value through the Statement of Income and Retained Earnings, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when, there exists a legally enforceable right to set off the recognised amounts and the Hospital intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when (a) the contractual rights to the cash flows from the financial asset expire or are settled, (b) the Hospital transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or (c) the Hospital, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Balances are classified as payable or receivable within one year if payment or receipt is due within one year or less. If not, they are presented as falling due after more than one year. Balances that are classified as payable or receivable within one year on initial recognition are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

**Foreign currencies**

The financial statements are expressed in euro. Monetary assets and liabilities denominated in other currencies are translated using the exchange rates ruling at the balance sheet date. Transactions in other currencies are translated using the exchange rates ruling at the dates of the transactions.

Profits and losses arising from currency translation and on settlement of amounts receivable and payable in other currencies are dealt with in arriving at the result from ordinary activities.

**Leases**

Rentals under operating leases are charged against income on a straight-line basis over the term of the lease.

## 2. ACCOUNTING POLICIES (CONTINUED)

**Non-Hospital Funds**
Other funds given to the Hospital to meet specific expenditure as defined by the funder are treated as a deferred credit in creditors and are matched with the related expenditure when this is incurred.

**Taxation**
The Company has a charitable status for taxation purposes and therefore no provision is required for Corporation Tax or Deferred Tax.

## 3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the accounting policies and the notes to the financial statements.

**Critical judgement in applying the Company's accounting policies**

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

***Going Concern***
The directors believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements. See note 1 for further details.

***Pensions***
Approximately half of employees participate in the VHSS (as defined in note 20) operated by the HSE. The VHSS is an unfunded 'pay as you go' scheme underwritten by the Minister for Health. In the judgement of the directors, the funds required to pay current pension liabilities, under the VHSS, as they arise will continue to be provided by the Department of Health. See note 20 for further details.

In the opinion of the directors, the Department of Public Expenditure and Reform ("DPER") is responsible for the Single Scheme (as defined in note 20) and payments arising under this scheme to retiring employees are payable by the State. See note 20 for further details.

**Contingent Liabilities**
The directors' determination of contingent liabilities are judgemental. See note 24 for further details.

## 3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

### Critical accounting estimates and assumptions

The directors make estimates and assumptions concerning the future in the process of preparing the Company's financial statements. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are addressed below.

***Useful economic lives of tangible fixed assets***

The annual depreciation on tangible fixed assets is sensitive to changes in the estimated useful lives and residual values of the assets. The useful economic lives and residual values are reviewed annually. They are amended when necessary to reflect current estimates, based on economic utilisation, technological advancements and the physical condition of the assets. The amortisation rate for capital grants is also reviewed in conjunction with the asset lives review and these are adjusted if appropriate.

***Impairment of debtors***

The directors make an assessment at the end of each financial year of whether there is objective evidence that a debtor is impaired. When assessing impairment of debtors and other amounts receivable, the directors consider factors including the age profile of outstanding amounts receivable, recent correspondence and historical experience in cash collection from debtors.

## 4. PARENT COMPANY

The Company is a wholly owned subsidiary of Mater Misericordiae and The Children's University Hospitals Company Limited by Guarantee. The registered office of the parent company is Eccles Street, Dublin 7.

## 5. REVENUE

Revenue, all of which arises from continuing operations, represents notified HSE revenue allocations and amounts invoiced by the Company in respect of goods and services.

An analysis of the Company's revenue by class of business is set out below:

| | **2024** | 2023 |
|---|---|---|
| | **€'000** | €'000 |
| *Health Service Executive* | | |
| HSE revenue allocation | **60,061** | 54,551 |
| Capital grant recognised as income | **1,004** | **-** |
| | **61,065** | 54,551 |
| *Patient income* | | |
| In-patient income | **1,372** | 1,539 |
| Road Traffic Accident (RTA) income | **41** | 41 |
| Out-patient income | **249** | 380 |
| External agencies: | | |
| - National Treatment Purchase Fund (NTPF) | **10,027** | 7,026 |
| | **11,689** | 8,986 |
| *Other income* | | |
| VHSS Pension deductions *(note 19)* | **938** | 805 |
| Pension levy | **1,146** | 922 |
| Restaurant income | **306** | 270 |
| Other | **1,738** | 1,507 |
| | **4,128** | 3,504 |
| Capital grant amortisation (*note 15*) | **1,837** | 1,587 |
| **Total Revenue** | **78,719** | 68,628 |

The Company has not directly benefitted from any other forms of government assistance other than that documented above.

## 6. STAFF COSTS AND EMPLOYEES

| | 2024 €'000 | 2023 €'000 |
|---|---|---|
| *The staff costs comprise:* | | |
| Wages and salaries | **39,109** | 34,957 |
| Social welfare costs | **4,012** | 3,565 |
| Other pension costs *(note 20)* | **3,103** | 2,716 |
| | **46,224** | 41,238 |
| Agency staff costs | **474** | 759 |
| | **46,698** | 41,997 |

The average number of persons employed by the Company (including executive directors and excluding agency staff) during the financial year was as follows:

| | 2024 Number | 2023 Number |
|---|---|---|
| Medical | **63** | 41 |
| Nursing | **207** | 230 |
| Paramedical | **87** | 81 |
| Management and administration | **124** | 120 |
| Catering, housekeeping and support services | **90** | 88 |
| Other patient and client care services | **33** | 24 |
| | **604** | 584 |

The whole time equivalent (WTE) figure at December 2024 was 544 (2023:531).

No salaries or fees are payable to the directors for their services as Company directors. No allowance, increased salary or other remuneration is payable to the staff members in respect of this position. These staff members are paid a salary for their normal work within the Hospital.
The number of employees paid over €65,000 is summarised as follows:

| | 2024 Number | 2023 Number |
|---|---|---|
| €65,000 - €75,000 | **75** | 61 |
| €75,000 - €85,000 | **41** | 24 |
| €85,000 - €95,000 | **26** | 14 |
| €95,000 - €105,000 | **12** | 12 |
| €105,000 - €115,000 | **4** | 4 |
| €115,000 - €125,000 | **1** | 3 |
| €125,000 - €135,000 | **4** | - |
| €135,000 - €145,000 | **2** | 4 |
| €145,000 - €155,000 | **2** | - |
| €155,000 - €165,000 | **1** | - |
| €165,000 - €175,000 | **2** | 2 |
| €175,000 - €185,000 | **3** | 1 |
| €185,000 - €195,000 | **-** | 2 |
| €195,000 - €205,000 | **2** | 2 |
| €205,000 - €215,000 | **1** | 1 |
| €215,000 - €225,000 | **2** | - |
| €225,000 - €235,000 | **1** | 3 |
| €235,000 - €245,000 | **1** | - |
| €265,000 - €275,000 | **1** | - |
| €275,000 - €285,000 | **1** | - |
| €285,000 - €295,000 | **3** | - |
| | **185** | 133 |

## 7. NON PAY COSTS

| | 2024 €'000 | 2023 €'000 |
|---|---|---|
| *Non Pay costs comprise:* | | |
| Direct patient care | **16,349** | 15,119 |
| Support services | **6,696** | 5,779 |
| Administration and other non-pay | **7,262** | 4,535 |
| Bad debt written off / provision | **225** | 112 |
| | **30,532** | 25,545 |

## 8. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2024 €'000 | 2023 €'000 |
|---|---|---|
| Bank interest and charges paid | **15** | 11 |

## 9. DEFICIT ON ORDINARY ACTIVITIES

| | 2024 €'000 | 2023 €'000 |
|---|---|---|
| The deficit on ordinary activities is stated after charging/(crediting): | | |
| Executive directors' remuneration: | | |
| Emoluments | **183** | 472 |
| Auditors' remuneration: | | |
| - Audit of financial statements | **49** | 42 |
| - Other assurance services | **-** | - |
| Depreciation | **1,837** | 1,587 |
| Grant amortisation | **(1,837)** | (1,587) |

## 10. TANGIBLE FIXED ASSETS

| | Buildings €'000 | Equipment €'000 | Motor vehicles €'000 | Construction work in progress €'000 | Total €'000 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At 1 January 2024 | 25,438 | 13,724 | 80 | 354 | 39,596 |
| Additions | 770 | 1,024 | - | 592 | 2,386 |
| Transfers | 82 | - | - | (82) | - |
| Disposals | (62) | (68) | - | - | (130) |
| **At 31 December 2024** | **26,228** | **14,680** | **80** | **864** | **41,852** |
| **Accumulated Depreciation** | | | | | |
| At 1 January 2024 | 7,133 | 10,106 | 27 | - | 17,266 |
| Charged for financial year | 838 | 978 | 20 | - | 1,837 |
| Disposals | - | - | - | - | - |
| **At 31 December 2024** | **7,971** | **11,084** | **47** | **-** | **19,103** |
| **Net Book Value** | | | | | |
| **At 31 December 2024** | **18,256** | **3,596** | **33** | **864** | **22,749** |
| At 31 December 2023 | 18,305 | 3,618 | 53 | 354 | 22,330 |

Certain fixed assets, which have been funded by the Minister for Health are the property of the Company but may not be disposed of or applied to any other purposes without the Minister's consent. Construction work in progress is allocated to capital projects and is depreciated with effect from the date on which the related capital projects becomes operational.

## 11. STOCKS

| | 2024 €'000 | 2023 €'000 |
|---|---|---|
| Medical and surgical | **867** | 889 |
| Drugs and medicines | **101** | 61 |
| | **968** | 950 |

There are no material differences between the replacement cost of stock and the balance sheet amount.

## 12. DEBTORS (amounts falling due within one financial year)

| | 2024 €'000 | 2023 €'000 |
|---|---|---|
| HSE – grants receivable | **6,796** | 7,635 |
| Trade debtors | **1,792** | 2,050 |
| Prepayments and accrued income | **699** | 592 |
| | **9,287** | 10,277 |

## 13. CREDITORS (amounts falling due within one financial year)

| | **2024 €'000** | 2023 €'000 |
|---|---|---|
| Trade creditors and accruals | **10,629** | 7,606 |
| PAYE and PRSI | **1,233** | 1,104 |
| Non-hospital funds held | **814** | 1,774 |
| | **12,676** | 10,484 |

## 14. PROVISIONS FOR LIABILITIES

| | **2024 €'000** | 2023 €'000 |
|---|---|---|
| Provision for joint register appointments | **3,016** | 2,503 |

The provision relates to the estimated future cost of joint register appointments and represents the Hospital's obligation for future consultant appointments. The timing of the outflows is expected to occur over the next 3-5 years as appointments are fulfilled.

## 15. CAPITAL GRANTS

| | **2024 Total grants €'000** | 2023 Total grants €'000 |
|---|---|---|
| At 1 January | **20,650** | 20,257 |
| HSE grants received during the financial year | **4,447** | 1,980 |
| Grants recognised as revenue through income statement | **(1,004)** | - |
| Grants amortised for the financial year | **(1,837)** | (1,587) |
| At 31 December | **22,256** | 20,650 |

Grants are allocated to capital projects and are amortised with effect from the date on which the related capital projects becomes operational. The excess of capital grants over fixed assets at the year end represents unspent capital grants that will be spent on fixed assets in future periods.

## 16. CALLED UP SHARE CAPITAL

| | **2024 €** | 2023 € |
|---|---|---|
| *Authorised:* | | |
| 100,000 ordinary shares of €1 each | **100,000** | 100,000 |
| *Allotted, called-up and not paid:* | | |
| 1 (2016: 1) ordinary share of €1 each | **1** | 1 |
| *Presented as follows:* | | |
| Called up share capital presented as equity | **1** | 1 |

## 17. OTHER RESERVES

| | 2024 €'000 | 2023 €'000 |
|---|---|---|
| Capital contribution | **29** | 29 |

These contributions are non-refundable and have no conditions attached that would require repayment.

## 18. NET CASH FLOWS FROM OPERATING ACTIVITIES

| | 2024 €'000 | 2023 €'000 |
|---|---|---|
| Operating (deficit)/surplus | **(348)** | (501) |
| Adjustment for: | | |
| Depreciation | **1,837** | 1,587 |
| Amortisation of capital grants | **(1,837)** | (1,587) |
| Operating cash (outflow)/inflow before movement in working capital | **(348)** | (501) |
| Decrease in HSE grants receivable | **839** | 726 |
| Decrease in debtors and prepayments | **151** | 794 |
| (Increase)/Decrease in stock | **(18)** | 110 |
| Increase/(Decrease) in creditors | **2,705** | (1,143) |
| Loss on disposal of fixed assets | **130** | |
| Net cash flow used in operating activities | **3,459** | (14) |

## 19. FINANCIAL INSTRUMENTS

The carrying values of the Company's financial assets and liabilities are summarised by category below:

| | 2024 €'000 | 2023 €'000 |
|---|---|---|
| **Financial assets** | | |
| Measured at undiscounted amount receivable | | |
| - Trade and other debtors (Note 12) | **8,588** | 9,685 |
| **Financial liabilities** | | |
| Measured at undiscounted amount payable | | |
| - Trade creditors | **5,108** | 3,203 |
| - Non-hospital funds held (Note 13) | **814** | 1,774 |

## 20. RETIREMENT BENEFIT SCHEMES

The Company operates a defined benefits pension scheme in respect of employees eligible for inclusion under the Voluntary Hospital Superannuation Scheme ("VHSS") (see Notes 2 & 3).

In the financial year ended 31 December 2024, €938,227 (2023: €805,590) was retained as income. €3,103,321 (2023: €2,715,524) was paid to pensioners and refunded to employees leaving the scheme. Of this €3,103,321 €584,137 (2023: €199,689) was paid in respect of lump sums.

Whilst the VHSS scheme is a defined benefit scheme, the Company has availed of the multi-employer scheme exemption from the disclosure requirements relating to defined benefit schemes in FRS 102, on the grounds that the Company's deemed contributions, as determined by the Department for Health, are set in relation to the current service period only (i.e., are not affected by a surplus or deficit relating to the past service of its own employees or any other members of the scheme). On that basis, the scheme is considered for disclosure purposes as a defined contribution scheme and no further disclosures are required.

The Single Public Service Pension Scheme (Single Scheme) commenced with effect from 1st January 2013. The Scheme applies to all pensionable first-time entrants to the Public Service, as well as former public servants returning to the Public Service after a break of more than 26 weeks. Benefits are calculated by reference to "referable amounts" for each year's service that are uprated by the CPI as notified by the Minister of Public Expenditure and Reform. All contributions deducted from members wages/salaries are remitted to the nominated bank account of the Department of Public Expenditure and Reform ("DPER") and not credited to the Statement of Income and Retained Earnings. As per Public Service Pensions (Single Scheme and Other Provisions) Act 2012, Section 44(1)(b), payments arising under this Single Scheme to retiring employees shall be paid from funds provided by the Oireachtas for that purpose.

As at 31 December 2024 €921,805 (2023: €829,666) was payable to DPER.

## 21. FINANCIAL RISK MANAGEMENT

The Hospital's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The Hospital does not use derivative financial instruments.

**Credit risk**

The Hospital manages its financial assets and liabilities to ensure it will continue as a going concern. The Hospital's principal financial assets are bank and cash balances and trade and other receivables. The Hospital's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The credit risk on cash at bank is limited because the counterparties are banks with satisfactory credit-ratings assigned by international credit-rating agencies.

The principal financial liabilities of the Company are trade and other payables. The exposure from trade and other receivables arises primarily from amounts due from health insurance companies.

**Liquidity risk**

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future activities, the Hospital occasionally may use HSE approved overdraft finance*.*

**Market risk**

**- Interest rate risk**

The Company uses the bank overdraft for short-term borrowings. The interest rate is HSE agreed and the Company currently has no material exposure

**- Foreign currency exchange rate risk**

The Company's functional currency is euro. The Company has no material exposure to foreign currencies.

## 21. PARENT UNDERTAKINGS, CONTROLLING PARTIES AND RELATED PARTY TRANSACTIONS

The National Orthopaedic Hospital Cappagh Designated Activity Company ("the Company") is a wholly owned subsidiary of Mater Misericordiae and Children's University Hospitals Company Limited by Guarantee ("MMCUH"), which is a company incorporated in Ireland and limited by guarantee and not having a share capital.

Related party companies are companies that are part of the Company's parent undertaking, MMCUH and include Mater Misericordiae University Hospital DAC. One of the directors of MMCUH is also a director of the Company.

During the financial year, the Company purchased goods and services in the ordinary course of business from MMCUH and Mater Misericordiae University Hospital DAC. Amounts owed by fellow subsidiaries at the reporting date were €0.972m (2023: €0.376m). Amounts owed to fellow subsidiaries at the reporting date were €0.409m (2023: €0.174m).

At 31 December 2024, the following were the balances owed by and owed to the fellow group Companies:

| Debtors | **2024 €'000** | 2023 €'000 |
|---|---|---|
| Mater Misericordiae University Hospital DAC | **972** | 376 |
| | **972** | 376 |
| **Creditors and Accrued Expenses** | | |
| Mater Misericordiae University Hospital DAC | **(409)** | (174) |
| | **(409)** | (174) |

The Hospital grounds and premises are operated by the Company under licence from The National Orthopaedic Hospital Cappagh Trust Company Limited by Guarantee as Trustee of The Lady Martin Cappagh Charity ("the Trust"). No fee is payable under the terms of the licence.

***Key Management Remuneration***

The total remuneration for key management personnel for the period totalled €1,470,834 (2023: €1,594,503).

## 22. POST BALANCE SHEET EVENTS

The Company has been negatively impacted by adverse publicity arising from the publication of a clinical audit report relating to Development Dysplasia of the Hip (DDH) surgeries on 23 May 2025. The report raised concerns about the indications for surgery in many cases in NOHC, based on criteria retrospectively applied in the audit. The clinical auditor noted that the cases warrant further review. The Company is committed to implementing the recommendations outlined in the report, ensuring the patients concerned receive timely follow-up care. A contingent liability therefore exists in respect of the follow-up care although the HSE has indicated that funding will be made available to cover these costs. The liability relates to surgeries completed prior to 31 December 2024. No provision has been recognised in these financial statements due to the uncertainty surrounding the scope and quantum of such costs. Further details are disclosed in Note 24.

## 23. CAPITAL COMMITMENTS

At the balance sheet date, there were capital commitments of € Nil authorised by the directors (2023: Nil).

## 24. CONTINGENT LIABILITIES

Following the publication of an independent clinical audit report on 23 May 2025 regarding DDH surgeries performed at the Hospital between 2021 and 2023, a contingent liability exists in respect of costs for recommended patient follow-up care. The liability relates to surgeries completed prior to 31 December 2024.

It is not practicable to estimate the financial effect due to uncertainties regarding the scope of clinical reviews required, the duration of follow-up care, and the specific resources needed. The amount and timing of any cost outflow remain uncertain pending development of detailed implementation plans and individual patient assessments.

The HSE has indicated that funding will be made available to cover these costs, however the extent and timing of reimbursement has not been formally confirmed. Any potential compensation claims arising from this matter would be covered by the Clinical Indemnity Scheme administered by the State Claims Agency.